

## TEMPORARY RELAXATIONS IN COMPLIANCE REQUIREMENTS FOR THE COMPANIES ISSUED BY REGULATORY AUTHORITIES DUE TO THE SPREAD OF COVID -19

The CoVID-19 virus has been declared as a pandemic by the World Health Organization (WHO) as it has affected the lives of many people all around the world and has resulted in many restrictions, including free movement of people, thereby hampering businesses and day to day functioning of companies. Due to the spread of CoVID-19, there has been a need of temporary relaxations in compliance requirements for the companies.

Accordingly, Finance Minister Nirmala Sitharaman, has made various compliance related announcements in press conference on March 24, 2020 at 2:30 PM which included various extensions and relaxations related to Income Tax, Goods and Service Tax, Customs/ Central Excise, MCA, Insolvency and Bankruptcy Code and banks etc. Also, SEBI has decided to grant the certain relaxations from compliance stipulations specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to listed entities which have listed their specified securities, Non-Convertible Debentures (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS), Municipal Debt Securities (MDS) and Commercial Papers (CPs).

The following are the various facilitation measures taken by Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) towards providing relief to stakeholders:

### VARIOUS COMPLIANCE RELATED ANNOUNCEMENTS MADE BY FINANCE MINSITER IN PRESS CONFRENCE ON 24/03/2020 AT 2.30PM

#### 1. INCOME TAX RELATED

- **FY 2018-2019 | AY 2019-2020**
  - ITR last date extended to 30<sup>th</sup> June 2020
  - Tax payment made till 30<sup>th</sup> June- Interest reduced from 12% to 9%
  - Delayed deposit of TDS till 30<sup>th</sup> June- Reduced interest 9%
- **Extension of dates for various compliances**
  - Due date for all notices/orders/appeals/applications/reports/any other document/any compliance by taxpayers up-to 30<sup>th</sup> June, 2020
  - All investments/Saving instruments for rebates can be made by 30<sup>th</sup> June 2020.
  - Adhaar-PAN linking date extended to 30<sup>th</sup> June 2020
- **Vivad Se Vishwas Scheme extended up-to 30th June 2020, No additional charge of 10% up-to 30<sup>th</sup> June 2020**, earlier disputed tax has to be deposit by 31<sup>st</sup> March without additional charge of 10%.

## **2. GST RELATED**

- March, April and May 2020 month GST returns & composition returns filing date extended up-to 30<sup>th</sup> June 2020.
- Companies with less than 5 Crore Turnover no interest, late fees or penalty.
- Other companies more than 5 Crore turnover, no Late fee and penalty, only interest at reduced rate of 9%
- Date for opting composition scheme extended to 30<sup>th</sup> June 2020.

## **3. CUSTOM /CENTRAL EXCISE**

- Sabka Vishwas scheme (Indirect Taxes) extended from 31<sup>st</sup> March 2020 to 30<sup>th</sup> June 2020, no interest will be levied at all.
- Custom clearance till 30<sup>th</sup> June 2020 will be 24\*7

## **4. MCA**

- From 1<sup>st</sup> April till 30<sup>th</sup> September, 2020, no additional fees for late filings.
- Holding board meetings period of 60 days relaxation till next 2 quarters.
- Applicability of CARO 2020 will be from FY 2020-2021 instead of 2019-2020
- In Financial Year 2019-2020, if no meeting held with Independent director, no violation.
- For newly incorporated companies, commencement of business form can be filed with additional time of 6 months.
- If company director not comply with minimum mandatory period to be stayed in India u/s 149 of Companies act, it will not be treated as violation.

## **5. INSOLVENCY AND BANKRUPTCY CODE, 2016**

- Threshold of default raised from Rs. 1 Lacs to 1 Cores
- If situation of COVID-90 continues like this, after 30<sup>th</sup> April, 2020, may suspend section 6 months section 7, 9 and 10 of IBC for next 6 months.

## **6. BANKS RELATED (DFS RELATED)**

- Debit card holders can withdraw cash from any bank ATM- No charge up-to next 3 months
- No minimum balance requirement fees for bank accounts
- Bank charges reduced for digitally transactions related to all trade finance.

**SEBI CIRCULAR DATED MARCH 19, 2020**

**Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the CoVID-19 virus pandemic**

**A. Extension of timeline for filings:**

The timelines for certain filings as required under the provisions of the LODR are extended, as follows:

Sl No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / financial year ending March 31, 2020		
		Frequency	Due within	Due Date	Extended date	Period of relaxation
1	Regulation 7(3) relating to compliance certificate on share transfer facility	Half yearly	One month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month
2	Regulation 13(3) relating to Statement of Investor complaints	Quarterly	21 days from the end of each quarter	April 21, 2020	May 15, 2020	3 weeks (appx.)
3	Regulation 24A read with circular No CIR/CFD/CMD1/27/2019 dated February 8, 2019 relating to Secretarial Compliance Report	Yearly	60 days from the end of the financial year	May 30, 2020	June 30, 2020	1 month
4	Regulation 27(2) relating to Corporate Governance report	Quarterly	15 days from the end of the quarter	April 15, 2020	May 15, 2020	1 month
5	Regulation 31 relating to Shareholding Pattern	Quarterly	21 days from the end of the	April 21, 2020	May 15, 2020	3 weeks (appx.)

			quarter			
6	Regulation 33 relating to Financial Results	Quarterly / Annual	45 days from the end of the quarter for quarterly results	May 15, 2020	June 30, 2020	45 days
			60 days from the end of Financial Year for Annual Financial Results	May 30, 2020	June 30, 2020	1 month

**B. Relaxation of time gap between two board / Audit Committee meetings:**

<b>Regulatory Provision</b>	<b>Relaxation</b>
Regulation 17(2): The board of directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings	The board of directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020.  However the board of directors / Audit Committee shall ensure that they meet atleast four times a year, as stipulated under regulations 17(2) and 18(2)(a) of the LODR.
Regulation 18(2)(a): The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings	

**SEBI CIRCULAR DATED MARCH 23, 2020**

**Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certain SEBI Circulars due to the CoVID -19 virus pandemic – continuation**

**A. Extension of timeline for issuance and filings for issuers who have listed /propose to list their Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares (NCRPS)/ Commercial Paper(s)**

SEBI vide its circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 provides that companies proposing to make public issue of debt securities are required to give the audited

financials in the offer document, which are not older than 6 months from the date of prospectus. However compliant listed entities are allowed to disclose unaudited financials with limited review report, instead of audited financials, for the stub period.

Similarly, for issuers, which intend to list their CPs, SEBI has vide circular SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019 and SEBI/HO/DDHS/CIR/P/2019/167 dated December 24, 2019 provided that issuer has to submit its latest audited financials which should not be older than six month, however are allowed to file unaudited financial with limited review for the stub period in the current financial year.

In order to enable issuers who intend/propose to list their CPs, SEBI has decided to grant the following relaxations in timelines:

Particulars	Available Audited financials	Date for issuance	Extended date for issuance	Period of relaxation
Cutoff date for issuance of CPs	As on September 30, 2019	On or before March 31, 2020	On or before May 31, 2020	60 Days

#### **B. Extension of timeline for filings under SEBI (LODR) Regulation 2015**

The timelines for certain filings as required under the provisions of the LODR and aforesaid circulars are extended, as follows:

Sl No.	Regulation and associated filing	Filing		Relaxation w.r.t. the half year/ financial year ending March 31, 2020		
		Frequency	Due within	Due Date	Extended date	Period of relaxation
1	Large Corporate- Initial Disclosure and Annual Disclosure (SEBI Circular HO/DDHS/CIR/P/2018/144 dated November 26, 2018)	Yearly	Initial Disclosure - within 30 days from the beginning of Financial year	April 30, 2020	June 30, 2020	60 Days
			Annual Disclosure - within 45 days from the end of Financial year	May 15, 2020	June 30, 2020	45 Days

<b>Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares (NCRPS)</b>						
2	Regulation 52 (1) and (2) relating to Financial Results	Half yearly/Yearly	45 days from the end of the Half Year	May 15, 2020	June 30, 2020	45 days
			60 days from the end of Financial Year for Annual Financial Results	May 30, 2020	June 30, 2020	30 Days
3	Common obligations prescribed under Chapter-III of SEBI (LODR) Regulations, 2015	Timelines as prescribed in SEBI Circular no. SEBI/HO/CD/CMD1/ CIR/P/2020/38 dated March 19, 2020				
<b>Commercial Papers (CPs)</b>						
4	Financial Results	Half yearly/Yearly	45 days from the end of the Half Year	May 15, 2020	June 30, 2020	45 days
			60 days from the end of Financial Year for Annual Financial Results	May 30, 2020	June 30, 2020	30 Days

**SEBI CIRCULAR DATED MARCH 26, 2020**

**Further relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and the SEBI circular dated January 22, 2020 relating to Standard Operating Procedure due to the CoVID -19 virus pandemic**

SEBI vide its circular has decided to grant the following further relaxations from the LODR:

### A. Filings

Sl No.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter/ half year/ financial year ending March 31, 2020		
		Frequency	Due within	Due Date	Extended date	Period of relaxation
1	Regulation 40(9) relating to Certificate from Practicing Company Secretary on timely issue of share certificates	Half Yearly	1 month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month
2	Regulation 44(5) relating to holding of AGM by top 100 listed entities by market capitalization for FY 19-20	Annual	Within a period of 5 months from the date of closing of the financial year	August 31, 2020	September 30, 2020	1 month

### B. Conduct of Committee meetings – Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee

Sl No.	Regulation	Requirement	Frequency	Due date	Extended date	Period of relaxation
1	Regulation 19(3A)	The nomination and remuneration committee shall meet at least once in a year.	Yearly	March 31, 2020	June 30, 2020	3 months
2	Regulation 20(3A)	The Stakeholders Relationship committee shall meet at least once in a year.				
3	Regulation 21(3A)	The Risk Management Committee shall meet at least once in a year.				

### C. Relaxation of the operation of the SEBI circular on Standard Operating Procedure dated January 22, 2020

SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 issued the Standard Operating Procedure (SoP) on imposition of fines and other enforcement actions for non-compliances with provisions of the LODR, the effective date of operation of which is for compliance periods ending on or after March 31, 2020. The said circular dated January 22,

2020 shall now come into force with effect from compliance periods ending on or after June 30, 2020. It may be noted that the SoP circular dated May 03, 2018 would be applicable till such date.

#### **D. Publication of advertisements in the newspapers**

Regulation 47 of the LODR requires publishing, in the newspapers, information such as notice of the board meeting, financial results etc. It has been brought to the notice of SEBI that some newspapers are not bringing their print versions for a limited period; some newspapers that are still printing are not accepting a 'e-copy' of the information to be published which acts as a challenge in ensuring compliance with this regulation. Hence it has been decided to exempt publication of advertisements in newspapers as required under regulation 47 for all events scheduled till May 15, 2020.

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