



ERGO

Analysing developments impacting business

DIRECT TAX DISPUTES RESOLUTION BILL RECEIVES PRESIDENT'S ASSENT

18 March 2020

Introduction

With the intent to reduce the direct tax litigation pending before various courts / appellate forums [i.e. the Supreme Court or High Courts or Income Tax Appellate Tribunal or Commissioner of Income Tax (Appeals)], the Government of India introduced 'The Direct Tax Vivad Se Vishwas Bill, 2020' (Scheme) before the Lok Sabha on 5 February 2020 (please see our [Ergo](#)). Thereafter, various representations were made by the stakeholders expressing their concerns and suggested modifications to the Scheme. The modified Scheme was passed by the Lok Sabha on 4 March 2020 (please see our [Ergo](#)) and by the Rajya Sabha on 13 March 2020.

The Scheme has now received the Hon'ble President's assent on 17 March 2020 and has culminated into 'The Direct Tax Vivad Se Vishwas Act, 2020'. Arguably the biggest advantage of the Scheme is that the taxpayers will get complete waiver of interest and penalty by paying only the disputed taxes within the prescribed time.

Comments

The taxpayers should decide whether to opt for the Scheme after considering the merits of their disputes. Having said that, given the fact that the payment can only be made once an order is passed by the designated Commissioner of Income-tax (Designated CIT) determining the amount payable under this Scheme, taxpayers who opt for the Scheme should keep this in mind and consider filing a declaration under the Scheme as early as possible. This will ensure that the Designated CIT gets sufficient time to pass the order and the amount so determined can be paid by 31 March 2020, in view of the fact that the Scheme provides for additional payment of taxes if the payment is made after 31 March 2020. Even the Central Board of Direct Taxes, Ministry of Finance, in its Circular No. 07/2020 dated 4 March 2020 on the Scheme has stated that the time limit of 15 days available to the Designated CIT for passing an order is an outer limit and has instructed the Designated CIT to pass an order at an early date so that the taxpayers can make the payment of the amount determined under the Scheme on or before 31 March 2020. Given the short time available for tax payment and ongoing COVID-19 challenges, it is likely that the Government may provide some relaxation on the deadline for tax payment. The Government is ready with the necessary application forms for filing of declaration, payment of taxes, etc and the same will be notified shortly. The Government is also in the process of releasing a further set of Frequently Asked Questions (FAQs) for providing clarifications on various aspects of the Scheme.

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