

# Flash on “The Tamil Nadu Sales Tax (Settlement of Arrears) Act, 2011 (Samadhan Scheme)”

**pwc**

**November 21, 2011**

The Tamil Nadu Government has introduced a one-time settlement scheme by enacting Tamil Nadu Sales Tax (Settlement of Arrears) Act, 2011 commonly referred as “**Samadhan Scheme**” to settle tax arrears under the erstwhile Tamil Nadu General Sales Tax Act. The Scheme is implemented for a period of six months with effect from November 1, 2011.

## **Applicability**

- The scheme is applicable on tax, penalty or interest arrears payable under Tamil Nadu General Sales Tax Act and Central Sales Tax Act.
- An appeal or revision is not pending before any Court on the date of filing the application.
- The application for the settlement may be made for demands pertaining to assessment years up to 2006-07.
- The demand should have been raised before August 1, 2011

## **Features of “Samadhan Scheme”**

<b>Arrears</b>	<b>Tax to be paid</b>	<b>Interest and penalty to be paid</b>	<b>To be waived</b>
Admitted tax	100% of admitted tax	7.5% interest on arrears	Full penalty and balance interest
Disputed tax	40% of disputed tax	7.5% interest on arrears	Full penalty, balance tax and interest
Only penalty and interest due	N/A	25% of interest arrears + 10% of penalty arrears	Balance interest and penalty

## **Conclusion**

This scheme is enacted for the expeditious settlement of arrears of tax, penalty or interest. Thus the eligible dealers can avail the intended benefits of the scheme.

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