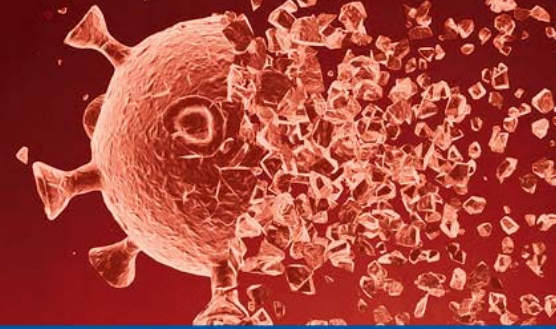


# COVID-19 COMMUNIQUE

ASA & ASSOCIATES LLP



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## GLOBAL OUTLOOK

### **Known COVID-19 cases cross 1 Mn across the world**

The coronavirus has infected more than 1 million people in just 4 months after it was first detected in the Chinese city of Wuhan. With most countries under a complete lockdown, the situation is being regarded as the biggest global public health crisis.

*Source : Bloomberg*

### **World GDP growth to fall 2% in 2020 : Fitch Ratings**

Fitch Ratings forecasts a decline in the world economic activity by 1.9% in 2020 indicating a deep global recession. US GDP is predicted to be down by more than 3%, Eurozone and UK by nearly 4% and Japan by about 3%. China is expected to grow by 1.6% while India's GDP growth is expected at 2% for FY20-21.

*Source : Fitch Ratings*

### **World Bank launches COVID-19 emergency support, approves USD 1 Bn for India**

Given the unprecedented challenges that COVID-19 poses, the Group expects to deploy up to USD 160 billion over the next 15 months to help client countries protect the poor and vulnerable, support businesses, and bolster economic recovery. They have also approved a fast-track \$1 billion support to help prevent, detect, and respond to the COVID-19 pandemic and strengthen its public health preparedness. This is the largest ever health sector support from the Bank to India.

*Source : World Bank Press Brief*

## CFO WATCH

### **Advisory issued by ICAI for COVID-19 impact on Financial Reporting and Auditors Consideration**

Advisory has been issued by Institute of Chartered Accountants of India (ICAI) in respect of impact of COVID-19 pandemic on financial reporting and matters for consideration by auditors. The key

impacts areas identified are on inventory valuation, impairment, revenue recognition, discontinued operations and loan covenants.

Source : [ICAI Accounting and Auditing Advisory](#)

### **Applicability of CARO 2020 deferred to FY 2020-21**

Auditor's reporting under the Companies Auditors Report Order 2020 (CARO 2020) which was made effective for FY 2019-20 has now been deferred by one year and will be applicable for FY 2020-21 onwards. For the FY 2019-20, the existing CARO 2016 is applicable.

Source: [MCA](#)

### **Spending on COVID-19 to be considered as an eligible CSR activity**

MCA has clarified that spending of funds on COVID-19 in relation to promotion of health-care, sanitation and disaster management is an eligible CSR activity for the compliance of CSR related provisions of Companies Act 2013.

Source: [MCA](#)

## **REGULATORY RELIEFS**

- **Direct Tax**
- **Indirect Tax**
- **Corporate and Allied Laws**

### **DIRECT TAX**

#### **Ordinance issued providing various compliance and regulatory relaxations**

**Finance Ministry has issued Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020** on March 31, 2020. The key relaxations include:

- The date for completion of proceedings / issuance of notice by the authorities under various direct taxes & Benami Law, extended to June 30, 2020
- Donations to PM CARES Fund set up towards COVID-19 outbreak shall be entitled for 100 percent deduction. Further, such deduction can be claimed on donations made upto June 30, 2020 for financial year (FY) 2019-20
- Extension of last date of filing of original as well as revised returns for FY 2018-19 to June 30, 2020
- Reduction of interest on delayed payments of taxes made between March 20, 2020 and June 30, 2020 to 9%, along with complete waiver of late fee/penalty and prosecution

Source: [The Taxation and Other Laws \(relaxation of certain provisions\) Ordinance, 2020 No. 2 of 2020](#)

### **Extension of validity of existing certificates for lower or nil rate of TDS/TCS**

**Order has been issued by Central Board of Direct Taxes (CBDT) extending the validity of the existing certificates** issued for FY 2019-20 for lower or nil rate of TDS/TCS. The existing certificates shall now be valid up to June 30, 2020 in cases where the application for FY 2020-21 has already been made by the taxpayer and is pending with the authorities. A separate procedure has also been specified where new applications are to be made now.

*Source: [Order u/s 119, F.no. 275/25/2020-IT\(B\), dated April 03, 2020](#) and [F.no. 275/25/2020-IT\(B\), dated March 31, 2020](#)*

## **INDIRECT TAX**

### **Relaxation in filing of GST returns**

**Relaxation has been given for interest, penalty and late fee** in filing of GSTR-3B for the months of February to April 2020 if filed by specified dates based on specified criteria of aggregate turnover in preceding financial year. Relaxation has been provided in the form of either full waiver or reduced rate of interest. Further, date of filing for the month of May 2020 has been extended based on criteria of aggregate turnover in preceding financial year and State in which registered. In case of filing of GSTR-1 for the months of March to May 2020 and for quarter ended March 2020, full waiver from late fee has been given if filed by June 30, 2020.

*Source : Notification Nos. [31/2020](#), [32/2020](#), [33/2020](#) – Central Tax dated April 03, 2020*

### **Extension of validity of e-way bills expiring during lockdown**

**Due to stoppage of transportation during lockdown**, the e-way bills getting expired have now been extended upto April 30, 2020. This automatic extension is in relation to e-way bills expiring during the period March 20, 2020 to April 15, 2020.

*Source : Notification Nos. [35/2020](#) – Central Tax dated April 03, 2020*

### **Temporary relaxation of restriction on Input Tax Credit (ITC)**

**Temporary relaxation has been provided to taxpayers from the restriction of ITC** in relation to unmatched invoices in GSTR-2A. Now full credit of unmatched eligible invoices may be taken during the period February to August 2020. Adjustment for this period in terms of restriction upto 10 per cent of total eligible credit in GSTR-2A is to be made in the return GSTR-3B to be filed for the month of September 2020.

*Source : Notification Nos. [30/2020](#) – Central Tax dated April 03, 2020*

## **CORPORATE AND ALLIED LAWS**

### **Relaxations under statutory provisions of Companies Act, 2013**

- Complete waiver of additional fees on late filings in respect of any document, return, statement from April 1, 2020 to September 30, 2020 irrespective of the due dates
- Time interval between two board meetings extended from 120 to 180 days till September 30, 2020

- For the year 2019-20, if the independent directors of a company have not been able to hold even one meeting, the same shall not be viewed as a violation
- Certificate of Commencement of Business may now be filed within 12 months by newly incorporated companies
- Non-compliance of minimum residency in India by a director (stay in India of at least 182 days) shall not be treated as a violation of the law.

Source : [MCA General Circular 11/2020](#)

### **Default Threshold Under Insolvency and Bankruptcy Code 2016 raised**

The threshold of default under the Insolvency and Bankruptcy Code (IBC) has been increased from Rs 0.1 to 10 million to prevent triggering of insolvency proceedings against Medium, Small and Micro Enterprises.

Source : [MCA](#)

### **Measures by RBI**

- Repo rate reduced by 75 basis points to 4.4 per cent.
- Reverse Repo rate cut by 90 basis points to 4 per cent
- A moratorium of three months for EMIs on all outstanding loans
- Reduction of CRR by 100 bps to 3%
- Time period for realization and repatriation of export proceeds for exports made up to or on July 31, 2020 extended from 9 to 15 months

Source: [RBI – Press Release](#) ; [RBI – COVID 19 Regulatory Package](#)

### **Extension of Foreign Trade Policy (FTP) till March 31, 2021**

The FTP Policy 2015-2020 has been extended by a year up to March 31, 2021. Timelines, validity, benefits etc. under the said policy stands extended with few exceptions.

Source: [PIB](#)