

Withdrawal of small IT demands not to entail credit, refund: CBDT

REMISSION CAP. Sets two-month timeline for execution and ₹1 lakh threshold per assessee

Shishir Sinha
New Delhi

Remission and extinguishment of small income-tax demands will not entail any credit or refund, Central Board of Direct Taxes (CBDT) has said. Such a scheme will not result in immunity from prosecution, it has added.

Announced in the Interim Budget, the remission scheme is expected to benefit over 1 crore assesseees. The CBDT has issued an order to implement the scheme, preferably within two months. Finance Minister Nirmala Sitharaman had talked about a large number of petty, non-verified, non-reconciled or disputed direct tax demands, many of which date as far back as the year 1962 and continue to remain on the books, causing anxiety to honest taxpayers and hindering refunds of subsequent years.

"I propose to withdraw such outstanding direct tax



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demands up to ₹25,000 pertaining to the period up to financial year 2009-10 and up to ₹10,000 for financial years 2010-11 to 2014-15. This is expected to benefit about a crore taxpayer," she said.

ORDER ISSUED

Now, an order issued by CBDT said that these demand of tax shall be remitted or extinguished subject to maximum limit of ₹1

lakh for any taxpayer. The order covers demand entries pertaining to the Wealth Tax Act, the Gift Tax Act and the Income Tax Act and will include interest, fee, penalty, surcharge and cess under the said three statutes.

The remission or extinguishment is not applicable on TDS (tax deducted at Source) or TCS (tax collected at source) demands but the tax liability arising from

invocation of section related with subsidy or grant is covered. It has also been said that the order also clarifies that the remission or extinguishment shall not confer any right to claim any credit or refund.

"The remission or extinguishment shall not have any effect on criminal proceedings pending, initiated or contemplated against the assessee under any Act or law and shall not construed as conferring any benefit, concession or immunity to the taxpayer/assessee in such proceedings under any Act or law other than as specifically provided in the order," the order said.

EXPERTS' TAKE

Commenting on the order, Maneesh Bawa, Partner with Nangia Andersen India, said: "Following this directive, outstanding direct tax demands that meet the eligibility criteria will be waived and cancelled. Taxpayers are advised to access their online accounts and navigate to Pending Ac-

tion > Response to Outstanding Demand to verify the status of 'Extinguished Demands' related to them>."

Sandeep Sehgal, Partner-Tax, AKM Global, termed the scheme as a significant initiative as it could alleviate the long-standing burden of unresolved demands on the taxpayers. He also welcomed limiting the execution time to 2 months.

Further, capping the remission limit to ₹1 lakh signifies an effort to address smaller demands and extend relief to a wider spectrum of taxpayers. This directive underscores a commitment to facilitating a fair and efficient tax system, providing relief to small taxpayers while upholding compliance and integrity in tax administration. Further, although there is a clarification that there will be no immunity from prosecution, the intent seems to be clear that the focus is on clearing the tax demands to benefit the bonafide taxpayers, he said.

CBDT drops small tax demands but not TCS, TDS claims

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NEW DELHI

Central Board of Direct Taxes (CBDT) on Monday ordered withdrawal of small tax demands that finance minister Nirmala Sitharaman had announced in her FY25 budget speech to improve ease of living.

CBDT said that tax demand up to ₹25,000 for assessment year up to 2010-11 and demands up to ₹10,000 from the next year up to assessment year 2015-16 will be extinguished.

However, any criminal action initiated or planned under any law will not be dropped. Any tax demand raised against taxes collected or deducted at source (TCS or TDS) will not be eligible for this relief, CBDT said. TCS and TDS leave a trail of transactions that the tax authority uses to keep an eye on transactions in the economy and to prevent any under-reporting of income.

Over the years, TDS and TCS have become an important mode of direct tax collection.

The maximum benefit per

taxpayer will be withdrawal of demands totalling ₹1 lakh, the CBDT order said.

With the remission of the outstanding tax demand under the scheme, the provisions for levying interest for delayed tax payments under Section 220 (2) of the Income Tax Act will not apply and the same will not be considered in computing the upper limit of tax relief of ₹1 lakh per taxpayer.

CBDT also explained in the order that tax liability arising from a provision in the Income

Tax Act that gives an inclusive definition of income including subsidy, grant or cash incentive or duty drawback will also be eligible for the relief of remission.

The tax authority clarified that the waiver or cancellation of the tax demand does not entitle taxpayers to any claims for credit or refunds.

"The waiver or cancellation will not influence any ongoing, planned, or potential criminal legal proceedings against the taxpayer and does not grant any immunity under any legislation," said Maneesh Bawa, partner at Nangia Andersen India, a business advisory firm.

The tax authority clarified that the waiver of the tax demand does not entitle taxpayers to any claims for credit or refunds

I-T department sets ₹1 lakh threshold per assessee for withdrawal of old tax demands

NEW DELHI: The Income Tax department has prescribed a ceiling of Rs 1 lakh per assessee for withdrawal of small tax demands till Assessment Year 2015-16, in accordance with a scheme announced in Budget.

The Central Board of Direct Taxes (CBDT) has issued an order giving effect to the 2024-25 Budget announcement by Finance Minister Nirmala Sitharaman.

The Budget had announced that tax demands for AY 2010-11 of up to Rs 25,000 and for AY 2011-12 to 2015-16 of up to Rs 10,000 will be withdrawn. Tax demands totalling about Rs 3,500 crore will be withdrawn



following the announcement.

The CBDT order said that such outstanding tax demands pertaining to income tax, wealth tax and gift tax as on January 31, 2024, shall be remitted and extinguished "subject to the maximum ceiling of Rs 1 lakh for any specific taxpayer/ assessee". The limit of Rs 1 lakh would include principal com-

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ponent of tax demand, interest, penalty or fee, cess, surcharge.

However, the remission shall not be applicable on the demands raised against the tax deductors or tax collectors under TDS or TCS provisions of the I-T Act. Nangia Andersen India Partner Maneesh Bawa said the directive further specifies that this waiver or cancella-

tion does not entitle taxpayers to any claims for credit or refunds.

Additionally, the waiver or cancellation will not influence any ongoing, planned, or potential criminal legal proceedings against the taxpayer and does not grant any immunity under any legislation.

"Taxpayers are advised to access their online accounts and navigate to Pending Action > Response to Outstanding Demand to verify the status of 'Extinguished Demands' related to them," Bawa said. Revenue Secretary Sanjay Malhotra had earlier this month said that there are about 1.11 crore such disputed tax demands. PTI

CBDT sets ₹1L threshold per assessee for withdrawal of old tax demands



PTI / New Delhi

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The CBDT order said that such outstanding tax demands pertaining to income tax, wealth tax and gift tax as on January 31, 2024, shall be remitted and extinguished "subject to the maximum ceiling of Rs 1 lakh for any specific taxpayer/assessee".

The limit of Rs 1 lakh would include principal component of tax demand, interest, penalty or fee, cess, surcharge.

However, the remission shall not be applicable on the demands raised against the tax deductors or tax collectors under TDS or TCS provisions of the I-T Act.

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Rs 1-lakh limit set for tax write-off

OUR SPECIAL CORRESPONDENT

New Delhi: Small tax demands up to Rs 1 lakh per assessee till Assessment Year 2015-16 will be waived within two months, the Central Board of Direct Taxes (CBDT) said on Monday.

The CBDT order lays down the details of the scheme announced in the last budget — which said tax demands for AY 2010-11 of up to Rs 25,000 and for AY 2011-12 to 2015-16 of up to Rs 10,000 will be withdrawn.

The limit of Rs 1 lakh would include the principal component in the tax demand, interest, penalty or fee, cess and surcharge.

The government will withdraw tax demands totalling about Rs 3,500 crore.

The CBDT order said that

such outstanding tax demands about income tax, wealth tax and gift tax as of January 31, 2024, shall be remitted and extinguished “subject to the maximum ceiling of Rs 1 lakh for any specific taxpayer/assessee”.

The remission or extinguishment is not applicable on TDS or TCS demands but the tax liability arising from invocation of Section 2(24)(xviii) (subsidy or grant) is covered.

The Order also clarifies that the remission or extinguishment shall not confer any right to claim credit or refund.

It shall not affect criminal proceedings pending, initiated or contemplated against the assessee and shall also not confer any right to claim immunity under any law.

The CBDT can rectify any

WAIVER WITHIN TWO MONTHS

- Actual tax demand is up to Rs 25,000 for AY 2010-11 and Rs 10,000 for AY 2011-12 to AY 2015-16
- Tax demand ceiling of Rs 1 lakh comprises principal demand plus interest, penalty, cess and surcharge
- Withdrawal of demand does not cover TDS or TCS demands
- Withdrawal of demand does not mean refund or credit into the account of assessee
- Existing criminal proceedings will not be withdrawn. Any withdrawal does not mean the assessee enjoys right to immunity
- Any withdrawal notice can be rectified

mistake apparent from the record arising on the execution of this Order.

Nangia Andersen India Partner Maneesh Bawa said: “Taxpayers are advised to access their online accounts and navigate to Pending Action Response to Outstanding

Demand to verify the status of ‘Extinguished Demands’ related to them.”

Tax advocate Narayan Jain said: “The CBDT has clarified the scheme of granting remission and extinguishment of above outstanding tax demand up to the assessment year 2010-

11 if each demand is up to Rs 25,000 and for the assessment year 2011-12 to 2015-16 if each demand is within Rs 10,000.

“It has also been clarified that the remission of demand shall be subject to the maximum ceiling of Rs 1 lakh.

“The demand entries for remission will come under various provisions of the Income-tax Act, 1961 or corresponding provisions, if any, of Wealth-tax Act, 1957 or Gift-tax Act, 1958.

“To be realistic, it would have been better if the outer aggregate limit for the remission of demand could be notified at Rs 2 lakh instead of Rs 1 lakh,” Jain said.

Rajat Mohan, executive director, MOORE Singhi, said: “This initiative not only eases the financial and administrative burden on individuals and

businesses but also has the potential to iron out needless litigation on the direct tax front.”

Ved Jain, former ICAI president, said: “These demands are outstanding in the record of the IT department mainly on account of the transition from manual records to digital (computer) data.

“Since the manual record was not updated despite in most of the cases demands having been paid by the taxpayers.

“After so many years taxpayers don’t have the evidence of payment and the tax department doesn’t have the record on the basis such demand was created. The number of taxpayers getting relieved is quite substantial. Even otherwise possibility of recovering these demands was very low,” Jain said.



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Pending income tax demand of up to Rs 1 lakh per individual waived. All the details

The limit of Rs 1 lakh would include principal component of tax demand, interest, penalty or fee, cess, surcharge. However, the remission shall not be applicable on the demands raised against the tax deductors or tax collectors under TDS or TCS provisions of the I-T Act.

Nangia Andersen India Partner Maneesh Bawa said the directive further specifies that this waiver or cancellation does not entitle taxpayers to any claims for credit or refunds.

Additionally, the waiver or cancellation will not influence any ongoing, planned, or potential criminal legal proceedings against the taxpayer and does not grant any immunity under any legislation.

"Taxpayers are advised to access their online accounts and navigate to Pending Action > Response to Outstanding Demand to verify the status of 'Extinguished Demands' related to them," Bawa said.

Govt to waive interest, fee, penalty, too, in petty tax cases

INDIVIAL DHASMAMA

New Delhi, 19 February

Interest, penalty, fee, cess, and surcharge on taxpayers, besides the principal amount, will be withdrawn under the petty dispute relief scheme, which was announced in the Interim Budget for 2024-25. But the remission of these demands would not end criminal proceedings, either started or planned, against the tax assessee.

The Central Board of Direct Taxes (CBDT) has issued an order stating that the remission of petty demands will not include the demands of tax deducted at source and tax collected at source raised on deductors and collectors of income tax. This withdrawal does not entitle taxpayers to take credit or refund.

The scheme is set to be implemented by the Bengaluru-based Directorate of Income Tax (Systems) at the Centralised Processing Centre (CPC), preferably within two months. It will be limited to ₹1 lakh

per assessee.

Sandeep Sehgal, tax partner at AKM Global, said that limiting the execution time to two months showcases the proactive move of the tax authorities aimed at helping taxpayers. The

interest rate for those who have delayed payment will not be factored into the calculation of the ₹1 lakh ceiling.

Union Finance Minister Nirmala Sitharaman had announced the withdrawal of past tax demands up to ₹25,000 for 2009-10 and ₹10,000 for 2010-11-2014-15 in the Interim Budget for 2024-25. The demand will be withdrawn from the earliest assessment year to the subsequent assessment years

and will end when it aggregates to ₹1 lakh.

In addition to the Income Tax Act, petty demands under the Wealth Tax Act and the Gift Tax Act will be withdrawn. Maneesh Bawa, a partner at Nangia Andersen India, advises taxpayers to access their online accounts to verify the status of extinguished demands.



The scheme was announced in the Interim Budget for 2024-25 and the remission of tax demands would not end criminal proceedings, either started or planned, against tax assessees