

VsV Scheme - Disputes worth Rs. 98,328 crore resolved till March 1, 2021

By TIOL News Service

NEW DELHI, MAR 08, 2021: A total of 1,28,733 Declarations have been filed in Form 1 till 1st March, 2021 by taxpayers. These include 1,393 declarations by Central PSUs and 833 declarations by State PSUs/ boards. Declarations have been filed by taxpayers for resolution of Tax disputes amounting to Rs. 98,328 crore till 1st March 2021. Payment of Rs. 53,346 crore have been made by taxpayers under the scheme till 1st March 2021.

This was stated by Mr Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Lok Sabha today.

The Minister further said that amicable resolution of large number of pending tax disputes was the primary objective of the scheme. Collection of revenue blocked in litigation is an added advantage that has accrued to the Government. The total number of pending tax disputes as on the Eligibility date was 5,10,491. The 1,28,733 declarations relate to 1,43,126 pending disputes (including cross appeals). Thus, the declarations received under the scheme cover more than 28% of pending tax disputes, the Minister stated.

Giving more details, the Minister stated that in order to impart greater efficiency, transparency and accountability to the process of disposal of appeals by the Commissioner (Appeals), the Faceless Appeals Scheme, 2020 was notified on 25.09.2020. Under this scheme, appeals before the Commissioner (Appeals) will be disposed by eliminating the interface between the Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible.

However, appeals relating to serious frauds, major tax evasion, sensitive & search matters, International tax and Black Money Act will not be covered by the scheme, the Minister stated.

The Finance Bill, 2021 has further proposed a number of measures for better dispute resolution mechanism which are discussed below:-

(i) Faceless Income-tax Appellate Tribunal (ITAT):

The Finance Bill, 2021 has proposed to empower the Central Government to notify a scheme for the purposes of disposal of appeal by the ITAT so as to impart greater efficiency, transparency and accountability by eliminating the interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible, optimising utilisation of the resources through economies of scale and functional specialisation and introducing an appellate system with dynamic jurisdiction.

(ii) Dispute Resolution Committee (DRC):

With the objective to allow small taxpayers to resolve their disputes with minimum cost and compliance burden, the Finance Bill, 2021 has proposed to create one or more DRC specifically targeted towards such taxpayers. The DRC shall have the powers to reduce or waive any penalty imposable or grant immunity from prosecution for any offence under the Income tax Act, 1961 ("the Act"). The Finance Bill, 2021 has also empowered the Central Government to make a scheme by notification in the Official Gazette for the purpose of dispute resolution by DRC. The scheme shall impart greater efficiency, transparency and accountability by eliminating interface to the extent technologically feasible, by optimising utilisation of resources and introducing dynamic jurisdiction.

(iii) Board for Advance Rulings (BAR):

With a view to avoiding dispute in respect of assessment of tax liability and to provide tax certainty, the Authority for Advance Rulings (AAR) was constituted vide the Finance Act, 1993 by inserting a new Chapter XIX-B in the Act. In order to enhance the effectiveness of advance rulings, the Finance Bill, 2021 has proposed to replace the AAR by one or more BAR for giving advance rulings under the Act. Every such Board shall consist of two members, each being an officer not below the rank of Chief Commissioner. The Finance Bill, 2021 has also proposed to empower the Central Government to make a scheme by notification in the Official Gazette for the purpose of giving advance

ruling by BAR to impart greater efficiency, transparency and accountability by eliminating interface between the Bar and the applicants to the extent technologically feasible, by optimising utilisation of resources and introducing dynamic jurisdiction.

(iv) Interim Board for Settlement ("Interim Board"):

The Finance Bill, 2021 has proposed to discontinue Income-tax Settlement Commission (ITSC) with effect from 01.02.2021. The pending cases for settlement shall be disposed by the Interim Board to be constituted by the Central Government. Further, the Finance Bill, 2021 proposes to empower the Central Government to make a scheme, by notification in the Official Gazette, for the purposes of settlement in respect of pending applications by the Interim Board, so as to impart greater efficiency, transparency and accountability by eliminating the interface between the Interim Board and the assessee in the course of proceedings to the extent technologically feasible; optimising utilisation of the resources through economies of scale and functional specialisation; and introducing a mechanism with dynamic jurisdiction."