

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO 1662
ANSWERED ON 09.03.2021**

VIVAD SE VISHWAS SCHEME

1662. Shri Rajeev Satav:
Shri Sanjay Seth:

Will the Minister of FINANCE be pleased to state:

- (a) whether the income tax collection has been drastically reduced due to Covid-19 pandemic and, if so, the steps taken by Government to overcome the shortfall;
- (b) whether Government has been able to achieve the objective of settling income tax cases after launching Vivad se Vishwas Scheme;
- (c) the total number of cases disposed off under Vivad se Vishwas Scheme till date; and
- (d) the other steps taken by Government to reduce the litigation and tax disputes in direct taxes and to boost income tax collection in the country?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)**

- (a) Yes Sir. The Direct Taxes collection has been reduced due to Covid-19. During the Financial Year 2019-20, net collection of Direct Taxes was Rs.10,50,711 Crores. Considering the impact of Covid-19 pandemic, Direct Taxes collection target for the Financial Year 2020-21 has been reduced to Rs. 9,05,000 Crores.

As against the Revised Budget Estimates of Direct Tax Target of Rs. 9,05,000 Crores, net collection of Direct Taxes amounting to Rs. 7,32,388.72 Crores has been achieved during the period from 1.4.2020 to 28.2.2021. Any shortfall in collection of Direct taxes against the targets can be calculated only after completion of the Financial year.

Further, in order to achieve the Revised Budget target of Direct taxes for this Financial year, the following measure have been taken:

- i. Data Mining and data analytics are used for identifying potential tax payers and increasing tax base.
- ii. The scheme of faceless assessment has been launched to improve the quality of scrutiny assessment.
- iii. Surveys and searches are conducted in potential large tax evasion cases.

- iv. For overcoming the shortfall in tax collection, no new tax has been introduced in the Finance Bill, 2021 and the tax collection is expected to improve through better tax compliance and dispute resolution mechanism. For this purpose, a new Dispute Resolution Committee (DRC) is proposed to be constituted by the Finance Bill, 2021 which will encourage easier and faster dispute resolution.

(b) & (c) Yes. The statistics regarding the declarations filed under the Vivad se Vishwas Scheme upto 01.03.2021 is as under:

Current status of declarations filed under Vivad se Vishwas Scheme (upto 22.02.2021 at 5 pm)			
	Count of Form-1 Filed	Disputed Tax (as per Form-1) (in Rs. Crores)	Payments against Disputed Tax (in Rs. Crores)
Central PSUs	1393	35129	27720
State PSUs/Boards	833	1619	1023
Others	126507	61579	24603
Grand Total	128733	98328	53346

- (d) The following steps have been taken by the Government to reduce the litigation and tax disputes in direct taxes and to boost income-tax collection in the country: -
- (i) The monetary limit of tax effect in a case for filing of appeal before the various appellate authorities has been increased to Rs. 50 lakh for the Income-tax Appellate Tribunal, Rs. 1 crore for the High Court and Rs. 2 crore for the Apex Court.
 - (ii) Section 270AA has been inserted in the Act to provide an option to the taxpayer to seek immunity from penalty and prosecution if he makes full payment of the tax and interest payable as per assessment order within the period specified in the notice of demand and does not file any appeal against such order.
 - (iii) For transfer pricing cases, section 144C was inserted in the Act *vide* Finance Act, 2009 to provide an option to the taxpayer to file his objections to the draft assessment order forwarded to him by the Assessing Officer to the DRP. The DRP is a collegium of three Principal Commissioners or Commissioners of Income-tax, which is empowered to consider such objections and issue suitable directions to the Assessing Officer to complete the assessment. DRP can confirm, reduce or enhance the variations proposed in the draft order after providing reasonable opportunity to the taxpayer. To further reduce litigation the directions of the DRP were made binding on Revenue *vide* the Finance Act, 2016 and no appeal can be filed by Revenue against the directions of DRP.
 - (iv) Section 92CC was inserted *vide* the Finance Act, 2012 in the Act provides the taxpayers an opportunity to enter into Advance Pricing Agreement (APA) which is

an agreement between the Board and any person, which determines, in advance, the arm's length price or specifies the manner of the determination of arm's length price (or both), in relation to an international transaction.

- (v) The provisions for safe harbour rules were introduced in the Act *vide* Finance (No. 2) Act, 2009 and provide for the circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee, for International Transactions and Specified Domestic Transactions. This saves the taxpayers from uncertainty in transfer pricing determination as well as protracted litigation.
- (vi) Vivad Se Vishwas Scheme has been notified for settling the direct taxes disputes.
- (vii) Faceless assessment, faceless appeal and faceless penalty schemes have been introduced to improve the quality and fairness in assessment orders, appeal orders and penalty orders resulting in substantial reduction in litigation.
- (viii) With the objective to allow small taxpayers to resolve their disputes with minimum cost and compliance burden, the Finance Bill, 2021 has proposed to create one or more DRC specifically targeted towards such taxpayers. The DRC shall have the powers to reduce or waive any penalty imposable or grant immunity from prosecution for any offence under the Act.
- (ix) Further, it was also clarified to the field Officers that appeals should not be filed merely because the tax effect in a particular case exceeds the prescribed monetary limits and the filing of an appeal should be decided strictly on the merits of the case.
