Vivad Se Vishwas scheme-A failed Plan

Why in news?

The amount expected to be raised under Vivad Se Vishwas scheme is well below the revenue department's expectation.

What is Vivad Se Vishwas scheme?

- In the 2020-21 Budget, this scheme was introduced to put an end to pending direct tax disputes at various appellate forums paving way for efficient revenue collection.
- It waives of the interest, penalty & prosecution for those persons who settle their dues by March 31, 2021.
- It is modelled on the lines of Sabka Vishwas scheme which met with reasonable success in closing numerous litigations in indirect tax demands.

What was the targeted revenue from the scheme?

- As per the Standing Committee on Finance, there are 4,83,000 disputes cases pending before the Commissioner (Appeals), the Income Tax Appellate Tribunal, High Courts & Supreme Court.
- The estimated amount in the above cases was around 9.32-lakh crore towards the end of November 2019.
- But Centre has collected only Rs 72,480 crore through the scheme till mid-November — well short of expectation.

Why did the expected revenue not realised?

- There was increased pressure on the revenue officials to increase tax base & to collect more taxes resulting in surging tax demands.
- These demands were not realised because – assessee is not traceable or not possessing adequate assets, demand stayed by appellate bodies, company is under liquidation etc.
- Recent Income Tax Department reports identify that over 6,000assessee income tax return did not match with their assets.
- But revenue department is continuing its drive to raise tax demands in this fiscal year too.
- Efforts taken by the centre to check tax evasion, reduce black money has

also resulted in too many frivolous demands.
- The Standing Committee also reported that 95 % of the total outstanding demands will be difficult to recover.

What can be done now?

- Though data from GST returns, banks & other investments will help in reducing tax evasion, but liability cannot be clearly established.
- This is because the data is subjected to varied interpretations.
- The Income Tax Department now needs to face the reality and make necessary amendments.
- It should also keep in mind of a fair, courteous and reasonable treatment of assesse from the tax authority which is highlighted in the recently launched Tax Charter.

Source: Business Line

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