

**OFFICE OF THE COMMISSIONER, VALUE ADDED TAX  
DEPARTMENT OF TRADE & TAXES  
BIKRI KAR BHAWAN, I. P. ESTATE, NEW DELHI**

**Dated : 21/7/2005**

**CIRCULAR 18 OF 2005-06**

It is observed that the dealers seeking fresh registration under the Delhi Value Added Tax Act, 2004, while filing applications, usually annex security in the shape of local surety bond in the old format i.e. on the format which was applicable under the Delhi Sales Tax Act, 1975. This is not only incorrect under law but at the same time would un-necessarily require additional efforts on the part of the department for getting a fresh surety bond from these dealers under the Delhi Value Added Tax Act, 2004, as the surety bond in old format may cause hardships at a later stage.

In order to expedite the disposal of the registration application and to avoid frequent visit of the dealer to the department, the practice of calling the surety dealer for authentication/verification/attestation of personal surety bond has already been discontinued. Functions of notary appointed under the Notary Act, 1952, are specifically defined in section 8 thereof and they are competent to verify, authenticate, certify and attest the execution of any instrument.

Hence, the VATOs/AVATOs working at the Front Office and in the Operations are hereby directed to ensure that all fresh registration applications are to be accompanied by the surety bond in **new format (copy enclosed)**, wherever security is furnished in the shape of personal surety bond from registered dealer. Such personal surety bond filed should be duly witnessed by two persons and attested by notary containing serial number of the notary register and place of attestation duly indicated under the official seal of the notary.

This issues with the approval of the Commissioner.

(S.R. MAHESHWARI)  
Value Added Tax Officer (Policy-III)

No.VATO/POLICY-III/2005-06/933

Dated : 21/7/05

Copy :

1. All VATOs/AVATOs of wards / operational circles for immediate compliance.
2. PS to Commissioner, VAT for information.
3. PAs to all Addl. Commissioners, VAT for information.
4. PAs to all Zonal Joint./Deputy Commissioners for information.
5. The System Analyst
6. Guard File.

(S.R. MAHESHWARI)  
Value Added Tax Officer (Policy-III)

## **LOCAL SURETY BOND**

KNOW ALL MEN BY THESE PRESENTS THAT

M/s \_\_\_\_\_

\_\_\_\_\_

is held and firmly bound upto the President of India (hereinafter referred to as "THE GOVT." which expression shall unless excluded by for repugnant to the context, be deemed to include his successors in office and assigns) in the sum of Rs.....

To be paid to the Government for which payments with and truly to be made to the said aforesaid dealer binds itself, its heirs, executor, administrators, and legal representative by these presents.

WHEREAS the above bounded dealer has made an application for grant of a Registration Certificate under Section 19 of Delhi Value Added Tax Act, 2004 (hereinafter referred to as the said Act)

AND whereas the said dealer has in pursuance of Section 25 of the said Act, is required to execute a bond with one surety in favour of the Govt. in the above mention sum of Rs..... for the due discharge by the said aforesaid dealer of the liability under the said Act, and for the purpose of securing and indemnifying the Government against all loss, costs or expenses which the Govt. may in any way suffer, sustain or pay by reason of the default or of failure in discharge of the liability under the said Act of the aforesaid dealer or any person or persons acting under it or for whom it may be responsible.

Now the condition of the above written bond is such that if the said dealer, its heirs, executors, administrators and legal representative shall pay or cease to be paid unto the Government amount due from it under the provision of said Act within the times prescribed under the said Act after such amount shall have been demanded from aforesaid dealer by the Commissioner of Value Added Tax, Delhi or by an officer to whom powers of the Commissioner of Value Added Tax, Delhi in this respect have been delegated and shall also at all times indemnify and save harmless the Government from all and every loss or expenses which has been or may at any time hereafter during the period in which the aforesaid dealer or any person acting under it or for whom it may be responsible, then, this obligation shall be void and no effect otherwise the same shall be and remain in full force.

AND it is hereby further agreed that in the event of the final cessation, liability of the aforesaid dealer under the Act, this bond shall remain with Commissioner of Value Added Tax, Delhi or an Officer duly authorized by him in this behalf for 36 Calendar months for recovering any loss, costs or expenses that may have been sustained, incurred or paid by the Government owing to act or default after the aforesaid dealer or any other person aforesaid and which may not have been discovered until after the final cessation of the liability of the aforesaid dealer under the said Act.

PROVIDED always that without prejudice to any other rights or remedies for recovering the loss or damage as aforesaid, it shall be open to the Government to recover the amount payable under the head as an arrear of "LAND REVENUE".

IN WITNESS OF AFORESAID DEALER

has hereunto set his hands this

Date:

Signed and delivered by the above said  
dealer in the presence of

**Signature of the Dealer/Principal**

Witness No. 1

**(Name of Surety)**

\_\_\_\_\_  
\_\_\_\_\_

Hereby declare myself/ourselves surety(s) for the above dealer and guarantee that it shall do and perform all that it has above undertaken to do and perform in case of its making default herein. I/We bind myself/ourselves to forfeit to the President of India the sum of Rs.....in which the aforesaid dealer has bound itself or such other lesser sum as shall be deemed to be sufficient by the Commissioner of Value Added Tax, Delhi or any officer duly authorised by him in this behalf or recovery of any loss or damage which the Government sustain by reason of such default.

PROVIDED always that I/We shall not be released or discharged by reason of any for bearation acts or commission the part of the Commissioner of Value Added Tax, Delhi which but for this provisions which discharge me/us.

AND I/we agreed that the Government may, without prejudice to any other right or remedies of the Government, recover from me/us the said sum as arrears of "LAND REVENUE".

AND I/we also agree that I/we shall not be at liberty to terminate my/our suretyship except upon given to the said Commissioner of Value Added Tax, Delhi or delegates one year's notice in writing or my/our mention so to do and my/our liability under this bond shall continue in respect of all act, default and insolvency on the part of the said until the expiration of the said period of one year.

**Signature of the Surety**

Date:

IN THE PRESENCE OF

WITNESS NO. 1

WITNESS NO. 2