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# Topic Wise Content



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## Vivad Se Vishwas

Notes for civil services preparation



UPSC

General Studies

## 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.
  - Under the Sabka Vishwas Scheme, the government expected to raise around **₹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 **swift and simple way**.
- **Addressing Revenue Shortfall:** The government is witnessing a **big shortfall in revenues**, especially tax revenues, hence, increasing revenues in one of the priorities of the government.
  - **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 pay only 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.
  - Those who avail this scheme **after March 31, 2020** will have to pay some **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.**