

## **THE UTTARAKHAND VALUE ADDED TAX ACT, 2005**

### **Sec. 20: Security in the Interest of Revenue:**

- (1) The assessing authority may, where it appears necessary to him so to do-
- (a) for the proper realization of any tax, penalty or other sums due or payable under this Act; or
  - (b) for the proper custody or use of forms prescribed under this Act or the rules framed thereunder; or
  - (c) as a condition for the grant or as the case may be, the continuance in effect of registration certificate,

by an order in **writing** and for **reasons to be recorded** therein, direct, before the grant of or, as the case may be, at any time while the certificate of registration is in force, that the dealer or the person concerned shall furnish, in the prescribed manner and within the specified time, such security or if the dealer or the person concerned has already furnished such security, such additional security of any nature, as may be specified for all or any of the aforesaid purposes.

- (2) The assessing authority may, by order in writing and for sufficient reasons to be recorded therein, demand from **any person** (other than a registered dealer) who imports into the State of Uttaranchal any consignment of goods, reasonable security for ensuring that there is no evasion of tax.

(3) No dealer or the person concerned shall be required to furnish any security or additional security under this section by the assessing authority unless he has been given an opportunity of being heard;

(4) The amount of such security or additional security that may be required to be furnished by any dealer or any person concerned, shall-

(a) in the case of dealer liable to pay tax under the provisions of section 3 who has applied for the grant of certificate of registration under section 15 or section 16, be such amount as the assessing authority may, having regard to the **nature and size** of the business of such dealer, determine for the payment of the tax for which the dealer may be or become liable under this Act;

(b) in any other case not to exceed the tax payable in accordance with the estimate of the assessing authority on the turnover of the dealer or the person concerned for the assessment year in which such security is required to be furnished.

(5) Notwithstanding any thing contained in this section, the Commissioner may, in respect of goods notified by the Government in this behalf, by a general order in writing, direct that the cash security of such amount as may be specified in such order shall be required to be furnished by a dealer or a person requiring any of the forms prescribed under this Act.

(6) Where the surety bond has been executed by a registered dealer and the said registered dealer's certificate of registration is either cancelled or he has

closed down his business the dealer shall furnish a fresh surety bond as may be directed or in the manner as stated in sub-section (7).

(7) Where the security furnished by a dealer or a person concerned under this section is in the form of a surety bond and the surety dies or becomes insolvent, the dealer or the person concerned shall, **within 30 days** of the occurrence of any of the aforesaid events, inform the assessing authority and shall **within 60 days** of such occurrence furnish a fresh surety bond or furnish in the prescribed manner other security of the amount of the bond, to the satisfaction of the assessing authority.

(8) The assessing authority may, **by order in writing and for sufficient reasons to be recorded** therein, forfeit the whole or any part of the security which includes the **additional security** furnished by a dealer or a person concerned, for-

(a) recovery of tax or any other sum due, or

(b) recovery of any financial loss caused to the State Government due to negligence or default in not making proper use of or not keeping in safe custody the blank or unused forms as referred to in sub-section (1) above, or

(c) recovery of loss of revenue caused by issuing of false invoices:

Provided that no order shall be passed under this sub-section without giving the dealer or person concerned an opportunity of being heard.

(9) The assessing authority may-

(a) refuse to grant registration certificate, or

(b) **suspend** any such certificate already issued, or

(c) refuse to issue any of the forms as referred to in sub-section (1) to any dealer or person concerned, until the dealer or the person concerned has complied with the order regarding furnishing of the security or the additional security, as the case may be:

Provided that no order under this sub-section shall be passed without giving the dealer or the person concerned an opportunity of being heard.

(10) Where the security furnished by any dealer or person concerned is forfeited in whole or in part or is rendered insufficient he shall furnish a fresh or further security of the requisite amount or, as the case may be, shall make up the deficiency in such manner and within such period as may be specified in the order.

(11) The assessing authority may, on application by a dealer who has furnished security as required, refund in the prescribed manner, any amount of security or part thereof if such security is not required for the purpose for which it was furnished.

(12) **No security** under this section shall be required to be furnished by a dealer exclusively dealing in **goods exempted** from tax under section 4 and **not making use of any of the forms** prescribed under this Act or under the

Central Sale Tax Act, 1956. *(substituted by notification no.-1314/XXXVI(4)/2008 Dated 31 march 2008)*

(13) An appeal under section 51 may within such time and in such manner as may be prescribed, be filed against any order passed under this section.

(14) Any dealer or person concerned aggrieved by an order of appellate authority may, within such time and in such manner as may be prescribed, file an appeal under section 53.

(15) The provisions of this section shall mutatis mutandis, apply in relation to security required to be furnished under the order of any authority under this Act or the Court.