

**15th Meeting of National Road Safety Council
&
36th Meeting of Transport Development Council**

at

INDIAN COUNCIL OF AGRICULTURAL RESEARCH (ICAR), NASC COMPLEX, TODAPUR, NEW DELHI

on

Tuesday, 28th October 2014

**GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT & HIGHWAYS**

AGENDA ITEMS

1. Draft Road Transport & Safety Bill, 2014
2. Follow up on the decision taken by the 35th TDC to rationalise Motor Vehicle Taxes in respect of two wheelers, cars/LMVs and taxis/maxis.
3. Introduction of All India Permit for Tourist Buses
4. Implementation of the Report of the Task Force for the use of technology by Toll plazas and Border Check posts
5. Implementation of RFID based ETC system at Toll Plazas on State Roads
6. Scheme for security of women in Public Road Transport (Nirbhaya Fund)
7. Development of Bus Terminals in major Urban Centers

**Follow up on decisions taken in
35th TDC Meeting**

Rationalisation of Motor Vehicle Taxes

A. Two Wheelers

- i. To levy life time tax (no recurring tax) on two-wheelers @ 6% or more on the sale price, before VAT.
- ii. No tax to be charged on inter-state movement of vehicles temporarily (for a period up to three months).
- iii. Full tax may be charged in new State if the vehicle is less than two years old with refund from original State if vehicle is moved inter-state permanently.
- iv. No tax may be charged in new State if the vehicle is more than two years old and no refund given from original State in such cases.
- v. Flexibility may be available to the States to charge higher rate of tax in general or on specific model.
- vi. Rebate may be given on life time tax on incident based cases including eventualities.
- vii. Refund and tax calculation structure will be common across the States with suitable common discount rates

B. Cars/LMVs:

- i. To levy life time tax (no recurring tax) on cars/LMVs @ 6% or more on the sale price, before VAT.
- ii. No tax to be charged on inter-state movement of vehicles temporarily (for a period upto three months).
- iii. Full tax may be charged in new State if the vehicle is less than two years old with refund from original State if vehicle is moved inter-state permanently.
- iv. No tax may be charged in new State if the vehicle is more than two years old and no refund given from original State in such cases.
- v. Tax on luxury car (having sale price of Rs.10 lakh or more) at a discounted rate depending on age of car with refund from original State.
- vi. Flexibility may be available to the States to charge higher rate of tax in general or on specific model.
- vii. Rebate may be given on life time tax on incident based cases including eventualities.
- viii. Refund and tax calculation structure will be common across the States with suitable common discount rates.

C. Taxi/maxi operating within the State:

- i. Life time tax instead of recurring tax on all types of taxi/maxi.
- ii. Sale price as the base for taxation.
- iii. Floor rate of tax @ 6%.
- iv. Flexibility may be available to the States to charge higher rate of tax in general or on specific model (at the same rate at which a particular State is charging for cars of that type / category).
- v. Rebate may be given on life time tax on incident based cases including eventualities.
- vi. Refund and tax calculation structure will be common across the States with suitable common discount rates.
- vii. Fitness norms may be made tougher

D. Taxi/Maxi operating on inter-state movement:

- Permanently
 - life time tax, at a discounted rate depending on age of car in new State.
- Temporarily:
 - no tax in new State
 - higher permit fee going to new State for which permit has been issued. Permit fee may be graded depending upon duration (with one week as minimum).

Time line for implementing the decision by States/UTs was – 30.9.2014.

Implementation report from States/UTs still awaited

All India Permit for Tourist Buses

All India Permit for Tourist Buses

- Tourist Permit for three or more States presently available under Section 88 (9) of Motor Vehicles Act, 1988
- Tourist Permit for operation throughout India or at least three contiguous States provided under the following Rules:-
 - Under Rule 82 to 85(A) of the Motor Vehicles Rules, 1989
 - Rules under Motor Vehicles (All India Permit for Tourist Transport Operators) Rules 1993

Requires Validation from each State hence time consuming

Presently varied taxation or fees structures in States/Uts

Option I

- Grant of All India Permit for Tourist Buses for a period of **at least three months**
- Tourist Permit fee to be the same as the **highest fee structure among all States/Uts**
- **Distribution of Fee as per Formula**
- As per data available, average revenue per day per bus is highest in the State of Andhra Pradesh, i.e., Rs.3180
- In Andhra Pradesh, the tourist bus is paying Rs. 95,400/- for 30 days @ Rs. 3180 per day per bus.

Option II

- Grant of All India Permit for Tourist Buses for **one year** on payment of annual consolidated fee at the following rates:-
 - **Rs 50,000/- for ordinary tourist buses**
 - **Rs 75,000/- for luxury tourist buses; and**
 - **Rs 1,00,000/- for super luxury tourist buses**
- As per available data from 18 States/UTs, the total revenue earned by the State Governments/UTs in a year on tourist buses moving to their State from outside is **Rs. 298 Crore** approx (**6,49,741 tourist buses from outside**).
- If the annual consolidated fees is Rs. 50,000 and number of tourist buses is **one lakh** then the total revenue earned would be **Rs. 500 Crore**.
 - This revenue is much more than the present revenue earned by the States.
- Presently, Government of Gujarat has categorised buses into three categories i.e. Ordinary, Luxury & Super Luxury tourist buses and they are charging different rate of taxes from these buses. Accordingly, three different rates mentioned above are proposed for Ordinary, Luxury & Super Luxury tourist buses.

Advantages of Option II:

- i. The annual revenue of States/UTs from outside tourist buses will increase in comparison to the present revenue earned by them from outside tourist buses.
- ii. Tourist bus operator would have to pay less and would be permitted to move across the country seamlessly.
- iii. Administrative work of the Transport Department will be reduced drastically, which will ultimately cut their expenditure.
- iv. Transporters will be saved from harassment which they have been alleging from time to time.
- v. With seamless movement of tourist buses across the country, the tourism in the country will get a great boost, which will also help in strengthening the economy of a State.
- vi. With the payment of consolidated fee by the tourist buses, which would be less than the road tax / fee being currently paid by them in majority of the States / UTs, the passengers may also be benefited as it may lead to reduction in bus fare.

Distribution Formula

$$SR_n = SS_n \times (\text{Actual Revenue of Month for the Country})$$

$$SR_n = \text{Actual State Revenue for the Month for } n\text{th State}$$

$$SS_n = \text{State Share of } n\text{th State}$$

$$= \frac{\text{Average Estimated Revenue for Each State for preceding 3 Financial Years}}{\text{Average Estimated Revenue of Country for preceding 3 Financial Years}}$$

The above data verified by Auditor General of the States/Appointed Auditors will be considered for this formula.

**TDC to decide adoption of either
Option I or II replacing/in-addition to
the existing provisions for tourist
permits**