



Tax Flash News

23 February 2024

CBDT announces waiver of pending tax demands up to INR100,000 per taxpayer

During the interim Budget 2024, the Finance Minister had proposed that outstanding direct tax demands of INR25,000 or less for the period up to financial year (FY) 2009-10, and INR10,000 or less for the FYs from 2010-11 upto 2014-15, would be waived off, aiming to provide relief to taxpayers burdened by certain tax liabilities. In this regard, the Central Board of Direct Taxes (CBDT) has issued an order¹ detailing the remission and extinguishment of specific outstanding direct tax demands².

In this regard, the CBDT vide its press release, has clarified the following:

- All outstanding income tax demands as of 31 January 2024, as per below, have been extinguished:
 - up to INR25,000 from the inception of the statute till FY 2009-10; and
 - up to INR10,000 from FY 2010-11 to FY 2014-15
- The status of the same would be reflected on the individual login of income tax portal under the tab Response to outstanding demand¹.
- However, the total waiver (of such outstanding tax demands) is limited to a maximum of INR1,00,000 per taxpayer.
- Such waiver includes interest, penalty, fee, surcharge and cess, with the complete outstanding demand, if it falls below the specified threshold (INR100,000). However, it will not apply to demands made against tax deductors or collectors under TDS or TCS provisions³.

- The remission and extinguishment of entries of outstanding tax demand will be carried out in respect of each demand entry falling within the specified monetary limit, starting from the earliest assessment year to subsequent assessment year(s).
- To compute the maximum ceiling of INR100,000 any tax demand entry having value more than the specified monetary limit (of INR25,000 or INR10,000 as the case may be) shall not be taken into calculation. Further, a fraction of any demand entry, shall not be considered for waiver, irrespective of whether its value falls within the specified monetary limit.
- It is also clarified that there shall not be requirement of calculation of interest on account of delay in payment of demand⁴ and consequently the same shall not be included for determining the ceiling of INR100,000.
- This waiver or cancellation does not entitle taxpayers to any claims for credit or refunds. Additionally, such waiver or cancellation will not influence any ongoing, planned, or potential criminal legal proceedings against the taxpayer and does not grant any immunity under any legislation.
- Further, such waiver shall not have the requirement of audit.

¹ F/No 375/02/2023-IT-Budget dated 13 February 2024

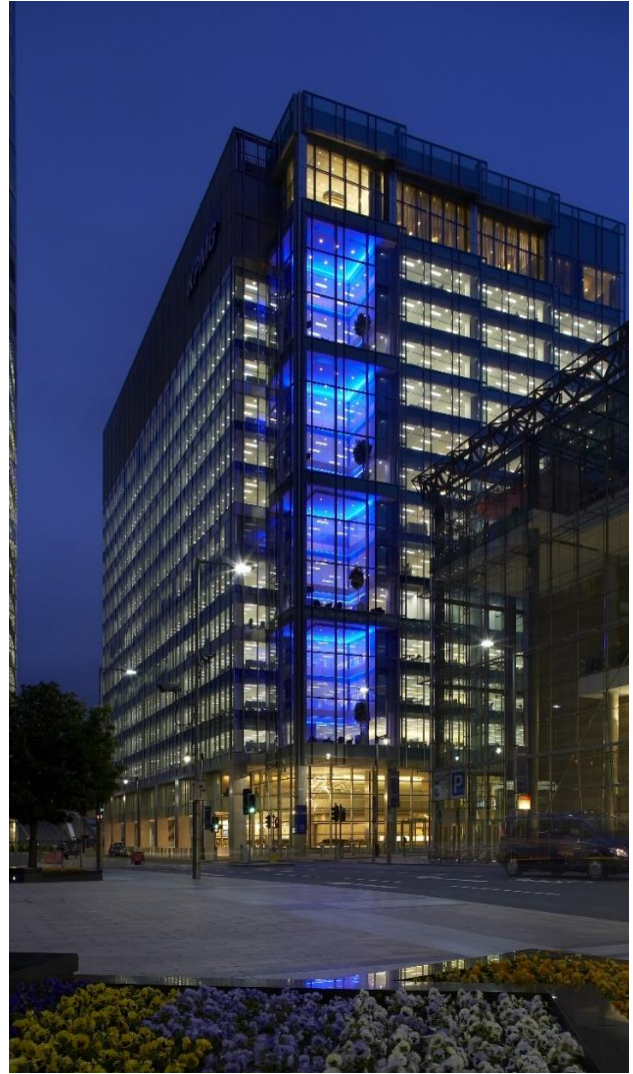
² Under the Income-tax Act, 1961 (the Act), Wealth-tax Act, 1957

³ The Income-tax Act, 1961

⁴ Under section 220(2) of the Act or corresponding provisions of Wealth-tax Act, 1957 and Gift-tax Act, 1958

Our comments

The scheme aims to provide relief to small taxpayers burdened with old outstanding tax demands. Further, waiver of interest is a huge relief as it is levied at a rate of 1 per cent per month which in certain scenarios exceeds the principal tax amount over a period of time. Also, it is proposed that such waiver process would be completed within two months and is proposed to be an automatic application of waiver by the Income Tax Department's Central Processing Cell without any intervention required by the taxpayer.



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