

Client Alert

Relief measures relating to statutory and regulatory compliance matters

In view of the COVID-19 outbreak, the total lockdown across all of India for 21 days, and the disruption to life and business, the Finance Ministry has today announced several important relief measures on various statutory and regulatory compliance matters.

Some of the key relaxations are as follows:

(a) Companies Act, 2013

- (i) The Ministry of Corporate Affairs (“MCA”) will not charge any additional fees for any delay in filing of any document, return, statement etc. on the MCA-21 registry during a moratorium period starting from April 01, 2020 to September 30, 2020, irrespective of its due date.
- (ii) The mandatory requirement of holding board meetings within the prescribed interval of one hundred and twenty (120) days has been extended by a period of sixty (60) days. The said extension shall be valid till September 30, 2020.
- (iii) The Companies (Auditor’s Report) Order, 2020 shall apply for the financial years commencing on or after the 1st April, 2020 and not from 1st April, 2019.
- (iv) In case independent directors have not been able to hold at least one (1) board meeting during the financial year 2019-2020, without the attendance of non-independent directors and the members of the management, it not result in a violation of Clause VII (1) of Schedule 4 of the Companies Act, 2013 (“**Companies Act**”).
- (v) The requirement to create and deposit the deposit reserve of twenty per cent (20%) of the total deposits which will mature during the financial year 2020-2021 in a scheduled bank in a separate bank account to be called ‘deposit repayment reserve account’ has been extended to on or before June 30, 2020 instead of April 30, 2020.
- (vi) The requirement of investing or depositing fifteen per cent (15%) of the total amount of debentures maturing during the financial year 2020 – 2021, by April 30, 2020 has been liberalized, and the same can be done on or before June 30, 2020.
- (vii) Newly incorporated companies are presently required to file a declaration under e-Form 20A within six (6) months from the date of incorporation for the purpose of obtaining Certificate of Commencement of Business. The said timeline has been

extended by additional period of six (6) months.

- (viii) An Indian company shall not be in violation of Section 149 of the Companies Act if no director of such company stays in India for a total period of not less than one hundred and eighty-two (182) days during the financial year.

(b) Insolvency and Bankruptcy Code, 2016

- (i) As per the extant Section 4 of Chapter I of Part II of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”), the insolvency and liquidation process can only be initiated against corporate debtors if the minimum amount of default is INR 100,000/- (Indian Rupees One Hundred Thousand only). However, the central government has now specified the minimum amount of default to be INR 10,000,000/- (Indian Rupees Ten Million only).
- (ii) If the current pandemic situation continues beyond April 30, 2020, the central government may consider suspending Sections 7, 9 and 10 of the IBC for a period of six (6) months so as to stop companies from being forced into insolvency proceedings.

(c) Income Tax Act, 1961

- (i) The last date for filing income tax returns for the financial year 2018-2019 and for linking Aadhaar with Permanent Account Number (PAN) has been extended from March 31, 2020 to June 30, 2020.
- (ii) The deadline of *Vivad se Vishwas* scheme has been extended till June 30, 2020.
- (iii) The due date for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the tax authority and any compliance by the taxpayer including investments in saving instruments or investments for roll over benefit of capital gains under various legislations such as Income Tax Act, 1961, Wealth Tax Act, 1957 etc., where the time limit is expiring between March 20, 2020 and June 29, 2020, has now been extended to June 30, 2020.
- (iv) For delayed payments of advance tax, self-assessment tax, regular tax, TDS, TCS, STT, CTT, equalization levy made between the period March 20, 2020 to June 30, 2020, a reduced interest rate of nine per cent (9%) shall be applicable and shall be charged for such period, instead of twelve per cent (12%) / eighteen per cent (18%).

(d) Goods & Services Tax

- (i) The last date for filing Form GSTR-3B in March, April and May 2020 has been

extended till June 30, 2020 and no interest, late fee and penalty shall be charged. The same is applicable for companies having aggregate annual turnover of less than INR 50,000,000/- (India Rupees Fifty Million only).

- (ii) For any delayed payments made between the period March 20, 2020 to June 30, 2020, a reduced interest rate of nine per cent (9%) shall be applicable and shall be charged for such period.
- (iii) The date for opting for composition scheme has been extended till the last week of June 2020. Further, the last date for making payments for the quarter ending March 31, 2020 and filing of returns for the financial year 2019-2020 by the composition dealer, has been extended till last week of June 2020.
- (iv) The last date for filing GST returns for the financial year 2019-2020 has been extended till the last week of June 2020.
- (v) The due date for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for any compliance under various Goods and Service Tax laws where the time limit is expiring between March 20, 2020 and June 29, 2020 has been extended to June 30, 2020.
- (vi) Payment date under *Sabka Vishwas* scheme has been extended till June 30, 2020.

(e) Customs

- (i) Customs clearance shall happen 24 x 7 till the end of June 30, 2020.
- (ii) The due date for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for any compliance under various customs laws and other allied laws where the time limit is expiring between March 20, 2020 and June 29, 2020, has now been extended to June 30, 2020.

About Chadha & Co.

Chadha & Co. is a leading corporate and commercial law firm based in New Delhi, India. The Firm has a specialized inbound practice in advising domestic and foreign corporations doing business in India on all Indian laws and regulations that are relevant to their business.

Contact

Ashish Gupta

Chadha & Co.
Advocates & Legal Consultants
S – 327, Greater Kailash II
New Delhi – 110 048
India

Tel: +91 11 4163 9294, +91 11 4383 0000

Fax: +91 11 4163 9295

Email: agupta@chadha-co.com

Web: www.chadha-co.com

This update is not a legal service and does not provide legal representation or advice to any recipient. This update is published by Chadha & Co. for the purposes of providing general information and should not be construed as legal advice or an attempt to solicit business in any manner whatsoever. Should further information or analysis be required of any subject matter contained in this publication, please contact Chadha & Co.