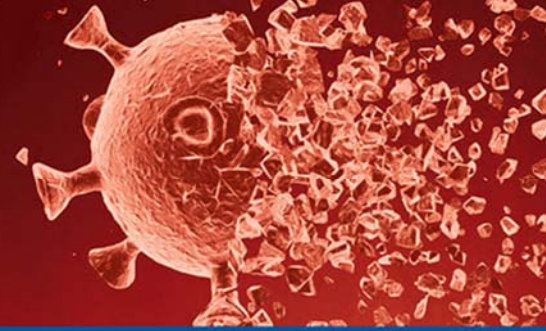


# COVID-19 COMMUNIQUE

ASA & ASSOCIATES LLP



April 14, 2020

## GLOBAL OUTLOOK

### **COVID-19 rise continues**

The number of confirmed coronavirus cases across the world surpass 1.7 million with India reporting over 9,000 confirmed infections. The United States which became the epicenter of the outbreak after China and Italy, reported over half a million confirmed infections with a highest fatality in any country so far. Further, South Korea reported 91 patients among the recovered cases to have been re-infected raising further concerns for health authorities and the affected nations.

*Source: Business Standard, India Today, WHO, Reuters*

### **EU countries introduce new takeover rules as Chinese corporates gear up for M&A bargains**

Bankers have recently seen a spike in requests from Chinese firms and funds for proposals on targets in Europe in the backdrop of tumbling valuations of listed companies. The European Union has warned that the economic slump from the pandemic could leave key industries vulnerable for hostile takeovers. While Italy and Spain have already imposed new rules for takeovers, Germany and other nations also plan to bring in similar regulations.

*Source: Bloomberg*

### **Japan offers support for moving its manufacturing base out of China**

Japanese Prime Minister Shinzo Abe on April 7 declared a state of emergency for Tokyo, Osaka and five other prefectures, empowering local authorities to urge people to stay at home. The government also approved the stimulus package worth 108.2 trillion yen (USD 992 billion), equivalent to 20% of Japan's economic output to cushion the impact of the epidemic. It has earmarked USD 2.2 billion of its record economic stimulus package to help its manufacturers shift production out of China.

*Source: Bloomberg*

### **Global cost of Coronavirus pandemic may cross USD 4 trillion: ADB**

As per the estimates by the Asian Development Bank (ADB), the cost of the coronavirus pandemic could be as high as USD 4.1 trillion, or almost 5% of global gross domestic product, depending on the spread of the disease through Europe, US and other major economies. However, a shorter containment period could limit the damage to USD 2 trillion.

Source: *BloombergQuint*

## CFO WATCH

### Final Directions from RBI on Hedging of Foreign Exchange Risk

RBI has issued final directions which shall come into effect from June 1, 2020 to ease access to the domestic foreign exchange derivative markets. These final directions shall replace the existing directions in Part A - Section I and II of the Master Direction on Risk Management and Interbank Dealings

Source : [RBI](#)

### Liquidity Management in Covid-19 scenario

In this unprecedented crisis, it is critical for CFO's to manage liquidity and minimize business disruption by providing adequate liquidity. In this regard the following may be five significant areas that require CFO's attention:

1. Sales forecasting
2. Treasury Management
3. Working Capital Optimization
4. Automation
5. Government Policies

Source : [LinkedIn](#)

## REGULATORY RELIEFS

- Direct Tax
- Indirect Tax
- Corporate and Allied Laws

## DIRECT TAX

### Fiscal relief to taxpayers having pending refund up to INR 5 lakh

The Finance Ministry has announced to release pending income-tax refunds up to Rs. 5 lakhs. This would provide an immediate relief to the taxpayer in form of some liquidity. Around 14 lakh taxpayers would be benefitted by the same.

Source: [PIB](#)

### Clarification regarding certificates for lower or nil rate of TDS/TCS

**Further to the Orders on March 31 & April 3, 2020**, wherein the validity of the Nil/lower deduction of TDS/TCS certificates was extended, it has been clarified that the certificate issued for Financial year (FY) 2019-20 shall remain valid upto June 30, 2020 and the limit of the amount stated in the certificate shall be considered afresh for the next financial year. Any internal approvals required to issue new certificates shall be taken via email. further clarifications are issued

Source: [CBDT](#)

### **CBDT provides clarification on claiming deduction u/s 80G on donations made to PM Cares Fund**

**Central Board of Direct Taxes (CBDT)** clarified that where donation to the PM Cares Fund is being made by an employee through his employer, the employee in such cases shall be eligible to claim deduction u/s 80G on the basis of Form 16/certificate issued by employer.

Source: [CBDT](#)

## **INDIRECT TAX**

### **Refunds on account of GST and Customs to taxpayers**

**Considering the difficulties due to COVID-19 situation**, the Ministry of Finance has directed immediate issuance of pending GST and Customs refunds. This is expected to benefit around 1 lakh business entities, including Micro, Small and Medium Enterprises (MSME). CBIC has issued instructions to process all pending Customs refund and drawback claims immediately. “*Special Refund and Drawback Disposal Drive*” is being organized up to April 30, 2020.

Source : [Press Note](#) dated April 8, 2020; [Instruction No. 03/2020-Customs](#) dated April 9, 2020

### **GST refund claim can be filed for periods across financial years**

**Considering the hardships faced by exporters**, government has relaxed the procedures for claim of refunds. Now taxpayers can file application for refunds by bunching up the quarters falling in more than one financial year. Earlier this was restricted to a financial year only.

Source : [Circular No. 135/05/2020 – GST](#) dated March 31, 2020

## **CORPORATE AND ALLIED LAWS**

### **MCA Clarifications:**

**Contribution made to ‘Chief Minister’s Relief Funds’ or ‘State Relief Fund for COVID-19’** shall not qualify as CSR expenditure. Similarly, the payment of salary/wages to employees and workers, including contract labour, during the lockdown period shall also not qualify as CSR expenditure. However, any ex-gratia payment to temporary/casual/daily wage workers over and above disbursement of wages, for fighting against COVID-19 shall qualify as CSR expense.

Source : [MCA General Circular 15/2020](#)

**Relaxations on provisions for holding Extra-Ordinary General Meeting (EGM)** have been provided. The EGM may be held through video conference (VC) or other audio-visual means (OAVM) for matters of **'urgent nature'** requiring approval through resolution in EGM to be conducted on or before June 30, 2020.

Source: [MCA General Circular 14/2020](#)

**Schemes for eligible Micro, Small Enterprises (MSE) and Micro, Small and Medium Enterprises (MSME)**

- New schemes **SAFE** (SIDBI Assistance to Facilitate Emergency response against coronavirus) for eligible MSE's and **SAFE Plus** for eligible MSME's engaged in manufacturing products or offering services related to COVID-19. Under the said schemes loan can be availed up to 20 million and emergency working capital term loan up to 10 million respectively at a lower rate of interest of 5%.
- Availability of additional financial window for healthcare sector under scheme called **SMILE** (SIDBI Make in India Soft Loan Fund for Micro Small and Medium Enterprises).

Source: [SIDBI PR- March 26, 2020](#), [PR - April 4, 2020](#)