

FM Sitharaman Promises Economic Package Soon

Announces relaxation in statutory & regulatory compliances, including for IBC and I-T settlement scheme



ARINDAM

Our Bureau

New Delhi: Finance minister Nirmala Sitharaman promised a comprehensive economic package "sooner than later" to counter the disruption caused by the coronavirus outbreak and announced significant relaxation in statutory and regulatory compliances.

These include raising the threshold for filings under the Insolvency and Bankruptcy Code (IBC) that will help the mi-

cro, small and medium enterprises (MSME) sector, no charges on cash withdrawals from the ATMs of any bank, and extension of the ongoing income tax settlement scheme until June 30 at the prevailing terms.

More time has also been given for income tax (I-T), service tax and goods and services tax (GST) return filing.

"Work is going on... We will announce a package sooner than later," she told reporters during a video-conference on Tuesday.

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Relief and Promise

Package soon to address economic hardship

Measures to address stress in repayment of loans

Most March 31 filing deadlines extended to June 30

Insolvency law eased; to benefit MSMEs

Regulatory and statutory compliance released

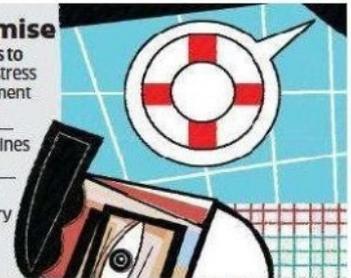


Illustration: ANIRBAN BORA

Discussions On with Reserve Bank, Says FM

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Prime Minister Narendra Modi had announced a Covid-19 taskforce under Sitharaman's leadership that would draw up measures to combat the economic effects of the pandemic in his address to the nation on March 19.

Asked about a likely pause on loan repayments, credit card payments and re-classification of non-performing assets, she said: "We will come back soon." She said discussions were on with the Reserve Bank of India (RBI) on various issues. "We will do whatever it takes to support... at this stage."

The markets were under constant watch, the minister said.

"All the regulators, the RBI and the ministry of finance are all working together to keep monitoring the developments and the volatility in the stock market," she said, adding that the Sebi had issued guidelines to prevent greater volatility in the markets. "Let me give you that assurance that discussions take place at least thrice in a day."

Industry has sought a fiscal stimulus package of 2% of GDP and suspension of principal, interest and EMI payments for two quarters besides a ₹5,000 cash transfer for those without livelihoods for now.

Industry and experts welcomed the measures announced on Tuesday, saying they will have a positive effect on MSMEs but called for urgency in announcing the relief package to help get the economy back on track.

"Industry is looking forward for the broader economic packages like one-time rollover for debt restructuring across the industries to be announced soon for resurrec-

Compliance Relief

<p>FM unveils steps to ease compliance burden</p> <p>Promises more steps to counter economic impact</p>	<p>BANKING</p> <p>For next 3 months...</p> <p>Withdraw cash without charges from any ATM</p> <p>Waiver of minimum balance fee</p> <p>Reduced charges for digital trade transactions</p>	<p>INSOLVENCY & BANKRUPTCY CODE</p> <p>Threshold of default raised to ₹1 cr from ₹1 lakh</p> <p>Govt to suspend Sections 7, 9, 10 if situation continues beyond Apr 30</p> <p>This will stop cos from being forced into insolvency</p>	<p>INCOME TAX</p> <p>Last date extended for FY19 IT return until June 30</p> <p>Aadhaar-PAN linkage deadline extended until June 30</p> <p>Interest rate reduced to 9% on delayed payments</p>	<p>COMPANIES ACT</p> <p>Board meeting mandatory requirement relaxed</p> <p>No additional fee for filing under MCA-21</p> <p>Newly incorporated cos can show commencement in six more months</p> <p>Deposit reserve can be created by June 30</p> <p>Independent director residency rule relaxed</p>
<p>GST/CUSTOMS</p> <p>Returns for March, April, May can be filed by June 30</p> <p>Date for opting for composition scheme is June 30</p> <p>GST returns for FY19 can be filed until June 30</p> <p>Payment deadline for Sabka Vishwas extended</p> <p>24/7 customs clearance until Jun 30</p> <p>All time limits for filings extended</p>				
<p>TRADE</p> <p>Commerce min to extend various compliances & procedures</p>				

ting economic health of industries," said Assocham president Niranjan Hiranandani.

COMPLIANCE RELIEF

Sitharaman raised the default threshold to ₹1 crore from ₹1 lakh for the filing of insolvency proceedings under the IBC with immediate effect, a move that will help the MSME sector in particular.

She also said the government will suspend the relevant provisions (Section 7, 9 and 10) of the IBC if the current situation prevailed beyond April 30 to prevent companies from being forced into insolvency proceedings "in such

force majeure causes of default".

"These measures will greatly help companies where matters are before NCLT (National Company Law Tribunal)," said CII director general Chandrajit Banerjee.

The higher threshold for defaults will drastically reduce the number of cases under Section 9, said Manoj Kumar of Corporate Professionals.

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"There will be a moratorium on statutory filings in the MCA21 registry from April 1 to September 30 and no late filing fees will be charged.

The requirement of holding board meetings "within prescribed interval provided in the Companies Act (120 days), 2013, shall be extended by a period of 60 days till next two quarters i.e., till 30th September," the government said in a press release.

In a relief to auditors, the Companies (Auditor's Report) Orders 2020 will be applicable from FY21 instead of this fiscal. Additionally, newly incorporated companies will ha-

ve an additional six months or effectively a year to file their declaration of commencement of business from the date of incorporation.

The requirement to create a reserve of 20% of deposits maturing in FY 21 before April 30 has been extended to June 30. Similarly deferred is the requirement to invest 15% of debentures maturing during a particular year in specified instruments.

The government extended the date for availing Sabka Vishwas Scheme for indirect taxes until June 30 to encourage settlement of disputes as it did for the Vivaad Se Vishwas Scheme for direct tax, without payment of an additional 10%.