

GOVERNMENT OF TAMILNADU

ABSTRACT

MOTOR VEHICLES – Taxation - Norms for grant of concessional rate of tax – ordered revised guidelines - Issued

HOME (TRANSPORT.I) DEPARTMENT

G.O.Ms.No.50

Dated: 19.01.2000

Read:

1. G.O.Ms.No.2931 Home, dated 13.11.73
2. G.O.Ms. No.1390 Home, dated 13.9.93

Read Also

1. From the T.C.Chennai, D.O.Lr.No.33943/D2/98, dated 26.6.98 and dated 3.6.99.
2. Govt. Lr.No.30526/Tpt.L/98-6 Home, dated: 27.10.1998
3. From the Special commissioner and Transport Commissioner, Chennai, D.O.Letter No.D2/54906/99 dated: 3.10.99.

O R D E R

In the G.O first read above, the following norms were laid down for considering the request for grant of exemption of tax to motor vehicles belonging to Educational and Philanthropic Institutions:-

- a) Such vehicles should be used for educational and Philanthropic purposes associated with orphanages, schools and hospitals and
 - b) The quantum of reduction of tax in such cases may be 75% of the normal tax i.e. one fourth of the normal tax should be paid.
3. Subsequently in the G.O. second read above, the following revised criteria were also laid for considering the grant of concessional rate of tax:-
- a) Nature of management – individual, recognized society /group/ registered body etc.
 - b) Nature of activity – Charitable philanthropic, educational, social upliftment etc. and the actual service rendered
 - c) The beneficiaries should be poor, downtrodden neglected destitute etc.
 - d) Source of funding
 - e) Financial position of the institution
 - f) Whether the service rendered is completely free of cost, or a nominal charge is collected. There should be no profit motive at any cost.
 - g) Other concession already availed by the institutions.
 - h) The actual need for tax concession.

- i) Even though as institution may be having many vehicles, tax concession will be restricted to a specified number of vehicles only. The number of vehicles which are given tax concession for an institution will be decided with reference to the actual need for concession for that institution and the total number of vehicles owned by it.
 - j) The antecedents of the institution or individual claiming the concession has to be taken into account.
4. of late, large number of applications are being received every year seeking concessional rate of tax. The applicants say that they are involved in some sort of social work including education, healthcare, support of destitute and orphans etc., Most of these institutions receive domestic as well as foreign aid. Since some of the activities of this institution fall within, the frame-work of the guidelines prescribed by the Government there is no scope for critical examination at Regional Transport Officer level. Consequently, they recommend such cases mechanically. Only in respect of very few cases they recommend for rejection. Besides concessions once granted is being presently availed, without any restriction whatsoever. Even if the vehicle ceases to Performa educational or philanthropic activities there is no effective machinery at Regional Transport Office level to detect this.
5. The Government have received the matter in consultation with the Transport Commissioner, Chennai an have decided to recast the guidelines issued, in the Government order read above, governing the grant of tax concession to the motor vehicles engaged in social work. According in super session of the earlier orders issued in this regard in G.Os 1 and 2 read above the Government prescribe the following revised guidelines for grant of tax concession to the motor vehicles which are engaged in social work.
- i) Only those vehicles which are attached to chartable Social, Educational and Philanthropic institution shall be considered for tax concession.
 - ii) The Social work of these institutions should be such as to benefiting poor, downtrodden neglected, destitute, orphans, aged, sick, etc.,
 - iii) The actual social work turned out by the institutions need be got certified by the Revenue Divisional Officer or Divisional Development Officer or any other Government agency with whom the social organization is working.
 - iv) The tax concession shall be for 5 years only. Thereafter the matter has to be reviewed and fresh orders passed.
 - v) The quantum of tax concession shall be 50% (fifty percent) of the normal tax, whether it is life time tax or annual tax instead of 75%

- vi) The number of vehicles to be covered under this scheme shall not exceed five vehicles per institution.
- vii) The institutions which receive adequate aid from domestic and foreign agencies need not be considered for this concession. To determine the financial status of the institution, a critical examination of the audited statement of the institution for the last 3 years, shall have to be undertaken.

The Government further direct that each case shall be examined on merits and concession shall not be claimed as a matter of routine course on the ground that the institutions satisfy the norms.

6. The order issues with the concurrence of the Finance Department vide in it's U.O.No. 892/Fin.H/99. Dated: 12.01.2000

(BY ORDER OF THE GOVERNOR)

SANTHA SHEELA NAIR.
SECRETARY OF GOVERNMENT

To
The Transport Commissioner, Chennai -5