

Tax & Regulatory Alert

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Tax reliefs announced by FM given COVID-19 outbreak



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Introduction

The Finance Minister 'FM' announced several important relief measures considering the issues faced by the taxpayers and corporates amid complete lockdown in the country to control the COVID-19 outbreak. The announcements covered extension of various deadline and reduced interest rates. The highlights of the press release¹ to this effect are enumerated below:

Income Tax Act, 1961 ('the Act')

- 1. Due date of Return filing** – Extension has been provided for filing the belated Income Tax Return for the FY 2018-19 from March 31, 2020 to **June 30, 2020**.
- 2.** The last date for the linking of PAN and Aadhaar Number has been extended from March 31, 2020 to **June 30, 2020**.
- 3.** The 'Vivad se Vishwas Scheme' has been extended till **June 30, 2020**. The **additional 10% payment of disputed tax** has been **waived off** if the assessee opts for the said scheme till June 30, 2020.
- 4.** The due date for the issuance of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the authority and any **compliance by the taxpayer including investment in saving instruments** or investments for roll over benefit of capital gains under Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law, where time limit is expiring 20 March 2020 to 29 June 2020, has been extended till June 30, 2020.
- 5.** The **reduced interest rate of 9% per annum** rather than 12%/18% per annum shall be charged for all the delayed payments of Advance tax, Self-assessment tax, Regular tax, TDS, TCS, Equalization levy, STT, CTT made **between March 20, 2020 to June 30, 2020**.

Indirect Taxes (GST/Custom)

1. Due Date extension for GSTR-3B:

- The taxpayers having annual aggregate turnover of **less than five (5) crore**, can file the GSTR-3B return for the months of February, March and April 2020, by the last week of **June 2020**. No interest, late fee, and penalty to be charged if the return is filed within the said extended timeline.
- The taxpayers having annual aggregate turnover **more than five (5) crore**, may also file the return till last week of June 2020. However, the same would attract **interest at a lower rate of 9% per annum from 15 days after the due date**. No late fee and penalty to be charged if the return is filed till June 30, 2020.

2. The due date for opting for composition scheme has been extended till the **last week of June 2020**. Last date for making payments for the quarter ending March 31, 2020 and filing of return for FY 2019-20 by the composition dealers will also be extended to last week of June 2020.

3. The due date for filing of the GST Annual Return (GSTR-9/9A) for Financial Year 2018-19 has been extended **from March 31, 2020 to June 30, 2020**.

4. Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance

under the GST laws and Custom law where the time limit is expiring between March 20, 2020 to June 29, 2020 shall be extended to **June 30, 2020**.

5. Due date for payment under 'Sabka Vishwas (Legacy Dispute Resolution) Scheme' shall be extended to June 30, 2020. No interest for this period shall be charged if payment made by June 30 2020.

Financial Services

For the next 3 months, the following relaxations have been provided:

1. Debit card holders can withdraw cash **without charges** from any Bank's ATM.
2. There will be **reduction in bank charges** for digital trade transactions for all trade finance consumers.
3. There will be a **complete waiver** of fees charged by the banks for not maintaining the minimum balance.

Companies Act 2013

1. Relaxation has been given in respect of holding board meetings till 60 days till the next 2 Quarters. The mandatory requirement of holding meetings of the Board of Directors within prescribed interval provided in the Companies Act, 2013 shall be extended by a period of 60 days till next two quarters i.e., till September 30.

2. No additional fees shall be charged for late filing during **moratorium period from April 01, 2020 to September 30, 2020**, in respect of any document, return, statement etc., filed in the MCA-21 Registry, irrespective of its due date.
3. The applicability of Companies (Auditor's Report) Order, 2020 ('CARO 2020') shall be made applicable from FY 2020-2021 instead of FY 2019-2020 notified earlier. **This will significantly ease the burden on companies & their auditors for the year 2019-20.**
4. As per Schedule 4 to the Companies Act, 2013, Independent Directors 'IDs' are required to hold at least one meeting without the attendance of Non-Independent directors and members of management. For the year 2019-20, if the Independent Directors of a company have not been able to hold even one meeting, the same shall not be viewed as a violation.
5. The requirement to create a **Deposit Reserve of 20% of deposits** maturing during the financial year 2020-21 before April 30, 2020 shall be **allowed to be complied with till June 30, 2020.**
6. The requirement to **invest 15% of debentures** maturing during a particular year in specified instruments before April 30, 2020, **may be done so before June 30, 2020.**
7. The newly incorporated companies have been allowed an **additional six (6) months** for filing the declaration for commencement of business.
8. Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, shall not be treated as a violation of Companies Act 2013.

Insolvency & Bankruptcy Code, 2016

1. Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, it has been decided to raise the threshold of default under section 4 of the IBC 2016 to Rs 1 crore (from the existing threshold of Rs 1 lakh). **This will by and large prevent triggering of insolvency proceedings against MSMEs.**
2. Further, if the current situation continues beyond 30th of April 2020, the government may consider suspending section 7, 9 and 10 of the IBC 2016 for a period of 6 months.

¹<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1607942>