

TAX FLASH NEWS

31 October 2019



Circular update on Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS)

The Central Board of Indirect Taxes and Customs (CBIC), vide Circular No. 1073/06/2019.CX dated 29 October 2019, have issued clarifications in relation to certain issues raised by trade bodies and field formations on the SVLDRS.

Gist of the clarification is summarised as under:

Sr.no	Issue	Approach before Clarification	Approach suggested through Clarification
1.	Relief under SVLDRS – in cases where final audit report (FAR) has been issued on or before 30 June 2019	<p>The term 'Tax dues' has been defined to mean and, inter alia include cases</p> <p>'where an <i>audit is pending</i>, and the amount of duty which has been quantified on or before the 30th day of June 2019'.</p> <p>It is contented by the revenue that the audit shall be deemed to be completed when FAR has been issued.</p> <p>Accordingly, the taxpayers shall not be eligible to claim the relief prescribed under the SVLDRS, when a FAR has been issued on or before 30 June 2019.</p>	<p>It has been clarified that the audit shall be treated as complete only when FAR culminates into a show cause notice (SCN).</p>
2.	Verification - Voluntary Disclosure	<p>Voluntary Disclosure under the scheme cannot be filed by a person</p> <p>(i) After being subjected to any enquiry or investigation or audit; or</p> <p>(ii) Having already filed a return wherein duty liability has been indicated, but the same has not been paid</p> <p>The scheme prescribes that verification shall not be made in</p>	<p>Considering that the scheme provides adequate safeguards against false declaration, it has been clarified that the voluntary <i>declarations may be accepted without recourse to determining its eligibility</i>.</p>

Sr.no	Issue	Approach before Clarification	Approach suggested through Clarification
		<p>cases where voluntary disclosure has been made by the taxpayer.</p> <p>However, it has been contented by the revenue officials that they may still be a requirement to verify the declaration, so as to ensure that the voluntary disclosure has been filed by eligible persons only.</p>	
3.	Eligibility where taxpayer has paid dues in FULL before filing application but wants to avail benefit of the scheme for <u>Interest on late paid dues</u>	NA	<p>Earlier vide circular no. 1072/05/2019-CX dated 25 September 2019, it was clarified by way of illustrations [para 2(iv)] that relief shall be applied on the net outstanding amount, which is to be calculated after deducting the dues already paid.</p> <p>Referring to the same circular, CBIC has clarified that the illustration would also apply in cases where arrears of tax liability has been admitted in returns filed on or before 30 June 2019.</p>
4.	Requirement to file separate declaration for each of the returns filed on or before 30 June 2019 but duty not paid	NA	<p>For administrative convenience, it is clarified that a person can file a single declaration for more than one such returns.</p> <p>However, for the purpose of application of tax relief, each return will be taken individually.</p>
5.	Applicability of the scheme on the persons other than taxpayers	NA	It has been clarified that the benefit of the SVLDRS shall also be available to persons (note 1) from whom outstanding tax dues has been demanded by the revenue authorities on behalf of the original tax defaulters.
6.	Cases where appeals are filed after 30 June 2019	Such cases are not covered under the scheme per se.	It has been clarified that, declaration can be filed in the instant case, subject to the condition that the taxpayer withdraws the appeal and furnishes an undertaking as clarified in para 2(viii) of earlier circular no. 1072/05/2019-CX dated 25 September 2019.

Note –

1. Demand of tax from either an ARC¹ or PSU², when assets of tax defaulters are taken over by such ARC/PSU respectively.

¹ ARC – Asset Reconstruction Company

² PSU – Public Sector Undertakings

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