

TAX FLASH NEWS

23 August 2019

Date to avail the benefit of Legacy Dispute Resolution Scheme notified

Central Board of Indirect Taxes and Customs (CBIC) has notified¹ 1 September 2019 as the date from which the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (LDRS) as announced in the Union Budget 2019-20 shall come into effect.

In addition to the same, CBIC has also notified² LDRS Rules detailed therein forms and procedures.

Gist of the LDRS Rules is as under

- LRDS shall be effective from 1 September 2019
- Form of declaration i.e. 'SVLDRS-1' is required to be filed electronically on or before 31 December 2019
- Separate declaration is required to be filed for each case viz. show cause notice (SCN), appeal(s), amount in arrears, inquiries, investigation, audit, etc.
- Declaration filed shall be verified by the designated committee based on the particulars furnished by the declarant as well as the records available with the department
- No verification shall be made in case where voluntary disclosure has been made
- Statement providing therein the estimated amount payable by the declarant shall be issued by the designated committee electronically as under:

| Sl. no. | Particulars | Intimation in form | Period | Remark |
|---------|--|--------------------|--|--|
| 1 | Where the amount payable as declared by the declarant equals the amount quantified by the designated committee | SVLDRS-3 | Within 60 days from the date of receipt of declaration | -- |
| 2 | Where the amount estimated to be payable exceeds the amount declared by the declarant | SVLDRS-2 | Within 30 days from the date of receipt of declaration | Notice for personal hearing shall also be issued |
| 3 | If declarant wants to indicate <ul style="list-style-type: none"> • Agreement or disagreement with estimate provided in Sl. no. 2 above; or • Wants to make written submission; or • Waive personal hearing; or • Seek an adjournment It shall indicate electronically | SVLDRS-2A | -- | -- |

¹ Notification no. 04/2019 Central Excise-NT dated 21 August 2019

² Notification no. 05/2019 Central Excise-NT dated 21 August 2019

| | | | | |
|---|---|-----------|--|----|
| 4 | On request for adjournment of personal hearing, the designated committee may grant the same electronically | SVLDRS-2B | -- | -- |
| 5 | Post hearing a statement indicating the amount payable by the declarant shall be issued by the designated committee | SVLDRS-3 | Within 60 days from the date of receipt of declaration | -- |

- After receipt of form SVLDRS-3, the declarant shall be required to pay the tax dues electronically within a period of thirty days from the date of its issue
- Designated committee shall issue discharge certificate in form SVLDRS-4 within a period of thirty days, subject to fulfilment of following
 - Payment of full amount of dues as determined and indicated in form SVLDRS-3
 - Submission of proof of withdrawal of appeal or writ petition or reference

Our comments

The dispute resolution scheme announced in the Finance (No. 2) Act, 2019 offers complete waiver of penalty, interest and prosecution in addition to substantial waiver of disputed tax in the range of 40 per cent to 70 percent of the tax dues.

With the announcement of the effective date, businesses can now proceed to evaluate its existing disputes and take an informed decision on whether to opt for the scheme for each of the cases.

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