

# 3<sup>rd</sup> MC MEETING OF FCBM-2020-21

***CHANGES POST COVID - 2019***

***Manohar S Shetty***  
***TEAM – Taxation — FCBMA***

# CHANGES POST COVID - 2019

- × **GST** amendments and relief in filing returns
- × Relaxations granted to **Companies and LLP's**
- × Relaxations in **Direct taxes** - Income Tax, TDS, TCS etc.
- × **ESIC and EPF** relief measures.
- × Relief to **MSME's under AtmaNirbhar Bharat**
- × Definition of **MSME's**
- × **Other relaxations** granted and **Case Laws**

# GST AMENDMENTS AND RELIEF MEASURES

## ✖ *Compliance Date for GSTR -3B*

## ✖ Notification 31/32/33 2020- CT

Category	Interest	Late Fees	Tax Period	GSTR-3B Compliance Date Conditions *
Aggregate T.O > 5 Cr	** 9% p.a. after 15 days delay from Original date.	NIL	Feb'20 Mar'20 April'20	Till 24 <sup>th</sup> June '20
Aggregate T.O .1.5 Cr < 5 Cr	NIL	NIL	Feb'20 Mar'20 April'20	Till 29 <sup>th</sup> June'20 Till 30 <sup>th</sup> June'20
Aggregate T.O <1.5 Cr	NIL	NIL	Feb'20 Mar'20 April'20	Till 30 <sup>th</sup> June'20 Till 3 <sup>rd</sup> July '20 Till 6 <sup>th</sup> July '20

# GST AMENDMENTS AND RELIEF MEASURES

- ✖ **Compliance Date for GSTR -1**
- ✖ Notification 31/32/33/ 2020- CT
- ✖ In case of GSTR 1, it is for March, April and May'20

Tax Period	Original Due Date	GSTR-1 Compliance Date Conditions *
Mar'20	11 <sup>th</sup> April'20	Till 30 <sup>th</sup> June '20
April'20	11 <sup>th</sup> May'20	Till 30 <sup>th</sup> June'20
May'20	11 <sup>th</sup> June'20	Till 30 <sup>th</sup> June'20
For Qtr Jan'20 to Mar'20	30 <sup>th</sup> April'20	Till 30 <sup>th</sup> June'20

# GST AMENDMENTS AND RELIEF MEASURES

- ✖ ***Conditions applicable on Compliance Dates for GSTR -1 and GSTR -3 B.***
- ✖ Relief will be available only if filed on or before the compliance date.
- ✖ \*\*No interest charged if GST dues are paid before 4th Apr, 5th May and 4th Jun for Feb, Mar & Apr respectively for assesses having T.O >5 Cr.
- ✖ Even if default of one day from compliance date, Interest will be applicable from original due date at applicable rates - @18%.
- ✖ In case of GSTR 3B, relief given for Feb, March and April'20
- ✖ ***Aggregate T.O relates to T.O of previous year***

# GST AMENDMENTS AND RELIEF MEASURES

- ✖ **Revised Compliance Date for May '20 -GSTR -3B**
- ✖ Notification 36/ 2020- CT

Category	Interest	Late Fees	Tax Period	GSTR-3B Compliance Date Conditions *
Aggregate T.O > 5 Cr	** 9% p.a. on Tax Payable from Original date.	NIL	May'20	Till 27 <sup>th</sup> June '20
Aggregate T.O .1.5 Cr < 5 Cr	NIL	NIL	May'20 – July'20	30 <sup>th</sup> Sep'20 -Date will be notified
Aggregate T.O <1.5 Cr	NIL	NIL	May'20 - July-'20	30 <sup>th</sup> Sep'20 -Date will be notified

# GST AMENDMENTS AND RELIEF MEASURES

- × ***Rule 36(4) – Provisional ITC***
- × Rule 36 (4) shall apply cumulatively for the period February, March, April, May, June, July and August, 2020
- × and the return in FORM GSTR-3B for the tax period September, 2020 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above. i.e ***provisional Input Tax Credit (ITC) only to the extent of 10% of the eligible credit available in GSTR-2A.***



# GST AMENDMENTS AND RELIEF MEASURES

- × ***Validity of E way Bills and other compliances***
- × Where an e-way bill has been generated and its period of validity expires during the period 20th day of March, 2020 to 15th day of April, 2020, then the validity period of such e-way bill shall be deemed to have been extended till the 30th day of April, 2020. ***Now the same has been further extended to 30<sup>th</sup> June'20.***
- × Extension of due date of all compliances which falls during the period from 20.03.2020 to 29.06.2020 till 30.06.2020.



# GST AMENDMENTS AND RELIEF MEASURES

- ✖ *Recommendation of 40th GST Council Meeting dated 12th June 2020*
- ✖ *Relaxation for filing GSTR 3B returns from July'17 to Jan'20.*

Category	Interest	Late Fees	Tax Period	GSTR-3B Compliance Date
All Taxpayers	NIL	NIL if no Tax liability  Max Rs 500 if there is any liability	July'17 to Jan'20	To be filed between 1 <sup>st</sup> July'20 and 30 <sup>th</sup> Sep'20

# GST AMENDMENTS AND RELIEF MEASURES

- ✦ As per the earlier issued notification no. 31/2020 issued below specific date was notified to file GSTR 3B for small tax payers, now relaxation has been provided to small tax payers by reducing the rate of interest for filing GSTR3B for the period Feb'20 to April'20 beyond specified dates to 9% p.a from 18% if filing is done till 30.09.2020 .
- ✦ Relaxation for Taxpayers having aggregate T.O up to Rs. 5 Cr by waiver of late fee and Interest if the GSTR3B for the period May 2020 to July 2020 are furnished by Sep 2020 ( dates to be notified ).
- ✦ *No benefit for Tax payers who have already paid any late fees for the period July'17 to Jan'20.*

# RELAXATIONS GRANTED TO COMPANIES AND LLP'S

## ✦ *Additional filing fees waived:*

There will be a moratorium from 1 April 2020 to 30th September 2020 (Moratorium Period) on levying any late/ additional fees upon filings of any returns, statements, document etc. by companies or LLPs on the MCA portal irrespective of the due date of such filings. The benefit of this moratorium will be available not only for those forms and returns which are due during the Moratorium Period but also for those which were already due prior to the Moratorium Period. The benefit of this relaxation can be availed by existing defaulting companies also.

# RELAXATIONS GRANTED TO COMPANIES AND LLP'S

- ✦ ***Extension of interval between two board meetings:*** As per the CA 2013, a company is required to hold a minimum of 4 board meetings every year with a maximum time gap of 120 days between two consecutive board meetings. The MCA has extended this time gap of 120 days by 60 days thereby increasing the interval limit between two consecutive board meetings to a maximum of 180 days. This one-time relaxation is available for the next two quarters i.e. up to 30 September 2020.
- ✦ ***Declaration of Commencement of Business:*** A newly established company is required to file declaration for commencement of new business (Form 20-A) within 6 months of its incorporation now extended to 1 year.

# RELAXATIONS GRANTED TO COMPANIES AND LLP'S

## × ***Meetings of Independent Directors:***

Schedule IV of the CA 2013 mandates the independent directors (ID) of a company to hold at least one meeting in a financial year without the attendance of non-independent directors and members of management. In such a scenario the MCA will not view it as a non-compliance of the statutory provisions.

## × ***Deposit Provisions:***

For the deposits maturing in the financial year 2020-21, the MCA has extended the due date for deposit into the deposit repayment reserve to 30 June 2020.



# RELAXATIONS GRANTED TO COMPANIES AND LLP'S

## ✦ ***Resident Status of Director:***

Under CA 2013, every company is required to have at least one director who has stayed in India for a period of minimum 182 days during a financial year., the MCA will not treat the non-fulfillment of the minimum stay as a non-compliance for the financial year 2019-20.

## ✦ ***LLP Settlement Scheme:***

MCA has introduced LLP Settlement Scheme,2020 and Company Fresh Settlement Scheme2020 to give One time relaxation in additional fees to the defaulting companies/LLP's

## ✦ ***Auditor's Report:***

The MCA has now postponed the applicability of CARO 2020 to the financial year 2020-21

# RELAXATIONS IN INCOME TAX , TDS/TCS

- ✖ **Extension of last date of filing** of original as well as revised income-tax returns for the FY 2018-19 (AY 2019-20) to 30th June, 2020.
- ✖ **Extension of Aadhaar-PAN linking** date to 30th June, '20.
- ✖ **The date for making various investment/payment** for claiming deduction under Chapter-VIA-B of IT Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclinaim), 80G (Donations), etc. for the FY 2019-20 has been extended to 30th June, 2020.
- ✖ **The date for making investment/construction/purchase** for claiming roll over benefit/deduction in respect of capital gains under sections 54 to 54GB of the IT Act eligible for claiming deduction from capital gains arising during FY 2019-20 has also been extended to 30th June 2020.



# RELAXATIONS IN INCOME TAX , TDS/TCS

- ✖ It has provided that **reduced rate of interest of 9%** shall be charged for non-payment of Income-tax (e.g. advance tax, TDS, TCS) Equalization Levy, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT) which are due for payment from 20.03.2020 to 29.06.2020 if they are paid by 30.06.2020. Further, no penalty/ prosecution shall be initiated for these non-payments.
- ✖ **Date of assessments getting time barred** on 30th September,'20 extended to 31st December,'20 and those getting barred on 31st March,'21 will be extended to 30th September,'21. • Period of **Vivad se Vishwas Scheme** for making payment without additional amount will be extended to 31st December,2020.

# RELAXATIONS IN INCOME TAX , TDS/TCS

- ✖ The ***date for commencement of operation for the SEZ*** units for claiming deduction under deduction 10AA of the IT Act has also extended to 30.06.2020 for the units which received necessary approval by 31.03.2020.
- ✖ The ***date for passing of order or issuance of notice*** by the authorities under various direct taxes& Benami Law has also been extended to 30.06.2020.
- ✖ ***Due Dates Extended*** Due date for all income tax returns for FY2019-20 has been extended from July 31 and Oct. 31 to Nov. 30<sup>th</sup> 2020. Tax audit due date has been extended from Sept. 30 to Oct. 31<sup>st</sup> 2020. Date of assessments getting barred on Sept. 30 has been extended to Dec. 31<sup>st</sup> 2020.

# RELAXATIONS IN INCOME TAX , TDS/TCS

- × ***Revised TDS Rates*** The government has notified certain revisions in TDS rates for the period between May 15, 2020 and March 31, 2021: TDS on payment of dividends by mutual funds, interest on securities, dividend, interest under Section 194A, commission, brokerage as well as rent on immovable property has been reduced to 7.5 percent instead of existing 10 percent. TDS on e-commerce participants, payments for acquisition of immovable property has been reduced to 0.75 percent compared to existing 1 percent. TDS rate for payments made to contractors and sub-contractors by a Hindu Undivided Family or other corporate bodies has been reduced to 0.75 percent and 1.5 percent, respectively.

# RELAXATIONS IN INCOME TAX , TDS/TCS

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- ✧ **All pending income tax refunds to charitable trusts** and non-corporate businesses like sole proprietorships, limited liability partnerships and cooperative societies will be issued immediately by the government

# EPF AND ESI RELATED RELIEF MEASURES

- ✖ **EPF Relief:**
- ✖ For establishments that have 100 employees or less and in which 90% of those employees are earning less than Rs.15,000/month the Government has offered to pay both parts of the EPF contribution for the period April'20 to August'20
- ✖ For all other establishments the EPF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for the next three months.
- ✖ The penal charges on the delay of EPF contribution has been waived but the **Interest on delayed payments has to be borne by the establishments.**



# EPF AND ESI RELATED RELIEF MEASURES

- × 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.
- × **ESIC Relief:**

ESIC announced on Monday, Mar 16, 2020, that 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.

# RELIEF TO MSME'S UNDER ATMANIRBHAR BHARAT

- ✖ **Loans for Businesses, including MSMEs -GECL**
- ✖ Businesses/MSMEs have been badly hit due to COVID19 need additional funding to meet operational liabilities built up, buy raw material and restart business • Rs 3 Lakh Cr Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to **20% of entire outstanding credit as on 29.2.2020** • Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible • Loans to have 4 year tenor with moratorium of 12 months on Principal repayment • Interest to be capped@ 9.25% • 100% Credit Guarantee cover by NCGTC to Banks and NBFCs on principal and interest • Scheme can be availed till 31st Oct 2020 • No guarantee fee, no fresh collateral • 45 lakh units can resume business activity and safeguard jobs. **The account should be under SMA-1 \***
- ✖ **When ?**



# RELIEF TO MSME'S UNDER ATMANIRBHAR BHARAT

- ✦ ***Rs 20,000 Cr Subordinate Debt for Stressed MSMEs***
- ✦ Stressed MSMEs need equity support • Govt will facilitate provision of Rs. 20,000 Cr as subordinate debt • Two lakh MSMEs are likely to benefit • Functioning MSMEs which are NPA or are stressed will be eligible • Govt. will provide a support of Rs. 4,000 Cr. to CGTMSE • NCGTC will provide partial Credit Guarantee support to Banks • Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.
- ✦ ***Rs 50,000 Cr. Equity infusion for MSMEs through Fund of Funds*** • MSMEs face severe shortage of Equity. • Fund of Funds with Corpus of Rs 10,000 Cr will be set up. • Will provide equity funding for MSMEs with growth potential and viability. • FoF will be operated through a Mother Fund and few daughter funds • Fund structure will help leverage Rs 50,000 Cr of funds at daughter funds level • Will help to expand MSME size as well as capacity. • Will encourage MSMEs to get listed on main board of Stock Exchanges.

# NEW DEFINITION OF MSME'S

## × *Manufacturing and Services Enterprises :*

### *Micro Units:*

*Investment in Plant and Machinery < Rs 1Cr and  
Turnover < 5Cr .*

### *SME Units:*

*Investment in Plant and Machinery < Rs 10 Cr and  
Turnover < 50Cr .*

### *Medium Units:*

*Investment in Plant and Machinery < Rs 50 Cr and  
Turnover < 250Cr\* **Export T.O EX***

***[F. No. 2/1(5)/2019-P&G/Policy (Pt.-IV)]***

***Applicable from 1<sup>st</sup> July'20***

# OTHER RELAXATIONS GRANTED

## × *Moratorium announced by RBI:*

RBI in a press conference dated March 27, 2020 announced that all banks, housing finance companies (HFCs) and NBFCs have been **permitted to allow a moratorium of 3 months on repayment of Term loans outstanding on March 1, 2020. Further 3 months - extended till 31<sup>st</sup> August'20.**

Term loans will include all kinds of retail loans such as vehicle loan, home loan, and personal loan, credit card dues, agricultural term loans as well as crop loans. **Writ Petition for Interest waiver during moratorium is being heard in SC.**

# OTHER RELAXATIONS GRANTED

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- × **IBC** Section 7,9 and 10 suspended for 6 months to stop companies being forced into Insolvency if the situation continues beyond 30<sup>th</sup> April 2020.
- × **IBC** – the existing threshold of Rs 1 Lakh hiked to Rs 1 Cr to protect MSME'S.

# OTHER RELAXATIONS GRANTED

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- × *NIL GSTR-3B Filing via SMS.*
- × *CMP-09 :Notification 31/2019, Central Tax Issued on 28 June'19 ,allows shifting the wrongly paid ITC using CMP-09\*.*
- × *To file annual return GSTR-9 and GSTR-9C for fiscal year 2018-19 by September 30.*

# OTHER RELAXATIONS GRANTED

## × *Changes in Other Financial services:*

Withdrawal of cash without additional charges.

Maintaining Minimum Balance without AMB charges.

Bank Charges reduced on Digital transactions.

*Additional 10% of your sanctioned limit can be given in addition to the GECL loan.*

*One time restructuring of loans for units in Stress allowed till Dec'20.*



# IMPORTANT CASE LAWS

## × *IGST on Ocean Freight – Import on CIF value*

Held, unconstitutional by Gujarat HC. Need not pay IGST on Ocean Freight. Notification not issued till date. Transactions between 2 Non Residents.

## ❖ *Transitional Credit :*

Held, the Time line prescribed -90 days in the rules are directory - not mandatory and credit is a vested right for all Assesseees . The time limit should be available based on the Limitations Act - 3 years from the date of introduction of GST i.e 30.06.20 - Delhi HC. Brand Equity case.



# IMPORTANT CASE LAWS

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- × *Other Cases pending in various stages:*
- × *Education Cess , Higher education Cess .*
- × *Blocked Credit under Sec17(5) c , d & h.*

# FOOD FOR THOUGHT

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- × *Input Tax Credit or Reversal of ITC*
- × *Donation of Ventilators, masks, etc*
- × *Health Insurance for employees not covered under ESIC .*
- × *Damaged goods , Post Sales discounts*
- × *Bad Debts , Payment not received within 180 days.*

# GST ON REMUNERATION PAID BY COMPANIES TO THE DIRECTORS,

- ✦ **Director's remuneration** which are declared as “Salaries” in the books of a company and subjected to TDS under Section 192 of the IT Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.
- ✦ It is further clarified that the part of employee Director's remuneration which is declared separately other than “Salaries” in the Company's accounts and subjected to TDS under Section 194J of the IT Act as Fees for professional or Technical Services shall be treated as consideration for providing services which are outside the scope of Schedule III of the CGST Act, and is therefore, taxable. Further, in terms of notification No. 13/2017 – Central Tax (Rate) dated 28.06.2017, the recipient of the said services i.e. the Company, is liable to discharge the applicable GST on it on reverse charge basis.
- ✦ **Circular No: 140/10/2020 - GST**

*THANK YOU*  
*Team Taxation 2019-20*