

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DEPARTMENT OF TRADE AND TAXES
VYAPAR BHAWAN, I.P ESTATE, NEW DELHI-110002

No.F.7 (420)/VAT/Policy/2011/PF/1052-1058

Dated: 03-12-2013

CIRCULAR NO.28 of 2013-14

Sub: Procedure for Voluntary Disclosure of Tax Deficiency u/s 87(6) of the DVAT Act 2004.

1. Section 87(6) provides for automatic mitigation of penalties and reads as under:
“If-
 - a. a person is liable to pay penalty under section 86 of this Act: and
 - b. the person voluntarily discloses to the Commissioner, in writing, the existence of the tax deficiency, during the course of proceedings under section 60: and
 - c. makes payment of such tax deficiency within three working days of the conclusion of the said proceedings, the amount of the penalty otherwise due, against the admitted and paid tax, shall be reduced by eighty percent.”

2. Under section 86(1) “Tax Deficiency” means the difference between the tax properly payable by the person in accordance with the provision of this Act and the amount of tax paid by the person in respect of a calendar month.

Explanations

1. ‘Tax properly payable’ includes the amount of tax under section 32 of the ‘Act’
2. Due tax paid after the period specified in sub-section (4) of Section 3 of the Act, is also a tax deficiency.

3. Under Section 2(1)(zi) “tax period” means the period prescribed in the rules made under this Act. Under Rule 26(1) of the DVAT Rules, 2005, the tax period for all the dealers shall be a quarter subjected to sub-rule (2) of rule 26. Further, under Rule 2(3)(d) “quarter” means the periods of three calendar months-
 - (i) April 1 to June 30;
 - (ii) July 1 to September 30;
 - (iii) October 1 to December 31; and
 - (iv) January 1 to March 31.

4. To avail the benefits of automatic mitigation of penalty u/s 87(6), the dealer can admit the amount of cash variation, stock variation and other discrepancies during the course of proceedings u/s 60. The same can be shown as “Un-vouched/ unaccounted retail cash sale” for one or more tax periods prior to the tax period during which the proceedings u/s 60 is being carried-out.

5. The dealer could pass necessary accounting entry in its books of account as under:

Cash Account Dr.

Sales Account Cr.

(Being un-vouched / unaccounted retail cash sale effected during the tax period from..... to).

6. The dealer shall also make payment of the admitted tax deficiency within three working days of the conclusion of the proceedings u/s 60. Thereafter, the dealer after passing the necessary accounting entry in the book of account shall file revised return u/s 28 of the DVAT Act, for the earlier tax periods in which un-vouched/unaccounted sale is admitted.

7. In such a scenario the need for default assessment of the dealer consequent to survey will not exist if the Assessing Officer (Enforcement) is satisfied with the revised return.

This issues with the prior approval of Commissioner, Value Added Tax.

(SANJEEV AHUJA)
SPL. COMMISSIONER (POLICY)

No.F.7 (420)/VAT/Policy/2011/PF/1006-1012

Dated:

Copy forwarded for information and necessary action to:

1. All Spl./Addl./Joint Commissioners, Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P Estate, New Delhi-02
2. Dy. Director (Policy), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P Estate, New Delhi-02.
3. Programmer(EDP), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P Estate, New Delhi-02 for uploading the circular on the website of the department.
4. The President/General Secretary, Sales Tax Bar Association(Regd), Vyapar Bhawan I.P Estate, New Delhi .
5. All VATOs/AVATOs Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P Estate, New Delhi-02
6. PS to the Commissioner, VAT Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan I.P Estate, New Delhi-02.
7. Guard File.

(LOKESH CHANDRA)
ASSISTANT COMMISSIONER (POLICY)