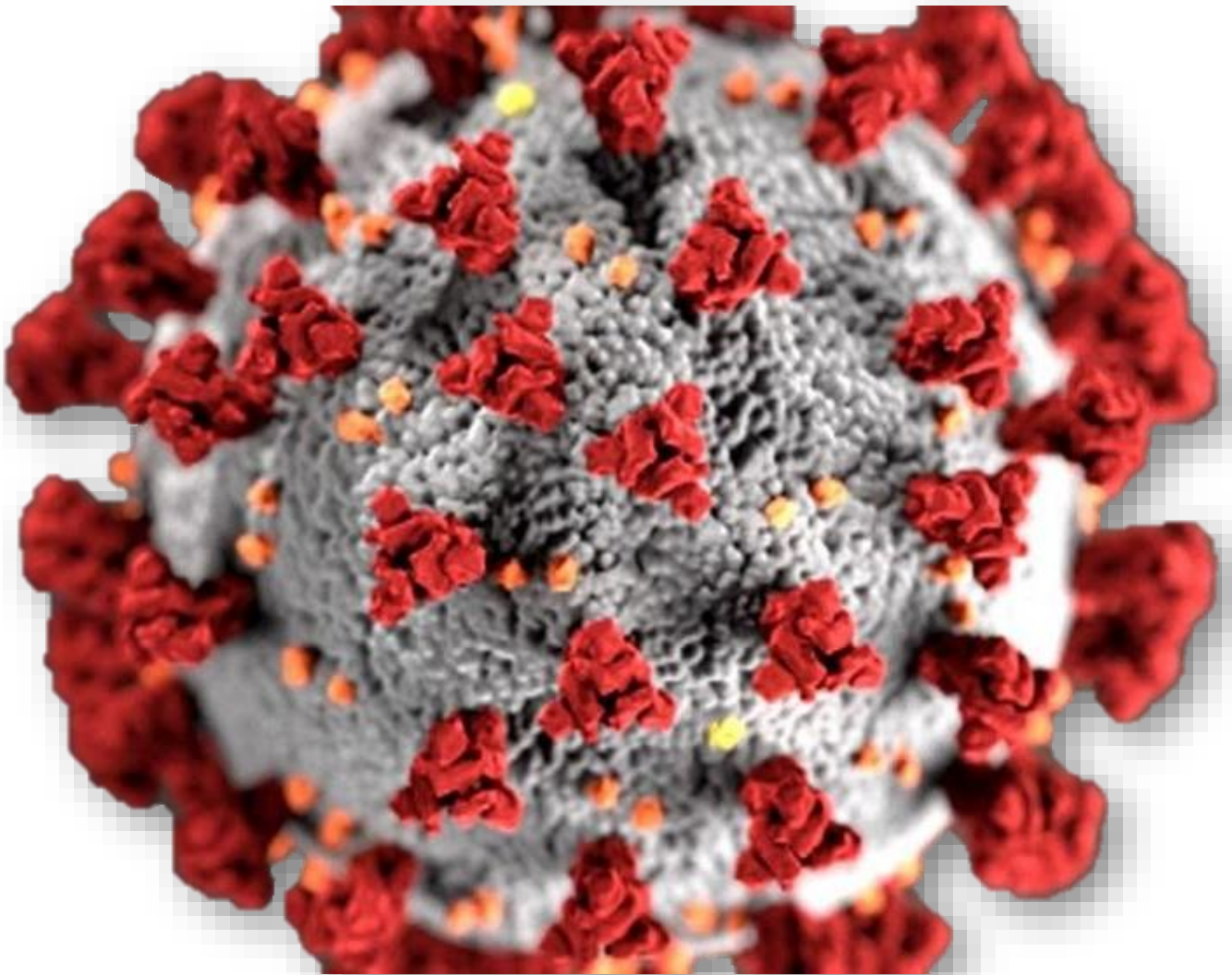


Relief measures amidst COVID-19

Statutory updates in view of
COVID-19 outbreak



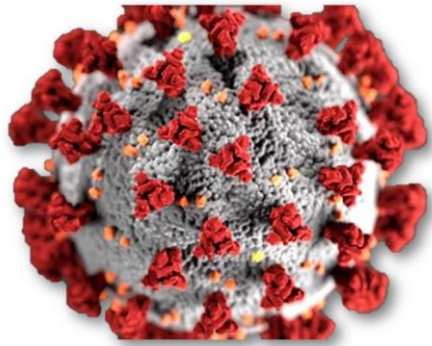
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Chartered Accountants

INTRODUCTION

The Union Minister of Finance and Corporate Affairs announced several important relief measures in view of COVID-19 outbreak, especially on statutory and regulatory compliance matters. These relate to Income tax, Goods and Services Tax (GST), customs and central excise, corporate affairs, Insolvency and Bankruptcy Code (IBC), banking sector and commerce.

Relief measures amidst COVID-19

Statutory updates in view of
COVID-19 outbreak



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DIRECT TAXES

Relaxation in due dates

Due date for Filing ITR for AY 2019-20:

- ✓ Due date for Belated Income Tax Return is extended from 31st March, 2020 to 30th June, 2020.
- ✓ However, the late fee under section 234F (Penalty for late filing) and interest under section 234A (Interest for late filing of return @1%) & 234B (Interest for failure to pay 90% Advance Tax @1%) shall be levied

Due date Extension to 30th June, 2020

- ✓ Extension for Aadhaar-PAN linkage date.
- ✓ The payment and declaration under Vivad-se-vishwas scheme can be made at no additional 10% amount which otherwise was required to be paid if disputed tax was paid after 30th March, 2020.
- ✓ Extension for passing of order and issuance of notice by authorities under various Direct Tax and Benami Transaction Act.

Due date for payment of Income Tax

- ✓ The Taxes viz. Income Tax, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), Equalization Levy which are due for payment between 20th March, 2020 and 30th June, 2020 can be paid up to 30th June 2020.



DIRECT TAXES

Relaxation for availing deductions

Investments of the gain arising from Capital Gain to save tax

- ✓ The date for making investment/construction/purchase for claiming the benefit/deduction in respect of capital gains under sections 54 to 54GB of the IT Act has also been extended from 31st March, 2020 to 30th June, 2020.

Relaxation to SEZ

- ✓ The SEZ which received necessary approval by 31st March, 2020, the date of commencement of operations for claiming deductions under section 10AA of the Income Tax Act, has also been extended to 30th June, 2020

Benefits for Contribution to PM CARES FUND

- ✓ For providing relief to citizen affected from COVID-19, a special fund 'Prime Minister Citizen Assistance and Relief in Emergency Situations Fund' has been set up.
- ✓ Contribution made up to 30th June, 2020, shall be eligible for 100% deduction under section 80G of the Act, with no limit on deduction (10% of Adjusted Gross Taxable Income).



DIRECT TAXES

Other Relaxations

Interest rate, penalty and prosecution on late payment of interest

- ✓ Interest rate on late payment of Income Tax, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), Equalization Levy which are due for payment between 20th March, 2020 and 30th June, 2020, if paid by 30th June, 2020 will be reduced to 9%(0.75% P.M.).
- ✓ Further, the late payment fees or penalties will be waived off.

Validity of Nil or Lower Deduction Certificate

- ✓ For Assessee holding a Nil / Lower deduction certificate, such certificate shall remain valid till 30th June, 2020 unless a new certificate is issued.
- ✓ For assessee who do not hold any certificate for AY 2020-21 and are willing to apply for AY 2021-22 are required to submit the application under modified procedure and shall be issued the certificate up to 30th June, 2020.

Extension for submission of Forms to Banks or Financial Institutions

- ✓ The validity of the Form 15G/H submitted to Bank or Financial Institutions is extended to 30th June, 2020.
- ✓ Payers not deducting TDS on basis of these Forms are required to report details of such payments/credits for the Quarter ending 30th June, 2020.

Indirect Taxes

Export related reliefs

Relaxation in due dates





INDIRECT TAXES

Export related reliefs

Department of Commerce of Ministry of Commerce and Industry a number of Relaxations / Extensions of various Compliance Deadlines etc. are provided.

In order to give relief to businesses and affected individuals amidst the stress caused by the novel coronavirus pandemic, Department of Commerce, Ministry of Commerce and Industry has introduced several relaxations and extensions in deadlines etc. with regard to compliances mandated under its schemes and activities. The key relaxations pertaining to the Department of Commerce are as follows:

Facilitation under Foreign Trade Policy (FTP) 2015-20 by DGFT

- ✓ Extension of FTP beyond 31st March, 2020.
- ✓ Extension of obligation period under Advance Authorization and EPCG Authorization.
- ✓ Extension of validity of Registration cum Membership Certificate beyond 31st March, 2020.
- ✓ Extension under MEIS (Merchandise Exports from India Scheme), SEIS (Services Exports from India Scheme) and Rebate of State and Central Taxes and Levies.
- ✓ Remissions under provisions of Hand Book of Procedures (HBP).

Facilitations

- ✓ Facilitations for Special Economic Zone (SEZ) Units.
- ✓ Facilitations for ECGC.
- ✓ Facilitations by Agri exporters by Agricultural and Processed products Export Development Authority (APEDA).
- ✓ Facilitation by the Tobacco Board.
- ✓ Facilitation by the Tea Board.
- ✓ Facilitations by the Marine Products Export Development Authority (MPEDA).
- ✓ Measures to facilitate preferential exports in the COVID-19 pandemic.

The above, being the highlights, can be accessed through the following link:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1613365>



INDIRECT TAXES

Relaxation in due dates

Due date of Filing of Return

- ✓ Due Date of Filing of Return (GSTR3B- March'20 to May'20)

Turnover	Due Dates			Interest
	March	April	May	
Upto 1.5Cr.	3rd July (20 th April)	6th July (20 th May)	12th July (20 th June)	-
1.5 Cr. to 5 Cr.	29th June (20 th April)	30th June (20 th May)	12th July (20 th June)	-
Above 5 Cr.	24th June (20 th April)	24th June (20 th May)	27th July (20 th June)	@9%

- ✓ Due Date of Filing of Return (GSTR1- March'20 to May'20)

Turnover	Due Dates		
	March	April	May
Upto 1.5Cr.	30th June (30 th April)	31st July (31 st July)	31st July (31 st July)
Above 1.5 Cr.	30th June (11 th April)	30th June (11 th May)	30th June (11 th June)

- ✓ Date for filing GST annual returns of FY 18-19, which is due on 31st March, 2020 is extended till the last week of June 2020.

*The dates mentioned in brackets depict original due dates, which are extended.

Due date to opt for composition scheme

- ✓ In GST Regime Government have given Option to Tax payers to avail Composition Scheme before the end of last month of Financial Year, which is 31st March, 2020. Here, Government have Extended this period from 31st March 2020 to 30th June 2020.

Due date of Composite Dealers

- ✓ Dealers Last date for making payments for the quarter January–March 2020 (CMP 08) is extended from 18th April to 7th July and filing of return for 2019-20 (GSTR 4) has been extended from 30th April to 15th July.

Sabka Vishwas Scheme

- ✓ Any Person who has availed SABKA VISHWAS SCHEME and have to Pay Duty during 20th March to 29th June can now pay up to 30th June 2020 with no Interest

Corporate and allied Laws

Relaxations in compliances

Other Relaxations





CORPORATE AND ALLIED LAWS

Relaxations in compliances

Relaxations from SEBI compliances

- ✓ Temporary relaxations from certain compliance stipulations specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR') to listed entities with respect to the quarter / financial year ending March 31, 2020.
- ✓ Regulation 13(3) relating to quarterly statement of Investor complaints and Regulation 31 relating to filing of quarterly Shareholding Pattern are given period of relaxation of 3 weeks.
- ✓ Regulation 7(3) relating to half yearly compliance certificate on share transfer facility, Regulation 24A Annual Secretarial compliance report, Regulation 27(2) relating to filing of quarterly Corporate Governance report are given period of relaxation for compliance of 1 month.
- ✓ Regulation 33 relating to filing of quarterly and annual Financial Results is relaxed for compliance for 45 days.

Companies Fresh Start Scheme 2020

- ✓ Documents due for filing till 31st March 2020 under Companies Act, if not filed earlier can now be filed.
- ✓ Late Fees are completely waived and full immunity from Prosecution is granted.

LLP Settlement Scheme 2020

- ✓ Documents due for filing till 31st Mar 2020 under Limited Liability Partnership Act, if not filed earlier can now be filed till 30th September, 2020.
- ✓ Late Fees are completely waived and full immunity from Prosecution is granted.

Deferment of applicability of the due date of CARO 2020

- ✓ CARO 2020 will now be applicable for Reports for the period FY 2020-21 instead of FY 2019-20.



CORPORATE AND ALLIED LAWS

Other Relaxations

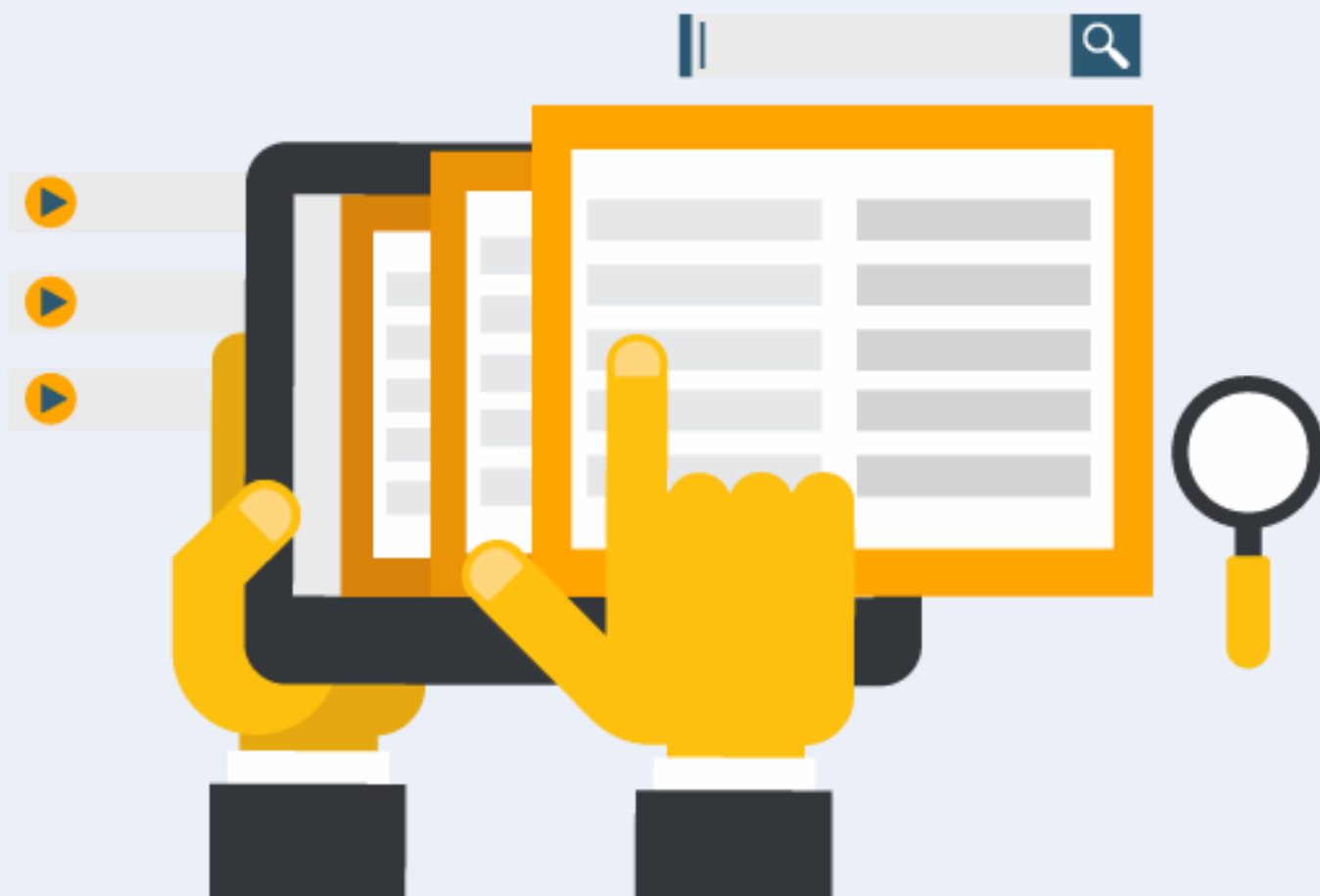
CSR Contribution

- ✓ As an eligible CSR Activity, funds may be spent on COVID-19 Relief, on activities related to promotion of health care, including preventive health care and sanitization and disaster management.
- ✓ The Government of India has set up the PM-CARES with a viewpoint of combating any kind of emergency or distress situation, due to COVID-19 outbreak. MCA has provided a clarification stating that any donation or contributions made by Companies to the above fund shall qualify as CSR Expenditure.

Financial Reliefs

RBI's Measures for Businesses

FAQs on moratorium





FINANCIAL RELIEFS

RBI's Measures for Businesses

Moratorium on Term Loans

- ✓ All lending institutions are being permitted to allow a moratorium of three months on repayment of instalments for term loans outstanding as on 1st March, 2020.

Time limit for export proceeds

- ✓ Time period for realization and repatriation of export proceeds for the exports made up to July 31, 2020 has been extended to 15 months from 9 months

Deferment of interest on Working Capital facilities

- ✓ The moratorium on deferment of payment of term loans will not lead to asset classification downgrade
- ✓ Lending institutions permitted to allow deferment of three months on payment of interest w.r.t all such working capital facilities outstanding as of 1st March, 2020.
- ✓ Deferring of interest paid on working capital will also not result in asset classification downgrade.

Loan to MSMEs

- ✓ SIDBI announced loans up to INR 5 million (US\$71,000) to MSEs that are manufacturing medical supplies to combat COVID-19



FINANCIAL RELIEFS

FAQs on moratorium

My EMI is due soon. Will the payment not be deducted from my account?

- ✓ The RBI has only allowed banks to allow a moratorium. Individual banks will have to allow suspension of EMIs. The borrower will have to request the bank and show that his or her income has been impacted by the corona virus disruption. This means that unless you have specific approval from your bank, your EMIs will still be deducted from your account.

Is this a waiver of EMIs or a deferment of EMIs ?

- ✓ This is not a waiver, but a deferment. You will have to pay the EMIs later as decided by the bank. The RBI has told banks to have board approved policies in place on moratorium/deferment.

Does the moratorium cover both principal and interest?

- ✓ Yes. It does. If announced by your bank, you can forego payment of your entire EMI, including payment and interest.

What kind of loans does moratorium cover?

- ✓ The RBI policy statement explicitly mentions term loans, which includes home loans, personal loans, education loans, auto and any loans which have a fixed tenure of more than 1 year.



FINANCIAL RELIEFS

FAQs on moratorium (Cont'd.)

Does the moratorium cover Credit Card payments?

- ✓ As per the clarification issued by the RBI, it will cover credit cards as well

I have taken a business loan. Can I not pay my EMI?

- ✓ The moratorium has been allowed on retail loans. The banks may chose to extend them at their discretion.

Will interest still accrue if, I do not pay the EMI?

- ✓ Yes, interest will continue to accrue. You will still have to pay interest on the outstanding loan.

Is it a compulsory moratorium by all banks / NBFCs?

- ✓ It is not a default option. The banks will clarify whether it would be applicable for all or only on making a specific application for that

Is this a waiver or a permanent relief?

- ✓ It's a merely temporary cash flow relief. Not an interest waiver. Further, you would not be reported as a defaulter in the event, of non-payment and your credit score, will not be impacted.



FINANCIAL RELIEFS

FAQs on moratorium (Cont'd.)

Will credit cards also be subject to the same relief?

- ✓ Credit cards charge a heavy interest around 36% + p.a. A skipped credit card bill means such interest will accrue, even if there is a moratorium.

Is it recommended to opt for this?

- ✓ If you do not have cash flow challenges, suggest you go ahead and honor your EMIs. Else by the end of 3 months, you would have an accumulated sum for 3 months to be paid along with interest on larger sum.

Other Measures





OTHER MEASURES

IRDA

- ✓ Grace period / condonation of delay of 30 days has been permitted for premium of Life insurance and health insurance policies. (Press release dated March 31, 2020)

Insolvency and Bankruptcy Code (IBC)

- ✓ The threshold of default under section 4 of the IBC 2016 has been raised to Rs 1 crore (from the existing threshold of Rs 1 lakh). (Notification dated March 24, 2020)

Insolvency and Bankruptcy Code (IBC)

- ✓ IT department to release all pending income tax refunds up to Rs. 5 lakhs immediately. All GST and Custom refunds also to be released. (Press release dated April 08, 2020)

ICAI

- ✓ Advisory by ICAI related to Impact of corona virus on financial reporting and auditors consideration issued.

Provident Fund Contribution

- ✓ Government of India will pay the EPF contribution of both employer and employee – 12 % each for the next three months.
- ✓ This is for those establishments which have up to 100 employees, 90 percent of which earn below Rs. 15,000 per month Includes Home/ Vehicle/ Personal/ Education/any loans with Fixed Tenures.

ESIC

- ✓ ESIC contribution for the month of February 2020 and March 2020 can be filed and paid up to April 15, 2020 and May 15, 2020 instead of March 15, 2020 and April 15, 2020 respectively. (Notice dated March 16, 2020)

About Parikh & Associates

Parikh & Associates, Chartered Accountants is Chartered Accountancy Firm Registered with The Institute of Chartered Accountants of India (ICAI). We are the team of young and energetic professionals having experience in diversified areas of the industry with a positive approach to provide expert and professional services with due care of professional ethics.

We believe in a steady approach towards offering high-quality professional services to our clients.

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