TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISIONS) ORDINANCE, 2020

In our earlier publication, we had discussed the various relief measures taken by the Government of Indiain the area of statutory compliances under the Income Tax and other allied laws in view of COVID-2019 outbreak, which was announced by the Hon'ble Finance Minister vide press release on 24.03.2020 [refer TaxBuzz – Key Announcements by Finance Minister in relation to Statutory Income Tax Compliance(s) https://www.vaishlaw.com/tax-buzz-key-announcements-by-finance-minister-in-relation-to-statutory-income-tax-compliances/].

The relief/measures announced by the Hon'ble Finance Minister have now been promulgated by the President on 31.03.2020, vide "The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 ('the Ordinance').

The Ordinance, while overriding the provisions of the Income Tax Act, 1961 ("the Act"), relaxes the following compliances for a period of 3 months (elaborately discussed in the earlier TaxBuzz referred above):

- An option has been given to the Taxpayers to defer payment of any taxes/ levies under the Income TaxAct, for example, payment of TDS, advance tax, self-assessment tax, penalty, falling during the period from 20th March, 2020 to 29th June, 2020 to 30th June, 2020 or later date as may be notified, by paying concessional interest @9% per annum for the period of delay, without any penal consequence.

- Timefor making all statutory compliances, including filing tax returns (original and revised), appeals, filing of reports, documents, etc., falling during the period from 20th March, 2020 to 29th June, 2020 has been extended to 30th June, 2020 or any later date as may be notified.

- Time for making investment/ deposit in any tax saving instrument, purchase, construction, etc., for claiming any benefit/ deduction/ exemption,for example, investments eligible under section 80C and similar provisions, investments for claiming exemption from capital gains, falling during the above period has similarly been extended to 30th June, 2020 or any later date as may be notified.

- Time limit for completion of proceedings, passing any order, issuance of notice/ notification, etc., has also been similarly extended.

Apart from the aforesaid relaxation and extension of timelines, following additional clarifications/reliefs have been provided in the aforesaid Ordinance:

- The Ordinance has extended the date for commencement of operation of Special Economic Zone (SEZ) units for the purpose of claiming deduction under deduction 10AA to 30.06.2020, subject, however, to unit having received necessary approval by 31.03.2020;

- The Ordinance also explicitly clarifies that due date for making various investment for claiming deduction under "Chapter-VIA -Heading B" of the Act, which includes section 80C (LIC, PPF, NSC etc.), 80D (Mediclaim), 80G (Donations), etc., has been extended to 30.06.2020. Thus, investments made up to 30.06.2020, can be claimed as deduction under these sections for the financial year 2019-2000;

- The **Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)** was created on 28thMarch, 2020 following the COVID-2019 pandemic in India, to be used for combating, containment and relief efforts against the coronavirus outbreak and similar pandemic like situations in the future.

  Necessary amendments have now been made in section 80G and section 10(23C) to provide PM CARES Fund the same status as that of 'Prime Minister's National Relief Fund'. Thus, donations made to PM CARES FUND will be eligible for 100% deduction in terms of section 80G(2)(a)(iiia) of the Act, without any capping limit on the Gross Total Income. Further, the extended timeline of 30.06.2020 will apply to such donations as well.

  Further, vide the Ordinance, benefit of exemption under section 10(23C)(i) of the Act has been extendedto person(s) receiving income on behalf of PM CARES Fund.

Comments/ Remarks:

The Ordinance issued to givelegal shape to the relaxations announced vide press release on 24.03.2020is a very welcome development. Industry was, however, looking forward to clarity on the issue whether while withholding tax from salaries, the employer is permitted to take into account investments that theemployee may undertake to make within the extended time upto30th June, 2020 or not.In the absence of any amendment in section 192 of the Act, the employer will possibly be required to withhold tax considering actual investments made upto the date of deduction of tax and the employee shall have no other option but to claim refund in the tax return.

For any details and clarifications, please feel free to write to:

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