

Thinking big can help keep your tax controversy small.

Today's global connectivity means it is easier for companies to be faced with multi-dimensional, multi-country tax controversy. How can you manage the risk?



Contact us for more information

Share on Twitter

Share on LinkedIn

Issue 15, September 2019

India to introduce indirect tax resolution scheme aimed at clearing legacy disputes

When India introduced the Goods and Services Tax (GST) in July 2017, the new destination-based consumption tax replaced almost 18 former indirect taxes, duties and levies at the state and central level. However, many disputes pertaining to the earlier tax regime are still pending, including those related to the Central Excise and Service tax, where the total amount of taxes in all the cases remaining in dispute is more than INR3.75 trillion (approximately US\$50 billion).

To clear this substantial backlog of pending litigation, the Government is proposing to introduce a Legacy Dispute Resolution scheme. It will offer taxpayers a one-time opportunity to settle past indirect tax disputes on potentially favorable terms. Under the proposal, relief ranging from 40% to 70% of taxes due will be granted, along with a complete waiver of interest, penalties and immunity from prosecution.

Taxpayers should evaluate the likely pros and cons of the scheme and consider whether it is advantageous to use it once it comes into force.

Related articles:

- ▶ [Issue 14: Transfer Pricing Controversy in Asia: BEPS 1.0 implementation](#)
- ▶ [Issue 13: Best practices for managing tax controversy and increased transparency](#)
- ▶ [Issue 12: Global debate over revisions to nexus and profit allocation rules affects all multinational business](#)
- ▶ [Tax controversy is a global issue – is your company ready?](#)

Contact us for more information

Rob Hanson

Global Tax Controversy Leader
rob.hanson@ey.com

Gijsbert Bulk

Global Indirect Tax Leader
gijsbert.bulk@nl.ey.com

Jeff Michalak

Global International Tax and
Transaction Services Leader
jeffrey.michalak@ey.com

Register for EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

EYG no. 010282-18GbI, 003966-19GbI

© 2018 Ernst & Young LLP.

All Rights Reserved.