

## No Extension of Financial Year, Clarifies Government

The government through a notification, clarified that it has not changed the beginning of its financial year from April 1 to July 1 - as is being claimed by some social media posts. The beginning of the fiscal year (2020-21) would begin normally on April 1. The governments clarification comes after a Gazette notification, which pertained to a change in dates for collection of stamp duties, was doing the rounds in some circles. The demand to extend the financial year was in light of the shutdown that was put in place to combat the Covid -19 outbreak.

(Source: [www.economictimes.com](http://www.economictimes.com))

## New Tax Regime and Other Tax Changes

Even though the government has extended various tax-related deadlines (such as filing of income tax return for FY 2018-19, tax-saving for FY 2019-20, linking of PAN with Aadhaar etc.) certain new tax-related rules will come into effect from April 1. The government via a press release dated March 30, 2020, has clarified that there is no extension of the financial year.

(Source: [www.hindustantimes.com](http://www.hindustantimes.com))

## Finance Ministry Asks Banks to Ensure Adequate Cash to Meet Cash Demand Post Salary Transfers

With salary day drawing near, the finance ministry has asked public sector banks to ensure enough cash to meet the heightened demand across the country amid the 21-day lockdown triggered by the coronavirus outbreak. Bank branches have been asked to remain open for facilitating withdrawal of money to be credited through direct benefit transfer to accounts of farmers, old-age person, widow and disabled under the Pradhan Mantri Garib Kalyan Yojana. Banks are expecting a huge number of footfalls due to expected disbursement in *Jhan Dhan* accounts, women beneficiaries, pension accounts and PM Kisan beneficiaries, among others, in the days to come. Besides there will be heavy rush for the cash withdrawal starting April 1 as salaries will hit bank accounts. Keeping the rush in mind, sources said the Department of Financial Services (DFS), Ministry of Finance, has instructed banks to keep adequate cash as well as ATMs functional to meet demand of people. It has also asked banks to ensure opening of as many branches as possible. At the same time, DFS has written a letter to chief secretaries of all states to ensure easy movement of bank staff, RBI staff, staff of cash logistics companies, ATM maintenance personnel and cash vans, among others. In view of restriction the DFS requested chief

secretaries of states to issue necessary instructions to state administration and police to ensure safe movement of these people. The department has also instructed the RBI, Indian Banks' Association (IBA) and National Payments Corporation of India (NPCI) to take all necessary steps in coordination with banks and vendors to ensure that all digital payment modes are functional in an uninterrupted manner.

(Source: <https://www.business-standard.com>)

## Shortfall Likely in Direct Tax Mop-up

Collection of direct tax for the just-concluded fiscal 2020 is expected at ₹ 10.1 lakh crore, well short of the government's most recent estimate of ₹ 11.7 lakh crore, officials in the know said. The near-14% shortfall, or about ₹ 1.6 lakh crore, from revised target set in the budget presented on February 1 is partly because of the ongoing lockdown, which is going to weigh on collections for the final fiscal quarter. The government had collected ₹ 10.34 lakh crore in direct taxes in fiscal 2019. Though collections for the last couple of days of the financial year ended March 31<sup>st</sup> are yet to be accounted for, the total would still be well short of the revised target. The government had in the February budget presentation lowered the direct-tax collection target for the year from the initially set ₹ 13.35 lakh crore to ₹ 11.7 lakh crore. Collection of corporate tax was projected at ₹ 6.1 lakh crore in the revised estimates against ₹ 7.6 lakh crore budgeted earlier. The revised target for personal income tax was ₹ 5.56 lakh crore against the initial ₹ 5.69 lakh crore.

(Source: [www.economictimes.com](http://www.economictimes.com))

## Income Tax Due For Fy19? Pay Interest at Just 0.75% Per Month Before this Date

Amidst the Coronavirus crisis, in order to provide some relief to the taxpayers and income tax filers, the government had come out with certain measures aimed at them. The last date for filing the income tax return (ITR) for the financial year 2018-19 has been extended to June 30, 2020, from the existing date of March 31, 2020. The Finance Minister, Nirmala Sitharaman held a press conference 24 March 2020 announced various relief measures taken by the government on statutory and regulatory compliance matters in view of the outbreak of COVID19.

(Source: [www.financialexpress.com](http://www.financialexpress.com))

# National Update

## Defaulters Must Settle Dues Within 15 Days of Agreeing on Amount Under VSVS: CBDT

India's direct taxes body has clarified that defaulters need to settle their tax dues within 15 days from the time the disputed amount is mutually agreed upon, under its dispute settlement mechanism that has now been extended till June 30.

Not only that, after they are issued what is known as Form 3 for payment of arrears, taxpayers will also have to inform tax authorities that they have paid up, the Central Board of Direct Taxes said in a set of frequently asked questions.

The *Vivaad Se Vishwas* scheme is a no interest - no penalty window that was supposed to end on March 31 but has since been extended in light of lockdowns and disruptions due to the Covid-19 outbreak. Earlier, there was confusion over whether the duration to settle the dues was 15 days or one month. The latest FAQ has put to rest speculation over the window of settlement.

(Source: [www.economictimes.com](http://www.economictimes.com))

## CBDT Likely to Soon Notify Tax Compliance Relaxations

The Central Board of Direct Taxes (CBDT) is likely to soon notify the compliance relaxations including three-month window till June 30 to carry investments in savings instruments under income tax. "Notification will be issued by March 31," a senior government official told ET. Finance minister Nirmala Sitharaman had last week announced several relaxations in compliances including under the income tax. The government had last week extended the due dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the authority and any compliance by the taxpayer to June 30, 2020.

(Source: [www.economictimes.com](http://www.economictimes.com))

## Bank Merger

As six Indian public sector banks (PSBs), some of which have been in existence for over a century, ceased to exist on April 1 after their amalgamation with bigger PSBs, old-timers are looking back at the halcyon days of these institutions wistfully. This is probably for the first time in the history of Indian banking that half a dozen banks have met their end on the same day.

Mega amalgamation is a move that was announced by Union Finance Minister Nirmala Sitharaman

last year. Besides Syndicate Bank, Allahabad Bank, Corporation Bank, United Bank of India, Oriental Bank of Commerce and Andhra Bank too were merged on April 1. According to this plan, Punjab National Bank (PNB) absorbed Oriental Bank of Commerce and United Bank, creating the second-largest bank after State Bank of India (SBI). Similarly, Syndicate Bank merged with Canara Bank, and Union Bank of India absorbed both Andhra Bank and Corporation Bank. Also, Indian Bank took over Allahabad Bank.

The Narendra Modi-government hopes that these mergers will bring size and scale to the Indian banking sector. But, there are questions on whether these goals will be achieved in reality. Right now, Indian banks are neck-deep in non-performing assets (NPAs). Total gross NPAs have grown close to Rs 9 lakh crore and analysts expect more pain to come on account of a slowed economy and COVID-19 economic fall-out.

Nonetheless, each of these PSU banks is steeped in a long, fascinating past. The oldest in the lot is Allahabad Bank which was set up in 1865 by foreigners. The idea was to serve local businesses. At that point, the concept of organised markets and businesses borrowing from banks were still in the initial phase. Allahabad Bank has a strong base in the Eastern region along with Uco Bank and United Bank of India. Eastern India was traditionally under-banked compared with south and western India.

(<https://www.moneycontrol.com/>)

## Revenue to Fall Over 10%, Profit Over 5%: India Inc

Most Indian companies have said revenue and profits will be impacted significantly in the aftermath of Covid-19, according to an industry poll. The cross-industry poll of company chiefs revealed that a majority of firms expect revenues to decline by over 10 per cent and net profits by over 5 per cent in the last quarter of the previous fiscal year and the first quarter of the ongoing one, data from the poll of nearly 200 company top executives conducted by the Confederation of Indian Industry (CII) showed.

The consensus for the decline in these figures in the final quarter of the previous financial year was at about half of all firms, while it grew to nearly two-thirds of all firms for the first quarter of the ongoing fiscal year. For firms involved in production, warehousing and distribution of essential goods and manpower came up as the two major hurdles. About 80 per cent of firms had inventory lying idle, and over 40 per cent expect their stocks to last beyond a month once the lockdown ends.

(<https://economictimes.com/>)