

## COVID-19: Direct Tax implications

In light of the ongoing COVID-19 crisis, the government has recently announced a slew of tax and regulatory relief measures to provide compliance breather to businesses. However, businesses would still need to remain vigilant to minimise the possible impact of COVID-19 on their people and operations.

### Here's how you can HALT and review your Direct Tax priorities and action plan



#### Tax payments

Businesses need to proactively evaluate how, with their current cash flow situation, they will pay taxes such as advance tax, self-assessment tax, TDS, TCS in the next couple of months. It may be noted that the relief provided so far only relates to interest on delayed payment of tax.



#### Direct tax disputes

Business should take stock of their pending disputes and decide whether or not to opt for the Vivad se Vishwas Scheme. As a relief measure, the earlier timeline, i.e. 31 March 2020, for availing maximum benefit under the Scheme, has been extended to 30 June 2020.



#### Extended stay

Individuals may need to reassess their tax liabilities in different jurisdictions due to unforeseen travel restrictions and unplanned stays. Businesses may also need to assess the consequential impact on their tax positions in different jurisdictions due to changes in residential status of their employees and key personnel.



#### Overseas operations

Indian businesses need to keep a tab on tax relief measures announced in overseas jurisdictions to assess the tax liabilities of their overseas operations.



#### Disruption of normal business

Temporary discontinuation of business, closures of units, non-availability of funds leading to borrowing from Indian/overseas group entities, could have tax implications that need to be considered.



#### Investments

Due to prevailing circumstances, valuations at which any investment/disinvestment or hive-offs are made need to be carefully evaluated for any tax implications.



#### Compliances

The government has extended the due date for several compliances under the Income Tax act to 30 June 2020. Businesses need to evaluate compliances that they are required to undertake in the next couple of months and make necessary arrangements for the same. Any issues faced by businesses should be adequately documented and brought to the notice of tax authorities.



#### Relief measures

Businesses need to keep a track of relief measures announced by the Central/State governments. They may need to evaluate the income-tax implications arising due to relief provided to them under other laws, as well.

[Click here to download the Grant Thornton Halt-Plan-Refresh guide](#)



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