

I-T dept issues 2nd FAQ on Vivad Se Vishwas Scheme

OUR CORRESPONDENT

NEW DELHI: The Income Tax Department has said that all appeals pending as on July 22, 2024, irrespective of whether they have been subsequently disposed of or withdrawn, will be eligible for the Vivad Se Vishwas Scheme, 2024.

The Central Board of Direct Taxes (CBDT) has issued a fresh set of frequently asked questions (FAQs) on the Vivad Se Vishwas Scheme, 2024, under which taxpayers willing to take advantage of the dispute resolution scheme are required to file a declaration by December 31.

Issuing the second set of FAQs for the VSV Scheme, the CBDT said it had received several queries regarding the scheme and this FAQ will help in creating "better awareness and understanding".

It has now been clarified that if a taxpayer was eligible to apply for direct tax VSV Scheme, 2024 as the appeal was pending as on July 22, 2024, but before the taxpayer could file a declaration under the DT (Direct Tax) VSV Scheme, 2024, the appeal has been disposed of, such cases would be considered as eligible for settlement under the scheme and the disputed tax will be calculated in the same manner as if the appeal is yet to be disposed of.

Nangia & Co LLP Partner Sachin Garg said this clarifi-



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whose appeals were pending as on July 22, 2024, irrespective of whether the appeals got disposed of subsequently.

It has also been clarified that to be eligible for payment of a lower rate of the disputed amount, what is important is the filing of the declaration on or before December 31, 2024, and not the payment before that date.

The payment of the disputed amount is required to be made within 15 days of the date

of the declaration which was missing in the first set of FAQs and has been included now is related to the applicability of secondary adjustment under transfer pricing if the taxpayer avails DT VSV Scheme, 2024.

"It has been clarified that the secondary adjustment will be applicable in such cases unless the case pertains to Assessment Year 2016-17 or earlier years when the provisions of secondary adjustment were not in place," Garg said.

AKM Global, Lead Transfer Pricing and Litigation, Manish Garg, said the FAQs mainly address the ambiguities around eligibility criteria and computation of amount payable under the scheme.

"The clarifying FAQs are a welcome move to help taxpayers resolve their pending litigations. This also shows the intent of the tax department to enrol a maximum number of taxpayers in the scheme with a motive to reduce litigation at both ends," Garg said.

The scheme was announced in 2024-25 Budget on July 23, 2024, and notified on October 1.

If taxpayers file declaration before December 31, 2024, then he/she has to pay 100 per cent of the disputed tax demand.

Interest and penalty would be waived in such cases.

In cases where the declaration is made on or after January