

Govt gives businesses four months to settle indirect tax disputes

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- *Government expects a large number of taxpayers to sign up for the scheme and close their pending disputes*

Businesses can now settle their pending disputes relating to central excise duty and service tax within four months starting 1 September under the terms notified by the government on Thursday.

The finance ministry notified a scheme to settle the indirect tax disputes in the pre-GST era, named Sabka Vishwas legacy dispute resolution scheme, which was announced by finance minister Nirmala Sitharaman in the union budget for FY20.

The scheme offers attractive terms to settle disputes that are at different stages and also offers amnesty to those who wish to disclose any previously undisclosed tax liability and pay the tax amount involved without any penalty or prosecution.

An official statement said the government expects a large number of taxpayers to sign up for the scheme and close their pending disputes.

The amnesty offers an opportunity to the taxpayers to pay the outstanding tax and be free of any other consequence under the law. "The most attractive aspect of the Scheme is that it provides substantial relief in the tax dues for all categories of cases as well as full waiver of interest, fine and penalty. In all these cases, there would be no other liability of interest, fine or penalty. There is also a complete amnesty from prosecution," said the statement.

Reducing tax litigation and improving ease of doing business is a priority for the government at a time businesses are facing an economic downturn.

For all the cases pending in adjudication or appeal—in any forum—the scheme offers a relief of 70% from the duty demand if it is ₹50 lakh or less and 50% if it is more than ₹50 lakh. The same relief is available for cases under investigation and audit where the duty involved is quantified and communicated to the party or admitted before 30 June, 2019.

In cases of confirmed duty demand, where there is no appeal pending, the relief offered is 60% of the confirmed duty amount if the same is Rs. 50 lakh or less and 40% if the confirmed duty amount exceeds ₹50 lakh.

In cases of voluntary disclosure, the person availing of the scheme will have to pay only the full amount of disclosed duty.

The statement said that since the idea is to free as large a segment of the taxpayers from legacy taxes as possible, the relief given is substantial and that it is tailored to benefit a large number of small taxpayers.

The scheme would continue till 31 December 2019.

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