

3rd January, 2021

To,

1. Smt. Nirmala Sitharaman,
Hon'ble Finance Minister,
Government of India, North Block,
Delhi – 110 001
2. Shri Ajay Bhushan Prasad Pandey
Hon'ble Revenue Secretary,
Central Board of Direct Taxes,
North Block,
Delhi – 110 001
3. Shri Pramod Chandra Mody
Chairman,
Central Board of Direct Taxes,
North Block,
Delhi – 110 001

Respected Madam / Sirs,

Sub: Extension of various due dates for compliances under the Income-tax Act, 1961 ('The Act') – Request to adopt humane approach in handling the extension of due dates in the times of the pandemic.

Ref: (i) Notification dated 31st December 2020
(ii) Our earlier Representations dated 07.10.2020 and 11.12.2020

1. The Chamber of Tax Consultants (CTC), Mumbai, was established in 1926. CTC is one of the oldest (94 years old) voluntary non-profit making organizations in Mumbai formed with the object of educating and updating its members on Tax and other laws. It has robust membership strength of about 4000 professionals comprising of Advocates, Chartered Accountants and Tax Practitioners. It has from time to time made various representations to different Government Authorities drawing their attention to pressing issues.
2. This representation seeks to highlight the plight of lakhs of assesseees and tax practitioners / tax auditors on account of very short extension of various due dates under the Income – tax Act, 1961 [“the Act”] and under Direct Tax Vivad se Vishwas, 2020 [“VSV”] as announced in the above referred Notification.

3. Madam, the havoc created by the on-going pandemic on account of COVID 19 all around is well known and well documented and, therefore, hardly requires any elaboration. Even though the statistics may appear to show some declining trend, that too, of late, the ground realities show that the situation is not normal for business and professional establishments, even for the courts and Parliament and State legislatures across India, as the country is still under various phases of lockdowns and reeling under the catastrophic effects of the pandemic. For example, talking about Mumbai, the commercial capital of India, the local train services are the life line of the city and with its closure for normal public for more than nine months now, to keep any establishment fully functional is not only extremely difficult but impossible; more so with small establishments involving clerical and junior level staff. The recent development about emergence of the mutated strain of the virus has added misery to the plight. Further, even within the limited relaxations, the personal, social and psychological factors have kept many establishments still not fully operational. More specifically and for the limited purpose of this representation, suffice will be here to mention that the keeping in mind the exhaustive checking and reporting goes for a tax audit, the functioning of the office of the assesseees and the tax auditors have greatly impaired; especially for small and medium level establishments that constitute a vast majority.
4. This extraordinary situation led to submission of numerous representations across India for extending the due dates for filing of returns of income, tax audits, etc. as well as under VSV. This also included filing of writ petitions before high courts. For the sake of brevity and to avoid repetitions, the reasons and the contentions in the writ petitions are not repeated herein but we refer and rely upon them for this representation as well. More particularly, we refer to the Writ Petition (L) No. 5092 of 2020 and Writ Petition (L) No. 10008 of 2020 filed before the Bombay High Court, wherein various problems being faced by the stakeholders, particularly in the matter of tax audits, are highlighted.
5. Appreciating the gravity of the situation, the Government had extended various due dates for filing of returns of income, tax audits, etc. as well as under VSV from time to time, the last (before the present one) being vide Notification dated 29.10.2020 extending the due dates to 31.12.2020 and 31.01.2021 as the case may be, even though the requests from the stakeholders were for more practical extension up to February / March 2021. This last

Notification was apparently issued with the assumption that the pandemic situation would greatly ease and improve substantially within this extended period. However, as is – again – well known and well documented, this did not happen and, in fact, some states showed upward trend. In any case, the situation did not improve drastically nor did it get normalise, contrary to the assumption. Under this situation, scores of associations and organisations representing the stakeholders, including the premium body – Institute of Chartered Accountants of India – requested for a little more extension taking into account the seriousness of the situation at the ground level. In response, the above Notification has been issued in which the extension is granted in a very limited manner. While the due date for VSV is extended upto January 31, 2021, the due dates for tax audits is extended only by 15 days and the due date for filing non-tax audit returns is extended by a meager 10 days! Unfortunately, the manner in which the decision was not taken in a timely manner and that the decision to extend the due dates by only few days have come as real shock and surprise to the stakeholders.

6. Madam, we have been receiving continuous responses from the stakeholders, mainly tax practitioners and tax auditors, expressing deep disappointment and anguish at this very short extension given and the manner and timing thereof. The meager extension granted and, that too, at the very fag end of the expiration of the deadline, leaves much to be desired. In this unprecedented pandemic times, when the people are still struggling to recover, restart and renormalize, when the economy is still trying to limp back to the normalcy, when the advisory of Governments (be it Central or State Governments) still talk about various precautions and safety protocols to be observed and when various restrictions are still in place, the general feeling among the stakeholder is that the aspect of extension of the due dates under the Act as well as under VSV is handled rather insensitively, unreasonably and without appreciating the citizens' difficulties at the ground level.
7. Attention is drawn to the inconsistent approach of the Government in this regard. The Home Ministry has issued fresh advisory on 28.12.2020, wherein they have specifically stated, keeping in view the fresh surge in cases globally and emergence of the new variant of virus, that there is a need for maintaining caution and strict surveillance. Further, the guidelines issued vide Circular No. 40-3/2020-DM-I(A) dated 30.09.2020 has been continued till

31.01.2021, as per which, persons above 65 years of age, persons with co-morbidities, pregnant women etc. are advised to stay at home. Apart from the above, various other restrictions are also continued. Further, the Union Government has cancelled the winter session of the Parliament (considered to be the most important function in any democracy) on the grounds of the COVID-19 pandemic. The Union Ministry of Road Transport and Highways has extended the validity of motor vehicle documents like driving license (DL), registration certificate (RC) and permits till March 31, 2021 in view of the ongoing pandemic, vide their notification dated 27.12.2020. The Apex Court and most of the high courts also are not fully functional. Even the Income tax Department is not fully functional as yet at many places. In any case, as discussed earlier, the fact that the things are not at all normal at the ground level is well known and well documented and, therefore, need not be elaborated any further.

8. On the other hand, the Central Board of Direct Taxes ('The Board') has been continuously tweeting about the returns of income being filed on almost daily basis, comparing the same with the last year, to suggest that not all are facing the brunt of the pandemic. This impression appears to have led to the extension being granted at the very fag end, i.e. on 30.12.2020 (one day before the due date) and, that too, by 10-15 days only. Thus, in terms of such assumption, the approach appears to suggest that either there is nothing much to worry about the virus or that one should venture out, take the risk of their life and lives of their near and dear ones but to comply the due dates of filing their returns of income and tax audit reports. The Board has harped upon the fact that the extensions were granted twice earlier. However, the Board has ignored the fact that it was necessitated because of the unprecedented pandemic situation (which is considered as *force majeure* by one and all) and not because of any lack of efforts to comply on the part of the taxpayers or the tax-professionals. This approach, which appears to be restricted only to the compliance under the tax law, defies any logic and is contrary to the ground realities.
9. If we talk about the city of Mumbai, the commercial capital of the country, the lifeline of the city i.e. the local suburban train is shut down for normal citizens. Road travel, in the absence of a rail network is time consuming, expensive, chaotic and clearly inconvenient and unaffordable for majority of the residents. It is impossible to comply with the due dates with

such restrictions, especially when the requisite man-power and staff is not available. Further, this sort of handicap is not only restricted to the city of Mumbai but to the most part of the country. Different parts of India are facing different issues on account of the pandemic which are typical to those places. Thus, with such handicaps, when adequate reliefs are not granted, the tax-payers and the professionals involved are seriously inconvenienced and adversely impacted.

10. It is also pertinent to notice the differential treatment given to the taxpayers versus the tax administration in this regard. All due dates for the actions that can be taken on the part of the Department under the Act have been extended to 31.03.2021. In fact, this was done in June 2020 itself, vide Notification No. 35/2020 dated on 24.06.2020. In the said Notification, by para (i) and (ii), all due dates falling up to 31.12.2020 have been extended up to 31.03.2020. As such, in so far as the due dates for the Department are concerned, there is no exception at all and a blanket extension has been granted to the Department up to 31.03.2021 – that too, in July 2020 itself. However, on the other hand, in so far as the tax payers are concerned, the proviso to the said para (i) and (ii) provides for seven exceptions when it comes to the compliance on the part of the assesseees. This includes filing of returns of income, filing of TDS returns, investments in various assets for claiming exemptions under the head ‘Capital gains’, investments for claiming deduction under Chapter VI-A of the Act and filing of tax audit reports. Further, even the latest Press Release on 30.12.2020 discriminates between the assesseees and the Tax Department. The due dates for passing of orders or issue of notices under the Act or under Benami Act upto 30.03.2021 have been extended to 31.03.2021; whereas the taxpayers and the professionals are granted a paltry extension of 10-15 days. One fails to appreciate such differential treatment and discrimination; especially as the underlying reason – the pandemic – has not left any such differential treatment in its effects. There appears to be no logic or rationale here. Admittedly, the corona pandemic has affected all the citizens irrespective of their caste, creed, employment etc. in an equal manner.
11. It is a known fact that more than 30 representations were made to the Finance Ministry from various quarters all over the country for extension of various due dates, apart from thousands of tweets in this regard by various persons and the trending topic on Twitter. This demonstrates the genuine difficulties faced by the tax payers and the tax professionals across

- the country. However, such voices coming from all parts of India do not seem to be enough to reach to the concerned authorities with due respect and earnest that they deserve. It is rather unfortunate that that every such time, the stakeholders are left with no alternative but to knock the doors of High Courts – that are otherwise already overburdened with much more serious and pressing matters to adjudicate – and troubling them with the grievances for getting such much-deserved reliefs, when such grievances otherwise could – and should – have been ideally addressed administratively with pragmatic and humane approach.
12. It is the very opinion of the Government – and it has been said in public, time and time again, by Hon. Prime Minister and Hon. Finance Minister – that the tax-payers as well as the tax-professionals are important partners in the nation building. However, these partners have been left deeply anguished and, to an extent, let down by the manner in which they have been treated in the matter of the extension.
 13. We fully appreciate the need of timely revenue generation for running the country. However, the extension is sought mainly for the compliance under the Act, with little revenue implications. On the other hand, the implications of not been able to adhere to the due dates are quite serious and there is no effective remedy in genuine and deserving cases, especially when it affects vast majority of the assesseees. In fact, the Government has given – rightly and appreciably – the preference and priority to the lives of the citizens over other considerations, valuing the human considerations first. Otherwise there would have been no immediate and strict lockdowns and other elaborate safety protocols in the first place.
 14. Madam, the above is just conveying the feelings of thousands of the common men (taxpayers and tax professionals) of this Country. We can only hope that the Government respects and trusts the tax-payers and provides timely, reasonable and much deserved reliefs in this pandemic time. The citizens of the Country have supported the Government in various initiatives against the pandemic. In return, this is the least which a citizen can hope. We are sure, this communication is taken in a true spirit and in a positive and constructive manner so as to help in the nation-building process.
 15. In fact, for VSV, we have been receiving countless requests for extension, as many litigants are genuinely interested in opting for the Scheme and thereby making this very good initiative

a grand success. In fact, we understand that there are many non-resident Indians who intend to opt for the scheme, thereby contributing handsomely to the exchequer. The situation in other countries like U.K., U.S.A., etc. is worse. Unfortunately, for the reasons as elaborated above, even this opportunity is being lost.

16. In view of the above, it is our humble request to extend the due dates as under:
- The due dates for filing of Tax Audit, Transfer Pricing Audit and other reports to February 28, 2021 from January 15, 2021;
 - The due dates for filing of Income Tax Return to March 31, 2021 from January 10, 2021 or February 15, 2021 as the case may be; and
 - The due date under VSV to February 28, 2020.
17. We request Your Goodself to look into this issue on a priority basis and take appropriate measures in this regard. We request for timely decision this time, preferably by 6th of January, so as to not to leave the affected stakeholders in lurch anymore till the last moment.
18. We, on behalf of the taxpayers and the tax professionals, are ready to clarify any issue, in person or otherwise.

Thanking you,

Sincerely,

For **The Chamber of Tax Consultants**

Sd/-

Shri Anish Thacker
President

Sd/-

Shri Mahendra Sanghvi
Chairman
Law and Representation Committee