

ProBus Regulatory Updates



This alert summarizes important notifications / clarifications issued recently by The Ministry of Corporate Affairs, The Reserve Bank of India and other Regulatory Authorities.

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ProBus Advisors

602, Kanchenjunga Building,
18 Barakhamba Road, New Delhi - 110001

www.probusadvisory.com

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Introduction

In the past few days, The Ministry of Corporate Affairs ('MCA'), The Ministry of Law and Justice, The Reserve Bank of India ('RBI') and other regulatory authorities have released various notifications/clarifications. This alert summarizes major notification/clarifications issued holding relevance for business houses.

1. MCA extends last date of filing initial return in MSME Form I¹

On January 22, 2019, the MCA had issued Specified Companies (Furnishing of information about payment to micro and small enterprises suppliers) Order, 2019 requiring every specified company to file details of all outstanding dues to Micro or small enterprises suppliers in **MSME Form I** within 30 days from January 22, 2019.

The MSME Form-I has not been released yet on MCA portal, in order to avoid inconvenience to stakeholders, MCA has clarified that period of **thirty days** for filing initial return in MSME form –I shall be reckoned **from the date of the said form is deployed on MCA 21 Portal**.

2. MCA introduces new e-form 'ACTIVE' to be filled by companies incorporated on or before December 31, 2017²

The Ministry of Corporate Affairs (MCA) has further amended the Companies (Incorporation) Rules, 2014 wherein new e-form Active Company Tagging Identities and Verification 'ACTIVE' has been introduced for filing the particulars of the company and its registered office by all companies incorporated on or before December 31, 2017. The amended rules shall come into effect from February 25, 2019.

As per the amendment, e-form ACTIVE is to be filed **on or before April 25, 2019**. In case a company does not file ACTIVE form on or before April 25, 2019 such Company shall be marked as "ACTIVE non-compliant". A company marked as ACTIVE non-compliant shall not be able to file following forms unless e-Form ACTIVE is filed:

- SH-07 (Change in Authorized Capital);
- PAS-03 (Change in Paid-up Capital);

- DIR-12 (Changes in Director except cessation);
- INC-22 (Change in Registered Office);
- INC-28 (Amalgamation, de-merger)

In case the e-Form ACTIVE is filed on or after April 26, 2019, the company shall be 'ACTIVE Compliant' after payment of **fee of INR 10,000**.

3. The Banning of Unregulated Deposit Schemes Ordinance, 2019³

The Banning of Unregulated Deposit Schemes Bill, 2019 was passed on February 13, 2019 in the Lok Sabha and the same was not be taken up for consideration and discussion in the Rajya Sabha. However, The President has promulgated the Ordinance as 'The Banning of Unregulated Deposit Schemes Ordinance, 2019'. The Ordinance will tackle the menace of unregulated deposit-taking activities. **It bans unregulated deposit-taking schemes w.e.f. date of notification of ordinance**. The new law prescribes adequate provisions for punishment and disgorgement or repayment of deposits in cases where such schemes manage to raise deposits illegally.

4. EPFO recommends hiking of EPF interest rate to 8.65% for Financial Year 2018-19⁴

The Central Board of Trustees, EPF in its 224th meeting has recommended crediting of 8.65% rate of interest on the EPF accumulations in the EPF members' account for the year 2018-19.

5. RBI revises definition of 'bulk deposits' & provides freedom to bank in raising deposits⁵

In terms of extant instructions, banks have been given discretion to offer differential rate of interest on the bulk deposits as per their requirement and Asset-Liability Management projections.

As per the direction, RBI has amended the definition of bulk deposits and has provided operational freedom to banks in raising these deposits. The definition of Bulk deposit has been amendment to “Single Rupee term deposits of Rupees two crore and above for Scheduled commercial Banks (excluding Regional Rural banks) and Small Finance Banks”.

Also, the RBI has directed banks to maintain the bulk deposit interest rate card in their Core banking system to facilitate supervisory review.

6. Norms for Angel tax relaxed; no tax on issuance of shares up to INR 25 crore⁶

The Department for Promotion of Industry and Internal Trade ‘DPIIT’ has issued a new notification NO. GSR 127 (E) [F.NO.5 (4)/2018-SI], dated 19-2-2019 in supersession of its earlier notification no. GSR 364(E), dated April 11, 2018. Now, an entity shall be treated as start-up for a period of upto 10 years from its date of incorporation or registration instead of the existing period of 7 years. Further, the threshold limit of startup towards its paid-up share capital & share premium after issuance of shares has been increased to INR 25 crore.

About ProBus

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We have presence in the cities of Delhi, Mumbai, Chennai and Pune. If you have any questions, feel free to write to us at info@probusadvisory.com or visit www.probusadvisory.com to know more about us.

¹http://www.mca.gov.in/Ministry/pdf/InitialReturnInMSMEForm_21022019.pdf

²http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationAmendmentRules_21022019.pdf

³<http://egazette.nic.in/WriteReadData/2019/198285.pdf>

⁴<http://pib.nic.in/PressReleaseIframePage.aspx?PRID=1565853>

⁵<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11481&Mode=0>

⁶<http://egazette.nic.in/WriteReadData/2019/198117.pdf>