



**VIVAD SE
VISHWAS
SCHEME 2020***

**BRIDGING THE
DISPUTE-TRUST DIVIDE**

for Minimizing Tax-related Litigation

Avail this golden opportunity ... Settle your Income Tax disputes

Objectives of Vivad Se Vishwas Scheme 2020

- Reduce income tax pending litigation
- Generate timely revenues for the Government
- Help taxpayers end their tax disputes with the department by paying disputed tax and get waiver from payment of interest and penalty. Also get immunity from prosecution.

Direct Tax Vivad Se Vishwas Bill 2020

- Bill was introduced in the Parliament on 5th Feb, 2020.
- Subsequently, representations were received from the stakeholders regarding various provisions of the Bill.
- Accordingly, certain clauses of the Bill have been proposed to be amended to widen the scope of Bill & ease the compliance burden on the part of tax-payer.
- Currently the DTVSV Act 2020 has been passed by Parliament.

Salient Features of Vivad Se Vishwas

- Key dates – date of opening / closing, payment dates
- Eligibility – class of taxpayers eligible to settle disputes
- Payment terms – what is the amount to be paid for settlement of dispute
- Exclusion – class of taxpayers excluded from the Bill
- Consequences – Benefits, immunity etc under the Bill
- Delegated Legislation – power to make rules, remove difficulty etc

Salient Features of Vivad Se Vishwas

- **Start date:** Date on which the Bill gets the assent of Hon'ble President after being passed by the Parliament.
- **Last Date:** Date to be notified by the Government (Likely to be 30th June 2020)
- **Payment:** Required by 31st March 2020. After this date and before closure of scheme the payment shall be at higher rate.

Salient Features – Eligibility

- Appeals, writs, SLPs, arbitration (filed by Department or taxpayer) filed on or before 31 Jan 2020.
- Orders for which time for filing appeal has not expired on 31 Jan 2020.
- Cases pending before Dispute Resolution Panel (DRP).
- Cases where DRP issued direction on or before 31 Jan 2020 but order has not yet been passed.
- Cases where assessee filed revision application under section 264 on or before 31 Jan 2020.
- Dispute where payment has already been made shall also be eligible.

Salient Features – Eligibility

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- The pending appeal, writ, SLP, arbitration could be against-
 - ✓ Disputed tax (including interest or penalty on such disputed tax) in relation to an assessment or reassessment order
 - ✓ Disputed interest, disputed penalty or disputed fees where there is no disputed tax.
- Disputed tax can also include the tax determined on default in respect of tax deducted at source (TDS) or tax collected at source (TCS).
- Disputed tax shall include tax on enhancement notice

Salient Features – Payment Terms

Payment made on or before	Appeal, writ, SLP, arbitration relates to disputed tax	Appeal, writ, SLP, arbitration relates only to disputed penalty or interest or fee
31 st March 2020	100% of the disputed tax (125% in search cases) [waiver of interest & penalty]	25% of the disputed penalty or interest or fee
End date (likely to be 30 th June 2020)	110% of the disputed tax (135% in search cases) [waiver of interest & penalty]	30% of the disputed penalty or interest or fee

If an issue in taxpayer's pending appeal already decided in favor of taxpayer by higher appellate forum or if Department has filed appeal, amount payable is 50% of aforesaid amounts.

Exclusion

- Search cases if disputed tax in a year is more than Rs.5 crore.
- Cases where prosecution has been initiated by the department under Income-tax Act or under Indian Penal Code.
- Cases involving undisclosed foreign income and assets.
- Cases completed on the basis of information received from foreign jurisdiction.
- Cases where person is notified under Special Courts(Trial of Offences Relating to Transactions in Securities) Act, 1992 or detained under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974.
- Cases covered under Narcotic Drugs and Psychotropic Substances Act, Unlawful Activities (Prevention) Act, Prevention of Corruption Act, Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, Prevention of Money Laundering Act, Prohibition of Benami Property Transactions Act.

Consequences

- Consequent to such declaration and on fulfillment of conditions, all appeals, writs, SLPs, arbitration to be withdrawn (both by taxpayer and by department).
- Immunity to be granted from levy of interest, penalty and institution of any proceeding for prosecution for any offence under the Income-tax Act in respect of matters covered in the declaration.
- If excess payment made before filing declaration, refund shall be issued without interest.

Delegated Legislation

- CBDT is proposed to be given power to issue such orders, instructions and directions to the income-tax authorities for the proper administration of the Act.
- Central Government is proposed to be given power to make rules for carrying out provision of this scheme.
- Central Government is proposed to be given power to remove difficulties by issuing appropriate orders not inconsistent with the scheme.