

The Direct Tax Vivad Se Vishwas Act, 2020 was earlier launched for appeals pending as on 31.01.2020. With the success of the previous Vivaad Se Vishwas Act, 2020 and the mounting pendency of appeals at CIT(A) level, the Hon’ble Finance Minister has proposed the Direct Tax Vivad Se Vishwas Scheme, 2024. The objective of this scheme is to provide a mechanism to settle disputed issues, thereby reducing litigation without much cost to the exchequer. The scheme shall come into force from the date to be notified by the Central Government and will be effective till the last date (which will be notified).

The Scheme would capture the following pending litigations on the specified date:

- Any appeal or a writ petition or special leave petition - whether filed by taxpayers or the Income-tax department
- Dispute Resolution Panel (DRP) proceedings where objections have been filed but no direction has been issued
- DRP proceedings where directions have been issued but no assessment has been carried out pursuant thereto
- Revision application filed under section 264 of the Income-tax Act.

A brief analysis of some of these measures announced during the budget are given below:

**Relief in case of an appeal or writ petition or special leave petition filed by taxpayers**

Sl. No.	Nature of tax arrear	Amount payable on or before the 31st day of December 2024.	Amount payable on or after 1st day of January 2025 but on or before last date.
(1)	(2)	(3)	(4)
1.	Where the tax arrears are the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on such disputed tax in a case where the declarant is an appellant after 31.01.2020 but on or before the specified date (which will be notified by the government).	100% of the disputed tax	110% of the disputed tax
2.	Where the tax arrears are the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax and penalty leviable or levied on such disputed tax in a case where the declarant is an appellant on or before 31.01.2020 at the same appellate forum in respect of such tax arrears.	110% of the disputed tax	120% of the disputed tax
3.	Where the tax arrears relate to disputed interest or disputed penalty or disputed fee where the declarant is an appellant after 31.01.2020 (which will be notified by the government).	25% of disputed interest or disputed penalty or disputed fee	30% of disputed interest or disputed penalty or disputed fee
4.	Where the tax arrears relate to disputed interest or disputed penalty or disputed fee where the declarant	30% of disputed interest or disputed penalty or disputed fee	35% of disputed interest or disputed penalty or disputed fee

	is an appellant on or before 31.01.2020 at the same appellate forum in respect of such tax arrears.		penalty or disputed fee.
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### Relief in case of an appeal or writ petition or special leave petition filed by Income Tax Authorities

- In such cases, the amount payable by the declarant shall be one-half of the amounts specified in column (3) and (4) of the above table (as applicable). The method of computation in such cases will be prescribed by the Government.

- **Note:** In cases where the disputed issue has already been decided by in favor of the declarant by the Higher appellate forum namely Income Tax Appellate Tribunal, High Court or the Supreme Court and not overturned, the amount payable shall be one-half of the amounts specified in column (3) and (4) of the above table above (as applicable). The method of computation in such cases will be prescribed by the Government.

### Procedural aspects

- Forms and verification procedures are to be prescribed
- Pending proceedings before ITAT, CIT(A), JC(A) shall be deemed to have been withdrawn from the date on which certificate under section 92(1) is issued by the designated authority
- Any appeal before the appellate forum or any writ petition before the High Court or the Supreme Court would be required to be withdrawn
- Declarant to furnish an undertaking waiving his right, whether direct or indirect, to seek or pursue any remedy or any claim in relation to the tax arrear
- Determination and granting of Certificate within 15 days of filing declaration
- Payment to be done within a period of 15 days of the date of receipt of the certificate
- Every order passed under the scheme shall be conclusive
- Making a declaration under this Scheme shall not amount to conceding the tax position
- No refund allowed in respect of the payment made under the scheme
- The designated authority shall not institute any proceeding in respect of an offence; or impose or levy any penalty; or charge any interest under the Income-tax Act in respect of tax arrear

### ELP's Insights

The proposed 2024 scheme has been codified in line with the 2020 scheme with the following exceptions:

- The 2024 scheme seeks to give relief even in cases where the declarant is an appellant on or before the 31.01.2020 at the same appellate forum in respect of such tax arrears. In other words, there is no exclusion of the cases which were earlier eligible for the 2020 scheme.
- Search cases have been wholly kept out of the scope of 2024 scheme unlike the 2020 scheme making exception in cases with disputed tax of over INR 5 crores in a year.
- The 2020 scheme explicitly covered the cases where an order has been passed by an appellate authority or court and the time for filing any appeal has not expired as on the date of making declaration. The 2024 scheme is silent on this.