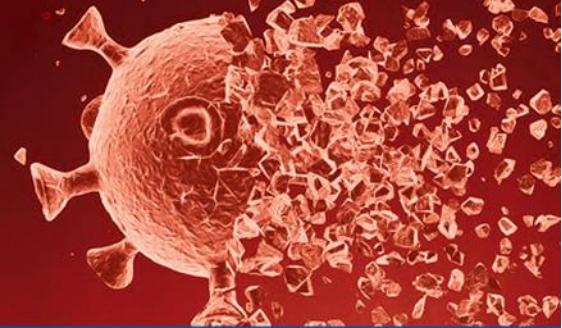


# COVID-19 COMMUNIQUE

ASA & ASSOCIATES<sup>LLP</sup>



April 28, 2020

## GLOBAL OUTLOOK

### **US oil prices drop to sub-zero levels**

United States crude oil benchmark West Texas Intermediate (WTI) plunged below USD zero per barrel for the first time in history. This is being seen as a troubling sign of an unprecedented global energy glut as the coronavirus pandemic halts travel and curbs economic activity.

*Source: World Economic Forum*

### **Human trials of COVID-19 vaccine begin in Oxford**

With over 2.8 million confirmed cases across the globe, the vulnerability of the world population, lockdowns and crippling world economy have expedited efforts to develop a vaccine for this novel virus. Whereas the first human trials of a vaccine was announced last month in Seattle, Europe has also commenced human trials in Oxford with more than 800 recruits.

*Source: Oxford, BBC*

### **WHO announces global collaboration to accelerate new COVID-19 health technologies**

World Health Organisation (WHO) has launched a new program called “Access to COVID-19 Tools Accelerator” to accelerate the development, production and equitable distribution of vaccines, diagnostics, and therapeutics for COVID-19. The initiative is a collaboration between WHO, various governments, non-profit organizations and industry leaders.

*Source: WHO*

### **UNCTAD proposes USD 1 trillion debt relief for developing countries**

United Nations Conference on Trade and Development (UNCTAD) has proposed a substantive debt relief by way of a USD 1 trillion debt write-off for developing countries to prevent economic disaster amid coronavirus crisis. It also proposed to create an independent body International Developing Country Debt Authority (IDCDA) to guide sovereign debt restructurings in the future.

*Source: UNCTAD, Business Today*

## CFO WATCH

### **Temporary relief from insolvency provisions cleared by Cabinet**

Considering the difficulties being faced on the liquidity front due to the unprecedented crisis, as a one-time measure, the Union Cabinet has cleared the proposal from the Corporate Affairs Ministry to provide relief from insolvency for the next months. Amendment has been proposed in the Insolvency and Bankruptcy Code, 2016 (IBC) to provide that no fresh case of default can be dragged into insolvency for the next six months. Formal announcement to be made after Presidential assent.

Source : [MoneyControl](#)

### **Opportunities for India Inc. in respect of companies planning to diversify out of China**

The Indian Government has set up dedicated groups to directly interact with firms that may want to diversify their manufacturing facilities out of China. Plans are being firmed up to offer incentives to attract such companies to India. After COVID-19 pandemic, multinational firms have now realized that capacities cannot be concentrated at one place.

Source : [Economic Times](#)

### **SEBI proposes relaxing funding norms for stressed companies**

Securities and Exchange Board of India (SEBI) has issued a consultation paper proposing easing of norms for stressed listed companies seeking funds infusion. It proposes to relax pricing guidelines for preferential issue by replacing the existing six months weighted average price condition with that of two weeks weighted average. The regulator has sought public comments by May 13, 2020 to finalize the new guidelines.

Source : [Economic Times](#)

## **REGULATORY RELIEFS**

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

### **DIRECT TAX**

#### **Mumbai ITAT stays demand on humanitarian grounds**

The Mumbai division bench of Income Tax Appellate Tribunal (ITAT) allowed stay on recovery of outstanding demand on humanitarian grounds in these times of COVID-19. In its first ever hearing held on video conferencing, the stay was granted conditional to the amount available with the assessee

being used for making payments for pending and current dues towards labour first, the staff thereafter and balance amount for building quarantine facilities as per direction of authorities.

Source: [ITATOnline](#)

## INDIRECT TAX

### Customs goes 'automated', 'online' and 'paperless'

To mitigate the hardships being faced due to lockdown, measures have been introduced that reduce interface between Customs authorities and importers/exporters/Customs Brokers. Now, clearances will be permitted based on electronic communication of **PDF based final electronic out-of-charge copy of Bill of Entry and e-Gatepass**. Physically signed copies will not be required from April 15, 2020.

Source : [Circular No. 19/2020-Customs dated April 13, 2020](#)

### Shipping Bills error may be corrected in Customs systems to release GST refunds

To ease the genuine hardships faced by exporters during this unprecedented pandemic, the government has extended the facility to correct the errors in Shipping Bills having mismatches with GST returns and invoice level data (**SB005 error**). Such errors have resulted in blocking of GST refunds of exporters. To mitigate this hardship, the errors may be corrected in the Indian Customs EDI System (ICES) for shipping bills having date upto December 31, 2019.

Source : [Circular No. 22/2020-Customs dated April 21, 2020](#)

### Facility for accepting Undertaking in lieu of Bond extended

As a measure to facilitate trade during the lockdown period and considering the extended lock down period, the facility to accept Undertaking in lieu of Bond required during clearance of goods from customs, has been further extended to May 15, 2020.

Source : [Circular No. 21/2020-Customs dated April 21, 2020](#)

## CORPORATE AND ALLIED LAWS

### Extensions by Ministry of Corporate Affairs (MCA):

- Extension has been provided upto September 30, 2020 for holding Annual General Meeting (AGM) by companies that were required to hold it by June 30, 2020 due to their financial year ended on December 31, 2019 (other than first financial year).

Source: [MCA](#)

- Names reserved under incorporation process or change of name by proposed or existing company or LLP and expiring between March 15, 2020 to May 3, 2020 would now be valid upto May 23, 2020.

Source: [MCA](#)

### **SEBI eases buy-back norms to give companies a quicker access to capital**

SEBI has granted temporary relaxation in the period of restriction in raising further capital after the buy-back period. Currently, companies cannot raise further capital for a period of one year from expiry of buyback period. This has now been reduced to six months till December 31, 2020.

Source : [SEBI](#)

### **Temporary relaxations for rights/public issue by listed entities**

In the wake of challenges for Indian economy arising out of COVID-19 pandemic and with a view to improving access to funding to the corporates through capital markets, SEBI has decided to grant certain temporary relaxations related to rights/public issuances by listed entities. These include eligibility conditions related to Fast Track Rights Issues, provisions related to minimum subscription, amongst others and shall be applicable for all such issues that open on or before March 31, 2021.

Source : [SEBI](#)

### **Relief by Insolvency and Bankruptcy Board of India (IBBI)**

Corporate insolvency resolution process which could not be completed within 180 days from the date of admission of the application due to COVID-19 outbreak, shall stand extended till the lockdown period is over.

Source: [IBBI](#)