

**DELHI TAX ON ENTRY OF MOTOR VEHICLES INTO LOCAL  
AREAS ACT, 1994**

**4 of 1995**

**[24-7-1995]**

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## **DELHI TAX ON ENTRY OF MOTOR VEHICLES INTO LOCAL AREAS ACT, 1994**

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AN ACT to provide for the levy of tax on the entry of motor vehicles into the local areas of the National Capital Territory of Delhi for use or sale therein. Be it enacted by the Legislative Assembly of the National Capital Territory of Delhi in the Fortyfifth Year of the Republic of India as follows

### CHAPTER 1

#### Preliminary

#### **1. Short title, extent and commencement :-**

- (1) This Act may be called the Delhi Tax on Entry of Motor Vehicles into Local Areas Act, 1994.
- (2) It extends to the whole of the National Capital Territory of Delhi.
- (3) It shall come into force on such date as the Government may, by notification in the official Gazette, appoint.

#### **2. Definitions :-**

- (1) In this Act, unless the context otherwise requires,
  - (a) "accessories" means the car airconditioners, music system and any other article fitted to a motor vehicle and which is not included in the original invoice;
  - (b) "appellate authority" means an appellate authority appointed under section 6;
  - (c) "Appellate Tribunal" means the Delhi Sales Tax Tribunal constituted under section 13 of the Delhi Sales Tax Act;
  - (d) "assessing authority" means any officer appointed under section 5;
  - (e) "Delhi" means the National Capital Territory of Delhi;

(f) "Delhi Sales Tax Act" means the Delhi Sales Tax Act, 1975 (43 of 1975);

(g) "designated officer" means an officer designated to be "designated officer" under section 11;

(h) "effective tax" means the sales tax which the customer would have paid in respect of a vehicle had he purchased it in Delhi, including the tax levied under the Central Sales Tax Act, 1958 at the time of import;

(i) "entry of motor vehicle into a local area" with all its grammatical variations, and cognate expressions, means entry of motor vehicle into a local area from any place outside the territory of Delhi but not being a place outside the territory of Union of India, for use or sale therein;

(j) "Government" means the Government of the National Capital Territory of Delhi;

(k) "Government Treasury" means pay and accounts offices of the Reserve Bank of India or the State Bank of India or such other Scheduled banks within the meaning of the Reserve Bank of India Act, 1934, as may be notified by the Commissioner of Sales Tax appointed under sub-section (1) of section 9 of the Delhi Sales Tax Act;

(l) "importer" means a person who brings-or causes to be brought a motor vehicle into a local area from any place outside the territory of Delhi but not being a place outside the territory of Union of India, for use or sale therein, and who owns the vehicle at the time of its entry into the local area;

(m) "local area" means the area within the limits of,

(i) the Jurisdiction of Municipal Corporation of Delhi;

(ii) the jurisdiction of New Delhi Municipal Council;

(iii) the jurisdiction of the Delhi Cantonment Board;

(n) "Lieutenant Governor" means the Lieutenant Governor of the National Capital Territory of Delhi appointed by the President under article 239 read with article 239-AA of the Constitution;

(o) "motor vehicle" means a motor vehicle as defined in clause (28) of section 2 of the Motor Vehicles Act, 1988 and includes motor

cars, motor taxi cabs, motor cycles, motor cycle combinations, motor scooters, motorette, motor omnibuses, motor vans motor lorries and chassis of motor vehicles and bodies or tankers built or meant for mounting on chassis of motor vehicles, but excludes tractors whether on wheels or on tracks;

(p) "person" includes any company or association or body of individuals whether incorporated or not, and also a Hindu undivided family, a firm, a local authority of any State Government;

(q) "prescribed" means prescribed by rules made under this Act;

(r) "purchase value" means the value of a motor vehicle, as ascertained from original invoice and includes the value of accessories fitted to the vehicle, insurance, excise duties, counter vailing duties, sales tax, transport fee, freight charges and all other charges incidentally levied on the purchase of a motor vehicle:

Provided that where purchase value of motor vehicle is not ascertainable on account of nonavailability or nonproduction of the original invoice or when the invoice produced is proved to be false or if the motor vehicle is acquired or obtained otherwise than by way of purchase, then the purchase value shall be the value or price at which motor vehicle of like kind or quality is sold or is capable of being sold, in open market;

(s) "rules" means rules made under this Act;

(t) "tax" means the tax payable under this Act.

(2) Words and expressions used but not defined in this Act shall have the meanings assigned to them under the Delhi Sales Tax Act.

## CHAPTER 2

### Incidence and Levy of Tax

#### **3. Incidence of tax :-**

(1) Subject to the provisions of this Act and rules made thereunder, there shall be levied and collected a tax on the purchase value of a motor vehicle, an entry of which is effected into a local area for use or sale therein and which is liable for registration in Delhi under the Motor Vehicles Act, 1988, at such rate or rates as may be fixed by the Government by notification in the official Gazette but not exceeding the rates prescribed for motor vehicles in the Schedules appended to the Delhi Sales Tax Act, or twenty paise in the rupee, whichever is less.

(2) The tax shall be payable and paid by an importer within fifteen days from the entry of motor vehicle into local area or before an application is made for registration of the vehicle under the Motor Vehicles Act, 1988, whichever is earlier in the manner laid down under section 10 of this Act.

#### **4. Reduction in tax liability :-**

(1) Where an importer of a motor vehicle liable to pay tax under this Act, being a dealer in the motor vehicles, becomes liable to pay tax under the Delhi Sales Tax Act by virtue of the sale of such motor vehicles, then his liability under the Delhi Sales Tax Act shall be reduced to the extent of tax paid under this Act.

(2) The amount of effective tax leviable under this Act shall, subject to such conditions as may be prescribed, be reduced to the extent of the amount of tax paid, if any, under the law relating to General Sales Tax as may be in force in any State or in any other Union Territory by an importer who, not being a dealer in motor vehicles, had purchased the motor vehicle for his own use in that State or any other Union Territory.

#### **CHAPTER 3**

Tax Authorities under the Act

#### **5. Assessing authorities :-**

The Government may, by notification in the official Gazette, appoint such officers to be the assessing authorities for the purposes of this Act and may assign to them such local area or areas as may be specified in the notification.

#### **6. Appellate authorities :-**

The Government may, by notification in the official Gazette, appoint such officers to be appellate authorities for the purposes of this Act and may assign to them such local area or areas as may be specified in the notification.

#### **CHAPTER 4**

Returns, Assessment, Payment, Recovery and Refund of Tax

#### **7. Returns :-**

(1) Every person liable to pay tax under this Act shall furnish a return within fifteen days from the entry of motor vehicle into the local area or before an application is made for registration of the vehicle under the Motor Vehicles Act, 1988, whichever is earlier. The return to be so furnished shall be in such form, for such period

and to such authority, as may be prescribed.

(2) If any person liable to pay tax under this Act having furnished return under sub-section (1), discovers any omission or incorrect statement therein, he may furnish a revised return before the expiry of three months from the last date prescribed for furnishing the original return.

## **8. Assessment :-**

(1) amount of tax due from a person liable to pay tax under this Act shall be assessed separately for such period as may be prescribed.

(2) If the assessing authority is satisfied that the return furnished by a person liable to pay tax, is correct and complete, he shall assess the amount of tax due from the person on the basis of such return.

(3) If the assessing authority is not satisfied that the return furnished by a person liable to pay tax is correct and complete, and he thinks it necessary to require the presence of the person or the production of further evidence he shall serve on such person in the prescribed manner a notice requiring him on a date and at a place specified therein, either to attend and produce or cause to be produced all evidence on which the said person relies in support of his return, or to produce such evidence as is specified in the notice. On the date specified in the notice, or as soon as may be thereafter, the assessing authority shall, after considering all the evidence which may be produced, assess the amount of tax due from the person.

(4) If a person fails to comply with the requirements of any notice issued under sub-section (3), the assessing authority shall determine the purchase value of the motor vehicle under the proviso to clause (r) of sub-section (1) of section 2 to the best of his judgement, and assess the amount of tax due from him.

(5) No order of assessment under sub-section (3) or sub-section (4) shall be made after the expiry of four years from the last date prescribed for filing of returns of the particular period. If for any reason such order is not made within the period aforesaid, then the return so filed shall be deemed to have been accepted as correct and complete for assessing the tax due from such person.

## **9. Reassessment :-**

If, after a person liable to pay tax has been assessed under section 8 for any period, the assessing authority has reason to believe that any purchase value or part thereof has, in respect of that period, escaped assessment, or has been under-assessed or assessed at a lower rate, then the assessing authority, may within four years from the date of the order of assessment of the particular period, after giving the person a reasonable opportunity of being heard, reassess to the best of his judgement, the tax due from him.

## **10. Payment of tax :-**

(1) The tax shall be paid in the manner hereinafter provided.

(2) A person liable to pay tax shall, before furnishing return as required by subsection (1) of section 7 first pay the whole of the amount of tax due from him according to such return by a demand draft or pay order drawn in favour of Commissioner of Sales Tax, Government of Delhi, on any branch of the State Bank of India or of any Scheduled Bank as defined in the Reserve Bank of India Act, 1934 which holds a licence issued by the Reserve Bank of India under section 22 of the Banking Regulation Act, 1949 or of a Cooperative Bank as defined in the Delhi Co-operative Societies Act, 1972 situated in the local area.

(3) If a person liable to pay tax furnishes a revised return in accordance with subsection (2) of section 7, and if such revised return shows that a larger amount of tax than already paid is payable he shall first pay the additional amount of tax according to such revised return by a demand draft or pay order drawn in favour of Commissioner of Sales Tax, Government of Delhi, on any branch of any bank referred to in subsection (2) which is situated in the local area.

(4) The amount of

(i) tax due where return has been furnished without full payment thereof;

(ii) difference in the tax assessed under section 8 or reassessed under section 9 for any period and the sum already paid by the person in respect of such period, and

(iii) penalty, if any, levied under section 16, shall be paid by the person by such date as may be specified in the notice issued by the

assessing authority for this purpose, being a date not earlier than fifteen days from the date of service of notice. The amount shall be paid by a demand draft or pay order drawn in favour of Commissioner of Sales Tax, Government of Delhi, on any branch of the banks referred to in sub-section (2) which is situated in the local area.

(5) Any tax or penalty which remains unpaid after the date specified in the notice for payment, shall be recoverable as an arrear of land revenue, and for that purpose all the assessing authorities shall have and exercise all the powers of an Assistant Collector Grade-I under the provisions of the Delhi Land Reforms Act, 1954 and that of the Collector under the Revenue Recovery Act, 1890.

**11. Designated Officers :-**

The Government may, by notification in the official Gazette, designate such number of officers of the Government, to be the designated officers as may be necessary for the purposes of this Act, and may assign to each one of them such local area or areas or a part of a local area as may be specified in the said notification or by any other like notification.

**12. Impounding of motor vehicles on import of which tax is not paid :-**

If a person liable to pay tax fails to pay the tax in the manner as laid down under section 10 within thirty days from the entry of motor vehicle into the local area or before an application is made for registration of the vehicle under the Motor Vehicles Act, 1988, whichever is earlier, then the designated officer shall, forthwith impound the vehicle in respect of which tax has remained unpaid and keep the vehicle impounded till the amount of tax and penalty due and payable is paid in full:

Provided that if the amount of tax and penalty is not paid within one month of impounding of the vehicle, the designated officer shall have power to sell the vehicle in the prescribed manner, by auction and apply the sale proceeds towards recovery of the tax, penalty and costs. The remainder, if any, shall be refunded to the importer :

Provided further that if at any time before the auction of the vehicle, the importer pays the tax penalty and costs, if any, incurred towards holding the auction, then the designated officer



may, after satisfying himself that all the dues as aforesaid have been fully paid by the importer, cancel the auction and return the vehicle to the importer.

**13. Refund of tax :-**

The assessing authority shall refund to a person the amount of tax and penalty, if any, paid by such person in excess of the amount due from him. The refund may be either by cash payment or, at the option of the person, by deduction of such excess from the amount of tax and penalty, if any, due from that person respect of any other period:

Provided that the assessing authority shall first apply such excess towards the recovery of any amount due in respect of which a notice under sub-section (4) of section 10 has been issued, and shall then refund the balance, if any.

**14. Exemptions :-**

Subject to such conditions as it may impose, the Government may, if it is necessary so to do in the public interest, by notification in the official Gazette, exempt any specified class of importers from payment of the whole or any of the provisions of this Act and such exemption shall take effect from the date of the publication of the notification in the official Gazette, or such other date as may be mentioned therein.

**CHAPTER 5**

**Appeals**

**15. Appeals :-**

(1) An appeal from every original order under this Act or rules made thereunder shall lie to the appellate authority appointed under section 6.

(2) In the case of an order passed in appeal by the appellate authority, a second appeal shall lie to the Appellate Tribunal.

(3) No appeal shall be entertained by the appellate authority or the Appellate Tribunal unless it is filed within sixty days from the date of receipt of the order appealed against by the assessee, and unless the entire amount of tax and penalty and/or interest, if any, has been credited by the assessee in the Government Treasury.

(4) Subject to such rules of procedure as may be prescribed every appellate authority (both in the first appeal or the second appeal)

shall have the following powers, namely;

(a) in an appeal against an order of assessment if it may confirm, reduce, enhance or annul the assessment; or it may set aside the assessment and refer the case back to the assessing authority for making a fresh assessment in accordance with the direction given by it and after making such further inquiry as may be necessary the assessing authority shall thereupon proceed to make such fresh assessment and determine, where necessary, the amount of tax payable on the basis of such fresh assessment; and

(b) in any other case, the appellate authority or the Appellate Tribunal, as the case may be, may pass such orders in the appeal as it deems just and proper.

#### CHAPTER 6

#### Penalty and Interest

### **16. Penalty :-**

(1) If a person fails without reasonable cause to furnish any return by the prescribed date, as required under section 7 and fails to pay tax due according to the return as required by section 10 of this Act, the assessing authority may after giving the person an opportunity of being heard, direct that the person shall pay, by way of penalty, in addition to the amount of tax payable a sum not exceeding twice that amount.

(2) If the assessing authority concerned is satisfied that a person has concealed any particulars or has furnished inaccurate particulars of any entry of his motor vehicle, it may, after giving such person a reasonable opportunity of being heard, direct that the person shall pay, by way of penalty, in addition to the amount of tax payable, a sum not exceeding two and a half times of the amount of tax which would thereby have been avoided.

(3) Tax due means the tax due as per returns and tax assessed (including penalty) levied under this Act.

### **17. Interest :-**

(1) If any person fails to pay the tax due according to the return, he shall, in addition to the tax (including any penalty) due, be liable to pay simple interest on the amount so due at one per cent per month from the date immediately following the last date for the submission of the return for a period of one month and one and a

half per cent per month thereafter for so long as he continues to make default.

(2) When a person is in default or is deemed to be in default in making the payment of tax assessed under section 8 of this Act, he shall be liable to pay simple interest on such amount at one per cent per month from the date of such default for a period of one month and at one and a half per cent per month thereafter for so long as he continues to make default in the payment of said amount.

#### CHAPTER 7

#### Miscellaneous

### **18. Officers and servants appointed under this Act to be public servants :-**

All Officers and servants appointed under this Act shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

### **19. Protection of action taken under this Act :-**

No suit, prosecution or other legal proceedings shall lie against the Government, or any public servant for anything which is in good faith done or purported to be done under this Act.

### **20. Power to make rules :-**

(1) The Lieutenant Governor may, by notification in the official Gazette and subject to the condition of previous publication, make rules for carrying out the purposes of this Act:

Provided that if the Lieutenant Governor is satisfied that circumstances exist which render it necessary to take immediate action, he may dispense with the previous publication of any rule to be made under this section.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for the following matters, namely :

(a) the duties and powers of officers appointed for the purpose of enforcing the provisions of this Act;

(b) all matters expressly required or allowed by this Act to be prescribed;

(c) generally regulating the procedure to be followed and the forms

to be adopted in proceedings under this Act;

(d) any other matter including levy of fees for which there is no provision or no sufficient provisions in this Act and for which provision is, in the opinion of the Government, necessary for giving effect to the purposes of this Act;

(e) the procedure for any other matters (including fees), incidental to the disposal of appeal, and the value of courtfee stamp which a memorandum of appeal should bear;

(f) the person who may appear or attend before any authority in connection with any proceedings under this Act, including his qualifications, the conditions subject to which the person shall be entitled to appear and attend and the form of authorisation authorising such person to attend.

(3) Every rule made under this Act shall be laid as soon as may be after it is made before the Legislative Assembly of Delhi while it is in session, which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid, the House agrees in making any modifications in the rule or that the rule should not be made, and notify such decision in the official Gazette, the rule shall, from the date of publication, of such notification have effect only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rule.