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Settlement of Indirect Tax Disputes

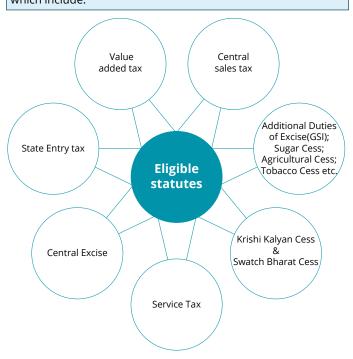
Seize the opportunity

The GST regime has replaced the plethora of indirect taxes levied by states and the central government. However, there is a huge backlog of disputes pending across various levels and under different statutes, both at the state and central level. This has a dual negative impact - on one hand, there is a working capital blockage as well as increasing cost of litigation in the hands of the assesse/dealer/taxpayer and on the other hand, huge revenue in taxes are blocked for the state and centre.

Different types of schemes are being announced by various states with the basic objective of mobilising the collection of revenue, mitigating existing litigation, and reducing the workload on the departmental staff so as to concentrate on stabilising the GST mechanism.

In the recently presented Union Budget 2019, a 'Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019' has been proposed which aims at settling legacy disputes on various central taxes viz. Central Excise, Service Tax and others. The objective is to reduce the amount blocked in litigation and relieve the taxpayer of such tax liabilities by paying a certain percentage of the tax and availing waiver of interest and penalties at the same time.

Coverage of schemes: One time opportunity for settling disputes under a plethora of tax legislations of the pre-GST regime, enacted by Central and various State governments which include:



Value proposition: Why and how these schemes would work for you?

One time single window settlement of pending assessments and appeals; opportunity for substantial reduction in tax contingent liabilities in books

Considerable savings on account of **reduced tax liability** and waiver or substantial **reduction of penalty**, **interest**, late fee etc. for long-drawn disputes

Immunity from prosecution and peace of mind; settled cases can be reopened only under exceptional circumstances

Savings in tax litigation cost including recurring expenses on local consultants and advocates handling the matter

Resource maximisation; reallocation of resources locked in handling legacy issues to focus on GST management

Savings in document archiving costs: Documents pertaining to settled matters, other than those reopened in exceptional circumstances within prescribed time limit, will not be called for in future."

Scheme highlights

Salient features of Amnesty Schemes announced by some of the States and the Scheme proposed by the Centre in Union Budget 2019 are captured below:

Partial waiver of disputed tax	Full/partial waiver of interest and penalty	Withdrawal of appeals/ revisions
Bar on reopening of settled cases	Most Schemes offer a limited period window for settlement	Reinstatement of appeals in case of rejection or revocation
No refund of tax or duty paid	Settlement of tax dues through adjustment of input tax credit not permitted	Credit of tax or duty settled cannot be availed as input tax credit by recipient of goods or services

Deep value brought in by: These schemes offer mostly limited period one-time opportunity for resolving pending disputes under Central and State legislations; hence, planning and execution of activities ranging from selection of eligible cases after due evaluation, filing application for obtaining final settlement within timelines assumes a great deal of significance.

We shall assist you in undertaking the following activities in understanding, complying and closing the legacy litigations, which is broadly as follows:

Undertake an analysis of SCN or open litigations and help evaluate to decide the eligible cases for the scheme



Assist in withdrawal of appeal at appellate forum, CESTAT, High Court or Supreme Court and obtain Leave Order



Seek clarifications and compute the requisite amount payable (after adjusting pre deposit in the manner suggested in the scheme)



Assist to make application, make payment and obtain the Settlement or Discharge Certificate/Closure Orders



Represent before the authorities and clarify the demand computations and align on the final amount payable under the scheme



Assist in analyzing the causes and computation of any excess demand as per computation statement by the tax authorities

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