

## **COVID-19: Government proposes various tax and regulatory relief measures**

**Issued on 24 March 2020**



As the COVID-19 pandemic grips the nation, the government has proposed various tax compliance relief for the taxpayer community. The propositions would be enacted by issuing necessary notification and circular.

### Income Tax

- **Vivad se Vishwas Scheme:** The additional 10% of the tax dispute would not be payable if payment is made by 30 June 2020. Earlier, this was available only if payment was made by 31 March 2020.
- **Extension of compliance timeline under various laws:** The due dates for compliance shall be extended to 30 June 2020 if the time limit is expiring between 20 March 2020 to 29 June 2020 for:
  - Issue of notices, intimation etc.<sup>1</sup>
  - Completion of proceedings
  - Compliance to be done by the taxpayer under various laws<sup>2</sup>
- **Interest on delayed payment of tax:** A reduced interest rate of 9% as against the existing interest rate of 12% or 18% per annum shall be charged, on delayed payments of taxes<sup>3</sup> made between 20 March 2020 and 30 June 2020. Further, no late fee/penalty shall be charged for delay with respect to this period.
- **Income tax return:** Last date for filing income tax returns for Financial Year 2018-19 has been extended to 30 June 2020 from existing 31 March 2020.
- **Linking of Aadhaar and PAN:** The last date for linking of Aadhaar number and Permanent Account Number (PAN) is extended to 30 June 2020 from existing 31 March 2020.

### Indirect Tax

- **Sabka Vishwas Scheme:** The due date for making payment under the Sabka Vishwas Scheme has been extended to 30 June 2020. Further, no interest for this period shall be charged if payment is made by 30 June 2020.
- **Extension of due dates:** The due date shall be extended to 30 June 2020 for:
  - Form GSTR-3B for the months of March, April and May 2020 for taxpayers having aggregate annual turnover of less than INR 5 crore
  - Annual return for FY 2018-19

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<sup>1</sup> notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents

<sup>2</sup> 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

<sup>3</sup> like advanced tax, self-assessment tax, regular tax, TDS, TCS, equalization levy, Security Transaction tax, Commodity Transaction Tax

Further, with respect to composition dealer, due dates of following is proposed to be extended by last week of June 2020:

- Date for opting for composition scheme
- Payment of taxes for Quarter IV
- Filing of return for FY 2019-20
- **Interest on delayed payment of tax:** For delayed payments of taxes made between 20 March 2020 to 30 June 2020, reduced interest rate at 9% instead of 18% per annum shall be charged. Further, no late fee/penalty shall be charged for delay relating to this period.
- **Extension of compliance time-line under GST and customs laws:** The due dates for following compliances shall be extended to 30 June 2020 if the time limit is expiring between 20 March 2020 to 29 June 2020 for:
  - Issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents or
  - Any compliance to be done by the taxpayer under GST and customs law.
  - **24\*7 clearance:** Custom clearances shall be available 24\*7 till end of 30 June 2020.

## Corporate law

On the regulatory front, following relief measures have been announced:

- **Late fees:** No additional fees shall be charged for late filings of any document, return, statement etc. on the Ministry of Corporate Affairs portal during the period 1 April to 30 September 2020.
- **Board meetings:** Gap between two board meetings can be upto 180 days, instead of existing 120 days, till 30 September 2020.
- **Audit report:** Companies (Auditor's Report) Order, 2020, shall be applicable from FY 2020-21 instead of FY 2019-20.
- **Independent directors (IDs):** IDs have been exempted from holding a meeting without the attendance of non-independent directors and members of management for FY 2019-20. Earlier, they were required to hold one mandatory meeting.

- **Deposit reserve:** Requirement to create a deposit reserve of 20% of deposits maturing during the FY 2020-21 shall be allowed to be complied with till 30 June 2020 instead of 30 April 2020.
- **Investment in specified instruments:** Requirement to invest 15% of debentures maturing during a particular year in specified instruments may be done before 30 June 2020 instead of 30 April 2020.
- **Commencement of business:** Declaration with respect to commencement of business can be filed within 12 months of incorporation instead of six months.
- **Resident director:** The requirement of appointing resident director by every company has been done away with for FY 2020-21.
- **Insolvency proceedings:** Eligibility for initiating IBC proceedings against corporate debtors by creditors will be on a default of INR 10 million instead of the existing INR 100,000. Further, the government may suspend initiation of Corporate Insolvency Resolution Process by financial creditor, operational creditor and by corporate debtor for a period of six months.

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