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## **Topic Wise Content**

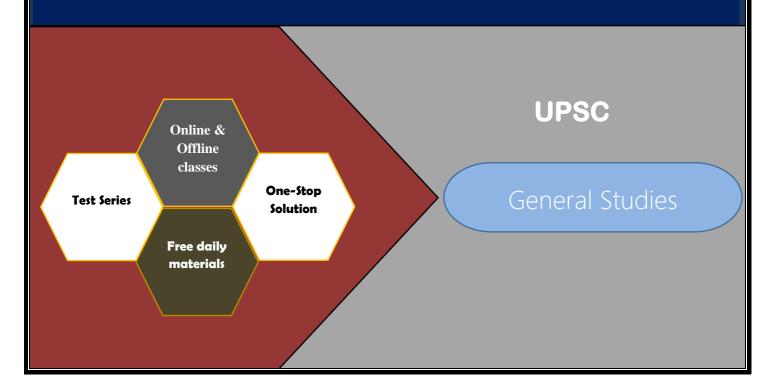


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## **Vivad Se Vishwas**

Notes for civil services preparation





## Vivad Se Vishwas

- The Direct Tax Vivad se Vishwas Bill, 2020 is similar to the 'Sabka Vishwas Scheme', which was brought in to reduce litigation in indirect taxes in the year 2019. It resulted in settling over 1,89,000 cases.
  - o Under the Sabka Vishwas Scheme, the government expected to raisearound ₹39,500 crore. However, after the closure of the amnesty window in January 2020 application in relation to taxes worth 90,000 crore were received. This shows the success of the scheme.

## **Key Points**

- Objective: The Bill provides a mechanism for resolution of pending tax disputes related to direct taxes (Income Tax and Corporate Tax) in simple and speedy manner.
- Reduce Litigation: According to the Finance Ministry, at present there are 4.83 lakh pending direct tax cases worth Rs.9 lakh crore in the courts. Through this scheme, the government wants to recover this money in a swiftand simple way.
- Addressing Revenue Shortfall: The government is witnessing a big shortfallin revenues, especially tax revenues, hence, increasing revenues in one of the priorities of the government.
  - o Direct Tax collections have been lower than their budget targets due to the overall economic slowdown and a cut in the corporate tax rate in September, 2019.
- Mechanism: In case of payment of tax, a taxpayer would be required to payonly the amount of the disputed taxes and will get complete waiver of interest, penalty and prosecution provided he/she pays by March 31, 2020.
  - But, if the tax arrears relate to disputed interest or penalty only, then
    25% of disputed penalty or interest will have to be paid.
  - o Those who avail this scheme **after** March 31, 2020 will have to paysome **additional amount.** 
    - However, the scheme will remain open till June 30, 2020.
- Immunity to Appellant: Once a dispute is resolved, the designated authority cannot levy interest or penalty in relation to that dispute.
  - Further, no appellate forum can make a decision in relation to the matter of dispute once it is resolved.

