Value Added Tax Act, 2003

Section 72 - Penalties Relating to Returns

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(1) A dealer who fails to furnish a return or who fails to pay the tax due on any return furnished as required under Section 35 shall be liable to a penalty of two hundred rupees for each day of default in addition to a further penalty of a sum not less than ten per cent but not exceeding fifty per cent of the amount of tax due, together with any tax or interest due.

(2) A dealer who for any prescribed tax period furnishes a return which understates his liability to tax or overstates his entitlement to a tax credit by more than five per cent of his actual liability to tax, shall after being given the opportunity of showing cause in writing against the imposition of a penalty, be liable to a penalty equal to twenty per cent of the amount of such tax under or overstated.

(3) A dealer who furnishes a return which is incomplete or incorrect in any material particular, shall be liable to a penalty of two hundred rupees for each day the return remains incomplete or incorrect.

(4) In any case where a dealer who has failed to furnish a return has been issued with an assessment showing less than his actual liability to tax and he pays such tax as assessed, such dealer, after being given the opportunity of showing cause in writing against the imposition of a penalty, shall be liable to a penalty equal to fifty per cent of the amount of the tax under-assessed.

(5) The power to levy the above penalties shall be vested in the prescribed authority to which returns are required to be furnished.
