



To,
Ms. Nirmala Sitharaman
Union Finance Minister of India
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New Delhi – 110029
E-mail id: fmo@nic.in

Respected Madam,

Sub: Request for further extension of due dates of furnishing Tax Audit Reports/ITR for A.Y. 2020-21 due to spike in Covid cases and consequential delay in notification/amendment of ITR forms/e-filing platform

Refer: Our earlier representation dt. 12.10.2020 for extension of due date of furnishing Tax Audit Reports and relevant Income Tax Return up to 31st January 2021

1. We appreciate the emergent steps taken by Government to provide the relief to the people and making all possible efforts for their well being to tackle the challenges faced by the country due to the unprecedented outbreak of Covid-19 Pandemic.
2. To mitigate the hardship faced by the tax payers due to unprecedented situation, government remained proactive by introducing The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act extending

various due dates of statutory compliances. We hereby convey our grateful thanks for partially responding to the representations of our associations, due date for furnishing of various audit reports under the Income Tax Act, including Tax Audit Report and report in respect of international/specified domestic transaction has also been extended to 31st December,2020. The due date for furnishing of Income Tax Returns for the taxpayers (Including their partners) who are required to get their accounts audited has also been extended to 31st January, 2021.

Earlier Representation of our associations for extension of due dates

3. Your kind attention is invited to representation dated 12.10.2020 by our associations requesting your office to direct CBDT [a] To exercise the discretionary power vested in it under section 119 of the Act, by extending the due date of 31st October, 2020 at least for three months up to 31st January,2021 both for filing Income Tax Return and Tax Audit Reports in case of taxpayers whose accounts are required to be audited, to ameliorate the difficulties faced by whole business community and professional fraternity due Covid-19 Pandemic situation and due to delay in notifying return forms/utilities [b] To release the ITR Forms/other Forms, ITR preparation utilities well in advance ordinarily on 1st April of assessment year and not to make changes in forms/utilities after beginning of the relevant assessment year in order to provide seamless period of filing for ITR as provided in Income Tax Law, to avoid hardship to the tax payers and stake holders considering the repeated directives of Hon. Gujarat High Court in [SCA No.12656 of 2014 & SPL No. 15075 of 2015]. In continuation of our earlier representations, we hereby once again encroach upon you precious time, with a request to further extend the due dates of filing Tax audit report/other reports and filing of ITR up to 31st March, 2021 considering following circumstances;

Sudden Spike in cases of Covid-19 Post Diwali Festival

4. In the second wave of the pandemic after Diwali, there has been sudden increase in the number of Covid cases in last few weeks. City of Ahmedabad became the ninth district in India to have crossed 2000 deaths of Covid-19 patients. Complete curfew was imposed in City from 20th November, 2020, 9:00 pm to 23rd November, 2020, Monday up to 6:00 am due to spike in Covid-19

CASES. All the major districts of the Gujarat are under night curfew from 9:00 pm to 6:00 am till date. There are about 100 containment zone notified by the Police Commissioner of Ahmedabad which will be under complete lockdown till 31st December, 2020. The major share of cases & deaths are contributed by 8 municipal Corporations of Gujarat, including Ahmedabad, Vadodara, Surat, Rajkot, Bhavnagar, Jamnagar, Junagadh and Gandhinagar. Daily covid case growth rate in state is 0.81%-up from 0.75%, a week ago. [Times of India, Abad dt. 13.12.2020]. Hon. Gujarat High Court in its order dated 2.12. 2020 in R/Writ Petition [PIL No. 108 of 2020], expressing concern, observed that, considering the irresponsible behavior of the public at large during Diwali festival resulted in sudden spike in the cases of Covid 19 positive case. The pandemic of Covid-19 continues to spread its tentacles and the number of peoples being affected by it continue to grow each day.

Other states Rajasthan, Punjab, Himachal Pradesh, Madhya Pradesh have also imposed night curfew. Local train service, life line of Mumbai is not running fully till date. There are restrictions on interstate movement to certain extent. Due to fear of getting infected people prefer to avoid outside movement.

Impact on audit and statutory compliance work due to Covid Restrictions

5. Due to the risk of Pandemic, restrictions are imposed by the Government /Local Authorities about staggering of work/business hours in offices, work places, shops, markets and industrial & commercial establishment; frequent sanitization of entire workplaces, common facilities and all points which come into human contact. All persons in charge of work places are expected to ensure adequate distance between workers, adequate gaps between shifts, staggering the lunch breaks of staff, etc. Persons aged 65 year or above are not allowed to move outside. All these restrictions coupled with the mandatory quarantine for period of 14 days of family members/other contact persons have placed several limitations on working efficiency/productivity of businesses and professional firms. Several Tax Professionals & Chartered Accountants themselves, their staff, family members, are either bereaved of their beloved ones or infected. Details, information, accounts required for completing audits and filing of I.T. returns are not being received promptly. Audit staff/assistants, who are back bone of doing the tax audit work, preparation of Tax Audit Reports/I.T. returns are feeling low and not able to regularly attend office of Tax professionals. Even clients are facing the similar

limitations/restrictions. Till date we are not sure about, when these days will be over and we will be able to function normally.

Impact of Covid-19 Pandemic is visible from Income Tax Returns filing data available on website of I.Tax dept. sourced from e-filing website of I.Tax dept. [Filing Count] is produced hereunder for your kind reference.

Month/Year	2018	2019	2020
April	427535	404902	107292
May	1300439	1401093	240441
June	5997009	5348476	2108368
July	26531425	19509272	4789758
August	19964970	29844440	6032960
September	2412890	2229337	8664255
October	3361314	3783966	6570893
November	793096	1142376	6587041
Total	60788678	63663862	35101008

From the perusal of monthly data and cumulative total of of I.Tax returns e-filed up to November, 2020, impact of Covid restrictions/limitations on the process of I. Tax returns filing can be clearly gathered. During the year 2020 there is substantial decline in the number of I.Tax returns e-filed up to Nov., 2020, as compared to corresponding data of preceding two years of 2018 and 2019. **Only 351.01 Lakhs returns are e-filed up to November, 2020 as against 607.89 & 636.64 lakhs respectively, during the years 2018 and 2019.**

6. Monthly Statistics of ITR [Form nos 3, 5, 6 & 7] wise receipt of e-returns relevant to the Tax Audit Cases (Source: e-filing website of I. Tax Dept.- Statistics-Filing Counts)

Month/ F. Y.	2019-2020				2020-2021			
	ITR-3 (From A.Y. 2017- 18)	ITR-5	ITR-6	ITR-7	ITR-3 (From A.Y. 2017- 18)	ITR-5	ITR-6	ITR-7
April	26899	7464	13051	2805	21893	2734	1887	1371
May	117857	4972	4629	1900	56540	8092	5436	3543
June	652694	31176	5034	2433	175660	22378	12077	9884
July	1960622	141565	5136	11044	236676	30304	16626	9427
August	4586535	398458	25109	47090	623920	10673	4883	3174
September	779294	240482	255063	60471	1154410	128305	21633	14441
October	2029779	522327	484424	83673	970999	156087	78903	27283
November	340167	44539	52797	6356	955514	151083	88631	27384
Total	10493847	1390983	845243	215772	4195612	509656	230076	96507
Grand Total	12945845				5031851			

The above comparative data of ITR filed by tax payers who are required to get their accounts audited, shows that only about 39% of assesseees are able to file their returns in the year 2020 till 30th, November 2020, as compared to preceding year of 2019, when the due date of filing was 31st October, 2019. This data is without considering the increase in number of registered users during the year 2020, actual percentage of filers may be lower than 39%.

Further as per the statistic available on e-filing website of dept., during the year 2019 about 50-55% of returns are filed outside the office hours. Which is not possible during this year, due to night curfew restrictions imposed by several states.

The data clearly warrants the extension of due dates of compliances to save the tax payers from unintended penal consequences of not filling Income Tax returns/Tax Audit Report, due to prevailing precarious situation.

Major reforms on Transparent Taxation-Honoring the Honest, announced by Hon. Prime Minister on dt. 13.08.2020 to make tax processes seamless and painless

7. To reassure the tax payers who contribute to the development of nation, recently Hon. Prime Minister of India Shri Narendra Modi announced the major reforms in administration of Tax System by launching the platform for Transparent Taxation-Honoring The Honest on 13.08.2020, to provide ease of doing business. Hon. PM assured the nation, to make the processes people centric & public friendly by sensitizing the government machinery to make it pro-people & policy driven. Hon. PM categorically provided the assurance to make tax system and processes as seamless, painless & faceless.

To reassure the citizens that government remains committed to the taxpayers rights and to make them free from harassment of any kind, series of efforts are taken by Finance Ministry to promote digital revolution to usher in transparent taxation system to achieve seamless delivery of service to taxpayer, by enhancing efficiency of tax administration.

Tax Payers' Charter-Bridge of trust between tax payer and administration

8. To foster the trust between tax payer and the administration, and with the objective of enhancing the efficiency of delivery system of Income Tax dept., Finance Act 2020 enshrined new section 119A in the Act, to empower the Board to adopt & declare a Taxpayers' Charter to clearly enumerate the Taxpayers' rights & duties. **Relevant extracts of your Honor's Budget Speech [2020-2021 presented on dt. 01.02.2020] relating to tax administration are reproduced as under;**

Para 81 of Budget Speech - Governance

"Hon'ble Speaker, Sir, all the while I have explained the colour and composition of the bouquet of flowers – schemes and programmes. They were grouped under Aspirational India, Economic Development and Caring India. Now I speak about the two hands that will hold them. One such hand is Governance – clean, corruption-free, policy driven and good in intent and importantly trusting in

faith. Trusting every citizen, the aspirational youth, the hard-working women, the risk-taking entrepreneur, the ever hopeful and untiring farmer or the wise and old senior citizen. Many among them are taxpayers. Others may not be taxpayers today. Our Prime Minister has laid before us Ease of Living as a goal to be achieved on behalf of all citizens. An important aspect of both ease of living and ease of doing business is fairness and efficiency of tax administration. We wish to enshrine in the statutes a “taxpayer charter” through this budget. Our government would like to reassure taxpayers that we remain committed to taking measures so that our citizens are free from harassment of any kind.” [emphasis is supplied]

Para 127 of Budget Speech – Taxpayers’ Charter

“Any tax system requires trust between taxpayers and the administration. This will be possible only when taxpayer’s rights are clearly enumerated. Towards this end, and with the objective of enhancing the efficiency of the delivery system of the Income Tax Department, I propose to amend the provisions of the Income Tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers’ Charter. The details of the contents of the charter shall be notified soon.”

Delay in issue of forms/utilities by CBDT is not in synchronization of Government’s stated Policy on Tax administration

9. The past experience of taxpayers show that due to delay in notification of ITR/release of utilities/Form 3CD/amendments in rules in mid of the year by DGIT [SYSTEMS]/CBDT, tax payers have to face lot of harassment and after lot of representations by various Professional Associations including Institute of C. A. of India [Dept. of Ministry of Corporate Affairs] and/or after knocking the doors of High Courts, CBDT extended the due date for filing TAR/ITR.

Following table displays the repeated extensions of due dates granted by CBDT after lot of persuasions/representations by tax payers/professional associations or after intervention by Hon. High Courts:

A.Y.	Due dates of filing return of income (whose accounts are required to be audited)		Due date for filing Tax Audit Report		Remark
	Original	Extended	Original	Extended	
2014-15	30.09.2014	31.03.2015	30.09.2014	30.11.2014	At the instance of Writ by

					Hon. Gujarat High court
2015-16	30.09.2015	31.10.2015	30.09.2015	31.10.2015	-DO
20c16-17	30.09.2016	17.10.2016	30.09.2016	17.10.2016	
2017-18	30.09.2017	07.11.2017	30.09.2017	7.11.2017	
2018-19	30.09.2018	31.10.2018	30.09.2018	31.10.2018	Writ petition filed before Hon. Guj. High Court and Hon. Court was pleased to issue the notice to Dept., then extension was announced.
2019-20	30.09.2019	31.10.2019	30.09.2019	31.10.2019	
2020-21	31.10.2020	31.01.2021	31.10.2020	31.12.2020	Extension announced subsequent to filing of Writ Petitions before Hon. Gujarat, Bombay and Rajasthan High courts.

10. Delay in Release of the utility to e-file the ITR forms/3CA/3CB/3CD forms for the Ass. Year 2020-21

ITR/ Form	Due date of filing [original]	Date of availability of e-filing utility	Schema updation date	Utility updation date
ITR 1	31.07.2020	02.06.2020	22.09.2020	01.12.2020
ITR 2	31.07.2020	26.06.2020	04.11.2020	10.12.2020
ITR 3	31.10.2020	31.07.2020	09.11.2020	01.12.2020
ITR 4	31.07.2020	05.06.2020	15.10.2020	01.12.2020

ITR 5	31.10.2020	25.08.2020	18.11.2020	10.12.2020
ITR 6	31.10.2020	22.09.2020	22.11.2020	03.12.2020
ITR 7	31.10.2020	03.09.2020	08.12.2020	08.12.2020

Form	Due Date of filing [original]	Date on which rules are amended	Date of updation of utility
3CA, 3CB, 3CD	30.09.2020	01.10.2020	25.08.2020/04.11.2020

11. It is submitted that in past, due to delay on the part of CBDT in notifying forms/release of utilities/subsequent amendments in rules and consequential delay in providing E-filing platforms, effective the time limit prescribed/provided by substantive law to tax payer, has been curtailed by the executive. Again for A.Y. 2020-21, due to pandemic effect there has been delay of about 4 months on average in release of ITR Forms/Schema/validation rules and relevant utilities, followed by subsequent updations. Last updation was made on 8.12.2020. About seven hundred paged plus, instructions were released in October followed by revision on 22.11.2020.

Hon. Gujarat High Court in the case of All Gujarat Federation of Tax Consultants V. CBDT [SCA No.12656 of 2014] while extending the due date for filing Tax Audit Report in relation to A.Y. 2014-15, observed that any introduction of new utility/software with additional requirement in the middle of the year, ordinarily is not desirable. Any change unless inevitable, can be planned well in advance. Again Hon. Gujarat High Court in the case of All Gujarat Federation of Tax Consultants V. CBDT [SPL No. 15075 of 2015] issuing directions observed that Board should not create a situation whereby the assesseees are required to knock the doors of the court year after year, more so, when on account of the delay on the part of the respondents, it is the assesseees

who would have to face the consequences of not filing the returns in time. [emphasis supplied]

we submit as under:

12. In view of present times of covid crisis, unrelenting change & uncertainty in operation and administration of businesses, we submit as under;

To provide Ease of Living

- i) The Government shall direct that CBDT shall exercise the discretionary power vested in it under section 119 of the Act by extending the due date of 31st December, 2020 at least for three months, up to 31st March, 2021 both for filing ITR and Tax Audit Reports/Other Reports in case of assesseees, whose accounts are required to be audited, to provide ease of living to whole business community and professional fraternity in this unpredictable Covid-19 Pandemic situation and on account of delay in notifying the amended rules/forms/return preparation utilities by CBDT, otherwise it would be assessee who would have to face the penal consequences of non filing the Tax Audit Report/ITR in time.

E-filing platform shall be kept ready at the beginning of Ass. Year without waiting for the representations from Tax payers/Associations

- ii) Though CBDT has given extension in due dates of filing in past years, after repeated representations from tax payers & persuasion by professional associations, we feel that permanent & principal relief is not given. The Principal and Permanent relief would be when CBDT is directed to strictly follow the Stated Policy & Resolve of Government and abide by assurance given to nation by Hon. Prime Minister, to provide for pain less service to the Tax Payer. **E-filing platform/Utilities shall be kept ready at the commencement of the Ass. Year, without waiting for the representations from tax payer & professional associations, and there shall be no amendment in rules/forms and compliance requirements in mid of the year to make E-filing process Painless and Tax Payer friendly.**

iii) At the association level, tax professionals will highly appreciate if the due date for filing of tax audit report & filing of income tax returns in case of assesses whose accounts are required to be audited is extended to 31st March, 2021, which will allow them to focus on filing of income tax returns in case of assesses whose accounts are not required to be audited, filing of declarations under The Direct Tax Vivad Se Vishwas Act, due date for which expires on 31.12.2020 & pursue the assesses to deposit 3rd installment of advance tax for current year.

13. We assure all our support & co-operation in guiding the taxpayers in fulfilling their compliance obligations required by Law.

Thanks & Regards,
Yours Truly,

Bharat L. Sheth
President-AGFTC

Adv. Ashutosh R. Thakkar
President-ITBA

Ketan Mistry
President-CAA

Adv. Dhires T. Shah
Chairman Rep Comm.-AGFTC

CA. Bakul Shah
Chairman Rep Comm.-ITBA

CA. Ajit C. Shah
Convenor-L/R Com of CAA

CA. S. K. Sadhwani
Chairman-Legal & Rep. Committee [Direct Taxes] of CAA
Co-Chairman-Rep. Committee [AGFTC & ITBA]

Ahmedabad

Dated: 14th December, 2020

Copies To: (Respected Sirs, with a request to do needful in the matter)

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2. **Hon. Chairman**
Central Board of Direct Taxes,
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3. **Joint Secretary, Tax Policy and Legislation**
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4. **Directorate General Income Tax (Systems)**
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[Sir, with a request to provide ITR Forms/utilities/platform at beginning of Ass. yr. as directed by Hon. Guj. High Court, Vide para 11 above]
5. **Pr. Chief Commissioner of Income Tax, Gujarat (CCA)**
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ALL GUJARAT FEDERATION OF TAX CONSULTANTS

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