CNR No: PHHC010822062021
2026:PHHC:113851-DB

CWP-18030-2021 and
CWP-24116-2025 (O&M)

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

205 CWP-18030-2021

SUBHASH CHANDER MITTAL

...Petitioner

Versus

DIRECTOR GENERAL OF INCOME TAX AND OTHERS

...Respondents

229 CWP-24116-2025 (O&M)

SUBHASH CHANDER MITTAL

...Petitioner

Versus

UNION OF INDIA AND OTHERS

...Respondents

1.	The date when the judgment is reserved	06.08.2026
2.	The date when the judgment is pronounced	18.08.2026
3.	The date when the judgment is uploaded	19.08.2026
4.	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5.	The delay, if any of the pronouncement of full judgment, and reasons thereof	Not applicable

CORAM: HON'BLE MR. JUSTICE DEEPAK SIBAL
HON'BLE MS. JUSTICE RUPINDERJIT CHAHAL

Present: Mr. Sandeep Goyal, Sr. Advocate with
Ms. Aakriti, Advocate for the petitioner(s).

Mr. Varun Issar, Sr. Standing Counsel with
Ms. Nikita Garg, Jr. Standing Counsel
for the respondents.

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DEEPAK SIBAL, J.

The petitioner was a partner in M/s Roxy Industrial Corporation, Ludhiana (for short – the firm). The firm was engaged in the business of trading of cycle parts. Initially, the petitioner and his brother

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were partners of the firm but subsequently, upon its dissolution on 02.04.2004, all the assets and liabilities of the firm fell to the petitioner's share.

2. On 07.08.1992, a search and seizure operation under Section 132 of the Income Tax Act, 1961 (for short – the 1961 Act) was carried out at the premises of the firm. Such operation resulted in passing of an assessment order dated 28.03.1994, whereby additional income of Rs. 2,61,15,066/- was assessed. In addition to the same, interest under Section 234B of the 1961 Act was also imposed.

3. The assessment order dated 28.03.1994 was challenged by the firm through filing of a petition before the Settlement Commission under Section 245D(1) of the 1961 Act, which petition was disposed of on 31.10.1996 reducing the additional income of the firm to Rs. 2,45,54,225/-. The firm challenged the order of the Settlement Commission dated 31.10.1996 through filing of a writ petition before this Court being CWP-19267-1996, which petition was disposed of on 07.03.2024 upholding the order of the Settlement Commission.

4. In the meanwhile, through an order dated 11.03.2011, passed by the respondent-income tax authorities, interest under Section 220(2) of the 1961 Act @ Rs. 82,78,452/- along with interest under Section 234B of the 1961 Act @ Rs. 24,01,258/- was imposed upon the firm. Challenging the imposition of aforesaid interest, the firm approached this Court through CWP-7757-2011, which petition was disposed of on 14.03.2013 by quashing the order dated 11.03.2011 with a further direction to the respondent-income tax authorities to re-determine the firm's interest liability.

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5. In terms of the directions issued by this Court on 14.03.2013, through order dated 12.02.2020, the Deputy Commissioner of Income Tax (HQ) (Central), Ludhiana re-considered the matter with regard to the demand of interest and concluded that the interest payable under Section 234B of the 1961 Act was Rs.24,01,258/- and interest payable under Section 220(2) of the 1961 Act up to December 2019 was Rs. 1,08,24,744/-. The request for waiver, made by the petitioner under Section 220(2A) of the 1961 Act was also considered and rejected through the said order.

6. The order dated 12.02.2020, through which the payable interest was re-determined and the petitioner's request for waiver, made under Section 220(2A) of the 1961 Act was rejected, was challenged by the petitioner through filing a writ petition before this Court being CWP-18030-2021, which is one of the petitions being disposed of through the instant order.

7. While CWP-18030-2021 was pending adjudication before this Court, The Finance Act, 2024 (for short – the 2024 Act) was promulgated, under Section 88 of which, The Direct Tax Vivad Se Vishwas Scheme, 2024 (for short – the 2024 Scheme) was floated.

8. On 27.11.2024, the petitioner filed an application with the respondent-authorities for consideration of his case under the 2024 Scheme, for settling the matter with regard to the disputed interest but his application was rejected on 19.12.2024 on the ground that the petitioner was not eligible for consideration of his case under the 2024 Scheme because he did not fall within the definition of "appellant" in terms of Section 89(1)(a) of the 2024 Act. In this regard the respondent authorities also relied on Circular No.

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12/2024 dated 15.10.2024 issued by the Central Board of Direct Taxes (for short – CBDT). Assailing the order dated 19.12.2024, the petitioner again knocked the doors of this Court through CWP-24116-2025, which is the second petition which we are disposing of through the present order.

9. Mr. Sandeep Goyal, learned senior counsel appearing for the petitioner submitted that the specified date under the 2024 Scheme was 22.07.2024, on which date, dispute with regard to the demand of interest, imposed upon the petitioner, by the respondent-authorities under Section 220(2) and 234B of the 1961 Act, along with the rejection of the petitioner's prayer for waiver of such interest, was pending through the filing of a writ petition before this Court by the petitioner being CWP-18030-2021 and therefore, the petitioner would clearly fall within the definition of "appellant" under Section 89(1)(a)(i) of the 2024 Act.

10. It was further submitted on the petitioner's behalf that the reliance placed by the respondent-authorities on the answer to FAQ 15 by the CBDT as contained in Circular No. 12/2024 dated 15.10.2024, to reject the petitioner's case is wholly misconceived because the question inviting the answer of the CBDT was that if, against the demand of interest under Sections 234A, 234B and 234C, where there was no appeal provided but the assessee had filed a waiver application before the competent authority, which was pending on the specified date, whether such assessee would be covered under the scheme, to which question, the answer was given in the negative. Such answer would have no application to the petitioner's case because the petitioner's application for waiver stood decided by the competent authority on 12.02.2020, i.e. prior to the specified date and that

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on the specified date i.e. 22.07.2024, the dispute with regard to the demand of interest by the respondent-authorities from the petitioner and the rejection of the petitioner's waiver application was pending before this Court through a writ petition preferred by the petitioner being CWP-18030-2021.

11. Mr. Goyal still further submitted that to accept the impugned rejection order dated 19.12.2024 would go against the very objects of the 2024 Scheme which were to reduce pending income tax litigation and generate timely revenue for the Government as also that while rejecting the petitioner's request for consideration of his case under the 2024 Scheme, the respondent-authorities had adopted a hyper technical approach, which was resulting in defeating the very purpose of the said Scheme.

12. In support of his submissions, Mr. Goyal relied on a Division Bench judgment of the Delhi High Court in *Kapri International Private (in liquidation) vs. Commissioner of Income Tax, (2022) 447 ITR 487 (Delhi).*

13. *Per contra*, Mr. Varun Issar, learned counsel appearing for the respondent-revenue contended that under Section 97 of the 2024 Act, the CBDT is empowered to issue directions to the income tax authorities; Circular No.12/2024 dated 15.10.2024 was issued by the CBDT as per which several frequently asked questions were answered; question No.15 in Circular No. 12 of 2024 was as to whether cases of assessees who have filed waiver applications with regard to the waiving of interest and whose waiver applications are still pending as on the specified date would be covered under the 2024 Scheme, to which the CBDT answered that a tax payer who had filed a waiver application would not an "appellant" under Section 89(1)(a) and therefore, such cases would not be covered under the 2024 Scheme;

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the petitioner had filed a waiver application under Section 220(2A) of the 1961 Act seeking therein waiving of the demanded interest and therefore, would not be an "appellant" under Section 89(1)(a) of the 2024 Act and consequently, would not entitled to the benefit of the 2024 Scheme and all that what was required to be seen was as to whether at any point of time an assessee had filed a waiver application under Section 220(2A) of the 1961 Act and if the answer to the afore question was in the affirmative, such assessee would not be covered under the 2024 Scheme.

14. Learned counsel for the parties have been heard and with their able assistance we have also examined the material on record.

15. At the outset, it would be apposite to refer to the relevant portions of Sections 88, 89 and 97 of the 2024 Act which provisions are reproduced below:-

> *"88. Short title and commencement:*
> *(1) This Scheme may be called the Direct Tax Vivad Se Vishwas Scheme, 2024.*
> *(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.*
> *89. Definitions:*
> *(1) In this Scheme, unless the context otherwise requires,—*
> *(a) "appellant" means—*
> *(i) a person in whose case an appeal or a writ petition or special leave petition has been filed either by him or by the income-tax authority or by both, before an appellate forum and such appeal or petition is pending as on the specified date; or*
> *(ii) a person who has filed his objections before the Dispute Resolution Panel under section 144C of the Income-tax Act and the Dispute Resolution Panel has not issued any direction on or before the specified date; or*

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(iii) a person in whose case the Dispute Resolution Panel has issued direction under sub-section (5) of section 144C of the Income-tax Act and the Assessing Officer has not completed the assessment under sub-section (13) of that section on or before the specified date; or

(iv) a person who has filed an application for revision under section 264 of the Income-tax Act and such application is pending as on the specified date;

*(b) "**appellate forum**" means the Supreme Court or the High Court or the Income Tax Appellate Tribunal or the Commissioner (Appeals) or Joint Commissioner (Appeals), as the case may be;*

*(c) "**declarant**" means a person who files declaration under section 91;*

*(d) "**declaration**" means the declaration filed under section 91;*

*(e) "**designated authority**" means an officer not below the rank of a Commissioner of Income-tax notified by the Principal Chief Commissioner for the purposes of this Scheme;*

*(f) "**disputed fee**" means the fee determined under the provisions of the Income-tax Act in respect of which appeal has been filed by the appellant;*

*(g) "**disputed income**" in relation to an assessment year, means the whole or so much of the total income as is relatable to the disputed tax;*

*(h) "**disputed interest**" means the interest determined in any case under the provisions of the Income-tax Act, where —*

(i) such interest is not charged or chargeable on disputed tax;

(ii) an appeal has been filed by the appellant in respect of such interest;

*(i) "**disputed penalty**" means the penalty determined in any case under the provisions of the Income-tax Act, where —*

(i) such penalty is not levied or leviable in respect of disputed income or disputed tax, as the case may be;

(ii) an appeal has been filed by the appellant in respect of such penalty;

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(j) "disputed tax", in relation to an assessment year or financial year, as the case may be, means the income-tax including surcharge and cess (hereafter in this Chapter referred to as the amount of tax) payable by the appellant under the provisions of the Income-tax Act, as computed hereunder:—

(A) in a case where any appeal, writ petition or special leave petition is pending before the appellate forum as on the specified date, the amount of tax that is payable by the appellant if such appeal or writ petition or special leave petition was to be decided against him;

(B) in a case where objection filed by the appellant is pending before the Dispute Resolution Panel under section 144C of the Income-tax Act, as on the specified date, the amount of tax payable by the appellant if the Dispute Resolution Panel was to confirm the variation proposed in the draft order;

(C) in a case where Dispute Resolution Panel has issued any direction under sub-section (5) of section 144C of the Income-tax Act, and the Assessing Officer has not completed the assessment under sub-section (13) of that section on or before the specified date, the amount of tax payable by the appellant as per the assessment order to be passed by the Assessing Officer in pursuance of the said assessment under sub-section (13) thereof;

(D) in a case where an application for revision under section 264 of the Income-tax Act, is pending as on the specified date, the amount of tax payable by the appellant if such application for revision was not to be accepted:

Provided that in a case where the dispute in relation to an assessment year relates to reduction of tax credit under section 115JAA or section 115JD of the Income-tax Act, or any loss or depreciation computed thereunder, the appellant shall have an option either to include the amount of tax related to such tax credit or loss or depreciation in the amount of disputed tax, or to carry forward the

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reduced tax credit or loss or depreciation, in such manner as may be prescribed;

*(k) "**Income-tax Act**" means the Income-tax Act, 1961;*

*(l) "**last date**" means such date as may be notified by the Central Government in the Official Gazette;*

*(m) "**prescribed**" means prescribed by rules made under this Act;*

*(n) "**specified date**" means the 22nd day of July, 2024;*

*(o) "**tax arrear**" means—*

(i) the aggregate amount of disputed tax, interest chargeable or charged on such disputed tax, and penalty leviable or levied on such disputed tax; or

(ii) disputed interest; or

(iii) disputed penalty; or

(iv) disputed fee.

(2) The words and expressions used herein and not defined but defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

xxxx xxxx xxxx xxxx

97. Power of Board to issue directions, etc.:

(1) The Central Board of Direct Taxes may, from time to time, issue such directions or orders to the income-tax authorities, as it may deem fit:

Provided that no direction or order shall be issued so as to require any designated authority to dispose of a particular case in a particular manner.

(2) Without prejudice to the generality of the foregoing power, the said Board may, if it considers necessary or expedient so to do, for the purpose of this Scheme, including collection of revenue, issue from time to time, general or special orders in respect of any class of cases, setting forth directions or instructions as to the guidelines, principles or procedures to be followed by the authorities in any work relating to this Act, including collection of revenue and issue such order, by way of

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relaxation of any provision of this Chapter or otherwise, if the Board is of the opinion that it is necessary in the public interest so to do."

(emphasis supplied)

16. The 2024 Scheme was floated under Section 88 of the 2024 Act. A harmonious reading of Sections 89(1)(a), (b) and (n) leads us to the irresistible conclusion that an "appellant" would mean a person who has filed an appeal before the authorities designated under the 1961 Act or the High Court or a person who has filed a writ petition before a High Court or the Supreme Court or has filed a special leave petition before the Supreme Court, which appeal or petition is pending on the specified date i.e. 22.07.2024.

17. After a combined reading of Sections 89(1)(h) with 89(1)(o) of the 2024 Act, we further conclude that "disputed interest" would be the interest determined by the income tax authorities under the provisions of the 1961 Act, the imposition of which is challenged by an "appellant" defined under Section 89(1)(a) of the 2024 Act, which challenge remains pending on the specified date and that such "disputed interest" would constitute arrears of tax.

18. Thus, if a person against whom interest has been determined and imposed under the 1961 Act by the income tax authorities, the imposition of which interest has been challenged by such person through filing of a statutory appeal or a petition before the High Court or Supreme Court, which challenge is pending adjudication on the specified date i.e. 22.07.2024, such person would be an "appellant" in terms of Section 89(1)(a) of the 2024 Act.

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19. In the present case, in terms of the directions issued by this Court on 14.03.2013, which directions were issued while disposing of CWP-7757-2011, through an order dated 12.02.2020, the respondent-income tax authorities determined the petitioner's interest liability @ Rs. 24,01,258/- under Section 234B of the 1961 Act and @ Rs. 1,08,24,744/- under Section 220(2) of the 1961 Act. Through the same order, the petitioner's request for waiver, made by him under Section 220(2A) of the 1961 Act, was also rejected. The order dated 12.02.2020 was challenged by the petitioner before this Court through filing of CWP-18030-2021. The said petition was filed in September, 2021 and was pending adjudication on the specified date i.e. 22.07.2024. Thus, the interest imposed upon the petitioner by the respondent-authorities through the order dated 12.02.2020, under Sections 220(2) and 234B of the 1961 Act, was never accepted or paid by the petitioner. On the contrary, he disputed the imposition of such demand, which dispute was pending before this Court on the specified date. Therefore, the petitioner would clearly fall within the definition of "appellant" under Section 89(1)(a) of the 2024 Act because, on the specified date i.e. 22.07.2024, he had a pending dispute before this Court with regard to interest liability imposed upon him by the respondent-authorities under Sections 220(2) and 234B of the 1961 Act.

20. The reliance placed by the respondents on the answer to FAQ-15 in Circular No. 12/2024 of the CBDT is misconceived. Relevant portion of Circular No.12/2024 by the CBDT is reproduced below for ready reference:-

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Circular No. 12 of 2024

F. No. 370142/22/2024 - TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
****

Dated: 15th October, 2024

Sub.: Guidance Note 1/2024 on provisions of the Direct Tax Vivad se Vishwas Scheme, 2024 - reg.

The Direct Tax Vivad Se Vishwas Scheme, 2024 (hereinafter referred as DTVSV Scheme, 2024) has been enacted vide Chapter IV of Finance (No.2) Act, 2024 to provide for dispute resolution in respect of pending income tax litigation. The objective of the Scheme is to, *inter alia*, reduce pending income tax litigation, generate timely revenue for the Government and benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process.

2. The commencement date of the said Scheme has already been notified as 1.10.2024. Further, Rules and Forms for enabling the Scheme have also been notified on 20.09.2024. After enactment of the DTVSV Scheme, 2024, several queries were received from the stake-holders seeking guidance in respect of various provisions contained therein.

3. Accordingly, under Section 97 of the DTVSV Scheme, 2024 which empowers the Board to issue directions or instructions in public interest, following Guidance Note in the form of answers to the frequently asked questions (FAQs) is hereby issued. This will be helpful for the tax-payers for creating better awareness and understanding with respect to the provisions of the Scheme.

xxxx xxxx xxxx xxxx

S. No.	Issue	Comments
Interest waiver applications		
15	With respect to interest under section 234A, 234B or 234C, there is no appeal but the assessee has filed waiver application before the competent authority which is pending as on 22.7.2024? Will such cases be covered under the Scheme?	A taxpayer who has filed a waiver application is not an appellant u/s 89(1)(a) of the Scheme. Therefore, such cases are not covered.

(emphasis supplied)

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21. The response by the CBDT to FAQ-15 is required to be read in the context of the posed question which was as to whether an assessee who had filed a waiver application under Section 220(2A) of the 1961 Act seeking therein waiver of the imposed interest and whose application was pending on the specified date i.e. 22.07.2024 would be covered under the 2024 Scheme, to which the answer given by the CBDT was in the negative. Such an answer would mean that in a case, where an assessee's waiver application, filed under Section 220(2A) of the 1961 Act was pending on the specified date, before the competent authority, such assessee would not be covered by the definition of "appellant" in terms of Section 89(1)(a) of the 2024 Act because filing of a waiver application under Section 220(2A) of the 1961 Act would not constitute an appeal preferred before the income tax authorities.

22. FAQ 15 in Circular No.12/2024 was not with regard to an assessee like the petitioner whose waiver application, filed under Section 220(2A) of the 1961 Act stood rejected on 12.02.2020 and who, after such rejection, had continued to dispute the rejection of his waiver application and consequently the imposition of the determined interest through filing of a petition before this Court which dispute was pending adjudication on the specified date, clearly bringing him under the definition of "appellant" under Section 89(1)(a) of the 2024 Act.

23. To deny the petitioner consideration of his case under the 2024 Act and in turn the 2024 Scheme merely because he had at some point in the

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past filed an application for waiver of interest under Section 220(2A) of the 1961 Act, would also result in defeating the very purpose behind the 2024 Scheme which was introduced *inter-alia* for reducing pending income tax litigation, generate timely revenue for the Government and benefit taxpayers by providing them peace of mind along with certainty and savings on account of time and resources that would otherwise be spent on a long drawn and vexatious litigation process. To exclude the case of a genuine disputant like the petitioner would also defeat the intent behind floating of the 2024 Scheme which was clearly to include as many assessees whose disputes with the Income Tax Department were pending before different forums/Courts. A purposive construction which is required to be given to the 2024 Scheme clearly warrants consideration of the petitioner's case under the same.

24. The afore view of ours finds support from the following observations made by a Division Bench of the Delhi High Court in ***Kapri International Pvt. Ltd.'s case (supra)*** with which we agree:-

> *"14. Gravamen of the petitioner's case is that the declaration under Form I & II requesting for settlement of their tax arrears relating to disputed interest ought to have been resolved under the VSV Act since they fell within the scope of Section 3 read with Section 2(1) (h) and 2 (1) (o). The CIT however was also relying on definitional sections to contend that while tax arrears included disputed interest but the disputed interest was only in a case where "an appeal" has been filed and rejection of the waiver application prior in time by the department could not be considered an appeal and petitioner would not be an 'appellant'.*
>
> *15. In the opinion of this court this contention of respondent is inherently flawed on various grounds.*

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Secondly, what is instead defined was "dispute", not in the VSV Act but in the Rules at Clause 2 (b) and includes an appeal, writ, special leave petition, arbitration, conciliation and mediation. This very expansive provision would necessarily be interpreted for its correct intent i.e. capturing various nature of disputes before the Court as well as those not before the Court but in adjudication to fall within the scope of this scheme. The definition of dispute in Rules does not deviate or is ultra vires the scope and intent of the VSV Act itself since the preamble to the VSV Act itself provides for resolution of disputed tax and most importantly for "matters connected therewith and incidental thereto". It is therefore obvious that the intent of the VSV Act was to provide resolution of all nature of disputes relating to tax, penalty, interest, fee as determined under provisions of the VSV Act. The restrictive scope that the CIT is providing for definition of "dispute" or even of an "appeal" is not in synchronicity with the letter and spirit of the VSV Act that propounds an ameliorative scheme for resolution.

Thirdly, Section 2 (1) (o) which defines tax arrears includes distinct categories which are in the alternative and not cumulative viz., disputed tax, disputed interest, disputed fee, disputed penalty. Therefore, for the CIT to contend that Section 2 (1) (h) relates to a disputed interest on a disputed tax only and therefore the petitioner was non-suited since there was no disputed tax but only disputed interest, is not tenable. Provisions have to read purposively and in harmony with the scheme of the VSV Act and its intent. It is a well settled principle of law that a statute should be given a purposive construction in order to give effect to its legislative purpose. This, not being a taxing statute but one which propounds a dispute resolution scheme for tax disputes would be amenable to a purposive construction.

Hon'ble Supreme Court in ***Tanna & Modi v. CIT, Mumbai XXVAnd Ors.,(2007) 7 SCC 434****, held forth on this principle and which is instructive in this context as under:*

22. In Francis Bennion's Statutory Interpretation, purposive construction has been described in the following manner:

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"A purposive construction of an enactment is one which gives effect to the legislative purpose by-

(a) following the literal meaning of the enactment where that meaning is in accordance with the legislative purpose (in this Code called a purposive and literal construction), or

(b) applying a strained meaning where the literal meaning is not in accordance with the legislative purpose (in the Code called a purposive and strained construction)."

(Reference is also made to ***Bombay Dyeing & Mfg. Co. Ltd. (3) v. Bombay Environmental Action Group [(2006) 3 SCC 434]*** *and* ***National Insurance Co. Ltd. v. Laxmi Narain Dhut [(2007) 3 SCC 700].)"***

Fourthly, even as per the Statement of Objects and Reasons to the VSV Act, which is extracted below for convenience, the intent was to include all sorts of disputes even if pending before the Commissioner of Income Tax or the courts. The intent of the legislature was clearly to have an expansive inclusion rather than a restrictive exclusion. In fact section 9 of the VSV Act, which provides what is specifically excluded from the VSV Act [as also the Explanation to Section 2 (1) (o)], does not include anything which relates to the case of the petitioner.

"2. Tax disputes consume copious amounts of time, energy and resources both on the part of the Government as well as taxpayers. Moreover, they also deprive the Government of the timely collection of revenue. Therefore, there is an urgent need to provide for resolution of pending tax disputes. This will not only benefit the Government by generating timely revenue but also the taxpayers who will be able to deploy the time, energy and resources saved by opting for such dispute resolution towards their business activities.

3. It is, therefore, proposed to introduce The Direct Tax Vivad se Vishwas Bill, 2020 for dispute resolution related to direct taxes, which, inter alia, provides for the following, namely:-

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(a) The provisions of the Bill shall be applicable to appeals filed by taxpayers or the Government, which are pending with the Commissioner (Appeals), Income tax Appellate Tribunal, High Court or Supreme Court as on the 31st day of January, 2020 irrespective of whether demand in such cases is pending or has been paid;

(b) the pending appeal may be against disputed tax, interest or penalty in relation to an assessment or reassessment order or against disputed interest, disputed fees where there is no disputed tax. Further, the appeal may also be against the tax determined on defaults in respect of tax deducted at source or tax collected at source."

16. Reliance by the CIT on FAQ-13 is not tenable since as rightly argued by the learned counsel for the petitioner FAQ-13 relates to a pending waiver application before the department and not a proceeding emanating out of a decision by the department on a waiver application, which Co. Appl. 577/2019 was. This is also obvious since if the department itself is seized of a demand by the assessee and has not passed a decision on it, then there is no "dispute" as yet which has fructified. It may be noted that the definition of "dispute" under the VSV Act / Rules is in the nature of adjudicating proceedings arising out of departmental decisions but not a proceeding pending before the department. In essence, any proceeding challenging a decision by the department in respect of tax, interest, penalty, fee etc. would come within the purview of a "dispute" which would enable a party to approach the department for a resolution under the VSV Act. It may be useful to refer to a decision by the Hon'ble High Court of Bombay in **Sadruddin Tejani v. ITO & Anr. (2021) SCC Online Bombay 567; (2021) 434 ITR 474** *wherein it was held that "the VSV Act is a beneficial legislation for both the Revenue and the tax payer".*

Fifthly, even this Court in **Shyam Sunder Sethi v. Pr. Commissioner of Income Tax-10 and Others 2021 SCC Online Del 3113** *has set aside a similar order of rejection based upon an FAQ under the VSV Act, as bad in law.*

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> *17. Accordingly, attempt by the CIT to exclude a genuine disputant of tax liability, like the petitioner, from the possibility of settlement under the VSV Act is extremely hyper-technical. The interest as demanded under Section 220 (2A) which is 1% for every month of the period of delay as opposed to an application of Rule 154 of the Companies Court Rules which provides for an interest ceiling at the rate of 4% interest for companies in liquidation, is a huge statutory benefit given to companies in liquidation. It cannot be contended that the respondent CIT is not qualified to account for the beneficial provisions for a company in liquidation."*

25. In light of the above discussion, CWP-24116-2025 is allowed resulting in the setting aside of the order dated 19.12.2024. Directions are issued to the respondent-authorities to re-examine the petitioner's case under the 2024 Scheme by treating him to be an "appellant" in terms of Section 89(1)(a) of the 2024 Act. The needful be done within 02 months from the date of uploading of this order.

26. Allowing of CWP-24116-2025 renders CWP-18030-2021 as infructuous and therefore, it is disposed of as such.

27. No costs.

(DEEPAK SIBAL)
JUDGE

(RUPINDERJIT CHAHAL)
JUDGE

18.08.2026
Mohit Bishnoi

Whether speaking/reasoned Yes/No
Whether reportable Yes/No

MOHIT
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I attest to the accuracy and
integrity of this document