Vivad se Vishwas: Taxpayers still await rules, forms

DILASHA SETH
New Delhi, 18 March

The income tax department on Wednesday kick-started implementation of the direct tax dispute resolution scheme, Vivad se Vishwas, by notifying the 'designated authorities' who will accept applications and issue orders under each jurisdiction.

However, with barely 14 days to avail full benefit of the scheme, the rules and forms for taxpayers are still awaited, making the timeline appear unrealistic.

Besides, tax experts pointed out that with a majority of workforce functioning from home due to the coronavirus pandemic, it was impossible to meet the March 31 deadline (without additional payment) under the scheme.

The Central Board of Direct Taxes (CBDT) on Wednesday directed the principal chief commissioners to 'immediately' notify field officers as 'designated authorities.'

Principal chief commissioner of income tax Delhi notified 13 commissioners of income tax as designated authorities. The move comes a day after the scheme was notified post President's assent.

The scheme is open till June 30 and an additional 10 per cent needs to be paid for taxes paid after March 31. There are more than 400,000 such cases eligible to avail of the scheme, and they involve at least ₹9.3 trillion.

The designated authorities will determine the amount payable within 15 days of receiving the declaration and grant a certificate of amount to be paid.

The declarant will have to deposit the money within 15 days of determining the tax liability.

This gives little time to assessees to pay up by March 31. The CBDT had, however, clarified in the FAQs issued on Thursday that "15 days is (the) outer limit".

A clarification said the designated authorities would be instructed to grant a certificate at an early date, enabling the appellant to pay the amount on or before March 31, 2020, so that the entity could take the benefit of the reduced payment.

Shailesh Kumar, director, Nangia Andersen Consulting, said, "Though, this is the first step towards implementation of the scheme, a lot of other work still needs to be done, viz. notification of rules, forms for taxpayers for making the necessary application, etc."

The income tax department on Wednesday kick-started implementation of the direct tax dispute resolution scheme

He added it was also important to see how swiftly concerned principal chief commissioners of income tax issue necessary notification appointing the 'designated authority' on a pan-Indian level.

Kumar added that limited time available before the prescribed due date of March 31 under the scheme and also considering that lot of companies/ taxpayers are now working under 'work from home' model due to ongoing 'corona' scare, it may be advisable for the government to extend the timelines under this scheme. This is because most taxpayers, who are willing to opt for this scheme, may have sufficient time to do so."

Most assesses willing to participate in the scheme are loss-making and wound up firms, having old cases with a piled up interest component.

Investments at ₹17.9 trn, thanks to RIL

Ambani's 18 big-ticket chemical projects help domestic industrial investment rise by ₹15.4 trn in 2019

DILASHA SETH
New Delhi, 18 March

The gloomy economic and investment climate may be the norm today, but industrial investment data paints a bright picture. Asia's second richest man, Mukesh Ambani's 18 big-ticket chemical projects in Gujarat accelerated industrial investments to a record high in 2019.

Reliance Industries' one and a half dozen chemical manufacturing projects in Vadodara in December contributed to a seven-fold increase in industrial projects in the country. This is in terms of value in 2019 year-on-year, data by the department for promotion of industry and internal trade (DPIIT) showed.

Industrial projects worth ₹17.9 trillion were shown by DPIIT in 2019 as having been implemented, up from ₹2.5 trillion in 2018, and ₹71,396 crore in 2017, the data showed.

This is in sharp contrast to the National Statistical Office's (NSO) projection of a 0.6 per cent decline in the gross fixed capital formation (GFCF) in 2019-20.

Experts pointed out that the DPIIT data is unlikely to reflect in the national accounts number in its entirety as it only captures balance sheet data. Some companies spread investments over several years or by carrying out trial productions for years.

The number of projects that were shown as having commenced production stood at 1,229 in 2019 against 1,005 in 2018 and 571 in 2017.

At odds with the economic gloom and uncertainty, investment proposals or intentions also touched an 8-year high in 2019. Investment proposals worth ₹6.79 trillion were recorded in 2019, up 46 per cent from 2018.

Calender year 2010 had seen 4,336 investment intentions worth ₹17.36 trillion, the highest ever. According to the second advance estimates of national accounts, gross fixed capital formation will decline for the first time in 18 years in 2019-20. It fell by 0.7 per cent in 2002-03. In fact, the share of investment in gross domestic product (GDP), at 27.1 per cent in 2019-20, is over a two-decade low with the share in 1998-99 lower at 25.5 per cent.

In DPIIT data, the chemicals sector contributed about 82 per cent to the industrial investments at ₹14.7 trillion, suggesting that the jump was essentially on the back of the Reliance Industries' projects. It commenced production of chemicals like low-intensity polyethylene, acrylic fibre, poly vinyl chloride and paraxylene.

Gujarat accounted for 84 per cent of total projects in value terms at ₹15.1 trillion in 2019, against just ₹31,819 crore in 2018.

"There is no discrepancy in the industrial investments data. It is absolutely correct. There has been a big jump in project implementation and investment intentions in December 2019," a DPIIT official confirmed to *Business Standard*.

The data is a compilation of compulsory filing of industrial entrepreneur memorandums for production in industries that were de-licenced.

These industries include fuels, telecommunications, machine tools, fertilisers, drugs and pharmaceuticals, vegetable oil and food processing industry, among others.

Former chief statistician Pronab Sen ruled out emergence of green shoots, looking at the DPIIT data. He said the data trend suggested that spike in project offtake in 2019 in the chemicals sector is essentially proposals dating back to 2008, 2009 or 2010, that are nearing completion now. Chemicals segment saw a five-fold increase in investment intentions in 2008 at ₹1.5 trillion against ₹32,749 crore in 2007. Chemicals accounted for 10 per cent of the proposed investment in 2008, against 3.9 per cent in 2007 and 2 per cent in 2009.

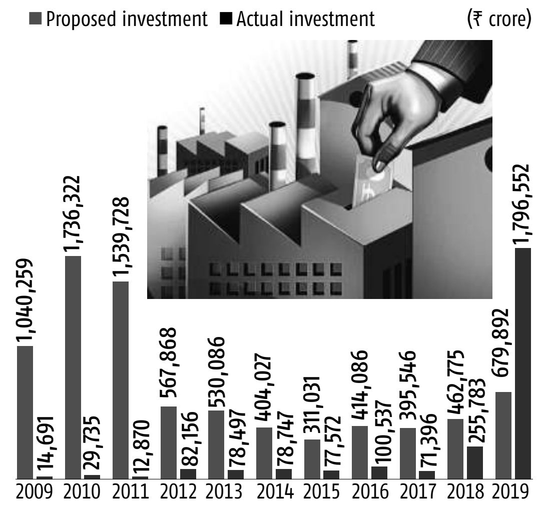
"In all of these big projects, the completion is when you declare it as having come into full production," said Sen.

INDUSTRIAL INVESTMENT PROPOSALS THIS YEAR

Industrial investment proposals this year

Item of manufacture
Reliance Industries, *(Gujarat)* Carbon fibre oxipan, dimethyl terephthalate, etc
Adani Wilmer, *(Gujarat)* Castor oil
Kanoria Chemicals, *(Andhra Pradesh)* Formaldehyde
Hyundai Steel, *(Andhra Pradesh)* Blanking, slitting, shearing
Jindal Steel and Power, *(Odisha)* Electric power generation
Hindalo Industries, *(Odisha)* Power generation
Aditya Birla Renewables, *(Chhattisgarh)* Electric power generation using solar

Source: DPIIT



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
No. of proposals	3,475	4,336	3,900	2,828	2,387	1,843	1,998	2,283	2,000	2,225	2,385
Project commencement (numbers)	804	636	474	574	481	340	439	525	571	1,005	1,229

Advance corporate tax mop-up dips over 10%

SHRIMI CHOUDHARY
New Delhi, 18 March

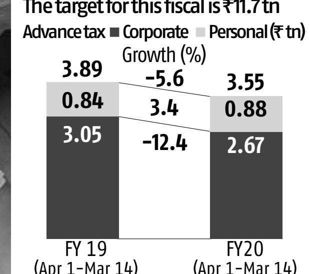
The collection of advance tax paid by corporate houses fell over 10 per cent during April-March 15 of 2019-20. This decline, after the deadline of the fourth instalment ended on March 15, could lead to a revenue shortfall of at least ₹35,000 crore in the total direct tax collections of the current fiscal, tax officials in the know said.

Even the tax settlement resolution scheme, Vivaad Se Vishwas, may not help shore up coffers due to the COVID-19 pandemic that has halted all outreach programmes by the income-tax department, an official said. Total direct tax collections fell over 5 per cent, standing at ₹9.57 trillion, till March 18 against the revised target of ₹11.7 trillion for the current fiscal — leaving a gap of ₹2.13 trillion.

Further, the advance tax collection comprising corporate houses and individuals declined by over 5 per cent at ₹3.55 trillion during April-March 14 of FY20. Of this, advance tax collection receipts by companies stood at ₹2.67 trillion till March 14, down by 12.4 per cent over ₹3.05 trillion a year ago. Advance personal income-tax showed a marginal increase of a little over 3 per cent till March 14.

ADVANCE TAX NUMBERS

The total direct tax collection fell 5.3% to ₹9.57 tn as of Mar 18, 2020. The target for this fiscal is ₹11.7 tn



Total advance tax and advance tax by corporates has seen a decline

Source: Income Tax Dept

The Centre was optimistic about achieving the direct tax collection target after revising it downwards to ₹11.7 trillion from ₹13.35 trillion for this fiscal. The government has revised the Budget estimation on account of the slash in corporation tax rates estimated to hit the exchequer by ₹1.45 trillion in the current fiscal.

Sources felt the new resolution scheme is likely to add ₹1-1.5 trillion in the direct tax collection account. Vivaad Se Vishwas, which was notified on March 17, is not seeing favourable results due to reluctance from large taxpayers, especially state-run firms, where thousands of crores have been stuck. Besides, top garner Mumbai saw a negative growth of 1.04 per cent between April 1 and March 14. The city collected ₹2.62 trillion against the revised target of ₹3.78 trillion during the period.

"Overall, revenue mobilisation is facing heat. We have yet to do concrete analysis of the slowdown, but it is difficult to say that it is only because of the rate cuts. Other factors, too, have played a significant role," the official cited above said.

About 45 per cent of the collection comes from advance tax and the rest from TDS (tax deduction at source), among others. TDS collection, on the other hand, showed a growth of 8.3 per cent at ₹4.83 trillion during April-March 14. Self assessment tax (balance tax after TDS), too, showed good numbers, with total collection of over ₹83,000 crore during the period, up by 5.2 per cent.