

SABKA VISHWAS LEGACY DISPUTE RESOLUTION SCHEME, 2019

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1. In a step forward towards ease of doing business, the government has proposed an amnesty scheme for old disputes regarding Central Excise and Service Tax for faster closure of such disputes and litigations.
2. It is stated that more than Rs. 3.75 lakh crore is blocked in litigations in service tax and excise. To unload this baggage and allow the business to move on. The Government has vide Union Budget for Financial Year 2019-2020 proposed the amnesty and faster resolution scheme namely SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019 aimed at old disputes in central excise and service tax.
3. The relief proposed under the scheme varies from 40 per cent to 75 per cent of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved. According to a Budget document, the scheme also provides for relief from payment of interest and penalty.

4. Effective Date of Scheme

The scheme shall come into force from the date as the Central Government may by notification in Official Gazette specify. (Not yet notified)

5. Eligibility

5.1 All persons are eligible to avail the scheme except a few exclusions mentioned hereinbelow:

- who have filed an appeal before the appellate forum and such appeal has been heard finally on or before the 30th day of June, 2019;
- who have been convicted for any offence punishable for the matter for which he intends to file a declaration;
- who have been issued a show cause notice and the final hearing has taken place on or before the 30th day of June, 2019;
- who have been issued a show cause notice for an erroneous refund or refund;
- who have been subjected to an enquiry or investigation or audit and the amount of duty involved in the said enquiry or investigation or audit has not been quantified on or before the 30th day of June, 2019;
- a person making a voluntary disclosure after being subjected to any enquiry or investigation or audit; or
- a person making a voluntary disclosure after having filed a return wherein he has indicated an amount of duty as payable, but has not paid it;
- who have filed an application in the Settlement Commission for settlement of a case;
- persons seeking to make declarations with respect to excisable goods set forth in the Fourth Schedule to the Central Excise Act, 1944

5.2 Thus, the following persons shall be eligible to avail this scheme:

- To whom, no Show Cause Notice (SCN) has been issued.
- To whom SCN has been issued but no personal hearing has been concluded.
- Whose appeal is pending either before Commissioner (Appeals), Tribunal (CESTAT or any other Tribunal constituted under the any of the law subsumed in Goods and Service Tax Act), High Court or Supreme Court and where judgment has not been reserved on or before 30.june.2019.

6. Applicability of Scheme

The scheme applies to following enactments (all of which have subsumed in GST):

- the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or Chapter V of the Finance Act, 1994 and the rules made there under;
- 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.

4. Relief

Eligible Tax Dues	Relief
(a) where the tax dues are relatable to a show cause notice or one or more appeals arising out of such notice which is pending as on the 30th day of June, 2019	(a) Total tax due is more than 50 Lakhs, relief of 50% of tax dues
(b) where the tax dues are linked to an	(b) Total tax due is less than 50 Lakhs, relief of 70% of tax dues.

enquiry, investigation or audit against the declarant	
where the tax dues are relatable to a show cause notice for late fee or penalty only, and the amount of duty in the said notice has been paid or is nil	Entire amount
Where the tax dues are relatable to an amount in arrears in a return under the indirect tax enactment, wherein the declarant has indicated an amount of duty as payable but not paid it and the duty amount indicated	(a) Total tax due is more than 50 Lakhs, relief of 40% of tax dues (b) Total tax due is less than 50 Lakhs, relief of 60% of tax dues.
Voluntary Disclosure	No relief

5. Meaning of Tax Dues

“Tax dues” means-

Sl. No.	Type	Tax Dues
1.	Where a single appeal arising out of an order is pending as on the 30th day of June, 2019 before the appellate forum	The total amount of duty which is being disputed in the said appeal
2.	Where more than one appeal arising out of an order, one by the declarant and the other being a departmental appeal, which are pending as on the 30th day of June, 2019 before the appellate forum	The sum of the amount of duty which is being disputed by the declarant in his appeal and the amount of duty being disputed in the departmental appeal.
3.	Where a show cause notice under any of the indirect tax enactment has been received by the declarant on or before the 30th day of June, 2019	The amount of duty stated to be payable by the declarant in the said notice
4.	Where an enquiry or investigation or audit is pending against the declarant	The amount of duty payable under any of the indirect tax enactment which has been quantified on or before the 30th day of June, 2019

5.	Where the amount has been voluntarily disclosed by the declarant,	The total amount of duty stated in the declaration
6.	Where an amount in arrears relating to the declarant is due	The amount in arrears

7. Procedure for Filing Declaration

- Declaration shall be made in electronic form as may be prescribed.
- Declaration shall be verified by designated committee except in case of voluntary disclosure.
- If the amount estimated by the committee is equal to the declaration then statement shall be issued within 60 days.
- If the amount estimated by the committee is higher than the declaration then estimated statement shall be issued within 30 days and the declarant shall be given an opportunity of being heard before issue of final statement.
- Declarant has to pay electronically through internet banking amount payable as indicated in the statement issued by the designated committee, within 30 days from date of issue of such statement.

8. Key Highlights of the Scheme

- The declarant shall not be liable to pay any further duty, interest or penalty with respect to the matter and time period covered in the declaration.
- The declarant shall not be liable for prosecution with respect to matter and time period covered in the declaration.
- No matter and time period covered by such declaration shall be reopened in any other proceedings under the indirect tax enactment.
- The declarant can adjust any pre deposit made. However, if the pre deposit is more than the amount due under the scheme, no refund shall be provided.

9. Restrictions of the Scheme

- The amount payable under this scheme shall not be paid through the input tax credit under indirect tax enactment or any other law.
- The amount paid under this Scheme shall not be refundable in any circumstances.
- The amount paid under this Scheme shall not be taken as input tax credit.

10. Discharge Certificate

- Designated committee shall issue a discharge certificate in electronic form, within 30 days of said payment and submission of proof of withdrawal of appeal.
- Discharge Certificate shall be conclusive to the matter and time period stated therein.
- Any appeal or reference or a reply to the show cause notice against any order or notice giving rise to the tax dues, before the appellate forum, other than the Supreme Court or the High Court shall be deemed to be withdrawn.
- In case of any writ petition or appeal or reference before the High Court or Supreme Court, the declarant shall file an application for withdrawal.

11. Rectification of Errors

The designated committee may within 30 days from issuance of certificate, modify its order to correct an arithmetical error or clerical error, which is apparent on the face of record, on such error being pointed out by the declarant or on suo motu.

