

# TAX FLASH NEWS

1 April 2020

## President promulgates the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020

In view of the spread of pandemic COVID-19 across many countries of the world including India, causing immense loss to the lives of people, it has become imperative to relax certain provisions, including extension of time limits, in the taxation and other laws.

On 24 March 2020, the Finance Minister in a press conference<sup>1</sup> announced several relief measures. It was specified that necessary legal circulars and legislative amendments for giving effect to the said reliefs shall be issued subsequently.

On 31 March 2020, the President has promulgated the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, to provide relaxation of certain provisions. Tax related reliefs are summarised as follows:

### Direct tax

- Under 'Vivaad Se Vishwas Scheme', the time limit for making payment to avail the scheme without any additional amount has been extended from 31 March to 30 June 2020.
- Where any time limit specified under the Income-tax Act, 1961 (the Act) falls during the period from 20 March to 29 June 2020, or such other date after 29 June 2020 as the government may notify, for the completion or compliance of the following actions:
  - Completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other action, by whatever name called, by any authority, commission or Tribunal, by whatever name called.
  - Filing of any appeal, reply or application or furnishing of any report, document, return, statement, or such other record, by whatever name called.

- Making of investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, to claim any deduction, exemption or allowance under the following provisions:
  - ✓ Section 54 to 54GB; or
  - ✓ Chapter VI-A under the heading 'B – Deductions in respect of certain payments'; or
  - ✓ Such other provisions of the Act as the government may notify.
- Beginning of manufacture or production of articles or things or providing any services referred to in Section 10AA, in a case where letter of approval, required to be issued in accordance with the provisions of the SEZ Act has been issued on or before the 31 March 2020.

and where completion or compliance of such action has not been made within such time, then, the time limit for compliance or completion of such action has been extended to 30 June 2020 or such other date after 30 June 2020 as government may notify.

- Where any due date specified under the Act for payment of any amount towards tax or levy, by whatever name called, falls during the period from 20 March to 29 June 2020, or such other date after 29 June 2020 as the government may notify, and such amount has not been paid within such date, but has been paid on or before 30 June 2020 or such other date after 30 June 2020 as the government may notify, then:
  - The rate of interest payable for the period of delay shall not exceed 3/4<sup>th</sup> per cent for every month or part thereof.
  - No penalty shall be levied and no prosecution shall be sanctioned

<sup>1</sup> PIB release, dated 24 March 2020

The term 'Period of delay' has been defined to mean the period between the due date and the date on which the amount has been paid.

- 100 per cent deduction to donation made to PM CARES Fund<sup>2</sup> under Section 80G of the Act. Further such income will be exempt in the hands of recipient under Section 10(23C) of the Act.

## Indirect tax

### Relaxation of time limit

Sl. No.	Statute	Nature of compliances	Due dates of Compliances	Relief
1	Central Excise Act, 1944	a. Completion of any proceedings or issuance of any order, notice, intimation, notification or sanction or approval, by whatever name called, by any authority, commission, tribunal, by whatever name called; or	Falling during the period from 20 March 2020 to 29 June 2020	Due dates stand extended to 30 June 2020 or such other date after 30 June 2020 as may be notified
2	Customs Act, 1962 (except certain specified sections <sup>3</sup> )			
3	Customs Tariff Act, 1975			
4	Chapter V of the Finance Act, 1994 (Service Tax provisions)	b. Filing of any appeal, reply or application of furnishing of any report, document, return or statement, by whatever name called		

**Note** – For compliance due dates falling after 29 June 2020, the central government may by notification extend the same after 30 June 2020.

<sup>2</sup> Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund

<sup>3</sup> Specified sections under the Customs Act – Section 30, 30A, 41, 41A, 46 and 47

### **Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019**

Amount payable under the scheme has been extended till **30 June 2020**.

Further, it may be noted that various timelines prescribed for issuance of the statement by the designated committee, have also been extended to 31 May 2020, except in cases where the amount estimated exceeds the amount declared by the declarant, in such cases the date has been extended to 1 May 2020.

### **Amendment to the Central Goods and Services Tax Act, 2017**

New section 168A has been inserted in the Central Goods and Services Tax Act, 2017, to give powers to the central government, on the recommendation of the GST Council, to extend the time limit of compliances in case of 'force majeure' such as Covid-19.

#### **Our comments**

Various relief measures provided by the Ordinance is a welcome move. It will help taxpayers to address some of the difficulties arising due to COVID-19 lockdown.

Extension of time limit for making payment to avail the 'Vivaad Se Vishwas' Scheme without any additional amount will help taxpayers to evaluate the option till 30 June 2020. The Ordinance has extended the time limit for various compliances and investment deduction/ benefits under the Income-tax Act to avoid any penalty and prosecution.

The Ordinance also allows 100 per cent deduction to donations made to PM CARES fund.

The reliefs announced with respect to compliances under the GST law are subject to approval by the GST Council, and accordingly the same is expected to be notified by the government post the next Council meeting.

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