

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE AND TAXES
VYAPAR BHAWAN, I.P.ESTATE, NEW DELHI-110 002

No.F.3(556)/Policy/VAT/2015/ 591-93

Dated: 19-8-15

CIRCULAR NO. 20, OF 2015-16

The department has been able to detect numerous dealers, during recent years, who in terms of provisions of Section 40A of the DVAT Act, 2004 have entered into an arrangement to defeat the purposes of the DVAT Act or any provision of the Act, by way of claiming refunds on Input Tax Credit to which they are not entitled or by providing fictitious ITC to the purchasing dealer or by downloading Central Forms against fictitious inter-state purchases. Such dealers are not only causing huge amount of revenue loss to the Government but also cause a great amount of inconvenience to genuine dealers.

It has been noticed that majority of such dealers have been recently registered and are 'fly by night' operators, who usually vanish from the system within a short span of time. This issue was also discussed with various trade associations and it was felt that there is a need to check activities of such dealers.

It is hereby informed to all concerned that with an aim to safeguard revenue of the government from such arrangements and frauds, the department is contemplating requiring additional security from following class of dealers:-

1. A dealer registered with the department within last three years, whose turnover excluding the turnover of goods specified in the First Schedule and the turnover of exports (hereinafter mentioned as 'Quantified Turnover') has crossed Rs. 10 crores in any of the financial years from the year of his registration with the department and who has deposited tax less than 0.1% of such quantified turnover in the respective financial year(s).

The dealers covered under the above category will be required to furnish additional security for an amount equal to 0.1% of the maximum of the quantified turnover in any of the last three financial years in the manner prescribed in rule 23 of the DVAT Rules, 2005.

Comments and views of all stakeholders are invited on the above issue up to 31/08/2015 before issuance of necessary instructions in this regard.

This issues with the approval of the Commissioner, VAT.

S. K. Kamra
19/8/15
(S. K. KAMRA)

Asstt. Commissioner (Policy)

Copy to:

1. All the Special Commissioners, Addl. Commissioners and Joint Commissioners, Department of Trade & Taxes, GNCT of Delhi.
2. Joint Director (IT) for wide publicity through website.
3. President/Secretary, Sales Tax Bar Association, Vyapar Bhawan, IP Estate, New Delhi.

S. K. Kamra
19/8/15
(S. K. KAMRA)

Asstt. Commissioner (Policy)