



KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R)



CA. Kumar S Jigajinni
President, KSCAA

CA. Pramod Srihari
Secretary, KSCAA

Date: 15th October 2020

Smt. Nirmala Sitharaman
Hon'ble Minister of Finance
Government of India
15, Safdarjung Road
New Delhi - 110001

Hon'ble Madam,

Subject - REMINDER - Request for taking up certain matters under the Income-tax Act, 1961 in the backdrop of COVID-19 Pandemic

This letter is in continuation to earlier joint representation dated 23rd September 2020 by Karnataka State Chartered Accountants Association (KSCAA) along with Bombay Chartered Accountants' Society Mumbai, Chartered Accountants Association Ahmedabad, Chartered Accountants Association Surat and Lucknow Chartered Accountants Society Lucknow.

The relevant extract of the joint representation which beseeches various relief measures in backdrop of Covid-19 outbreak *inter-alia* include request for an extension of timelines in the matter of filing return of income u/s 139(1) and submission of tax audit report u/s 44AB.

1. Easing of Compliance

1.1. Extension of timelines for filing of returns under section 139(1) of the Act

Current position: the deadline for filing the return of income for FY 2019-20 (AY 2020-21) was extended vide Notification No 35/2020 dated 24 June 2020 from its original deadlines. Subsequent to such extension, the dues dates stand as under:

Particulars	Due date
Income tax returns for all tax payers (including where audit under the Income-tax Act or any other Act is applicable) for AY 2020-21	30 th November, 2020
Tax audit report submission for AY 2020-21	31 st October, 2020



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Further to various issues that we have highlighted in our earlier joint representation, we now would wish to bring to your kind consideration some of the hard and challenging issues which are prevailing in the state of Karnataka. We would therefore implore to your good selves to kindly take cognizance of the issues elaborated below and provide appropriate extension in the matter of due dates for filing of return of income and submission of tax audit report for AY 2020-21:

- **COVID-19 situation:** On account of COVID-19 pandemic, the 'State' death toll has exceeded 10,000 as on 12.10.2020, making it the 3rd state in India after Maharashtra and Tamil Nadu, to record deaths over 10,000. The number of new COVID positive cases per day is also constantly above 10000-mark in Karnataka. Given this alarming rate of COVID spread, we are sure that the Government would advise citizenry to exercise maximum precautions by staying indoors so as to contain the spread of the deadly virus;
- **Floods** - Flood-like situation, landslides continue to cause havoc in certain districts of Karnataka. The State Government has estimated Rs. 8,000 crore damage and has sought Centres assistance. This situation has also crippled the activities and regular course of business / life;
- **Due date for Company statutory audit** - The Ministry of Corporate Affairs has extended the time period for conducting Annual General Meeting ("AGM") for the FY 2019-20 from 30th September 2020 to further 3 months, i.e.31st December 2020. This was a much needed relief for companies which are not in a position to finalize their accounts and get them audited owing to covid-19 pandemic. In case Government do not provide consequential extensions in the matter of filing Tax audit reports and filing of return of income for AY 2020-21, it would cause undue hardship and thereby it would be hard & challenging for companies to finalise their accounts and get them audited before 30th October 2020 in order to file tax audit reports and file return of income before 30th November 2020. Thereby, the non extension of due date in Income Tax



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would only prove that the extension provided by MCA is futile and of no relevance to companies

- **The limitation period for scrutiny/order / etc extended to March 2021:** Pursuant to the amendment to section 153 of the Income Tax Act, 1961 for the AYs commencing on 01-04-2018, the due date for completion of assessment proceedings is 18 months from the end of the AY i.e. September 2020. We note that the same has been extended to March 2021. We are of considered opinion that when the regular assessment proceedings itself is difficult in these pandemic times, then self-assessment / fresh tax audit / such other primary compliances which by nature are more laborious are also equally difficult to complete in time. And hence this equally merits for extensions.;
- **Various due dates under the provisions of the IT Act have been extended:** It is relevant to note that various relaxations provided via Ordinance 2020 in terms of extension of statutory timelines, reduction of TDS and interest rates, waiver of penalty, etc. have now been incorporated in Taxation and Other Laws (Relaxation & Amendment of Certain Provisions) Act, 2020, and the due date stands extended. However, the due dates with respect to filing of return of income and filing of tax audit reports for the AY 2021-22 have been saved from extension;
- **Parliament and Assembly session curtailed:** Considering the gravity of the above situation, Karnataka Assembly recent session was curtailed to only 6 days. Even the Parliament's recent session was curtailed citing reasons of rapid spread and absenteeism due to COVID. When it has become so difficult to even undertake sovereign functions of the Government, the plight of common citizens of the country should also be given equal cognizance;
- **Clashes with other compliance dates:** It is brought to your kind notice that CBDT had extended the due date for filing time barring / revised returns for the AY 2019-2020

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No. 67, 1st Floor, West of Chord Road, 2nd Stage, Mahalakshmpuram, Bangalore 560 086.

Phone : +91 80 2955 2155 | Email : info@kscaa.com | Website : www.kscaa.com



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also to 30th November 2020 which actually clashes with the current due date of 30th November 2020 for filing income tax returns by all taxpayers for AY 20-21. Further, the due date for filing of Annual Return GSTR-9 and Reconciliation Statement GSTR-9C for the FY 2018-2019, was also extended to 31st October 2020 which also clashes with the present due date of 31st October 2020 for filing of tax audit reports. These date clashes would actually add further pressure on the CA practitioners in timely completion of work.

- **Small and mid-sized CA firms/practice:** It is a fact that substantial numbers of CA practitioners in India and also in Karnataka are small/mid-sized practitioners. In this segment of CA firms, even a single Covid-19 infected case would warrant closing down of the entire office and sending the entire staff for getting quarantined and self-isolation. This abysmal situation is further aggravated due to identified covid-19 positive cases at the client's place which would be an concomitant leading to **impossibility of performance** of audit functions; and we wish to re-iterate and draw kind attention of your good selves to the relevant extract of our prayers in our earlier joint representation made in the month of September 2020:

"Our representation: Considering all the above difficulties, it is recommended that the due date for filing of returns for all the tax payers for A.Y. 2020-21 be extended to 31st March, 2021 and the due date for filing the tax audit report also be extended to 28th February, 2021. Consequently, the timeline for filing all the reports and certificates under the Act which fall due along with or in connection with the ITR filing due dates may also be extended to 31st March, 2021"

Humble prayer -

We at Karnataka State Chartered Accountants Association sincerely request to your good selves to please provide aforesaid relaxations well in advance, **preferably within 2 days from the date of submission of this representation** to avoid any further damage on account health



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hazards related to covid pandemic. Hitherto in the past we have noticed that, whenever any extension is sought from the Government, in most of those cases the extension were although given, but the announcement of such extensions have come almost towards the end, probably a day before or on the due date itself. Keeping decisions about these extensions sought pending till the end date creates enormous amount of mental pressure on the professionals and clients,

We humbly request you to kindly consider our submissions made in our join representation during month of September 2020 and also various submissions which are made in this representation and to please accede to our prayers in the matter of extension of due dates as applicable for AY 2020-21 for filing tax audit reports from 30th October 2020 to 28th February 2021 and extension of due date for filing of return of income under section 139(1) from 30th November 2020 to 31st March 2021.

Yours sincerely,

For Karnataka State Chartered Accountants Association ®

CA. Kumar S Jigajinni

President

CA. Pramod Srihari

Secretary

CA. Ganesh V Shandage

Chairman

Representation Committee

Cc to:

1. Hon. Shri Anurag Thakur, Minister of State, Finance
2. Shri P C Mody, Chairman, CBDT