

What's New

News Flash

COVID-19 update: Relief measures relating to statutory and regulatory compliance matters announced by Finance Minister

In view of the Novel Coronavirus (COVID-19) outbreak of, the Union Finance & Corporate Affairs Minister (FM), Nirmala Sitharaman today announced several important relief measures being taken by the Government of India. The relief measures announced today are on statutory and regulatory compliance matters relating to the Income-tax Act, 1961, Central Goods and Services Tax Act, 2017 (CGST Act), Customs Act, 1962 (Customs Act) and cognate Acts, Companies Act, 2013 and Insolvency & Bankruptcy Code, 2016 (IBC 2016). This news flash is based on the information released by the Press Information Bureau.¹ Necessary notifications and circulars shall be issued in due course by the respective authorities.

The detailed measures announced by the FM, under the aforesaid broad headings, are listed below.

Income-tax

- Vivad se Vishwas Scheme – No additional 10% amount to be paid if taxes are paid by 30 June 2020.
- The last date for filing income-tax returns for financial year (FY) 2018-19 has been extended from 31 March 2020 to 30 June 2020. This should be equally applicable to belated return of income and revised return of income.
- Aadhaar-PAN linking date has been extended from 31 March 2020 to 30 June 2020.
- Due dates for issue 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 authorities and any compliance by the taxpayer, including investment in saving instruments or investments for roll-over benefit of capital gains under various Acts², where the time limit expires between 20 March 2020 to 29 June 2020 shall be extended to 30 June 2020.
- For delayed payments of advance tax, self-assessment tax, regular tax, tax-deducted at source, tax collected at source, equalisation levy, securities transaction tax, commodity transaction tax made between 20 March 2020 and 30 June 2020, reduced interest rate at 9% instead of 12%/ 18% per annum (i.e. 0.75% per month instead of 1/ 1.5% per month) will be charged for this period. No late fee/ penalty shall be charged for delay relating to this period.

GST and customs

- The due date for payment of tax and filing Form GSTR 3B due in the months of March to May 2020 has been extended to 30 June 2020 for taxpayers having an aggregate turnover up to INR 50m; interest, late fee and penalty has also been waived.
- For other taxpayers, a reduced rate of interest at 9% per annum would be charged 15 days after the due date of payment of tax and filing of Form GSTR 3B, although the applicable late fee and penalty would be waived.
- Due dates (under the CGST Act, Customs Act and other allied laws) falling between 20 March 2020 to 29 June 2020 have also been extended to 30 June 2020 for the following events:
 - issue of notices, notifications, approval orders, sanction orders;
 - filing of appeals;
 - furnishing of returns, statements, applications, reports;
 - any other documents not specified above.
- The due date for payments under the Sabka Vishwas Scheme has been extended to 30 June 2020 from 31 March 2020. Interest on this period will be waived if payment is made by 30 June 2020.
- Customs clearances to be undertaken around the clock until 30 June 2020, for which a notification has already been issued.

- The due date for filing GST annual returns of FY 18-19 has been extended to 30 June 2020 for which a notification has already been issued.

Company affairs

- Moratorium period – MCA21 registry will be under moratorium from 1 April 2020 to 30 September 2020. No additional fee will be charged for late filings of any statement, document, return, etc., during the moratorium period, irrespective of its due date. This will also enable long standing non-compliant companies/ limited liability partnerships to make a fresh start and seek benefit of this fee waiver.
- Extension of board meeting timelines – A board meeting is required to be held within an interval of 120 days. This period shall be extended by 60 days until the next two quarters, i.e., till 30 September 2020.
- CARO applicability deferred – Companies (Auditor's Report) Order, 2020 will now be applicable from FY 2020-21 instead of FY 19-20, as notified earlier.
- Meeting of independent directors – The independent directors are required to hold at least one meeting without the attendance of non-independent directors. For FY 2019-20, if the independent directors have not been able to hold even one meeting, then this will not be seen as non-compliance.
- Deposit reserves — Requirement to create a reserve of 20% of deposits maturing during FY 2020-21 before 30 April 2020 may be done so before 30 June 2020.
- Investment of amount for maturity of Debentures – Requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30 April 2020 can be done before 30 June 2020.
- Resident director — Non-compliance with the requirement of minimum residency of 182 days by at least one director of every company shall not be seen as non-compliance.
- Declaration by new companies — Time limit of additional six months has been provided for filing the declaration for commencement of business by newly incorporated companies.

Insolvency & Bankruptcy Code, 2016

Threshold of default under section 4 of the IBC 2016 has been increased from existing INR 0.1m to INR 10m. In addition, if the current situation continues, the Government may also consider suspending section 7, 9 and 10 of IBC, 2016, for a period of six months to stop companies from being forced into insolvency proceedings in cases of default.

PwC comments

This is a welcome announcement by the FM in light of the extraordinary circumstances that exist currently with most states in a lockdown. The three-month window will give taxpayers sufficient time to streamline all tax compliances. It is recommendable that effective steps are taken after reviewing the necessary notifications and/ or required legislative amendments to give effect to the above announcements.

¹ [Press Release dated 24 March 2020](#)

² Income-tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalisation Levy law, Vivad Se Vishwas

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