

Indirect Taxes

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

Union Budget 2019 proposed Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019, a onetime amnesty scheme for central taxes.

Scheme open from 01.09.2019 to 31.12.2019.

Objectives

- One time measure for liquidation of past disputes of Central Excise and Service Tax.
- To provide an opportunity of voluntary disclosure to non-compliant taxpayers.

Laws covered under the scheme

- Central Excise Act, 1944.
- Central Excise Tariff Act, 1985.
- Chapter V of Finance Act, 1994 (service tax).
- Rules made under above Acts.
- Various acts levying cesses.
- Other acts as may be notified by the Central Government.

Cases covered under the Scheme

- A show cause notice or appeals arising out of a show cause notice pending as on the 30th day of June, 2019.
- An amount in arrears.

- An enquiry, investigation or audit where the amount is quantified on or before the 30th day of June, 2019.
- A voluntary disclosure.

Benefits for declarant

- Reduced tax/ duty liability.
- Discharge certificate issued with respect to the amount of tax dues to be conclusive for the matter and period mentioned in the declaration.
- Interest & penalty waiver and immunity from prosecution.
- The matter and period covered in the statement not to be reopened in any other proceeding.

Eligibility and relief under the scheme

Relief available as percentage of tax dues

Tax dues linked to	INR 50 lakhs or less	More than INR 50 lakhs
(a) Show cause notice (SCN) / appeal pending as on 30.06.2019	70%	50%
(b) SCN issued only with respect to late fee/ penalty, and tax amount is paid or NIL	Entire amount of late fee/ penalty	
(c) Amount relating to arrears of tax or amount indicated in returns but not paid	60%	40%

(d) Enquiry/ investigation/ audit and amount quantified on or before 30.06.2019	70%	50%
(e) Voluntary disclosure by the declarant	No tax relief except interest & penalty	

Exclusions from the scheme

- Appeal filed before the appellate forum [SC, HC, CESTAT, Commr (A)] has been finally heard on or before June 30, 2019.
- Person convicted for any offence punishable under any provision of the indirect tax enactment for the matter for which he intends to file a declaration.
- Show cause notice issued in respect of which 'final hearing' has taken place on or before June 30, 2019 Show Cause notice issued in respect of erroneous refund.
- Enquiry/Investigation/Audit, where quantification is not done on or before June 30, 2019.
- Person making voluntary disclosures after (i) audit, enquiry or investigation; (ii) indicating an amount as payable in return; and (iii) making settlement application.
- Declaration when it pertains to goods covered under the fourth schedule of the Excise Act.

Conditions for availing benefits

- Amount to be paid under the scheme shall not be paid through input tax credit account.
- Amount paid cannot be taken as input tax credit or entitle any person to take input tax credit as a recipient.
- Amount paid under the scheme shall not be refundable.
- If pre-deposit exceeds payment, refund would not be available.

Procedure

- A declaration has to be filed by the person estimating the tax dues payable.
- If the declaration is disputed, the designated committee must give the person an opportunity of being heard before finalising the statement of amount payable; and
- On payment and upon submission of proof of withdrawal of appeal (in proceedings before the HC and Supreme Court), the designated committee issues a discharge certificate.

Other features of the Scheme

- Facility for adjustment of any deposits of duty already made.
- Settlement dues to be paid in cash electronically only and cannot be availed as input tax credit later.
- A full and final closure of the proceedings in question. The only exception is that in case of voluntary disclosure of liability, there is provision to reopen a false declaration within a period of one year.
- Proceedings under the Scheme shall not treat as a precedent for past and future liabilities.
- Final decision to be communicated within 60 days of application.
- No final decision without an opportunity for personal hearing in case of any disagreement.
- Proceedings under the Scheme will be fully automated.

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