

CHAPTER V

MOTOR VEHICLE TAX

5.1 Tax Administration

The receipts from Motor Vehicle Tax are regulated under the provisions of the Central and the State Motor Vehicle Acts and Rules made thereunder. The above Acts and Rules made thereunder are administered by the Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA), Odisha under the overall supervision of the Commissioner-cum-Secretary, Commerce and Transport (Transport) Department. The TC was assisted by Joint Commissioners and Deputy Commissioners at the headquarters level and Regional Transport Officers (RTOs) at unit level. RTOs were the Assessing Authorities (AAs) as well as the Tax Recovery Officers (TROs).

5.2 Internal Audit

The Internal Audit Wing of the STA had not conducted any audit during 2007-08 and 2010-11. The reason was attributed to shortage of staff. However, the newly created Audit team of the Transport Department had been conducting internal audit of regional transport offices since 2011. During 2016-17, Internal Audit Wing of the Department had audited 7 out of 14 units offices planned for audit. The shortfall was attributed by the Department to shortage of manpower. Audit observed that 419 paragraphs of Internal Audit Reports having money value of ₹ 252.52 crore were pending for disposal as on 31 March 2017.

5.3 Results of Audit

Test check of the records of 22 units relating to Motor Vehicle Tax, additional tax, registration fee, permit fee and penalty was undertaken in 2016-17. It showed underassessment of tax and other irregularities involving ₹ 86.56 crore in 1,15,532 cases as indicated in the **Table 5.1** as follows.

Table 5.1

Category of Audit observations on revenue receipts

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non-levy / non-realisation of motor vehicle tax / additional tax and penalty	30,485	66.97
2.	Non-realisation / short realisation of compounding fee, permit fee and fitness fee etc.	1,072	0.65
3.	Short levy / realisation of motor vehicle tax / additional tax and penalty	184	0.42
4.	Non-realisation / short realisation of penalty on belated payment of tax	95	0.46
5.	Non/short realisation of Trade Certificate fee/tax	83,649	18.04
6.	Other irregularities	47	0.02
Total		1,15,532	86.56

The Department accepted under assessment and other deficiencies of ₹ 82.15 crore in 85,854 cases pointed out during the year 2016-17. An amount of ₹ 1.52 lakh was realised in 7 cases which were pointed out during the period 2003-04 to 2015-16.

5.4 Audit Observations

Audit scrutinised the records relating to assessment and collection of motor vehicle tax in the office of the Transport Commissioner (TC)-cum-Chairman, State Transport Authority (STA). Audit also test checked records of 22 out of 35 Regional Transport Officers (RTOs). Audit found 27,228 cases of non-observance of some of the provisions of the Acts / Rules as mentioned in the succeeding paragraphs of this chapter. The cases are illustrative and are based on test check carried out by Audit. Such omissions remain undetected till next audit is conducted. The Government may direct the Department to improve the internal control system including strengthening of internal audit so that such omissions can be detected and corrected in time and avoided in future.

5.5 Provision of Acts / Rules not complied with

The provisions of the Motor Vehicles (MV) Act 1988, Odisha Motor Vehicles Taxation (OMVT) Act, 1975 and Rules made thereunder required levy and collection of:

- (i) motor vehicle tax (MV tax) / additional tax from the vehicle owners at the prescribed rate in advance and within the grace period provided; and*
- (ii) penalty for belated payment of tax beyond two months after the expiry of the grace period of 15 days shall be leviable at twice the rate of tax.*

Non-compliance of the provisions of the Acts / Rules in some cases have been discussed in the succeeding paragraphs.

5.5.1 Non realisation of motor vehicle tax and additional tax from goods carriages, contract carriages and tractor trailer combinations

MV tax and additional tax of ₹ 18.42 crore and penalty of ₹ 36.84 crore not realised from registered owners of 27,078 vehicles.

As per Sections 3, 3A, 4(1) and 10 of OMVT Act, 1975, motor vehicle tax and additional tax due on every motor vehicle used or kept for use were to be paid in advance at the rates prescribed for different classes of vehicles in Taxation Schedule I of the Act, unless exemption from payment of such tax is allowed for the period exempted by “off-road undertaking”¹. As per Section 13(1) of the Act read with Rule 9(2) of OMVT Rules, 1976, if the tax was not paid within two months after expiry of the grace period of 15 days from the due date of payment, the registered owner or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which may be extended to twice the tax due.

Audit test checked (between April 2016 and February 2017) VAHAN² database pertaining to the years 2014 to 2016, relating to payment of motor vehicle tax. Audit also cross checked records such as General Registration Registers (GRRs), and Off-Road Registers (ORRs) maintained in the RTO offices. Audit observed that registered owners of 27,078 vehicles of different classes³ out of 3,13,849 vehicles did not pay MV tax and additional tax during April 2014 to March 2016. These vehicles were also not exempted under “off-road undertakings”. The concerned RTOs neither issued demand notices nor did take any action against the vehicle owners for realisation of tax and imposition of penalty thereon. STA also did not monitor such cases of non payment of tax. Thus, MV tax and additional tax of ₹ 18.42 crore could not be realised. Penalty of ₹ 36.84 crore was also leviable. The details are given in the table below.

(₹ in crore)

Sl. No.	Number of RTOs	Type of vehicles	Number of vehicles	Amount of tax not realised	Penalty leviable	Total
1	21 ⁴	Goods carriages	11,938	12.96	25.92	38.88
2	22 ⁵	Contract carriages	5,225	2.78	5.56	8.34
3	21 ⁶	Tractor Trailer combinations	9,915	2.68	5.36	8.04
	Total		27,078	18.42	36.84	55.26

Source: Vahan database

Government, in reply, stated that 14 RTOs had realised an amount of ₹ 1.15 crore⁷ from 807 vehicles. Demand notices had been issued in respect of 4,837

¹ An undertaking given by the owner of the vehicle to the RTO and prior permission obtained from him for not plying the vehicle for a temporary period and for not to pay tax for the said period.

² VAHAN is an application software which caters to all the requirements for registration of vehicles and collection of taxes by the Transport Department.

³ Goods carriages: 11,938, Contract carriages: 5,225 and Tractor Trailer combinations: 9,915.

⁴ Angul, Balangir, Balasore, Bargarh, Bhadrak, Bhubaneswar I, Bhubaneswar II, Chandikhole, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundergarh.

⁵ Angul, Balangir, Balasore, Bargarh, Bhadrak, Bhubaneswar-I, Bhubaneswar-II, Chandikhole, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela, Sambalpur and Sundergarh.

⁶ Angul, Balasore, Bargarh, Bhadrak, Bhubaneswar-I, Bhubaneswar-II, Bolangir, Chandikhole, Cuttack, Dhenkanal, Ganjam, Jharsuguda, Kalahandi, Keonjhar, Koraput, Mayurbhanj, Nayagarh, Puri, Rayagada, Rourkela and Sambalpur.

⁷ 202 goods carriages (₹ 0.54 crore), 180 contract carriages (₹ 0.27 crore) and 425 tractor trailer combinations (₹ 0.34 crore).

vehicles and tax recovery proceedings have been initiated in respect of 8,276 vehicles. However, no action was taken in the remaining 13,158 cases.

5.5.2 Non / short realisation of motor vehicles tax and additional tax from stage carriages

MV tax and additional tax of ₹ 16.73 lakh and penalty of ₹ 33.46 lakh not realised or short realised from 32 stage carriage owners.

As per Sections 3, 3A and 4 (1) of the OMVT Act, 1975, MV tax and additional tax due on every motor vehicle used or kept for use were to be paid in advance at the rates specified for different classes of vehicles in the Taxation Schedule-I of the Act, unless exemption from payment of such tax was allowed for any period covered by “off-road undertaking”. As per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules 1976, if the tax was not paid within two months after expiry of the grace period of 15 days from the due date of payment, the registered owner or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which may be extended to twice the tax due.

Audit test checked (between July 2016 and February 2017) VAHAN database on payment of tax in nine RTOs⁸. Audit also cross checked records such as GRRs, ORRs and Permit Registers in these offices. Audit observed that registered owners of 32 Stage carriages did not pay or paid less MV tax and additional tax for the period between December 2012 and March 2016. These stage carriages were not exempted under “off-road undertaking”. The RTOs neither issued demand notices nor took any action against the vehicle owners for realisation of tax and imposition of penalty thereon. This resulted in non-realisation / short realisation of motor vehicle tax and additional tax of ₹ 16.73 lakh⁹. Besides, penalty of ₹ 33.46 lakh was also leviable.

Government, in reply, stated that demand notices had been issued against three vehicles and tax recovery proceedings had been initiated against seven vehicles pertaining to three RTOs. However, no action was taken in the remaining 22 cases.

5.5.3 Non-realisation of motor vehicle tax from Private Service Vehicles

MV tax and additional tax of ₹ 14.72 lakh and penalty of ₹ 29.44 lakh not realised from owners of 118 PSVs.

As per Sections 3, 4(1) and 10 of the OMVT Act, 1975, motor vehicle tax and additional tax due on every motor vehicle used or kept for use were to be paid in advance at the rates prescribed for different classes of vehicles in Taxation Schedule I of the Act, unless exemption from payment of such tax is allowed for the period covered by “off-road undertaking”. Further, as per Section 13(1) of the Act read with Rule 9(2) of the OMVT Rules, 1976, if such tax is not paid within two months after expiry of the grace period of 15 days from the due date of payment, the registered owner of the vehicle or the person having possession or control thereof shall, in addition to payment of tax due, be liable to pay penalty which may extend to twice the tax due. Motor vehicle tax on

⁸ Balasore, Balangir, Bargarh, Bhubaneswar I, Bhubaneswar II, Cuttack, Kalahandi, Koraput and Puri.

⁹ Non-realisation of ₹ 14.17 lakh in 19 cases and short realisation of ₹ 2.56 lakh in 13 cases.

Private Service Vehicle (PSV)¹⁰ was leviable at the rate of ₹ 800 per seat per annum under item 5-A of the Taxation Schedule based on the seating capacity excluding the driver's seat.

Audit test checked (between May 2016 and February 2017) VAHAN database pertaining to the year 2014-16, in 14 RTOs¹¹ relating to payment of MV tax. Audit further cross checked taxation records and noticed that owners of 118 PSVs had not paid MV tax for different periods from April 2014 to March 2016. These vehicles were not exempted under "off-road undertakings". The period of delay involved in all these cases were more than two months, hence penalty at the rate of 200 *per cent* of the tax due was also leviable. The RTOs neither issued demand notices nor took action against the vehicle owners for realisation of tax and penalty. Thus, MV tax and additional tax of ₹ 14.72 lakh could not be realised. As per Section 13 (1) of the Act read with Rule 9(2) of OMVT Rules, 1976, penalty of ₹ 29.44 lakh was also leviable. This resulted in non-realisation of tax and penalty of ₹ 44.16 lakh.

Government, in reply, stated that demand notices had been issued against 15 vehicles and tax recovery proceedings had been initiated against nine vehicles pertaining to five RTOs. However, no action was taken in the remaining 94 cases.

¹⁰ Private Service Vehicle (PSV): A motor vehicle constructed or adapted to carry more than six persons excluding the driver and ordinarily used by or on behalf of the owner of such vehicle for the purpose of carrying persons for, or in connection with, his trade or business otherwise than for hire or reward but does not include a motor vehicle used for public purpose.

¹¹ Angul, Balangir, Bargarh, Bhadrak, Bhubaneswar-I, Bhubaneswar-II, Chandikhole, Dhenkanal, Ganjam, Jharsuguda, Keonjhar, Koraput, Rourkela and Sambalpur.