

City importers evade VAT dues govt mulls heavy penalty soon

The government plans to impose heavy penalty on importers dealing in mobile phones, electronic items and garments who are evading valueadded tax (VAT).

An analysis of 1,000 importers has shown a mismatch between information provided by the Customs department and VAT returns filed by the traders. A senior official said these importers had a turnover of Rs.2,000-5,000 crore. A number of dealers have been issued notices to furnish details of their returns.

The trade and taxes department entered into an agreement with Customs to share details of such traders.

“A number of importers in Delhi import goods from a number of countries and to evade tax they don’t file returns. Those who do so don’t mention the volume of goods they have imported in order to evade tax. We have entered into an agreement with the customs department to share information. They provided us details of the top 1,000 importers and we are scrutinising their records,” said a senior Delhi government official.

The official added that initial checking of documents has shown that they have not filed their returns, which is a voluntary exercise.

“Import data is available with the Customs department, which is why we requested them. There are a number of dealers in mobile phones and electronic items, especially in central Delhi and Gaffar Market in Karol Bagh,” said a senior Delhi government official.

VAT is a major source of revenue for the government. A target of Rs.24,000 crore has been set for this year.

The tax department has been carrying out a number of raids in the city against tax defaulters.

There is rampant tax evasion in the mobile phone business. In the grey market, dealers do not issue bills to customers and do not charge VAT.

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