

WEEKLY UPDATES ON COMPANY LAW,SEBI, RBI AND IBC

Akshayam Tejomaya Edition No. 210 - Week 06-January 31 2022 to February 06 2022

1

Companies Act 2013 during the week

Rules -0; Circulars -0; Notifications-0; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				

S. No	NEWS ON MCA
1.	<p>Ministry of Corporate Affairs is launching a new way of e-filing for LLP on MCA21 portal. All LLP filings going forward will be web based. This application is proposed to be launched on 06th Mar 2022 at 12:00 AM. To facilitate this implementation stakeholders are advised to plan as per the following:</p> <ol style="list-style-type: none"> a. LLP e-Filings on MCA21 portal will be disabled from 25th Feb 2022 12:00 AM. All stakeholders are advised to ensure that there are no SRNs in pending payment status. b. Offline payments for LLP using Bank Challan and Pay later option would be stopped from 19th Feb 2022 12:00 AM. Please note that during 19th Feb 2022 12:00 AM to 25th Feb 2022 12:00 AM, payments for LLP will be accepted only through online mode (Credit/Debit Card and Net Banking).

	<p>c. DSC association and new user registration on MCA21 portal will be stopped on 25th Feb 2022 12:00 AM. These services will resume in new application with LLP launch.</p> <p>d. Please note that there will not be any interruption in filling of Company forms.</p>
2.	<p>ROC strikes off over 6,000 companies in Telangana : As many as 6,292 companies in Telangana have been struck off by the Registrar of Companies (ROC) of Hyderabad for failing to file mandatory annual returns and balance sheets for the past two years. In addition, at least 15,000 directors face disqualification as the companies they are representing failed to file returns to ROC of the ministry of corporate affairs in the past three years.</p>

2

SEBI during the week

Act -0; Report -1; Circulars–3; Press Release-0; Regulations – 0; Guidelines- 0

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	31/01/2022	Circular	<p>Change in control of the asset management company involving scheme of arrangement under Companies Act, 2013</p> <p>https://www.sebi.gov.in/legal/circulars/jan-2022/change-in-control-of-the-asset-management-company-involving-scheme-of-arrangement-under-companies-act-2013_55745.html</p>	<ul style="list-style-type: none"> SEBI vide this circular has provided that the application seeking approval for the proposed change in control of the AMC under Regulation 22(e) of Mutual Fund Regulations shall be filed with SEBI prior to filing the application with the NCLT. The provisions of this Circular shall be applicable to all the applications for change in control of AMC for which the schemes of arrangement are filed with NCLT on or after March 1, 2022.

2	31/01/2022	Reports	<p>Extension of timeline for submission of public comments on the consultation paper for Review of SEBI (Collective Investment Schemes) Regulations, 1999</p> <p>https://www.sebi.gov.in/reports-and-statistics/reports/jan-2022/extension-of-timeline-for-comments-on-consultation-paper-for-review-of-sebi-collective-investment-schemes-regulations-1999_55788.html</p>	<p>SEBI had placed a consultation paper for Review of SEBI (Collective Investment Schemes) Regulations, 1999 on its website on January 07, 2022 seeking comments by January 31, 2022. SEBI has extended the timeline for submission of comments to February 15, 2022.</p>
3	01/02/2022	Circulars	<p>Schemes of Arrangement by Listed Entities</p> <p>https://www.sebi.gov.in/legal/circulars/feb-2022/schemes-of-arrangement-by-listed-entities_55805.html</p>	<ul style="list-style-type: none"> In respect of the No Objection Certificate (NOC) as required in terms of Circular dated November 16, 2021 and November 18, 2021, the same shall be obtained from from the lending scheduled commercial banks/ financial institutions/ debenture trustees, from not less than 75% of the secured creditors in value. <p>This Circular shall be applicable for all the schemes filed with the stock exchanges after Nov 16, 2021.</p>
4	04/02/2022	Circulars	<p>Circular on Guidelines on Accounting with respect to Indian Accounting Standards (IND AS)</p> <p>https://www.sebi.gov.in/legal/circulars/feb-2022/circular-on-guidelines-on-accounting-with-</p>	<ul style="list-style-type: none"> In accordance with IND AS, with effect from April 1, 2023 mutual fund schemes will have to prepare the opening balance sheet as on date of transition and the comparatives as per the requirements of IND AS.

			respect-to-indian-accounting-standards-ind-as-55919.html	<ul style="list-style-type: none"> • Mutual fund schemes may not be mandatorily required to restate the previous years published perspective historical per unit statistics as per requirement of IND AS for the first two years from first time adoption of IND AS. • Mutual fund schemes will have to furnish certain additional information in perspective historical per unit statistics. • The financial statements of the mutual fund schemes will have to be prepared in a formats specified by the regulator (Annexure A of this circular).
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S. No	NEWS ON SEBI
1	<p>SEBI advises MFs to stop investing in international stocks</p> <p>The Securities and Exchange Board of India (SEBI) has advised mutual funds investing in overseas securities to stop further investments in foreign stocks to avoid breach of industry-wide overseas limits. Mutual funds can make overseas investments up to \$1 billion per mutual fund, with the overall industry limit of \$7 billion, according to a SEBI circular of 3 June 2021. The suspension is likely to be temporary and could be revoked once the limits are enhanced by the regulator.</p>

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RBI during the week
Notifications -0; Master Directions –0; Master Circulars –0; Press Release -0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON RBI
NIL	

4

IBC during the week

Notifications -0; Master Directions –0; Master Circulars –0; Circular –0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON IBC
1.	<p>Discussion Paper on Amendment in IBBI (Voluntary Liquidation Process) Regulations, 2017: https://ibbi.gov.in/uploads/whatsnew/3d7752f4ef0c5a9d3417e3e8ae18e4f9.pdf</p> <p>This discussion paper solicits public comments on the following issues related to a voluntary liquidation process in two parts as below:</p> <p>Part-A: Review of Timelines: preparation of list of stakeholders by liquidator may be reduced to fifteen days, distribution of proceeds from realization to the stakeholders may be reduced to a period of thirty days, submission of the Final Report by liquidator to Adjudicating authority within ninety days or two hundred and seventy days, as the case may be.</p>

	<p>Part-B: Compliance Certificate: compliance certificate / checklist may be introduced for voluntary liquidation process which would contain summary of the voluntary liquidation process including the time taken for various actions by the liquidator. The proposals in the quoted paragraphs aims at achieving the objectives of the Code by expediting the voluntary liquidation process and balancing the interest of all stakeholders. Comments may be submitted electronically by February 22, 2022 by visiting website: www.ibbi.gov.in</p>
<p>2.</p>	<p>NCLT Mumbai Dismisses Application U/S 9, IBC On The Ground Of Existence Of A Principal-Agent Relationship Between The Parties : The NCLT Mumbai Bench in THG Publishing Pvt. Ltd. dismissed the application filed u/s 9 of the Code to initiate CIRP, which was filed by the Operational Creditor, THG Publishing Pvt. Ltd. on the ground that the debt due to it did not qualify as an Operational Debt u/s 5(8) and is not a default u/s 3(12) of the Code since there existed a 'principal-agent' relationship between the Operational Creditor and Respondent.</p>
<p>3.</p>	<p>Plea challenging validity of Section 95 of IBC: The Delhi High Court issued notices to the Central government, the Reserve Bank of India (RBI), the Insolvency and Bankruptcy Board (IBC Board), and a Committee of Creditors (CoC), on a petition challenging the constitutional validity of Sections 95 and 101 of the Insolvency and Bankruptcy Code (IBC) .</p>

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Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -1;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	01/02/2022	Indirect Tax - Circular	<p>Clarification regarding applicability of Social Welfare Surcharge on goods exempted from basic and other customs duties/cesses - Circular No. 03/2022- Customs</p> <p>https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2022/Circular-No-03-2022.pdf</p>	<p>Social Welfare Surcharge (SWS) is levied and collected, as a duty of customs, and is calculated at the rate of 10% on the aggregate of duties, taxes and cesses which are levied and collected by the Central Government as a duty of customs on goods imported into India.</p> <p>It is clarified that the amount of Social Welfare Surcharge payable would be 'Nil' in cases where the aggregate of customs duties (which form the base for computation of SWS) is zero even though SWS has not been exempted.</p>

s.no	GENERAL NEWS
1	<p>The Goods and Service Tax Networks (GSTN) has added the new Option of Search Tax Payer details. You can now search for Taxpayer details by entering the GSTIN OR UIN. The search will contain a percentage of Liability paid that represents the quantum of liability auto-populated from GSTR-1 that was declared/paid in GSTR-3B.</p>
2	<p>Key Highlights of Economic Survey 2022:</p> <p><u>Strong Revenue:</u> The survey pointed out that revenues have witnessed a strong revival in FY 22. This means that the government has fiscal room to provide support if necessary. High Foreign Reserves, Foreign Direct Investment (FDI) and rising exports have provided a buffer against liquidity tampering.</p> <p><u>GDP Estimates:</u> The Economic Survey projected an 8-8.5 per cent gross domestic product (GDP) growth rate for the Indian economy in the 2022-23 fiscal year beginning on April 1. This compares to 9.2 per cent GDP expansion projected by the National Statistical Office (NSO) for ongoing financial year. It also noted that the GDP growth rate contracted by 7.3 per cent in 2020-21.</p> <p><u>Agriculture:</u> Agriculture and allied sectors remained the silver lining during the Covid-19 pandemic and are expected to grow by 3.9 per cent in 2021-22 after growing 3.6 per cent in the previous year.</p> <p><u>Services Sector:</u> The Covid-19 pandemic has hit the services sector the hardest. This sector is projected to grow by 8.2 per cent this financial year following the previous fiscal's 8.4 per cent contraction.</p> <p><u>Industrial sector:</u> The growth of the industrial sector has been estimated at 11.2 per cent in FY 22.</p> <p><u>Consumption:</u> Total consumption is estimated to have grown by 7.0 per cent in 2021-22 with significant contributions in the form of government spending.</p> <p><u>Air India Privatization:</u> The Economic Survey has highlighted that privatization of Air India was a significant step in terms of boosting the privatization drive and gathering disinvestment proceeds.</p> <p><u>Security Markets :</u> The primary markets has seen a boom in fundraising through IPOs by many new age companies in the year 2021-22 so far.</p> <p><u>Increase in Capital Spending:</u> There can be a sharp increase in capital spending by the government as a demand and supply-enhancing measure.</p>

s.no	HIGHLIGHTS OF UNION BUDGET 2022-23
1.	<p>PM GATI SHAKTI PLAN :</p> <p>PM GatiShakti is a transformative approach for economic growth and sustainable development. The plan involves seven engines namely: Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. The mentioned engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure.</p> <p>Highlights</p> <ul style="list-style-type: none"> • 100 PM Gati Shakti cargo terminals will be developed during the next 3 years. • Implementation of innovative ways for building metro systems. • Master Plan for expressways to be formulated in 2022-23 to facilitate faster movement of people and goods. • National highway network to be expanded by 25,000 km in 2022-23. • Mobilization of Rs. 20,000 crores through innovative ways of financing to complement the public resources. • A new scheme, Prime Minister’s Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council. An initial allocation of INR 1,500 crore will be made. • The above mentioned scheme will fund infrastructure, in the spirit of PM Gati Shakti, and social development projects based on felt needs of the North-East.
2.	<p>Micro, Small and Medium Enterprises (MSMEs):</p> <ul style="list-style-type: none"> • Udyam, e-Shram, National Career Service (NCS) and ASEEM portals will be interlinked to formalize the economy and create job opportunities for all. The scope of all the portals collectively will be widened offering G2C, B2B and B2C services. • Revamping of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) with the required Infusion of Funds. • Additional Rs 2 lakh crore under CGTMSE will increase the number of entrepreneurs on one side and will create more jobs on the other side.

	<ul style="list-style-type: none"> Rs. 6,000 crore Raising and Accelerating MSME Performance (RAMP) programme will be rolled out in next 5 years to improve the competitiveness and productivity of MSMEs.
3. Insolvency and Bankruptcy Code	Necessary amendments in the Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.
4. Accelerated Corporate Exit	Several IT-based systems have been established for accelerated registration of new companies. Now the Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, will be established to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to less than 6 months.
5. Start-ups:	In view of Covid-19 pandemic, it is proposed to extend the start-up tax holiday scheme to start-ups incorporated till March 31, 2023, in addition to the start-ups that had already been eligible for the exemption. These private companies were eligible for a 100% tax rebate on profit for a period of three years in the first ten years of their existence.
6. Ease of Doing Business:	<ul style="list-style-type: none"> With the advent of Amritkaal, the next phase of Ease of Doing Business (EODB 2.0) and Ease of Living will be launched. Establishment of 'One Nation, One Registration' mechanism for uniform process of registration of land records. Expanding scope of PARIVESH Portal by providing information to the applicants tracking of the process through Centralized Processing Centre-Green (CPC-Green). Integration of central and state level systems through IT bridges. Establishing Centre for Processing Accelerated Corporate Exit (C-PACE) to facilitate voluntary winding up of companies. Issuance of chip embedded e-Passports. The new passport jacket will contain an electronic chip with security-related data encoded on it

	<p>for advanced security and convenience for citizens.</p> <ul style="list-style-type: none"> • Scheme for design-led manufacturing to be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme. An animation, visual effects, gaming, and comic (AVGC) promotion task force to be set-up to realize the potential of this sector.
7. Export Promotion	<p>The Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in ‘Development of Enterprise and Service Hubs’. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.</p>
8. Venture Capital and Private Equity Investment	<p>Venture Capital and Private Equity invested more than 5.5 lakh crore last year facilitating one of the largest start-up and growth ecosystem. Scaling up this investment requires a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.</p>
9. Direct Tax:	<ol style="list-style-type: none"> 1. Introducing new ‘Updated return’ <ul style="list-style-type: none"> • Provision to file an Updated Return on payment of additional tax. • Updated return can be filed within two years from the end of the relevant assessment year. 2. Reduction in Alternate Minimum Tax Rate and Surcharge for Co-operative societies: <ul style="list-style-type: none"> • Alternate Minimum Tax paid by cooperatives brought down from 18.5% to 15%. • Surcharge on co-operative societies reduced from 12% to 7% for those having total income of more than Rs 1 crore and up to Rs 10 crores. 3. Tax relief to persons with disability: <ul style="list-style-type: none"> • Payment of annuity and lump sum amount from insurance scheme to be allowed to differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardian attaining the age of 60 years.

4. Parity in National Pension Scheme Contribution:

Tax deduction limit increased from 10% to 14% on employer's contribution to the NPS account of State Government employees. This will bring them at par with central government employees and would help in enhancing social security benefits.

5. Incentives for Start-ups:

Period of incorporation extended by one year, up to 31.03.2023 for eligible start-ups to avail tax benefit. Previously the period of incorporation valid up to 31.03.2022.

6. Incentives under concessional tax regime:

Last date for commencement of manufacturing or production under section 115BAB extended by one year i.e. from 31st March, 2023 to 31st March, 2024.

7. Scheme for taxation of virtual digital assets:

- Any income from transfer of any virtual digital asset to be taxed at the rate of 30%.
- No deduction in respect of any expenditure or allowance to be allowed while computing such income except cost of acquisition. Loss from transfer of virtual digital asset cannot be set off against any other income.
- Gift of virtual digital asset also to be taxed in the hands of the recipient.

8. Litigation Management:

In cases where question of law is identical to the one pending in High Court or Supreme Court, the filing of appeal by the department shall be deferred till such question of law is decided by the court. This will greatly help in reducing repeated litigation between taxpayers and the department.

9. Tax incentives to IFSC:

Subject to specified conditions, the following to be exempt from tax:

- Income of a non-resident from offshore derivative instruments.
- Income from over the counter derivatives issued by an offshore banking unit.

- Income from royalty and interest on account of lease of ship.
- Income received from portfolio management services in IFSC.

10. Rationalization of Surcharge

- Surcharge on AOPs (consortium formed to execute a contract) capped at 15%.
- Surcharge on long term capital gains arising on transfer of any type of assets capped at 15%.

11. Health and Education Cess:

Any surcharge or cess on income and profits not allowable as business expenditure.

12. Deterrence against tax-evasion:

No set off, of any loss to be allowed against undisclosed income detected during search and survey operations.

13. Rationalizing TDS Provisions:

Benefits passed on to agents as business promotion strategy taxable in hands of agents. Tax deduction provided to person giving benefits, if the aggregate value of such benefits exceeds Rs. 20,000 during the financial year.

10. Indirect Tax:

- Customs Administration of SEZs to be fully IT driven and function on the Customs National Portal – shall be implemented by September 30, 2022.
- A moderate tariff of 7.5 percent on capital goods and project imports. A few exemptions are being introduced on inputs, like specialised castings, ball screw and linear motion guide, to encourage domestic manufacturing of capital goods
- More than 350 exemption entries proposed to be gradually phased out, like exemption on certain agricultural produce, chemicals, fabrics, medical devices, & drugs and medicines for which sufficient domestic capacity exists.
- Concessions in customs duty will be given to certain consumer electronic devices to promote manufacturing of wearable devices, hearable devices and electronic smart meters.
- Customs duty on cut and polished diamonds and gemstones being reduced to 5 per cent and Nil customs duty to simply sawn diamond.

- Customs Duty on umbrellas raised up to 20 percent and exemption to parts of umbrellas being withdrawn.
- Customs duty exemption given to steel scrap last year extended for another year to provide relief to MSME secondary steel producers.
- Certain Anti-Dumping Duties and Countervailing Duties on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked – to tackle prevailing high prices of metal in larger public interest.
- Unblended fuel to attract additional excise duty of Rs. 2 litre from October 1, 2022 to promote blending biofuels in petrol and diesel.



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