

**Vivad Se Vishwas Scheme, 2020:
Representation for Extension of time line of 31st March 2020**



American Chamber of Commerce in India

PHD House, 4th Floor, 4/2, Siri Institutional Area, August Kranti Marg,
New Delhi-110016

Tel: +91-11-26541200, +91-11-46509413 Fax: +91-11-26541222

Email: amcham@amchamindia.com;

www.amchamindia.com

Vivad Se Vishwas Scheme, 2020

1	Limited time for taxpayers to respond to the Scheme	<p>The Hon'ble Finance Minister in the Annual Budget – 2020 had announced the 'Vivad Se Vishwas Scheme' ('VSVS') for resolving pending litigation under Income-tax Act, 1961 ('DTL') before Appellate Forums (viz Commissioner of Income-tax (Appeals) ('CIT(A)) and Income-tax Appellate Tribunal ('ITAT') as wells High Court ('HC') and Supreme Court ('SC').</p> <p>Since the VSV Bill is yet become a law and only thereafter the declaration forms etc would be released, the finally Approved Scheme and Forms, Rules and Procedures under the VSVS, are likely to be available to the stakeholders by 20 or 21st March 2020, leaving only 10 days' time (inclusive of Saturday / Sunday) to taxpayers to avail the scheme</p>
2	More clarifications needed and expected to be issued	<p>We understand that several issues have been raised by the stakeholders post introduction of revised bill by Government and FAQs issued by CBDT, which is pending clarification and another set of FAQs will have, to be rolled out by CBDT which will take some time. Also, once rules and procedures are notified, there would be certain issues which will require clarifications from Government for smooth implementation and functioning of the Scheme.</p>
3	Turmoil in economic situations on account of Corona Virus world-over	<p>Due to CoVID19, there is lockdown in various parts of the world including India. Most of the employers have issued an advisory to work from home. Settlement of disputes, on most cases, requires interaction with tax officers to agree on demand, give effect to rectification etc, which in current situation is becoming extremely difficult. Further, for most of overseas clients or Indian subsidiaries, there is an interaction that is needed with overseas parent on the litigation matters as directly/ indirectly there may be impact on the</p>

		<p>parent. In the current situation to get their buy in or where declarations have to be signed off would pose real problem.</p> <p>Further, it is observed that, due to the current strict timelines of VSVS, the Dispute Resolution Panel ('DRP') / Commissioner of Income-tax (Appeals) ('CIT(A)) are posting the pending matters with an intention to get the matters heard which is resulting in the failure of the directive of the Union Health Ministry. Also, with clients and professionals opting to work from home, gathering of information to represent these matters is also becoming difficult.</p>
4	<p><u>Suggestions</u></p> <p>Given the above scenario, it is unlikely that the taxpayers, even-though willing to settle the disputes under VSVS, will be able to avail the scheme by 31 March 2020 and make payment at 100% of 'disputed tax'(by then to avoid additional 10% payment).</p> <p>AMCHAM's suggestions are enumerated alongside.</p>	<ul style="list-style-type: none"> i) The additional 10 percent disputed tax for payments beyond 31 March should be dispensed with and extended to 15 May 2020. ii) If this is not feasible, at the minimum, it should be provided that if a taxpayer has filed his declaration by 31 March, he should be eligible for only 100 percent tax payment should he go ahead with the Scheme iii) Further, the Scheme should be extended to 30 September 2020 iv) The taxpayers be allowed 2 or 3 instalments for payment of 'disputed taxes' under the scheme as was permissible under earlier scheme <p>The Department may consider issuing advice to the DRP/ CIT(A) to issue adjournments where the same is sought over Email (without requirement of any representation) at-least until April 15th 2020, so that a stock can be taken at such point in time.</p>