

Vivad se Vishwas: Rules & forms notified; e-facility to avail scheme

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 19

NOTIFYING THE rules and forms for the direct tax dispute resolution scheme Vivad se Vishwas, the Income Tax Department on Thursday also launched an electronic facility for taxpayers willing to avail the scheme.

Under the scheme, taxpayers willing to settle disputes will be allowed a complete waiver of interest and penalty if they pay the entire amount of tax in dispute by March 31 this year.

After March 31, an additional 10 per cent of disputed tax will have to be paid over and above the tax liability. However, disputes related to wealth tax, commodity transaction tax, securities transaction tax and equalisation levy are not covered. The scheme would remain open till June 30.

"To prepare and submit the #VS Form: Please go to e-Filing portal: incometax-indiaefiling.gov.in -> Login using PAN (or TAN as applicable) & password -> Select 'Vivad se Vishwas' Tab -> Select 'Prepare and Submit DTVSV Forms,'" the Department posted on its official Twitter handle.

The government had earlier notified the rules and five online forms to be filled by taxpayers for availing the Vivad Se Vishwas

FIRST DEADLINE OF MARCH 31

■ Under the scheme, taxpayers willing to settle disputes will be allowed a complete waiver of interest and penalty if they pay the entire amount of tax in dispute by March 31

■ Experts said due to the COVID-19 outbreak and companies opting for work from home, the notification just 10 days before the initial deadline will make it tough for taxpayers

scheme. "The declaration in Form 1, the undertaking in Form 2 and intimation of details of payment in Form-4 are to be verified by digital signature or Electronic Verification Code (EVC) as applicable for the filing of ITR," the Department said.

Tax experts said that with the COVID-19 outbreak and companies opting for work from home, notification of rules and forms merely 10 working days before the initial deadline will make it tough for taxpayers willing to opt for the scheme and that an extension should be considered.

"The scheme, open till June 30, imposes additional burden of tax in case payment of disputed tax is made after 31st March 2020. The government has notified the forms and rules merely 10 days before the due date, if taxpayers want to obtain maximum benefits to the taxpayers desirous of availing the scheme. Therefore, practically, it may be extremely difficult both for the

taxpayers as well as designated authorities to examine all the cases and make payment on/before 31st March 2020," Rakesh Nangia, chairman, Nangia Andersen Consulting, said.

"Further, the turmoil due to the global pandemic makes matters worse as various offices and tax practitioners have started working from home. The scheme designed to provide relief to taxpayers stuck in long drawn litigation becomes less attractive and practically very difficult to implement owing to the stringent deadlines, which must be extended by the government," he added.

PwC India partner and leader—corporate and international tax, Frank D'Souza said, "Given that settlement under VsV (Vivad se Vishwas) would mean no further recourse available, no taxpayer would want to leave any issue open, technically or otherwise, in the process. Some of the aspects like whether

the scheme amounts to conceding the position by the taxpayer, which were not part of the legislation and later clarified by way of FAQs, have now been clarified as a part of the rules and the forms. Given the limited time available to avail of the benefits of the March 31, 2020 deadline, it remains to be seen if the date would get extended beyond March 31."

The Revenue Department notified five forms for various steps under the scheme, which are required to be filled online. Eligible assesses are required to submit their declaration in Form 1 to the designated authority, which is a very detailed form covering different scenarios.

Further, an undertaking waiving the right to seek or pursue any remedy or any claim in relation to tax arrears under any law shall have to be furnished by the declarant in Form 2.

The declaration form (Form 1) seeks detailed information relating to the nature of tax arrears, assessment year, details of order, amount of tax arrears already paid, etc.

On receipt of the declaration form and undertaking, the designated authority shall, within 15 days, issue an order (in Form 3) directing the assesses to make payment of sum payable after adjusting the amounts already paid.

Forms, rules notified for Vivad se Vishwas scheme

But experts say time window for paying disputed taxes is too short

OUR BUREAU

New Delhi, March 19

The Finance Ministry has notified rules and forms for the Vivad se Vishwas scheme. Now, assesseees wanting to take benefit of the scheme for resolving corporate tax and personal income tax-related disputes, will have 13 days to do so without paying any additional amount.

The scheme intends to provide an opportunity to taxpayers to settle disputes by paying due taxes with complete waiver of interest and penalty till March 31, and with some additional payment till June 30. As on November 30, 2019, the dis-

puted direct tax arrears amount to ₹9.32-lakh crore.

Considering that the actual direct tax collection in FY2018-19 was ₹11.37-lakh crore, the disputed tax arrears constitute nearly one year's direct tax collection.

However, experts feel that time is too short to take benefit of the scheme.

Rakesh Nangia, Chairman, Nangia Andersen Consulting, said that all the forms are required to be filled online and utility/forms are yet to be released, which may take another couple of days. "So practically, taxpayers may have only around seven to nine

working days to avail themselves of the scheme on/before March 31, 2020. Therefore, practically, it may be extremely difficult both for the taxpayers as well as the Designated Authorities to examine all the cases and make payment on/before March 31, 2020," he said.

Further, the turmoil due to the global pandemic makes matters worse as various offices and tax practitioners have started working from home. The scheme designed to provide relief to taxpayers stuck in long drawn litigation becomes less attractive and practically very difficult to implement owing to the stringent deadlines, which must be extended by the government.

Considering all these, tax

Considering that the actual direct tax collection in FY2018-19 was ₹11.37-lakh crore, the disputed tax arrears at ₹9.32-lakh crore constitute nearly one year's direct tax collection.

practitioners have demanded that the date of March 31 be extended at least till May 15.

Five forms

According to the notification dated March 18, there are a total of five forms that need to be completed online. Eligible assesseees are required to submit their declaration in Form 1 to the

Designated Authority, which is a very detailed Form covering different scenarios.

Further, the undertaking, waiving the right to seek or pursue any remedy or any claim in relation to tax arrears under any law, will have to be furnished by the declarant in Form 2.

The declaration and the undertaking will have to be verified by the declarant or the authorised representative and the designated authority will issue an acknowledgement electronically on receipt thereof. On receipt of the declaration form and undertaking, the designated authority shall, within 15 days, issue an order (in Form 3) directing the assessee to make payment of the sum payable after ad-

justing the amounts already paid. The assessee has also been given a 30-day period for payment of the prescribed sum and give intimation of such payment to the designated authority.

The intimation of payment is required to be made in Form 4, specifying the details of payment like the serial number of challan, date of payment, amount, etc. In case of non-payment of the amount determined within the prescribed time period, the declaration shall be treated as void and shall be deemed to have never been made. Finally, the designated authority shall issue a certificate (in Form 5) granting immunity and specifying the details of dispute settlement.

Vivad Se Vishwas becomes active; taxpayers find forms elaborate

FE BUREAU

New Delhi, March 19

THE GOVERNMENT ON Wednesday night notified the forms and rules for the Direct Tax Vivad e Vishwas Act, 2020, and activated the online portal on Thursday to operationalise this direct tax dispute resolution scheme. However, experts said since the forms are elaborate, taxpayers would find it difficult to start the process immediately.

The scheme is significantly more beneficial if a taxpayer opts for it and pays due taxes before March 31. Though the scheme remains open thereafter, its terms would become a lot less attractive post the cut-off date.

"The government has notified the forms and rules merely 10 days before the due date. Therefore, practically, it may be extremely difficult both for taxpayers as well as designated authorities to

examine all the cases and make payment on or before March 31," Rakesh Nangia, chairman of Nangia Andersen Consulting, said.

Among the forms released by the department, form 1 seeks detailed information relating to the nature of tax arrears, assessment year, details of order and amount of arrears already paid. Further, the form provides the manner of computation of 'tax payable' under the scheme in different

scenarios — declarations relating to disputed tax, TDS, TCS, disputed interest and disputed penalty or fee.

On receipt of the declaration form and undertaking in form 2, the designated authority would issue an order within a maximum of 15 days in form 3, directing the assesses to make payment.

The assessee has been given 30 days for payment of the prescribed sum. The intimation of payment is

required to be made in form 4, specifying the details of payment like the serial number of challan, date of payment and amount. Finally, the designated authority would issue a certificate in form 5, granting immunity and specifying details of dispute settlement.

Frank D'Souza, partner and leader of corporate and international tax at PwC India, said: "The forms and the rules are on expected lines. As per the

notified rules, the declaration and the undertaking is to be filed online, and therefore, it will be important that the e-interface operates smoothly because of limited time in hand. Given the limited time to avail of the benefits before the March 31 deadline, it remains to be seen if the date would get extended."

The scheme aims to resolve 4.83 lakh direct tax-related disputes for which appeals are pending at various levels. Tax

arrears of about Rs. 9.32 lakh crore are stuck in these appeals as on November 31, 2019.

The scheme is designed to ensure that taxpayers avail of it before March 31 as the scheme becomes less attractive after the deadline. For payments made after March 31, 55% of the disputed tax (67.5% of disputed tax in case of search cases) will be payable for cases won by the assessee in the previous round.



Govt notifies Vivad se Vishwas forms and rules; deadline extension expected

The income tax department notified a 5-stage process of making declaration under the Scheme, with as many as five forms released

Dilasha Seth | New Delhi March 19, 2020 Last Updated at 23:23 IST



With 13 days to avail full benefit of direct tax dispute resolution scheme-Vivad se Vishwas, the

Illustration: Binay Sinha

government has notified the much awaited forms and rules on Thursday. The facility for online filing of such forms on the portal was also subsequently enabled by the income tax department.

The income tax department notified a 5-stage process of making declaration under the Scheme, with as many as five forms released.

However, experts pointed out an anomaly in rules, where a time frame of 30 days has been provided to make tax payment since determination of tax liability as against 15 days mentioned in the Act, which was notified on Wednesday.

The eligible assesses are required to submit their declaration in Form 1 to the designated authority, which seeks detailed information relating to the nature of tax arrears, assessment year, details of order, amount of tax arrears already paid, etc.

It also provides for computation of 'tax payable' under different scenarios for declarations for instance, relating to disputed tax/ TDS/TCS/ disputed interest/ disputed penalty or fee.

In addition, an undertaking on waiving the right to seek or pursue any remedy or any claim in relation to tax arrears under any law needs to be furnished by the declarant in Form 2.

The Scheme is open till June 30 and an additional 10% needs to be paid for taxes paid after March 31. There are more than 400,000 such cases eligible to avail of the scheme, and they involve at least Rs 9.3 trillion.

Thereafter, the designated authority will pass an order within 15 days in Form 3, directing the assesses to make payment of sum payable after adjusting the amounts already paid. The assesses have been provided a 30-day window to make payment to the designated authority after that and intimation of payment needs to be made in Form 4. Under that, details of payment like the serial number of challan, date of payment, amount, etc is to be mentioned.

Amit Maheshwari, partner, AKM Global said that there appears an error in Form 3, the certificate by the designated authority. "The due date for deposit of tax is written as 30 days from receipt of certificate, however the Act mentions that the time limit is 15 days. There seems to be an error, which the government is expected to rectify," said Maheshwari.

Finally, in Form 5, the designated authority will issue a certificate granting immunity and specifying the details of dispute settlement.

Rakesh Nangia, chairman, Nangia Andersen Consulting said that the government has notified the forms and rules merely 10 days before the due date, if taxpayers want to obtain maximum benefits to the taxpayers desirous of availing the scheme. "Therefore, practically, it may be extremely difficult both for the Taxpayers as well as Designated Authorities to examine all the cases and make payment on/ before 31st March 2020. Further, the turmoil due to the global pandemic makes matters worse as various offices and tax practitioners have started working from home." The scheme designed to provide relief to taxpayers stuck in long drawn litigation becomes less attractive and practically very difficult to implement owing to the stringent deadlines, which must be extended by the Government, he added.

Frank D'Souza, Partner and Leader Corporate & International Tax , PwC India said that,"will be important that the e-interface operates smoothly, especially given the limited time in hand where these forms are to be furnished." D'Souza added that given the limited time available to avail of the benefits of the March 31, 2020 deadline, it remains to be seen if the date would get extended beyond March 31.