Value Added Tax Act, 2003

Section 26 - Security

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(1) The prescribed authority may, for the proper payment of the tax, from time to time demand from a registered dealer or from a dealer who has applied for registration under this Act, reasonable security not exceeding a prescribed amount to be paid in the prescribed manner.

(2) The prescribed authority may, by order, forfeit the whole or any portion of the security furnished by a dealer,

(a) for collecting any amount of tax, interest or penalty that is payable by such dealer, or

(b) if such dealer is found to have misused any prescribed certificate or declaration or has failed to keep or retain them in the prescribed manner.

(3) No order shall be passed under sub-section (2), without giving the dealer an opportunity of showing cause in writing against such forfeiture.
