

F.No.279/Misc./M-74/2016-ITJ
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

New Delhi, the 18th July, 2016
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To,

All Principal Chief Commissioners of Income Tax,
Principal Chief Commissioner of Income Tax (IT & TP),
Chief Commissioner of Income Tax (Exemptions)

Madam/ Sir,

Sub: Implementation of the Direct Tax Dispute Resolution Scheme, 2016 – reg.

The Direct Tax Dispute Resolution Scheme, 2016 was introduced with effect from 01.06.2016 to address the issue of pending litigation before CsIT (A). Tax payers stand to benefit by a timely disposal of their litigation, while the Department stands to reduce its administrative cost in disposing appeals and also to collect its due taxes. Therefore, it becomes expedient on the part of all officers to ensure that the Scheme is a resounding success.

2. On 29/2/2016, there were 73,402 appeals with tax effect above Rs. 10 lakhs and 1,85,858 appeals with tax effect below Rs. 10 lakhs pending before CsIT (Appeal). Thus, 2,59,260 appellants are eligible for the benefit of this Scheme. Unlike the Income Tax Disclosure Scheme, 2016, the target audience for this Scheme is limited to the above appellants and their representatives. This relatively smaller target group can easily be approached/ informed of the benefits of this Scheme by the Designated Authorities being the PCIT/ CIT.

3. The following steps have been taken in the matter:

- i. A proforma has been issued to all the Pr. CCsIT for reporting.
- ii. Dedicated corner containing the Scheme, Rules, Forms and FAQs relating to DRS Scheme is being created on the Department website. A Dashboard for daily reporting is being created on the website.
- iii. Pr. DGIT systems has been requested to forward a list of appeals pending before CIT (A) as on 29.02.2016, not yet disposed, mapped to each PCIT/CIT, containing the name of appellant, PAN, A.Y.,

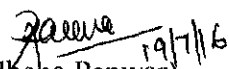
category of appeal (tax disputed in appeal), address and e-mail/telephone number, where available.

4. Towards the successful implementation of the Scheme, Pr. CCsIT/ CCsIT may ensure that:-

- i. All CsIT (A) peruse the grounds of appeal in each appeal pending before them and draw up a list of cases to be intimated to PCIT/ CIT which would be eligible for this Scheme. This may include cases where appeal has been filed against mandatory interest, mandatory fees, covered cases and any other case found fit in the opinion of the CIT (A) to be included in this Scheme.
- ii. While paying special attention to the list received from the CIT (A), the PCIT/ CIT will reach out to each appellant, as per the list provided by Systems, and address a letter (specimen enclosed – Annexure 'A') for discussing the benefits of this Scheme as applicable to the appellant.
- iii. PCIT/ CIT must interact with the local CA Associations and Bar Associations to explain the benefits of this Scheme.
- iv. A 'Standard Operating Procedure' (Annexure 'B') is enclosed herewith for attention of all PCIT/ CIT.

5. This issues with the approval of Member (A&J).

Yours faithfully


(Sadhana Panwar)

DCIT (OSD)(ITJ)

Tele: 011-26882637

Encl: As above

Copy to: Pr. DGIT (Systems)

Annexure 'A'

To,

Dear Taxpayer,

Sub: Direct Tax Dispute Resolution Scheme, 2016 – reg.

The Direct Tax Dispute Resolution Scheme, 2016, (Scheme) was introduced with effect from 01.06.2016. The primary aim is to reduce tax payer grievance and uncertainty caused due to long pending litigation before the Commissioner Income Tax (Appeals). Whereas, litigation before CIT (A) is disposed chronologically and is dependent on tax effect, this Scheme provides an outer limit of 120 days for resolution of the pending matter. Practically, this period would be much shorter.

2. The Scheme provides for further relief in the following ways:
- (i) Tax payable would include tax & interest till the **date of assessment**. Interest accrued thereafter would not form part of tax payable.
 - (ii) If the disputed tax is below Rs. 10 lakhs, penalty would stand waived on payment of tax & interest.
 - (iii) Where the disputed tax is more than Rs. 10 lakhs, penalty of 75% would stand waived on payment of tax, interest and 25% of penalty levied/ leviable.
 - (iv) In the case of a penalty appeal, the same can be resolved on payment of 25%, provided the tax and all interest due have been paid.
 - (v) Immunity from prosecution on the disputed tax would be available.

3. The Scheme, thus, provides a time bound process to resolve pending litigation without any uncertainty of the amount payable, which has been kept at the minimum. You may like to approach the undersigned to discuss the benefits of the scheme as applicable in your case. As per record, your appeal is pending with CIT (A) _____ for the A.Y. _____.

Yours faithfully

Pr. Commissioner of Income-tax

**STANDARD OPERATING PROCEDURE FOR
DIRECT TAX DISPUTE RESOLUTION SCHEME 2016**

While introducing the Direct Tax Dispute Resolution Scheme, 2016, (Scheme) in his Budget speech, 2016, the Hon. Finance Minister observed that, "Litigation is a scourge for a tax friendly regime and creates an environment of distrust in addition to increasing the compliance cost of the tax payers and administrative cost for the Government. There are about 3 lakh tax cases pending with the 1st Appellate Authority with disputed amount being 5.5 lakh crores." This scheme offers an opportunity to the tax payers to resolve pending litigation and to bring clarity and certainty in their tax matters. The Department stands to benefit with reduced administrative cost involved in handling appeals as well as timely collection of tax/ interest/ penalty due.

2. The following Standard Operating Procedure is laid down for processing declarations received under this Scheme:

a. PCIT/ CIT/ CIT (Appeals) will provide all counsel, advice and assistance to the tax payers in the implementation of this Scheme. Any doubts which remain may be sent to ts.mapwal@nic.in

b. On receipt of a declaration under section 202 of the Scheme in Form 1 and Form 2 (where applicable), the same will be entered in the prescribed format by the Designated Authority.

c. The PCIT/ CIT will obtain (by hand- preferably on the same day) an endorsement from the CIT (A) concerned that the appeal in question was pending on 29.02.2016 and has not yet been disposed.

d. PCIT/ CIT will issue a Certificate in Form 3 determining the amount payable by the declarant. This Certificate will be expeditiously issued without waiting for the prescribed period of 60 days.

e. On receipt of details of payment in Form 4, the same will be entered in the Proforma prescribed and the PCIT/ CIT will pass the order under section 204(2) of the Scheme in Form 5 or Form 6, well within the prescribed period of 30 days. The date of order will be entered in the Proforma.

f. If any declaration could not be proceeded with, reasons for the same may be entered in the remarks column of the proforma and intimated to the CIT (A) concerned.

g. On expiry of the Scheme and processing of all declarations, the entire data would be transferred by the PCIT/ CIT to the Pr. CCIT/CCIT. The Pr. CCIT on consolidating the data of all PCIT/ CIT would proceed to analyse the same based on "Person" and "Residential Status" and submit a report thereon to Member (A&J) CBDT with a soft copy to cit.aj.cbdt@incometax.gov.in