

**NEWSLETTER**

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**LEGAL UPDATES**

- **The Union Ministry of Micro, Small and Medium Enterprises issued notification regarding upward revision in definition and criteria of MSMEs**
- **Suspension of Section 7, 9 & 10 of the Insolvency & Bankruptcy Code, 2016**
- **Governments vide notification dated 24<sup>th</sup> June, 2020 relaxed certain time limits under Direct Tax and Benami Laws.**
- **Ministry of Corporate Affairs vide Circular No. 23/2020 announced Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013.**
- **Ministry of Corporate Affairs vide Circular No. 22/2020 announced Clarification on passing of ordinary and special resolutions by companies under The Companies Act, 2013 read with rules made thereunder on account of Covid-19.**
- **TDSAT: “Review Petition cannot be accepted when Sufficient Opportunity already been given to Parties”.**

**The Union Ministry of Micro, Small and Medium Enterprises issued notification regarding upward revision in definition and criteria of MSMEs.**

The Union Ministry of Micro, Small and Medium Enterprises paved way for the upward revision of definition and criteria of MSMEs in the country. According to the new amendment, the definition of Micro manufacturing and services units was increased to Rs.1 Crore of investment and Rs.5 Crore of turnover. The limit of small unit was increased to Rs.10 Crore of investment and Rs.50 Crore of turnover. Similarly, the limit of medium unit was increased to Rs.20 Crore of investment and Rs.100 Crore of turnover and for medium Enterprises, it is increased Rs.50 Crore of investment and Rs.250 Crore of turnover. The new definition will come in effect from 1<sup>st</sup> July, 2020.

**Suspension of Section 7, 9 & 10 of the Insolvency & Bankruptcy Code, 2016**

The President has promulgated Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 on

05.06.2020. The Ordinance amends the original act and inserts a new Section 10A which pertains to suspension of initiation of Corporate Insolvency Resolution Process. The said Section is as reproduced herein:-

“Notwithstanding anything contained in Sections 7, 9 and 10, no application for initiation of corporate insolvency process of a corporate debtor shall be filed, for any default arising on or after 25th March, 2020 for a period of 6 months or such further period, not exceeding 1 year from such date, as may be notified in this behalf:

Provided that no application shall ever be filed for initiation for corporate insolvency resolution process of a corporate debtor for the said default occurring during the period.

Provisions of this Section shall not apply to any default committed under the said section before 25th March.”

**Governments vide notification dated 24<sup>th</sup> June, 2020 relaxed certain time limits under Direct Tax and Benami Laws.**

In view of the current situation and the hardships faced by the tax payers, the government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020. In order to provide further relief, notification dated 24<sup>th</sup> June, 2020 has been notified which has the following salient features:

I. The time for filing of original as well as revised income-tax returns for the FY 2018-19 (AY 2019-20) has been extended to 31st July, 2020.

II. Due date for income tax return for the FY 2019-20 (AY 2020-21) has been extended to 30th November, 2020. Hence, the returns of income which are required to be filed by 31st July, 2020 and 31st October, 2020 can be filed upto 30th November, 2020. Consequently, the date for furnishing tax audit report has also been extended to 31st October, 2020.

III. 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.

IV. The date for making various investment/ payment for claiming deduction under Chapter-VIA-B of the IT Act which includes section 80C (LIC, PPF, NSC etc.), 80D (Mediclaim), 80G (Donations) etc. has also been further extended to 31st July, 2020. Hence, the investment/ payment can be made upto 31st July, 2020 for claiming the deduction under these sections for FY 2019-20.

V. The date for making investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under Sections 54 to 54GB of the IT Act has also been further extended to 30th September, 2020. Therefore, the investment/ construction/ purchase made up to 30th September, 2020 shall be eligible for claiming deduction from capital gains.

VI. The date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the IT Act has also been further extended to 30th September, 2020 for the units which received necessary approval by 31st March, 2020.

VII. The furnishing of the TDS/ TCS statements and issuance of TDS/ TCS certificates being the prerequisite for enabling the taxpayers to prepare their return of income for FY 2019-20, the date for furnishing of TDS/ TCS statements and issuance of TDS/ TCS certificates pertaining to the FY 2019-20 has been extended to 31st July, 2020 and 15th August, 2020 respectively.

VIII. The date for passing of order or issuance of notice by the authorities and various compliances under various Direct Taxes & Benami Law which are required to be passed/ issued/ made by 31st December, 2020 has been extended to 31st March, 2021. Consequently, the date for linking of Aadhaar with PAN would also be extended to 31st March, 2021.

IX. The reduced rate of interest of 9% for delayed payments of taxes, levies etc. specified in the Ordinance shall not be applicable for the payments made after 30th June, 2020

**Ministry of Corporate Affairs vide Circular No. 23/2020 announced Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013.**

The companies are required to file forms related to creation or modification of charges within the timelines provided in section 77 of the Companies Act, 2013 (Act), i.e. a total of 120 days of the creation or modification of charge.

On account of the pandemic caused by COVID, the timelines have been relaxed for filing certain charges related form under the scheme so as to provide a window of compliance for the registration of charges.

**Ministry of Corporate Affairs vide Circular No. 22/2020 announced Clarification on passing of ordinary and special resolutions by companies under The Companies Act, 2013 read with rules made thereunder on account of Covid-19**

The notification is in furtherance to the previous circular (14/2020) of MHA, wherein the clarification was made regarding passing of ordinary and special resolution by companies by holding extraordinary general meetings (EGM) only through video conferencing till 30<sup>th</sup> June, 2020. The current notification allows the companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with the framework provided upto 30<sup>th</sup> September, 2020.

**TDSAT: Review petition cannot be accepted when sufficient opportunities already been given to Parties**

In the matter of Multireach Media Pvt. Ltd. v. Zee Entertainment Enterprise Ltd, 2020 SCC OnLine TDSAT 126, Justice Shiva Kirti Singh (Chairperson) rejected the review application stating that the proceeding held and orders passed are on the basis of audit and other relevant materials for which sufficient opportunity was given to the parties. If the Audit report has new facts which can impact petitioner, in that case the party is free to move to the Tribunal.

**DISCLAIMER:-**

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