

COVID-19 – Measures announced by Finance Minister to address disruption caused by the pandemic

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The ongoing COVID-19 pandemic has led to an economic crisis having an impact on business continuity. The Finance Minister has announced a slew of measures on 24 March 2020 to provide financial and regulatory relief to companies and individuals along with other changes that the government is considering for cushioning the impact of the pandemic.

Here, we discuss some of the important announcements.

The Finance Minister has announced various measures to address business disruptions caused by the COVID-19 outbreak.

1 MCA related

- a. There will be a moratorium on the various filings to be made with the MCA-21 registry from 1 April 2020 to 30 September 2020. There will not be any additional fee on late filings.
- b. The requirement of holding a Board meeting within the prescribed 120 days interval under the Companies Act, 2013 will be relaxed by an additional 60 days till the next two quarters i.e. up to 30 September 2020.
- c. The Companies (Auditor's Report) Order, 2020 will be made applicable with effect from FY 2020-21 instead of FY 2019-20 (as previously notified).
- d. Under the Companies Act, 2013, independent directors are required to hold at least one meeting without the attendance of non-independent directors and members of management. If for the year 2019-20 independent directors are not able to hold this one meeting, the same will not be treated as a violation.
- e. Newly incorporated companies are required to file a declaration of commencement of business within 6 months of incorporation. An additional period of 6 months will be given to file this declaration.
- f. Residency requirement for directors is relaxed i.e., if a director in a company doesn't reside in India for more than 182 days, it will not be considered a violation.

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- g. Deadline to create a deposit reserve of 20% of deposits maturing during the FY 2020-21 by 30 April 2020 will be moved to 30 June 2020.
- h. Deadline to invest 15% of debentures maturing in a year in specified instruments by 30 April 2020 will be moved to 30 June 2020.
- i. Detailed notifications/circulars in connection with the above reliefs will be issued by the MCA separately.

2 IBC related

- a. The minimum threshold for default to initiate corporate insolvency resolution process is being increased from INR 1 Lakh to INR 1 Crore. This will largely benefit medium and small enterprises likely to face financial distress on account of the economic crisis caused by COVID-19.
- b. The Ministry will consider suspending the filing of an insolvency application by a financial creditor, operational creditor and/or by a corporate debtor itself (under Section 7, 9 or 10 of the Insolvency and Bankruptcy Code) for a period of 6 months, if the COVID-19 crisis persists beyond 30 April 2020. This is being considered to prevent companies from being dragged into insolvency resolution process.

3 Financial Services

A relaxation of 3 months has been provided for the following:

- a. Debit cardholders to withdraw cash for free from any other banks' ATM for 3 months.
- b. Waiver of minimum balance fee.
- c. Reduced bank charges for digital trade transactions for all trade finance consumers.

4 Direct Tax

- a. The due date for filing Income Tax Returns (ITR) for FY 2018-19 has been extended to 30 June 2020. For delayed payments, the interest rate has been reduced from 12% to 9%.
- b. While no extension has been granted for deposit of tax deducted at source (TDS), interest levied on delayed deposit of TDS under section 201(1A) has been reduced from 18% to 9%.
- c. The deadline for opting for Vivad se Vishwas Scheme has been extended from 31 March 2020 to 30 June 2020. The Scheme allowed a taxpayer to pay only the amount of disputed tax, with a complete waiver on interest and penalty, if such tax was paid before 31 March 2020 and, thereafter, from 1 April 2020 to 30 June 2020 the taxpayer could avail the Scheme by paying the amount of disputed tax along with additional 10%. The additional charge of 10% which was applicable to those who would have chosen to opt for the scheme from 1 April 2020 to 30 June 2020 has also been removed.
- d. The deadline for linking Aadhar with PAN card has been extended to 30 June 2020.
- e. The due date for issuance of notices, filings, compliances etc. under the following has been extended to 30 June 2020:
 - i. Income Tax Act, 1961,
 - ii. Wealth Tax Act, 1957,
 - iii. Benami Transaction (Prohibition) Act, 1988,

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- iv. Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015,
 - v. Security Transaction Tax, or
 - vi. Commodity Transaction Tax.
- f. The due date for making an investment for availing benefits under Income Tax Act, 1961 or for availing capital gain benefits extended to 30 June 2020.

5 Indirect Tax

- a. The due date for filing the annual return for the FY 2018-2019 has been extended from 31 March 2020 to 30 June 2020.
- b. The time limit for opting for the composition scheme under Goods and Services Tax has been extended till 30 June 2020. The composition scheme allows small taxpayers whose turnover is less than Rs. 1.5 crore to pay GST at a fixed rate, thereby doing away with multiple formalities and thus, simplifying the GST related compliance.
- c. The time limit for filing the GSTR-3B for March, April and May 2020 has been extended till 30 June 2020. For the companies with turnover of less than Rs. 5 crores, no interest, late fee and penalty would be imposed if such companies are able to file their GST returns by 30 June 2020. However, for the companies with turnover higher than Rs. 5 crores, interest at the rate of 9% would be charged from 15 days after due date. This rate of interest is concessionary as the current rate of interest is 18%.
- d. The last date for the payment of dues under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 has been extended till 30 June 2020 from 31 March 2020. No interest would be payable by taxpayer if the dues are paid within this date. The scheme was introduced for resolution and conclusion of legacy disputes pertaining to the erstwhile indirect tax regimes (such as central excise, service tax, cesses etc.).

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