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The background features a large red arrow pointing upwards and to the right, overlaid on a 3D bar chart with green bars. A blue banner with white text is positioned across the middle. The Indian national flag is visible in the background, and a decorative wave graphic is in the top left.

ATMANIRBHAR BHARAT ECONOMIC PACKAGE FOR BUSINESSES – PART:1

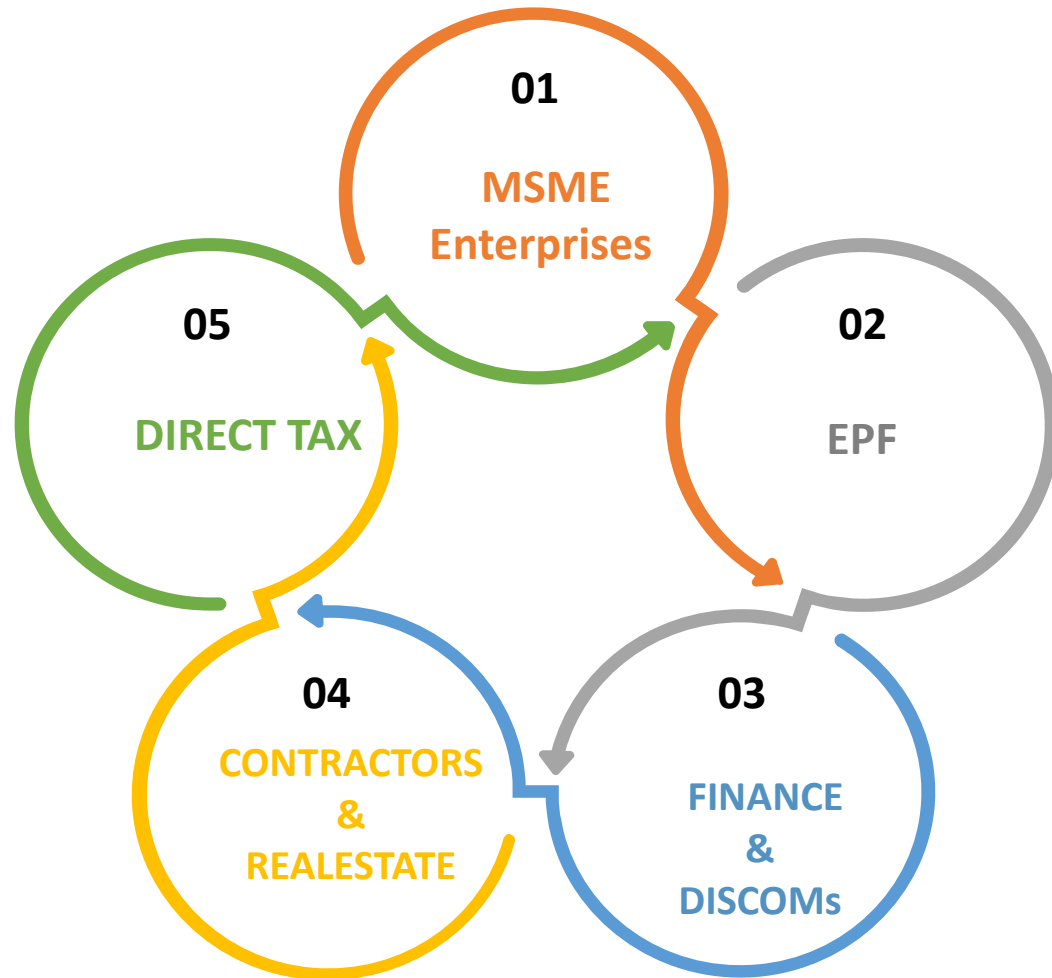
13th May 2020, Announcement by Honourable Finance Minister

Sectors Focused

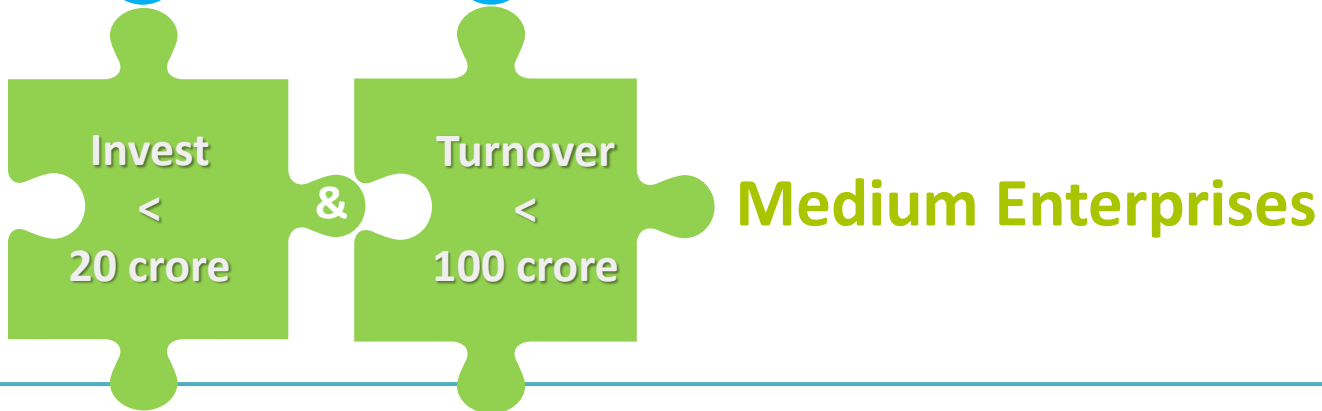
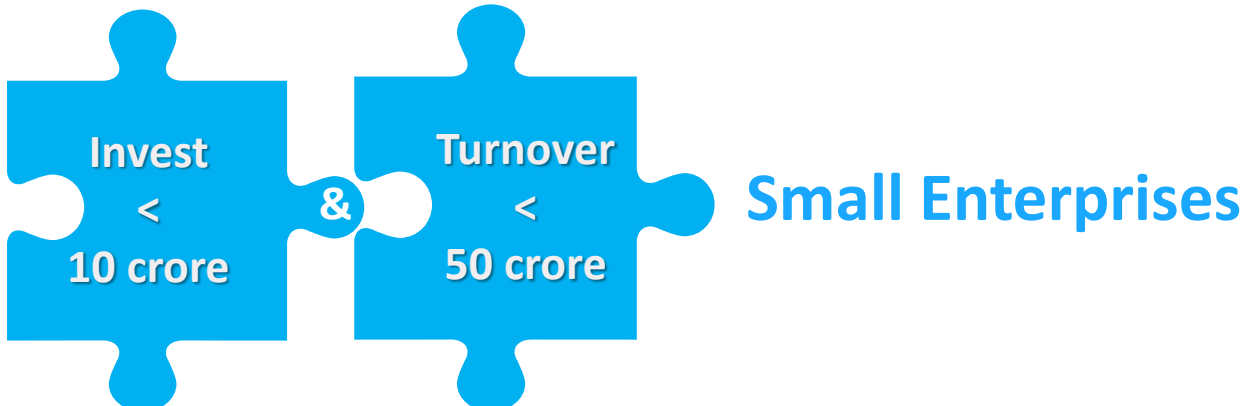
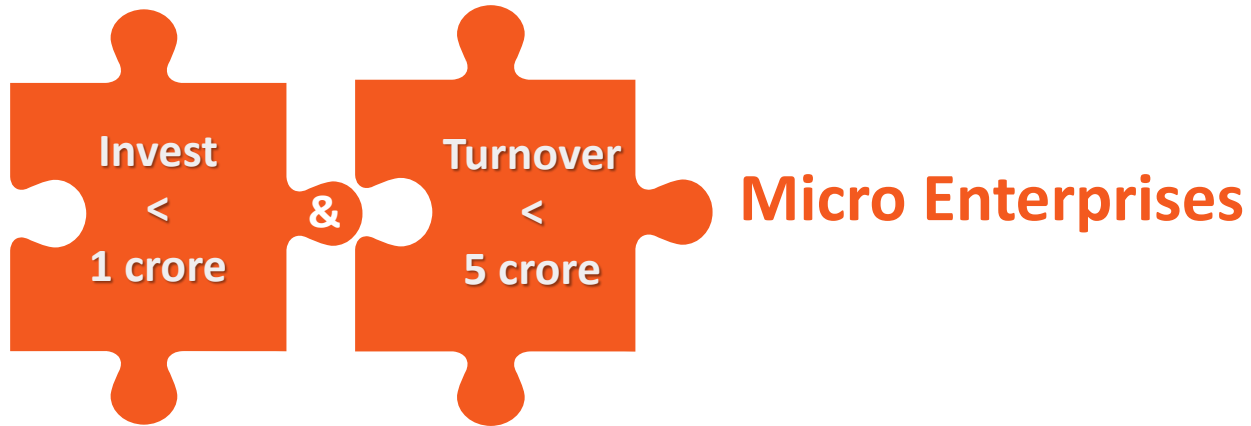
This is the First special Economic Package which has majorly targeted to increase liquidity and to give kick start to business. Package is majorly focus on supporting MSME sector growth in the country to move towards Self Reliant India/ Atmanirbhar Bharat.

Total 16 Announcements were done which were targeted to following sectors:

S. No.	Sectors	Pg. no.
1.	MSME Enterprises	02
2.	EPF	05
3.	Finance & DISCOMs	05
4.	Contractors & Real estate	06
5.	Direct tax	07



→ Announcements for Micro, Small, Medium Enterprises (MSME)



1. **Definition of MSME is Revised** by Upward revision of **Investment Limit** and introducing additional criteria of **turnover**. Further, distinction between Manufacturing and Service sector to be eliminated. New criteria for MSME classification is depicted here:



Revised Definition of MSME is a Welcome step of the Government as the same will lead to many new establishments to get covered under MSME Act and get ample of Benefits and give boost to 'Make In India' project.



SUBORDINATE DEBT FOR STRESSED MSME

- Rs. 20,000 crores Subordinate Debt has been provided for Stressed MSMEs.
- MSME's which have turned NPA's or stressed will be provided support by way of providing funding through their promoters.



FUNDS FOR MSME WITH GROWTH POTENTIAL

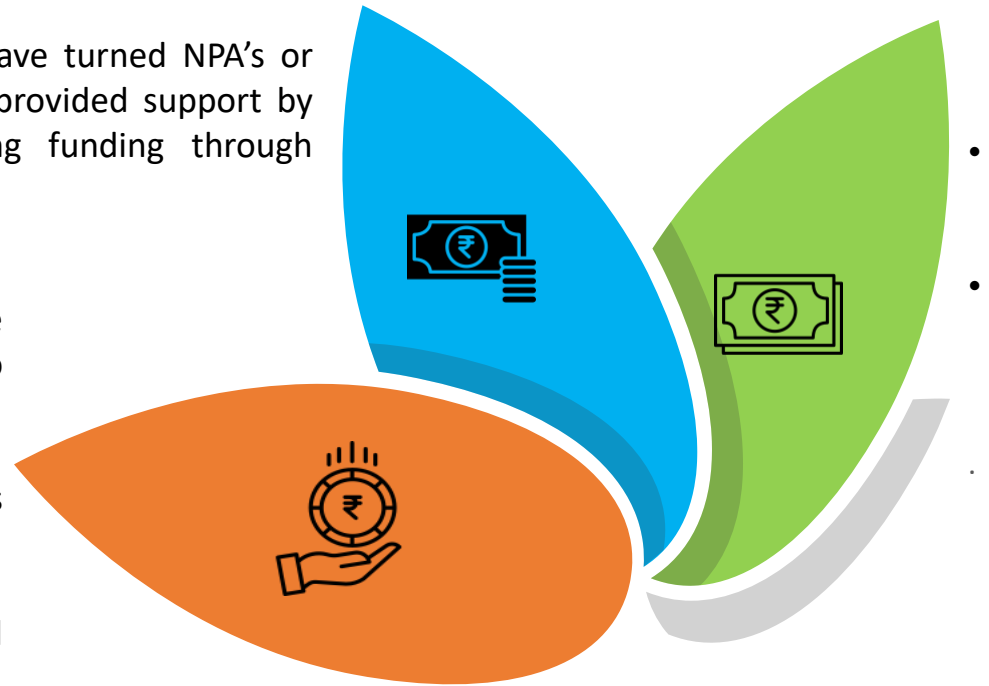
- Rs. 50,000 crores Equity Infusion through Fund Of Funds will be done for MSME's doing viable business and need handholding.
- Will encourage MSME's to get listed on main board of stock Exchange
- Same is introduced with the intention of expanding MSME's capacity having growth potential to take them from Local to Global levels.



EMERGENCY CREDIT LINE

Automatic availability of Emergency Credit Line for Business/MSME from Banks & NBFCs **upto 20% of Outstanding credit as on 29/02/2020.**

- **Eligible Business** –Borrowings upto 25 crores and turnover upto 100 crores.
- Loans will be provided for **4 years tenure** and with a **Moratorium of 12 months** on Principal repayment. **Interest rate to be capped**, and
- No collateral or Guarantee required.
- Scheme can be **availed upto 31.10.2020.**



FINANCIAL ASSISTANCE for MSME



GLOBAL TENDERS TO BE DISCONTINUED FOR GOVERNMENT PROCUREMENTS:

Global Tenders will be disallowed for all Government Procurements upto 200 crores. Same will give edge to MSME's as it will avoid competition from Foreign Companies and promote 'Make in India' initiative by expanding business opportunities for Indian Companies.

OTHER ANNOUNCEMENTS FOR MSME'S



MSME receivables from Government and CPSE's to be released in 45 days



Other Interventions in form of E- Markets and Transaction based lending have also being initiated



RSPT View

- *MSME is the Back Bone of Indian Economy and Second in generation of employment after agriculture*
- *Package announced for MSME's to provide Finance assistance is very well drafted to support **MSME's Operational fund needs, Stressed MSME's relief needs and Expansion of business needs of MSME's with Growth Potential.** Further, E- market Linkage and preference in Government tenders upto 200 crores will generate new business opportunities for the Sector.*
- *Every enterprise which falls under MSME limits should look into how they can take benefits of these schemes going forward.*



1. **GOI support under Pradhan Mantri Garibh Kalyan Yojna for EPF payments of Eligible Businesses extended by another 3 months** – Rs. 2,500 crores provided for 3 months of June, July and August 2020. Employer and Employee contributions will be deposited by Government
2. **EPF contributions reduced for Employer and Employees from existing 12% to 10%** for all establishments who were not covered in above eligible establishments with a view to increase liquidity – this will provide liquidity of Rs. 6750 crores in next 3 months.

→ Special Liquidity Scheme for NBFC's/HFC's/MFI's And DISCOMs



Rs.30000 crores provided for the scheme whereby, GOI/RBI will be investing in Debt Papers of Investment grade of NBFCs/HFCs/MFIs who are finding difficult to raise money. **These Debt Papers will be Fully Guaranteed by GOI.**



RSPT View

1. **Government Support for 24% EPF Payments for Eligible Business** – *The Scheme for Employees whose salaries are below 15000 per month and are employed with enterprises having upto 100 employees where in 90% or more employees are earning wages less than 15000/-pm*
2. *Establishments which do not fall under above criteria are given relief by way of **reduction of Employer and Employee contributions to 10% from existing 12%** so as to have more liquidity in hand for undertaking operations.*
3. *Liquidity provided to NBFCs/HFCs/MFIs through investment in Debt papers is a welcoming step which will act as a **win – win for both NBFCs and MSMEs** as these NBFC's will have fund to operate and will further be able to lend to MSME's there by increasing liquidity in the system.*

→ Special Liquidity Scheme for NBFC's/HFC's/MFI's And DISCOMs (Contd...)



The **Partial Credit Guarantee Scheme for NBFCs** has been extended to provide liquidity of Rs. 45,000 crores. GOI will guarantee to bear first 20% loss in the schemes. AA Rated papers and Unrated Papers will be eligible for investments.



Power Finance Corporation and Rural Electrification Corporation to infuse liquidity of **Rs. 90,000 crores to DISCOMs against receivables**. Benefits are to be passed to end consumers through rebates.

→ Announcements related to Public Works Contracts & RERA



Central Agencies and Publicworks contractors have been granted an extension of 6 months without costs and penalties.

Further, Government agencies to **release partial Bank Guarantees provided by these contractors** to the extent of completion of contracts providing further liquidity.



COVID-19 to be treated as Act of God and 'Force Majeure' clause under RERA to be attracted suo motto without any application, **Extension of Registration and completion dates of all registered Projects under RERA by 6 months** for all projects expiring on or after 25th March, 2020.



Tax Deduction at Source (TDS) and Tax Collection at Source(TCS) Rate Reduction

Rates of TDS for specified payments and TCS for specified receipts have been reduced by 25% of Existing Rates for the period 14th May, 2020 to 31st March, 2021 so as to provide more funds at disposal to taxpayers. Measure is likely to provide Liquidity of Rs. 50,000 crores



All Pending Income Tax Refunds to Charitable Trusts and Non-corporate Business and Professionals (like LLP's, Partnership firms, Proprietary concerns, etc.) **to be released immediately.**



RSPT View

- 1. Lower TDS rates are not applicable to Salary payments and persons having NO PAN*
- 2. Reduction of TDS & TCS is welcome step for those enterprise who generally have refund. However, for enterprise who are liable to pay taxes regularly will have to be **cautious while calculating advance tax** payable as lower taxes would have been credited to their account by way of TDS & TCS in current year, so as to attract interest on lower tax payment.*
- 3. Enterprises which have not filed their return of Income for Financial Year 2018-19 and have refunds due should get their returns filed asap so as to get refund amounts under this clause. The revised due date for filing returns has already been extended upto 30th June 2020*

3. Extension of various Due Dates under Income Tax Act, 1961

Compliance	Original Due Dates	Revised Due dates
Return Filing For All Assesseees	31 st July, 2020 and 31 st October, 2020	30 th November, 2020
Tax Audit Report	30 th September, 2020	31 st October, 2020
Assessments	Getting Time Barred on: i) 30 th September, 2020 ii) 31 st March, 2021	Date Extended to: i) 31 st December, 2020 ii) 30 th September, 2021
Vivad se Vishwas Scheme tax Payment (without any additional amount)	30 th June, 2020	31 st December, 2020



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