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The Delhi VAT (Amendment) Act, 2013 – Severely enhanced penalties

The Delhi Government has enacted The Delhi VAT (Amendment) Act, 2013 on 9 Sep, 2013 and has appointed 12 Sep, 2013 as the date on which it comes into force (Notification No.F.14(5)/LA-2013/cons2law/65 dated 9 Sep, 2013 and Notification No. F.3(14)Fin.(Rev.-I)2013-14/ds VI/703 dated 11 Sep, 2013).

The major thrust of the amended Act appears to curtail tax evasion and enforce timely and accurate compliance. The prevalent penalties under the Act have been enhanced, to as high as ten times the present rate:

- Failure to apply for amendment in registration would attract a penalty of INR 500 per day subject to maximum of INR 10,000;
- Failure to apply for cancellation/surrender of registration would attract penalty of INR 1,000 per day subject to maximum of INR 25,000;

- Failure to furnish return or any document to be filed with the return or to meet requirement of any notification would attract penalty of INR 500 per day subject to maximum of INR 50,000;
- Where no specific penalty has been prescribed, a general penalty of INR 10,000 would be attracted.

The amended Act has also introduced a provision to empower the Government to introduce an Amnesty scheme to rope in the tax defaulters for compliance on voluntary basis.

Additionally, the definition of 'business premises' has been broadened to include the place of business of agent(s) and any warehouse or godown, etc. where the dealer stores his goods. An option has been introduced to carry forward and adjust the excess tax paid in next month or the tax period of the same year.

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