



April, 2<sup>nd</sup> 2020

## **India – COVID-19 – new relief measures**

- The Government of India declared the COVID-19 a ‘notified disaster’ under the Disaster Management Act, 2005, which enables the country to provide assistance and spend more funds to fight the pandemic
- Additional 150 billion rupees (about 0.1 percent of GDP) to be devoted to health infrastructure, including for COVID-19 testing facilities, personal protective equipment, isolation beds, ICU beds and ventilators.
- For the Consolidated Guidelines on the measures taken by the Central and States Governments as of 27 March 2020: [consolidated guidelines](#)
- On 1<sup>st</sup> April, the **Reserve Bank of India** announced [further measures](#) for dealing with the COVID-19 pandemic

### **1. Extension of realisation period of export proceeds**

Presently value of the goods or software exports made by the exporters is required to be realized fully and repatriated to the country within a period of 9 months from the date of exports. In view of the disruption caused by the COVID-19 pandemic, 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 measure will enable the exporters to realise their receipts, especially from COVID-19 affected countries within the extended period and also provide greater flexibility to the exporters to negotiate future export contracts with buyers abroad.

### **2. Review of Limits of Way and Means Advances of States/UTs**

Reserve Bank had constituted an Advisory Committee to review the Ways and Means limits for State Governments and Union Territories (UTs). Pending submission of the final recommendations by the Committee, it has been decided to increase WMA limit by 30 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 revised limits will come into force with effect from 1st April 2020 and will be valid till 30th September 2020.

### 3. Implementation of countercyclical capital buffer

The framework on countercyclical capital buffer (CCyB) was put in place by the Reserve Bank in terms of [guidelines issued on February 5, 2015](#) wherein it was advised that the CCyB would be activated as and when the circumstances warranted, and that the decision would normally be pre-announced. The framework envisages the credit-to-GDP gap as the main indicator, which is used in conjunction with other supplementary indicators. Based on the review and empirical analysis of CCyB indicators, it has been decided that it is not necessary to activate CCyB for a period of one year or earlier, as may be necessary.

- In addition, stimulus measures have been announced:
  - at the state level, the largest a 200 billion rupees package in Kerala (2.5 percent of state GDP; 0.1 percent of India-wide GDP), which includes some direct transfers to poor households.
  - at the national level, several measures to ease the tax compliance burden across a range of sectors have been announced.
- The government is constituting a COVID-19 Economic Response Task Force, which may recommend additional fiscal and support measures.

### OVERVIEW OF THE STIMULUS MEASURES

#### MINISTRY OF CORPORATE AFFAIRS

In addition to the [corporate measures](#) taken last week, the Ministry of Corporate Affairs has announced additional measures:

- **General [Circular No 11/2020](#)** on Special Measures under the Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak:
  - **No additional fees shall be charged for late filing during a moratorium period from 01<sup>st</sup> April to 30<sup>th</sup> September 2020**, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date.
  - The Companies (Auditor's Report) Order, 2020 shall be **made applicable from the financial year 2020-2021** instead of being applicable from the financial year 2019-2020 notified earlier.
  - For the financial year 2019-20, no violation of Para VII (1) of Schedule IV to the CA-13 if the independent directors (IDs) of a company have not been able to hold the prescribed meeting. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

- Extension of deadlines:
  - The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013 (CA- 13) (120 days) **stands extended by a period of 60 days till next two quarters i.e., till 30th September**. Accordingly, as a one-time relaxation the gap between two consecutive meetings of the Board **may extend to 180 days till the next two quarters**, instead of 120 days as required in the CA-13.
  - Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30<sup>th</sup> June 2020.
  - Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30<sup>th</sup> April 2020, may be complied with till 30th June 2020.
  - Newly incorporated companies will have **an additional period of 180 more days** to file the declaration for Commencement of Business to be filed within '180 days of incorporation under section 10A of the CA-13.
- Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-13 shall not be treated as a non-compliance for the financial year 2019-20
- **General [Circular No 10/2020](#)** on Clarification on spending CSR funds: spending of CSR funds for COVID-19 is **eligible CSR activities**
- **[General Circular No. 6/2020](#)** and **[General Circular 13/2020](#)** on LLP Settlement Scheme, 2020:
  - Onetime relaxation in additional fees to the defaulting LLPs to make good their default by filing pending Form 3, Form 4, Form 8 and Form 11
  - The scheme shall be in effect **from 1<sup>st</sup> April 2020 to 30<sup>th</sup> September 2020**
  - Any "Defaulting LLP" is permitted to file belated documents, which were due for filing till 31<sup>st</sup> October, 2019
  - Forms shall be filed with the additional fee Rs 10/- per day for the delayed period subject to a maximum of Rs. 5,000/- per document until 13.06.2020

#### **INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)**

- [Insolvency and Bankruptcy Board of India \(Insolvency Resolution Process for Corporate Persons\) \(Third Amendment\) Regulations, 2020](#): the period of lockdown imposed by the Central Government in the wake of COVID- 19 outbreak **shall not be counted for the purposes of the time-line for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process**
- [Notification under section 4 of the IBC](#): **the threshold of default under section 4 of the IBC** has been to Rs 1 crore (from the existing threshold of Rs 1 lakh).

#### INCOME TAX

- Last date for filing belated return for the FY 2018-19 is extended to **30<sup>th</sup> June 2020** from 31<sup>st</sup> March 2020
- Aadhaar-PAN linking date to be extended from 31<sup>st</sup> March 2020 to **30<sup>th</sup> June 2020**
- For delayed payments of advance tax, self-assessment tax, regular tax, TDS, TCS, equalization levy, STT, 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. No late fee / penalty shall be charged for delay relating to this period.
- ➤ 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 authority and any compliance by the taxpayer 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 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**

#### GST

Class of payers	Period	Relief
Taxpayers having aggregate annual turnover less than Rs. 5 Crore	Return period from March to May 2020	Deferred till last week of June 2020  No interest, late fee, and penalty to be charged
Taxpayers having aggregate annual turnover over Rs. 5 Crore	Return period from March to May 2020	Deferred till last week of June 2020  Reduced rate of interest @ 9 % per annum from 15 days after due date (current interest rate is 18 % per annum)  No late fee and penalty to be charged, if complied before till 30th June 2020.

- Date for filing GST Annual Returns of FY 18-19, which is due on 31<sup>st</sup> March, 2020 is extended till **30<sup>th</sup> 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 20<sup>th</sup> March 2020 to 29<sup>th</sup> June 2020 shall be extended to 30<sup>th</sup> June 2020.
- 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 30th June 2020.

#### **CUSTOMS / CENTRAL EXCISE**

- 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.

#### **ESI**

- ESI contribution for the month of February 2020 and March 2020 can be filed and paid up to 15th April 2020 & 15th May 2020.

#### **PF**

- For wage-earners below Rs 15,000 per month in businesses having less than 100 workers: the Government proposes to pay 24% (employer contribution 12% & employee contribution 12%) of their monthly wages into their PF accounts for next three months.
- Relaxation of withdrawal rules: EPF account holders, who have been unemployed for more than a month, can withdraw up to 75% of their balance

For any additional information, please contact



**Lisbeth Lanvers-Shah**

Counsel

[lanversshah@dsavocats.com](mailto:lanversshah@dsavocats.com)