

Chapter IV

Motor Vehicles Tax

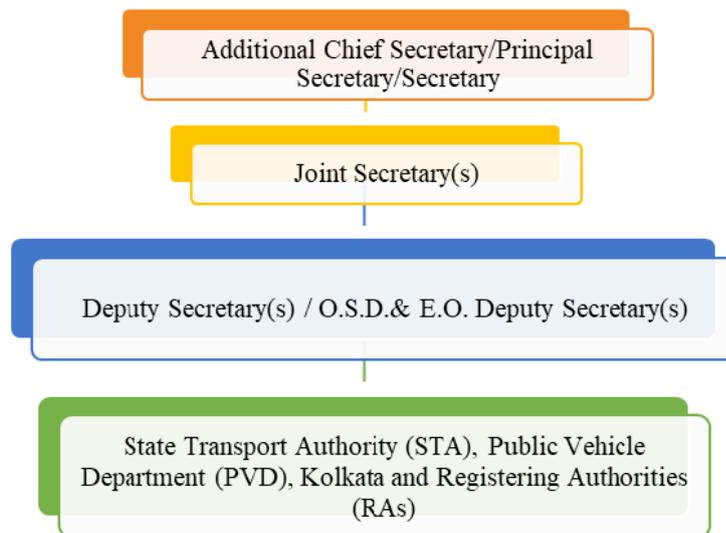
Chapter IV

Motor Vehicles Tax

4.1 Tax Administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder and are under the administrative control of the Transport Department as detailed in the chart below:

Chart 4.1: Tax Administration



The Transport Department collects motor vehicle taxes, fees and fines through the State Transport Authority (STA), Public Vehicle Department (PVD), Kolkata and Registering Authorities (RAs) comprising Regional Transport Authorities (RTAs) at the district level and Additional Regional Transport Authorities (ARTAs) at the Sub-Divisional level.

The State Government had constituted a State Transport Authority (STA) under the Transport Department which has been vested with the authority to co-ordinate, regulate and supervise the activities and policies of Regional Transport Authorities (RTAs) of the State that grant and renew different types of permits in respect of their respective regions. For the state as a whole and for inter-state operations, STA issues different types of permits, viz., stage carriage permit, contract carriage permit, tourist permit, special permit, temporary permit, luxury taxi permit and national permit.

The Public Vehicles Department (PVD) is essentially the Regional Transport Authority for Kolkata. Presently services like (a) Registration of Motor Vehicles, (b) Driving Licenses and related functions, (c) Fitness of Motor Vehicles and related functions, (d) Permits, (e) Motor Vehicle Taxes and related functions, (f) Miscellaneous (other MV related services) are administered to the citizens from the PVD in a decentralised manner.

The registration related activities are being looked after by Regional Transport Authorities (RTAs) located at the District Headquarters as well as some newly created Additional Regional Transport Offices in sub-divisional towns.

4.2 Internal Audit

Absence of internal audit wing in the Department was earlier pointed out in the Audit Report 2010 (No.5 Government of West Bengal) – “Performance Audit on Collection of Motor Vehicles Taxes, Fees and Fines of Government of West Bengal” (Paragraph 4.15). It was concluded in the said Report, that in absence of internal audit, weakness in the functioning of the Department remained undetected (Paragraph 5.1). Further, Audit recommended establishment of internal audit wing for conducting periodical audit and preparing a manual on internal control mechanism in the Department (Paragraph 5.2), which was not done by the Department.

4.3 Results of audit

In 2018-19, test check of the records of 15 units relating to road tax, additional tax, special tax, audio fee, special fee, video fee, dealer’s tax, permit fee and penalties showed under assessment of tax and other irregularities involving ₹ 9.97 crore in 98 cases, which fall under the following categories shown in the Table 4.1.

Table 4.1: Results of audit

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1.	Non-realisation of		
	• Tax, additional tax and penalty (transport/ commercial vehicles)	14	1.68
	• Permit fees	9	0.51
	• Special fee	10	0.17
	• Audio fee ¹²⁶	9	0.02
	• Renewal fee of Trade Certificates	7	0.13
2.	Short realisation of		
	• Road taxes from contract carriage vehicles	12	0.25
	• Road tax from LMV/ Omni buses (Private Use)	4	0.03
	• Fines for delayed production of vehicles for Certificate of Fitness (C/F)	3	0.10
3.	Others	30	7.08
Total		98	9.97

During the course of the year 2018-19, the Department accepted non-realisation /blocking of revenue and other deficiencies of ₹ 92.22 crore in 105 cases which includes 35 cases involving ₹ 7.82 crore which were pointed out in audit during the year 2018-19 and the rest in earlier years pertaining to 2004-05 to 2017-18. An amount of ₹ 2.14 crore was realised in 70 cases at the instance of audit.

4.4 Compliance issues

Audit was conducted in 15 (53.57 per cent) out of 28 units administering Motor Vehicles Tax during the period 2018-19. The cases mentioned in the

¹²⁶ Rule 218(7) of the WBMV Rules prescribed an audio fee for installation of any audio set with or without loudspeaker in the motor vehicle.

succeeding paragraphs are those which came to notice in the course of test audit for the period 2018-19 as well as those which came to notice in 2017-18, but could not be reported in the previous Audit Report. Data in respect of 35,01,283 vehicles was obtained from 15 Registering Authorities (RAs) and analysed to ascertain the extent of compliance of provisions of the Acts and rules framed thereunder. The findings in respect of 2,14,093 vehicles (6.11 *per cent*) out of 35,01,283 vehicles across various RAs involving ₹ 333.31 crore are discussed in the following paragraphs:

4.4.1 Non/ Improper mapping of provisions of the Acts and Rules in the VAHAN software

Collection of motor vehicles taxes, fees and fines is guided by provisions laid down in the WBMVT Act, 1979, the WBAT&OTMV Act, 1989, the Motor Vehicles (MV) Act, 1988 and the Central Motor Vehicles (CMV) Rules, 1989. For effective implementation of these provisions, it was essential that all the provisions were mapped properly in the VAHAN software¹²⁷ to prevent any non/ short realisation of Government revenue.

During analysis of data of 15 RAs, it was observed that various provisions of the Acts and Rules (Transport Department) were either not mapped or were mapped partially in VAHAN software for realisation of revenue due at the time of payment of taxes by owners of the vehicles.

4.4.1.1 Non-realisation of tax, additional tax and penalty

Tax, additional tax and penalty of ₹ 319.27 crore was not realised from owners of 1, 22,995 vehicles.

Section 3 of West Bengal Motor Vehicles Tax Act (WBMVT Act), 1979 and Sections 3 and 4 of the West Bengal Additional Tax & One-time Tax on Motor Vehicles (WBAT & OTMV) Act, 1989 prescribe the rates of tax and additional tax on vehicles. Section 11 of the WBMVT Act, 1979 and Section 10 of the WBAT & OTMV Act, 1989 provide for imposition of penalty in case of non-payment of taxes within the prescribed time limit. Rule 26 of the West Bengal Motor Vehicles Tax (WBMVT) Rules, 1957 prescribes that the tax officer shall maintain a Tax Demand Register (TDR) which should show registration number of the vehicle, name and address of the owner, tax due *etc.* The tax officer shall review the register in order to check whether the tax is regularly paid and take prompt action¹²⁸ against persons concerned for non-payment of tax.

Audit analysed data of 35,01,283 vehicles of VAHAN software for the period 2015-18 provided by 14 RAs. Of these, data of 29,04,825 vehicles of VAHAN-1 software¹²⁹ for the period 2015-17, involving six RAs were analysed in February

¹²⁷ *An application software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.*

¹²⁸ *Issue of tax/ fees alert messages on expiry of validity period to the vehicle owners and tax demand notices on expiry of tax validity period.*

¹²⁹ *It was de-centralised computer services under Transport Department, Government of West Bengal. It was not accessible by citizens online.*

2018 and data of 5,96,458 vehicles of VAHAN-4 software¹³⁰ for the period 2015-18 involving 14 RAs were analysed in February 2019.

On analysis of the data of VAHAN-1 software, it was found that in case of 1,16,258 out of 29,04,825 vehicles, the owners of the vehicles did not pay the taxes, and penalties¹³¹ amounting to ₹ 317.59 crore. It was also observed that though there was no provision in the VAHAN-1 software to maintain TDR in the prescribed format, there was a provision to generate defaulters' list. The RAs concerned, however, failed to monitor and realise the dues.

Audit also found from analysis of data of VAHAN-4 software that in case of 6,737 out of 5,96,458 vehicles, the owners of these vehicles did not make payment of tax, fees and penalty of ₹ 1.68 crore. It was observed that though there was provision in the VAHAN-4 software to generate defaulters' list as well as demand notices, the RAs concerned failed to realise the dues.

This resulted in non-realisation of tax, additional tax and penalty of ₹ 319.27 crore in 1,22,995 cases of as many vehicles as shown in the following table:

Table 4.2: Non-realisation of tax, additional tax and penalty

(₹ in lakh)

Sl No.	Name of the RA	Period of default	Total no. of defaulting vehicles	Amount of non-realisation
VAHAN-1				
1.	Asansol	2015-17	4,869	1,647.64
2.	Barasat	2016-17	16,027	2,869.84
3.	Barrackpore	2016-17	14,847	2,571.48
4.	Hooghly	2015-17	8,934	1,240.40
5.	Murshidabad	2015-17	4,004	795.64
6.	Public Vehicles Department (PVD), Kolkata	2016-17	67,577	22,633.42
Total			1,16,258	31,758.42
VAHAN-4				
1.	Alipore	2017-18	387	9.75
2.	Alipurduar	2015-18	141	2.33
3.	Asansol	2017-18	119	8.48
4.	Barasat	2017-18	1,274	25.45
5.	Barrackpore	2017-18	540	12.76
6.	Burdwan	2016-18	391	8.96
7.	Balurghat	2015-18	280	6.47
8.	Hooghly	2017-18	539	11.10
9.	Howrah	2016-18	359	13.49

¹³⁰ It is a web-based application system for providing online services, in respect of transfer of ownership, addition and termination of hypothecation, issue/ renewal of registration certificate of vehicles, payment of taxes and fees etc., to vehicle owners.

¹³¹ Taxes: Annual tax, one-time tax (for five years for non-transport vehicles) and life-time tax (for entire life of non-transport vehicles).

Penalties:-Applicable at prescribed rates in case of payment of taxes after grace period of 15 days.

SI No.	Name of the RA	Period of default	Total no. of defaulting vehicles	Amount of non-realisation
10.	Murshidabad	2017-18	576	14.19
11.	Nadia	2017-18	499	11.64
12.	Paschim Medinipur	2017-18	1,164	33.88
13.	Purba Medinipur	2016-18	185	6.51
14.	Public Vehicles Department (PVD), Kolkata	2017-18	283	3.21
Total			6,737	168.22
Grand total			1,22,995	31,926.64

After being pointed out in Audit,

- Six RAs accepted audit observations in 28,145 cases involving ₹ 44.22 crore and reported realisation of ₹ 5.29 crore in 5,481 cases. RA Barrackpore, however, did not furnish details of realisation.
- In the remaining 94,850 cases involving ₹ 275.05 crore, RAs did not furnish any specific reply. The matter was reported to the Government in May 2020. However, reply was awaited (December 2020).

4.4.1.2 Non-realisation of permit fees and fines

Registering Authorities did not realise permit fees and late fees of ₹ 12.58 crore from owners of 14,771 transport vehicles plying with expired permits.

Section 66 of the Motor Vehicles (MV) Act, 1988 provides that the owner of a transport vehicle can use his vehicle in a public place only after obtaining a permit from the prescribed authority. Fees for application and grant/ renewal of permit in respect of different kinds of vehicles are realisable as per rates specified in Schedule-‘A’ of the Rules 126 and 127 of the West Bengal Motor Vehicles (WBMV) Rules, 1989. Section 81 of MV Act, 1988 prescribes that a permit may be renewed on an application made not less than 15 days before the date of its expiry. Authority may accept an application for the renewal of a permit after the last date on the basis of good and sufficient cause. In terms of Rule 151 of the WBMV Rules, 1989, however, application for renewal of permit may be received after expiry of period of the permit, provided a late fee is paid.

Audit observed from the scrutiny of permit registers and analysis of database of nine RAs, between February 2018 and February 2019 that 14,771 public transport vehicles were plying with expired permits during 2015-18. The owners of those vehicles were paying fitness fees and road taxes, which were indicative of the fact that those vehicles were on road and not lying idle. RAs, however, did not realise permit fee of ₹ 7.96 crore from them while collecting other taxes. Audit also observed that in 14,468 out of 14,771 cases, the owners of vehicles had not applied for renewal of permits even after expiry of the validity period of the permits, for which late fees of ₹ 4.62 crore was realisable from them. There was no provision in the e-Vahan software to raise an alert regarding the payment due as permit fee at the time of collection of other taxes. This resulted

in non-realisation of ₹ 12.58 crore - permit fees (₹ 7.96 crore) and late fees (₹ 4.62 crore).

After the cases were pointed out, six RAs accepted (between March 2018 and January 2020) the audit observations in 10,132 cases involving ₹ 8.67 crore, of which, RAs, Hooghly and Asansol reported realisation of ₹ 11.19 lakh in 229 cases and ₹ 9.86 lakh in 116 cases, respectively. In the remaining 4,639 cases involving ₹ 3.91 crore, four RAs did not furnish any reply (December 2020).

The matter was reported to the Government in May 2020 followed by a reminder issued in October 2020. Reply was awaited (December 2020).

4.4.1.3 Short realisation of fitness fee

Registering Authorities realised fee for conducting test of fitness at normal rates instead of 150 per cent of the fee for delayed production of vehicles. This resulted in short realisation of fitness fee of ₹ one crore in case of 75,583 transport vehicles.

Rule 62 of the Central Motor Vehicles (CMV) Rules, 1989 prescribes that for obtaining/ renewing certificate of fitness (CF) of a transport vehicle, the owner shall make application and produce the vehicle for inspection and conducting test of fitness. The CF issued by an RA in respect of a newly registered vehicle is valid for two years from the date of registration of the vehicle. In case of renewal of CF, the validity is one year. Rule 81 of CMV Rules, 1989 prescribes the rates of fee for application and conducting test of fitness. Rule 57(6) of the WBMV Rules, 1989 provides that the application for renewal of CF should be made, not less than one month before the date of expiry of the CF. If the owner fails to apply or does not produce the vehicle within the stipulated time¹³², he shall be liable to pay application fee and fitness fee at the rate of 150 per cent of prescribed fees.

Audit analysed (February 2018/ February 2019) data of 8 RAs and observed that out of 2,28,936 transport vehicles, owners of 75,583 transport vehicles submitted application for inspection and conducting test of fitness in connection with renewal of CF between April 2015 and March 2017. The vehicles were produced after delays ranging from 15 days to more than two months. The RAs, however, realised 150 per cent of prescribed fee for delay in application only. Fee for conducting test of fitness was levied at normal rates instead of 150 per cent for delayed production of vehicles, as the relevant provisions were not mapped in the e-VAHAN¹³³ software.

This resulted in short realisation of fitness fee of ₹ one crore as detailed in the following table:

¹³² Date and time mentioned in the CF. If no date and time for next inspection is endorsed on the CF, and application for the renewal of a CF shall be made not less than one month before the date of expiry of the certificate.

¹³³ An application software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.

Table 4.3: Short realisation of fitness fee

(₹ in lakh)						
Sl. No.	Name of the RA	Period of default	No. of vehicles produced belatedly for inspection of fitness	Fee realisable (inclusive of application fee @ ₹ 100 per vehicle)	Fee realised (inclusive of application fee @ ₹ 100 per vehicle)	Short-realisation
(1)	(2)	(3)	(4)	(5)	(6)	(7=5-6)
1.	Asansol	2015-17	10,435	60.08	43.53	16.55
2.	Barasat	2016-17	15,256	73.61	54.16	19.45
3.	Barrackpore	2016-17	9,808	59.02	42.61	16.41
4.	Burdwan	2016-17	3,205	17.12	12.48	4.64
5.	Hooghly	2015-17	8,106	41.28	30.22	11.06
6.	Howrah	2016-17	2,565	13.19	9.65	3.54
7.	Murshidabad	2015-17	6,388	32.28	23.65	8.63
8.	Public Vehicles Department (PVD), Kolkata	2016-17	19,820	80.02	59.95	20.07
Total			75,583	376.60	276.25	100.35

RAs, Asansol and Hooghly accepted (between February 2019 and July 2019) the audit observation in 18,541 cases involving ₹ 27.61 lakh, of which RA Hooghly reported realisation of an amount of ₹ 0.39 lakh in 772 cases. In the remaining 57,042 cases involving ₹ 72.74 lakh, the RAs did not furnish any reply. The matter was reported to the Government in May 2020 followed by a reminder issued in October 2020. Reply was not received (December 2020).

4.4.1.4 Short realisation of tax from contract carriage vehicles

Incorrect mapping in VAHAN software resulted in short realisation of tax of ₹ 30.53 lakh.

Schedule to Section 3 of the WBMVT Act, 1979, prescribes different rates of tax for stage carriage vehicles¹³⁴ and contract carriage vehicles¹³⁵. Tax prescribed for contract carriage vehicles is higher than that prescribed for stage carriage vehicles. An amendment made in August 2012, prescribes tax for contract carriage vehicles at 1.2 per cent of the value of the vehicle or ₹ 8,000, whichever is higher for vehicles with seating capacity up to seven. Tax for vehicles with seating capacity beyond seven and up to 14 is prescribed at 1.2 per cent of the value of the vehicle or ₹ 14,000, whichever is higher. Amendments in WBMVT Act were to be updated in the VAHAN software accordingly and mapped in the system.

Audit analysed (February 2018/ February 2019) data of 51,349 contract carriage vehicles of nine RAs. Audit found that the RAs realised tax of ₹ 10.73 lakh instead of ₹ 41.26 lakh, from the owners of 534 contract carriage vehicles for

¹³⁴ As per Section 2 (40) Motor Vehicles Act, 1988, a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers.

¹³⁵ As per Section 2 (7) of the Motor Vehicles Act, 1988, a motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole.

the period 2015-18. The vehicles comprised 93 maxi cabs¹³⁶, 12 luxury taxis/motor cabs¹³⁷, 214 school buses and 215 mini buses. It was also observed that in case of maxi cabs, the system incorrectly mapped them as stage carriage vehicles instead of contract carriage vehicles, on which lower rates of taxes were applicable. Similarly, the amended rates of tax on luxury taxis and other vehicles were also not found mapped in the system. Thus, incorrect mapping in case of maxi cabs and non-mapping of the amended rates of tax for luxury taxis and other contract carriage vehicles in VAHAN software led to short realisation of tax of ₹ 30.53 lakh. RAs, Hooghly and PVD, Kolkata accepted (between March 2018 and July 2019) the audit observation in 131 cases involving ₹ 10.48 lakh, of which RA, Hooghly reported realisation of an amount of ₹ 0.59 lakh in four cases in July 2019. In the remaining 403 cases involving ₹ 20.05 lakh, the RAs did not furnish any reply. The matter was reported to the Government in May 2020. Reply was not received (December 2020).

4.4.1.5 Short realisation of tax from Motor car/ Omni buses

Improper mapping of the provisions of the notification in the system resulted in short realisation of tax of ₹ 14.97 lakh in 210 cases.

Under Section 9BB of the West Bengal Additional Tax and One-time Tax on Motor Vehicles (Amendment) Act, 2012, the owner of any motor car and omnibus¹³⁸ having seating capacity up to 14 and not registered as transport vehicle, shall be liable to pay either life-time tax or one-time tax at specified rates. Further, the Act provides for rebate of tax to non-AC vehicles having engine capacity up to 800 cc at the time of payment of taxes.

Audit analysed (February 2018/ February 2019) data of 82,333 non-transport vehicles of eight RAs. Audit found that life-time tax or one-time tax of ₹ 65.51 lakh was assessed and realised in place of ₹ 80.48 lakh in case of 210 motor cars/ omni buses during 2015-18. Of these, in case of 29 vehicles, the system allowed rebate of tax to AC vehicles/ vehicles having engine capacity of more than 800 cc, which were not eligible for rebate under the provisions of the Act. In the remaining 181 cases involving as many vehicles, the system failed to calculate the realisable tax as per the prescribed rates due to improper mapping of the provisions of the Act/ notification in the e-VAHAN software. This resulted in short realisation of life-time tax or one-time tax of ₹ 14.97 lakh from 210 vehicles. Three RAs accepted the audit observations in 160 cases involving ₹ 9.36 lakh, of which RA, Hooghly reported realisation of an amount of ₹ 0.18 lakh in one case. In the remaining 50 cases involving ₹ 5.61 lakh, the RAs did not furnish any reply (December 2020). The matter was reported to the Government in May 2020 however no reply was furnished (December 2020).

¹³⁶ As per Section 2 (22) of the Motor Vehicles Act, 1988, a maxi cab means any motor vehicle constructed or adapted to carry more than six passengers, but not more than 12 passengers, excluding the driver, for hire or reward.

¹³⁷ As per Section 2 (7) of the Motor Vehicles Act, 1988, a motor cab means any motor vehicle constructed or adapted to carry not more than six passengers.

¹³⁸ Means any motor vehicle constructed or adapted to carry more than six persons excluding driver.