



The world is in an unprecedented situation with the outbreak of the 2019 novel coronavirus (officially renamed, “COVID-19”). Numerous countries have instituted stringent policy measures to prevent the spread of the outbreak. While, for now, such policy measures comprise of widespread travel restrictions, workplace closures, city-wide lockdowns and mandatory quarantines, with the *World Health Organization* having declared COVID-19 as a pandemic, there are growing concerns of restrictions on trade with infected regions being imposed soon.

As crucial as such policy measures are in curtailing the rampant spread of this outbreak, business operations of companies, both, inside and outside of China, Italy, and South Korea, are facing considerable commercial disruption as a consequence of these measures.

In this edition, we examine key issues related to tax & intellectual property rights, for boards to consider in light of COVID-19.

Tax

Tax compliance and financial health check

- Cash flow management and sound financial health, amid slowing consumption demand and supply chain disruptions, would be critical for companies, especially for undertaking their tax related compliances. Companies should undertake a comprehensive financial health-check and ensure maintaining cash flow at optimum level, not only for sustained business activity, but also to ensure that their taxes, such as advance tax and TDS, are paid in a timely manner. Non-payments or delayed payments of taxes entail interest cost which can be avoided by companies through forward planning and careful monitoring of the cash flows.

- Companies should work closely with their advisors and keep a close tab on government actions or announcements for extending statutory timelines, introducing tax concessions and rebates for alleviating hardships faced by businesses, in order to be able to quickly respond to such developments.
- Tax offices, tax tribunals, and courts, across the nation, will likely set in motion immediate measures to reduce or completely avoid physical contact, as the situation evolves, if they haven't already done so. As part of litigation strategy, the companies should take immediate stock of their ongoing or upcoming litigations and assessments, assess the criticality thereof, and take advance measures in moving for adjournments or moving petitions or applications for interim reliefs etc.
- Companies dependent on import of raw material are facing the adverse impact in terms of experiencing significant delays in arrival of goods from foreign ports, delays in customs clearances leading to consequent delays in transportation and availability of stock in market. This is impacting the supply chain leading to revenue loss. Additionally, businesses importing goods from highly affected countries like China could face significant breakdown in supply versus demand. Companies should re-assess their supply chain including from the point of view of FTA benefits to ensure seamless supply of raw material with minimum cost escalation.

Intellectual Property Rights

In relation to management of intellectual property rights in India in light of the social distancing and “work from home” measures announced by the Indian Government to prevent transmission of COVID-19, we note that operations of courts, tribunals, and regulatory bodies are restricted.



19 March 2020

On 16 March 2020, the Trade Marks Registry issued a public notice pursuant to which all hearings relating to trademark matters scheduled between 17 March 2020 to 15 April 2020 have been rescheduled for a later date to be announced in due course. Similarly, the IPAB (through a notification released on 16 March 2020) has restricted its functioning to urgent matters and has rescheduled all matters listed before it for hearing in March to various dates in April.

The Patent Office continues to function as usual, and no notification relating to postponement of hearings has yet been issued. This may be attributed to the fact that the Patents Rules provide the alternative of taking

hearings by telephone or video conferences. We would, of course, take benefit of this provision. All timelines will be met, and all filings will continue on time as before. In order to minimize risks, work-from-home arrangements have been made while also provisioning for a thin but functional office.

Given the fluid situation of the pandemic, the Indian IP Offices assess the manner in which they are functioning. As a part of the Central Government, they would be following the procedures and protocols that are set up by the Government regarding public interface related offices.

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