

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

No.F.3(434)/Policy/VAT/2015/ 676-87

Dated: 9-9-15

ORDER

It has been decided to introduce a reward scheme for informers providing vital inputs in order to check and detect value added tax evasion in Delhi so as to minimize the pilferage of VAT revenue of the Government of Delhi.

In order to crack down on the modus operandi of tax evaders who evade the collection / deposit of VAT in various ways, it is felt necessary to have participation of informers who can provide specific inputs in the area of tax evasion. Thus, the Department has set up a mechanism to reward the informers suitably in the form of cash incentives.

The scheme interalia would consist of following guidelines for grant of reward to informers.

GUIDELINES/SALIENT FEATURES OF THE SCHEME

1. DEFINITION OF INFORMER

A person will be considered to be an informer eligible for reward if he / she furnishes specific information regarding tax evasion through undisclosed sales or movement of goods. However, the reward shall be confined to cases where the specific information leads to search and seizure and finally results in the Department being able to actually realize revenue on that undisclosed sale / movement of goods. Subsequent informers on the same information shall not be entertained. Govt. servants except those posted in Department of Trade & Taxes can also become informers for this purpose.

2. SECRECY OF THE IDENTITY OF THE INFORMER

The identity of the informer(s) shall be kept secret by giving them a code number. No information relating to informer(s) or the rewards paid to them shall be disclosed to any authority, except in accordance with any law for the time being in force.

3. STATEMENT & WRITTEN UNDERTAKING OF THE INFORMER

Where any information or evidence is furnished by any person in the expectation of a reward, he will be required to furnish a written statement along with an undertaking to the effect:

- (a) That he is aware that the information of documents furnished by him do not, ipso facto, confer on him right to any reward and that he would be bound by the decision of the competent authority in this regard;

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- (b) That he is aware that the extent of reward depends on the precision of the information and usefulness of the documents furnished by him;
- (c) That the reward would pertain only to as much of the additional tax demand created and realized as are directly attributable to the information supplied by him;
- (d) That the provisions of section 182 of the Indian Penal Code have been read by him or explained to him and he is aware that if the information furnished by him is found to be false he would be liable to prosecution. (*section 182 of IPC:- false information, with intent to cause public servant to use his lawful power to the injury of another person*);
- (e) That he accepts that the Government is under no obligation to enter into any correspondence regarding the details of additional revenue/demand created and realized as a result of his information;
- (f) That he accepts that payments of reward is ex-gratia in the absolute discretion of the authority competent to grant rewards and he has no right to dispute the correctness of the decision in any court of law;
- (g) No reward shall be granted to the informer if the information furnished is vague and of general nature, nor shall any reward be granted in respect of any incidental benefits which may arise to revenue in other cases.

The statement & undertaking shall be signed by the informer in the presence of an officer not below the rank of Assistant Commissioner/ VATO. Where any information is received by post intimating that the information is given with a view to claim reward, the informer should be asked to appear before a VAT Authority not below the rank of Assistant Commissioner/VATO, and sign the written statement in the presence of such authority. The original statement of all cases shall be kept in the custody of the Joint Commissioner/ Additional Commissioner concerned. However, no reward shall be admissible if the informer refuses to give the written statement & undertaking as referred to above.

4. ELIGIBILITY OF THE INFORMER FOR REWARD

- (i) In the cases where inspection is undertaken consequent to written information furnished by the informer and as a result additional demand of tax amounting to at least Rs.10 lac is created and realized, the informer shall be eligible for reward. The amount of reward to the informer shall be limited to 7.5% of the additional tax demand created and realized **or** Rs.10 lac, whichever is less.
- ii) Similarly, in the cases of motor-vehicles carrying goods which are detained by the Department on the basis of written information supplied by the informer and consequently, an additional tax demand of Rs.5 lac or above is created and realized, the informer shall be eligible for reward up to 7.5% of the additional tax demand created and realized **or** Rs.10 lac, whichever is less.
- iii) The reward shall be released as under:
 - a) **Advance reward**: an advance amount upto a maximum limit of Rs.25,000 shall be released to the informer upon successful search and seizures where preliminary estimates reveal that the additional tax demand is likely to be Rs.10 lac or more.
 - b) **Interim reward**: an amount proportionate to the deposit of additional admitted tax as a result of assessment proceedings and which is not the subject of an objection / appeal, etc. shall be released after expiry of 3 months of such assessment order.
 - c) **Final reward**: the full and final amount after adjustment of interim reward already granted shall be paid when the assessed amount has been deposited by the dealer and the same is not contested in any departmental or legal proceedings or if contested,

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till the proceedings are decided in the department's favour and amount of tax due is deposited with interest and penalty.

5. PROHIBITION OF REWARDING GOVERNMENT SERVANTS IN CERTAIN CASES.

No reward shall be granted under these guidelines to a government servant who furnishes information or evidence to this department in his official capacity.

Explanation:- For the purpose of above para, a person employed as an employee by the Central or any State or any Union Territory Government or a nationalized bank or any local authority or any public sector undertaking, corporation, body corporate or establishment, set up or owned by the Central Government or any State Government or any Union Territory Administration shall be deemed to be a Government Servant.

6. REWARD SHOULD NOT BE GRANTED AS A MATTER OF ROUTINE

Reward is purely an ex-gratia payment which, subject to guidelines, may be granted on the absolute discretion of the authority competent to grant reward and cannot be claimed by anyone as a matter of right. In determining the reward which may be granted, the authority competent to grant reward will keep in mind the specificity and accuracy of the information, the risk and trouble undertaken, the extent and nature of the help rendered by the informer, whether information gives clues to persons involved in tax evasion or their associates etc.

7. BUDGETARY ALLOCATION

The Trade & Taxes Department shall be given additional budgetary allocation to meet out the expenditure on this account.

8. REWARD EVALUATION COMMITTEE (REC)

All cases for the eligibility for the reward as well as its quantum and release shall be decided by a Reward Evaluation Committee (REC) comprising of the following:-

- | | |
|----------------------------------------------------|----------|
| 1. Commissioner (VAT), Govt. of the NCT of Delhi | Chairman |
| Or his nominee not below rank of Spl. Commissioner | |
| 2. Addl. Commissioner of concerned Zone | Member |
| 3. Nominee of Principal Secretary (Finance Deptt.) | Member |
| 4. Sr. AO/Dy. Controller T&T | Member |

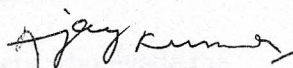
The REC shall follow the guidelines as enumerated in this scheme for deciding the quantum of the reward in each case and also the share of each government servant(s) and the informer(s) as per the guidelines.

To ensure that the said scheme is not misused and to keep a check over the unscrupulous informers and overzealous officers/officials, the REC should keep a check with respect to the following:-

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- i) If at any time, it is found that the reward or part thereof has been obtained by any person by misrepresenting or concealing certain material facts or by striking a deal with the assessing authorities or any other concerned officer(s) of the Department with the sole purpose of getting the reward to which he otherwise would not have been entitled, the REC may order the cancellation of the reward and the person who obtained the reward will be liable to refund the same.
- ii) Disciplinary proceedings would be initiated against any officer who knowingly passes any illegal order or knowingly does any illegal act with the sole purpose of obtaining reward or helping another person to obtain reward.

This issues with the approval of the Finance Department, Govt. of N.C.T. of Delhi.

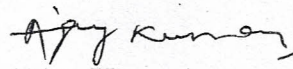

(Ajay Kumar)
Joint Commissioner

No.F.3(434)/Policy/VAT/2015/676-87

Dated: 09/09/2015

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. Joint Director (IT), Department of Trade and Taxes, GNCT of Delhi, Vyapar Bhawan, I.P.Estate, New Delhi-02 for uploading the order 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 Assistant Commissioners/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.


(Ajay Kumar)
Joint Commissioner