

TAX FLASH NEWS

24 March 2020



The Finance Minister announces several relief measures in view of Covid-19 outbreak

Today, the Finance Minister in a press conference¹ has announced several relief measures in view of Covid-19 outbreak in India. Tax related key measures are summarised as follows:

I – Direct tax

‘Vivad se Vishwas scheme’

The Finance Minister announced a new Dispute Resolution Scheme (Vivad se Vishwas Scheme) in her Budget Speech for 2020-21 with a view to reduce litigation. Following this, on 5 February 2020, the government introduced the ‘Direct Tax Vivad se Vishwas Bill, 2020’ in the Lok Sabha. On 17 March 2020, the Bill has received Presidential assent and it has become the Direct Tax Vivad Se Vishwas Act, 2020. The Scheme provides an option for settlement of a dispute by paying an amount of disputed tax on or before 31 March 2020. However, if the taxpayer opts for the Scheme after 31 March 2020, he would be liable to pay an additional amount.

It is now provided that no additional 10 per cent amount would be levied if the payment is made by 30 June 2020.

Due date for filing tax return

Last date for filing income-tax return for Financial Year 2018-19 has been extended from 31 March to 30 June 2020.

Due date under various compliances

Under the Income-tax Act, 1961 (the Act), Wealth Tax Act, Equalisation Levy law, Vivad Se Vishwas Act, etc.², the following due dates / time limits expiring between 20 March to 29 June 2020 are extended to 30 June 2020:

- Due dates for Issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of tax return, statements, applications, reports, any other documents.
- Time limit for completion of proceedings by the tax authority and any compliance by the taxpayer including investment in saving instruments or investments for roll over benefit of capital gains.

Waiver of some charges for delayed payment

Interest rate is reduced at 9 per cent instead of 12 per cent/18 per cent per annum for delayed payments of advance tax, self-assessment tax, regular tax, Tax Deducted at Source (TDS), Tax Collected at Source (TCS), Equalisation Levy, STT, CTT made between 20 March and 30 June 2020. Further no late fee/penalty shall be charged for delay relating to this period.

Aadhaar and PAN due date extension

The last date to link Aadhaar and PAN is 31 March 2020. It is now extended to 30 June 2020.

¹ PIB Release, dated 24 March 2020 – Source: Press Information Bureau

² Prohibition of Benami Property Transaction Act, Black Money Act, Securities Transaction Tax (STT) law and Commodity Transaction Tax (CTT) Law

Circulars and legislative amendments

Necessary legal circulars and legislative amendments for giving effect to the aforesaid relief shall be issued in due course.

II – Indirect tax

Goods and Services Tax

Return in Form GSTR-3B

Sl. No.	Class of Taxpayer	Period	Relief announced		
			Payment of Tax	Filing of return in GSTR-3B	Other relief
1.	Taxpayer having annual turnover less than INR 5 cr.	Return period February 2020 to April 2020	Deferred till last week of June 2020 without payment of interest	Yes, date of filing extended till last week of June 2020	No interest, late fee and penalty to be charged
2.	Taxpayer having turnover more than INR 5 cr.		Option to defer payment of tax till last week of June 2020. Option available subject to payment of interest @ 9% p.a. from 15 days after due date		No late fee and penalty to be charged

Other announcements

- Due dates of any compliances³ under the GST Act and/or the Customs law falling between 20 March 2020 to 29 June 2020 extended till 30 June 2020.
- Amount payable under Sabka Vishwas Scheme extended till 30 June 2020.

Our comments

Various relief measures have been announced considering the hardship faced by taxpayers in meeting compliance requirements due to outbreak of corona virus. The relief measures announced by the government is a welcome move. These measures would certainly help to address some of the issues faced by taxpayers. The waiver of interest, late fees and penalties would provide relief to taxpayers while adhering with statutory compliances.

Further, the relief of no additional payment till 30 June 2020 under the Vivad se Vishwas Scheme will provide sufficient time to taxpayers to opt for this scheme.

On the indirect tax front, it seems that the announcement has been divided into two parts i.e. payment of taxes backed up by filing of GSTR-3B and other compliances requirements due between 20 March to 29 June 2020.

As regards the payments of GST liability is concern, the due date has been extended for the tax period February 2020, March 2020 and April 2020, whereas for other compliances viz. filing of GSTR-1 returns etc. the due date has been extended even for the tax period May 2020.

The notification/circular regarding these announcements are expected in due course. It should provide a clear picture regarding the coverage of the relief.

Annual Returns

Due date for filing of annual returns for FY 2018-19 extended till last week of 30 June 2020.

³ Compliances such as issuance of notices, notification, approval order, sanction order, filing of appeal, furnishing of returns, applications, reports, any other documents etc.

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