

# Ordinance Summary

## The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020

- The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 was promulgated on March 31, 2020. The Ordinance provides certain relaxations related to compliance, such as extension of time limit and waiver of penalty, in relation to certain specified laws. These laws include the Income Tax Act, 1961 (IT Act), some Finance Acts, the Central Excise Act, 1944, the Customs Act, 1962, and the Prohibition of Benami Property Transactions Act, 1988. The Ordinance provides these relaxations in view of spread of the coronavirus pandemic in India.
- **Extension of time limits:** The time limits for compliance or completion of certain actions under the specified laws, falling during the period March 20, 2020 to June 29, 2020, have been extended. The time limit to complete or comply with such actions has been extended to June 30, 2020, or such other date after June 30, 2020 which the central government may notify.
- The time limits for compliance have been extended for certain actions which include: (i) issuing notices and notifications, completing proceedings, and passing orders by authorities and tribunals, (ii) filing of appeals, replies, and applications, and furnishing documents, and (iii) making any investment or payment for claiming certain deductions or allowances under the IT Act, such as those under the Sections 80C to 80GGC of the IT Act, or those which the government may notify. The government may notify different dates for the completion of different actions.
- **Interest and penalty:** Payment of any tax, made after the due date (due between March 20, 2020 and June 29, 2020), but before June 30, 2020 (or any further date specified by the government), will not be liable for prosecution or penalty. The rate of interest payable for the delay in payment will not exceed 0.75% per month.
- **GST-related compliances:** The Ordinance amends the Central Goods and Services Tax Act, 2017 to allow the central government to notify an extension to the time limits for various GST-related compliances and actions under the Act. Such extensions would be given based on the recommendations of the GST Council. This will be done only in the case of actions which cannot be completed or complied with due to force majeure (such as war, epidemic, or a natural calamity).
- **Donations to PM CARES Fund:** The IT Act allows persons to lower their taxable income by availing certain deductions specified in the Act. Deductions can also be claimed against the donations made to certain funds and charitable institutions. The Ordinance amends the IT Act to provide that donations made by a person to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) will be eligible for 100% deduction. This implies that an amount equivalent to the donations made by a person to the Fund can be deducted from his income, while calculating his total income under the IT Act.
- **Resolution of disputes related to direct taxes:** The Ordinance amends the Direct Tax Vivad se Vishwas Act, 2020, which provides a mechanism for resolution of pending tax disputes related to income tax and corporation tax. For resolving disputes, a person must file a declaration and pay an amount as specified under the Act. An additional amount was required to be paid if the payment was made after March 31, 2020. The Ordinance extends this deadline to June 30, 2020, which implies that no additional amount is required to be paid if the payment is made by June 30, 2020.
- **Resolution of disputes related to indirect taxes:** The Ordinance amends the Finance (No. 2) Act, 2019 to extend the time limits specified for completion of various actions under the Sabka Vishwas (Legacy Dispute Resolution) Scheme. The scheme provides a mechanism for resolution of pending disputes related to indirect taxes such as central excise duty and various cesses. For resolving disputes, a person must file a declaration, based on which the designated committee will determine the amount payable under the scheme for resolution and issue a statement. Under the Act, the committee must issue the statement within 60 days of the receipt of declaration. The Ordinance removes the 60-day time limit and specifies that the committee must issue the statement by May 31, 2020.
- Under the scheme, for resolution of disputes, a person is required to pay the amount determined by the designated committee within 30 days of the issue of statement. The Ordinance removes the 30-day time limit and specifies that the payment must be made by June 30, 2020.

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