ANTI-TAX EVASION MEASURES

In order to reduce and prevent the tax evasion by fraudulent dealers, the CT Organisation carries out surprise visits / inspections without prior intimation to the concerned dealers. This action is usually taken after receipt of intelligence from various sources and intelligence wings of the organization.

Inspection & Search of Premises [Powers u/s 73 of OVAT Act]

1. Inspection through visits is done without notice-73(4).
2. Substantially different from Audit visits.
3. Books of accounts can be verified and seize records for reasons to be recorded in writing.
4. Records can be retained for up to 6 months. Maximum Retention - 2 years with CCT’s permission. Dealers to keep all accounts ready for inspection at all reasonable times.
5. Penalty for non production: Rs.5,000/- [as provided u/s 61(5)]
6. Excess goods liable for seizure [u/s 74(11)]. Penalty can be levied for possession thereof. Penalty equal to **5(five) times of tax or 20% of the value of goods, whichever is higher**
7. Seized goods to be released on payment.
8. While recording reasons for seizure, time of inspection/interception, date and place of occurrence are to be noted. Seizure list to be prepared and signed by dealer or any person on his behalf. Issue of receipt at the spot is mandatory [u/s 73(6)], even if statement is refused.
9. To avoid hardships to the assessee and safeguard interests of revenue, cases, where seizures have been made in course of searches, should be finalized expeditiously.