Finance (No. 2) Act, 1998

Section 88 - Settlement of Tax Payable

Subject to the provisions of this Scheme, where any person makes, on or after the 1st day of September, 1998 but on or before the 31st day of December, 1998, a declaration to the designated authority in accordance with the provisions of section 89 in respect of tax arrear, then, notwithstanding anything contained in any direct tax enactment or indirect tax enactment or any other provision of any law for the time being in force, the amount payable under this Scheme by the declarant shall be determined at the rates specified hereunder, namely :-

(a) where the tax arrear is payable under the Income-tax Act, 1961,-

(i) in the case of a declarant, being a company or a firm, at the rate of thirty-five per cent of the disputed income;

(ii) in the case of a declarant, being a person other than a company or a firm, at the rate of thirty per cent of the disputed income;

(iii) in the case where tax arrear includes income-tax, interest payable or penalty levied, at the rate of thirty-five per cent of the disputed income for the persons referred to in clause (i) or thirty per cent of the disputed income for the persons referred to in clause (ii);

(iv) in the case where tax arrear comprises only interest payable or penalty levied, at the rate of fifty per cent of the tax arrear;

(v) where the tax arrear includes the tax, interest or penalty determined in any assessment on the basis of search and seizure proceedings under section 132 or section 132A of the Income-tax Act,--

(A) in the case of a declarant, being a company or a firm, at the rate of forty-five per cent of the disputed income;

(B) in the case of a declarant, being a person other than a company or a firm, at the rate of forty per cent of the disputed income;

(b) where the tax arrear is payable under the Wealth-tax Act, 1957,-

(i) at the rate of one per cent of the disputed wealth;

(ii) in the case where tax arrear includes wealth-tax, interest or penalty levied, at the rate of one per cent of the disputed wealth;

(iii) in the case whore tax arrear includes only interest payable or penalty levied, at the rate of fifty per cent of the tax arrear;

(iv) where the tax arrear includes the tax, interest or penalty determined in any assessment on the basis of search and seizure proceedings under section 37A or section 37B of the Wealth-tax Act, at the rate of two per cent of the disputed wealth;

(c) where the tax arrear is payable under the Gift-tax Act, 1958,-

(i) at the rate of thirty per cent of the disputed value of the gift;

(ii) in the case where the tax arrear includes gift-tax, interest payable thereon or penalty levied, at the rate of thirty per cent of the disputed value of the gift;

(iii) where the tax arrear includes only the interest payable or the penalty levied, at the rate of fifty per cent of the tax arrear;

(d) where the tax arrear is payable under the Expenditure-tax Act, 1987,-

(i) at the rate of ten per cent of the disputed chargeable expenditure;

(ii) in the case where the tax arrear includes the disputed expenditure-tax, interest payable thereon and penalty levied, at the rate of ten per cent of the disputed chargeable expenditure;

(iii) in the case where the tax arrear comprises only the interest payable or penally levied, at the rate of fifty per cent of the tax arrear;

(e) where the tax arrear is payable under the Interest-tax Act, 1974,-

(i) at the rate of two per cent of the disputed chargeable interest;

(ii) in the case where lax arrear includes the interest payable thereon or penalty levied, at the rate of[1][two per cent of the disputed chargeable interest];

(iii) in the case where tax arrear comprises only the interest or penalty levied, at the rate of fifty per cent of the tax arrear;

(f) where the tax arrear is payable under the Indirect tax enactment-

(i) in a case where the tax arrear comprises fine, penalty or interest but does not include duties (including drawback of duty, credit of duly or any amount representing duty) or cesses, at the rate of fifty per cent of the amount of such fine, penalty or interest, due or payable as on the date of making a declaration under section 88;

(ii) in any other case, at the rate of fifty per cent of the amount of duties (including drawback of duty, credit of duty or any amount representing duty) or cesses due or payable on the date of making a declaration under section 88.

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1. Substituted for "two per cent of the tax arrear" by the Finance Act, 2000 w.r.e.f. 01.09.1998.