

# Ashok Maheshwary & Associates LLP

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## RELAXATION UNDER VARIOUS STATUTES IN LIGHT OF COVID-19 PANDEMIC AND STIMULUS BY RESERVE BANK OF INDIA

### Amendments under the Income-tax Act

1. **Income Tax Return (“ITR”)**: Deadline to file Income-tax return for the Financial Year (“FY”) 2018-19 has been extended to 30<sup>th</sup> June 2020. Interest rate on delayed deposit of Tax Deducted at Source (“TDS”) has also been reduced from 12% to 9%.
2. **Delayed Payments**: For delayed payments of advanced tax, self-assessment tax, regular tax, Tax Deducted at Source (“TDS”), Tax Collected at Source (“TCS”), Equalization levy, Security Transaction Tax (“STT”), Commodities Transaction Tax (“CTT”) made between 20<sup>th</sup> March 2020 and 30<sup>th</sup> 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.
3. **Aadhaar PAN Linking**: Aadhaar Pan linking has been extended from 31<sup>st</sup> March 2020 to 30<sup>th</sup> June 2020.
4. **Vivad se Viswas Scheme**: The deadline settling tax disputes under Vivad se Viswas scheme has been extended to 30<sup>th</sup> June 2020 and 10% additional charges which were supposed to be levied from 31<sup>st</sup> March has been removed up to 30<sup>th</sup> June 2020.
5. **Extension of date for Other purposes**: Various dates of notices, intimation, notification, approval order, sanction order, filing of appeal, furnishing of returns, statements, applications, reports any other documents and any compliance by the taxpayer including saving and investment instruments or investments for roll-over benefit of capital gains under Income-tax Act, Wealth-tax Act, Prohibition of Benami property Act , Security Transaction Tax Law, Commodities Transaction Tax Law, Equalisation levy Law, where the time limit was expiring on 20<sup>th</sup> March 2020 has been extended to 30<sup>th</sup> June 2020.

*Necessary legal circulars and legislative amendments for giving effect to the aforesaid relief shall be issued in due course.*

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## **Amendments under the Insolvency and Bankruptcy Code, 2016**

**The Insolvency and Bankruptcy Code:** The announcement has made that the default threshold limit of INR 0.1 million has been steeply raised to INR 10 million. This is to help small companies facing the threat of defaults due to coronavirus-related lockdown, the government has raised the threshold that would trigger insolvency proceedings to INR 10 million from current INR 0.1 million. This raising of the threshold will help small and medium enterprises (MSME's).

## **Amendments under the Companies Act, 2013**

- 1. Board Meeting:** The mandatory requirement of holding meetings of the Board of the Companies within the prescribed intervals under the Companies Act, 2013 (120 days) shall be extended by a period of 60 days till next two quarters i.e. till 30<sup>th</sup> September 2020.
- 2. Meeting of Independent Directors:** The Independent Directors of companies who have not been a part of even one meeting in the last year, the same should not be treated as a violation in the F.Y. 2020.
- 3. Commencement of Business:** New Companies being given 6 more months for filing Declaration of Commencement of Business with the Registrar of Companies.
- 4. Deposit Reserve:** Deposit Reserve required to be created by 30<sup>th</sup> April 2020 can now be created by 30<sup>th</sup> June 2020.
- 5. Residency requirement for a Director:** Minimum residency requirement for a director of 182 days in India is waived off for the current Financial Year.
- 6. Debentures:** Requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30<sup>th</sup> April 2020, may be done so before 30<sup>th</sup> June 2020.
- 7. No Additional Fees by the Ministry of Corporate Affairs:** Moratorium will be issued from 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020, no additional fees will be charged by the Ministry for the late filing.
- 8. Applicability of Companies (Auditor's Report) Order, 2020** shall be made applicable from the Financial Year 2020-2021 instead of from 2019-2020 notified earlier. This will significantly ease the burden on companies & their auditors for the year 2019-2020.

*Notification in respect of the above amendments is awaited on the website of Ministry of Corporate Affairs.*

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## **Amendments for Goods and Services Tax**

### **1. Persons having aggregate turnover less than INR 50 million:**

- Last date for filing GSTR-3B in March, April and May 2020 will be extended till the last week of 30<sup>th</sup> June 2020 (in staggered manner)
- No interest, late fee and penalty to be charged.

### **2. Persons having aggregate turnover more than INR 50 million: If compliance is made before 30<sup>th</sup> June 2020 then,**

- For any delayed payment made between 20th March 2020 and 30th June 2020 reduced rate of interest @ 9% per annum which be charged as against the current interest rate of 18 % per annum.
- No late fee and penalty to be charged.

### **3. Composition Scheme:**

- Date for opting composition scheme is 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 will be extended till the last week of June, 2020.

### **4. Extension of Due Dates:**

- Due date, i.e. 31st March 2020, for filing GST Annual Returns of FY 2018-19 is extended till the last week of June, 2020.
- 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 where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.

*Necessary legal circulars and legislative amendments to give effect to the aforesaid GST relief shall follow with the approval of GST Council.*

### **5. Sabka Vishwas Scheme:**

Payment date under Sabka Vishwas Scheme shall be extended to 30<sup>th</sup> June 2020. No interest for this period shall be charged if paid by 30<sup>th</sup> June 2020.

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## Amendments for Customs

1. 24X7 Custom clearance till end of 30<sup>th</sup> June 2020.
2. Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing applications, reports, any other documents etc., time limit for any compliance under the Customs Act and other allied Laws where the time limit is expiring between 20<sup>th</sup> March 2020 to 29<sup>th</sup> June 2020 shall be extended to 30<sup>th</sup> June 2020.

*Necessary legal circulars/notifications and legislative amendments to give effect to the aforesaid relief is awaited.*

## FINANCIAL RELIEF MEASURES AS ANNOUNCED BY RESERVE BANK OF INDIA (RBI)

**The RBI has announced several measures to increase liquidity and regulate banking regulations during the pandemic lockdown. The major areas covered by RBI are as follows:**

1. Repo Rate has been reduced by 75 basis points and reverse repo rate has been reduced by 90 basis points. The repo rate now stands at 4.4% and reverse repo rate now stands at 4%.
2. RBI to conduct auctions of Targeted longer-term refinancing operations of up to three-year tenor of appropriate sizes for a total amount up to INR 1 Trillion at a floating rate.
3. Cash reserve ratio of all banks to be reduced by 100 basis points to 3% for a year.  
*(Effective date: 28<sup>th</sup> March 2020)*
4. The Marginal Standing Facility (MSR) raised from 2% of Statutory Liquidity Ratio (SLR) to 3%.  
*(Effective date: The same shall be effective immediately and shall be applicable up to 30<sup>th</sup> June 2020)*
5. Above measures to infuse liquidity of INR 3.74 Trillion to our economy.
6. Rescheduling of payments:
  - All lending institutions and banks are allowed a moratorium of three months on repayment of installments for term loans outstanding as on 1<sup>st</sup> March 2020. The same shall not result in asset classification downgrade.
  - The lending institutions are also allowed deferment of three months on payment of interest in respect to all such working capital facilities outstanding as of 1<sup>st</sup> March 2020. The same shall not result in asset classification downgrade.

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- Further deferring implementation of last tranche of 0.625% of capital conservation buffer to 30th September 2020.
7. The banks in India that operate IFSC banking units allowed to participate in offshore INR NDF market.  
*(Effective date: 1<sup>st</sup> June 2020)*

**RBI shall remain vigilant and is ready to take all necessary steps needed to reduce the economic impact of Covid-19 and tackle all difficult situations during this crisis.**