



# Preface

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*In the previous year's Union Budget, "Sabka Vishwas" Scheme was brought in to reduce litigations in indirect taxes. In this year's Union Budget for fiscal year 2020-21, it has been proposed to bring out a scheme known as **'Vivad Se Vishwas Scheme 2020'**, for reducing the direct tax litigation.*

*A huge amount of disputed income-tax arrears are locked-up in the income-tax appeals. As on the 30th November, 2019, the amount of disputed direct tax arrears were Rs. 9.32 lakh crores. Considering that the actual direct tax collection in the financial year 2018-19 was Rs.11.37 lakh crores, the disputed tax arrears constitute nearly one-year direct tax collection.*

*Tax disputes consume copious amount of time, energy and resources both on the part of the Government as well as taxpayers. Moreover, they also deprive the Government of the timely collection of revenue. Therefore, an urgent need has been felt by the Government, to provide for resolution of pending income-tax disputes. This will not only benefit the Government by generating timely revenue but also the taxpayers who will be able to deploy the time, energy and resources saved by opting for such dispute resolution towards their business activities.*

*The Direct Tax Vivad Se Vishwas Bill, 2020, has been first introduced in the Lok Sabha on 5.2.2020, and thereafter, an Amendment Bill containing several amendments, has been moved in the Lok Sabha on 2.3.2020 and has been passed on 4.3.2020.*

*The Direct Tax Vivad Se Vishwas Bill, 2020, being a Money Bill, has been passed by a voice vote in Rajya Sabha on 13.3.2020, and after receiving the President's assent, this Bill is now called as the Direct Tax Vivad Se Vishwas Act, 2020.*

*In this Direct Tax Dispute Resolution Scheme, the taxpayers in whose cases, appeals are pending at any appellate level on the specified date i.e. 31.1.2020, or the time period for filing their appeals has not expired on 31.1.2020, can take the benefit from this scheme. Under the scheme, taxpayer would be required to pay only the amount of the disputed taxes and there will be complete waiver of interest and penalty provided they make payment by 31st March, 2020. For disputed penalty, interest and fee not connected with the disputed tax, the taxpayer would be required to pay only 25% of the same for settling the dispute. A taxpayer shall be required to pay 110% of the disputed tax (the excess 10% shall be limited to the amount of related penalty and interest, if any) and 30% of penalty, interest and fee in case of payment after 31st March, 2020.*

*This Book serves as a **'ready reference guide'** to help and assist the assesseees and tax practitioners in understanding all the legislative provisions and the underlying practicalities, in this new piece of Legislation. An honest and sincere effort has been made in this Book to explain and demonstrate the practical aspects and nitty-gritties of the **'Vivad se Vishwas'** scheme in a **'step-by-step-manner'** through **'numerous practical case studies'** encompassing crucial and significant real-life income-tax disputes of assesseees.*

*All the practical aspects concerning the **scope, coverage, eligibility, exclusions and the amount of tax payable** under the 'Vivad se Vishwas' scheme have been lucidly explained with the help of numerous practical illustrations and case studies envisaging all possible real-life situations and scenarios of income-tax disputes.*

*The litigative and crucial issues like **'Operation Clean Money (OCM)'** and **'LTCG on Penny Stocks'** and the practical aspects of settling such tax disputes in the **Vivad se Vishwas** scheme, have also been discussed in detail. This Book also includes the*

*empirical analysis, findings and conclusions concerning the most ideal income-tax disputes which may be considered by the assesseees and tax practitioners for settlement under this 'Vivad se Vishwas' scheme, arrived at on the basis of numerous practical case studies.*

*This Book characterizes a 'natural blend of law and practice' concerning this new piece of Legislation, viz. "The Direct Tax Vivad se Vishwas Act, 2020" and as such serves as an effective, efficient, robust and handy ready referencer for the assesseees and the tax practitioners in making wise, informed and timely decisions concerning the opting for settlement of their income-tax disputes under this scheme, in order to optimise their taxes.*

*Like my first Book, "Guide to e-Assessment", the idea of this Book was also coined by my Father Sh. S.K. Mohanka, who himself is a seasoned chartered accountant and is very knowledgeable and meticulous in the taxation field. His sound advice of reading and understanding carefully, the 'in-between-the-lines' provisions in any piece of Legislation, has been instrumental in penning down this piece of Book writing.*

*'Learning and improving is a continuous process' and so honest and valuable suggestions and feedback are invited and solicited from the 'worthy readers', at my e-mail id [mayankmohanka@gmail.com](mailto:mayankmohanka@gmail.com) for further improvement.*

**"व्यसे कृते वर्धते नित्यं । विद्या धनं सर्वे धनं प्रधानम् ॥"**

***Knowledge multiplies manifold by sharing.***

***It is a supreme form of wealth.***

***With Warm Regards***

***Mayank Mohanka***