



GARV & Associates



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Recent Changes in Income Tax Due dates in view of COVID Pandemic

Entire world is passing through the unprecedented time of the COVID19, which has impacted the day to day operations for the Tax Department as well as Taxpayers. Keeping this in the mind, the Government has come out with the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 on 31st March 2020 (hereinafter referred as "**Ordinance**").

This Ordinance has provided for various relaxations and had provided for a window for issuing further extension by issuing another notification.

Accordingly, in terms of the powers delegated by the Ordinance, a fresh notification has been issued on 24th June 2020, (hereinafter referred as "**Notification**") which has made various amendments to the Ordinance. In this article, we have tried to analyse the amendments brought in and what impact it can have on us through certain examples.

The very first thing to note is that the Notification aims to amend the provisions of Section 3(1) of the Ordinance and all the other provisions of the earlier Ordinance would remain unimpacted.

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Coverage period expanded

Section 3(1) of the Ordinance is a notwithstanding provision which overrides various Special Acts as listed in the Ordinance. This section has granted relaxation in completion or compliance which were falling due between 20th March 2020 to 29th June 2020, such completion or compliance can be done upto 30th June 2020 or such extended date.

Now the Notification has come out with the new extended dates, but this time, different dates has been notified for various actions of completion or compliance as follows:-

The notification now covers all types of completion or compliance, which were falling due between 20th March to 31st December 2020, instead of earlier period of up to 29th June 2020.

Further, all the activities of completion or compliance are with respect to all the 8 Specified Act including Income Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, Vivad Se Vishvas Act etc.

Scope of “Completion” - Completion refers to

<i>Provision</i>	<i>Interpretation</i>
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, by whatever name called, under the provisions of the specified Act	<p>This may be include order / notice with respect to following proceedings: -</p> <ul style="list-style-type: none"> · Assessment · Reassessment · Penalty · Rectification · Transfer Pricing Assessments · Revision · CIT(A) Appellate · ITAT · Dispute Resolution Panel · Settlement Commission · Authority for Advance Ruling · Stay Order · Order u/s 12AA · Penalty Immunity Order u/s 270AA etc <p>This may be include sanction / approval with respect to: -</p> <ul style="list-style-type: none"> · Reopening of the Assessment · Framing of Assessment u/s 153A

Scope of “Compliance” - Compliance refers to

<i>Provision</i>	<i>Interpretation</i>
Filing of any appeal, reply or application or furnishing of any report, document, return, statement or such other record, by whatever name called, under the provisions of the specified Act; or	<p>This may be include order / notice with respect to: -</p> <ul style="list-style-type: none"> · Appeals before CIT(A) · Appeals before Tribunal · Filing reply to any notices · Making any application under the Specified Acts · Filing of any Report such as Rule 9 report before Settlement Commission · Filing of any Returns such as Income Tax Return · Filing of any Statement such as statement of TDS and TCS, Statement of Financial Transactions (SFT), etc
Making of investment, deposit, payment, acquisition, purchase, construction or such other action, for the purposes of claiming any deduction, exemption or allowance under the provisions contained in-	<p>This covers: -</p> <ul style="list-style-type: none"> · Section 54 to 54GB of IT Act · Chapter VI-A Heading B – From Section 80C to 80GGC <p>The Press Release for the Ordinance only mentions Section 80C, 80D, 80G etc. Whereas the ordinance covers whole chapter from Section 80C to Section 80GGC.</p>
Beginning of manufacture or production of articles or things or providing any services referred to in section 10AA of that Act, provided letter of approval has been issued on or before the 31st day of March, 2020,	Relation granted to SEZ units with respect to the date of beginning of manufacture or production

Extended due dates under the Notification -

The time limit for all the **completion** or **compliance** (as referred to above), which were falling due between 20th February to 31st December 2020, has now been extended to 31st March 2021, with an exceptions as under: -

Exceptions to time limit of 31st March 2021 – A different extended due date has been notified for below transactions: -

Due dates for filing Income Tax Return u/s 139, are

- New Due dates for filing returns for AY 2019-20 – 31st July 2020
- New Due dates for filing returns for AY 2020-21 – 30th November 2020

However, 234A interest would be chargeable if the amount of self assessment tax exceeds Rs 1 Lakh. This means one need to calculate the tax payments and pay the same.

In order to provide relief to small and middle class taxpayers, the date for payment of self assessment tax in the case of a taxpayer whose self-assessment tax liability is upto Rs. 1 lakh has also been extended to 30th November, 2020. However, it is clarified that there will be no extension of date for the payment of self-assessment tax for the taxpayers having self-assessment tax liability exceeding Rs. 1 lakh. In this case, the whole of the self-assessment tax shall be payable by the due dates specified in the Income-tax Act, 1961 (IT Act) and delayed payment would attract interest under section 234A of the IT Act. This is a draconian provision.

Due dates for filing TDS & TCS Statements for quarter ending 31st March 2020, are

- For Government Offices – 15th July 2020
- For All other Persons – 31st July 2020

Due dates for issuing TDS Certificates, Extended

Due date for issuing TDS Certificate for FY 2019-20 to salaried employees extended to 15th August 2020

Due dates for making investments, Extended

- **Section 54 to 54GB** - Due dates for making investment, deposit, payment, acquisition, purchase, construction etc., extended to **30th September 2020**
- **Chapter VI-A Part B (i.e. Section 80C to 80GGC)** - Deduction would be available in AY 2020-21 provided payment / investment is made by **31st July 2020**

Due dates for furnishing Audit Reports under IT Act - Due Dates for All Audit Report required to be furnished under Income Tax Act:-

- For AY 2020-21· Extended to 31st October, 2020

Time Limit for Vivad se Vishwas, Extended

The Finance Minister has already announced extension of date for making payment without additional amount under the “Vivad Se Vishwas” Scheme to **31st December 2020**

The date of furnishing of declaration, passing of order etc under the Scheme stand extended to 31st December, 2020

Reduced rate of 9% for delayed payment of Taxes

The Earlier Ordinance had relaxed interest rate to 9% per annum, for the payment falling due between 20th March 2020 to 29th June 2020 **and** which are paid by 30th June 2020.

Section 3(2) of the Ordinance had provided for one more benefit to calculate the interest payable from the **Due Date to the Date of payment**, instead of different starting dates under regular provisions.

For example, TDS for month of March if paid in June, would attract interest u/s 201(1A) for 4 Months under regular provisions but under the Relaxation Ordinance, interest would be payable only for 2 months as starting date counted from **Due Date**.

Accordingly, after expiry 30th June 2020, the relaxation will not be applicable and regular interest would be charges for the whole period as per regular provisions of the Act. **It may kindly be noted that there is no further relaxation in terms of payment of taxes etc. in the notification. Impact of missing the 30th June 2020 deadline can be draconian, illustrated as under: -**

Particulars	Situation 1 - Paid on 30th June	Situation 1 - Paid on 1st July
TDS Amount	10,00,000	10,00,000
TDS deducted on	Mar-20	Mar-20
Due Date for payment	30-04-2020	30-04-2020
Actual Date of Payment	30-06-2020	01-07-2020
Relaxation of Ordinance Available	Yes	No
Interest Rate	9% per annum	18% per annum
Period	2 Months (May - June)	5 Months (March - July)
Interest Amount	15,000	75,000

As apparent from above, missing the 30/06/2020 deadline for payment of tax would cause heavy interest liability.

Concluding Remarks

No further relaxation granted in terms of payment of the taxes. Even the concessional rate of 9% is applicable only if payment is made by 30th June 2020, failing which would attract interest at full rate for entire period.

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