

## SALIENT FEATURES OF RECENT AMENDMENTS IN DVAT ACT

1. **Amnesty Scheme:** The Government allowed to bring an amnesty scheme (under section 107) for all tax dues, including for sales tax cases, for period upto 31.3.13. This will allow dealers to *pay tax voluntarily and get relief from interest and penalty and criminal prosecution. Dealers can also get rid of current audit notices in the process.* The amnesty scheme has been notified on 20.9.2013 and the salient features of the same may be displayed on our website.
2. **Time-bound refunds:** Amendment in Section 11 will allow the refund that becomes due within the same year itself. This will *increase promptness of refunds and curb bogus refunds. However, due to concern raised by dealers that this may block their working capital in case of delay in refunds, the Department has decided to refer the matter to the Government for favourable consideration.*
3. **Book of Accounts:** To be kept at dealers' principal place of business (section 48), either in normal paper format (hard copy) or *even in computer system (soft copy).*
4. **Security Amount for De-sealing:** To do away with subjectivity in fixing of amount for de-sealing a business establishment that is sealed during enforcement survey, the Government will now prescribe norms for such security. This is expected to end harassment of dealers.
5. **No criminal prosecution** will be initiated against dealers who voluntarily pay tax consequent to an enforcement survey within 3 days.
6. **Stay on recovery** of balance amount from dealers who pay the stay amount during a proceeding under section 74. **This has been further elaborated vide circular No. No.F.3(380)/Policy/VAT/2013/802-808 dated 19.9.2013.**
7. **Special Audit** if undertaken through a third party CA (to avoid audit in Department), the fee of special auditor to be now borne by the Government. Certain parameters have been added for parity with recent amendments with the Income Tax Act.
8. **Penalties Rationalised:** Penalty on detained vehicles reduced from 40% to 20%. However, some penalties also raised to account for the inflation from 1.4.05, such as penalty for delayed returns. However, this will only impact dealers for who delay in filing of return that is now required to be filed only once in a quarter. Increase in penalty for getting registration cancelled would check against dealers who issue a RC for issue of bogus forms. Increase in penalty for delay in intimating amendment in RC, would not arise in most dealers since they have already filed amendments through DP 1. **Further, due to opposition of dealers to five-fold rise in penalty owing to late submission of return, a proposal has already been sent to the Government for consideration.**

9. **Opportunity to get penalty reduced:** This has not been tinkered in any manner – it still exists when section 74(7) is read with Explanation to section 86. The provision in section 86(2) deleted to avoid subjective interpretation in case to case basis. **To address dealers' concerns Circular No. No.F.3(380)/Policy/VAT/2013/802-808 dated 19.9.2013.**