



MINISTRY OF  
CORPORATE AFFAIRS



सत्यमेव जयते  
Goods and Services Tax



# Government of India

# NOTIFICATIONS



MKC

# PREFACE

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- The rapid outbreak of the Coronavirus (COVID-19) presents an alarming health crisis that the world is grappling with.
- The impacts of COVID-19 pandemic are unfolding in real time. The COVID-19 outbreak has already had a significant effect on the economies of affected countries and international financial markets and there are growing risks of a global recession.
- Here in this presentation, we will discuss the important notifications, press release and circulars issued by **GST, Income Tax Act, RBI, Ministry of Corporate Affairs** and **Customs**, done by Government of India to reduce the effects of the pandemic that the country is suffering.



# CONTENT

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## ❖ **Announcement, Press Release, Circulars and Notifications Issued by:**

- Ministry of Corporate Affairs
- Income Tax Act
- Goods & Service Tax
- Reserve Bank Of India
- Indirect Taxes & Customs
- Employees' Provident Fund



# Ministry of Corporate Affairs

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## General Circular No. 11/2020

- In order to support and enable **Companies and Limited Liability Partnerships (LLPs) in India**,
- to focus on taking necessary measures to address the COVID-19 threat,
- including the economic disruptions caused by it,
- the following measures have been implemented by the Ministry of Corporate Affairs
- via General Circular No. 11/2020 dated 24<sup>th</sup> March, 2020 - to reduce their compliance burden and other risks

## Further Clarification through General Circular No. 11/2020 and 12/2020

- The Ministry of Corporate Affairs (MCA) vide its **General Circular No. 12/2020**,
- comes up with the **Companies Fresh Start Scheme, 2020** for one-time application of **condonation of delay** of filling the various documents, forms, returns etc. with the MCA.

# 1. NO ADDITION FEE DURING A MORATORIUM PERIOD FROM 1-04-2020 TO 30-09-2020

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- No additional fees shall be charged for late filing during a moratorium period from **01<sup>st</sup> April to 30<sup>th</sup> September 2020**,
- in respect of **any document, return, statement etc.**, required to be filed in the MCA-21 Registry,
- **irrespective of its due date**,
- which will not only reduce the compliance burden, including financial burden of companies/ LLPs at large, but also enable long-standing noncompliant companies/ LLPs to make a 'fresh start'.

## Further Clarification through General Circular No. 11/2020 and 12/2020

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- 1) DIN holders of DINs marked as 'Deactivated' due to non-filing of DIR-3KYC/DIR-3 KYC-Web
- and those Companies whose compliance status has been marked as "ACTIVE non-compliant"
  - due to non-filing of Active Company Tagging Identities and Verification(ACTIVE) e-form
  - are encouraged to become compliant once again in pursuance of the General Circular No. 11 dated 24th March, 2020 & General Circular No.12 dated 30th March 2020 and
  - file DIR-3KYC/DIR-3KYC-Web/ACTIVE as the case may be
  - between 1st April, 2020 to 30th September, 2020
  - without any filing fee of Rs. 5,000/Rs. 10,000 respectively.

# WHAT IS E-FORM CFSS-2020: (APPLICATION OF ISSUE OF IMMUNITY CERTIFICATE)

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- The Ministry of Corporate Affairs has provided an opportunity to corporates to make a “Fresh Start” in their **life** (i.e., from the date of its incorporation) by issuing a **General Circular No. 12/2020** dated 30th March 2020. MCA introduced a scheme called ‘COMPANIES FRESH START SCHEME 2020 (CFSS-2020)’
- **Applicable for:**
  - Companies which has not filed Annual Return and Financial Statements to ROC /MCA i.e. Form AOC-4, AOC-4 XBRL,AOC-4 CFS, Form MGT-7
  - Companies which has not filed any E Forms that are required to be filed to ROC /MCA and not filed i.e. Form MGT-14,ADT-1, Form DPT-3 , Form DIR-12, Form 20A, INC 22.
- **Non Applicability of CFSS-2020:**
  - Company under Strike off
  - Amalgamated Companies
  - Applications filed for obtaining Status of Dormant Companies
  - Vanishing Companies
  - Form SH-7 for Increase in Authorized Share Capital
  - Form CHG-1 , CHG-4, CHG-8, CHG-9 related to Charge.

# COMPANIES FRESH START SCHEME, 2020 (FORM CFSS-2020)

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- **Benefits to Company:**

- Full Waiver for Payment of Additional Fees/ Penalty
- Immunity from launch of prosecution
- Immunity from proceedings for imposing penalty

- **Action by ROC/MCA:**

- If Pending Returns/ Documents are not filed
- MCA/ROC will take action as per provisions of Companies Act, 2013 which provides for very high penalties.

- **PERIOD:**

- From 01-04-2020 to 30-09-2020 (Pending documents can be filed in this period)

- **Fee Payable for Filing of Documents:**

- Normal Filing Fee without any penalty

# IMMUNITY CERTIFICATE

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- On filing, recording and approving the documents, forms and returns filed by Defaulting Companies,
- the Designated Authority(the concerned Registrar of Companies) shall issue the **Immunity Certificate**
- within a period of **6 months** from the closure of the scheme.
- **Effect of Granting Immunity Certificate(IC)**
  - Company will **withdraw all appeals against any prosecution** and **ROC will withdraw all the proceedings.**

## OPPORTUNITY TO INACTIVE COMPANY (CFSS-2020)

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- While making filing of the due statutory documents under CFSS-2020, the **defaulting inactive companies** can file simultaneously :
  - Application for Obtaining Status of **Dormant Company** OR
  - **STK-2** for Strike of Name of Company.



# LLP Settlement Scheme, 2020

- Central Government via General Circular No. 6/2020 dated 4<sup>th</sup> March, 2020 has introduced a scheme namely “**LLP Settlement Scheme, 2020**”, by allowing a One-time condonation of delay in filing statutorily required documents with the Registrar.
- This scheme came into force on 16<sup>th</sup> March, 2020 and shall remain in force up to 13<sup>th</sup> June, 2020.
- **Applicability-** Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31<sup>st</sup> October, 2019 in accordance with the provisions of this Scheme.
- **Manner of payment of fees and additional fee on filing belated document for seeking immunity under the Scheme**
  - The defaulting LLPs may themselves avail of the scheme for filing documents which have not been filed or registered in time on payment of additional fee Rs. 10/- per day for delay in addition to any fee as is payable for filing of such document or return,
  - Provided that such payment of additional fee shall not exceed Rs. 5,000/- per document.
- **Immunity from prosecution in respect of document(s) filed under the scheme**
  - The defaulting LLPs, which have filed their pending documents till 13<sup>th</sup> June 2020 and made good the default, shall not be subjected to prosecution by Registrar for such defaults.
- **Non-Applicability of the Scheme**
  - Form-3- Information with regard to limited liability partnership agreement and changes, if any, made therein;
  - Form-4- Notice of appointment, cessation, change in name/address/ designation of a designated partner or partner and consent to become a partner/ designated partner;
  - Form-S; Statement of Account & Solvency (Annual or Interim);
  - Form-11- Annual Return of Limited Liability Partnership (LLP).
  - 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.

## 2. EXTENSION TO HOLD BOARD MEETING U/S 173

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- The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013(CA-13) (120 days)
- stands extended by a period of 60 days till next two quarters i.e., till 30th September.
- Accordingly, as a one time relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters, instead of 120 days as required in the CA-13
- Covid-19: MCA eases **attendance rules for board meetings till June 30**
  - Relaxation allows directors to attend via **audio-visual** means even for approval of financial statements and the board's report
  - A director attending a meeting via video conferencing or other audio-visual means is to be counted for the purpose of quorum

## 3. DEFERMENT ON APPLICABILITY OF CARO, 2020

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- The Companies (Auditor's Report) Order,2020 shall be made applicable from the financial year 2020-2021
- instead of being applicable from the financial year 2019-2020 notified earlier.
- This will significantly ease the burden on companies & their auditors for the financial year 2019-20.

## 4. NON VIOLATION OF SECTION 149(8) OF CA-13, CODE FOR INDEPENDENT DIRECTOR-SEPARATE MEETING

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- As per Para VII(1) 'Separate Meeting' of Schedule IV Code For Independent Directors to the CA-13, Independent Directors (IDs) are required to
- hold at least one meeting without the attendance of Non-Independent directors and members of management.
- For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same **shall not be viewed as a violation**.
- The IDs, however, may share their views amongst themselves
- through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

## 5. EXTENSION OF TIME TO CREATE DEPOSIT REPAYMENT RESERVE

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- Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21
- Before **30th April 2020**
- shall be allowed to be complied with till **30th June 2020**.

## 6. EXTENSION OF TIME LIMIT TO DEPOSIT INTO DEBENTURE REDEMPTION FUND

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- Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014
- to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020,
- may be complied with till **30th June 2020**.

## 7. EXTENSION OF TIME LIMIT TO FILE DECLARATION FOR COMMENCEMENT OF BUSINESS

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- Newly incorporated companies are required to file a declaration for Commencement of Business
- within 180 days of incorporation under section 10A of the CA-13.
- An **additional period of 180 more days** is allowed for this compliance.

## 8. DIRECTOR-MINIMUM RESIDENCY RULE SHALL NOT BE TREATED AS NON COMPLIANCE

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- Non-compliance of minimum residency in India
- for a period of at least 182 days
- by at least one director of every company, under Section 149 of the CA-13
- Shall not be treated as a non-compliance for the financial year 2019-20

# CONTRIBUTION TO PM CARES FUND – DEDUCTION U/S 80G

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- Keeping in view of the spread of COVID-19 in India, its declaration as pandemic by WHO, and, decisions of GOI to treat it as natural disaster,
- It is hereby clarified that the spending of CSR funds for COVID-19 is eligible for CSR activity.
- Funds may be spent for various activities related to COVID-19 under items nos. (i) to (xii) of Schedule VII relating to promotion of health care, including preventive health care and sanitation, and , disaster management.

## GENERAL CIRCULAR NO. 10/2020 DATED 23.03.2020 CLARIFICATION FOR SPENDING CSR FUNDS FOR COVID-19

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- In an appeal by Mr. Injeti Srinivas, Secretary, Ministry of Corporate Affairs to CMD/MD/Chairman/CEO
- Any Contribution to PM Cares Fund before 31<sup>st</sup> March 2020,
- would qualify for 80G exemption as applicable under Income-tax Act, 1961.
- From 1<sup>st</sup> April 2020, only those companies that have chosen to remain in the old tax structure will get the said benefit



# INCOME-TAX

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- **Finance Ministry issues Taxation and other Laws Ordinance, 2020**
  - In order to give effect to the announcements made by Union Finance Minister vide press release dated 24.03.2020, regarding several relief measures relating to statutory and regulatory compliance matters across sectors in view of COVID-19 outbreak, the govt. has brought in an ordinance on 31.03.2020 which provides for extension of various time limit under the Taxation and Benami Acts.
- **Some of the important highlights and time limits which get extended by this Ordinance are as under:-**
  - 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 which was earlier 31st March 2020.
  - The date of making various investment/payment for claiming deduction under chapter-VIA-B of Income Tax Act which include Section 80C (LIC, PPF, NSC etc.), 80D (Mediclaime), 80G (Donation), etc.
  - has been extended to 30th June 2020.
  - Hence the investment/payment can be made up to 30.06.2020 for claiming the deduction under these sections for FY 2019-20.
  - However, donation made upto 30th June to the PM CARES Fund shall also be eligible for 100% deduction under section 80G of the Income Tax Act, 1961 i.e. without any internal limit of 10% of adjusted Gross Total Income from the income of FY 2019-20.

- Under Vivad se Vishwas Scheme, the date has also been extended up to 30.06.2020. Hence declaration and payment under the scheme can be made up to 30.06.2020 without additional payment of 10%.
- The date for making various investment/construction/purchase for claiming roll over benefit/deduction in respect of capital gains under sections 54 to 54GB of the IT act has also been extended to 30th June 2020. Therefore, the investment/construction/purchase made up to 30.06.2020 shall be eligible for claiming deduction from capital gains arising during FY 2019-20.
- It has provided that reduced rate of interest of 9% instead of 12%/ 18% per annum (i.e. 0.75% per month instead of 1/1.5% per month) 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 shall be initiated for these non payments.
- All the assessees who have filed application for lower rate/nil deduction of TDS or TCS and is pending for disposal and where certificates u/s 195, 197 and 206C(9) were issued for F.Y. 2019-20, the validity of the certificates has been extended to 30th June, 2020.
- Cases where assessees have not been able to apply for such lower/nil deduction certificate for F.Y. 2020-21 but were issued such certificates for F.Y. 2019-20, such certificates will be valid till 30th June, 2020.

- Also cases where the assessee has not applied for issue of lower/nil deduction of TDS/TCS and does not have any certificate for F.Y. 2019-20, a modified procedure for application and consequent handling by the assessing officer has been prescribed by the CBDT.
- On payments to Non-Residents (including foreign companies) having Permanent Establishment in India and not covered above, tax on payments made will be deducted at the rate of 10% including surcharge and cess, on such payments till 30th June, 2020 or disposal of application, whichever is earlier.
- Aadhar- PAN linking date has been extended from 31st March 2020 to 30th June 2020.
- The date for commencement of operation for the SEZ units for claiming deduction under deduction 10AA of the IT Act has also been extended to 30.06.2020 for the units which received necessary approval by 31.03.2020.
- Due Dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time completion of proceeding by the authority has also been extended to 30th June, 2020.





# GOODS & SERVICE TAX

- Those having aggregate annual turnover less than Rs. 5 Crore Last date can file GSTR-3B due in March, April and May 2020 by the last week of June, 2020. No interest, late fee, and penalty to be charged.
- 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 30th June 2020.
- 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 31st March, 2020 and filing of return for 2019-20 by the composition dealers will be extended till the last week of June, 2020.
- Date for filing GST annual returns of FY 18-19, which is due on 31st March, 2020 is extended till the last week of June 2020.
- Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.

- Necessary legal circulars and legislative amendments to give effect to the aforesaid GST relief shall follow with the approval of GST Council.
- Payment date under Sabka Vishwas Scheme shall be extended to 30th June, 2020. No interest for this period shall be charged if paid by 30th June ,2020
- In terms of notification No. 35/2020- Central Tax, dated 03.04.2020, Issued under the provisions of 168A of the CGST Act, where the validity of an e-way bill generated under rule 138 of the CGST Rules expires during the period 20th day of March, 2020 to 15th day of April, 2020, the validity period of such e-way bill has been extended till the 30th day of April, 2020.
- Rule 36(4) of CGST Rule restricts the claim of ITC in GSTR 3B. According to this rule ITC claim is restricted to 10% above the ITC as per GSTR 2A. Considering the lock down situation, the Government has relaxed the provisions of Rule 36(4). Therefore, for the GST returns relating to periods from February 2020 to August 2020, ITC as per Books can be claimed without considering the ITC as per GSTR 2A.
- However, the ITC claimed has to be matched in a consolidated manner with GSTR 2A before filing GSTR 3B of September 2020. for Filing GST Monthly returns.

- **ILLUSTRATION** : Calculation of Interest for delayed filing of returns for March 20 (due date of filing being 20.04.2020 ) for a Registered Person whose aggregate turnover in preceding financial year is above Rs. 5 crore as per below table :

S.No.	Date of Filing GSTR 3B	No. of days Of delay	Whether condition for reduced interest is fulfilled ??	Interest
1	02.05.2020	11	Yes	Zero interest
2	20.05.2020	30	Yes	Zero interest for 15 days + interest rate @9% p.a. for 15 days
3	20.06.2020	61	Yes	Zero interest for 15 days + interest rate @9% p.a. for 46 days
4	24.06.2020	65	Yes	Zero interest for 15 days + interest rate @9% p.a. for 50 days
5	30.06.2020	71	No	Interest rate @18% p.a. for 71 days (i.e. no benefit of reduced interest)



# RESERVE BANK OF INDIA

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## Rescheduling of Payments – Term Loans and Working Capital Facilities

- All commercial banks ,co-operative banks, all-India Financial Institutions, and NBFCs are being permitted to allow a moratorium of three months on payment of all installments falling due between March 1, 2020 and May 31, 2020.
- Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
- There is relief that banks will not report defaults on such loans to credit score authorities for the next three months. Hence there is no impact on the credit score of the customers.
- The repayment schedule for such loans for residual tenor, will be shifted across the board by three months after the moratorium period.
- In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a deferment of three months on payment of interest in respect of all such facilities outstanding between March 1, 2020 and May 31, 2020. The accumulated interest for the period will be paid after the expiry of period.

# CHANGE IN RATES

- Repo rate in FY 19-20 is 5.15% which is reduced by the RBI by 75 basis points and hence the new repo rate in FY 20-21 is 4.4%.
- This will reduce the home loan rates which are linked with RBI Repo Rate.
- Reverse repo rate in FY is 4.90% which is reduced by the RBI by 90 basis points and hence the new reverse repo rate in FY 20-21 is 4%.
- Cash Reserve Ratio(CRR) of all the banks reduced by 100 basis points to 3.0 percent of NDTL with effect from 28th March 2020.
- This reduction in CRR would release primary liquidity of about Rs. 1,37,000 cr. uniformly across the banking system in proportion of liabilities of constituents.
- This dispensation will be available for the period of one year ending 26th March 2021.

# CLASSIFICATION AS SPECIAL MENTION ACCOUNT AND NPA

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- Deferment/reclassification of drawing power shall not be treated as concession or change in terms and conditions of loan agreements. Thus such a measure shall not result in asset classification downgrade.
- The asset classification of term loans, to which reliefs are granted, shall be determined on the basis of revised due dates and repayment schedule.
- Similarly, SMA and Out of Order status of working capital facilities where relief is provided shall be evaluated considering the application of accumulated interest immediately after the moratorium period as well as revised terms.

## OTHER GENERAL RELIEFS

- Debit cardholders can now withdraw cash from any bank ATM for free for the next three months.
- There shall not be any requirement of minimum balance for three months – complete waiver of MAB fee for the next three months for all the account holders.
- Reduction of bank charges for digital trade transactions for all trade, finance and consumers.



# INDIRECT TAXES & CUSTOMS

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## Announcements made by Finance Minister on Covid-19

- Customs Clearance Services would operate 24\*7.
- The time limit for all compliances (including issuance of notices, orders, furnishing of returns, statements etc.) under Customs where the existing time limit is expiring between 20th March 2020 and 29th June 2020, has been extended upto 30th June 2020.
- The realization & repatriation period of export proceedings extended from 9 months to 15 months from the date of exports. In view of the disruption caused by the COVID-19 pandemic, the time period for realization and repatriation of export proceeds for exports made upto or on 31st July 2020, has been extended to 15 months from the date of export. And this relief is applicable from 1st April 2020 through the announcement of RBI.

## ABOUT 24\*7 SERVICES OF CUSTOMS CLEARANCE

- The import/export of goods, related port services and allied activities declared as essential services and would be operational 24\*7.
- Export of sanitizers and ventilators of all sorts has been prohibited. Additionally, export of Hydroxychloroquine and its formulations has been prohibited, except in certain specified situations.
- Customs Clearance at ports/airports/land border with bare minimum staff.

## ABOUT REALIZATION & REPATRIATION OF EXPORT PROCEEDS

- It is obligatory on the part of the exporter to realise and repatriate the full value of goods or software to within a stipulated period from the date of export, as under:
- Units located in SEZS and exporters as defined in Foreign Trade Policy and 100% Export Oriented Units (EOUs), shall realize & repatriate the full value of goods/software/services to India within a period of twelve months from the date of export.
- Goods exported to warehouse established outside India, amount should be realize within a period of fifteen months from the date of export.
- In all other cases, this period of realization and repatriation of export proceeds to India within a period of nine months from the date of export.





# EMPLOYEES' PROVIDENT FUND ORGANISATION – PF RELAXATION

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- EPFO by Web Circular No. C\_ I/Misc./2019-20/Vol.II/Part/ Dated 28.03.2020 notifies that:
  - Government of India will pay EPF Contribution of both employer and employee (12 percent each) for the next three months so that nobody suffers due to loss of continuity in the EPFO contribution.
  - This is for those establishments that have up to 100 employees and 90 percent of whom under Rs. 15000 monthly wage.
  - **Para 68L of the EPF Scheme, 1952 are processed promptly** (*enabling members to take non-refundable advances from their account for treatment of illness and buying equipment to minimise the hardship on account of handicap*) **and relief reaches the worker and his family to help them fight with COVID-19,**
- Eligibility to file online claim for the purpose “Outbreak of pandemic (COVID-19)”
  - UAN should be activated.
  - Verified Aadhaar should be linked with UAN
  - Bank Account with IFSC code should be seeded with UAN
- Eligible Amount
  - Upto 75% of PF balance (Employee share and Employer Share) or 3 months PF wages
  - the claimed amount by the member
  - **whichever is the least.**

# DISCLAIMER

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The notifications, circulars issued by various government departments have been discussed in this document. It should not be relied upon as a substitute for detailed advice or a basis for formulating business decisions. All reasonable care has been taken in preparing the document, Mehra Khanna & Co. accepts no responsibility for any error in the document.

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# Protect yourself and others!

## Follow these Do's and Don'ts

### Do's



Practice frequent hand washing. Wash hands with soap and water or use alcohol based hand rub. Wash hands even if they are visibly clean



Cover your nose and mouth with handkerchief/tissue while sneezing and coughing



Throw used tissues into closed bins immediately after use



See a doctor if you feel unwell (fever, difficult breathing and cough). While visiting doctor wear a mask/cloth to cover your mouth and nose



If you have these signs/symptoms please call State helpline number or Ministry of Health & Family Welfare's 24\*7 helpline at 011-23978046



Avoid participating in large gatherings



Have a close contact with anyone, if you're experiencing cough and fever



Touch your eyes, nose and mouth



Spit in public

### Don'ts

## Together we can fight Coronavirus

**MKC**

**Thanking You**

**!!**

**Stay Safe**

