R.C.JAIN AND ASSOCIATES LLP

NEWSLETTER

June 2022

"Life is like an icecream , enjoy it before it melts."

-Priya Suthar

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DIRECT TAX

Income Tax

1) Notification No.01 of 2022 of Income-tax Department.

Kindly refer to CBDT Circular No. 11 of 2021 dated 21.06.2021 and CBDT Circular No. 10 of 2022 dated 17.05.2022.

Compliance Check Functionality for Section 206A8 & 206CCA of Income-tax Act 1961:-

- Sections 206AB and 206CCA of Income Tax Act 1961 are introduced in Finance Bill, 2021 to ensure compliance with ITR filing (effective from 1st July 2021 and amended via Finance Act,2022).
- Sections 206AB and 206CCA mandate tax deduction or collection at a higher rate if a 'specified person' has failed to file income tax returns for the previous two financial years. While Section 206AB deals with TDS (tax deducted at source), 206CCA is applicable for TCS (tax collected at source) at a higher rate.

In both the sections, if a person satisfies the following two conditions, then he/ she is regarded as a 'specified person' –

i. He/she has not filed the income tax returns for the previous two financial years preceding the year in which TDS or TCS is required to be deducted or collected. For example, previous years for the financial year 2021-22 would be 2018-19 and 2019-20.
ii. The total TDS or TCS is more than Rs. 50,000 in each of the previous two financial years.

- If sections 206AB and 206CCA are applicable to a tax-payer, the rate of TDS or TCS will be twice the original rate or 5%, whichever is higher. Also, if the 'specified person' fails to furnish PAN, then TDS will be deducted at the rate of 20%.

How does the compliance check facility on the income tax portal work: -

As businesses & individuals, you can type in the PAN of the deductees/collectees on the portal, and a response sheet is generated that shows whether the deductee/collectee is a 'specified person' or not.

There are two types of search options available on the portal –

i. **Single PAN Search**, where you can check and verify only a single PAN, and
ii. **Bulk Search**, where you can search Multiple PANs in one go. All you need to do is upload all the PAN numbers in a CSV file. After this, an output CSV file will be generated containing the list of all the 'specified persons.

2) Notification 62/2022 :- Cost Inflation Index for FY 2022-23.

The Central Board of Direct Taxes (CBDT) has notified the Cost Inflation Index for FY 2022-23 as 331 vide Notification No. 62/2022. The said notification shall come into force with effect from 01-04-2022 and shall apply to AY 2023-24 and subsequent years.

3) Circular no.11 of 2022: CBDT issues clarifications on Form 10AC (Registration of Trusts & Institutions)

The Finance Act, 2022 has inserted amended provisions of the Income-tax Act allowing the Principal Commissioner or Commissioner of Income-tax to examine if there is any 'specified violation' by the trust or institution registered or provisionally registered. After examination, an order is required to be passed for either cancellation of the registration or refusal to cancel the registration.

Thus, the Central Board of Direct Taxes (CBDT) has issued a circular clarifying that:

i. **Conditions for grant of registration under sections 12AB, 10(23C), and 80G**
The Board has listed down the revised conditions that should be followed by the trust or institution seeking:

a) Re-registration and provisional registration under section 12AB,
b) Re-approval and provisional approval under section 10(23C), and
c) Re-approval and provisional approval under section 80G

The conditions contained in Form No. 10AC, issued between 01.04.2021 till the date of issuance of Circular, i.e., 03-06-2022, shall be read as if the said conditions had been substituted with the conditions as provided by the board with effect from 1st April 2022.

ii. Provisional registration/approval to be deemed as registration/approval
The Board has clarified that if due to technical glitches, Form No. 10AC has been issued during FY 2021-2022 with the heading "Order for provisional registration" or "Order for provisional approval" instead of "Order for registration" or "Order for approval", then all such Form No. 10AC shall be considered as an "Order for registration or approval".

4) Circular no. 12/2022

In the Finance Act 2022, a new TDS section 194R, has been inserted in the Income Tax Act, and which has been made applicable effect from 1.7.2022.

The following are the brief pointers on the provisions:-

- The TDS is applicable on Any Person Resident who is providing any benefit/perquisite to a Resident.
- The Benefit/Perquisite has to be in cash/kind and arising from Business profession,
- TDS should be deducted at 10% on the value or aggregate of value of such benefit or perquisite:
- TDS should be deducted before providing such benefit or perquisite
- TDS applicable even when cash is not sufficient for payment of the same

Exceptions:-

- No TDS in case of benefit/perk per person is not more than 20,000 in a FY.
- No TDS when deductor is an Individual/HUF in business/professional with turnover/receipts in business/professional below Rs.1Cr / Rs.50 Lakhs.

For guidelines refer Circular no.12 of 2022.

5) Circular no. 13/2022

New section 194S inserted in Finance Bill, applicable with effect from 01st July 2022. TDS @1% is deducted by person who is responsible for paying to any resident any sum for transfer of Virtual Digital Asset. Sub section 6 of section 194S of the Act authorises CBDT to issue guidelines for removal of Difficulties

This Deduction is not required to be made in the following cases :-

- The consideration is payable by a specified person and the value or aggregate value of such consideration does not exceed fifty thousand rupees during the financial year; or
- The consideration is payable by any person other than a specified person and the value or aggregate value of such consideration does not exceed ten thousand rupees during the financial year.

The following are defined as specified person for the purposes of this provision:

a) An individual or HUF, who does not have any income under head "profit and gains of business or profession"; and
b) An individual or HUF having income under the head "profit and gains of business or profession", whose total sales/gross receipts/turnover from business carried on by him does not exceed one crore rupee or in case of profession exercised by him does not exceed fifty lakh rupee. This threshold to be seen in the financial year immediately preceding the financial year in which the VDA is transferred.

For guidelines refer Circular no. 13/2022.

6) Notification no. 67/2022: CBDT notifies revised/ new TDS Returns for TDS under section 194R, 194S.

On 21st June 2022, the Central Board of Direct Taxes (CBDT) has notified the Income Tax (19th Amendment) Rules 2022 in which the procedures related to the deduction and payment of TDS and issuance of TDS certificate under section 194S (TDS on Crypto in India) has been notified vide Notification No. 67/2022 – Income tax.

According to the Notification, the specified person who is required to deduct the TDS under section 194S shall have to deposit the TDS within 30 days from the end of the month in which the TDS deduction has been made. The payment shall be made through Form No. 26QE.

After the deposit of the TDS into the credit of the central government, the specified person shall issue the Form 16E for the TDS deducted under section 194S within 15 days from the end of the due date of furnishing Form No. 26QE.

The detailed formats of Form 26QE, Form 16E, Form 26Q, Form 26QB, Form 26QC and Form 26QD have been notified in the said notification.

~ Compiled by Kiran Sable

Case Laws

1. Issue Involved:

Section 24(b) does not mandate possession of the property to claim deduction of interest on Housing Loan: ITAT

- **In the ITAT of Mumbai, in the case of Mr. Abeezar Faizullabhoy Vs. CIT, Maharashtra – [2021]. (01st Sept,2021).**

Gist of the Case:

In the stated Case Law, Abeezar Faizullabhoy, Assessee, has filed an appeal to claim deduction of Interest to the extent of Rs.2,00,000 on Housing Loan taken under section 24(b) of the Income Tax Act,1961 which was earlier disallowed by the Assessing Officer and later by the Department Reperesentative directed against the appeal filed by the Assessee in lieu of order passed by the CIT(A)-28, Mumbai, dated 26/04/2019.

Held:

The Assessee has declared total income of Rs.1,19,68,190/- in his IT Return of A.Y. 2015-16. Subsequently, the case of the assessee was selected for scrutiny assessment u/s 143(2) of the IT Act. However, the A.O taking note of the fact that the assessee had not taken possession of the aforementioned property in question, thus, disallowed his aforesaid claim. Accordingly, the A.O vide his order passed u/s 143(3) of the Act, dated 27.12.2017 assessed the income of the assessee at Rs.1,21,68,190/-. Aggrieved, the assessee assailed the assessment order before the CIT(A). However, the CIT(A) not finding favor with the contentions advanced by the assessee, upheld the disallowance of the assessee's claim for deduction. The ld. Departmental Representative relied on the orders of the lower authorities.

The assessee being aggrieved with the order passed by the CIT(A) has carried the matter to appeal before Income Tax Appeallate Tribunal (ITAT). According to ITAT, the issue involved in the present appeal lies in a narrow compass & as is discernible from the records, the assessee had vide a registered agreement dated 20.09.2009 purchased a residential property, viz. Flat No. A-2101, Palm Beach Residency,A Wing, 21st Floor, Sector 4, Palm Beach Road, Nerul, Navi Mumbai for a consideration of Rs.1,60,89,250/-.

For acquiring the aforementioned property the assessee had taken a loan on which interest of Rs.2,69,842.12 was paid by him during the year under consideration. Certificate evidencing the payment of the aforesaid amount of interest on borrowed funds was also filed by the assessee. As observed by the Tribunal, deduction was declined by the A.O which was was upheld by the CIT(A).For a fair appreciation of the is0073ue in question, the tribunal apt to cull out Sec. 24(b) of the Act as was available on the statute during the year under consideration, as under:

"Where the property has been acquired or constructed with borrowed capital, the interest, if any, payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed, as reduced by any pan thereof allowed as deduction under any other provision of this Act shall be deducted under this clause in equal instalments for the said previous year and for each of the four immediately succeeding previous year"

On a perusal of the aforesaid statutory provision, the ITAT found that the same therein contemplates that an assessee shall be entitled to claim deduction of any interest payable on the capital borrowed by him for acquiring, constructing, repairing, renewing or reconstructing a property & therefore the appeal filed by the Assessee was allowed in terms of the aforesaid observation.

2) Issue Involved:

Non-deduction of tax on the purchase of assets cannot take away the right to claim depreciation.

- **In the ITAT of Bangalore, in the case of DCIT Vs. M/S Tally Solutions Pvt Ltd., Bangalore – [2020] (8th December,2020)**

Gist of the Case:

The assessee was engaged in the business of software development and sale of software product licences, software maintenance and training in software. For the A.Y. 2009-10, the A.O. disallowed a sum of Rs. 6,70,94,074 in respect of depreciation on intellectual property rights u/s 40(a)(i). The Commissioner (Appeals) held that there being an irrevocable and unconditional sale of intellectual property and the transfer being absolute, it was an outright purchase of a capital asset and, therefore, section 40(a)(i) could not be invoked. This was confirmed by the Tribunal.

Held:

On appeal by the Revenue, the Karnataka High Court upheld the decision of the Tribunal and held as under:

a) From a scrutiny of section 40(a)(i) it is unquestionable that an amount payable towards interest, royalty, fee for technical services or other sums chargeable under the Act on which tax is deductible at source shall not be deducted while computing the income under the head profits and gains from business or profession where such tax has not been deducted. The expression "amount payable" which is otherwise an allowable deduction refers to expenditure incurred for the purpose of business of the assessee and, **therefore, the expenditure is a deductible claim**. Thus, section 40 refers to the outgoing amount chargeable under the Act and subject to tax deduction at source under Chapter XVII-B. The **deduction u/s 32** is not in respect of an amount paid or payable which is subjected to tax deduction at source, but it is a **statutory deduction on an asset** which is otherwise eligible for deduction of depreciation.

b) Section 40(a)(i) and (ia) provides for disallowance only in respect of expenditure, which is revenue in nature, and does not apply to a case of the assessee whose claim is for depreciation which is not in the nature of expenditure but an allowance. **Depreciation is not an outgoing expenditure and therefore the provisions of section 40(a)(i) and (ia) are not applicable**. Depreciation is a statutory deduction available to the assessee on an asset, which is wholly or partly owned by the assessee and used for business or profession.

c) The Commissioner (Appeals) had held that the payment had been made by the assessee for an outright purchase of intellectual property rights and not towards royalty. This finding had rightly been affirmed by the Tribunal. The findings recorded by the Commissioner (Appeals) as well as the Tribunal could not be termed perverse. Depreciation was allowable. In any case, the amount could not be disallowed u/s 40(a) (i).

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3) Issue Involved:

Assessing Officer cannot disregard a transaction just because it results in tax advantage to the assessee**.**

- **In the ITAT of Mumbai, in case of Michael E Desa Vs. Income Tax Officer (20th September,2021)**

Gist of the Case:

Assessee had sold a property and reported long-term capital gain. It has also reported a long-term capital loss on sale of certain shares in VCAM Investment Managers Pvt Ltd. Assessing Officer (AO) was of the view that long term capital loss was attributed on account of equity shares of VCAM appeared to be prima facie fictitious and not entitled to be adjusted against any taxable income.

The Assessing Officer (AO) rejected assessee's claim on the ground that the net worth of VCAM was fully eroded and was wiped out by losses, and the value of shares sold was in negative with no future profit-earning capacity or any future business prospects. Thus, the loss was prima facie fictitious and premeditated and was created to avoid the tax liability on account of the sale of immovable property.

Assessee carried the matter before the CIT(A) but without any success. Aggrieved-assessee filed the instant appeal before the Tribunal.

Held:

The Mumbai Tribunal held that the benefit of long-term capital loss could not be declined to the assessee, only on the ground that if the assessee had not taken these proactive measures, he would have paid more taxes. The assessee may so end up saving taxes, but then that is perfectly legitimate.

AO cannot disregard a transaction just because it results in a tax advantage to the assessee. Just as much as we cannot legitimize and glorify tax evasion through colorable devices and tax shelters, we cannot also deprecate and disapprove genuine tax planning within the framework of the law. The line of demarcation between what is permissible tax planning and what turns into impermissible tax avoidance may be somewhat thin, but that cannot be excuse enough for the tax authorities to err on the side of excessive caution.

Thus, AO was directed to allow set-off of this long-term capital loss on the sale of shares in VCAM against the long-term capital gains on the sale of the property.

~Compiled by Salman Khan

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INDIRECT TAX

GSt Notifications:

1) Notification No. 08/2022 – Central Tax, Dated 07th June, 2022

As per the Notification No. 08/2022 – Central Tax, dated 07th June, 2022:

Interest leviable on late furnishing of Form GSTR-8 (Electronic commerce operators) for the month of December 2020 has been waived in case of specified registered persons (60 GSTINs notified) who could not file their return by the due date due to technical glitch but had deposited the collected TCS of said month in the electronic cash ledger.

Interest leviable on late furnishing of Form GSTR-8 for the months starting from September 2020 till January 2021 has been waived for the specified registered persons (12 GSTINs notified) who could not file their return by the due date due to technical glitch but had deposited the collected TCS of said months in the electronic cash ledger.

The interest, in both the above mentioned cases, has been waived for the period starting from the date of depositing TCS in electronic cash ledger till the date of furnishing of Form GSTR-8.

~Compiled by Sakshi Jhavar

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RBI

Part A: Foreign Exchange Management Notifications

1) RBI/2022-23/69
A.P. (DIR Series) Circular No. 05

Discontinuation of Return under Foreign Exchange Management Act, 1999

i) Attention of Authorised Persons is invited to A.P. (DIR series) circular No 26, dated February 18, 2022, wherein Authorised Persons were advised about proposed discontinuation of the return "Details of guarantee availed and invoked from non-resident entities".

ii) In this regard, reference may be drawn to A.P. (DIR series) circular No 20, dated August 29, 2012, Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 and the Master Direction - Reporting under Foreign Exchange Management Act, 1999 dated January 01, 2016, as amended from time to time (Refer Part X – 'Statement for reporting of non-resident guarantees issued and invoked in respect of fund and non-fund based facilities between two persons resident in India').

iii) It has now been decided to discontinue the above return, with effect from the quarter ending June 2022.

iv) The directions contained in this circular have been issued under Section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Part B: Other RBI Notifications

Current policy rates as on 25.06.2022 :

Policy Repo Rate	4.90%
Standing Deposit Facility Rate	4.65%
Marginal Standing Facility Rate	5.15%
Bank Rate	5.15%
Fixed Reverse Repo Rate	3.35%

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RBI

1) RBI/2022-23/61
DOR.STR.REC.40/21.04.048/2022-23
June 6, 2022

Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer

- It has been decided that NBFCs classified as NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25 per cent
Housing loans extended at teaser rates	2.00 per cent, which will decrease to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates (if the accounts remain 'standard')
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75 per cent
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1.00 per cent
Restructured advances	As stipulated in the applicable prudential norms for restructuring of advances
All other loans and advances not included above, including loans to Medium Enterprises	0.40 per cent

- Since NBFCs with net worth of Rs. 250 crore or above are required to comply with Indian Accounting Standards (Ind AS) for the preparation of their financial statements, they shall continue to hold impairment allowances as required under Ind AS, subject to the prudential floor as prescribed under Paragraph 2 of the Annex to the circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

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RBI

2) RBI/2022-23/67
DOR.CRE.REC.43/09.22.010/2022-23

Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH)

- It has been decided to revise the limits on residential housing loans sanctioned by rural co-operative banks to an individual borrower as under:

Category of the bank	Existing Limit (per individual borrower)	Revised Limit (per individual borrower)
(a) StCBs/DCCBs having assessed net worth less than ₹ 100 crore	₹ 20 lakh	₹ 50 lakh
(b) StCBs/DCCBs having assessed net worth equal to or more than ₹ 100 crore	₹ 30 lakh	₹ 75 lakh

3) RBI/2022-23/45
DOR.RET.REC.32/12.01.001/2022-23

Individual Housing loans – Enhancement in limits

It has been decided to revise the limits on individual housing loans sanctioned by urban co-operative banks to an individual borrower as under:

Category of the bank	Existing Limit* (per individual borrower)	Revised Limit* (per individual borrower)
(a) Tier-I UCBs	₹ 30 lakh	₹ 60 lakh
(b) Tier-II UCBs	₹ 70 lakh	₹ 140 lakh

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RBI

4) RBI/2022-23/72
IDMD.CDD.No.S789/14.04.050/2022-23

Sovereign Gold Bond (SGB) Scheme 2022-23

i. Government of India, vide its Notification No F.No4.(6)-B (W&M)/2022 dated June 15, 2022, has announced Series I and II of Sovereign Gold Bond Scheme 2022-23. Under the Scheme, there will be a distinct series (Series I and II) for every tranche. The terms and conditions of the issuance of the Bonds shall be as per the above notification.

ii. **Date of Issue**

The bonds shall be issued as per the details given below:

Sr. No.	Tranche	Subscription Period	Date of Issuance
1.	2022-23 Series I	June 20-24, 2022	June 28, 2022
2.	2022-23 Series II	August 22-26, 2022	August 30, 2022

For More details ,refer
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12340&Mode=0

5) RBI/2022-23/73
CO.DPSS.POLC.No.S-518/02.14.003/2022-23

Processing of e-mandates for recurring transactions

- The Reserve Bank of India today announced an increase in limit for e-mandates/ standing instructions on credit/debit cards and prepaid payment instruments (PPIs) for recurring transactions to ₹ 15,000, from ₹ 5,000 at present. The RBI will issue necessary instructions shortly. Prior to January 1, 2021, the limit was ₹ 2,000.
- "Requests have been received from stakeholders to increase the limit under the framework to facilitate payments of larger value like subscriptions, insurance premia, education fee, etc," RBI governor Shaktikanta Das said
- A credit/debit cardholder opting for e-mandate facility on card will have to undertake a one-time registration process, with additional factor of authentication validation by the issuer.
- Registration shall be completed only after all requisite information is obtained by the issuer, including the validity period of the e-mandate and other requirements. The facility to modify the validity period of the e-mandate at a later stage, if required, shall also has to be provided for.

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RBI

6)RBI/2022-23/77
CO.DPSS.POLC.No.S-567/02-14-003/2022-23

Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)]

- The Reserve Bank of India (RBI) through its various circulars in March 2020 and 2021 prohibited storage of customer card details by merchants and pay
- ment aggregators and issued necessary directions in this regard. While this directive from the RBI is right in intent, it leads to a blanket prohibition for service provider merchants from storing customers' financial information, even when the said merchants may have the requisite security norms in place or may intend to have one for the same, thereby affecting smooth flow of online payments.
- For customers this would mean that for each and every transaction hereafter, they will need to enter the type of payment, card type, full name, 16-digit card number, expiry, etc., before reaching today's stage of entering CVV and password/OTP. So whether you are booking food online, hailing a cab, booking any ticket, subscribing to any service or buying some product online, whenever you use a card this may become the process hereafter.
- For entities in the industry who may not be aligned to/compliant with the PCI-DSS process, the RBI may consider the alternative of tokenisation. The term tokenisation literally means to substitute, so in the online payments universe "tokens" are generated to protect sensitive customer and card data by replacing them with machine generated algorithmic alphanumeric ID. Hence through tokenisation, merchants can move data without exposing sensitive data. Tokens outside a particular online app or portal have no value and are useless for hackers as they will not be able to use them elsewhere.
- Further, an alternate system in respect of transactions where cardholders decide to enter the card details manually at the time of undertaking the transaction (commonly referred to as "guest checkout transactions") has not been implemented by the industry stakeholders, so far.
- Given the above, it has been decided to extend the timeline for storing of CoF data by three months, i.e., till September 30, 2022, after which such data shall be purged.
- This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

~ Compiled by Gerard Manjaly

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CORPORATE LAW

1. Director/ Proposed Directors/ Person seeking DIN from country which shares land border with India requires Security Clearance from Ministry of Home Affairs:

In the Companies (Appointment and Qualification of Directors) Rules, 2014, —
(i) in rule 8, rule 10 sub rule (1) after the proviso, the following proviso shall be inserted, namely:-
"Provided further that in case the person seeking appointment is a national of a country which shares land border with India, necessary security clearance from the Ministry of Home Affairs, Government of India shall also be attached alongwith the consent/ application for DIN.";

2. Independent Directors whose name is removed from Independent Directors Databank can apply for Restoration on payment of fees:

In the Companies (Appointment and Qualification of Directors) Rules, 2014, in rule 6, after sub-rule (4), the following sub-rule shall be inserted, namely: -

"(5) Any individual whose name has been removed from the databank under sub-rule (4), may apply for restoration of his name on payment of fees of one thousand rupees and the institute shall allow such restoration subject to the following conditions, namely :-

(i) his name shall be shown in a separate restored category for a period of one year from the date of restoration within which, he shall be required to pass the online proficiency self-assessment test and thereafter his name shall be included in the databank, only, if he passes the said online proficiency self-assessment test and, in such case, the fees paid by him at the time of initial registration shall continue to be valid for the period for which the same was initially paid; and

(ii) in case he fails to pass the online proficiency self-assessment test within one year from the date of restoration, his name shall be removed from the data bank and he shall be required to apply afresh under sub-rule (1) for inclusion of his name in the databank.".

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3. Punishment in case of non-compliance by company or any officer of a company or an auditor or any other person contravenes any of the provisions of National Financial Reporting Authority Rules, 2018:

In the National Financial Reporting Authority Rules, 2018, for rule 13, the following rule shall be substituted, namely:-

"13. Punishment in case of non-compliance:- Whoever contravenes any of the provisions of these rules, shall be punishable with fine not exceeding five thousand rupees, and where the contravention is a continuing one, with a further fine not exceeding five hundred rupees for every day after the first during which the contravention continues.".

4. For Merger compromise or an arrangement or merger or demerger between an Indian company and a company or body corporate which has been incorporated in a country which shares land border with India a declaration is required:

In the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (hereafter in these rules referred to as the said rules), in rule 25A, after sub-rule (3), the following sub-rule shall be inserted namely: —

(4) Notwithstanding anything contained in sub-rule (3), in case of a compromise or an arrangement or merger or demerger between an Indian company and a company or body corporate which has been incorporated in a country which shares land border with India, a declaration in **Form No. CAA-16** shall be required at the stage of submission of application under section 230 of the Act.

5. Relaxation of Additional Fees in case of delay in filing event based e-forms by LLP upto 30th June 2022.

Ministry has given Relaxation of Additional Fees in case of delay in filing event based e-forms, due dates of which are falling between 25th February and 31st May 2022, without paying additional fees by LLP upto 30th June 2022.

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6. **Relaxation of Additional Fees in case of delay in filing Form 11(Annual Return) by LLP upto 15th July 2022**

Ministry has given Relaxation of Additional Fees in case of delay in filing Form 11 (Annual Return) due dates of which is 30th May 2022 without paying additional fees by LLP upto 15th July 2022.

7. Clarification for Section 8 Companies registered under Companies Act, 2013.

Ministry has clarified that Section 8 companies cannot be incorporated with the object Micro Finance as they do not comply with any stringent criterion of Net Owned Funds as laid down in RBI's Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions of 2011,

Further, Company which are registered as Section 8 Company cannot subsequently alter its object to conduct object of Micro Finance Company.

~*Compiled by* **Pritesh Nakashe**

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~Jiya Bhanushali

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