

DEPARTMENT OF TRADE & TAXES
VYAPAR BHAWAN, I.P. ESTATE, NEW DELHI-110002
<http://dvat.gov.in>

PUBLIC NOTICE

FOR ATTENTION OF DELHI VAT DEALERS

You are required to have a principal place of business **in Delhi** and **intimate any change in its address** to the Commissioner within 30 days of such change.

As per the section 48 and Rules 42 & 19 of Delhi VAT Act & Rules, you are also required to **maintain and retain prescribed records at the declared principal place of business in Delhi for 7 years**. The record may be in the form of soft/hard copy but should be **readily available on demand** and be able to explain all business transactions. Further, in case of multi-state operations, all books of accounts should be **separately maintained in relation to business operations in Delhi**.

However, it has come to notice that many dealers shift their place of business to outside Delhi and even if they have an office in Delhi, the records are shifted to outside Delhi. The records are also not readily available and dealers seek time to produce prescribed records.

Such actions on the part of dealers are gross violation of the provision of DVAT Act and Rules, and raise suspicion about extent of their business activities and veracity of records produced later. The following actions can be taken against defaulting dealers:

- (i) Penalty of sum of ₹ 50,000 or 20% of tax deficiency, whichever is greater, can be levied (Section 86).
- (ii) Registration of dealer is liable to be cancelled (Section 22).

- (iii) Dealers may lose the right to issue tax invoices against which input tax credit (**ITC**) can be claimed by purchasing dealers (Section 50).
- (iv) Dealers would lose right to avail ITC on their purchases (Section 9).
- (v) In hands of contractees, dealers will become liable for TDS deduction @ 6% on work contract activities (Section 36A).
- (vi) Criminal prosecution leading to rigorous imprisonment up to six months and fine can be imposed (Section 89).

All the dealers are, therefore, directed to abide by the provisions of Delhi VAT Act & Rules and maintain and retain sufficient records, as prescribed, and for prescribed period at the designated principal place of business in Delhi.

Please note that surprise checks are being conducted by the Department and these shall be further intensified from next month.