

SUMMARY OF COVID-19 ACTION
BY
INDIAN GOVERNMENT

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Tax Filing Affected

Income Tax

- Income tax returns for FY 2018-19 have been extended to 30th June, 2020.
- Income tax returns for FY 2019-20 have been extended to 30th November, 2020.
- Tax Audit for FY 2019-20 have been extended to 31st October, 2020.
- Aadhaar-PAN linking date extended to 30th June, 2020.
- Additional 10% Tax shall not be charged provided payment made before 31st December, 2020 under **Vivad se Vishwas Scheme**.
- Due dates for various notices, notifications, orders, appeals, returns, proceedings by the authority and any compliance by the taxpayer under the Act where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.
- For delayed payments of taxes made between 20th March 2020 and 30th June 2020, reduced interest rate at 9% instead of 12 %/18 % per annum will be levied for this period. No late fee/penalty shall be levied for delay relating to this period.

Tax Filing Affected

Income Tax

- Date of assessment extended from those barring on 30.09.2020 to 31.12.2020 and those barring on 31.03.2021 to 30.09.2021.
- Pending refunds of charitable trusts, non corporate business, proprietorship, partnership, LLP and society will be issued immediately.
- TDS rates reduced by 25% of existing rates from 14.04.2020 to 31.03.2021 (New Rates Annexed)
- CBDT has extended or deferred the implementation of the new procedure for approval/ registration/ notification of certain entities u/s 10(23C), 12AA, 35 & 80G of the Income Tax Act, 1961 to 1st October 2020 from prescribed June 1, 2020.

Tax Filing Affected

❑ Goods and Services Tax (GST)

- Returns due in the months of March, April and May 2020 are extended till 30th June, 2020.
- Companies having turnover < Rs. 5 crores - No interest or late fee or penalty
- Other companies - No penalty and late fee but interest @ 9% shall be levied.
- Date for opting for composition scheme is extended till the last week of June, 2020.
- Date for filing GST annual returns for the FY 2018-19 extended till the last week of June 2020.
- Due dates for notices, orders, appeals, returns, reports, any other documents, time limit for any compliance under the GST laws where the time limit expires between 20th March 2020 to 29th June 2020 are extended to 30th June 2020.

Tax Filing Affected

❑ Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008

- Six months moratorium for filings between 1st April to 30th September 2020.
- Board Meetings of the companies shall be extended by a period of 60 days till next two quarters.
- **Allowing Extraordinary General Meetings through Video Conference with e-voting/simplified voting facility**
- Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2020-2021.
- Non-attendance by an Independent Director of even one Board Meeting for the FY 2019-20, shall not be treated as violation.
- Companies accepting deposit, Deposit Reserve of 20% of deposits maturing during the financial year 2020-21 shall be allowed to be complied by 30th June 2020.
- 15% Investment of debentures maturing during a particular year in specified instruments, may be done before 30th June 2020.

Tax Filing Affected

❑ Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008

- Newly incorporated companies are required to file a declaration for Commencement of Business within 6 months of incorporation shall be extended by 6 more months.
- Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company shall not be treated as a violation.
- Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, it has been decided to raise the threshold of default under section 4 of the IBC 2016 to Rs 1 crore (from the existing threshold of Rs 1 lakh). This will by and large prevent triggering of insolvency proceedings against MSMEs. If the current situation continues beyond 30th of April 2020, ministry may consider suspending section 7, 9 and 10 of the IBC 2016 for a period of 6 months so as to stop companies at large from being forced into insolvency proceedings.
- SEBI gives India Inc more time for Q4 ending 31st March, 2020 filings – deadline is now 30th June,2020.

Employee Wages Benefit Program

□ The Employee Provident Fund (EPF)

Government pays EPF contribution

- The EPF contribution comes from both the employer and the employee at 12% each. The employer's contribution is divided between the Employee's Pension Scheme (EPS) paying 8.33% and the Employee's Provident Fund (EPF) paying 3.67% to a total of 12%. In light of the COVID-19 pandemic, **the government has offered to pay both parts of the EPF contribution for the next six months**. This is for establishments which have 100 employees or less and in which 90% of those employees are earning less than Rs.15,000/month.

Easier to withdraw your EPF corpus

- The current situation is creating a need for some employees to withdraw their EPF corpus. In response, the government will relax the EPF withdrawal rules to give employees easier access to their money. The Employee Provident Fund Office has now introduced a Pandemic Advance, in which employees can withdraw up to 75% of the amount in their EPF account, or 3 months' basic salary and dearness allowance, whichever is less.

Others

- **Statutory PF deposit limit reduced from 12% to 10% for next 3 months (except CG and PSU's)**

Employee Wages Benefit Program

□ The Employee State Insurance Corporation (ESIC)

ESIC relaxes deadlines

- The Govt. of India has relaxed the ESIC contribution deadline by 30 days for all employers and employees. This means the ESI contributions for the months 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.

Government Loan and Support Programs

- Rs.3 lakh crores Collateral free Automatic Loans for Business including MSMEs.
- Rs. 20,000 crore subordinated debt to stressed MSMEs
- Rs. 50,000 crore equity infusion through fund of funds to MSMEs
- Global tenders to be disallowed below Rs. 200 crore

REVISED MSME CLASSIFICATION

COMPOSITE CRITERIA : Investment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing and Services	Investment < Rs. 1 cr. and Turnover < Rs.5 cr.	Investment < Rs. 10 cr. and Turnover < Rs.50 cr.	Investment < Rs. 20 cr. and Turnover < Rs.100 cr.

Government Loan and Support Programs

- e-marketing linkage for MSMEs
- Fintech will be used to enhance transaction-based lending for MSMEs
- MSMEs receivables from Government and CPSEs to be released in 45 days
- Rs. 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs
- Rs. 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs
- Rs. 90,000 crore liquidity to power distribution company
- Extension of contracts up to 6 months (without costs to contractor) to be provided by all Central Agencies
- Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows
- Extension of Registration and Completion Date of Real Estate Projects under RERA for six months (Real Estate Regulatory Authority)

Government Loan and Support Programs

- The government has decided to enhance the WMA- a temporary facility to meet revenue mismatches- limits to states and union territories ahead of the recommendations of a committee it constituted for the purpose. "It has been decided to increase WMA limit by 60 percent from the existing limit for all States/UTs to enable the State Governments to tide over the situation arising from the outbreak of the COVID-19 pandemic.
- The Reserve Bank of India (RBI) has extended realisation period of export proceeds. The time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020, has been extended to 15 months from the date of export.
- The Reserve Bank of India has allowed Banks to declare a three-month moratorium on all term loans outstanding as on March 1, 2020, as well as on working capital facilities.
- Reverse repo rate is being reduced by 25 bps from 4 per cent to 3.75 per cent under Liquidity adjustment facility (LAF).
- RBI has injected 3.2 per cent of GDP into the economy to tackle liquidity situation.
- **Sanctioned Rs.15000 crores for Emergency Health Response Package**

ANNEXURE TDS NEW RATES(14.05.2020)

Nature of Payment	Relevant Section	TDS rate effective till May 13, 2020	TDS rate effective from May 14, 2020
Receiving accumulated taxable part of PF	192A	10%	10%
Interest received on securities	193	10%	7.50%
Dividend received from Mutual funds and on company's shares	194 & 194K	10%	7.50%
Interest other than Interest on Securities	194A	10%	7.50%
Winnings from lottery, crosswords or any sort of game	194B	30%	30%
Winnings from horse races	194BB	30%	30%
Insurance Commission received by an Individual	194D	5%	3.75%
Life Insurance Policies not exempt under Section 10(10D)	194DA	5%	3.75%
Commission or brokerage received except for Insurance Commission	194H	5%	3.75%

ANNEXURE TDS NEW RATES(14.05.2020)

Nature of Payment	Relevant Section	TDS rate effective till May 13, 2020	TDS rate effective from May 14, 2020
Payment made while purchasing land or property	194IA	1%	0.75%
Payment of rent by individual or HUF exceeding Rs. 50,000 per month	194IB	5%	3.75%
Payment made to professional or commission or brokerage of more than Rs 50 lakh and above	194M	5%	3.75%
Cash withdrawal exceeding Rs 20 lakh or 1 crore as the case maybe	194N	2%	2%
Payment of Professional Fees	194J	2%(FTS, certain royalties, Call Centre) 10%(others)	1.5%(FTS, certain royalties, Call Centre) 7.5%(others)
Payment in respect of deposits under National Savings Scheme	194EE	10%	7.50%
Rent for plant and machinery	194- I(a)	2%	1.50%
Rent for immovable property	194-I(b)	10%	7.50%



THANK YOU

Note: The data is consolidated based on the information available until 13th May 2020. See the following websites for additional updates:

<https://www.rbi.org.in/>

<http://www.mca.gov.in/>

<http://sesco.in/knowledge.html>