



May, 15<sup>th</sup> 2020

## India – Atmanirbhar Bharat Abhiyan stimulus package

On 12 May, PM Modi announced a 20 trillion Rupees support package for India's economy, further detailed by Finance Minister Nirmala Sitharaman on 13 May ("ABA Package").

Salient features of the ABA Package:

➤ **Relief through Employee Provident Fund (EPF)**

Relaxations on contribution to Employees' Provident Fund in a bid to provide liquidity to both employees and employers of private sector companies:

- **3-month extension** (till August) of the ongoing waiver from payment of EPF contribution both for the employer and employee for establishments having up to 100 workers with 90 per cent having income below Rs 15,000
- all other private sector companies: reduction of the statutory PF contribution of both employer and employee from 12 per cent to 10% for the **next three months**.

➤ **Direct Tax benefits**

- Extension of the income-tax return filing due date for FY20 from 31 July and 31 October to **30 November 2020**
- Extension of the tax audit date from 30 September to **31 October 2020**
- Rates of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) **reduced by 25%** for non-salaried payments such as professional fees, interest, rent, dividend, commission, brokerage till 31 March 2021
- Extension of the deadline for making payment under the Vivad se Vishwas Scheme from 30 June to **31 December 2020** without additional liability

➤ **Support for Micro, Small & Medium Enterprises (MSMEs)**

- Amendment of **definition of MSMEs** to encourage MSMEs to grow bigger without losing on the benefits availed by MSMEs:
  - New investment limit revised upwards and addition of turnover as criteria to categorise MSMEs:
    - Micro-entreprises: from Rs. 2,500,000 (in manufacturing) and Rs. 1,000,000 (in services) to Rs. 10,000,000 with a maximum turnover of Rs. 50,000,000.
    - Small entreprises: from Rs. 50,000,000 (in manufacturing) and Rs. 20,000,000 (in services) to Rs. 100,000,000 with a maximum turnover of Rs. 500,000,000
    - Medium entreprises: from Rs. 100,000,000 (in manufacturing) and Rs. 50,000,000 (in services) to Rs. 200,000,000 with a maximum turnover of Rs. 1,000,000,000
  - Removal of differentiation between manufacturing and service MSMEs
- **Collateral free automatic loan** for SMEs with a 4-year tenure and moratorium of 12 months on principal repayment. Scheme valid till October 31, 2020 and subject to specified conditions
- **Subordinated debt scheme** for MSMEs that are non-performing assets or stressed. Government to provide Rs 4,000 crore partial credit guarantee support to banks
- **Tenders for government procurement** will no longer be open for global companies in projects worth up to Rs 200 crore, only for local tenders

➤ **Liquidity schemes**

**Liquidity support** to non-banking financial companies (NBFCs), housing finance companies (HFCs) and microfinance institutions (MFIs) by way of liquidity scheme and partial credit guarantee scheme

➤ **Relief to contractors**

- **Six months [extension](#)** granted to contractors without cost provided by all central agencies for completion of obligations under highways, railways and other [contracts](#).
- **Extension of concession period** in contracts on public private partnership
- **Release of bank guarantee** by central agencies in proportion to work completed to create liquidity

➤ **Real Estate Sector support**

- COVID-19 disruption to be treated as ***force majeure*** under the Real Estate (Regulation and Development) Act (RERA)

- ***Suo moto* extension of the registration and completion date by six months** for all registered projects registered under RERA expiring on or after 25 March without individual application
- **Extension of timelines** for compliances under RERA

For any additional information, please contact



**Lisbeth Lanvers-Shah**

Counsel

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