

Vivad Se Vishwas Scheme (VSV)

[UPSC Notes]

What Is Vivad Se Vishwas Scheme?

The VSV Scheme provides a mode to resolve disagreed and pending direct tax cases speedily and efficiently. The Vivad Se Vishwas scheme (VSV Scheme) suggests releasing interest and penalty for those who pay their awaiting taxes by 31st March. The VSV Scheme aims for the following:

- It benefits those whose tax necessities are sealed in countless dispute forums.
- The Vivad Se Vishwas scheme 2020 resolves countless on-hold direct tax-related disputes.
- It focuses on fixing approximately 483,000 pending tax-related conflicts in the Supreme Court, the High Court, the Income Tax Appellate Tribunal, or the Commissioner (Appeals).
- If anyone cannot pay direct taxes by 31st March, they would have to spend 10% more till 30th June.
- Whereas, if both the interest and the penalty are being examined, they will have to compensate 25% of the amount till 31st March, extending it to 30%.

What is Sabka Vishwas Scheme?

The Vivad se Vishwas scheme is the same as the Sabka Vishwas scheme. The Sabka Vishwas Scheme was presented during the first budget presentation by Finance Minister Nirmala Sitharaman in July 2019 concerning the indirect taxes. The Sabka Vishwas scheme aspired to lessen disputes connected with excise and service tax payment, whereas Vivad Se Vishwas Scheme is focused on resolving direct tax disputes. The scheme came up to decrease legal proceedings in case of indirect taxes and was able to settle 1,89,000 cases.

Vivad Se Vishwas Scheme Latest Update

As per the latest news, whenever a resident taxpayer has settled a tax dispute over a cross-border transaction under the VSV scheme and its associate company in any other country has sought resolution under MAP before the tax authorities in that country, CBDT has to be notified in such circumstances.

This scheme contains policies that deal with how tax officials and businesses should approach disputes. Vivad Se Vishwas Scheme allows payers to spend only the principal amount and refuse the extra penalty.

- The Vivad Se Vishwas scheme details have reportedly received an enormous response with a compromise amount of over Rs.97,000 crore as of February.
- Over 1,25,144 pending cases have been resolved currently.

VSV Scheme Features

VSV scheme has a bunch of features to be looked upon. This bill got passed to resolve unsettled direct tax disputes (Income Tax and Corporate Tax) easily and quickly. The Government wants to reduce legal actions and retrieve pending taxes swiftly.

Alongside, the government authorities are noticing a considerable insufficiency in tax revenues. Due to this, the major priority of the administration is to boost their earnings to meet the budget targets.

Changes in Direct Tax Vivad Se Vishwas Bill, 2020

In the latest amendment to Vivad Se Vishwas Scheme, the cabinet included the pending cases under Debt Recovery Tribunals (DRTs).

If any case is under examination and found with a recovery amount of up to ₹5 crores, it can be resolved under the VSV scheme. The scheme allows taxpayers to resolve unconcluded cases under the following authorities:

- Commissioner (Appeals)
- Income Tax Appellate Tribunals (ITATs)
- Debt Recovery Tribunals (DRTs)
- High Courts and the Supreme Court

Benefits Of 'Vivad Se Vishwas' Scheme

VSV scheme got legislated to lower disputes and collect obstructed revenues. This initiative demonstrates the willingness of the Government to settle long-due disputes.

The Central Board of Direct Taxes has advertised the VSV scheme in newspapers to make the taxpayers knowledgeable of the program. Check out the advantages of this act below.

- All those who pay tax get a release of penalty and interest.
- Any tax management authority can not reopen such lawsuits settled under this scheme.
- No order related to the resolved denied matter can be announced through the court of appeal.
- It also benefits the Government by fulfilling the revenue shortfall.

Steps To Approach under Vivad se Vishwas Scheme

Tax Payers must follow the below-mentioned steps to resolve issues under VSV Scheme.

- **Step 1:** Specific declaration file to the established authority [Commissioner of Income-tax]
- **Step 2:** The amount that needs to be paid will be decided within 15 days.
- **Step 3:** A certificate will be given. If the payer disagrees with the revised payable charge, they won't be authorized to file an appeal.
- **Step 4:** Pay needs to be done within the following 15 days. Evidence of withdrawal of appeal has to be presented.
- **Step 5:** Order will be passed by the appointed authority.