

*The world has been caught in a tornado named Covid 19 Corona Virus
which has taken everyone by surprise...!!*

I dare to say: COVID-19 is the most tumultuous, most catastrophic and the most defining epoch of our lifetime. I cannot think of anything else which has happened with such speed. From the end of December 2019, when the first cases were reported in China, to the first week of May 2020, an estimated one-third of the world's population is locked into their homes.

This crisis has no precedent — there is no rulebook that tell governments what to do; how to shut down economies; and when to re-open them. The virus is a mutant — it jumped from its animal host to humans; it is pernicious because it seems to find new ways to hide itself; and, we can be asymptomatic and yet be a carrier of infection. Deadly and devastating.

But what we should be really thinking about is the collective vulnerability of our world. The most macho leaders; the most high-tech scientific establishments; and the mightiest economic prowess have all met their match in this lowly virus. It should make us humble — think about what we need to do differently; how we need to act and behave differently. But this is where I suspect we will err.

The fact is that every time there is a catastrophic event, the focus is on the immediate — the relief and the rescue — and not on what we must learn for the future. And there is no doubt that the exigencies of COVID-19 management are most urgent and dire.

We are losing lives in the rich world — which has hospitals and health infrastructure. Just imagine the scale of the human tragedy in the

emerging-developing world where this infrastructure exists and operates with a limited capacity. But then also imagine the sheer scale of the human deprivation as jobs are taken away — the economies of the poor are not based on the security of tenure, but on their daily earnings.

Every government every nation is in a chicken egg situation, there is no thumb rule as to how to act, how to react and how to counter this unrivalled scenario.

The industries, the sharpest acumens of the organisations are looking and calculating at the best possible options to remain afloat. This is the time of survival of the fittest. But there remains a contradiction here that survival of the fittest need to be changed to survival of all.

The Government has taken such unmatched actions with a consistent proactive approach starting as early as from March 22 being launch of Janta Curfew, March 24 being Covid 19 Finance Minister Package, March 26 being Covid 19 FM Relief Package of Rs.1.70 lac crores, bringing mammoth of circulars, notifications, press releases, trade policy, customs policy, GST rules, income tax provisions, company law changes, banking laws amendments, CBIC special drives, refunds and exemptions, labour laws extensions, insurance related orders, digitization subsidies to mention a few.

Apart from above, The Government has taken utmost care to provide meals, health care facilities and protection to its citizens at all fronts – participation from police authorities, distribution of rations, all round 24 x 7 actions at society levels, district levels, zonal levels, state levels, rural or urban levels. I think no area has been left unattended by the Government. The Government authorities have accepted this Corona Challenge and taken it upfront.

Dear Sir/ Madam

In my humble submission, I want to highlight few measures / reliefs which would be demanded and required to run the businesses smoothly in future.

I am enlisting a **quick reference points without going into detailed provisions of law** to save time and resources of everyone.

Few of them are listed below for your perusal:

GST RELATED

1. GST TAX DEPOSIT

The lockdown has been partially lifted from 04th May 2020. The businesses are expected to pay April 2020 GST by 05th May 2020 without interest. 05th May date was announced keeping in view the lockdown 1.0 till 14th April 2020 but which later got extended till 03rd May 2020. The businesses will just open their premises first time after a gap of around 43 days (10 days of March + 30 days of April + 3 days of May). The tax deposit needs to be made for the first time in this financial year 2020-21 and hence just one day time will be an uphill task to collate all data.

Relief: Request to extend this time line

2. E WAY BILL EXTENSIONS

The E way bill validity had been extended till 30th April 2020. But practically, with the lockdown of 43 days, all the transport and logistics have been stranded and calls for extension of the validity of such E way Bills.

Relief: Request to extend this time line

3. BLOCKING OF ELECTRONIC CREDIT LEDGER

ECL Blocked since 17th January 2020

Another concern, for some businesses has been adverse/ labelled precautionary actions taken by revenue authorities for investigations underway. The authorities had recently blocked electronic credit ledgers of businesses with initiating investigations as a part of the anti-evasion drive; this essentially to prevent further misuse of fraudulently availed credits. Now, with pendency of investigations which will take time to resolve in the case of lockdown, the businesses cannot use that ECL credit.

Relief: Unblock the electronic credit ledger to help the already cash starved businesses

4. BLOCKING OF E WAY BILLS IN CASE OF NON-FILING OF GST RETURNS

The Govt has decided to give relief for late filing of GST returns instead of extending the due dates. While on delayed filings (even within extended timelines), do businesses continue to qualify as non-compliant for reporting purposes?

Any possibility for blockage of E-Way Bill generation by companies where the GST returns for two consecutive months are

not filed within the due date envisaged in the law remains unanswered if companies avail benefit of the relief measures announced by the Government.

Relief: E way bills should not be blocked on late/ non filing of GST returns

5. PAYMENT WITHIN 180 DAYS

Second proviso to Sec. 16(2) clearly provides that the reversal shall apply when a recipient fails to pay the amount towards the value of supply along with the tax payable thereon. Hence mere payment of tax within the stipulated period of 180 days is not enough. Even the value of supply needs to be paid within 180 days to avoid the reversal. Now with the businesses facing liquidity crunch, payment of taxes along with the principal value seems to be an uphill task when the lockdown opens.

Relief: Relaxation to be provided due to liquidity crunch faced by the businesses

6. GST AUDIT FOR FINANCIAL YEAR 2018-19

With all the due dates of filing GST returns colliding in June 2020 and the businesses and tax professionals would take time to stabilise their functionalities, it is very obvious that the GST audit due date for financial year 2018-19 being 30th June 2020 would require extension. For completing GST audit, one or one and a half month would not suffice and assuming 15-20 days for regular GST compliances after opening of the lockdown.

Relief: GST AUDIT EXTENSION SOUGHT FOR 2018-19

7. BLOCKED CREDIT U/S 17(5)(H)

Input tax credit shall not be available in respect of the following namely: –

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples

There would be lot of instances where in for FMCG sector and other perishable goods, the stock would be not be realisable at the market values or may be at lower than cost value or may be destroyed and have to be written off due to sudden lockdown.

Relief: GOVT SHOULD CONSIDER TO ADDRESS THIS ISSUE FOR STOCK DESTROYED OR WRITTEN OFF DUE TO LOCKDOWN AND THE REVERSAL OF RESPECTIVE ITC OVER IT.

8. BLOCKED CREDIT U/S 17(5)

Blanket allowability of input tax credit for arranging cabs for transportation of employees lifting the ban of up to 13 passenger vehicles, allowability of ITC on purchase of masks, sanitizers, protection equipment's, thermal scanning machines, thermal beep machines and related machineries

Relief: Allowability of input tax credit

9. INPUT TAX CREDIT U/S 16 AND BLOCKED TAX CREDIT U/S 17(5)

Allowability of input tax credit on building super structures or night camps or shelter homes or quarantine homes within the factory

premises, the Covid 19 is not a temporary phase. As it has been said that now we have to learn to live with it. There can be instances where the worker is detected with Covid 19 and needs immediate relief within the factory premises and a dedicated ambulance van or super structure need to be pre built and kept ready for such a scenario.

Relief: Allowability of ITC and related business expenses

10. INPUT TAX CREDIT LAST DATE BEING 30TH SEPTEMBER FOR FINANCIAL YEAR 2019-20

With the filing of GST returns as late as 15th July 2020 for the period of May 2020, the industry will be left with lesser time to reconcile and seek and correct the differences in mismatching of ITCs with the invoice uploaded by the suppliers as in GSTR 2A.

Relief: Extension of time line as above

11. INVOICE RELATED COMPLIANCE RELAXATIONS

The relaxations were given vide bunch of circulars/ notifications dated 23th march 2020, 03rd April 2020 but the relaxation of issuance of invoices was not given. In case of continuous supply of services, invoice need to be issued at the pre-determined contractual dates which could have missed due to the lockdown scenario.

Relief: Relaxation for issue of invoices time line

12. JOB WORK RELATED ISSUES

With the advent of closure of economy and migrant workers, small artisans moving to their home town, who might be working in rental premises; there could be situations where the time lag to return the goods within one year, must have expired during this lockdown period and there would be a rare possibility of the job workers resuming back to business, the goods would remain stranded in their premises. Adequate consideration is expected and a practical way out need to be transpired.

Relief: The One Year Relief need to be relaxed due to this practical issue.

13. GST AUDITS FOR FINANCIAL YEAR 2019-20

With the extensions of filing of GST returns and other law deadlines pertaining to income tax, corporate laws, labour laws, and other laws, it would be difficult to meet the deadline of GST audit for financial year 2019-20 till 31st December 2020

Relief: Extension of time line as above

14. CHANGE IN BUSINESS DISCOUNTINGS/ MARKETING STRATEGIES

With the stock being locked down and inventory being held up and daily increase in the carrying costs and the goods not being marketable at the pre Covid regime, there would be lots of offers and discounting and different marketing strategies to offload the products.

Not even a single car was sold in the month of April 2020 evidencing future downsizing is eminent, the valuation rules to be tinkered or relaxed considering the supply discount or innovative offerings to offload the product in the market.

Now, the sole objective would be to fuel the businesses with the sales picking up even at a reduced margin and generate cash flows as soon as possible. The Pre and Post Corona Strategies ought not be brought on a common parlance since there would be a significant drift from the core objectives/ business goals.

Relief: Valuation and discounting strategies to be incorporated by the thinktank

DIRECT (INCOME) TAX RELATED:

15. NUMBER OF DAYS CRITERIA FOR NRIs

There can be instances wherein the NRIs are stranded in India due to sudden lockdown and cannot head back to their country of residence or place of work. Counting such number of days as stay in India would harm them by including their global income as taxable in India.

Relief: Such lockdown days to be excluded in their stay count

16. MANAGEMENT STUCK IN INDIA

As per POEM (Place of Effective Management) rules in India, if a key decision maker is stuck in India during this lockdown period where the flights are not allowed, making the decisions in India will render the foreign company as tax resident company of India. This would be harsh scenario wherein the temporary change in location of that key personnel owing to travel not being allowed, would unjustly tax that company in India.

Relief: such lockdown days to be excluded in their stay count

17. TRANSFER PRICING STRATEGIES AND CHANGE OF BUSINESS MODELS

With this pandemic Covid 19, there can be change in the practical scenarios, change in the margins, change in arm's length provisions, fluctuations in profitability due to which the earlier transfer pricing agreement needs amendment or revision for a year or two year till the things flow back to normal or new normal, the government should consider such situations and come out with some guidelines or SOPs to accept such changes during these testing times

Relief: Tax authorities not to compare pre and post covid situations and work out some SOPs

18. DOING AWAY WITH CIRCULATION OF HARD COPIES

The hard copies circulate through different hands, starting from the person preparing it, person signing it, the dispatcher, the courier or post office transmitting person, the receiver. There can be “n” number of hands that may come in contact with those hard copies. Even the dispatch of AGM notices, annual reports, balance sheets should be avoided in post Corona era.

Relief: Soft copies can be downloaded from the given link and hard copies to be given only where e transmission is not possible

19. DEPOSIT OF TDS

With the lockdown opening on 04th May and that too partially, it's very difficult to gather the workforce which have migrated to their native town, it's difficult for businesses facing liquidity crunch to deposit TDS. The date had been extended to 30th June but interest is applicable with 9% p.a. on late deposit. It is requested to allow TDS deposit date be extended to 20th or 30th June 2020 along with filing of TDS returns.

Relief: Extension of time line of TDS deposit

20. PERSONAL INCOME TAX RETURNS

It would be difficult for businesses and professional to gather information and file the returns by 31st July 2020 specially when the TDS certificates being Form 16 and Form 16A would be available by 15th July 2020 due to extension in filing of due date of TDS returns.

Relief: extension of time line as above

21. INCOME TAX AND CORPORATE AUDIT DUE DATES

With the short time gap available for income tax audit and corporate audits due to Covid 19, it would be a large demand of the industry, going forward, to extend the due dates for filing of audit reports and related income tax returns also.

Relief: Extension of time line as above

22. ANNUAL GENERAL MEETINGS DUE DATES

With the possibility of rapid increase in Corona cases, and the hesitant workers and management returning back to work, it can be foreseen that this year 2020 would be an year of extensions which is due to an external factor not in the control of any living being, it would be highly useful if such is planned accordingly.

Relief: Extension of time line as above

23. CORPORATE LAW COMPLIANCES DATES

Again, it is reiterated that with so many unforeseen and unfortunate circumstances, there should be relaxation of penal provisions for the compliance year starting from June 2020 to March 2021.

Relief: Extension of time line as above

24. ERA OF LESSER FINES/ PENALTIES ON SMALL NON-COMPLIANCES

With the worldly disease Corona, there can be lot of instances; which may not reach to the highest level about the problems faced by the businessmen, professionals and the industry in small and at large; there can be small bona fide non compliances which may be missed due to various reeling stresses, it would be a great motivating factor, if those small mis-compliances are not penalises and fines may be lifted in the financial year 2020-21.

Relief: Lesser or no fines and penalties for bona fide non-compliances

Dear Sir/ Madam

The above few suggestions, in my view, would benefit more than 80-85% of the Indian businesses who have few resources and are doing most of the work on their own, with limited resources and limited availability of capital and the above considerations would give them a huge sigh of relief who are already under a lot of mental, financial, social and health stress.

The compliance dates falling in the impending year 2020-21 need to be **aligned in a time bound and staggered manner**.

The above suggestions are presented and penned as per the limited knowledge that I have. Also, they are based on the current scenario and situations. There may be further modifications or changes expected depending on how circumstances change in future.

It is whole heartedly requested and prayed to consider this humble submission

Regards

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