

Centre plans real-time tax issue solving mechanism

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The government is thinking of creating a mechanism to prevent tax issues from ballooning into disputes and settle disagreements on a "real-time basis".

"There should be a simultaneous tracking of disputes and if possible prevent tax matters from becoming disputes or if there are indeed disputes then settle them through a real-time kind mechanism," Finance Minister Nirmala Sitharaman said while replying to a question on tax matters.

She was addressing National MNC's Conference 2020, organised by the Confederation of Indian Industry (CII).

Citing the two schemes on resolving tax disputes launched by the government, the finance minister said: "We have made our intent clear, that's why we came up with two schemes — one was Sabka Vishwas (for cases pertaining to indirect taxes) and second is Vivad se Vishwas (for direct tax-related matters). But I understand that we need to have robust mechanisms, so as we go along, disputes can be resolved rather than wait for a day when we announce a scheme and say come back with pending litigation."

The concept, if it becomes effective, will allow taxpayers an opportunity to settle issues by paying the tax due instead of going in for litigation.

This could be done through mediation, where once the tax demand is finalised, assessee can be given an option to settle the matter and in exchange they may get an incentive like immunity from penalty and a waiver of interest on tax dues, said a tax expert.

The Direct Tax Vivad se Vishwas Act, 2020, was enacted earlier this year with the government saying it aimed to reduce pending income tax litigation. The government has collected ₹2,480 crore so far under the scheme, with over a month to go for the deadline.

A total of 45,855 individual declarations have been filed as of November 17 and declarations amounted to ₹31,734 crore.

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NIRMALA SITHARAMAN
Finance Minister



TAX MATTERS

Govt has launched two dispute resolution schemes for settling tax litigation

SABKA VISHWAS

(Legacy Dispute Resolution Scheme)

- Announced in July 2019, for cases related to indirect taxes
- 200,000 pending disputes were settled under scheme

VIVAD SE VISHWAS ACT

- Came into effect on March 17, for direct taxation cases
- Dec 31 is the deadline for making declarations
- About 483,000 cases pending before appellate authorities

GOVT MAY BE WAITING FOR CAIRN AWARD TO DECIDE ON VODA APPEAL

The government may be waiting for the outcome of an arbitration initiated against its levy of ₹10,247 crore retrospective tax on UK's Cairn Energy before deciding on appealing against losing a tax case against Vodafone, sources said. ▶