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Extension of statutory time limits for compliances, inter alia, under income-tax law

The Central Board of Direct Taxes (CBDT) vide notification and Press Release dated 24 June 2020 has provided the extension of various timelines for undertaking compliances under, inter alia, the Indian Income-tax Act, 1961.

Background:

- In view of the challenges faced by taxpayers in meeting their statutory and regulatory compliance requirements across sectors [due to the outbreak of COVID-19], the government has extended various compliance timelines. The same was undertaken vide Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020¹ [Ordinance] dated 31 March 2020.
- Considering that taxpayers continue to face difficulties due to COVID-19, the government provided further relief to taxpayers for undertaking compliances, by yet again extending various timelines under the specified laws², including the Indian Income-tax Act, 1961 (ITA). The Central Board of Direct Taxes (CBDT) has issued a notification amending the Ordinance (Notification)³ and a Press Release⁴, both dated 24 June 2020, in this regard.
- The Notification comes into force from 30 June 2020.

Summary of the Notification and Press Release:

- Timelines specified / prescribed / notified under the specified laws² (including the ITA), which fall during the period 20 March 2020 to 31 December 2020 for completion / compliance of the following actions, stand extended to 31 March 2021:
 - 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 laws⁴; or

¹ <http://egazette.nic.in/WriteReadData/2020/218979.pdf>

² Wealth Tax Act, 1957; Income-tax Act, 1961; Prohibition of Benami Property Transactions Act, 1988; Chapter VII of the Finance (No. 2) Act, 2004 relating to securities transaction tax; Chapter VII of the Finance Act, 2013 relating to commodities transaction tax; Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015; Chapter VIII of the Finance Act, 2016 relating to equalisation levy; Direct Tax Vivad se Vishwas Act, 2020.

³ <http://egazette.nic.in/WriteReadData/2020/220145.pdf>

⁴ <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1634070>

- 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 specified laws².

The above extension of timeline will not apply to payment of any tax or levy and such payments will be governed by the provisions of the Ordinance. Further, it will not apply if separate timelines are provided for any specific completion or compliance.

- With respect to the following specific completion or compliance of actions under the ITA, the revised timelines would be as follows:

Sr. No.	Compliance	Revised time limits / timelines
1.	For Financial Year (FY) 2018-19, corresponding to Assessment Year (AY) 2019-20: Filing of original as well as revised income-tax return	31 July 2020
2	For FY 2019-20, corresponding to AY 2020-21: i. Filing of income-tax return for all taxpayers ii. Furnishing of report of audit under any provision of the ITA	i. 30 November 2020 ii. 31 October 2020
3.	For FY 2019-20, corresponding to AY 2020-21: Payment of self-assessment tax by small and medium class taxpayers [i.e. taxpayers having self-assessment tax liability not exceeding INR 100,000 (~US\$ 1,325)].	30 November 2020
4.	For FY 2019-20, corresponding to AY 2020-21: Investment / payment for claiming deduction, under Chapter VIA-B of the ITA (i.e. with respect to deduction for investment / payment of premium towards life insurance, public provident fund, national savings certificate, mediclaim, donation, etc.).	31 July 2020
5.	Investment / construction / purchase for claiming roll over benefit / deduction with respect to capital gains under sections 54 to 54GB of the ITA.	30 September 2020
6.	Commencement of operation by the special economic zone (SEZ) units (for claiming deduction u/s 10AA of ITA) which have received necessary approval by 31 March 2020.	30 September 2020

Sr. No.	Compliance	Revised time limits / timelines
7.	Delivering tax deducted at source (TDS) / tax collected at source (TCS) statements for the month of February 2020 or March 2020 or for the quarter ending 31 March 2020 as the case may be: i. By the specified person in the Government office; ii. By others	i. 15 July 2020 ii. 31 July 2020
8.	Furnishing TDS certificate (pertaining to TDS deducted on salary payments) for FY 2019-20	15 August 2020

- With respect to the Direct Tax Vivad se Vishwas Act, 2020, the end date for completion or compliance of actions stand extended to 31 December 2020.
- The Press Release⁵ dated 24 June 2020 has further clarified the following:
 - The timeline for linking Aadhaar with Permanent Account Number extended till 31 March 2021.
 - The reduced rate of interest of 9% for delayed payments of taxes, levies etc. as per the Ordinance is applicable only for payments made till 30 June 2020.
 - The old procedure i.e. pre-amended procedure for approval / registration / notification of certain entities under sections 10(23C), 12AA, 35 and 80G of the ITA will apply during the period 1 June 2020 to 30 September 2020. The legislative amendments will be moved in due course of time.
 - Reduced rate of TDS (for specified non-salaried payments to residents) and specified TCS rates by 25% is applicable for the period 14 May 2020 to 31 March 2021 as was announced earlier vide Press Release dated 13 May 2020. The legislative amendments in this regard will be moved in due course of time.

Comments:

- The Notification read with the Press Release dated 24 June 2020, shall provide relief to the taxpayers for undertaking regulatory and tax compliances (including ITA compliances), in view of the present humanitarian and economic crisis arising due to COVID-19.
- The benefit of extended time line for payment of self-assessment tax for the FY 2019-20 is not available to taxpayers whose self-assessment tax liability exceeds INR 100,000. Consequently, interest under section 234A of the ITA in case of delay in payment of self-assessment tax will be attracted in such cases.
- The revised extension of timelines does not apply to payment of any tax or levy and such payments will be governed by the provisions of the Ordinance. Consequently, the reduced rate of interest of

⁵ <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1634070>

9% for delayed payments of taxes, levies etc. as per the Ordinance is applicable only for payments made till 30 June 2020.

- Taxpayers may want to evaluate the impact of extension of compliance timelines to the facts of their case.



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