Value Added Tax Act, 2003

Section 44 - Special Provisions Relating to Companies

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(1) Notwithstanding anything contained in the Companies Act, 1956 (1 of 1956),when any tax due from or assessed on a company under this Act for any period cannot be recovered, then, every person who is or was a director of the company at any time during the period for which the tax is due shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

(2) (a) If the person committing an offence under this Act is a company, the company as well as every person in charge of, or responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(b) No such person referred to in clause (a) shall be liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(c) Notwithstanding anything contained in clause (a), where an offence under this Act has been committed by a company, and it is proved that the offence has been committed with the consent or connivance of, or that commission of the offence is attributable to any neglect on the part of any director, manager, managing agent or any other officer of the company, such director, manager, managing agent or any other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(3) When two or more companies are to be amalgamated by an order of a Court or of the Central Government, and the order is to take effect from a date earlier to the date of the order, and any two or more such companies have sold or purchased any goods to or from each other in the period commencing on the date from which the order is to take effect and ending on the date of the order, then such transactions of sale or purchase will be included in the turnover of the sales or purchase of the respective companies and will be assessed to tax accordingly, and the said two or more companies shall be treated as distinct companies for all periods up to the date of the said order, and the registration certificates of the said companies shall be cancelled, where necessary, with effect from the date of the said order.

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