

Chapter-V

Taxes on Vehicles and Other Tax Receipts

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5.1 Tax administration

This Chapter relates to receipts from Taxes on vehicles and Land Revenue. The overall charge of the Transport Department vests with the State Transport Commissioner (STC), Punjab, Chandigarh. There are 11 Regional Transport Authorities (RTAs) which, administer the Punjab Motor Vehicles Taxation Act 1924 and the Rules made there under, monitor and maintain the records of receipt of Motor Vehicles Taxes. The RTA is also responsible for collection of Motor Vehicles Taxes in respect of Stage Carriage Buses of other States. In addition, RTAs regulate the motor vehicles in the State in conformity with the Motor Vehicle Act 1988 and maintains the records of receipt of fees on motor vehicles. The Tax administration of Land Revenue is governed under Punjab Land Revenue Act 1887.

5.2 Results of audit

There were 88 auditable units under Major Head 0029-Land Revenue and 15 auditable units under Major Head 0041-Taxes on vehicles consisting of 11 Regional Transport Authorities (RTAs) and 04 other units. Audit selected 13¹ units under Major Head 0041-Taxes on vehicles for audit during the year 2019-20. Out of which, Audit of nine² units was conducted and four units could not be taken up due to Covid-19 pandemic. Test check of 6,73,117 permits relating to nine units of taxes on vehicles showed non/short realization of motor vehicle tax and other irregularities with a revenue implication of ₹ 41.64 crore in 73,122 cases (2.24 *per cent* of receipt of ₹ 1,861.39 crore under Taxes on Vehicles for the year of audit 2018-19). Further, 29 units of Land revenue showed Non/short levy of *chowkidara* tax, non- recovery of *abiana* fee and other irregularities in 522 cases involving revenue implication of ₹ 0.06 crore. The details are given in **Table 5.1**.

Table 5.1: Results of audit

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
A) Taxes on vehicles			
1.	Non/Short realization of Motor Vehicle Tax	39,094	28.25
2.	Non-levy of social security surcharge on transport vehicles	07	0.72
3.	Other irregularities	34,021	12.67
Total (A)		73,122	41.64

¹ 11 RTAs and 02 other offices

² 07 RTAs and 02 other offices

Sl. No.	Categories	No. of cases	Amount
B) Land Revenue			
1.	Non/short recovery of <i>chowkidara</i> tax	22	0
2.	Outstanding recoveries under other heads of a/c	284	0
3.	Non-recovery of <i>abiana</i> fee	22	0
4.	Over payment of dearness allowance	1	0.06
5.	Others	193	0
Total (B)		522	0.06
Total (A + B)		73,644	41.70

The Department of Transport accepted and recovered ₹ 0.24 crore in 63 cases out of which amount of ₹ 0.01 crore involved in one case was pointed out during the year 2019-20 and rest in previous years. The Revenue Department accepted and recovered ₹ 4.72 lakh in four cases pertained to previous years, under Land Revenue.

An illustrative audit observation involving ₹ 0.72 crore in seven cases is discussed in Paragraph 5.3.

5.3 Non-collection of social security surcharge on transport vehicles

Seven barriers under four Regional Transport Authorities viz. SAS Nagar Mohali, Patiala, Sangrur and Gurdaspur did not collect social security surcharge from transport vehicles registered in other states at the time of entry into State of Punjab from 16 November 2018 to 13 March 2019 resulting in non-collection of social security surcharge of ₹71.51 lakh.

Section 3(10) of Punjab Motor Vehicle Taxation Act 1924 provides that a transport vehicle, registered in a State other than the State of Punjab, shall become liable for paying tax, the moment it enters the State of Punjab at such rate as may be determined by the Government from time to time. Department of Finance, Government of Punjab levied³ (22 October 2018) surcharge on the transport vehicles at the rate of 10 *per cent* of the motor vehicle tax which was applicable w.e.f. 16 November 2018.

Audit noticed from the records of seven⁴ barriers under four⁵ Regional Transport Authorities for the period 2018-19 that tax of ₹ 715.89 lakh was collected between 16 November 2018 and 13 March 2019 from transport vehicles registered in other States at the time of entry into State of Punjab. Social Security Surcharge of ₹ 71.59 lakh (10 *per cent* of ₹ 715.89 lakh) was also required to be collected from these vehicles. However, social security surcharge was not collected by the barriers during the period from 16 November 2018 to 12 March 2019 because the software for generation of bill was not updated by National Informatics Centre (NIC). The notification was sent to NIC on 16 November 2018 for updation of the software as per notification but the same

³ Notification 150/PA8/2018/S3/ 2018 dated 22 October 2018

⁴ (i) Ghanauli, (ii) Jharmari (iii) Kharar (RTA SAS Nagar), (iv) Shambhu (RTA Patiala), (v) Moonak (RTA Sangrur) (vi) Madhopur, and (vii) Mamoon (RTA Gurdaspur)

⁵ (i) SAS Nagar, (ii) Patiala, (iii) Sangur and (iv) Gurdaspur

was updated by NIC on 13 march 2019 after delay of almost four months. The barriers started collecting social security surcharge from 14 March 2019 onwards. The omission resulted in non-collection of social security surcharge of ₹ 71.51 lakh from transport vehicles registered in other States due to non-pursuance of the matter with NIC.

The matter was reported to Government/Department between December 2020 and July 2021. RTA SAS Nagar replied (January 2021) that surcharge is being collected since March 2019. Surcharge for the previous period as pointed out by audit will be recovered in due course.

The Department's reply regarding recovery in pointed out cases does not seem reasonable because these cases involve vehicles registered in States other than the State of Punjab. The mechanism that may be adopted to pursue recovery in these cases was not intimated by the RTA.

The Government may direct the Department to ensure that taxes levied by Government are collected promptly and implementation systems for collection of taxes are updated timely.

Chandigarh
The 13 October 2021


(PUNAM PANDEY)
Principal Accountant General (Audit), Punjab

Countersigned

New Delhi
The 20 October 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India