

# What's New

## News Flash

### Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020

The President of India promulgated the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 (Ordinance),<sup>1</sup> on 31 March 2020, to put into immediate effect the relief measures<sup>2</sup> announced by the Finance Minister on 24 March 2020, in response to the Novel Coronavirus (COVID-19) outbreak. The Ordinance is in line with relief measures announced earlier on statutory and regulatory compliances under various laws.

#### Direct Tax

The Ordinance has further relaxed provisions under direct tax laws as follows:

- a. The date for commencement of operation for Special Economic Zone (SEZ) units claiming tax holiday benefit under section 10AA of the Income-tax Act, 1961 (the Act) has been extended to 30 June 2020, provided the unit has received a Letter of Approval from the SEZ authorities on or before 31 March 2020.
- b. Any donation to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) shall be eligible for 100% deduction under section 80G of the Act. In addition, the limit on deduction of 10% of gross total income would not be applicable to such donations.
- c. Taxpayers opting for settlement under Direct Tax Vivad se Vishwas Act, 2020 would require remittance of 100% of disputed tax up to 30 June 2020, and 110% of disputed tax from 1 July 2020.

Separately, the Central Board of Direct Taxes (CBDT) issued an order<sup>3</sup> under section 119 of the Act in relation to issuance of certificate for lower rate/ nil deduction/ collection under various sections of the Act. The order extends the validity of certificates issued for financial year (FY) 2019-20 up to 30 June 2020 in cases where an application is pending for disposal for FY 2020-21, or where such applications could not be filed (subject to filing of application as per modified procedures laid down). Payments to non-residents (including foreign companies) having permanent establishment in India and not covered by lower/ nil tax deducted at source/ tax collected at source certificates will be subject to tax withheld at the rate of 10% including surcharge and cess until 30 June 2020 or disposal of applications, whichever is earlier.

#### Indirect tax

1. Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (Scheme) –
  - Time limit to issue estimate and final amount payable by the taxpayer under the Scheme by the Designated Committee, extended up to 1 May 2020 in certain cases and 31 May 2020 in other cases.
  - Time limit for the taxpayer to pay the amount as decided by the Designated Committee, extended to 30 June 2020.
2. For actions that cannot be completed or complied with due to *force majeure* the Central Government has been empowered to issue notifications to extend time limits under the Central Goods and Services Tax Act, 2017 (CGST Act), on the recommendations of the GST Council. This includes the power to give retrospective effect to such notifications.
3. The expression "*force majeure*" has been specifically defined to mean a case of war, epidemic, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature or otherwise, affecting the implementation of any of the provisions of the CGST Act.

#### PwC comments

The Ordinance brings certainty to the implementation of relief measures announced by the Finance Minister and extends it to additional cases of tax holiday units, donations to the PM CARES Fund and Vivad Se Vishwas Scheme. The CBDT stepping-in to provide further relief is a welcome measure considering the extraordinary circumstances of a lockdown. The clarity on time limits for Sabka Vishwas Scheme and the definition of "*force majeure*" in the GST law to cover many natural calamities, including the COVID-19 pandemic would assist taxpayers tide over the compliance obligations amidst business discontinuity.

<sup>1</sup> The Taxation and other laws (Relaxation of Certain Provisions) Ordinance, 2020 No. 2 of 2020, comes into force with immediate effect from 31 March 2020.

<sup>2</sup> For details please refer to our [news flash dated 24 March 2020](#) on the [PIB Press Release dated 24 March 2020](#).

<sup>3</sup> F. No. 275/25/2020-IT(B) dated 31 March 2020

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