



COVID 19 Relief Measures

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CHARTERED ACCOUNTANTS

Batgach
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A NETWORK APPROVED BY ICAI

Contents

This update covers the relief measures announced by the government till date under the following categories :-

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GOODS and SERVICES TAX (GST)

1. Extension of Due dates for GSTR 3B

| Turnover threshold | Feb-2020 | Mar-2020 | Apr-2020 | Relaxation Date | Interest applicability on delay in deposit of tax |
|--------------------|--------------------------|--------------------------|--------------------------|-------------------|---|
| Less than 5 Crores | 22/03/2020 24/03/2020 | 22/04/2020 24/04/2020 | 22/05/2020 24/05/2020 | 30th June 2020 | No Interest |
| More than 5 Crores | 20/03/2020 | 20/04/2020 | 20/05/2020 | | @9% pa after 15 days from original due date |

Another major relief is no penalty and late fees for delay in filing of form GSTR 3B.

Note: No extension specifically announced in due dates for filing of Form GSTR-1.

However, we feel that due dates are bound to be extended in due course of time.

2. GST Annual Return Due Date extended for FY 2018-19

| Turnover Threshold` | GSTR -9 (Annual Return) | GSTR -9C (Audit Report) | Relaxation Date |
|----------------------------|-------------------------|-------------------------|-----------------|
| < INR 2 Crore | Optional | NA | 30 June 2020 |
| INR 2 Crore to INR 5 Crore | 31 March 2020 | NA | |
| > INR 5 Crore | 31 March 2020 | 31 March 2020 | |

3. Extension of Due Date for dealers under Composition Scheme

| Compliance | Existing Due Date | Relaxation |
|---|--------------------------|-------------------|
| Last date to opt for Composition Scheme | 31/03/2020 | 30 June 2020 |
| Payment of GST for Q4 by Composition Dealers of FY 2019-2020 | 18/04/2020 | |
| Filing of Annual Return by Composition Dealers for FY 2019-2020 | 30/04/2020 | |

4. Extension of the following due dates to June 30, 2020

- In case of any notice, notification, furnishing of returns, approval order, sanction order, filing of appeals, submission of statements, applications, reports etc for which time limit under the GST laws is lapsing between **20th March, 2020 to 29th June 2020**.

5. Appeals

- The Supreme Court in Suo motu writ petition (Civil) No(s). 3/2020 SC.23-03-2020 has taken Suo motu cognizance of the situation and has extended the dates for filing of petitions/ applications/ suits/ appeals/ all other proceedings falling, irrespective of the limitation prescribed under the general law or special laws, whether condonable or not, shall stand extended w.e.f. 15th March 2020 till further order to be passed by the Court.

Measures taken by RBI

Highlights

- Repo rate reduced by 75 basis points to 4.40%.
- Reverse Repo reduced by 90 basis points to 4.00%.
- Implied GDP growth rate of 4.70 % for Q4 19-20 and FY 20-21 is now at a risk.
- Aggregate demand may weaken.
- Minimum daily CRR balance reduced from 90% - 80% till June 30, 2020
- Total liquidity injection 3.40% of GDP
- All lending institutions are permitted to allow 3 months moratorium on payment of instalment of term loans outstanding as on March 1, 2020.

Working Capital Financing

- Lending institutions are being permitted to allow a **deferment of 3 months** on payment of interest in respect of all working capital facilities in the form of cash credit / overdraft outstanding as on March 1, 2020.
- The accumulated interest for the period will be paid after the expiry of the deferment period.
- Changes in terms and conditions of loan agreements will be made due to financial difficulty faced by the borrowers amidst COVID 19 and, consequently, **will not affect credit score.**
- Lending institutions may **recalculate drawing power** by reducing margins and / or by reassessing the working capital cycle for the borrowers

Note: This is recommended by RBI, however, we should wait for the announcements to be made by the respective lending institutions.

Moratorium on Term Loans

- Moratorium basically means deferring EMIs for a certain time period without interest on late payment. It is not a concession of any kind and is simply a deferment of the payment to provide some relief to borrowers facing liquidity issues.
- Term loans will include all kinds of retail loans such as vehicle loan, home loan, and personal loan, agricultural term loans as well as crop loans.
- The central bank has clarified that credit card dues will also be eligible for the moratorium.
- Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
- Lending Institutions include all commercial banks co-operative banks, all-India Financial Institutions, and NBFCs(including housing finance companies and micro-finance institutions).
- The borrower will have to request the bank and show that his or her income has been impacted by the corona virus disruption. This means that unless you have **specific approval** from your bank, your EMIs will still be deducted from your account.

Additional Line of Credit offered by Banks

- Various banks are offering **Additional Emergency Line of Credit** to tide over the unprecedented situation being faced by various business entities.
- Some banks are offering these facilities at no additional security, no processing fee & no repayment penalty.
- SBI is offering additional line of credit @ a subsidized interest rate of 7.25%. The borrower can avail the sanctioned amount in one go and start instalments only after 6 months and complete repayments in the next 6 months.

Direct Tax

Extension of Due Dates

| Period | Compliance | Existing Due Date | Relaxation Date |
|------------|---|-------------------|----------------------------|
| FY 2018-19 | Filing of belated Income Tax Return | 31 March 2020 | 30 th June 2020 |
| FY 2019-20 | Linking of PAN & Aadhar Card | | |
| FY 2019-20 | Vivad se Vishwas Scheme - Phase 1 implication without 10% additional payment. | | |
| FY 2019-20 | Investment Gains reinvestments, Chapter VI-A Deposit benefits | | |

Extension of Due Date

- Due Dates lying between **20 March 2020 to 29 June 2020** for Issue of Notice, Intimation, Filing of Appeal, Furnish Returns, Sanctions, Applications and other compliances under any Act (Wealth Tax Act, Benami Properties Act, Black Money Act, STT, CTT, Equalization Levy) by Tax Payers for also extended to **30th June, 2020**.
- Delay in deposit of TDS/TCS /STT/CTT, advance tax, self-assessment tax and equalization Levy between 20 March 2020 and 30 June 2020 to attract **concessional interest @ 9 % p.a. without late fees**.

Ministry of Corporate Affairs (MCA)

Specific measures under the Companies Act, 2013 and Limited Liability Partnership Act, 2008

- **Relaxation on the Additional fees:-** No Additional fees chargeable for late filing during the moratorium period from 01st April to 30th September 2020, in respect of any document, return, statement etc. required to be filed in MCA-21 Registry.
- **Board Meetings:-** Relaxation for a period of 60 days till the next two quarters (until September 30th 2020) .i.e. the gap between 2 successive board meetings is enhanced from 120 to 180 days.
- **Physical Attendance:-** The Government has decided to relax the requirement of holding Board meeting with physical presence of Directors for approval of financial Statements and Directors report permitting video conferencing meeting till 30th June 2020.
- **Commencement of Business:-** Newly incorporated companies are required to file a declaration for Commencement of Business within 180 days of incorporation. An additional period of 180 more days is allowed for this compliance.

Specific measures under the Companies Act, 2013 and Limited Liability Partnership Act, 2008

- **CARO 2020:-** The Companies (Auditor's Report) Order, 2020 shall be made applicable from FY 2020-21 instead of being applicable from FY 2019-2020 notified earlier, and CARO 2016 shall be effective for FY 2019-20.
- **Deposit Repayment reserve:-** Requirement to create the deposit repayment reserve of 20% of deposits maturing during FY 2020-21 has been extended till 30th June 2020 from the existing 30th April 2020.
- **Debentures:-** The Requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30th April 2020 is extended up to 30th June 2020.
- **Independent Directors:-** For FY 2019-20, if the separate meeting of Independent Directors of a company have not been held, the same shall not be viewed as a violation.
- **Directors residential status:-** Non-compliance of minimum residency in India for a period of at least 182 days by at least one Director of the Company shall not be treated as a non-compliance for FY 2019-20.

Companies Fresh Start Scheme 2020 (CFSS)

- a. The scheme shall come into force on 01.04.2020 and shall remain in force till 30.09.2020.
- b. As per the Scheme, Companies have to pay Only Normal fees of the forms WITHOUT ANY ADDITIONAL FEES

c. CFSS Applicability:-

- Annual Return MGT 7
- Financial Statement AOC 4
- Other forms like PAS 3, MGT 14, ADT 1 etc;
Except two forms:- SH-7 (Increase in Authorised Capital) and Charge Related form (CHG-1, CHG-4, CHG-8 or CHG-9)

Companies Fresh Start Scheme 2020 (CFSS)

d. Non- applicability

- To company against which action for final notice for striking off the name U/s 248 of the Act has already been initiated by the Designated Authority.
- Where the Company has already filed STK-2 for strike off Company with ROC
- Companies which have amalgamated
- Whether the Application has already been filed for obtaining Dormant status
- Where companies marked for Corporate Insolvency Resolution Process or liquidation.

e. Effect of the Scheme

- No need to pay Additional fees on any return of the Company during the scheme.
- Authority shall provide immunity certificate to the Company
- There will no Proceedings for Penalty on account of delay associated with filings.

LLP Settlement Scheme, 2020

- This scheme shall come into force on the 1st April 2020 and shall remain in force up to 30th September, 2020.
- Large Numbers of LLP's have defaulted in filing the following forms:-
 - Form-3 (Initial LLP Agreement and changes therein)
 - Form-8 (Statement of Accounts)
 - Form-11 (Annual Return)
- As per the LLP Act, if such form is not being filed within prescribed time, LLP's may file such documents on payment of additional fees of Rs. 100/- per day.
- For the Ease of Business, Central Govt. decided to give **One-time relaxation** in additional fees to the defaulting LLP's to make good their default by filing the pending documents.

LLP Settlement Scheme, 2020

- **Cut- off date for late filing:-** Defaulting LLP is permitted to file belated documents, which were due to filing till 31st August 2020.
- **Immunity From Prosecution:-** The Defaulting LLP's which have filed their pending documents till 30th September 2020 shall not be subjected to prosecution by the Registrar.
- **Manner of Additional fees:-** Additional fees of Rs. 10/- per day upto a maximum fee of Rs. 5,000/-. *Earlier it was Rs. 100/- per day, with no cap on the maximum fee.*
- **Non- applicability:-** This Scheme shall not apply to LLPs which has made an application in Form 24 to the Registrar, for striking off its name from the register as per provisions of Rule 37(1) of the LLP Rules, 2009.

On the conclusion of the Scheme, after 30th September 2020, the Registrar shall take necessary action under the LLP Act, 2008 against the LLPs which have not availed this Scheme and are in default in filing of documents as required under the provisions of LLP Act, 2008 in a timely manner.

Corporate Social Responsibility (CSR)

- It is clarified that spending of CSR funds for COVID 19 is an eligible CSR activity.
- Funds may be spent for various activities related to COVID 19 under item nos. (i) & (xii) of Schedule VII relating to promotion of healthcare, including preventive health care and sanitation and disaster management.
- The Government of India has set up the Prime Ministers Citizen Assistance and Relief in Emergency Situations fund (PM- Cares Fund) with the view point of combating any kind of emergency or distress situation, due to COVID 19 virus outbreak.

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1608851>

Insolvency and Bankruptcy Code, 2016

Increase in threshold for the Extent of Default

Threshold limit as per Section 4 of the Insolvency Code increased to **Rs. 1 Crore** from existing Rs. 1 Lakh to prevent triggering of insolvency proceedings against MSMEs.

Relaxation of timelines

In case the present situation continues beyond 30 April 2020, Ministry may consider suspending Section 7, 9 and 10 of the Insolvency Code for the next six months.

Securities and Exchange Board of India (SEBI)

Temporary Relaxations

Temporary relaxations from certain compliance stipulations specified under the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, 'LODR' to listed entities with respect to the Quarter/Financial year ending March 31, 2020.

| Regulation | Associated filing | Period Of relaxation |
|-------------------|---|-----------------------------|
| Regulation 7(3) | Half Yearly Compliance Certificate on Share Transfer Facility | 1 month |
| Regulation 13(3) | Quarterly Statement of investor complaints | 3 weeks (Approx.) |
| Regulation 24A | Annual Secretarial Compliance Report | 1 month |
| Regulation 27(2) | Filing of Quarterly corporate governance report | 1 month |
| Regulation 31 | Filing of Quarterly Shareholding Pattern | 3 weeks (Approx.) |
| Regulation 33 | Filing of Quarterly and Annual Financial Results | 45 days/1 month |

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