

Date: 17th March, 2020

Smt. Nirmala Sitharaman

Hon'ble Minister of Finance & Corporate Affairs,
Govt. of India
A-Wing, Shastri Bhawan
Rajendra Prasad Road
New Delhi-110 001

Sub: Request to extend the March 31 deadline set for the Vivaad Se Vishwas Scheme

Respected Madam,

We would like to place on record our sincere appreciation to your good office for coming up with the Direct Tax Vivad Se Vishwas Bill, 2020 ("the Scheme") which aims for a swift resolution of direct tax litigation pending before various appellate forums that currently involves disputed direct tax amount of over Rs. 9 lakh Crs. The Scheme is a welcome step towards tax disputes resolution and is a boon for taxpayers disputing contentious issues before various appellate forums and gives them a chance to get rid of unwarranted penalty, interest and prosecution in respect of tax arrears for which the declaration is made. The amended bill and the circular have cleared several qualms of taxpayers, enabling them to take a practical call for settling disputes and thus, seek finality of outcomes in those cases. Thank you for instilling the trust and harmony which is imperative to move from "vivad" (dispute) to "vishwas" (trust).

Gujarat Chamber of Commerce and Industry ("GCCI") hereby takes the privilege to address the concern of its members, being members of trade and industry, Chartered Accountants, Advocates and Tax Practitioners, on Issues in Implementation and Compliance with Income Tax Laws, which needs to be addressed by your good office on utmost priority.

The primary objective of GCCI is not only to work for the cause of the trade but also to educate the public at large and to act as a catalyst between citizens and the government authorities. The Direct Tax Committee of GCCI is one of the most important committees of GCCI which is engaged in the matters related to direct taxes and makes representations to the Government, Central Board of Direct Taxes and at other appropriate forums from time to time on various legislative amendments and issues concerning direct taxes and endeavours to be a bridge between the tax payers and the tax administration.

12538
Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

We are writing this letter to your goodself to request you to extend the March 31 deadline set for the amnesty scheme due to the reasons as mentioned below:

1. Coronavirus (COVID-19) Pandemic affecting India:

As the world grapples with the COVID-19 pandemic, India also is not immune to this pandemic, already 126 cases (including foreign nationals, as on 17.03.2020 at 11:52 AM) have been reported. The outbreak of the COVID-19, began in China and has since infected more than 173,000 people across more than 150 countries and territories around the world. The havoc wrought by the coronavirus is now there for all to see and India, after staying relatively unscathed for a while, is finally witnessing the dread setting in. The COVID-19 confirmed cases are spread across 15 Indian states as of now and has resulted in shutting of schools, colleges, malls and multiplexes in various states. The slowdown in consumption, curbs on travel and other restrictions set to pull down growth and will have a toxic impact on the Indian economy.

The pandemic has hit the economy at a time when growth has slowed to the lowest in a decade, investments are shrinking and a consumption recovery is sputtering. A sustained pullback in consumption, coupled with extended closures of businesses, would hurt earnings of Indian companies and drive layoffs. In this gloomy environment with fear of COVID -19, businesses are focusing on how to survive amidst global instability. There are huge cash flow mismatches and with negative working capital and increasing costs, the businesses are finding it hard to manage their day to day operations. **Hence it is recommended to extend the due date of payment of taxes from March 31, 2020 to June 30, 2020 and the due date of payment of taxes with additional liability to September 30, 2020.**

2. No Rules notified – No forms issued - Less time on hand before March 31, 2020

The scheme was tabled on February 5, 2020, in the Lok Sabha, to provide a resolution for pending income-tax disputes. Thereafter, official amendments to the bill were proposed for accommodating the representation received from key stakeholders. However, several aspects of the scheme required clarifications, which the government has provided in the form of an amended bill, passed by the Lok Sabha on March 4, 2020, and by way of a circular issued by the Central Board of Direct Taxes (CBDT). The FAQs released by the CBDT provide clarity on the scope of the scheme, procedural aspects, computational aspects, and also consequential issues. The amended bill was cleared by Rajya Sabha on March 13, 2020. **This leaves assesseees barely a fortnight to take part in the process if they want to avail of full benefit of the scheme.**

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer



For a start, no one knows how long the scheme will be in operation. In the budget speech, June 30 was mentioned as the last date for the scheme but the date was out of the bill that was passed. The government said the date would be notified in the official gazette. **But the more pressing problem is that by sticking to a March 31, 2020 deadline, the government hasn't left the taxpayer with enough time to initiate the process for settlement, receive a certificate within 15 days from the tax authorities acknowledging the amount that he needs to pay, and then fork out the sum within a 15-day period that the law provides.**

After Presidential assent, the forms and rules will have to be notified by the government. Taxpayers will declare their intentions to settle only after these have been placed in the public domain. People will need some time to discuss issues with their advocates and chartered accountants. Even after the taxpayer makes a declaration, the department will take 15 days to verify and certify what needs to be paid. So, the initial period should be extended till June 30, 2020. If taxpayers scramble to take advantage of the window, they could make big mistakes.

Given that March 31, 2020 is around the corner, an order for extension would be very helpful. Though the CBDT has clarified in the FAQs that "15 days is (the) outer limit" and the clarification said designated authorities would be instructed to grant a certificate at an early date enabling the appellant to pay the amount on or before March 31, so that the entity could take the benefit of reduced payment, it is better that enough time is given to the assessee and the tax authorities to understand and implement the scheme.

3. Further clarifications is required on the following aspects:

Though various concerns were addressed in the FAQs issued on 4th March, 2020 vide circular no. 7/2020, the following issues still need further clarifications:

- Whether an appeal filed by the taxpayer, along with an application for condonation of delay, be considered as an appeal for the purpose of the scheme?
- Whether cases where appeals are heard before January 31, 2020, and order is pronounced after January 31, 2020, can be settled under the scheme?
- Whether in loss set-off situations (in case of department appeals being settled), the rule will provide for only 50 percent of the losses to be utilised?
- Whether miscellaneous applications, filed by the department before the ITAT, can be considered as an appeal for the purpose of the scheme?

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

We would be very grateful if your goodself would take an early action in this regard and have a positive consideration of our requests. This will be very useful for the taxation fraternity and also for the trade and industry. In conclusion, we request that a suitable orders / clarification may be issued to this effect at the earliest.

With warm regards,

Sincerely yours,



Jainik Vakil
Chairman
Direct Tax Committee



Bakul Parikh
Co-Chairman
Direct Tax Committee

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

C.C. to :-

Shri Anurag Singh Thakur
Hon'ble Minister of State of Corporate Affairs, Finance
Govt. of India, North Block
New Delhi-110 001

Shri P.C. Mody
Chairman,
Central Board of Direct Taxes,
Ministry of Finance,
North Block,
New Delhi- 110 001

The Principal Chief Commissioner of Income Tax, Gujarat
Aayakar Bhavan, Ashram Rd,
Near Income Tax Circle
Navrangpura
Ahmedabad - 14