

## Motor Vehicle Taxation Again

THOUGH intensive lobbying has succeeded, of late, in securing some concessions from the Government for road transport, particularly in the licensing of inter-State transport, nothing has been done so far to reduce the heavy and varied burden of taxation on the industry. The numerous committees appointed to go into the question have been unanimous in recommending that taxation of motor vehicles should at least be simplified if not lowered. The Central Transport Advisory Committee is the latest committee to ask for it but it won't be the last. There will be others.

For a long time the development of road transport was inhibited by opposition from railways. While that opposition has softened to some extent, difficulties are still being created by the refusal of State Governments to bring about uniformity in their tax rates and to cease treating road transport as a convenient source of finance. Since most taxes on motor vehicles are levied and collected by State Governments, the confusion and inconvenience caused by the present tax structure continue to retard further development of road transport.

At present, motor vehicles are subject to excise duty, sales tax, registration fee, annual vehicles tax and in some cities, wheel tax, in addition. Tyres and tubes bear excise duty and sales tax in addition to import duty on their raw materials there is an excise duty on batteries as well. Passengers and goods are taxed in some States, there are tolls at a few places, and most cities levy octroi duties. The tax rates vary widely. According to the Estimates Committee Report for 1956-57, the tax per truck of 14,500 lbs laden weight ranged from Rs 1,600 in Madhya Bharat to Rs 200 in Delhi; the range of tax per passenger bus (30 seater) was from Rs 3,600 in Madras to Rs 219 in Pepsu. The position has not altered significantly since then. Moreover, in spite of repeated appeals from the Centre, the States have yet to provide relief in 'double taxation' to inter-State operators, Rajasthan alone has made agreements with all States (except Bombay and U P) to provide for levy of tax at one point only, and charge of only

the difference between the tax rates in the State of registration and the State in which the truck is operating for the time being. Most other States have arrived at agreement with one or two neighbouring States at the most.

Since these obstacles inhibit the growth of inter-State trade, it is

obviously desirable that, either the States should agree on a common road policy and stop mulcting road transport for the benefit of general revenues, or, the levy of motor vehicles tax should be Centralised, and its proceeds distributed to States in proportion to the number of vehicles registered in each State.

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