

16<sup>th</sup> March, 2020

To,  
Honourable Finance Minister  
Ministry of Finance,  
Government of India,  
128-A North Block,  
New Delhi

Dear Madam,

**Sub: Representation for extension of time-line of 31<sup>st</sup> March 2020 for Vivad Se Vishwas Scheme, 2020 ('VSVS')**

We have enclosed herewith our representation for extension of time-lines of 31<sup>st</sup> March 2020 for payment of 100% of 'Disputed Tax' for VSVS in wake of the prevailing economic situations on account of outbreak of Corona Virus, for your consideration.

We trust that the issues highlighted, and submissions made would draw your kind attention and necessary measures would be taken at the earliest to make VSVS a Success.

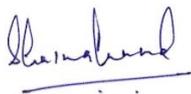
Thanking you  
Yours sincerely,



Ashish Vaid  
President,  
**IMC Chamber of Commerce and Industry**



Manish Sampat  
President,  
**Bombay Chartered Accountants' Society**



Anand Sharma  
President,  
**Chartered Accountants Association, Ahmedabad**



Rasesh Shah  
President,  
**Chartered Accountants Association, Surat**



Chandrashekara Shetty  
President,  
**Karnataka State Chartered Accountants' Association**



Anshul Agarwal  
President,  
**Lucknow Chartered Accountants' Society**

## **Representation for Extension of time line of 31<sup>st</sup> March 2020 for Vivad Se Vishwas Scheme, 2020:**

### **Presentation of scheme:**

1. 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 (ITA) 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') by payment of disputed tax liability ('DTL').
2. Post the announcement in the budget, the chronology of events is as under:
  - ▶ The Direct-tax Vivad Se Vishwas Bill, 2020, was announced on 5<sup>th</sup> February 2020 in the Lok Sabha.
  - ▶ Post the introduction of Bill, to make it a success, the Government had been in continued interaction with taxpayers and all the stakeholders and had been seeking their suggestions. Based on the suggestions and representations received from the stakeholders, the Government announced modifications to VSVS, as approved by Union Cabinet to the Press in the end of February.
  - ▶ The revised scheme was tabled before Parliament on 2<sup>nd</sup> March 2020 and was approved by the Lok Sabha on 4<sup>th</sup> March 2020 and subsequently, approved by Rajya Sabha on 13<sup>th</sup> March 2020.
  - ▶ CBDT has issued 54 FAQs on 4<sup>th</sup> March 2020, clarifying many issues which are likely to come up and be faced by taxpayers under the scheme.
  - ▶ It is expected that the Hon. President of India will accord assent to Scheme shortly.
  - ▶ The Form, Rules, and Procedures under VSVS are likely to be notified and issued immediately upon the assent of the President being received.
3. **Hence, the finally Approved Scheme and Forms, Rules and Procedures under the VSVS, are likely to be available to the stakeholders by 20 or 21<sup>st</sup> March 2020.**
4. We understand that there have been several issues raised by stake-holders post introduction of the revised Bill by the 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.
5. As mentioned above, to avail the scheme under payment of 100% of 'disputed tax', taxpayers will have only 8 to 10 days to decide to make application, get the same processed from Designated Authority ('DA') and make the payment before 31<sup>st</sup> March 2020 to avail of benefit of payment of 100% of Disputed Tax.

As your Honour is aware, the procedure prescribed under VSVS itself provides 15 days for DA to issue Certificate and thereafter another 15 days for the taxpayers to make payment under the scheme. It will therefore be appreciated that since very little time (hardly 10 days) will be available with the taxpayer to do necessary filings and make payments under the scheme, which in effect will not be as promised in the scheme itself, i.e. time limit of 15 days each, necessary extension may be issued.

### **Turmoil in economic situations on account of Corona Virus world-over**

6. Amid all this, there has been tremendous turmoil in economic situation in India and world-over, because of outbreak of Corona virus ('COVID-19') which will severely affect businesses. Borders in many countries are closed through-out the globe because of the pandemic.
7. Several business houses across India have asked their teams to refrain from coming to office and instead, work from home. Because of this, the interactions between tax payers and their tax professionals for the purpose of understanding and availing of VSVS has been hampered. Nowadays, very few meetings are taking place as the taxpayers do-not have enough data available with them on their computers while working from remote locations.
8. As mentioned above, there has been global shut-down of businesses on account of out-break of COVID-19 in United States, European countries like UK, Italy, Germany as well as other countries like China, Iran, South Korea etc. Accordingly, in cases of MNC taxpayers willing to avail the scheme, there will be restrictions and delay for them to get approval from their Global Offices/ Headquarters for availing of the VSVS.

Even if approvals are received by them for availing of the scheme, it is highly unlikely that the Global offices/ Headquarters will be able to remit the necessary funds by 31<sup>st</sup> March 2020 and make necessary payments of 'disputed taxes', amid the prevailing situation.

9. Further, to add to the problems, there is severe cash-crunch and melt-down in Indian economy because of pandemic of COVID-19, because of which stock markets in India as well as across the globe have crashed. Also, there are severe liquidity issues with lending institutions i.e. NBFCs and Banks and also, several leading banks and lending institutions like Yes bank, PMC Bank and IL&FS, have frozen the accounts and closed the operations for their depositors.
10. **In this 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 of 100% of 'disputed tax' by then (to avoid additional 10% payment), in this liquidity crises.**

**Our Recommendations for making the scheme a success:**

11. In view of the current situation, to make the scheme successful, we suggest as under:
- a. **The time-limit for settling the disputes by payment of 100% of Disputed Tax be extended to 15<sup>th</sup> May 2020, so that the taxpayers get almost 2 months' period to evaluate the scheme once it becomes an Act, and also the Government has necessary time to issue and clarify all the matters raised before them by the taxpayers and stakeholders;**
  - b. **Alternatively/additionally, it is suggested that the taxpayers be allowed 2 or 3 instalments for payment of 'disputed taxes' under the scheme as was permissible under the earlier scheme, so that the taxpayers are not burdened, in this severe economic melt-down.**

Thanking you

CC to:

1. Shri Anurag Thakur - MOS, Finance,
2. Shri Pramod Chandra Mody - Chairman, CBDT
3. Shri Kamlesh Varshney - Joint Secretary, TPL
4. Shri Rajesh Bhoot - Joint Secretary, TPL