

**GOVERNMENT MEASURES
IN RESPONSE TO COVID-19 PANDEMIC**

INTRODUCTION

Since the imposition of the nationwide lockdown starting 25 March, the central bank and the government have taken slew of measures to help businesses tide over the crisis following the COVID-19 lockdown. While most of the measures aims at postponement of year-end compliance and regulatory deadlines and make sure that the poor get food and some cash in hand, and thereafter take some steps towards cushioning the liquidity blow in the economy. The government is also working on large scale reforms at the Centre as well as the state level, which may be announced soon. The Government's measures are summarized herewith.

TAXATIONS:

Income Tax Act	<ul style="list-style-type: none"> ❖ Deadline to file a revised and belated tax return for FY 2018-19 has been extended from 31 March to 30 June 2020. ❖ Under 'Vivaad Se Vishwas Scheme', the time limit for making payment to avail the scheme without any additional amount has been extended from 31 March to 30 June 2020. ❖ Time limit specified under the Income-tax Act, 1961 (the Act) falling during the period from 20 March to 29 June 2020, has been extended to 30 June 2020 or such other date after 30 June 2020 as government may notify, for the completion or compliance of the following actions: <ul style="list-style-type: none"> a) Completion of any proceeding or passing of any order or issuance of any notice, intimation, notification, sanction or approval or such other action, by whatever name called, by any authority, commission or Tribunal. b) Filing of any appeal, reply or application or furnishing of any report, document, return, statement, or such other record, by whatever name called. c) Making of investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, to claim any deduction, exemption or allowance under section 54 to 54GB, Chapter VI-A under the heading 'B – Deductions in respect of certain payments' d) Beginning of manufacture or production of articles or things or providing any services referred to in Section 10AA, in a case where letter of approval, required to be issued in accordance with the provisions of the SEZ Act has been issued on or before the 31 March 2020. e) And where completion or compliance of such action has not been made within such time, ❖ Due date specified under the Act for payment of any amount towards tax or levy, by whatever name called, falls during the period from 20 March to 29 June 2020, or such other date after 29 June 2020 as the government may notify, and such amount has not been paid within such date, but has been paid on or before 30 June 2020 or such other date after 30 June 2020 as the government may notify, then: <ul style="list-style-type: none"> a) The rate of interest payable for the period of delay i.e. period between the due date and the date of payment) shall not exceed 0.75 per cent for every month (9 per cent per annum). b) No penalty shall be levied and no prosecution shall be sanctioned ❖ 100 per cent deduction to donation made to PM CARES Fund under Section 80G of the Act. Further such income will be exempt in the hands of recipient under Section 10(23C) of the Act. ❖ The government has given directions to immediately issue all the pending income-tax refunds of up to INR 5 Lakhs. ❖ Pending applications for issue of certificates for tax deduction/collection at source at a lower/nil rate for FY 2019-20 to be disposed of by 27 April 2020. ❖ Validity period and threshold limit of the lower/nil tax certificates for FY 2019-20 will extend for further period and apply afresh from 1 April 2020 to 30 June 2020 for FY 2020-21.
GST	<ul style="list-style-type: none"> ❖ An option has been granted to the taxpayer to defer payment of tax and file GST return in Form GSTR-3B for the period February to April 2020 upto 24 June 2020 without payment of any late fee and penalty. As far as interest is concerned, a concessional interest at 9 per cent p.a. (instead of 18% p.a.) is leviable only after 15 days from the end of the original due date. Similarly, monthly return of outward supplies in Form GSTR-1 which is generally due on 11th of next month has been extended upto 30 June 2020 for the months of Mar, April and May. ❖ Annual Return and GST Reconciliation Statement for FY 18-19 which was due by 31 March 2020 has been extended upto 30 June 2020. ❖ With an objective to provide immediate relief to the businesses, the government has given directions to issue all the pending eligible refunds under both the GST and Customs law by 30 April 2020.

	<ul style="list-style-type: none"> ❖ With the aim to provide an immediate relief to the industry, the capping restriction of 10% ITC has been relaxed for the tax period February 2020 to August 2020. However, taxpayer would be required to make a cumulative adjustment for the aforementioned months in the GST return for the month of September 2020. ❖ Where the validity period of an e-way bill expires between 20 March 2020 to 15 April 2020, the validity period of such e-way bill shall be deemed to have been extended till 30 April 2020. ❖ Primarily exporters importing goods under Advance Authorisation/Export Promotion Capital Goods scheme and imports made by an Export oriented unit, were granted exemption from levy of IGST and Compensation Cess up to 31 March 2020. The said exemption has now been extended till 31 March 2021. ❖ The government has notified an exemption from levy of both Basic Customs Duty and Health cess on import of Ventilators, face masks and surgical masks, personal protection equipment, COVID-19 testing kits and also on inputs used in the manufacture of these goods.
PF/ESI	<ul style="list-style-type: none"> ❖ Employees Provident Fund Organization (EPFO) has announced - employees who contribute to EPF can withdraw upto 75 percent of the account balance or 3 months' basic salary and dearness allowance, whichever is lower. ❖ Establishments which employ upto 100 employees and if 90 percent of whom earn upto INR 15,000 per month, the government will pay the employee provident fund contribution both of the employer and the employee (12 per cent each) for April 2020 to June 2020 ❖ EPFO have extended the due date for payment of contribution for wage month of March 2020 from 15 April 2020 to 15 May 2020 (30 days grace period) ❖ The ESI contribution for the month of February 2020 and March 2020 to 15th April 2020 and 15th May 2020.
Foreign Trade Policy	<ul style="list-style-type: none"> ❖ The Foreign Trade Policy 2015-20 which was valid till 31 March 2020, is extended up to 31 March 2021. ❖ The benefit under the MEIS for any of the prescribed item/tariff line/HS code shall continue to be available till 31 December 2020 in light of extension of FTP 2015-20.
Customs	<ul style="list-style-type: none"> ❖ Exemption from customs duty and health cess, (w.e.f .9 April 2020 to 30 September 2020) on import of following: <ol style="list-style-type: none"> a) Artificial respiration or other therapeutic respiration apparatus (ventilators) b) Face masks and surgical masks c) Personal protection equipment (PPE) d) COVID-19 testing kits e) Inputs for manufacturing of aforesaid four items (subject to certain conditions) ❖ Prohibition on exports of following <ol style="list-style-type: none"> a) Surgical masks/disposable masks (2/3 ply), b) Textile material for masks and coveralls c) All ventilators including any artificial respiratory apparatus or oxygen therapy apparatus or any breathing appliance / device d) Sanitizers e) Hydroxychloroquine (allowed on certain cases on a government to government basis only) f) Formulations made from hydroxychloroquine ❖ Time period for realization and repatriation of export proceeds for shipments before July 31 extended to 15 months to provide greater flexibility to exporters in negotiating future export contracts with buyers abroad.
Excise / Custom / Service Tax	<ul style="list-style-type: none"> ❖ Completion of any proceedings or issuance of any order / notice etc by any authority or Filing of any appeal / reply etc falling during the period from 20 March 2020 to 29 June 2020, the due dates stand extended to 30 June 2020 or such other date after 30 June 2020 as may be notified.

MCA/ROC:

Filing with MCA	<ul style="list-style-type: none"> ❖ No fees to be charged for late filing during moratorium period (01 April 2020 to 30 September 2020, 6 months) in respect of any document, return, statements, etc. required to be filed with MCA (Ministry of Corporate Affairs)
Board Meetings	<ul style="list-style-type: none"> ❖ The mandatory requirement of holding board meeting within 120 days of last meeting shall be extended by period of 60 days. Relaxation is till 30 September 2020.
Deferment of CARO 2020	<ul style="list-style-type: none"> ❖ Applicability of CARO, 2020 has been shifted to FY21 instead of FY20.
Deposit Reserve	<ul style="list-style-type: none"> ❖ Companies Act requirement of creating deposit reserve of 20% of deposits maturing in FY21 and investing 15% of debentures maturing in FY21 before 30 April 2020 may be done before 30 June 2020

ECONOMIC STIMULUS MEASURES:

Financial services relaxation for 3M	<ul style="list-style-type: none"> ❖ Complete waiver of minimum balance charges for Savings Bank account ❖ Debit card holders can withdraw cash from any bank ATM for free of charge ❖ Bank charges for digital trade transactions will be reduced for all trade finance customers
Insolvency and Bankruptcy Code	<ul style="list-style-type: none"> ❖ Threshold of default under section 4 of the IBC has been increased from Rs 1 Lakh to Rs 1 Crores with the intention to prevent triggering of insolvency proceedings against MSMEs
Liquidity Measures	<ul style="list-style-type: none"> ❖ Reduction of policy repo rate by 75 basis points (from current 5.15% to 4.40%) ❖ RBI will conduct auctions of TLTRO (Targeted Long Term Repo Operations) of up to three-year tenor of appropriate sizes for a total amount up to INR 1 lakh crore (~USD 13 billion) at a floating rate, linked to policy repo rate ❖ CRR of all banks to be reduced by 100 basis points to 3% beginning March 28, for 1 year. This will release liquidity of INR 1,37,000 crore across the banking system ❖ MSF raised from 2% of SLR to 3% with immediate effect. Applicable up to June 30, 2020. <p>These three liquidity measures will inject liquidity of INR 3.74 lakh crore (~USD 50 billion) to the system.</p>
Regulatory Measures	<ul style="list-style-type: none"> ❖ All lending institutions are being permitted to allow a moratorium of three months on repayment of installments for term loans outstanding as on March 1, 2020 ❖ Lending institutions permitted to allow deferment of 3 months on payment of interest w.r.t all such working capital facilities o/s as of March 1, 2020 ❖ Deferring payments will not result in asset classification downgrade.

EMPLOYMENT RELATED MEASURES:

Food Related	<ul style="list-style-type: none"> ❖ About two-thirds of population will be covered under the Pradhan Mantri Garib Kalyan Anna Yojana (Food scheme) ❖ Everyone under this scheme will get 5 kg of wheat and rice for free in addition to the current 5 kg allocation for the next 3 months ❖ In addition, 1 kg of preferred pulse (based on regional preference) will be given for free to each household under this Food scheme for the next three months. ❖ This distribution will be done through Public Distribution Scheme (PDS) and can be availed in two instalments.
Direct Benefit Transfer	<ul style="list-style-type: none"> ❖ Farmers currently receive INR 6,000/- every year through the PM-KISAN scheme (minimum income support scheme) in three equal instalments. The government will now be giving the first instalment upfront for fiscal year starting April 2020. ❖ MNREGA workers: Wage increase from INR 182/- to INR 202/-. Such increase will benefit 500 Lakhs families. The wage increase will amount into an additional income of INR 2,000/- per worker. ❖ 300 Lakhs senior citizens, widows, disabled to get one-time ex-gratia amount of INR 1,000 in two instalments over the next 3 months. ❖ 2000 Lakhs woman Jan Dhan account holders to be given ex-gratia amount of INR 500 per month for the next 3 months, to run the affairs of their household. ❖ Women in 83 million families below poverty line covered under Ujwala scheme will get free LPG cylinders for 3 months. ❖ For 630,000 Self-help Groups (SHGs), which help 70 million households, the government is doubling collateral-free loans to Rs 200,000. ❖ State governments have been directed to use the welfare fund for building and construction workers. The District Mineral Fund, worth about INR 310 billion, will be used help those who are facing economic disruption because of the lockdown.
Healthcare	<ul style="list-style-type: none"> ❖ Medical insurance cover of Rs 50 Lakhs per healthcare worker. About 20 Lakhs health services and ancillary workers will benefit from such insurance scheme
Immigration	<ul style="list-style-type: none"> ❖ As per the Circular issued by the Ministry of External Affairs, foreign nationals who were stranded in India during Covid-19 crisis and whose Visa expired between 01.02.2020 and 30.04.2020 was granted an automatic extension of their Visa till 30.04.2020 after making an online application for the same ❖ Exit of such foreign nationals was also granted without levy of overstay penalty ❖ Lockdown 2.0 – All above mentioned changes extended till 3 May 2020. Further, foreign national can leave India upto 14 days from 3 May 2020 i.e. 17 May 2020 without levy of penalty for overstay

The Compilations summarized above are last updated till **22nd April, 2020.**