

R.C.JAIN AND ASSOCIATES LLP

NEWSLETTER

DECEMBER

2021

*“In order to write about life
first you must live it”*

- Ashutosh Sahu



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Income Tax

Notification No. 134/2021/F. No. 178/4/2021-ITA-I

Additional Deduction in 80C:-

The Central Government hereby specifies the Jeevan Akshay-VII Plan of the Life Insurance Corporation of India, as filed by that Corporation with the Insurance Regulatory and Development Authority, as the annuity plan of the Life Insurance Corporation of India for the purposes of the said clause for the assessment year 2021-22 and subsequent years.

Notification No. 136/2021/F. No. 370142/53/2021-TPL (Part-II)

Income received by non-resident for transfer of non-deliverable forward contract: -

The income accrued or arisen to, or received by, a non-resident as a result of transfer of non-deliverable forward contracts under clause (4E) of section 10 of the Act, shall be exempted subject to fulfilment of the following conditions, namely: -

- (i) the non-deliverable forward contract is entered into by the non-resident with an offshore banking unit of an International Financial Services Centre which holds a valid certificate of registration granted under International Financial Services Centres Authority (Banking) Regulations, 2020 by the International Financial Services Centres Authority; and
- (ii) Such contract is not entered into by the non-resident through or on behalf of its permanent establishment in India.

The offshore banking unit shall ensure that the condition provided in clause (ii) of sub-rule (1) is complied with.

Explanation:

A non-deliverable forward contract" shall mean a contract for the difference between an exchange rate agreed before and the actual spot rate at maturity, with the spot rate being taken as the domestic rate or a market determined rate and such contract being settled with a single payment in a foreign currency.

Notification No. 138/2021 [F. No. 370142/58/2021-TPL(Part-II)]

Computation of Exempt Income of specific fund for the purpose of clause 23FF of section 10:

The Finance Act, 2021 has inserted a new clause (23FF) to section 10 to provide the capital gain exemption to investors of the resultant fund or specified fund to the extent capital gain income attributable to units held by a non-resident. The CBDT has notified a new Rule 2DD prescribing manner to compute such exempt income of specified fund under said sub-clause.

Income of the nature of capital gains, arising or received by specific fund, which is attributable to non-resident, (not being a permanent establishment of a non-resident in India) shall be computed as under:

- i. Where the specified fund files Form No. 10-II in accordance with sub-rule (2), the Income exempt under clause 23FF of section 10= $[A*B/C]$ where,

A= Income of nature of capital gain, arising by a specific fund by transfer of fund/shares, & such capital gain would not be chargeable to tax, if the relocation had not taken place,

B=Aggregate of daily 'asset under management' of the specified fund by non-resident from date of acquisition to date of transfer.

C=Aggregate of daily Total asset under management of specified fund, from the date of acquisition of share of a company resident in India to the date of transfer of such shares.

- ii. Where no form 10-II is filled by specific fund, the exempt income shall be NIL.

The specific fund shall furnish an annual statement of exempt income in Form No. 10-II electronically.

The annual statement should be certified by an accountant & such accountant shall furnish by that date the certificate in Form No. 10-IJ.

Circular No. 21/2021:

CBDT has allowed one-time relaxation for e-verification of ITR for AY 2020-21.

The taxpayer is required to verify it using any one of the following modes within the time limit of 120 days from date of uploading the ITR:

- Through Aadhaar OTP
- By logging into e-filing account through net banking EVC through Bank Account Number
- EVC through Demat Account Number
- EVC through Bank ATM
- By sending a duly signed physical copy of ITR-V through post to the CPC, Bengaluru

1. Large number of electronically filed ITRs for the Assessment Year 2020- 21 still remain pending with the Income-tax Department for want of receipt of a valid ITR-V Form at CPC, Bengaluru or pending e-Verification from the taxpayers concerned.
2. In respect of all ITR which are uploaded electronically for AY 2020-21, the Board hereby permits verification of such returns either by sending a duly signed physical copy of ITR-V to CPC, Bengaluru through speed post or through EVC/OTP modes as listed above. Such verification process must be completed by 28.02.2022.
3. This relaxation shall not apply in those cases, where Income-tax Department has already taken recourse to any other measure as specified in the Act for ensuring filing of tax return by the taxpayer concerned after declaring the return as non-est.
4. Board also relaxes the time-frame for issuing the intimation as provided in second proviso to sub-section (1) of Section 143 of the Act and directs that such returns shall be processed by 30.06.2022 and intimation of processing of such returns shall be sent to the taxpayer concerned as per the laid down procedure. In refund cases, while determining the interest, provision of section 244 A (2) of the Act would apply. It is clarified that this relaxation would be applicable to all such returns which are verified during the extended period.

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5. If taxpayer concerned failed to regularize by furnishing a valid verification by 28.02.2022, necessary consequences as provided in law for non-filing the return may follow.

~Complied by Aishwarya Sarwade

Case Laws:

1) Issue Involved:

Forex exchange gain arising due to repayment of personal loan by non-resident living abroad be taxable under "Income from other sources"?

- *In the ITAT of Mumbai, in the case of Aditya Balkrishna Shroff v. ITO, Mumbai - [2021]. (5 May, 2020).*

GIST OF THE CASE:

During the scrutiny assessment, Assessing Officer (AO) notices that as per AIR information and as per the capital account of assessee, assessee received Rs. 1,12,35,326. When AO probed this entry further, assessee explained that he had extended a personal interest-free loan to his cousin in Singapore. The remittance was made under the LRS (Liberalized Remittance Scheme) issued by the Reserve Bank of India. Due to a change in the exchange rate, the amount received on repayment was more than the amount originally advanced.

AO opined that such a difference on account of this transaction was of income nature. Assessee submitted that the loan account was purely personal. It was not in the nature of a business transaction. The loan transaction was in terms of LRS, and it was a permitted Capital Account transaction. It was further explained that the transaction was in the capital field, and therefore the gain is in the nature of capital receipt and hence not offered for taxation. AO didn't accept assessee's contentions and made additions to the income of assessee.

HELD:

On appeal, ITAT held that a capital receipt, in principle, is outside the scope of 'income' chargeable to tax and a receipt cannot be taxed as income unless it is in the nature of a revenue receipt or is specifically brought within ambit of 'income' by way of specific provisions of the Income-tax Act", and that "Howsoever liberal or narrow be the interpretation of expression 'income', it cannot alter character of a receipt i.e. convert a capital receipt into a revenue receipt or vice versa. There is no warrant for inference that even the most liberal interpretation of 'income' can nullify or blur the all-important

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distinction between capital receipt or revenue receipt". If the transaction was in the capital field, where the question of a capital receipt being taxed as income arises unless there was a specific provision of bringing such a capital receipt to tax.

In any case, where the loan was foreign currency-denominated and the amount advanced as loan, as also received back as repayment, was exactly the same, there was no question of interest component at all.

The benefit or gain received by assessee was on account of foreign exchange fluctuation. Since the foreign exchange fluctuation was with respect to a transaction in the capital field, the foreign exchange fluctuation receipt itself turned out to be a capital receipt. The ITAT judgement was given in favour of assessee on the basis that the forex gain was attributable to a Capital Transaction (loan transaction) and hence Non-Taxable

2) Issue Involved:

Whether expenditure for providing freebies to medical professionals can be allowed as a deduction in accordance with Section 37(1) of the Income Tax Act, 1961 (the Act)?

➤ *In the case of DCIT Vs Macleods Pharmaceuticals Ltd. (ITAT Mumbai)*

GIST OF THE CASE:

Macleods Pharmaceuticals Ltd. ("the assessee") a company engaged in the business of manufacturing tablets, capsules, liquids and injections etc. had incurred expenditure on providing freebies to the doctors to promote sales.

The assessee claimed the expenditure incurred on such freebies as deduction under section 37(1) which was disallowed by the Assessing Officer. Aggrieved by the same the Assessee had preferred an appeal before the Commissioner of income Tax (CIT). The CIT had overturned the order and had allowed the expenditure as a deduction to the Assessee.

HELD:

The Assessee Macleods Pharmaceutical Ltd. had incurred an expenditure of Rs. 111,11,70,500 for the assessment year 2011-12 and Rs. 137,62,61,659 for the assessment year 2012-13 aggregating to a total Rs. 137,62,61,659 on account of freebies to doctors. Section

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37(1) of Income Tax Act provides for deduction of any revenue expenditure (other than those falling under section 30 to 36) from business Income if such expense is laid out/expended wholly or exclusively for the purpose of business or profession. However, the explanation appended to this sub-section denies claim of any such expense, if the same has been incurred for a purpose which is either an offence or prohibited by law. Thus, the claim of any expense incurred in providing freebies in violation of the provisions of Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 shall not be admissible under section 370) of the Income Tax Act being an expense prohibited by the law.

The Assessing officer has disallowed the claim as the officer was of the view that such expenditures incurred on account of freebies in the nature of gifts to the doctors is an expense prohibited by the law. However, the CIT has passed the order in the favour of the assessee on the grounds that:

The expenditures were incurred wholly and exclusively for the purpose of business, therefore, same cannot be disallowed by applying CBDT Circular dated 1-8-2012 in respect of years under consideration.

~Complied by Abhya Mishra

GST

Notification No. 40/2021 – Central Tax -

1. Changes in method of claiming ITC: -

In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017-

In the Central Goods and Services Tax Rules, 2017, –

In rule 36, for sub-rule (4), ITC can be claimed only if it is reflected in GSTR-2B.

The CBIC released an important notification on 9th October 2019, inserting sub-rule (4) under Rule 36 of the CGST Rules, 2017 which states that The rule states that the provisional tax credit (without invoices on GSTR-2B) can be claimed in the GSTR-3B to the extent of 5% of eligible ITC reflected in the GSTR-2B.

From 1st January 2022, businesses can avail ITC only if it is reported by supplier in GSTR-1/ IFF and it appears in their GSTR-2B.

2. Time Limit for filing of GSTR9 and GSTR 9C extended

In rule 80(1), for the financial year 2020-2021 the said annual return shall be furnished on or before the twenty-eighth day of February, 2022 and in Rule 80(3) for the financial year 2020-2021 the said self-certified reconciliation statement shall be furnished along with the said annual return on or before the twenty-eighth day of February, 2022.

3. Refund to Foreign Diplomatic Missions and Embassies

As per Section 55, Foreign Diplomatic Missions and Embassies are eligible to claim refund of tax paid by him on his inward supplies.

In this following proviso shall be inserted in rule 95(3) from the 1st day of April, 2021 -

“Provided that where Unique Identity Number of the applicant is not mentioned in a tax invoice, the refund of tax paid by the applicant on such invoice shall be available only if

the copy of the invoice, duly attested by the authorized representative of the applicant, is submitted along with the refund application in FORM GST RFD-10.”

4. Notice and Order for Demand under the Act

As per section 129, Notwithstanding anything contained in this Act, where any person transports any goods or stores any goods while they are in transit in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable to detention or seizure and after detention or seizure.

In this regards, rule 142(3) has been amended from 1st day of January, 2022 and as per amendment, instead of “fourteen days of detention or seizure of the goods and conveyance the words seven days of the notice has been substituted. The amended rule reads as under,

“Where the person chargeable with tax makes payment of tax and interest under subsection (8) of section 73 or, as the case may be, tax, interest and penalty under subsection (8) of section 74 within thirty days of the service of a notice under sub-rule (1), or where the person concerned makes payment of the amount referred to in sub-section (1) of section 129 within seven days of detention or seizure of the goods and conveyance, he shall intimate the proper officer of such payment in FORM GST DRC 03 and the proper officer shall issue an order in FORM GST DRC 05 concluding the proceedings in respect of the said notice”.

Further, in sub-rule 142(5), “tax, interest and penalty payable by the person chargeable with tax”, the words, “tax, interest and penalty, as the case may be, payable by the person concerned” shall be substituted.

5. Recovery of penalty by way of sale of goods or conveyance detained or seized in transit.

After Rule 144, the following rule shall be inserted with effect from the 1st day of January, 2022, that Recovery of penalty by sale of goods or conveyance detained or seized in transit in 144A.

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Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) of section 129 within fifteen days from the date of receipt of the copy of the order passed under sub-section (3) of the said section 129, the proper officer shall proceed for sale or disposal of the goods or conveyance so detained or seized by preparing an inventory and estimating the market value of such goods or conveyance:

Provided that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer.

6. Sale of detained goods or conveyance via Auction

1. The goods and conveyance so detained shall be sold through a process of auction, including e-auction, for which a notice shall be issued in FORM GST DRC10 clearly indicating the goods or conveyance to be sold and the purpose of sale. Provided that where the person transporting said goods or the owner of such goods pays the amount of penalty under section 129(1), including any expenses incurred in safe custody and handling of such goods or conveyance, after the time period mentioned in sub-rule (1) but before the issuance of notice under this sub-rule, the proper officer shall cancel the process of auction and release such goods or conveyance.
2. The last day of submission of bid or the date of auction shall not be earlier than fifteen days from the date of issue of the notice unless that where the detained or seized goods are perishable or hazardous in nature or are likely to depreciate in value with passage of time. In such case, the proper officer shall issue a notice to the successful bidder in FORM GST DRC-11 requiring him to make the payment within a period of fifteen days from the date of auction.
3. The proper officer should specify the amount of pre-bid deposit to be furnished to make the officers eligible for the auction which may be returned to the unsuccessful bidders and forfeited in case the successful bidder fails to make payment.
4. On payment of the full bid amount, the proper officer shall transfer the possession and ownership of the said goods or conveyance to the successful bidder and issue a certificate in FORM GST DRC-12.

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5. The proper officer shall cancel the process and proceed for re-auction where no bid is received or the auction is considered to be non-competitive due to lack of adequate participation or due to low bids.
6. Where an appeal has been filed by the person under section 107(1) to be read sub-section 6 of section 107 the proceedings for recovery of penalty by sale of goods or conveyance detained or seized in transit under this rule is deemed to be stayed except if goods of perishable or hazardous nature.

7. Disposal of sale proceeds of sale of goods or conveyance and movable or immovable property

The Rule 154 of CGST Act states the Disposal of proceeds of sale of goods or conveyance and movable or immovable property. The amounts so realised from the sale of goods, movable or immovable property, for the recovery of dues from a defaulter under section 129(3) shall -

- a) first, be appropriated against the administrative cost of the recovery process
- b) next, be appropriated against the amount to be recovered or to the payment of the penalty
- c) next, be appropriated against any other amount due from the defaulter under the Act or the Integrated Goods and Services Tax Act, 2017 or the Union Territory Goods and Services Tax Act, 2017 or any of the State Goods and Services Tax Act, 2017
- d) the balance, if any, shall be credited to the electronic cash ledger of the owner of the goods or conveyance where the person is registered under the Act if not the amount should be credited to the bank account.
- e) where it is not possible to pay the balance of sale proceeds, as per clause (d) of sub-rule (1), within a period of six months from the date of sale of such goods or conveyance or such further period as the proper officer may allow, such balance of sale proceeds shall be deposited with the Fund to the person concerned.

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Notification No. 19/2021-Integrated Tax (Rate)

On 28th December, 2021, the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance in Notification No. 2/2017-Integrated Tax (Rate), dated the 28th June, 2017, published in the Gazette of India, Extraordinary. This notification states that. after S. No. 97 and entries relating thereto, the following S. No. and entries shall be inserted, namely: -

<i>Sr. No.</i>	<i>HSN</i>	<i>Particulars</i>
97A	2009 89 90	Tender coconut water other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any such actionable claim or enforceable right in respect of such brand name has been voluntarily foregone, subject to the conditions as specified in the ANNEXURE I]

Notification No.21/2021-Central Tax (Rate)

In exercise of the powers conferred by Section 9(1) and Section 15(5) of Central goods and Services Act, and in supersession of notification No.14/2021-Central Tax (Rate) and) No.01/2017, dated the 18th November, 2021, published in the Gazette of India, Extraordinary, states that

a. in Schedule I - 2.5%, serial number 225 and the entries relating thereto shall be omitted; which is Footwear having a retail sale price not exceeding Rs.500 per pair, provided that such retail sale price is indelibly marked or embossed on the footwear itself.

b. in Schedule II - 6%, after serial number 171 and the entries relating thereto, the following serial number and entries shall be inserted, namely-

171A1	64	Footwear of sale value not exceeding Rs.1000 per pair.
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~Complied by Shreya Satavase

- 1) **RBI/2021-22/144**
DOR.AML.REC.74/14.01.001/2021-22

Periodic Updation of KYC - Restrictions on Account Operations for Non-compliance

As per Master Direction on KYC dated February 25, 2016, in terms of which Regulated Entities (REs) have to carry out periodic updation of KYC of existing customers. Keeping in view the prevalent uncertainty due to new variant of Covid-19 in various parts of the country, REs are advised that in respect of the customer accounts where periodic updation of KYC is due and pending as on date, no restrictions on operations of such account shall be imposed till March 31, 2022 for this reason alone, unless warranted under instructions of any regulator/ enforcement agency/ court of law, etc.

Regulated entities are also advised to continue engaging with their customers for having their KYC updated in such cases.

- 2) **RBI/2021-2022/141**
A.P. (DIR Series) Circular No.21

Exim Bank Government of India supported Line of Credit (LoC) of USD 40 million to the Government of the Togolese Republic

- a) Export-Import Bank of India (Exim Bank) has entered into an agreement dated June 23, 2021 with the Government of the Togolese Republic, for making available to the latter, Government of India supported Line of Credit (LoC) of USD 40 million (USD Forty million only) for the purpose of financing the project for electrification of 350 villages through Solar Photo Voltaic Systems in the Togolese Republic. Under the arrangement, financing of export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their being eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.

- b) The Agreement under the LoC is effective from December 07, 2021. Under the LoC, the terminal utilization period is 60 months after the scheduled completion date of the Project.
- c) Shipments under the LoC shall be declared in Export Declaration Form as per instructions issued by the Reserve Bank from time to time.
- d) No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.

**3) RBI/2021-22/137
A.P. (DIR Series) Circular No. 20**

Introduction of Legal Entity Identifier for Cross-border Transactions

- a) The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by the Reserve Bank in a phased manner for participants in the over the counter (OTC) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralised payment systems.
- b) In order to further harness the benefits of LEI, it has been decided that AD Category I banks, with effect from October 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of 50 crore and above (per transaction) under FEMA, 1999. As regards non-resident counterparts/ overseas entities, in case of non-availability of LEI information, AD Category I banks may process the transactions to avoid disruptions. Further, AD Category I banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions

even before October 1, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.

- c) AD Category-I banks shall have the required systems in place to capture the LEI information and ensure that any LEI captured is validated against the global LEI database available on the website of the Global Legal Entity Identifier Foundation (GLEIF).
- d) Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the GLEIF, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL), which is also recognised as an issuer of LEI by the Reserve Bank under the Payment and Settlement Systems Act, 2007. The rules, procedures and documentation requirements may be ascertained from LEIL.

**4) RBI/2021-22/136
DOR.CAP.REC.No.72/21.06.201/2021-22**

General permission for infusion of capital in overseas branches and subsidiaries and retention/ repatriation/ transfer of profits in these centres by banks incorporated in India

As per extant practice, banks incorporated in India seek prior RBI approval for-

- a) infusion of capital in their overseas branches and subsidiaries.
- b) retention of profits in, and transfer or repatriation of profits from these overseas centres.

In order to provide greater operational flexibility, it has been decided that prior RBI approval for above capital infusion/ transfers (including retention/ repatriation of profits), shall not be required by banks which meet the regulatory capital requirements (including capital buffers¹). Instead, the banks shall seek approval of their boards for the same.

While considering such proposals, banks shall analyse all relevant aspects including inter alia the business plans, home and host country regulatory requirements and performance parameters of their overseas centres. Banks shall also ensure compliance with all applicable home and host country laws and regulations. Banks which do not meet

the minimum regulatory capital requirements, shall be required to seek prior approval of RBI as hitherto.

Reporting

Banks shall report all such instances of infusion of capital and/ or retention/ transfer/ repatriation of profits in overseas branches and subsidiaries within 30 days of such action, to the Chief General Manager-in-Charge, Department of Regulation, Central Office, Mumbai with a copy to Chief General Manager-in-Charge, Department of Supervision, Central Office, Mumbai.

Applicability

This circular is applicable to all Scheduled Commercial Banks other than foreign banks, Small Finance Banks, Payment Banks and Regional Rural Banks

5) **RBI/2021-22/138**
DOR.RET.REC.73/12.01.001/2021-22

Section 24 of the Banking Regulation Act, 1949 - Maintenance of Statutory Liquidity Ratio (SLR) - Marginal Standing Facility (MSF) - return to the normal dispensation

- a. Banks were allowed to avail of funds under the MSF by dipping into the Statutory Liquidity Ratio (SLR) up to three per cent of their net demand and time liabilities (NDTL) outstanding at the end of the second preceding fortnight. This facility, which was initially available up to June 30, 2020, was later extended up to December 31, 2021
- b. As announced in the Governor's Statement dated December 08, 2021, it is proposed to return to the normal dispensation. Accordingly, banks will be able to dip into the Statutory Liquidity Ratio (SLR) up to two percent of NDTL instead of three percent for overnight borrowing under the MSF with effect from January 1, 2022.

~Compiled by Preeti Rajani.

1. Clarification on passing of Ordinary and Special resolutions - Extension of Timelines

On 8th December, 2021, MCA vide its General Circular No. 20/2021, has allowed the Companies to -

- a. Conduct their EGMs through Video Conference or Other Audio visual means, or
- b. Transact the items through Postal Ballot.

In accordance with the framework provided earlier up to 30th June 2022.

2. Clarification on holding of AGM

- a. On 8th December, 2021, MCA vide its General Circular No. 19/2021, has allowed Companies to conduct their AGM, due in the year 2021, through Video Conference or Other Audio visual means by 30th June, 2022.

- b. Further, MCA vide its General Circular No. 21/2021, has allowed the Companies whose Financial Year is ending any time before 31st March, 2022, to hold their AGM through Video Conference or Other Audio visual means by 30th June, 2022.

3. Relaxation on levy of Additional Fees

MCA received representations from various stakeholders for granting relaxation on levy of Additional Fees on filing of Forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, and MGT-7/MGT-7A. After due Consideration, on 29th December, 2021, MCA vide its General Circular No. 22/2021, has allowed Companies to file-

- a. Form AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL by 15th February, 2022, and
- b. Form MGT-7/MGT-7A by 28th February, 2022.

For the year ended on 31st March, 2021 without levy of any additional fees.

4. Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund), Third Amendment, Rules, 2021

On 28th December, 2021, MCA notified these rules and accordingly the following amendments were incorporated-

CORPORATE LAW

- a. The shares held in such DEMAT account of the Authority shall not be transferred to or dealt with in any manner except for the purposes of transferring the shares back to the claimant.
- b. In case an application for purchase of shares under section 236 is received through the company, the Authority may receive the amount entitled on behalf of the minority shareholders from the company and shall credit the amount to the Fund and a separate ledger account shall be maintained for such proceeds.
- c. However, the Authority before such receipt of money on behalf of such shareholders shall satisfy itself that the Company has satisfied all the conditions.
- d. Further, the company shall be liable under all circumstances to indemnify the Authority in case of any dispute or lawsuit that may be initiated and the Authority shall not be liable to indemnify the minority shareholder or the Company or any other person.
- e. Any amount required to be credited by the companies to the Fund shall be remitted to the Authority in Form No. IEPF-7 within thirty days, into the specified account of the IEPF Authority maintained in the Punjab National Bank.

5. The MCA has invited Public comments on the proposed modifications to be made in Insolvency and Bankruptcy code, 2016.

The Proposed changes are available on the MCA website which can be viewed by clicking [here](#). Suggestion/comments along with brief justification may be submitted online therein at the below mentioned web link latest by 5:30 PM on 13th January 2022:

- Compiled by Devang Thakkar

#HUNAAR HAAT

"The beauty of the Art lies in the Eyes of the Beholder."



~ Priya Suthar



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