

**Kar Vivad Samadhan Scheme (Removal of Difficulties)
Order, 1998**

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Ministry of Finance (Deptt. of Revenue), Order No. S.O. 1048(E), dated December 8, 1998, published in the Gazette of India, Extra., Part II, Section 3(ii), dated 8th December, 1998, pp. 1-4, No. 793 [D.O.F. 275/33/98-CX-8A-Pt] In exercise of the powers conferred by sub-section (1) of Section 97 of the Finance (No. 2) Act, 1998, the Central Government hereby makes the following Order, namely :-

1. 1 :-

(1) This Order may be called the .

(2) It shall be deemed to have come into force on the 1st day of September, 1998.

2. 2 :-

Where a declaration to the designated authority has been made in respect of tax arrear in relation to indirect tax enactment for the amount of duties (including drawback of duty, credit of duty or any amount representing duty), cesses, interest, fine or penalty which constitutes the subject matter of a demand notice or a show-cause notice issued on or before the 31st day of March, 1998 but remaining unpaid, and pending determination on the date of making a declaration and, where, in respect of the same matter stated in the said declaration, a show-cause notice has also been issued to any other person and is pending adjudication on the date of making the declaration, then, no civil proceeding for imposition of fine or penalty shall be proceeded with against such other person and in such cases the settlement in favour of the declarant under sub-section (1) of Section 90 shall be deemed to be full and final in

respect of such other person also on whom a show-cause notice was issued on the same matter covered under the declaration. Explanatory Memorandum to the Kar Vivad Samadhan Scheme (Removal of Difficulties) Order, 1998 under Section 97 of the finance (No. 2) Act, 1998 Under the Kar Vivad Samadhan Scheme 1998, announced as a part of the Union Budget 1998, attention of the Government has been drawn to the difficulties being encountered in settlement of certain categories of cases of pending show-cause notices involving also certain co-noticees against whom penal action is proposed in the same case for the alleged involvement for the irregularities committed by the principal noticee. Having due regard to the aims and objects of the Scheme, the Government has decided to issue an order for removal of difficulties in terms of the provisions of Section 97(1) of the Finance (No. 2) Act, 1998. It has been inter alia, clarified that no civil proceedings for imposition of fine or penalty shall be proceeded with against the co-noticees and in such cases the settlement in favour of the declarant under the Scheme shall be deemed to be full and final in respect of other persons also on whom show-cause notices were issued on the same matter.