

# Breather on tax compliance deadline likely

## Proposals for a 3-month extension of compliance timeline being considered

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The Union government is examining proposals seeking relief to businesses through extension of compliance timeline for goods and services tax as well as income tax. With India facing the biggest Covid-19 crisis so far, the government has received multiple industry representations, including from micro, small and medium enterprises, wanting a breather of up to three months.

"We have received many representations.... These are genuine concerns and will be addressed appropriately," a government official told *Business Standard*.

Delhi announced a week-long curfew till April 26 while severe restrictions were imposed on movement of people in Mumbai and other Maharashtra cities. Karnataka and Madhya Pradesh are among the big states facing night curfews.

In the case of GST, monthly summary returns for March and quarterly summary returns for January to March are scheduled by April 20 and April 22, respectively. The deadline for GSTR 4, a return to be filed by those opting for composition scheme, is April 30. For income tax, compliances falling in April and May include tax deduction at source, TDS/TCS for the fourth quarter of 2020-21, filing of specified financial transactions, LLP annual returns etc.

ILLUSTRATION: BINAY SINHA



## RELAXATION ON THE CARDS

- Govt examining industry demands to extend key tax compliance timelines
- Around 11 GST and 15 income tax compliances are due in April
- Some compliances due in April and May include:

Monthly GST returns; TDS deposit; TDS/TCS returns for Q4; Filing of specified financial transactions; LLP annual returns; Quarterly GST returns; Annual composition GST returns



## Tax deadline...

Also, the first installment of advance tax will have to be paid by June 15. Tax experts pointed out that small and medium enterprises will be the most hit if compliance timelines are not extended. Rajat Mohan, partner, AMRG Associates said while large taxpayers hired disaster recovery professionals and readied themselves to face any natural calamity last year after the first Covid wave, MSMEs and SMEs had been the worst hit by the second wave of the pandemic. "They have not implemented IT infrastructure like cloud computing, leading to the non-availability of technological and human resources for filing tax compliances on time. The government needs to reach out to small and medium-sized businesses and extend the timelines for all tax filings until the time the situation is under control," said Mohan.

Last year, the government provided many statutory and regulatory compliance relief measures after the national lockdown hit the country.

"In testing times like these, where there is shortage of staff due to ill health, travel restrictions/curfews etc, it becomes vital for the government to step up and relax the deadlines so

ing health and business resumption rather than statutory compliances," said Rakesh Nangia, chairman, Nangia Andersen India.

The government has been supportive and responsive to the needs of the taxpayers before, and therefore it is hoped that it would afford the requisite relief soon, Nangia added.

Harpreet Singh, partner, KPMG, said that any further lockdown in states, could result in delay in undertaking compliances by GST dealers as important data, invoices, files, DSC used for signature etc may be lying in offices which are not accessible now. "...Relaxations on compliances if delayed are as good as lost, as the same may not meet the intended purpose. It would be prudent to address the compliance issues at the earliest," Singh added.

The Confederation of All India Traders (CAIT) has in a letter to finance minister Nirmala Sitharaman urged postponement of various tax compliances by three months. It said at least 11 types of compliances under GST and another 11 for income tax fall in April. "In these tough times when all the state governments are taking strict precautionary measures such as complete curfew, night curfew, 72-hour complete lockdown, complete lockdown, containment zones, etc in order to restrict the spread of Covid-19 in their states, it will not be possible to comply with all these statutory compliances on time. Therefore, with the delay in compliances on part of trade not being deliberate, the late fee and penalties should be waived off permanently," it said in the letter.

Pratik Jain, partner, Price Waterhouse & Co LLP said the situation on the ground was really bad and most people had someone in the family battling Covid. "In these circumstances, the industry does expect the government to relax the compliance timelines, particularly filing of monthly GST returns and reconciliation requirements. The GST council may meet next month to take decisions on some of these measures," said Jain.