

FINANCE MINISTER PROPOSES WIDE-RANGING FACILITATION MEASURES IN DIRECT TAX REGIME

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Ministry of Finance

Finance Minister proposes wide-ranging facilitation measures in Direct Tax Regime

‘Vivad Se Vishwas’ scheme proposed to reduce litigations in direct taxes; scheme to remain open till 30th June, 2020

Faceless appeals proposed to eliminate human interface for imparting greater transparency in dispute settlement

CBDT to adopt a taxpayers’ charter; details to be notified soon

Pan to be allotted online on the basis of Aadhaar without any requirement of detailed application

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The Union Budget has proposed ‘**Vivad Se Vishwas’ Scheme** (*No dispute but trust*) which aims at reducing litigations in the direct taxes payments. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said, “Taxpayers in whose cases appeals are pending at any level can benefit from this scheme.”

Under the proposed ‘**Vivad Se Vishwas**’ scheme, the Finance Minister said that a taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays by 31st March, 2020. Those who avail this scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June, 2020. Smt Sitharaman said, “I hope that taxpayers will make use of this opportunity to get relief from vexatious litigation process.”

The Finance Minister said that there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITATs, High Courts and the Supreme Court. Referring to several measures taken to reduce tax litigations, Smt Sitharaman said that in the last Budget, *Sabka Vishwas* Scheme was brought in to reduce litigation in indirect taxes. It resulted in settling over 1,89,000 cases, she said.

Faceless appeals

To impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. In order to take the reforms initiated by the Government to next level and to eliminate human interface, the Finance Minister proposed to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

Instant PAN through Aadhaar

The Finance Minister proposed to launch a system under which PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form. In the last Budget, the interchangeability of PAN and Aadhaar was introduced.

Taxpayer's Charter

With the objective of enhancing the efficiency of the delivery system of the Income Tax Department, the Union Budget proposed to amend the provisions of the Income-tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers' Charter. The Finance Minister said, "The details of the contents of the charter shall be notified soon." She emphasized that any tax system requires trust between taxpayers and the administration. She further said that this will be possible only when taxpayer's rights are clearly enumerated.

Charity institutions

In order to ease the process of claiming deduction for donation to charitable institution, the Union Budget proposed to pre-fill the donee's information in taxpayer's return on the basis of information of donations furnished by the donee. The Finance Minister said that this would result in hassle-free claim of deduction for donations made by the taxpayer. In order to simplify the compliance for the new and existing charity institutions, Smt Sitharaman proposed to make the process of registration completely electronic under which a unique registration number (URN) shall be issued to all new and existing charity institutions. To facilitate the registration of the new charity institution which is yet to start their charitable activities, the Union Budget proposed to allow them provisional registration for three years. Acknowledging the important role played by the charitable institutions in the society, the Finance Minister said that the income of these institutions is fully exempt from taxation and donations made to these institutions is allowed as deduction in computing the taxable income of the donor. Currently, a taxpayer is required to fill the complete details of the donee in the Income Tax return for availing deduction.

Losses of merged banks

In order to ensure that the amalgamated entities are able to take the benefit of unabsorbed losses and depreciation of the amalgamated entities, the Finance Minister proposed to make Necessary amendments in the provisions of the Income-tax Act. As a part of consolidation of the financial sector, the Minister said that the Government has brought out schemes for merger and amalgamation of public sector banks.

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