

# **OVERVIEW**



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This Report contains 12 paragraphs and one Detailed Compliance Audit on levy and collection of Motor Vehicles Taxes and Fees. The total financial implication of the Report is ₹ 2,389.53 crore. Some of the major findings in this report are summarised below:

### 1. General

The total receipts of the Government of Bihar for the year 2018-19 amounted to ₹ 1,31,793.45 crore, of which revenue raised by the State Government from its own sources was ₹ 33,538.70 crore (25.45 *per cent*). The share of receipts from the Government of India amounting to ₹ 98,254.75 crore (74.55 *per cent* of the total receipts) comprised of State's share of divisible Union taxes of ₹ 73,603.13 crore (55.85 *per cent* of the total receipts) and grants-in-aid of ₹ 24,651.62 crore (18.70 *per cent* of the total receipts).

**(Paragraph 1.1)**

Arrears of revenue as on 31 March 2019 on taxes on sales, trade etc., taxes on goods and passengers, taxes and duties on electricity, taxes on vehicles, other taxes and duties on commodities and services, land revenue, state excise, Stamps duty and Registration fees and non-ferrous mining and metallurgical industries amounted to ₹ 4,107.32 crore of which ₹ 521.07 crore was outstanding for more than five years.

**(Paragraph 1.2)**

Audit observed (between April 2018 and February 2020) underassessment/ short levy/loss of revenue aggregating to ₹ 3,658.11 crore in 629 cases. The departments concerned accepted (between April 2018 and April 2020) underassessment and other deficiencies of ₹ 1,336.65 crore in 1,648 cases, out of which 55 cases involving ₹ 366.27 crore were pointed out during 2018-19 and the rest in earlier years. The Departments reported (between April 2018 and April 2020) recovery of ₹ 8.90 crore in 196 cases.

**(Paragraph 1.5)**

### 2. Commercial Taxes

Assessing Authorities did not detect suppression of turnover of ₹ 5.64 crore, in case of three dealers which resulted in under-assessment of ₹ 2.36 crore including leviable penalty and interest.

**(Paragraph 2.3)**

Assessing Authorities failed to detect availing of inadmissible deductions by dealers which resulted in short levy of tax of ₹ 1.60 crore.

**(Paragraph 2.4)**

Assessing Authorities did not detect short/delayed payment of admitted tax, which resulted in short realisation of tax of ₹ 2.88 crore and non-levy of interest of ₹ 4.38 crore.

**(Paragraphs 2.5)**

Assessing Authorities did not levy interest of ₹ 1.91 crore on delayed payment of entry tax.

**(Paragraphs 2.6)**

### **3. Revenue and Land Reforms**

Four District Land Acquisition Officers (DLAOs) failed to remit establishment charges of ₹ 91.03 crore into the Consolidated Fund of the State though the fund was available with them.

**(Paragraph 3.3.2)**

Four DLAOs either failed to calculate additional compensation from the date of notification to the date of award or date of taking possession of the land, whichever is earlier or committed calculation mistakes. These irregularities resulted in incorrect calculation of additional compensation of ₹ 24.56 crore.

**(Paragraph 3.3.3)**

The DLAO Khagaria failed to make payment to beneficiaries despite the availability of funds of ₹ 2.24 crore since January 2015.

**(Paragraph 3.3.4)**

Application of old rates of rehabilitation and resettlement by the DLAO/Collector while finalising the estimates for payment of compensation resulted in the short payment of compensation of ₹ 1.23 crore to the displaced families.

**(Paragraph 3.3.5)**

Two DLAOs did not exercise due diligence and paid compensation to ineligible person without verification of relevant documents, violating the prescribed conditions, which resulted in fraudulent payments of ₹ 1.18 crore.

**(Paragraph 3.3.6)**

### **4. Taxes on Vehicles**

A detailed compliance audit on levy and collection of Motor Vehicles Taxes and Fees including data analysis of VAHAN and SARATHI software of the Transport Department was conducted to ascertain that provision of Acts and Rules were adequate to safeguard the revenue and robust internal control and monitoring system exist for levy and collection of taxes, fines and fees. Audit revealed the following:

Irregular notification leading to short levy of Road Safety Cess from one-time tax paying commercial vehicles.

**(Paragraph 4.3.8)**

Irregular notification for levy of surcharge on various fees caused undue burden of ₹ 18.52 crore on the driving licence and learning licence holders.

**(Paragraph 4.3.9)**

Due to incorrect mapping of provision of fine for delayed payment of tax from owners of personalised vehicles, the Department collected fine of ₹ 2.83 crore.

**(Paragraph 4.3.11)**

Despite availability of information in VAHAN database, the DTOs neither initiated action to cancel the registration/permit of these vehicles whose fitness certificate

had expired nor issued any notice to defaulting vehicle owners which resulted in forgoing of revenue of ₹ 187.01 crore.

**(Paragraph 4.3.16)**

The DTOs concerned did not ensure realisation of due tax of ₹ 1.19 crore at the time of signing and approving the RCs.

**(Paragraph 4.3.17.2)**

Absence of guidelines/supporting documents for registration of tractor and tractor trailer, seven DTOs registered 8,969 tractors or tractor-trailer combination under agriculture category in arbitrary manner leading to loss of revenue of ₹ 25.22 crore.

**(Paragraph 4.3.18)**

Despite availability of information of non-payment of motor vehicle taxes by defaulter vehicle owners with the DTOs in *VAHAN* database, they did not monitor or review tax table of *VAHAN* to generate tax defaulter list through MIS. As a result, no demand notice was issued by the DTOs to the tax defaulters and consequently tax of ₹ 22.79 crore (Road tax: ₹ 7.56 crore and RSC: ₹ 9.58 lakh) including penalty of ₹ 15.13 crore remained unrealised.

**(Paragraph 4.3.19.1)**

Penalty for belated payment of tax was neither calculated/levied by *VAHAN* nor by the DTOs, which resulted in non-levy of OTT of ₹ 1.54 crore.

**(Paragraph 4.3.20)**

The National Permit Register was neither updated nor physically checked by the concerned RTAs. As a result, composite fee and authorisation fee amounting to ₹ 6.29 crore was not realised.

**(Paragraph 4.3.22.1)**

Permits were issued to 29,625 Goods Carriage, 1,165 Stage Carriage and 5,571 Contract Carriage vehicles without realising processing fee of ₹ 1,000 which resulted in loss of revenue of ₹ 3.64 crore.

**(Paragraph 4.3.22.2)**

Due to ineffective follow-up as per Act or Rules, arrears of revenue amounting to ₹ 7.01 crore could not be recovered.

**(Paragraph 4.3.25.2)**

The Department showed recovery of ₹ 874.81 crores from acquiring the properties of the BSRTC in the gazette notification but it was incorrect presentation of facts to stakeholders, as the properties acquired in form of lands already belonged to the State Government itself and building had no value in the current date.

**(Paragraph 4.4)**

Three weigh bridges could not be made operational till 2019 after handing over of these weigh bridges to the Transport Department in December 2015/January 2016, despite incurring of expenditure ₹ 8.00 crore. Besides, Government incurred expenditure of ₹ 75.98 lakh in the form of payment of pay and allowances to

officials, originally posted for weigh bridges sites but were deployed at STC/DTO Patna offices.

**(Paragraph 4.5)**

## **5. Stamps and Registration fee**

The Registration Department illegally made provision for collection of service charge in the Bihar Registration Rules, 2008 and consequently not only collected service charge of ₹ 31.73 crore during 2018-19 by putting undue burden on stakeholders but also kept them in bank account instead of the Consolidated Fund of the State.

**(Paragraph 5.3)**

Two Registering Authorities failed to detect undervaluation of properties in two instruments executed during May 2018 to June 2019 which resulted in short levy of stamp duty and registration fee of ₹ 90.25 lakh.

**(Paragraph 5.4)**

## **6. Mining Receipts**

Mining Officers failed to ensure non-payment of the works contractors' bills submitted without forms M and N, and they also failed to levy a penalty of ₹ 46.42 crore on works contractors for procurement of minerals from unauthorised sources.

**(Paragraph 6.3)**

During brick seasons 2017-18 and 2018-19, 260 brick kilns were operated without valid permit resulting in non-realisation of ₹ 3.85 crore including leviable royalty and penalty.

**(Paragraph 6.4)**

Failure of Mining Officers to levy interest on delayed/non-payment of royalty, which resulted in the non-realisation of revenue of ₹ 41.85 lakh.

**(Paragraph 6.5)**