



Newsflash on The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance- India

1 April 2020



Background

- India has also been affected by the global pandemic Covid-19 and there have been several measures taken by Indian Government to control the spread and also to facilitate businesses and taxpayers in the interim period.
- The Hon'ble Finance Minister had announced several important relief measures to be taken by the Government of India in view of COVID-19 outbreak, especially on statutory and regulatory compliance matters related to several sectors by way of press release dated 24 March 2020.
- In view of the same, the Government has passed '**The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance 2020**' on 31 March 2020 incorporating the said measures as announced in the press release as well as providing certain additional relaxations. The significant highlights of the Ordinance are discussed in this presentation.

Extension of Due dates in Specified Acts for Taxpayers and Revenue Authorities

- Due dates for the purpose of:
 - completion of any proceeding, passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other similar action by the revenue authorities
 - filing of any appeal, reply or application or furnishing of any report, document, return, statement, or such other similar records

under the Specified Acts, where the limitation period or time limit is expiring between 20 March 2020 to 29 June 2020 or such other date after 29 June 2020 as notified by the Central Government ('CG') shall be extended to 30 June 2020 or any such further date as would be notified by the CG.

Extension of Due dates in Specified Acts for Taxpayers and Revenue Authorities

➤ Specified Acts defined to include:

- The Wealth Tax Act, 1957
- The Income Tax Act, 1961 ('the IT Act')
- The Prohibition of Benami Property Transactions Act, 1988 ('the Benami Act')
- Chapter VII of the Finance (No. 2) Act, 2004 ('the STT law')
- Chapter VII of the Finance Act, 2013 ('the CTT law')
- The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 ('the Black Money Act')
- Chapter VIII of the Finance Act, 2016 ('Equalization Levy')
- The Direct Tax Vivad se Vishwas Act, 2020

Extension of Due dates in Specified Acts for Taxpayers and Revenue Authorities

➤ Extension of certain other due dates under the IT Act

- The due date for filing income tax returns (**belated and revised returns for FY 2018-19**, TDS returns, Statement of financial transactions etc.) is extended to 30 June 2020.
- The due date for linking AADHAR to PAN has been extended from 31 March 2020 to 30 June 2020.
- The date for making various investment/ payment for claiming deduction under Chapter-VIA-Part B (i.e. Deductions in respect of certain payments) of IT Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclaime), 80G (Donations), etc. has been extended to 30 June 2020.
- The investment/ payment made up to 30 June 2020 shall be allowed as deduction under these sections for FY 2019-20 (AY 2020-21).

Extension of Due dates in Specified Acts for Taxpayers and Revenue Authorities

- **Extension of Reinvestment date for Capital Gains exemption eligibility**
 - 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 has been extended to 30 June 2020. Hence, investment/ construction/ purchase made up to 30 June 2020 shall be eligible for claiming deduction from capital gains arising during FY 2019-20.

- **Last date for Commencement of Operation for section 10AA unit extended**
 - The last date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the IT Act has also been extended to 30 June 2020 for the units which have received necessary approval by 31 March 2020.

Reduced Interest Rates & No Penalty for Certain Delayed Compliances

➤ Reduced Interest Rate for Delayed Payments

- The payments of income taxes, TDS, TCS, Equalization Levy, STT, CTT which are due between 20 March 2020 and 29 June 2020 (or such other date after 29 June 2020 as may be notified by the CG) and such amount has not been paid within the said date but are paid on or before 30 June 2020, a reduced rate of interest of 9% p.a. shall apply on such delayed payments.
- For instance, interest on late deduction / payment of TDS beyond the prescribed due dates would be chargeable at 9% instead of 12 % / 18 % per annum (i.e. 0.75% per month instead of 1% / 1.5% per month).
- The period of delay for such purpose would be the period between the due date and the date on which the amount has been paid.
- Further, no penalty shall be levied or prosecution would be sanctioned in respect of such amount for the period of delay.

Extended Due Date under Direct Tax Vivad se Vishwas Scheme

- **Extension of due dates under the Direct Tax Vivad se Vishwas Act, 2020**
 - The due date for filing the declaration and making payment under the Vivad Se Vishwas scheme has been extended from 31 March 2020 to 30 June 2020 without additional payment of 10% provided payment is made by 30 June 2020.
 - Further, additional 10% shall be required to be paid in case payment is made on or after 1 July 2020.
 - The last date under the scheme is not yet notified by the government.

Donations to PM CARES FUND eligible for 100% deduction

- A special fund “Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund” (PM CARES Fund) has been set up for providing relief to the persons affected from the outbreak of Corona virus.
- The Ordinance has amended the IT Act to provide the same tax treatment to PM CARES Fund as available to Prime Minister National Relief Fund.
- The donation made to PM CARES Fund shall be eligible for 100% deduction under section 80G of IT Act. Further, the limit on deduction of 10% of Gross Total Income shall also not be applicable for donation made to PM CARES Fund.
- As the date for claiming deduction under section 80G under IT Act has been extended up to 30 June 2020, the donation made up to 30 June 2020 shall also be eligible for deduction from income of FY 2019-20 (AY 2020-21).

Donations to PM CARES FUND eligible for 100% deduction

- **80G Benefit available for FY 2019-20, even if opted for New Regime in FY 2020-21**
 - Any person including companies paying concessional tax (opting for new regime) on income of FY 2020-21 (AY 2021-22) under the IT Act can make donation to PM CARES Fund up to 30 June 2020 and can claim deduction under section 80G of the IT Act against income of FY 2019-20 (AY 2020-21).
 - They shall also not lose their eligibility to pay tax in concessional tax regime for income of FY 2020-21 (AY 2021-22).

GST / Indirect Tax Updates

- Due dates for the purpose of:
 - completion of any proceeding, passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other similar action by the authorities
 - filing of any appeal, reply or application or furnishing of any report, document, return, statement, and other similar record

under Central Excise Act 1944, GST Act 2017, Customs Act 1962, Customs Tariff Act, 1975 Service Tax laws where the limitation period or time limit is expiring between 20 March 2020 to 29 June 2020 or such other date after 29 June 2020 as notified by the Central Government ('CG') shall be extended to 30 June 2020 or any such further date as would be notified by the CG.
- Payment date under “Sabka Vishwas Scheme” shall be extended to 30 June 2020. No interest for this period shall be charged if paid by 30 June 2020.

GST / Indirect Tax Updates – Contd...

➤ *** Monthly compliance for person having turnover less than Rs. 50 Million**

The GSTR-3B returns due in March, April and May 2020 can be filed by the last week of June, 2020. No interest, late fee, and penalty to be charged.

➤ *** Monthly compliance for others i.e. with turnover of 50 Million or more**

Others can file returns due in March, April and May 2020 by last week of June 2020 but the same would attract 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 30 June 2020.

**Note : The concerned Notification to be issued shall provide more clarity on this aspect.*

GST / Indirect Tax – Updates – Contd...

- Date for opting for composition scheme is extended till the last week of June, 2020. Further, the last date for making payments for the quarter ending 31 March, 2020 and filing of return for 2019-20 by the composition dealers will be extended till the last week of June, 2020.
- The due date for furnishing of returns under Central Excise which were due in March, April and May 2020 has been extended to 30 June 2020.

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This newsflash is general in nature. In this publication, we have endeavored to summarize and provide you with the highlights of The Taxation and other Laws (Relaxation of Certain provisions) Ordinance 2020. The analysis in this publication are subject to detailed revalidation. No opinion should be formed or any decision made based on the content of this publication. It may be noted that nothing contained in this publication should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the topics covered in this publication. Appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this publication.

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Questions and answers?