



## **COVID-19 - Measures announced by Government**

In view of the difficulties being faced on account of COVID-19, the Finance & Corporate Affairs Minister of India has announced several reliefs, which include the following:

### ***Companies Act, 2013***

- Moratorium to be issued by the MCA for the period beginning from 1 April 2020 till 30 September 2020. During this period no late filing fees shall be levied with respect to the filing of any document, return or statement with the MCA irrespective of its due date.
- Due date for holding board meeting for the next two quarters namely April-June 2020 and July-September 2020 has been extended by a period of 60 days.
- Companies (Auditors' Report) Order, 2020, shall come into effect from the financial year 2020-21 instead of 2019-20.
- Requirement of holding 1 board meeting of independent directors of a company, if not already held, has been waived off for the financial year 2019-20.
- Filing of intimation of commencement of business (*e-form 20A*) by a newly set up company has been extended by a period of 6 months. This implies that a newly incorporated entity can file the e-form 20A within a period of 12 months from the date of its incorporation.
- In case a company does not have any director who has resided in India for a minimum period of 182 days during the current financial year then this would not be treated as a violation.
- Requirement to create and maintain a deposit reserve of 20% of the amount of deposits maturing during the financial year 2020-21 be allowed to be done before 30 June 2020 instead of 30 April 2020.
- Requirement to invest 15% of the amount of the debentures maturing during a particular year in specified instruments may be done a by a company before 30 June 2020 instead of 30 April 2020.

MCA has also issued a circular on 24 March 2020 in this regard.

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### ***Insolvency and Bankruptcy Code, 2016 ("IBC")***

As per the extant provisions of IBC, a default in repayment of dues amounting to INR 100,000 entitles a creditor to initiate insolvency proceedings against a corporate debtor. However, anticipating financial difficulties, especially by medium, small and micro enterprises (MSMEs), the threshold of default has been raised from the existing limit of INR 100,000 to INR 10,000,000. This revised threshold will apply to all companies and not just MSMEs. The official gazette announcement was issued on 24 March 2020.

Further, in case the current situation continues beyond 30 April 2020, then the Government may consider suspending section 7, 9 and 10 of the IBC for a period of 6 months so as to stop companies at large from being forced into insolvency proceedings.

### ***Department of Commerce***

Ministry of Commerce will issue detailed notification regarding extension of timelines for various compliances.

### ***Income Tax***

- The last date for filing income tax return for the financial year 2018-19 has been extended from 31 March 2020 to 30 June 2020.
- Interest at a reduced rate of 9% (instead of 12 % / 18 % per annum) shall be chargeable for delayed payments of advanced tax, self-assessment tax, regular tax, TDS, TCS, equalization levy, STT, CTT between 20 March 2020 and 30 June 2020. Further, no late fee/penalty shall be charged for delay relating to this period.

### ***Goods and Service Tax***

- Any person or entity having aggregate annual turnover less than INR 50,000,000 can file GSTR-3B due for March, April and May 2020 by the last week of June 2020. No interest, late fee or penalty shall be charged. For those having an annual turnover of more than INR 50,000,000, the returns for March, April and May 2020 can be filed by last week of June 2020, however, an interest (but no fee or penalty) at a reduced rate of 9% per annum (as against the current interest rate of 18 % per annum) shall be chargeable.

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- Date for opting for composition scheme has extended till the last week of June 2020. Further, the last date for making payments for the quarter ending 31 March 2020 and filing of return for 2019-20 by the composition dealers has been extended till the last week of June 2020.
- Date for filing GST annual returns of FY 18-19, which was 31 March 2020, has been 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 20 March 2020 to 29 June 2020 shall be extended to 30 June 2020.
- Payment date under Sabka Vishwas Scheme has been extended to 30 June 2020. Further, no interest for this period shall be charged if paid by 30 June 2020.

### ***Financial Services***

For a period of three (3) months:

- no charge shall be levied on debit cardholders to withdraw cash from any other banks' ATM, and
- no fee shall be charged in case of non-maintenance of minimum balance in bank accounts.

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Clasis Law supports 'Stay Home, Stay Safe' initiative to fight against pandemic COVID-19 crisis. We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

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