

Chapter III: Taxes on Vehicles

3.1 Results of audit

Test check of records relating to Motor Vehicles Department during the year 2005-06, revealed irregularities amounting to Rs.3.13 crore in 798 cases which broadly fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
1.	Non/short levy of special road tax	609	2.35
2.	Non/short levy of token tax	142	0.60
3.	Other irregularities	47	0.18
	Total	798	3.13

During the year 2005-06, the department accepted audit observations involving Rs.19.49 crore in 228 cases. The department recovered Rs. 6.34 crore in 128 cases relating to audit findings of earlier years.

A few illustrative cases highlighting irregularities involving financial effect of Rs. 4.72 crore are given in the following paragraphs:-

3.2 Non levy of interest and penalty on late payment of special road tax

Under the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act) as amended from June 1993, if the owner of a vehicle fails to pay special road tax (SRT) within the prescribed period, he is liable to pay penalty not exceeding Rs.5,000 but not less than Rs.1,000. In addition, the owner is also liable to pay simple interest at the rate of one and half *per cent* per month or a part of month from the date following the due date, till the default continues.

During test check of records of eight* district transport officers (DTOs) and Regional Transport Authority (RTA), Jalandhar, it was noticed between December 2003 and September 2005 that four** depots of Pepsu Road Transport Corporation (PRTC), four*** depots of Punjab Roadways and J&K Road Transport Corporation (SRTC) Jammu paid SRT amounting to Rs. 21.73 crore beyond the specified date pertaining to different periods falling between April 2002 and March 2005. The delay ranged between one to 14 months. Neither any penalty was levied nor interest was charged for delayed payment of tax. This resulted in non levy of interest of Rs.1.74 crore including minimum penalty of Rs.1.11 lakh.

After this was pointed out, DTO, Mansa and RTA, Jalandhar intimated between April 2005 and July 2006 that an amount of Rs.3.06 lakh had been recovered, DTO, Patiala and Bathinda intimated in July 2006 that efforts were being made for recovery, DTO, Faridkot and Hoshiarpur stated that recovery would be made, DTO, Moga and Nawanshahr stated that notices were being sent to recover the amount, while DTO, Ludhiana stated in January 2005 that the matter was being taken up with the General Manager (GM), Punjab Roadways, Ludhiana. Further progress of recoveries is awaited (August 2006).

The matter was brought to the notice of department and referred to Government in August 2005 and January 2006; their replies are awaited (August 2006).

3.3 Application of incorrect rates of special road tax

As per PMVT Act as amended from time to time, there shall be levied and paid to Government SRT on transport vehicles at the rates prescribed by Government from time to time. Failure to pay tax within the prescribed period attracts penalty and interest. Government increased the rate of SRT from 5.18 paise to 5.75 paise per km/seat/day leviable on stage carriages with effect from 1 July 2003.

* Bathinda, Faridkot, Hoshiarpur, Ludhiana, Mansa, Moga, Nawanshahr and Patiala.

** Bathinda, Chandigarh, Faridkot and Patiala.

*** Hoshiarpur, Ludhiana, Moga and Nawanshahr.

During test check of records of DTOs, Ludhiana and Muktsar between September and October 2004, it was noticed that GM Punjab Roadways, Jagraon and Muktsar continued to pay SRT at the prerevised rate of 5.18 paise instead of 5.75 paise per km for the period July 2003 to February 2004. This resulted in short levy of SRT of Rs.31.55 lakh including interest and penalty due to application of incorrect rates

After this was pointed out in October 2004, DTO, Ludhiana intimated in May 2006 that the matter was being taken up with Punjab Roadways Jagraon for recovery, while DTO, Muktsar stated in September 2004 that notice of demand of Rs.4.25 lakh was raised in March 2004. The reply is not tenable as DTO, Muktsar failed to raise demand for the balance amount of Rs.9.92 lakh. Further, progress of recovery was still awaited (August 2006).

The matter was brought to the notice of department and referred to Government between September 2005 and January 2006; their replies are awaited (August 2006).

3.4 Short recovery of special road tax

As per the PMVT Act, there shall be levied and paid to Government, SRT on stage carriages at the rate per seat, per km per day as may be specified by Government from time to time on the entire distance permitted to be covered. Failure to pay tax within the prescribed period attracts penalty and interest.

During test check of records of RTA, Ferozpur and DTO, Bathinda for the year 2003-04, it was noticed in May 2004 that two* depots of Rajasthan State Road Transport Corporation and two** private transport companies paid SRT amounting to Rs.81.99 lakh against the recoverable amount of Rs 1.08 crore worked out on the basis of entire mileage permitted to be covered during the period from April 2003 to March 2004. This resulted in short recovery of SRT of Rs.28.95 lakh including interest and penalty.

After this was pointed out in May 2004, it was intimated by RTA Ferozpur in May 2006 that notices for recovery have been issued. The reply from DTO, Bathinda and progress of recovery was awaited (August 2006).

The matter was brought to the notice of department and referred to Government in November 2005; their replies are awaited (August 2006).

* Anoopgarh and Sri Ganganagar.

** Hemkund Bus Service Bathinda and Sh. Satpal S/o Sh. Jaswant Singh.

3.5 Non recovery of token tax

Under the provisions of the PMVT Act, token tax is leviable on stage carriages, mini buses, buses of educational institutions and goods carriages at prescribed rates and are recoverable in advance in equal quarterly instalments. Failure to pay tax by due dates attracts interest and penalty at prescribed rates. Where tax due in respect of any vehicle has not been paid, the department may issue notices, impound, seize and detain such vehicles until the tax due is paid.

During the audit of records of 12* DTOs and STC, it was noticed between June 2003 and October 2005 that token tax amounting to Rs.89.57 lakh in respect of 338 buses/tourist buses was not paid during the years 2002-03 to 2004-05. The department neither demanded nor the owners paid token tax. This resulted in non recovery of token tax amounting to Rs.1 crore including penalty.

After this was pointed out between September 2004 and July 2005, four** DTOs stated that recovery would be made after verifying the facts, DTOs, Jalandhar, Moga and Sangrur intimated between May 2006 and June 2006 that recovery of Rs. 7.61 lakh pertaining to the period 2002-03 and 2003-04 had been made, DTOs, Faridkot and Ludhiana intimated in May 2006 that notices for recovery had been issued, while remaining DTOs did not furnish any reply. Final development of recoveries was awaited.

The matter was brought to the notice of department and referred to Government between October 2005 and February 2006; their replies are awaited (August 2006).

3.6 Non collection of revenue

Under the Punjab Financial Rules, departmental receipts collected on behalf of Government should be credited into the treasury or bank without undue delay. The bank drafts received are remitted to the banks through challans with the instructions to credit the money into Government account. In order to ensure that the amount of bank draft has actually been credited to Government account, monthly reconciliation of remittances made as per departmental record with those of treasury record is obligatory.

During test check of records of STC, it was noticed in June 2005 that 316 bank drafts amounting to Rs.7.67 lakh received in December 2004 from Transport Commissioner, Madhya Pradesh, Gwalior on account of composite fee for the year 2003-04 were not deposited in Government account well in time and as such these became time barred. These drafts were sent in February 2005 to various banks in MP for revalidation but none of the bank drafts had been received back after revalidation. Thus, non pursuance of the cases of

* Faridkot, Fatehgarh Sahib, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Ludhiana, Mansa, Muktsar, Moga, Ropar and Sangrur.
** Gurdaspur, Mansa, Muktsar and Ropar.

revalidation by STC with concerned banks resulted in non collection of revenue amounting to Rs.7.67 lakh.

The matter was brought to the notice of department and referred to Government in February 2006; their replies are awaited (August 2006).

3.7 Short realisation of composite fee

Under the National Permit Scheme (NPS), vehicles registered in one State are authorised to ply in other States on payment of prescribed composite fee in lumpsum. The composite fee is initially received from the owner of the vehicle in the form of crossed bank draft by the State in which the vehicle is registered and transmitted to the State in which the vehicle is authorised to ply.

During test check of records of the STC for the year 2003-04 and 2004-05, it was noticed between December 2004 and October 2005 that 1,275 goods carriages registered in other* States authorised to ply in Punjab State under the NPS, paid composite fee at rate lower than the rates prescribed. Failure on the part of the department to take up the matter with the concerned States resulted in short realisation of composite fee of Rs.31.79 lakh.

After this was pointed out, the STC stated between December 2004 and October 2005 that matter would be taken up with the concerned States for realisation of short recovery. Further progress was awaited (August 2006).

The matter was referred to Government between August 2005 and February 2006; their replies are awaited (August 2006).

3.8 Non realisation of special road tax and token tax from all India tourist buses/taxis

As per the PMVT Act, SRT and token tax shall be levied on tourist buses/taxis at the rates prescribed by Government from time to time, which is to be collected in advance on monthly/quarterly/yearly basis. Failure to pay the tax within the prescribed period attracts penalty and interest.

During test check of records of the STC Punjab, it was noticed in October 2005 that SRT amounting to Rs.78.18 lakh and token tax of Rs.2.94 lakh in respect of 151 tourist buses/taxis was neither demanded by the department nor paid by the vehicle owners during the year 2004-05. This resulted in non realisation of tax amounting to Rs. 97.43 lakh including interest of Rs. 8.11 lakh and minimum penalty of Rs.8.20 lakh.

The matter was brought to the notice of department and referred to Government in February 2006; their replies are awaited (August 2006).

* Haryana, Madhya Pradesh, Rajasthan and Uttar Pradesh.