

Vivad Se Vishwas Scheme

September 21, 2020

Vivad se Vishwas (the Scheme) is an attempt by the Government of India (GoI) to put an end to pending direct tax disputes. The benefit under the Scheme is maximised if taxpayers avail it before 30 June 2020. The Scheme is likely to cater to all the taxpayers having income tax disputes in India. Depending on the contours of the pending dispute, **a proportion of the total tax, interest and penalty demanded, needs to be paid under the Scheme for settlement.**

Features of Vivad Se Vishwas Scheme

- This is a **direct tax scheme** announced in Budget 2020, for **settling tax disputes between individuals and the income tax department.**
- The scheme offers **complete waiver on interest and penalty** to the taxpayers with a **full and final settlement of the dispute.**
- As per the scheme **income tax disputes settled under it cannot be reopened** in any other proceeding by the income tax department or any other designated authority.
- The Rules have laid out five forms for

. **declaration**

. **undertaking**-This form relates to the undertaking whereby the taxpayer waives all rights to any remedy/ claim related to the matter for which the taxpayer opts to settle his disputes under the VsV Act.

. **granting of certificate**-The designated authority shall grant a certificate electronically to the declarant containing the particulars of the tax arrears and the amount payable in this form.

. **intimation of payment along with proof of withdrawal**-The

details of payment shall be furnished to the designated authority in this Form. Further, the proof of withdrawal of appeal, objection, application, writ petition, special leave petition, arbitration, conciliation, mediation, or claim filed by the declarant (as the case may be) shall also be furnished.

. **issuance of order**-The order is a culmination of the entire process whereby the designated authority certifies that the taxpayer has paid the dues as mentioned and that immunity from any prosecution or penalty proceedings is granted to the taxpayer.

Advantages

- **Brings certainty:** Ends ambiguity around the likely outcome of disputes.
- **Instant relief:** The resolution process can be completed within a month, bringing an expeditious end to protracted disputes.
- **Tangible savings:** The Scheme provides for waiver of interest, penalty and prosecution. In disputes involving penalty, interest or fine, only partial amounts need to be paid. This will also have a bearing on the ongoing cost of litigation.
- **Flexibility:** The Scheme provides taxpayers with the option to choose the years of payment (even if the dispute is pending at the behest of the tax authorities), without creating a precedent.
- **Focus on core activities:** Frees the management from allocating time and resources towards ongoing disputes and allows organisations to focus on strategic business matters.