

DIRECT TAX CIRCULARS

Circular No. 25 of 2019

Date - 09.09.2019

Relaxation of time-Compounding of Offences under Direct Tax Laws-One-time measure-Reg

The Central Board of Direct Taxes (CBDT) has been issuing guidelines from time to time for compounding of offences under the Direct Tax Laws, prescribing the eligibility conditions. One of the conditions for filing of Compounding application is that, it should be filed within 12 months from filing of complaint in the court.

2. Cases have been brought to the notice of CBDT where the taxpayers could not apply for Compounding of the Offence, as the compounding application was filed beyond 12 months, in view of para 8(vii) of the Guidelines for Compounding of Offences under Direct Tax Laws, 2014 dated 23.12.2014 or in view of para 7(ii) of the Guidelines for Compounding of Offences under Direct Tax Laws, 2019 dated 14.06.2019.

3. With a view to mitigate unintended hardship to taxpayers in deserving cases, and to reduce the pendency of existing prosecution cases before the courts, the CBDT in exercise of powers u/s 119 of the Income-tax Act, 1961 (the Act) read with explanation below subsection (3) of section 279 of the Act issues this Circular.

4.1 As a one-time measure, the condition that compounding application shall be filed within 12 months, is hereby relaxed, under the following conditions:

i) Such application shall be filed before the Competent Authority i.e. the Pro CCIT/CCIT/Pr. DGIT/DGIT concerned, on or before 31.12.2019.

ii) Relaxation shall not be available in respect of an offence which is generally/normally not compoundable, in view of Para 8.1 of the Guidelines dated 14.06.2019.

4.2 Applications filed before the Competent Authority, on or before 31.12.2019 shall be deemed to be in time in terms of Para 7(ii) of the Guidelines dated 14.06.2019.

4.3 It is clarified that Para 9.2 of the Guidelines dated 14.06.2019, shall not apply to all such applications made under this one-time measure. The other prescriptions of the Guidelines dated 14.06.2019 including the compounding procedure, compounding charges etc. shall apply to such applications.

5. For the purposes of this Circular, application can be filed in all such cases where

a) prosecution proceedings are pending before any court of law for more than 12 months, or

b) any compounding application for an offence filed previously was withdrawn by the applicant solely for the reason that such application was filed beyond 12 months, or

c) any compounding application for an offence had been rejected previously solely for technical reasons.