Value Added Tax Act, 2003

Section 38 - Assessment of Tax

(1) Every dealer shall be deemed to have been assessed to tax based on the return filed by him under Section 35, except in cases where the Commissioner may notify the dealer of any requirement of production of accounts in support of a return filed for any period.

(2) Where a registered dealer fails to furnish his monthly or final return on or before the date provided in this Act or the rules made thereunder, the prescribed authority shall issue an assessment to the registered dealer to the best of its judgement and the tax assessed shall be paid within ten days from the date of issue of the assessment.

(3) Where an assessment has been made under sub-section (2) and the dealer subsequently furnishes a return for the period to which the assessment relates, the prescribed authority may withdraw the assessment but the dealer shall be liable to penalties and interest as applicable.

(4) Where the dealer furnishes a return under sub-section (3), such return shall be furnished within one month of issue of such assessment.

(5) The prescribed authority on any evidence showing a liability to tax coming to its notice may issue a protective assessment in the case of a dealer registered under this Act or a dealer liable to be registered under this Act, if the prescribed authority has reason to believe that such dealer will fail to pay any tax, penalty or interest so assessed and such tax, penalty or interest shall become payable forthwith.