L&S UPDATE
An e-update to clients from Lakshmikumaran & Sridharan

11 MAY 2022

INDIRECT TAX

Telangana State One-Time Settlement Scheme 2022

UPDATE NO. 19 OF 2022

Lakshmikumaran & Sridharan attorneys

exceeding expectations
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ORDER NO : G.O.Ms NO. 45, DATED 9 MAY 2022

- The Government of Telangana State has introduced a 'One-Time Settlement Scheme 2022' to settle the disputed tax under the following legacy Acts:
  - The Telangana Value Added Tax Act, 2005
  - The Central Sales Tax Act, 1956; and
  - The Telangana Entry of the Goods into Local Areas Act, 2001
  - The Andhra Pradesh General Sales Tax Act, 1957

- The Scheme applies to all registered and unregistered dealers

BENEFITS OF THE SCHEME

100% of undisputed tax will be payable

Rates applicable for disputed tax under	Balance Tax Payable	Waiver of remaining amount of demand
Telangana Value Added Tax, 2005 and Central Sales Tax Act, 1956	50%	50%
Entry Tax on Motor Vehicle & Goods	60%	40%
Andhra Pradesh General Sales Tax Act, 1957	40%	60%

For the dealers / persons availing the Scheme, the interest & penalty shall be waived off.

PROCEDURE & TIMELINES

Steps	Particulars	Timeline
1.	Application to avail One Time Settlement Scheme	16.05.2022 to 30.06.2022
2.	Scrutiny of application for confirming the arrear & Intimation	01.07.2022 to 15.07.2022
3.	Submission of settlement letter by taxpayer and payment of agreed amount	16.07.2022 to 15.08.2022

Last date for submission of application to avail the benefit under the Scheme – **30.6.2022**

SALIENT FEATURES OF THE SCHEME

- Each year of assessment shall be a distinct unit
- No refunds will be given under this Scheme
- Online application [offline application is allowed for dealers who are no more in business]
- The application shall be scrutinized by a three member committee [AC, DC & JC] of the Division
- The proceedings for settlement of balance tax, penalty and/or interest will be issued after realization of total tax and disposal of case as withdrawn by the respective legal forum
- Installment facility is available in case the amount payable is more than INR 25 Lakhs
    - Upto 4 EMIs – No Interest
    - More than 4 EMIs – Bank Interest rate
- Appeal pending before the Appellate Authority or the Tribunal or the Court in respect of any Order or Notice, shall be withdrawn fully and un-conditionally

Points to ponder:

- What is the meaning of terms undisputed tax, disputed tax, balance tax, remaining of demand and arrear?
- Whether the amounts paid under protest, pre-deposit, etc., can be adjusted against amount payable under the Scheme?
- Whether the proceedings pending at SCN / adjudicating authority level are covered under this Scheme?
- What is the meaning of 'each year of assessment shall be a distinct unit'? How to opt for the scheme in case of single SCN has been issued for multiple years of assessment?
- In case of misdeclaration of any details in the application and the matter is settled without notice of the same, whether the department can initiate the proceedings subsequently for recovery of the amount if any, on account of such misdeclaration by the taxpayer?
- Whether the taxpayer can opt the Scheme for the tax demand and contest the matter for interest & penalty on merits?
- Whether the Scheme will apply to the taxpayers having only pending interest & penalty proceedings?
- What is the remedy available to the taxpayer in case of rejection of application by the three member committee?

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