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Value Added Tax Act, 2003

Section 55 - Penalty in Case of Under-valuation of Goods

(1) Where, in respect of goods liable to tax under this Act carried in a goods vehicle or boat, ship or similar vessel, or held in stock by any dealer or on his behalf by any other person, or held in the custody of any transporter, the prescribed authority, or any officer empowered under Section 53, has reason to believe that the value shown in the document accompanying the goods in transit or in the purchase invoice is lower than the prevailing market price or Maximum Retail Price, by a difference of thirty per cent or more, such authority or officers, for reasons to be recorded in writing and after allowing the person or dealer a reasonable opportunity of being heard, may impose a penalty of a sum not exceeding twice the amount of the tax due on such goods.

(2) The amount of tax and the penalty levied under this Section shall be recovered in the manner specified under sub-Section (14) of Section 53.

(3) The value of goods in transit shall be the total price as mentioned in the invoice, challan, delivery note, or any other related document, plus the cost of transportation of the goods incurred up to the time of its interception.

(4) In determining whether or not the price shown in the invoice, challan, delivery note, or any other related document involves under-valuation, in the case of owner of the goods other than an owner carrying on business in packaged goods, the authority exercising the power under sub-section (1) shall apply the prevailing market price or fair market value and in the case of an owner carrying on business in packaged goods, shall apply the Maximum Retail Price.

(5) Any person objecting to an order affecting him under this Section may appeal to the prescribed authority.

(6) Such appeal shall be dealt with as if it were an appeal filed under Section 62 or Section 64, as the case may be, and all the provisions of those Sections shall mutatis mutandis apply to such appeal.

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