

Ref. No. MCHI/PRES/20-21/047

November 11, 2020

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To,  
**Shri Pramod Chandra Mody**  
The Chairman  
Central Board of Direct Tax  
North Block,  
New Delhi - 110001

**Sub: Recommendation with reference to Vivad Se Vishwas Act, 2020**

Hon'ble Sir,

The Direct Tax Vivad se Vishwas Act, 2020 was enacted on March 17, 2020 with the objective to reduce pending income tax litigation, generate timely revenue for the government and to benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process.

Recently, the government extended the deadline for making payments without additional cost under the scheme by three months to March 31, 2021 and also commerce and industry Minister interacted with large corporation and tax professional ( as published in Economics times dated 10<sup>th</sup> November, 2020) on ways to make the "Vivad se Vishwas" scheme a success. In same line, the Industry would list down the following recommendation:-

- (A) **Extension of cut-off date of the Scheme** - It is widely felt that the cut-off date of December 31, 2020 should be extended to at least March 31, 2021 in line with the due date of making payments under the scheme.
- (B) **Clarification on Prosecution launched other than in relation to tax arrears** - Section 9 (a)(ii) of the VSV Act, which is a part of the chapter "Act not to apply in certain cases", states that "*in respect of tax arrear relating to an assessment year in respect of which prosecution has been instituted on or before the date of filing of declaration*". Even though, the language appears to be making those cases as ineligible for the scheme wherein the prosecution has been initiated only in relation to "tax arrears" as defined in the VSV Act, however to make it abundant clear, it may be clarified that the cases where prosecution has been launched due to procedural lapses such as delay in payment of self-assessment tax, etc. are eligible under the scheme. This clarification definitely further boost the success of the scheme.
- (C) **Settlement of disputes based on "issue wise" instead of "year wise"** - The scheme would be more appealing to a large category of persons if the it is structured 'issue wise' - where a taxpayer is allowed to choose and settle some disputes, under the scheme - instead of the 'year wise' requirement.

- (D) **Option to exclude "Transfer Pricing Issues"** – Even if the Scheme propels "year wise" instead of "Issue wise" as recommended in (c) above, it is still desirable in the interest of large categories of persons including Multinational Companies to grant the option for electing of the Scheme in relation to "Transfer Pricing Issues".

Your Honour would appreciate that this pandemic is prolonging and industries are struggling for back to normalcy, particularly the real estate sector. In view of such circumstances, it would be prudent to consider the above recommendations and clarify in the interest of the large taxpayers who are stuck up in several litigations which is also in line with the stated objective of the scheme.

The proposed amendment will not result into any loss to the government.

Thanking you,

Yours Faithfully,  
**For CREDAI-MCHI**



**Deepak Goradia**  
President



**Pritam Chivukula**  
Hon. Secretary