

Chapter 3: Taxes on Vehicles

3.1. Results of Audit

Test-check of records of the Motor Vehicles department, conducted in audit during the year 2001-2002, revealed under-assessments and non-recovery of taxes/penalty/ interest amounting to Rs.44.38 crore in 844 cases which broadly fall under the following categories:

| (In crore of rupees) | | | |
|----------------------|--|-----------------|--------------|
| Sr.No. | Category | Number of cases | Amount |
| 1 | Evasion of tax by plying of vehicles in excess of permitted kilometers | 1 | 3.61 |
| 2 | Non/short recovery of tax | 395 | 39.31 |
| 3 | Non levy /short recovery of penalty and interest | 322 | 1.43 |
| 4 | Other irregularities | 126 | 0.03 |
| | Total | 844 | 44.38 |

During the year 2001-2002, the department accepted audit observations and recovered Rs.0.76 crore in 76 cases relating to audit findings of earlier years.

A few illustrative cases highlighting important irregularities involving Rs.5.80 crore are given in the following paragraphs:

3.2. Non-levy of Special Road Tax

As per the Punjab Motor Vehicles Taxation Act, 1924, there shall be levied and paid to the Government, a Special Road Tax (SRT) on tourist permit vehicles (tourist buses) at the rates as may be specified by the Government from time to time. Failure to pay the tax within the prescribed period also attracts penalty and interest. Where tax due has not been paid, the department may seize and detain such vehicles until the tax due is paid.

During test-check of records of the State Transport Commissioner (STC), Punjab, it was noticed that SRT on seventeen tourist buses (Delux:13 and AC:4) was not paid by the owners of the buses during the year 2000-2001. The department neither demanded the SRT nor took action to impound the buses. This resulted in non-levy/recovery of SRT amounting to Rs.40.94 lakh including penalty of Rs.1.92 lakh. Besides interest upto the date of default was also leviable.

On this being pointed out (October 2001) in audit, STC stated that matter would be looked into.

The matter was brought to the notice of the department and referred to the Government (January 2002). This was followed up with reminder to the Secretary to Government, Punjab, Transport department in May 2002. However, despite such efforts, no reply was received (October 2002).

3.3. Short payment of Special Road Tax

As per the Punjab Motor Vehicles Taxation Act, 1924, there shall be levied and paid to the Government a special road tax (SRT), on stage carriages at the rates per seat per kilometre per day as may be specified by the Government from time to time, within a specified period on the entire distance permitted to be covered. Failure to pay tax within the prescribed period attracts penalty and interest.

(a) During test-check of records of fifteen* District Transport Officers (DTO) for the year 2000-2001, it was noticed that one depot of Pepsu Road Transport Corporation (PRTC) and seventy private transport companies (PTC) paid SRT of Rs.3.33 crore against the recoverable amount of Rs.7.66 crore, worked out on the basis of mileage permitted to be covered during the period from April 1999 to March 2001 by the Regional Transport Authorities Ferozepur, Jalandhar and Patiala. This resulted in short recovery of SRT of Rs.4.33 crore besides penalty of Rs.6.52 lakh leviable under the Act.

On being pointed out in audit (between February and November 2001), DTO Hoshiarpur, Sangrur and Patiala stated (April 2002) that recovery of Rs.6.73 lakh had been made. DTO Kapurthala, Gurdaspur, Ferozepur and Ropar stated that action to effect recovery would be taken after due

* Amritsar, Bathinda, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Mansa, Moga, Muktsar, Patiala, Ropar and Sangrur.

verification. DTO Moga stated that the route permit being uneconomical was not operated by the company. The reply was not tenable as under the Act, the SRT is required to be deposited in advance on the entire distance permitted to be covered. Moreover the operators did not surrender the permits. The remaining DTOs* stated that notices were being issued for recovery for SRT.

The matter was brought to the notice of the department and reported to the Government (March 2002). This was followed up with reminder to the Secretary to Government, Punjab, Transport department in May 2002. In spite of such efforts, no reply was received (October 2002).

(b) During test-check of records of the Secretary Regional Transport Authority (RTA) Ferozepur for the year 2000-2001, it was noticed that Rajasthan State Road Transport Corporation (RSRTC) at Alwar had been paying SRT with effect from 1 July 1998 at the pre-revised rates on the basis of kilometres actually covered instead of permitted kilometres. This resulted in short realisation of SRT of Rs.8.47 lakh. Besides penalty of Rs.0.23 lakh was also leviable.

On this being pointed out (September 2001), RTA Ferozepur stated that General Manager RSRTC Alwar depot had been requested (December 2001 and April 2002) to deposit SRT immediately.

The matter was brought to the notice of the department and referred to the Government (January 2002). This was followed up with reminder to the Secretary to Government, Punjab, Transport department in May 2002. Despite such efforts, no reply was received (October 2002).

3.4. Non-levy of Token Tax

As per provisions of the Punjab Motor Vehicles Taxation Act, 1924, token tax is leviable on every motor vehicle at prescribed rates and is recoverable in equal quarterly instalments. Penalty and interest are leviable if tax is not paid by the due date.

(a) During the course of audit of eleven District Transport Officers** (DTO), it was noticed that the department neither demanded nor recovered token tax pertaining to the year 2000-2001 from thirty private transport companies having ninety-two buses. This resulted in non-levy/realisation of token tax of Rs.28.01 lakh besides penalty of Rs.3.47 lakh.

On being pointed out (between February and November 2001), DTO Hoshiarpur, Jalandhar, Kapurthala, Mansa, Muktsar, Ropar and Sangrur stated (between May and November 2001) that notices would be issued for recovery. The DTO Ferozepur and Gurdaspur stated (November 2001) that action would be taken after verification. The DTO Amritsar and Bathinda, however, stated (May 2001) that matter was being checked up with the transport companies.

* DTO Amritsar (1 PTC), Bathinda (1 PTC), Faridkot (4 PTC), Hoshiarpur (1 PTC), Jalandhar (7 PTC), Ludhiana (4 PTC), Muktsar (6 PTC) and Mansa (12 PTC).

** Amritsar, Bathinda, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Mansa, Muktsar, Sangrur and Ropar.

(b) Further, the Punjab Motor Vehicles Taxation Act, 1924, provides that where tax due in respect of any vehicle has not been paid, the department may seize and detain such vehicle until the tax due in respect of the vehicle is paid.

Mention was earlier made in para. 3.2.5 and 3.5 of the Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Punjab, for the year 1999-2000 and 2000-2001 respectively for non recovery of token tax in respect of thirteen tourist buses (Delux:9 and AC:4) but no action was taken by the department to recover the token tax for the years 1998-99 and 1999-2000 amounting to Rs.7.13 lakh including penalty.

During the course of audit of records of the office of State Transport Commissioner (STC), Punjab, Chandigarh, it was noticed that token tax for seventeen tourist buses (Delux:13 and AC: 4) was not paid by the owners of the buses during the year 2000-2001. The department neither demanded the token tax nor any action to impound the buses for realization of token tax was taken. Inaction on the part of the department resulted in non-recovery of token tax amounting to Rs.4.28 lakh including penalty of Rs.0.64 lakh. Besides interest upto the date of default was also leviable.

On being pointed out (October 2001) the STC stated (October 2001) that notices had been issued to the defaulters and progress would be intimated shortly.

The matter was brought to the notice of the department (between May and October 2001) and referred to the Government (January 2002). This was followed up with reminder to the Secretary to Government, Punjab, Transport department in May 2002. However, inspite of such efforts, no reply was received (October 2002).

3.5. Non levy of Interest and Penalty on late payment of tax

Under the Punjab Motor Vehicles Taxation Act, 1924, if the owner of a vehicle fails to pay the Motor vehicle tax within the prescribed period, he is liable to pay penalty not exceeding five thousand rupees but not less than one thousand rupees. In addition, the owner is also liable to pay simple interest at the rate of one and a half *per cent* per month or part of month from the date following the date on which the prescribed period expires till the default continues.

During audit of six* District Transport Officers (DTO), it was noticed that four** depots of Pepsu Road Transport Corporation (PRTC), five*** depots of Punjab Roadways and two private transport companies paid the taxes beyond the specified date pertaining to different periods falling between April 1995 and March 2001 and the delay ranged between one and thirty-six months for which interest of Rs.54.41 lakh and penalty of Rs.1.08 lakh was not levied for delayed payment of tax.

* Amritsar, Faridkot, Ferozepur, Hoshiarpur, Muktsar and Patiala.
** Chandigarh, Faridkot, Patiala-I and Patiala-II.
*** Ferozepur, Hoshiarpur, Muktsar, Patti and Tarn Taran.

On this being pointed out in audit (between January and August 2001), STC stated (June 2002) that an amount of Rs.7.65 lakh had been recovered by DTO Hoshiarpur. DTOs Amritsar and Muktsar stated (April and May 2001) that the notice would be issued. The DTO Patiala stated (July 2001) that matter had been taken with the PRTC authorities for recovery of interest and penalty. The DTO Ferozepur, however, stated (February 2001) that interest and penalty would be recovered.

The matter was brought to the notice of the department and referred to the Government (February and March 2002). This was followed up with reminder to the Secretary to Government, Punjab, Transport department in May 2002. Despite such efforts, no reply was received (October 2002).