

No.B2/1624/TC/03

Head Office  
Motor Vehicles Department  
Thiruvananthapuram  
Date: 05.06.2004

From

Transport Commissioner  
Thiruvananthapuram

To

All Deputy Transport Commissioners  
All Regional Transport Officers  
All Joint Regional Transport Officers and  
Motor Vehicles Inspectors in Check Posts.

Sir,

Sub:- Motor Vehicles – Payment of tax in respect of contract carriages issued with permits under Section 88(8) (temporary license) and Section 88(9) (interstate permit) of the M. V. Act. – Clarification – reg.

Ref:- Judgement in O.P No. 8086/2002 and connected cases dated 10.12.2003.

The payment of tax in respect of contract carriages covered by permits issued under Section 88(8) of the Motor Vehicles Act is laid down in Sub Section (5) of Section 3 of the Kerala Motor Vehicles Taxation Act which reads thus :

- (5) The tax payable for a temporary license in respect of a Motor Vehicle shall be
- Where the temporary licence is for a period not exceeding seven days, at the rate of one tenth of the quarterly tax on that Motor Vehicle; and
  - Where the temporary licence is for a period exceeding seven days but not exceeding thirty days, at the rate of one third of the quarterly tax on that Motor Vehicle.

As regards the payments of tax in respect of contract carriages covered by permits issued under section 88(9) of the Motor Vehicles Act, an amendment was made to sub section (5) of section 3 of the Kerala Motor Vehicles Taxation Act, 1976 by the Kerala Finance Act, 1997 (Act 10 of 1997). By the above said amendment a proviso was inserted to sub section (5) of Section 3 of the Kerala Motor Vehicles Taxation Act which reads thus

[Provided also that in the case of vehicles covered with permits under Sub Section (9) of Section 88 of the Motor Vehicles Act (Central Act 59 of 1988) and registered in any state other than the state of Kerala and entering the state of Kerala and staying therein, the tax payable for such vehicle shall be :-

- a. If such stay does not exceed seven days, one tenth of the quarterly tax, and
- b. If such stay exceeds seven days but does not exceed 30 days, one ~~tenth~~ <sup>third</sup> of the quarterly tax]

The above proviso is not contrary to the payment of tax at quarterly rate in respect of the tourist vehicles registered in other states conducting regular service in the state of Kerala:

In the Judgement in O.P. No 8086/2002 and connected cases, the Hon'ble High Court has also held that the petitioners who are the operators of inter-state contract carriages issued with permits under section 88(9) of the Motor Vehicles Act, 1988 and registered in other states are entitled to have the option either to pay tax as provided under the proviso to sub section (5) of section 3 of the Act or to pay quarterly tax as provided under section 4 of the Act.

The above facts are brought to the notice of all the taxation officers since there are circumstances where certain taxation officers are demanding tax for each entry in respect of the tourist vehicles having permits issued under section 88(9) of the Motor Vehicles Act operating regular services in the state of Kerala.

Yours faithfully,

Sd/-

Transport Commissioner

Approved for issue

*S. V. S. S. S.*  
Senior Superintendent

Bm..08.06.