

Karnataka State Chartered Accountants Association (KSCAA)



Webinar on

Covid 19

- ***Impact on Business***
- ***Relief & Stimulus measures by GOI***

11th April 2020

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Corona – An invisible Enemy / assassin
Result of Globalization – But fight against it is local

Compliance Management

↓

In a VUCA World

Volatility – Uncertainty - Complexity - Ambiguity

Before Corona - BC		
During Corona - DC	Lockdown	Relapse Possible
	After Lockdown	
After Corona - AC		

EBITDAC = earnings before interest, taxes, depreciation, amortization and coronavirus

Govts' Dilemma – Saving lives or Saving livelihood

Measures taken by Govt. to mitigate Covid-19

1. Epidemic Diseases Act, 1897 invoked

- Lockdown under above Act [*Bangalore: 1+2+21+??*]
- **One Covid+ Person can infect 406 - can limit it to 2.5 with distancing**
- **Wuhan opens after 76 days**

2. Interim relief & stimulus already provided

a) Tax Compliance Package due to COVID-19 Outbreak

- Vide FM Nirmala Sitharaman's press release dated 24th March 2020
- Vide THE TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISIONS) ORDINANCE, 2020 dated 31.3.2020
 - **Income Tax / GST / Customs & Indirect Tax**
 - **Companies Act & IBBI / Financial Services**

b) Banking relief for Covid-19 situation

- Vide RBI Governor's Statement dated 27th March 2020

c) Stimulus Economic Package due to COVID-19 Outbreak

- Vide FM Nirmala Sitharaman's press release dated 26th March 2020

Venkaiah Naidu, Vice president of India.

“Concern of economy can wait for another day, those of health cannot”

FM may present Budget 2020-21 - Ver 2

1st Feb Budget outlay of Rs. 30.42 L cr. with Fiscal deficit of 7.96L Cr. !!!!!

Covid 19

Impact on Business

Impact of Covid-19 on Business

1. **Disruption to every business** - “This is a global **Black Swan** event. No one is insulated,” - Amit Chandra, Bain Capital India
 - a. Some temporary but for some it may be permanent (incl. Closure).
 - b. Manufacturing was already under Recession - Now Service sector also
2. **Discrepancy in Demand**
 - a. Expenses will not reduce proportionately
 - b. Reduction in prices – Huge discounts
 - c. Impairment of asset esp. PPE / Investment - **Sensex down from 40,000 to 27,000 - 9th Apr 31,160.**
 - d. Discrepancy in Collection & Bad Debts - **Countries defaulting:** Lebanon - Argentina - Venezuela – Ecuador.
3. **Discrepancy in Supply – Income**
 - a. Supply chain issue
 - b. Import dependent will be greatly affected – **Forex loss apart - 9th Apr \$ @ Rs.76.55**
4. **Havoc to liquidity situation**
 - a. Total stoppage of revenue but liabilities unchanged !
 - b. Additional Working Capital requirement from Banks – Additional interest burden
5. **Huge lay off of employees**
 - a. ILO warning: Pandemic can push 40 Cr. workers in India’s informal sector into poverty
 - b. Pay hikes, incentives & bonus deferred
 - c. Delayed Placements
6. **Import Substitution**
 - a. Make in India product
 - b. Buy in India
 - c. Study in India
 - d. Localisation shift
 - e. **Over dependent on China will reduce**

Degree of impact

High Vs. Low

Low margin Vs. **High margin**

High fixed cost Vs. **Low fixed cost**

High debt Vs. **Cash Rich** *[Cash is King - Debt is hell]*

MSME Vs. **Large**

Start up Vs. **Established**

Import based Vs. **Local sourcing**

Capital Goods Vs. **FMCG**

Luxury Goods Vs. **Necessity** *[Discretionary spend will be at stake]*

**Impact will depend on
Intensity, Spread & Duration
of Covid-19 lockdown**

Direct to few

Vs. Indirect to all

Permanent to few

Vs. Temporary to all



Negative

- Suppliers/Service providers for above sectors
- Stock Prices of above

[Ecowrap – SBI Bulletin](#)



We estimate total output loss at Rs 8.04 lakh cr., in which highest loss is in transport sector followed by hotels, trade, education, petroleum and agriculture. These sectors are sectors with max. forward & backward linkages.

How to overcome the impact

1. Cost Control & Austerity measures – DC & AC

- a. Salary – Can we ? How much ?? Reduce future leave ???
- b. Rent – Reassess Realty needs
- c. Travelling & allied exp - Virtual AV meetings thro Zoom, Zoho, Webexx ...
- d. Renegotiate vendor contracts
- e. Other Fixed Cost

2. Move towards variable costs model

3. Reduce Capex

- *Tata Companies told to Conserve Cash, Go Slow on Capex – N Chandrasekaran, Chairman*

4. Seek support from all stake-holders

- *Skoda extends support to its dealers with their fixed costs for April to June.*

5. Kaizen – Innovate – Change course if required.

- *Pay more to Innovators & researchers & not to entertainers*

**LABOUR DEPARTMENT GOVERNMENT OF KARNATAKA ADVISES
EMPLOYERS NOT TO TERMINATE THEIR EMPLOYEES OR
REDUCE THEIR WAGES**

The Deputy Secretary Labour Department Government of Karnataka has issued a circular dated 24.3.2020 that in view of the catastrophic COVID-19 situation the Government of Karnataka has taken all necessary steps to contain the spread of COVID-19 and has advised all the citizens to stay at home and not to come out of their home due to which the workers and employees are prevented from attending work. Consequently the employers on this pretext can dismiss the workers or force them to go on leave without pay. Therefore, considering this entire situation, all the employers of Public and Private Establishments are hereby advised not to terminate their employees particularly casual and contract workers or reduce their wages. Further if the place of employment is made non-operational due to COVID-19, the employees of such unit shall be deemed to be on duty. Termination of employees or reduction in wages will deepen the crisis and will not only weaken the financial condition of the employees but also hamper their morale to fight COVID-19.

The Directors of Factories and Boilers and Industrial Safety and Labour Commissioner have been advised to advise to all the employers of the Establishments and Factories situated in their jurisdiction not to terminate their employees particularly casual and contract labours or not to reduce their wages.

Delhi HC Cancels Summer Holidays

The Delhi High Court on Thursday (9th April 2020) cancelled its summer holidays scheduled for June **to make up for the loss of working hours due to the lockdown.**

A Spanish biological researcher:

You give the footballer one million euros a month and a biological researcher 1,800 euros. You are looking for a treatment now. Go to Cristiano Ronaldo or Messi and they will find you a cure



Get used to New Normal

1. Social Distancing

- a. While working or Lunch places
- b. Wearing masks
- c. Minimal gathering at workplace
- d. Employee safety – Top priority
- e. Risk of people coming from mass transport.

2. Remote working / WFH

- a. Provide all facility
- b. Cloud computing / Storage with VPN facility

3. Online transactions / banking

- a. Curb cash transaction – What demo could not achieve Covid-19 will
- b. Webinar & on line / virtual meetings

4. Temporary succession plan in case somebody is infected

- a. BCP
- b. Plan B for every role
- c. What can go wrong

Industry expectation from Govt.

- **India Inc** submits business continuity plan to government
- **It has pitched for ₹ 2 Lakh Cr** revival fund
- **Select opening** with adequate safety measures
- **Special transport** to get migrant workers back to factories
- **Short term interest free or low interest loans** for rebuilding business.
- Payroll support !!



Ecwrap – SBI Bulletin

Apart from Rs 1.75 lakh cr. package announced by FM, of which Rs 73,000 crores is only new and rest is from current budget, **Govt. needs to announce a large fiscal package for affected industries & sectors which are on high & medium risk.** We believe that to enable these sectors to grow at the same pace as they would have grown in normal times, a fiscal package of at least Rs 3.5 lakh cr. is needed. Our estimates also suggest that given a labour and capital income loss of around Rs 3.60 lakh crore, the minimum subsistence **fiscal package must be scaled up by Rs 3 lakh crore, over and above the incremental Rs 73,000 crores that was unleashed in first phase.**

US Federal Reserve Rolls Out \$2.3T Plan (Rs. 75 L Cr x 2.3) to Stabilise US Economy

India's GDP estimated for FY 20-21 is about 225 Lac Cr (\$ 3 T)

Covid 19

Relief & Stimulus measures by GOI

No extension of Financial year

BREAKING NEWS

Next financial year will be from 01.07.2020 to 31.03.2021

RBI extends the year closing till 30.06.2020

RBI: FISCAL 2019-20 WILL END ON JUNE 30, 2020 WHILE FISCAL YEAR 2020-21 WILL BEGIN ON JULY 1, 2020 BUT ENDS ON MARCH 31, 2021

Reserve Bank of India re-draws its financial year

No Extension of the Financial Year

New Delhi: There is a fake news circulating in some sections of media that the financial year has been extended. A notification issued by the Government of India on 30th March 2020 with respect to some other amendments done in the Indian Stamp Act is being misquoted. **There is no extension of the financial year.**

Finance ministry said that a notification has been issued by Department of Revenue, Ministry of Finance dated 30th March, 2020 which relates to certain amendments to the Indian Stamp Act. It pertains to putting in place an efficient mechanism for collection of Stamp Duty on Security Market Instruments transactions through Stock Exchanges or Clearing Corporation authorized by Stock Exchanges Depositories. This change was earlier notified to be implemented from 1st April, 2020. However, due to the prevailing situation, it has been decided that the date of implementation will now be postponed to 1.7.2020.

Income Tax Relief due to Covid 19

1. Due dates where **time limit is expiring between 20th March 2020 to 29th June 2020** extended to 30th June 2020 or such other date after 30th June 2020 as may be prescribed by CG - for

- Issue of notice, intimation, notification, sanction or approval, Passing of order, completion of proceedings **by authority**
- **Filing of appeal**, reply, **furnishing of return**, statements, applications, reports, any other documents or
- any compliance by taxpayer including investment, deposit, payment, construction or such other action for benefit

under IT Act, WT Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law

- Investment/payment made under Chapter-VIA- “B- Deduction in certain payments” like S. 80C (LIC, PPF, NSC etc.), 80D (Mediclin), 80G (Donations), etc. upto 30.06.2020 can be claimed for deduction in FY 2019-20.
- Investment / construction / purchase made upto 30.06.2020, for claiming roll over benefit/deduction i.r.o capital gains U/s. 54 to 54GB, shall be eligible for claiming deduction from CG arising during FY 2019-20.
- Commencement date of operation for **SEZ units** claiming deduction U/s. 10AA extended to 30.06.2020 for units which received necessary approval by 31.03.2020.

Above benefit not extended to other fixed assets for claim of Depreciation benefit U/s.32

2. Donation made to **PM CARES Fund** eligible for 100% deduction U/s. 80G without limit on deduction of 10% of gross income

- 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 persons affected from Covid-19.

Any person incl. corporates paying concessional tax on income under new regime can make donation to PM CARES Fund [upto 30.06.2020](#) and can claim deduction u/s 80G against income of FY 2019-20.

Deductions U/s.80 to companies opting concessional tax U/s.115BAA / 115BAB

Sec.		FY 2019-20	FY 2020-21
80G	Donations	Available	Not Available
80GGA	Donations for scientific research or rural developments	Available	Not Available
80GGB	Donations to political parties	Available	Not Available
80JJAA	Deduction WRT employment of new employees.	Available	Available
80M	Deduction WRT certain Inter-corporate dividends	NA	Available

Income Tax Relief due to Covid 19

3. Declaration & payment under Vivad se Vishwas scheme can be made up to 30.06.2020 without 10% additional payment.

Vivaad se Vishwas

Scheme Bridging Dispute-Trust Divide - For Minimizing Tax-related Litigation

WRT Appeals pending as on 31st Jan 2020

Payment made on or before	Appeal relates to disputed tax	Appeal rates only to disputed penalty or interest or fee
31st March 2020	100% of disputed tax (125% in search cases)	25% of disputed penalty or interest or fee
End date (30th June 2020)	110% of the disputed tax (135% in search cases) such that it does not increase total demand	30% of the disputed penalty or interest or fee

If an issue in taxpayer's pending appeal already decided in his favour by appellate forum or if **Dept. has filed appeal on an issue, amount payable is 50% of aforesaid amounts.**

Income Tax Relief due to Covid 19

4. Last date for belated / Revised ITR filing U/s.139(4)/(5) for FY 18-19 extended from 31st March, 2020 to 30th June, 2020.
5. Reduced interest @ 9% instead of 12/18% PA for non-payment of **Income Tax / levy** (Advance tax, self-assessment tax, regular tax, TDS, TCS) equalization levy, STT, CTT due for payment from 20th March 2020 and 29th June 2020, if they are paid by 30th June 2020.
No penalty/prosecution shall be initiated for these non-payments.
6. Aadhaar-PAN linking date extended from 31st March, 2020 to 30th June, 2020.

CBDT grants further COVID relief in respect of TDS / TCS

1. If a person had submitted valid **Forms 15G & 15H** to Banks or other institutions for FY 2019-20, then these Forms would be valid up to June 30, 2020. [Earlier due date 30th April 2020]
2. Order u/s 119 of IT Act on issue of certificates for lower rate / Nil deduction / collection of TDS or TCS u/s 195, 197 & 206C (9) (dtd 31.03.2020)
“so taxpayers may **not have to pay extra tax** which may cause liquidity issues to them.”

**Order u/s 119 of Income Tax Act, 1961 (dtd 31.03.2020)
on issue of **lower rate/nil TDS/TCS Certificate** u/s 195, 197 & 206C (9)**

	In case of an Assessee	Validity
1.	Who has filed application for lower / nil deduction of TDS/TCS for FY 20-21 & a. whose applications are pending for disposal and b. have been issued such certificates for FY 19-20	Certificates valid for FY 20-21 till 30 th June 2020 or till disposal of applications by AO, WIE . <i>(Only for transaction & the deductor, for whom the certificate was issued for FY 19-20)</i>
2.	Who could not apply for issue of lower or nil deduction of TDS/TCS for the FY 20-21, but were having the certificate for FY 19-20	Certificates valid till 30 th June 2020 for FY 20-21. <i>However, Assessee to apply for lower/Nil deduction vide an e-mail addressed to AO (manner prescribed), as soon as normalcy is restored or 30.06.2020 WIE.</i>
3.	Who has not applied for issue of lower or nil deduction of TDS/TCS, & is also not having such certificate for FY 19-20	Applicants to apply for lower/Nil deduction vide an e-mail addressed to AO (manner prescribed).
4.	On payments to NR including foreign companies having PE in India & not covered by 1 & 2 above	TDS to be made @10% incl. SC & Cess, on such payments till 30 th Jun 2020 or disposal of their applications WIE .

FAQ dated 9.04.2020

- **Validity - Full period (upto 30th Jun 2020) and not proportionately** - Ex. If certificate issued during FY 2019-2020 for period 1.10.19 to 15.12.19, same certificate remains valid for 1.4.20 to 30.06.20.
- **Threshold limit - Afresh in full without any deduction** - Ex. If certificate issued during FY 2019-2020 had threshold of Rs. 10 Lacs, then total threshold for period 1.4.20 to 30.6.20 shall also be Rs. 10 Lacs
- **No new TAN will be considered / No reduction in rates - Unless fresh application is made.**

Order u/s 119 of Income Tax Act, 1961 (dtd 31.03.2020)
on issue of lower rate/nil TDS/TCS Certificate u/s 195, 197 & 206C (9)

Manner prescribed for applying for lower deduction through e-mail

E-mail shall contain following information

1. Duly filled in Form 13
2. Documents/info. required to be uploaded on TDS-CPC website while filing Form 13
3. **Projected** Balance Sheet & P&L account for FY 2020-21
4. **Provisional** Balance Sheet & P&L account of FY 2019-20
5. Balance Sheet & Profit & Loss account of FY 2018-19
6. Form 26AS for FY 2019-20 & 2018-19
7. ITR pertaining to FY 2018-19

Certificates shall be issued up to 30th Jun 2020 or any other date (earlier than 30th Jun 2020) as specified by AO.

AO shall communicate issuance of certificate vide mail to Applicant who in turn shall share it with deductor/ collector.

GSTRelief due to Covid 19

1. Last date for filing **GSTR-3B** in tax period Feb to April 2020 extended till last week of **30th June, 2020** (staggered dates provided) **for those having aggregate annual turnover < Rs. 5 Crore.**
 - No interest, late fee & penalty charged.
2. **For others delayed payment** made between 20th March 2020 and 30th June 2020, **reduced interest @ 9 % PA** (currently 18 % PA).
 - No late fee & penalty, if complied before till **24th June 2020.**
3. Date for **opting for composition scheme** extended till last week of June, 2020.

Further, last date for making payments for QE 31st March, 2020 & filing of return for 2019-20 by composition dealers extended till last week of June, 2020.

Payment with GSTR 3B [Relaxations under Covid 19 Relief package]

[Notification No. 31, 32 and 36/2020 dated 03.04.2020]

	Tax period	Aggregate turnover during preceding FY	Interest	Late Fees	Due Date
1	February 2020 March 2020 April, 2020	> Rs. 5 Crores	Nil for first 15 days from due date And 9% thereafter	Nil	20th of next month [Reduced int upto 24.06.2020]
	May 2020		18%	Applicable	27.06.2020
2	February 2020 March 2020	Rs. 1.50 Crores to Rs. 5 Crores	Nil	Nil	29.06.2020
	April 2020		Nil	Nil	30.06.2020
	May 2020 [Karnataka]		18%	Applicable	12.07.2020
3	February 2020	< 1.50 Crores	Nil	Nil	30.06.2020
	March 2020		Nil	Nil	03.07.2020
	April 2020		Nil	Nil	06.07.2020
	May 2020 [Karnataka]		18%	Applicable	12.07.2020

GSTR 1 [Relaxations under Covid 19 Relief package]
[Notification No. 31, 32 and 36/2020 dated 03.04.2020]

	Tax period	Aggregate turnover during preceding FY	Late Fees	Effective Due Date
1	March 2020 April 2020 May 2020	> 1.50 Crores	Nil	30.06.2020
2	QE 31.03.2020	< 1.50 Crores	Nil	30.06.2020

Cumulative application of Condition in 36(4) of CGST Rules [Notification No. 30/2020 dated 03.04.2020]
[Restriction of ITC to 110% of amount reflected in GSTR 2A]

- Capping of ITC on basis of Form-2A shall not apply to ITC availed in FORM GSTR-3B for months of February, March, April, May, June, July and August, 2020.**
- 110% condition shall apply cumulatively for above period and FORM GSTR-3B for Sept 2020 shall be furnished with cumulative adjustment of ITC for Feb. to Sept. 2020.**

GST Due Date for Composition Dealers

[Relaxations under Covid 19 Relief package]

Extension of time limit for Composition Dealers for FY 2020-21 [Notification No. 30/2020 dated 03.04.2020]

Forms	Revised Date
Filing an intimation in FORM GST CMP-02 Form to opt for Composition Scheme for FY 2020-21 by Regd. Or Normal taxpayers - S.T NOT filing R-1 / 3B for any tax period of FY 2020-21, from any of GSTIN or associated PAN (Tweet)	30.06.2020
Furnishing the statement in FORM GST ITC-03 Declaration about ITC reversed on inputs/capital goods.	31.07.2020

Extension of time limit for filing forms to Composition Dealers [Notification No. 34/2020 dated 03.04.2020]

Forms	Existing Date	Revised Date
FORM GST CMP-08 for QE 31.03.2020 Challan cum Statement for COT dealers	18.04.2020	07.07.2020
FORM GSTR 4 Annual Return for COT dealers	30.04.2020	31.07.2020

GST Reform for benefit to consumers and businesses

WEF 1st April 2019

- Exemptions for small businesses doubled from ₹ 20 lakh to ₹ 40 lakh. (Notf. 2/2019-CT(Rate))
 - Above increase for Goods only but Not applicable for
 - inter state dealers of Goods &
 - for Services

- Composition scheme extended for turnover.
 - For Goods up to ₹ 1.5 cr. @ 1% rate
 - For service providers upto ₹50 lakhs @ 6% instead of 18%. (Notf. 10/2019-CT)

[For COT File 1 annual return GSTR 4 with Quarterly tax payment in CMP -08]

GST Relief due to Covid 19

4. Date for filing **GST annual returns** (Form -9) of **FY 18-19**, which is due on 31st March, 2020 is extended till the last week of June 2020.
5. **Payment date** to avail benefit under **Sabka Vishwas Scheme** extended to 30th June, 2020. No interest for this period charged if paid by 30th June, 2020.

Last date for Sabka Vishwas (Legal Dispute Regulation) Scheme 2019 for

- a) Declaration in SVLDRS-1 by declarant vide R.3(1) - 15/01/2020.
- b) Statement of acceptance in SVLDRS-3 indicating amount payable Vide R.6(2) to be issued by designated committee - Within 60 days of receiving Declaration Vide R.3(1).
- c) Vide R.7, Declarant to pay amount indicated in Form SVLDRS-3 - Within 30 days from date of its issue. **This date now stands extended to 30th June 2020**

Extension of Validity of E-way Bill [Notification No. 35/2020 dated 03.04.2020]

E-Way bill generated and validity expiry between 20.03.2020 to 15.04.2020

Validity deemed to have been
extended till 30.04.2020

GST Relief due to Covid 19

6. 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 GST laws where time limit is expiring between 20th March 2020 to 29th June 2020 extended to 30th June 2020

7. Amendment to CGST Act, 2017

An enabling S.168A got inserted in CGST Act, 2017 empowering Govt. to extend due dates for various compliances under the Act, on recommendations of GST Council, iro actions which cannot be complied with due to **force majeure**.

Explanation. - “**Force majeure**” means a case of war, epidemic, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature or otherwise affecting the implementation of any of the provisions of this Act.

Press Note dated 08.04.2020

With immediate effect- Govt. to release all

- Pending GST & Customs refunds
- Pending IT refunds upto Rs. 5 Lakh [About half of total Rs. 18k Cr. Refund]

Customs & Indirect Tax

1. 24X7 Custom clearance till end of 30th June, 2020.
2. **If Last date** for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing applications, reports, refund applications any other documents etc., under Customs Act or Central Excise or Service Tax (wherever applicable) **is from 20th Mar 2020 to 29th June 2020 - Extended to 30th June 2020.**
3. Last date of furnishing of Central Excise returns due in March, April and May 2020 extended to 30th June, 2020.

Financial Services

Relaxations for 3 months

- **No charges** for Debit cardholders withdrawing cash from other banks' ATM
- Waiver of **minimum balance fee**.
- **Reduced bank charges** for digital trade transactions for all trade finance consumers.

Banking Relief

1. Repo rate reduced by 0.75% (5.15% to 4.4%)

Banks loans from RBI will be cheaper which in turn may lead cheaper loans to consumer.

2. Reverse repo rate reduced by 0.90% (4.9% to 4%)

Relatively unattractive for banks to passively deposit with RBI - instead, to use it for on-lending to productive sectors of economy.

3. Measures to expand liquidity

i. Targeted Long Term Repo Operations (TLTRO)

RBI will auction targeted term repos of up to 3 years tenor of appropriate sizes for upto Rs.1 Lakh Cr. at a floating rate, linked to the policy repo rate. Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, CPs & NCDs over and above the outstanding level of their investments in these bonds as on March 25, 2020.

ii. CRR reduced from 4% to 3% of NDTL for 1 year - Releases 1.37 lakh Cr. Min. daily CRR balance reduced from 90% - 80% till 26th June 2020.

When RBI decreases CRR, more funds are available with banks to operate.

iii. Marginal Standing Facility (MSF) increased from 2% to 3% upto 30th June, 2020, releasing an additional Rs. 1.37 Lakh crore of liquidity under LAF window at reduced MSF rate.

Above 3 measures relating to TLTRO, CRR & MSF will inject total liquidity of Rs.3.74 lakh crore to the system.

Banking Relief

4. Regulation and Supervision

- i. **3-month moratorium permitted on installments of all Term Loan** o/s on 1st Mar 2020, by commercial banks (including RRBs, small finance banks & local area banks), co-operative banks, all- India FIs & NBFCs (including HFCs & micro-finance institutions)
- **Moratorium must be a default option to all borrowers** (RBI instruction dtd. 6th April 2020)
- ii. **Interest on WC facilities o/s on 1st Mar. 2020 permitted to be deferred by 3 months.**
- iii. Lending institutions allowed to **Recalculate DP** by reducing margins and/or by **reassessing working capital cycle** for borrowers.
- iv. Above moratorium, deferment or recalculation
 - a) will not result in asset classification downgrade (NPA)
 - b) will not qualify as default for supervisory reporting & reporting to credit information companies (CICs). Hence, no adverse impact on credit history of beneficiaries.

5. **Extension of realization period of export proceeds - 9 M to 15 M** RBI press release dtd. 1st April 20

Presently proceeds from export of goods / software must be realized fully and repatriated to India **within 9 months from export date.**

- **For exports upto July 31, 2020, extended to 15 months from export date**

Companies Act

1. No additional fee charged for late filing of any Company / LLP during moratorium period from 1st April to 30th Sept. 2020.

Companies Fresh Start Scheme 2020 – CFSS 2020

vide Circular 12/2020 dt 30.3.2020.

- i. Permits filing all pending** Returns, Statements, Documents for any number of years.
- ii. WEF 1st April 2020 - up to 30th Sep 2020.**
- iii. Applies to all companies both public or private incorporated under Co Act 1956/2013.**
- iv. Only normal fees payable - No additional / late fee or penalty.**
- v. Immunity**
 - a. Immunity from prosecution / imposing penalty provided to the extent of delayed filing.**
 - b. No immunity against any punitive action for which suitable action can be taken.**
 - a. Ex. immunity in delaying in filing return of allotment but not against any illegalities committed in allotment of shares.**
 - c. Application (for seeking immunity wrt belated documents filed) **shall be filed** (without any fees) **in Form CFSS-2020**, for obtaining Immunity Certificate.
**After closure of scheme and after documents are taken on record / approved by ROC.
Before 6 months from date of expiry of scheme.****

Companies Fresh Start Scheme 2020 – CFSS 2020

vide Circular 12/2020 dt 30.3.2020.

vi. Scheme shall not apply to

- a) Form for increase in authorized Capital (**Form SH-7**)
- b) Charge related documents (**CHG-1, CHG-4, CHG-8 and CHG-9**)
- c) **Form MSME** – Overdue payments to MSMEs.
- d) **Cases requiring Condonation of delay.**
- e) Companies against whom **final notice U/s. 248 for strike off has been** given by ROC or who **applied for strike off** or applied for being **declared dormant co.**, or to **vanishing Co. or Cos. which have amalgamated** under a scheme of arrangement or compromise.

vii. Companies can avail this scheme for **applying simultaneously** for

- a) Getting themselves declared as Dormant U/s.455, if they are otherwise inactive, by filing e-form MSC-1 or
- b) Striking off the name of the company by filing STK-2

viii. **This is golden one-time opportunity to file all pending** Returns for any number of years.

- Relaxation is not only for filings due during lockdown period but also for all pending ones BC!
- Corporates, please take advantage and clear up pending matters. Wash all the compliance sins inexpensively, thanks to the Corona virus

2. **CARO, 2020** applicable from **FY 2020- 2021** instead of from 2019-2020 notified earlier.

Whether Co. is capable of meeting its liabilities existing at BS as and when they fall due within a period of one year from BS date ?

3. **CSR-COVID 19**

Funds spent for various activities related to COVID-19 shall be covered under head 'Promotion of health care-including preventive healthcare & sanitation' and 'disaster management' as specified in Schedule VII.

Contribution to PM-CARES fund

- Shall also be considered under CSR Spend and
 - Will qualify for 100% Deduction u/s 80G of IT Act and
 - If > 2% of prescribed CSR Exp. spent, may offset against CSR obligation of subsequent years.
4. Newly incorporated cos. required to file **Declaration for Commencement of Business in INC-20A** within 6 months of incorporation.
An additional time of 6 more months has been granted.
5. Creation of **Deposit Repayment Reserve** of 20% of deposits maturing during FY 2020-21 before 30th April 2020 shall be allowed to be complied till 30th June 2020.
6. Requirement to **invest 15% of debentures** maturing during a particular year in specified instruments before 30th April 2020, may be done so before 30th June 2020

7. Mandatory requirement of **holding Board meetings** within prescribed interval provided (Max. 120 days U/s.173), extended by 60 days till next 2 quarters i.e., till 30th Sept 2020; So, **time gap between 2 BMs can be 180 days, if held in next 2 quarters**;

8. **Board Meetings thro Video Conferencing (VC)** Vide Co's (Meetings of Board and its Powers) Amendment Rules, 2020 (GSR (E) dtd 19.03.2020)

Following items previously prohibited thro VC allowed from 19.03.2020 to 30.06.2020.

- (i) Approval of annual financial statements.
- (ii) Approval of the Board's report.
- (iii) Approval of the prospectus.
- (iv) Audit Committee Meetings for consideration of FS including CFS if any; and
- (v) Approval of matter relating to amalgamation, merger, demerger, acquisition & takeover.

9. Non-compliance of min. residency in India for at least 182 days by **at least 1 director** of every Co. U/s. 149, shall not be treated as violation for FY 2019-20.

10. Requirement (Sch. IV) of **Independent Directors (ID)** to hold **at least one meeting** without attendance of Non IDs & management **for FY 2019-20 is not mandatory**.
IDs may share their views amongst themselves thro telephone or e-mail or any other mode of communication, they deem it to be necessary.

EGM of members' can be conducted on or before June 30, 2020 **thro VC or OAVM** (other audio visual means),
s.t certain conditions. MCA circular dated 8th April 2020:

CONDONATION of delay in certain cases (S.460)

For

- (a) Delay in making any application to CG within time - Govt may condone; and
- (b) **Delay in filing any document with RoC** within time - CG may condone.

Popular cases -

[Adjudication U/s.454 by ROC for levy of penalty in addition to the Addl fee]

1. **Default in holding of AGM.** (S.99) (Rs. 1 L + Rs. 5,000 per day)
2. Delay in filing of e-forms like MGT-14 (Rs. 1 L + Rs. 500 per day), INC-28, MGT-6 (Rs. 1,000 per day).
3. Failure to appoint KMP (S. 203(5)) (Rs. 5 L)
4. Creation (120 days) /Satisfaction (300 days) of charge (S. 87)
5. Filing of INC-20A. (180 days) (S. 10A) (Rs. 50 K)

Procedure:

STEP 1	Hold BM.
STEP 2	File e-form CG-1 with Adjudication Application & supporting documents.
STEP 3	File e-form INC-28 (normally within 30 days) with order passed by Authority.
STEP 4	Aggrieved by an order - prefer an appeal to jurisdictional RD.

Insolvency & Bankruptcy Code

On a/c of large-scale economic distress caused by COVID 19, **threshold of default U/s. 4 of IBC 2016 is increased to Rs 1 crore** (from existing threshold of Rs 1 lakh).

This will by and large prevent triggering of insolvency proceedings against MSMEs.

If current situation continues beyond 30th April 2020, S. 7, 9 & 10 of IBC 2016 may be suspended for a period of 6 months to stop companies at large from being forced into insolvency proceedings in such force majeure causes of default

ESI contribution – Notice Dtd. 16th March 2020

[No: P-11/14/Misc/1/2019-Rev]

Payment for	Regular Due Date	Revised Due Date
February 2020	15 th March 2020	15 th April 2020
March 2020	15 th April 2020	15 th May 2020

Stimulus Economic Package due to COVID-19 Outbreak

Vide FM Nirmala Sitharaman's press release dated 26th March 2020

- PM Gareeb Kalyan scheme worth **Rs.1,70,000 crores.** [Benefit to 80 Cr people]
- For doctors, paramedics, nurses and other health professionals - insurance cover of Rs. 50 lakhs per person.

Details of Yojana

1. **Pradhan Mantri Garib Kalyan anna yojana** In the next 3 months, everyone will get additional 5 kg of rice/wheat more than existing 5kg given & additional 1 kg of pulses of choice more than existing 1kg given.
2. **Farmers:** First instalment of PM kisan yojana of Rs. 2000/- out of the annual Rs. 6000 to be transferred immediately - 8.70 Cr beneficiary.
3. **MGNREGA:** Wage increase by additional Rs.2000 per worker. *5 Cr families benefited.*
4. **Poor widows, old age & Disabled:** Ex gratia @ ₹1,000 p.m for next 3 months. [@ Rs.500 per instalment in 2 instalment] -*8.70 Cr beneficiary.*
5. **Women having Jan Dhan Accounts:** Ex gratia amount of ₹500 pm for next 3 months - *20 Cr. beneficiary*

6. **Beneficiaries of Ujwala scheme**: Free Gas cylinders for 3 months - 8.3 Cr. BPL families benefited.
7. **Women in self-help groups**: Limit of Collateral free loans enhanced from Rs. 10 L to Rs. 20 L. 7 Cr. Households benefited.
8. **Organised sector workers (EPF)**:
 - i. **Govt. to pay EPF contribution of 24%** (both employer 12% & employees 12%) for next 3 months.
IFF business have Max. 100 employees of which atleast 90% earn < ₹ 15,000 pm.

4 L Employers & 80L Employees benefited.
 - ii. **Employees (Own money)**:
EPF scheme amended to allow non-refundable advance of 75% of amount in credit of EPF a/c or 3 months basic wages+DA, whichever is lower- 4.8 Cr workers benefited.
9. **Construction workers**: Suitable direction to be issued to state Govt. for proper use of Welfare Fund of ₹31,000 Crores for construction workers. 3.50 Cr. Regd. Workers to be benefited.
10. **Dist. Mineral Fund**: Usage of district mineral fund for medical testing, screening and prevention.

Provident Fund Relief due to Covid 19

- PMGKY Scheme - CG to pay 24% (12% Employer + 12% Employee) contribution
- Registered entities as on 29.02.2020 with
 - < 100 employees & 90% of such employees with wages < Rs. 15000/-
- Scheme to be in operation during March, April and May 2020
(Electronic Challan cum Return due on 15.04.20, 15.05.20 and 15.06.20)
- Employees with joining date prior to 29.02.20 and UAN to be Aadhar validated and should have contributed for any of the last 6 months.
- CG Contribution to be only for eligible employees
(Ex. If Co. has 50 employees with 46 employees' (92%) salary of < 15000/-, then CG contribution to be for 46 employees only)
- Employers to pay EDLI & Administrative charges for all employees.
- Employer to pay salary for employees without deducting PF.
- Subsidy available only if ECR is filed within the due date - 15th of next month
- One ECR to be filed (No revision possible) and challan will be generated with eligible CG subsidy and balance amount payable. Once payment is made, subsidy will be credited to eligible employees.

Deal VUCA with VU“CA”

Vision – Understanding – Clarity - Agility



Questions?

Thank You

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