

INDIA LEGAL UPDATE

October 4, 2024

VIVAD SE VISHWAS SCHEME 2.0

Notification Date:
September 20, 2024
Legal Framework:
Income Tax Act, 1961
Government Authority:
Ministry of Finance
Weblink:
https://incometaxindia.gov.in/ Pages/communications/notifi cations.aspx

LEGAL UPDATE

The Finance Minister of India, on success of earlier Vivad Se Vishwas Scheme (VsV) of 2020, again announced Vivad Se Vishwas Scheme 2.0 in the Budget 2024. The scheme aims to resolve pending litigation matters of the taxpayers, subject to terms & conditions. On 20.09.2024, the Central Government released guidelines and forms for taxpayers who wishes to avail the benefits of the Scheme.

APPLICABILITY OF SCHEME

The scheme is applicable for disputes/ appeals pending as on **22 July 2024** before -

- The Supreme Court [SC], High Court [HC], Income Tax Appellate Tribunal [ITAT], Commissioner/Joint Commissioner (Appeals)[CIT(A)]
- The Dispute Resolution Panel [DRP] or where DRP directions have been issued but the final assessment order is awaited
- Revision petitions pending before the Commissioner of Income Tax

The scheme is not applicable in certain cases, such as search and seizure, prosecution, undisclosed income/asset located overseas, proceedings under other specified laws being instituted, etc.

MONETARY LIMITS

SITUATION	AMOUNT PAYABLE ON OR BEFORE 31ST DECEMBER 2024	AMOUNT PAYABLE ON OR AFTER 1ST JANUARY 2025, BUT BEFORE LAST DATE (TO BE NOTIFIED)
A. Where the tax arrears are in respect of quantum appeal by assessee		
Appeal proceedings post 31st January 2020	100% of the disputed tax	110% of the disputed tax
Appeal proceedings upto 31st January 2020	110% of the disputed tax	120% of the disputed tax
B. Where the tax arrears are in respect of other than quantum appeal by assessee		
Appeal proceedings post 31st January 2020	25% of the disputed interest / penalty / fee	30% of the disputed interest / penalty / fee
Appeal proceedings upto 31st January 2020	30% of the disputed interest / penalty / fee	35% of the disputed interest / penalty / fee

The taxpayer will be required to pay 50% of above amount if -

- (i) The appeal is filed by income tax authorities before ITAT, HC, SC
- (ii) Appeal filed by the taxpayer is pending before CIT(A)/ ITAT and the taxpayer has a favourable order in own case from higher authority such as ITAT, HC or SC

PROCEDURAL ASPECTS

FORM NUMBER	TO BE FILED / ISSUED BY	REMARKS
Form 1	Taxpayer	<ul style="list-style-type: none"> Declaration by taxpayer of the tax dispute, tax arrears and settlement amount Form 1 is to be filed separately for each appeal Tax authority to issue electronic receipt and acknowledgement
Form 2	Tax Authority	<ul style="list-style-type: none"> Upon receipt of Form 1, tax authority will issue a certificate in Form 2 providing details of tax arrears and settlement amount Taxpayer to make payment of settlement dues within 15 days. In case of non-payment, Form 1 will be treated as void
Form 3	Taxpayer	<ul style="list-style-type: none"> Taxpayer to intimate tax authority for payment of settlement amount Proof of withdrawal of appeal, objection, application, writ petition, special leave petition or claim filed by the taxpayer to be submitted
Form 4	Tax Authority	<ul style="list-style-type: none"> Tax authority to issue an order acknowledging payment of settlement amount by taxpayer This form grants immunity from penalty or any other offence initiated against the taxpayer under Income Tax Act

BENEFITS:

- Resolve pending litigation and disputes
- Immunity from interest, penalty and prosecution in case of quantum appeals

HOW HLS INDIA CAN HELP?

- Analysing the existing tax disputes and tax demands
- Assessing the applicability of the scheme on the pending tax disputes
- Undertaking necessary calculations and workings to determine the final liability for settlement
- Assistance in preparation of necessary forms and liaising with tax authorities, if needed
- Obtaining final order in Form 4

Queries?

If you have any queries about this article, please reach out to our experts:



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