



ગુજરાત વેપારી મહામંડળ

Gujarat Chamber of Commerce & Industry

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6th January, 2022 / 15052

To,

Smt. Nirmala Sitharaman
Hon'ble Union Minister of Finance,
Ministry of Finance,
Government of India,
North Block,
New Delhi – 110001

Sub: Extension of due dates of Income tax returns & submission of Tax audit reports for FY 2020-21 (AY 2021-22)

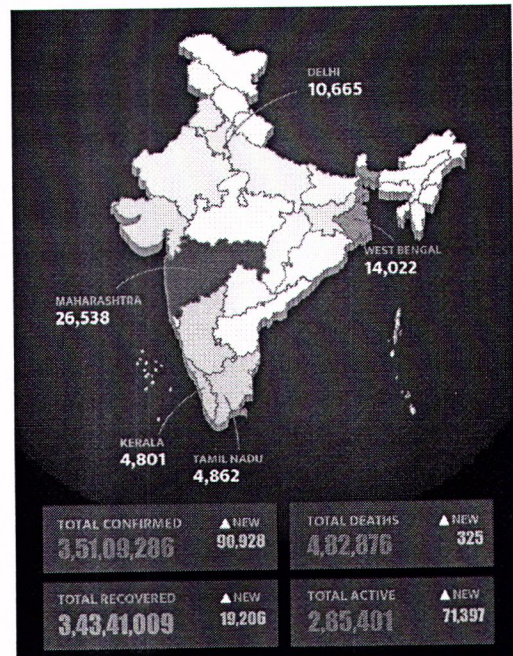
Respected Madam,

Greetings from Gujarat Chamber of Commerce and Industry (GCCCI).

We would like to place on record our sincere appreciation to the laudable efforts taken by the government towards fighting the COVID-19 pandemic with record vaccinations and timely support to the citizens. We applaud the vision of having a new income tax e-filing website which aims to provide convenience and a “modern, seamless experience” to taxpayers. We are confident that slew of taxpayer friendly measures planned by the Government will address several intricate problems relating to taxation, synchronously fulfil its vision of having more transparency in the system with minimal interaction between tax payers and tax authorities. This regime has provided us with new hope and optimism for a future bereft of the virus.

COVID -19 & RISING CASES OF OMICRON CASES:

Globally, Omicron has reached nearly 60 countries, and many nations have started putting restrictions and lockdowns are back in place. India saw a massive spike of **90,928 new Covid-19 cases on 5th January, 2022** according to the data revealed by the Union Health Ministry. 325 people succumbed to the infection in a day on 5th January, 2022, pushing the nationwide toll to 4,82,876. Several states including Delhi, Maharashtra, West Bengal, Uttar Pradesh and Kerala are witnessing an exponential rise in Covid-19 cases. Experts suggest that the new Omicron variant is behind this massive spike in cases. Triggered by the rising Omicron cases in Maharashtra, the state government has banned large gatherings and imposed other restrictions within Mumbai. The state has the highest cases with the new SARS-CoV-2 ‘variant of concern’ in the country till date.





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With Omicron, the experts predict that the third wave of coronavirus could hit the peak by January end with cases likely to be reaching up to 1-1.5 lakh a day in the country. An Indian Institute of Technology Hyderabad (IITH) team, which launched a Covid tracker website, has predicted that Omicron variant cases may touch 1.5 lakh cases when at peak and will totally subside by March 22. **Most of the companies have advised their staffs to continue working remotely wherever possible.**

Due to COVID-19 pandemic and newOMICRON variant, following issues are being faced by the trade and industry:

- Mortality rate in the second wave of COVID-19 pandemic for age group of 25-40 was higher than the initial phases. COVID-19 has had a huge impact psychologically and it will take more time for people to leave behind the fear and anxiety caused due to this pandemic. Hence, people are more worried for the prospective third wave and its deadly consequences.
- Though the Government of India ('GOI') has not imposed any lockdown, still there are various places in the country that are either still under partial lockdowns or are under containment zones etc. making it extremely hard for the businesses to run their regular operations. The strength of workforce at the offices of taxpayers and their consultants is less and nowhere close to its full capacity. ***The offices are working with 50-60% capacity and they do not expect their workforce to resume work normally in near future, making it strenuous for them to do necessary accounting related work.***
- All entities do not have facility of "work from home" and even employees are not having the required data to work from home. Entities are spread across the country and they may not necessarily be in big towns or having all required "cloud storage" or "work from home facilities" for employees. In the absence of data, every financial and accounting processes are also hampered.
- Filing of returns is not possible without consultation of professionals and auditors of the companies. ***Due to COVID-19, even the professionals and auditors are facing the issue of insufficient staff / staff working from home without data / staff quarantined in containment zones etc. making it extremely difficult to perform the required audit procedures and complete the audit in time.*** Restriction on travelling and number of people working also impacts consultants' ability to file returns on time.
- **Severe Cash Crunch due to COVID-19:** COVID-19 has had a direct negative impact on demand and supply of goods and services and businesses are also facing serious cash flow issues as the economic activities have started in the second half of current year only. This in turn is having an impact on all payments including to those for employees, interest, loan repayments and taxes. There are less chances of receiving payments from the outstanding receivables as this pandemic has created cash flow mismatches for all concerned. Moreover, the businesses are facing severe supply chain disruptions and expect the situation to worsen further till the time the things get normalized. Not only the small and medium businesses, but even the large businesses are severely affected and if not supported timely, we may see large chunk of MSMEs closing down resulting in mass unemployment and related problems.



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ISSUES WITH THE NEW INCOME TAX PORTAL:

We would like to convey our gratitude and congratulate you and your ministry for taking up the pro-active and forward-looking step of launching of new Income tax e-filing portal with the objective of realizing many functional improvements and to bring in many better and improved functionalities. While we support the various initiatives taken by the government in trying to establish a robust mechanism to ease the compliances of taxpayers, we would like to bring to your notice that even after expiry of more than five months, the portal is still not functioning upto its full capacity, going under frequent maintenance issues and there are many technical glitches causing great and unavoidable hardships to the taxpayers and their representatives.

There has also been constant updation of the utilities and instructions for filing the Income Tax returns (ITR) and Tax audit reports. For instance, the utility for ITR-5 was updated on 28th December, 2021, for ITR-6 on 24th December, 2021 and for Income Tax forms (forms 3CA/CB-3CD) the latest version was released on 28th December, 2021. The software companies also take time to update the same and hence the filing gets delayed.

Further, we are also facing issues in uploading specific forms and reports like Form 10-IC (domestic company choosing to pay tax at concessional rate of 22% under Section 115BAA of the Act), Form 29B (for MAT) and Form 10B (Audit report under section 12A(b) of the Act) and transfer pricing report u/s 92E of the Act.

HOLIDAYS & FESTIVALS IN MID JANUARY

Makar Sankranti falls in mid-January and to mark the Hindu festival of Makar Sankranti on 14th January, banks will be closed in Ahmedabad and the rest of Gujarat. In several other states like Karnataka, Tamil Nadu, Assam and Telangana where Uttarayana, Punyakaala Makara Sankranti Festival, Pongal, Magh Bihu and Tusu Puja will be celebrated around the same days 14-15th January, 2022.

EXTENSION PROVIDED BY OTHER STATUTORY AUTHORITIES

The due date for furnishing annual return in FORM GSTR-9 & self-certified reconciliation statement in FORM GSTR-9C for the financial year 2020-21 has been extended from 31.12.2021 to 28.02.2022. MCA has further extended the due dates for filing of e-forms AOC-4/ 4(CFS)/ 4(XBRL), 4(Non-XBRL) upto 15.02.2022 and for filing of e-forms MGT-7/ 7A upto 28.02.2022, without payment of any additional fee for the financial year 2020-21. The Gujarat Real Estate Regulatory Authority (GujRERA) extended the last date for submission of annual reports on statement of accounts by real estate developers for the 2020-21 fiscal. The deadline has now been extended to 31.03.22, from earlier deadline of 31.12.2021.



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Basis the above-mentioned issues, we are requesting for extension of the following due dates under Income Tax Act, 1961:

- The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which is 30th September, 2021 as extended to 15th January, 2022 should be further **extended to 15th March, 2022.**
- The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 31st October, 2021 under sub-section (1) of section 139 of the Act, as extended to 15th February, 2022 should be further **extended to 31st March, 2022.**
- The due date of furnishing Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E of the Act for the Previous Year 2020-21, which is 31st October, 2021, as extended to 31st January, 2022 should be further **extended to 31st March 2022.**

In an ordinary scenario, delaying compliances, is considered to be an ominous sign for a business' health. But these are exceptional circumstances and even post the second wave of COVID-19 resumption of activities has been at a very slow pace. Hence the earlier dates of December end / January mid which seemed reasonable at one time is now looking extremely difficult.

Madam, we all are facing this unprecedented situation and we require your co-operation and patient hearing to our concerns. We would be very grateful if your good self would take an early action in this regard and have a positive consideration of our requests. This will be very useful for the taxation fraternity and also for the trade and industry. In conclusion, we request that suitable orders / clarification may be issued to this effect at the earliest.

With warm regards,

Hemant Shah
President.

Jainik Vakil
Chairman, Direct Tax Committee

Copy to:

Shri J.B. Mohapatra
Chairman
Central Board of Direct Taxes
Government of India
New Delhi.