

COVID-19 STIMULUS PACKAGE



May 14, 2020

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Support for Micro, Small & Medium Enterprises (MSMEs)

- Collateral free automatic loans with a 4-year tenure and moratorium of 12 months on principal repayment. Scheme valid till October 31, 2020 and subject to specified conditions
- Stressed MSMEs or those treated as Non-Performing Asset (NPA) due to loan defaults to also have access to additional funds through specific schemes
- Definition amended to include more units under MSME. Common eligibility criteria laid down for manufacturing and service MSMEs
- Government procurements up to INR 200 crore to now be through local tenders as against global tenders earlier
- Government and Central Public Sector Enterprises (CPSEs) to release outstanding payments in 45 days

Reliefs through Employee Provident Fund (EPF)

- Government support in paying EPF contribution extended by further 3 months upto August 2020 for eligible establishments
- For establishments not covered above, contribution rate for both employer and employee contribution reduced to 10 per cent for next 3 months. In case of Central and State Public Sector Undertakings, only employees share reduced to 10 per cent

Special Schemes for various Financial Institutions including Micro Finance Institutions

- Special Liquidity Scheme providing liquidity by investment in debt papers through both primary and secondary market. Even “Investment Grade” institution to be eligible and not just “High Quality” ones.
- Scope of existing “Partial Credit Guarantee Scheme” expanded to provide greater liquidity

Liquidity measures for Power Distribution Companies (DISCOM)

- Cash infusion to be made in DISCOMs against receivables
- Rebates granted to DISCOMs for passing on to end-consumers

- Loans against State guarantees to discharge liabilities

Reliefs to Contractors

- Six months extension granted to contractors of central agencies for completion of contracts
- Extension in concession period of Public Private Partnership (PPP) contracts by six months
- Release of bank guarantee by central agencies in proportion to work completed to create liquidity

Real Estate Sector support

- COVID-19 to be treated as an event of 'Force Majeure'
- Registration and completion dates suo-moto extended to six months for projects expiring on or after March 25, 2020
- Timelines for statutory compliances under RERA to be extended

Direct Tax benefits

- Rates of Tax Deducted at Source (TDS) on payments other than salaries and Tax Collected at Source (TCS) reduced by 25 per cent effective May 14, 2020 till March 31, 2021
- Due date for filing Income Tax Return (ITR) extended to November 30, 2020 for all cases
- Tax Audit date extended by a month from September 30, 2020 to October 31, 2020
- Limitation period for assessments becoming time barred on September 30, 2020 extended to December 31, 2020 and to September 30, 2021 for those becoming time barred on March 31, 2021
- Amnesty scheme "Vivad se Vishwas" extended till December 31, 2020 for making payment without any additional liability