



# SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME,

BY

 **GSC Intime**  
Services Pvt. Ltd.  
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# Abbreviations

<b>LDRS</b>	<b>Legacy Dispute Resolution Scheme, 20191962</b>
ITC	Input Tax Credit
SCN	Show Cause Notice
AEI	Audit Enquiry Investigation

# Overview of “Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019” (LDRS)

- A new scheme called as “Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019” has been proposed for quick resolution of earlier tax dues in dispute and arrears of tax dues
- The scheme provides relief from pending tax dues, interest, penalty and late fees
- The amount of such relief could be 40% to 70% of tax dues and entire amount of interest and penalties
- ITC cannot be utilised for payment of amount payable under the scheme
- Any amount paid under this scheme cannot be taken as ITC or claimed as refund
- Pre-deposit paid if any can be reduced from the amount payable, however, no refund would be available of such amount is more than the tax payable under this scheme

## Who can not avail relief?

- Who have filed an appeal and such appeal which is finally heard on or before 30.06.2019
- Who have been convicted for any offence punishable under indirect tax enactment – for such matter
- Who have been issued show cause notice (SCN) which is finally heard on or before 30.06.2019
- Who have been subjected to an enquiry or investigation or audit and the amount of duty involved has not been quantified
- Who have filed an application before Settlement Commission
- Who seeks to make declaration with respect to excisable goods specified in the Fourth Schedule to the Central Excise Act, 1944

# Proposed relief under LDRS

Type of Appeal/Assessment	Type of Tax dues	Amount of Duty Upto 50 Lakhs	Amount of Duty More than 50 Lakhs
Appeals pending until 30.06.2019	Duty	70% of Tax Dues	50% of Tax Dues
	Only late fees or penalty	Entire Relief	Entire Relief
Show Cause Notice (SCN) pending until 30.06.2019	Duty	70% of Tax Dues	50% of Tax Dues
	Only late fees or penalty	Entire Relief	Entire Relief
Audit Enquiry and Investigation (AEI) pending until 30.06.2019	Duty	70% of Tax Dues	50% of Tax Dues
Amount in arrears (Including amount declared in return but not paid)	Duty	60% of Tax Dues	40% of Tax Dues
Voluntary declaration	Duty	No Relief	No Relief

*Note: Amount of pre-deposit at any stage of appeal or any other deposit during audit, enquiry or investigation shall be deducted from amount payable.*

- (i) *If amount paid as pre-deposit > Amount payable*
- (ii) *Any amount paid as deposit > Amount payable*

**Excess amount shall not be refunded**

# Meaning of Tax Dues

Sr. No	Types of assessment / appeals.	Tax	Penalty
1	Single appeal pending as on 30.06.2019	Amount of Duty disputed in appeal	Not to be included in tax dues
2	More than one appeal pending as on 30.06.2019	Sum of Amount of Duty which is disputed by the declarant in his appeal and the amount of duty being disputed in the department appeal	
3	Show cause notice pending as on 30.06.2019	Amount of Duty stated to be payable in notice	
4	Enquiry or Investigation or Audit pending as on 30.06.2019	Amount of duty payable as quantified before 30.06.2019	
5	Voluntary	Total amount stated in declaration	
6	Amount in arrears	The amount in arrears	

# Procedure to obtain relief

- The person willing to avail benefit under this scheme shall furnish a declaration in prescribed form
- The designated committee shall verify the correctness of such declaration
- If the amount declared by declarant is equal to amount estimated by designated committee, then the designated committee shall issue a statement of amount payable within 60 days of receipt of declaration
- However, if the amount declared by declarant is lesser than the the amount estimated by designated committee, then the designated committee shall provide an opportunity of being heard before issuing the statement of amount payable
- The declarant shall pay the amount as specified in the statement issued by designated committee within 30 days from the issue of such statement
- On payment of the amount indicated in the statement, the designated committed shall issue discharge certificate

# Effect of Discharge Certificate

- Conclusion of matter under scheme
- Declarant shall not be liable to pay any further duty, interest or penalty
- Declarant shall not be liable to be prosecuted under indirect tax enactment
- Matter and time period covered by such declaration shall not be re-opened
- The appeal or reference or reply (except before High Court and Supreme Court) shall be deemed to have been withdrawn on furnishing of declaration by the declarant and in case of appeal or reference lying before High Court or Supreme Court, the declarant shall withdraw such appeal or reference

*Note: Discharge Certificate with respect to a matter for a time period shall not preclude issue of show cause notice (SCN) for:*

- (i) For the same matter for a subsequent time period or*
- (ii) for a different matter for the same period*

# Enactments under which relief of LDRS is available

- the Central Excise Tariff Act, 1985
- Chapter V of the Finance Act, 1994 and the rules made thereunder
- the Central Excise Act, 1944
- the Agricultural Produce Cess Act, 1940
- the Coffee Act, 1942
- the Mica Mines Labour Welfare Fund Act, 1946
- the Rubber Act, 1947
- the Salt Cess Act, 1953
- the Medicinal and Toilet Preparations (Excise Duties) Act, 1955
- the Additional Duties of Excise (Goods of Special Importance) Act, 1957
- the Mineral Products (Additional Duties of Excise and Customs) Act, 1958
- the Sugar (Special Excise Duty) Act, 1959
- the Textiles Committee Act, 1963
- the Produce Cess Act, 1966
- the Limestone and Dolomite Mines Labour Welfare Fund Act, 1972
- the Coal Mines (Conservation and Development) Act, 1974
- the Oil Industry (Development) Act, 1974;
- the Tobacco Cess Act, 1975
- the Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976
- the Bidi Workers Welfare Cess Act, 1976
- the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978
- the Sugar Cess Act, 1982
- the Jute Manufacturers Cess Act, 1983
- the Agricultural and Processed Food Products Export Cess Act, 1985
- the Spices Cess Act, 1986
- the Finance Act, 2004
- the Finance Act, 2007
- the Finance Act, 2015
- the Finance Act, 2016
- any other Act, as the Central Government may, by notification in the Official Gazette, specify

- The spirit of the Scheme is to provide quick resolution of earlier tax dues. However, relief is not available to persons who have voluntarily admitted tax liability but available to assesses who are involved in disputes. Those who have neither declared nor paid taxes but are caught can get relief of whopping 70% of tax dues. Hence, the honest assesses who have paid tax on time would find breach of trust for compliance
- Section 124(1)(f) of Finance (No. 2) Bill, 2019 puts restriction to file declaration under the scheme on the persons who have voluntarily disclosed tax payable in the return but failed to pay such tax. An anomaly is created by providing relief to a declarant where tax is relatable to an “amount in arrears”. The of definition of “amount of arrears” also includes the declarant who has filed a return on or before 30.06.2019 wherein he has admitted tax liability but not paid
- It is anticipated that suitable amendments will be carried out in the Bill to remove anomalies and to provide chance to even honest taxpayers who want to declare voluntarily, before the Bill takes the shape of final Act

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# Thanks



6<sup>th</sup> Floor, HDIL Kaledonia-A,  
Sahar road,  
Andheri East, Mumbai  
400069, India.



+91 22 4612 5600



info@gscintime.com

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