

Nuances of Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019



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An amnesty scheme as anticipated at the time of rolling of GST Act has come now! Sabka Vishwas (Legacy Disputes Resolution) Scheme, 2019. SVLDRS. There are many instances where taxpayer knowing or unknowingly has failed comply with Service Tax or Central Excise, however, if an opportunity is given wants to come clean for the new house (GST) with dignity. For those taxpayers here is the scheme.

There are many schemes/cases where interest and penalty are waived off but here is the scheme the government offering which is first in its nature, this scheme offers even rebate on taxes.



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First of all, this is the scheme for defaulters, Second of all this is the scheme for those who have paid taxes and fighting for a rebate on interest and penalty, Third of all this is the scheme for those who know that there is a liability of taxes but no one outside knows this.

The objective of the scheme is to give one time measures for liquidation of past disputes of central excise and Services tax and to provide an opportunity of voluntary disclosure to non-complaint taxpayers.

In this write-up, it is intended to give nuances of Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019.

Who are all these, First of all, Second of all and Third of all Category as mentioned earlier?

- 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

For the above list there are some exclusions like an erroneous refund, cases before settlement commission, etc.

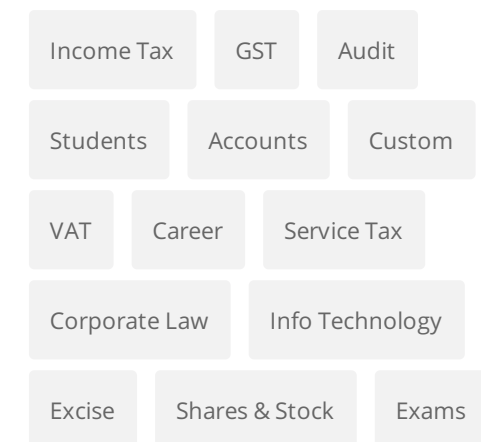
What are the Benefits under the scheme?

- Reduced tax liability
- 100% Interest and penalty waiver
- Immunity from Prosecution
- Discharge certificate issued with respect to the amount of tax dues to be conclusive for the matter and period mentioned in the declaration.
- The matter and period covered in the statement not to be reopened in any other proceeding.
- 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 be treated 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 a personal hearing in case of any disagreement
- Proceedings under the Scheme will be fully automated

Let's have a clear understanding of relief available as a percentage of tax liability with the help of the below table:



Browse by Category



Tax Dues	Rs. 50 Lakhs or Less	More than Rs. 50 Lakhs
Show cause notice (SCN) / appeal pending as on 30.06.2019	70%	50%
SCN issued only with respect to late fee/ penalty, and tax amount is paid or NIL	Entire Amount of Late fee or Penalty	
Amount relating to arrears of tax or amount indicated in returns but not paid	60%	40%
Enquiry/ investigation/ audit and amount quantified on or before 30.06.2019	70%	50%
Voluntary disclosure by the declarant	No Tax Relief except interest and Penalty	

Some of the practical issue with respect to the schemes are:

- To go for this scheme first of all duty to be identified meaning whether the duty demanded from show-cause notice or audit or Enquiry etc is pertaining to excise or service tax. If it is customs notice demanding central excise then also scheme is available.
- In a notice, if there are 4 issues and 4 different demand then partially opting for the scheme is not available. The taxpayer has to go for a notice meaning he has to offer all

the 4 demands under this scheme even though out of 4 issues 2 are certain and winning probability with taxpayer side and hence a commercial decision to be taken by the taxpayer.

- In case of voluntary disclosure, the scheme provides a waiver of interest and penalty for the matter and for the period in the declaration. And hence taxpayer has to take extra care in the voluntary declaration. None of the previous period information shall be hidden.
- In case of co-notice, the main notice should go for the scheme then only co-notice can opt for the scheme by creating a separate login.
- Cut off date that is 30th June 2019 should be carefully ascertained with respect to the applicability of scheme on case to case basis. The simple understanding is that on 30th June 2019 there should be a dispute with respect to Tax, Interest or Penalty liability between taxpayer and department. If matter is closed by way of final hearing or final payment etc then there is no option to come back for this scheme.
- If a notice, enquiry or Investigation is already responded then a simple request letter to the concerned officer stating opting for the scheme will do the necessary. So applicants declaration under this scheme successfully completes within 60 days then automatically the old notice gets discharged in other cases that application gets rejected then status – co (resume the notice reply).
- In case of rejected application no remedy available under this scheme other than going for RIT petition under article 226.
- The scheme does not speak about the immunity or confidentiality of information shared under the voluntary disclosure method.

Thus the taxpayer has to take a financially viable decision while opting for this scheme meaning if the high probability of case going taxpayer side then, then opting for this scheme a simple hedging exposure of tax liability will be more viable.



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This scheme is a bold endeavour to unload the baggage relating to legacy taxes, viz Central excise and Service tax that have been subsumed under GST and allow the business to make a new beginning and focus on the GST. Therefore spread this scheme to partners with trade and industry to make this a grand success.

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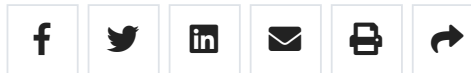
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