

Veritas Finance Private Limited

REGULATORY UPDATE

AUGUST 2020

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INTRODUCTION

Objective:

Keeping up to date with Legislations, Rules and Practices applicable to our NBFC sector to stay compliant and be aware of repercussions, to plan consequential actions, to add value to business and to achieve a competitive edge.

Period: August 2020

Coverage:

The Newsletter would broadly cover the following applicable areas:

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Image courtesy : Reserve Bank of India (website: <https://rbi.org.in/>)

RESERVE BANK OF INDIA

RESERVE BANK OF INDIA

Circular Number	Date of Issue	Subject / Applicability	Gist
RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21	06.08.2020	Resolution Framework for COVID-19-related Stress https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?id=11941	<p>The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019, dated June 7, 2019 (“Prudential Framework”) provides a principle-based resolution framework for addressing borrower defaults under a normal scenario.</p> <p>The economic fallout on account of the Covid-19 pandemic has led to significant financial stress for borrowers across the board. Such wide spread impact could impair the entire recovery process, posing significant financial stability risks.</p> <p>Considering the above, with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions.</p> <p>The lending institutions shall ensure that the resolution under this facility is extended only to borrowers having stress on account of Covid19. Further, the lending institutions will be required to assess the viability of the resolution plan, subject to the prudential boundaries laid out in this Annex. Towards this end, each lending institution shall put in place a Board approved policy detailing the manner in which such evaluation may be done and the objective criteria that may be applied while considering the resolution plan in each case.</p> <p>Accounts which do not fulfill the required eligibility conditions to be considered for resolution under this framework may continue to be considered for resolution under the Prudential Framework, or the relevant instructions as applicable to specific category of lending institutions where the Prudential Framework is not applicable.</p> <p>While the Prudential Framework is otherwise not applicable to certain categories of lending institutions to which this circular is addressed, exposures of these lending institutions shall also be included for any resolution under this</p>

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			<p>facility. Consequently, without prejudice to the specific conditions applicable to this facility, all the norms applicable to implementation of a resolution plan, including the mandatory requirement of Inter-Creditor Agreements (ICA) and specific implementation conditions, as laid out in the Prudential Framework shall be applicable to all lending institutions for any resolution plan implemented under this facility.</p>
<p>RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21</p>	<p>06.08.2020</p>	<p>Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances</p> <p>https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=11942</p>	<p>Please refer to the circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 on the subject.</p> <p>In view of the continued need to support the viable MSME entities on account of the fallout of Covid19 and to align these guidelines with the Resolution Framework for COVID 19 – related Stress announced for other advances, it has been decided to extend the scheme permitted in terms of the aforesaid circular. Accordingly, existing loans to MSMEs classified as 'standard' may be restructured without a downgrade in the asset classification, subject to the following conditions:</p> <ul style="list-style-type: none"> ● The aggregate exposure, including non-fund based facilities, of banks and NBFCs to the borrower does not exceed ₹25 crore as on March 1, 2020. ● The borrower's account was a 'standard asset' as on March 1, 2020. The restructuring of the borrower account is implemented by March 31, 2021. ● The borrowing entity is GST-registered on the date of implementation of the restructuring. However, this condition will not apply to MSMEs that are exempt from GST-registration. This shall be determined on the basis of exemption limit obtaining as on March 1, 2020. ● Asset classification of borrowers classified as standard may be retained as such, whereas the accounts which may have slipped into NPA category between March 2, 2020 and date of implementation may be upgraded as 'standard asset', as on the date of implementation of the restructuring plan.

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			<ul style="list-style-type: none"> ● The asset classification benefit will be available only if the restructuring is done as per provisions of this circular. ● As hitherto, for accounts restructured under these guidelines, banks shall maintain additional provision of 5% over and above the provision already held by them.
RBI/2020-21/24 DoR (NBFC) (PD) CC. No.117/03.10.001/2020-21	13.08.2020	Review of Guidelines for Core Investment Companies https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=11949	<p>Based on the recommendations of the Working Group (WG) and inputs received from stakeholders, it has been decided to revise the guidelines applicable for Core Investment Companies (CIC).</p> <p>Definition of Adjusted Net worth (ANW)</p> <p>Reference is drawn to para 3 (i) of the Master Direction on Core Investment Companies (Reserve Bank) Directions, 2016. While computing Adjusted Net Worth (ANW), the amount representing any direct or indirect capital contribution made by one CIC in another CIC, to the extent such amount exceeds ten per cent of Owned Funds of the investing CIC, shall be deducted. All other terms and conditions for computation of ANW remain the same.</p> <p>The deduction requirement shall take immediate effect for any investment made by a CIC in another CIC after date of issue of this circular. In cases where the investment by a CIC in another CIC is already in excess of 10 percent as on the date of this circular, the CIC need not deduct the excess investment as on the date of this circular from owned funds for computation of its ANW till March 31, 2023.</p> <p>Group Structure</p> <p>To address the complexity in group structures and existence of multiple CICs within a group, it has been decided that the number of layers of CICs within a Group (including the parent CIC) shall be restricted to two, irrespective of the extent of direct or indirect holding/ control exercised by a CIC in the other CIC. If a CIC makes any direct/ indirect equity investment in another CIC, it will be deemed as a layer for the investing CIC. While the regulation shall be applicable from the date of</p>

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			<p>the circular, existing entities shall reorganise their business structure and adhere to this guideline latest by March 31 2023.</p> <p>Risk Management</p> <p>The parent CIC in the group or the CIC with the largest asset size, in case there is no identifiable parent CIC in the group, shall constitute a Group Risk Management Committee (GRMC). The GRMC shall report to the Board of the CIC that constitutes it and shall meet at least once in a quarter. The composition of GRMC shall be as under:</p> <p>The GRMC shall comprise minimum of five members, including executive members. At least two members shall be independent directors, one of whom shall be the Chairperson of the GRMC. Members shall have adequate and commensurate experience in risk management practices.</p> <p>Based on the analyses and recommendations of the GRMC, CICs shall initiate corrective action, where necessary. Chief Risk Officers (CROs), appointed in CICs, shall initiate such corrective action.</p> <p>All CICs with asset size of more than ₹5,000 crore shall appoint a CRO with clearly specified roles and responsibilities. Guidelines on CRO shall be as per Para 71 on Appointment of Chief Risk Officer of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.</p> <p>CICs shall submit to the Board, a quarterly statement of deviation certified by the Chief Executive Officer/ Chief Financial Officer, indicating deviations in the use of proceeds of any funding obtained by the CIC from creditors and investors from the objects/ purpose stated in the application, sanction letter or offer document for such funding.</p> <p>Corporate Governance and Disclosure Requirements</p> <p>Corporate governance requirements will be as per the Companies Act, 2013. Disclosure requirements will be applicable to NBFC-CICs</p>

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			<p>as per the guidelines contained at Annex of this circular.</p> <p>CICs shall ensure that a policy is put in place with the approval of the Board for ascertaining the 'fit and proper' status of directors not only at the time of appointment, but also on a continuous basis. Guidelines as applicable to NBFCs as per Para 72 on Fit and Proper Criteria of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as updated from time to time, shall be applicable also to CICs.</p> <p>Consolidation of Financial Statement (CFS)</p> <p>CICs shall prepare CFS as per provisions of Companies Act, 2013, so as to provide a clear view of the financials of the group as a whole. However, it is possible that entities that meet the definition of group as per extant regulations are not covered under consolidation due to exemptions granted as per statutory provisions/ applicable accounting standards. For such entities which are not included in the consolidation, disclosures shall be made in the indicative format mentioned at paragraph 2 of the Annex. In the process of consolidation, the auditor of a CIC, as the 'principal auditor', shall use the work of other auditors with respect to the financial information of other respective entities, subject to auditing standards as also guidance notes issued by the Institute of Chartered Accountants of India¹ from time to time.</p> <p>Exceptions to carrying other financial activity</p> <p>Reference is drawn to para 2(1)(iv) of the Master Direction on Core Investment Company (Reserve Bank) Directions, 2016 on other financial activities that can be undertaken by the CIC. CICs are allowed to invest in money market instruments, including mutual funds which make investments in money market instruments/debt instruments with a maturity of up to 1 year.</p>

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			<p>Registration</p> <p>It shall be noted that CICs (a) with an asset size of less than ₹100 crore, irrespective of whether accessing public funds or not and (b) with an asset size of ₹100 crore and above and not accessing public funds are not required to register with the Bank under Section 45IA of the RBI Act, 1934 in terms of notification No. DNBS.PD.221/CGM (US) 2011 dated January 5, 2011.</p> <p>Change in nomenclature</p> <p>A Systemically Important Core Investment Company, as defined in sub-paragraph (xxv) of paragraph 3 of the Core Investment Companies (Reserve Bank) Directions, 2016 will henceforth be termed as a Core Investment Company. A Core Investment Company, which is not required to be registered in terms of para 8.1 above, will henceforth be termed as 'Unregistered CIC' instead of 'exempted CIC'.</p> <p>Others</p> <p>CICs implementing Indian Accounting Standards shall adhere to the circular DOR (NBFC).CC.PD No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards.</p> <p>All CICs shall adhere to the guidelines on Submission of Data to Credit Information Companies as per para 100 and 101 of Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.</p>
RBI/2020-21/25 DOR.AML.BC. 8/14.06.001/2020-21	No. 21.08.2020	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's Democratic Republic of Congo List https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=11950	As per Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on January 09, 2020, in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)." Further, in terms of Section 53 of the Master Direction, other UNSC Resolutions circulated by the

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			<p>Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of by the REs.</p> <p>In this regard, Ministry of External Affairs (MEA) has now forwarded a notification dated August 19, 2020 regarding amendment, with respect to two individuals and three entities, carried out by the United Nations Security Council (UNSC) Committee {established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo (DRC)} in the sanctions list concerning DRC.</p> <p>The UNSC press release concerning the amendment to the list is available at URL: https://www.un.org/press/en/2020/sc14280.doc.htm</p> <p>The details of the sanctions measures and exemptions are available at the following URL: https://www.un.org/securitycouncil/sanctions/1533/exemptions/arms-embargo</p> <p>Link to the latest version of the Sanctions list pertaining to DRC is: www.un.org/securitycouncil/sanctions/1533/materials</p> <p>An updated and consolidated list of all the Sanction Committees is available at the following URL: https://www.un.org/securitycouncil/content/un-sc-consolidated-list</p> <p>As per the instructions from the Ministry of Home Affairs (MHA), any request for delisting received by any bank, stock exchanges/ depositories, intermediaries regulated by SEBI and Insurance companies is to be forwarded electronically to Joint Secretary (CTCR), MHA for consideration. Individuals, groups, undertakings or entities seeking to be removed from the Security Council's Democratic Republic of Congo Sanctions List can submit their request for delisting to an independent and impartial Ombudsperson who has been appointed by the United Nations Secretary-General. More details are available at the following URL: https://www.un.org/securitycouncil/ombudsperson/application</p>
RBI/2020-2021/26 FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21	21.08.2020	New Definition of Micro, Small and Medium Enterprises – clarifications	With reference to circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 on 'Credit flow to Micro, Small and Medium Enterprises Sector'.

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		https://www.rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?id=11951	<p>In view of the representations from IBA and banks regarding applicability of certain aspects contained in the Gazette notification No. S.O. 2119(E) dated June 26, 2020 on new criteria for classifying the enterprises as micro, small and medium enterprises, the Ministry of MSME, vide their Office Memorandum (OM) No.2/1(5)/2019 – P & G/Policy (pt. IV) dated August 6, 2020 and letter F.No.5/2(2)/2020 - P & G/Policy dated August 13, 2020 has, inter alia, clarified the following:</p> <p>Classification of Enterprises as per new definition</p> <p>(i) Classification / re-classification of MSMEs is the statutory responsibility of the Gol, Ministry of MSME, as per the provisions of the MSMED Act, 2006.</p> <p>(ii) As per para 2 of the said Gazette notification all enterprises are required to register online and obtain 'Udyam Registration Certificate'. All lenders may, therefore, obtain 'Udyam Registration Certificate' from the entrepreneurs.</p> <p>Validity of EM Part II and UAMs issued till June 30, 2020</p> <p>(i) The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2021. Further, all enterprises registered till June 30, 2020, shall file new registration in the Udyam Registration Portal well before March 31, 2021.</p> <p>(ii) 'Udyam Registration Certificate' issued on self-declaration basis for enterprises exempted from filing GSTR and / or ITR returns will be valid for the time being, upto March 31, 2021.</p> <p>Value of Plant and Machinery or Equipment</p> <p>The online form for Udyam Registration captures depreciated cost as on 31st March each year of the relevant previous year. Therefore, the value of Plant and Machinery or Equipment for all purposes of the Notification No. S.O. 2119(E) dated June 26, 2020 and for all the enterprises shall mean the Written Down Value (WDV) as at the end of the Financial Year as defined in the Income Tax Act and not cost of acquisition or original price, which was applicable in the context of the earlier classification criteria.</p>



Image courtesy : Securities and Exchange Board of India (website :<https://www.sebi.gov.in/>)

SECURITIES AND EXCHANGE BOARD OF INDIA

SECURITIES AND EXCHANGE BOARD OF INDIA

Circular Number	Date of Issue	Subject / Applicability	Gist
SEBI/HO/OIAE/I GRD/CIR/P/2020 /152	13.08.2020	Investor grievances redressal mechanism – Handling of SCORES complaints by stock exchanges and Standard Operating Procedure for non-redressal of grievances by listed companies https://www.sebi.gov.in/legal/circulars/aug-2020/investor-grievances-redressal-mechanism-handling-of-scores-complaints-by-stock-exchanges-and-standard-operating-procedure-for-non-redressal-of-grievances-by-listed-companies_47325.html	<p>SEBI issues SOP for non-redressal of grievances by listed companies and handling of SCORES complaints by Stock Exchanges (SEs) w.e.f. 01/09/2020</p> <p>Key highlights:</p> <p>1. Applicability of the circular: The procedures and actions specified for specified complaints such as non-receipt of bonus, dividend, interest on securities etc, as listed in the Annexure 2 of the circular.</p> <p>2. Complaint Redressal Procedure:</p> <p>(i) Investors are advised to initially lodge complaints directly with the respective companies, which if not addressed within 30 days from the date of receipt of such complaint, shall be forwarded to Designated Stock Exchange (DSE) through SCORES.</p> <p>(ii) The company is required to redress the complaint and submit an Action Taken Report (ATR) within 30 days from the date of receipt of such complaint, failing which a reminder shall be issued by DSE to the listed company through SCORES directing expeditious redressal of the grievance within another 30 days.</p> <p>(iii) If the ATR is satisfactory, SE shall submit the same to SEBI. Any failure by the company in redressing the complaint within 60 days from the date of receipt of complaint will result in levy of fine, to be paid within 15 days from the date of notice of such levy along with the ATR.</p> <p>(iv) If the entity fails to pay the fine under point (iii), notice shall be sent to its Promoters to remit the fine along with ATR within 10 days of such intimation, failing which entire shareholding of the promoters and promoter group in such entity as well as all other securities held in the demat account of the promoter and promoter group shall be frozen.</p> <p>(v) If all options are exhausted by the SE and if number of pending complaints exceed 20 or the value involved is more than Rs. 10 lakhs, stock exchanges shall forward the complaints against such listed companies to SEBI for further action, if any.</p>

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			<p>(vi) Timelines for handling of complaints by the SEs and actions in case of non-compliances are prescribed in Annexure 1 to the circular.</p> <p>3. Computation of Fine: Fine shall be computed and levied on a monthly basis, till the date of redressal of grievance /filing of ATR by the company or till the company is compulsorily delisted, whichever is earlier.</p> <p>4. The circular also prescribes the post redressal actions to be taken by the SEs.</p>



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Ministry of Corporate Affairs
Government Of India

Image courtesy : Ministry of Corporate Affairs (website <http://www.mca.gov.in/MinistryV2/homepage.html>)

MINISTRY OF CORPORATE AFFAIRS

MINISTRY OF CORPORATE AFFAIRS

Notification Number	Date of Issue	Subject	Gist
General Circular No. 27/2020	03.08.2020	Clarification on dispatch of notice under section 62(2) of Companies Act, 2013 by listed companies for rights issues opening upto 31st December, 2020. http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.25_03082020.pdf	Extension of Relaxation with respect to Dispatch of Notice towards Rights Issue under Companies Act, 2013 by Listed Entities for Rights Issue opening upto 31/12/2020 MCA has extended the relaxation granted for the Listed Companies raising funds via Rights Issue vide its earlier circular dated 11/05/2020 to 31/12/2020 (as against the earlier timeline of 31/07/2020) which waived off the requirement for the listed entities to dispatch notices through postal or courier service under Section 62(1)(a)(i) of the Companies Act, 2013.
General Circular No. 28/2020	17.08.2020	Clarification on Extension of Annual General Meeting (AGM) for the financial year ended as at 31.03.2020- Companies Act, 2013-reg. http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.28_17082020.pdf	Application for extension of AGM by Companies whose Financial Year ended on 31st March, 2020 MCA has clarified that companies whose Financial Year ended on 31st March, 2020 and could not hold its AGM by 30th September, 2020, even with relaxations granted vide Circular No. 20/2020 dated 05/05/2020 to conduct AGMs via Other Audio Visual Means (OAVM) need to apply in Form GNL-1 to Registrar on or before 29.09.2020 to seek extension of time (for a period of three months) for holding the same.
G.S.R.526(E)	24.08.2020	Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 http://www.egazette.nic.in/WritereadData/2020/221325.pdf	Contribution to more R&D activities brought under CSR by amending Schedule-VII of the Companies Act 2013 As a measure to support and encourage companies engaged in research and development (R&D) activity of new vaccine, drugs and medical devices in their normal course of business to undertake active steps to combat CoVID-19, any R&D in the above said areas in relation to CoVID-19 for financial years 2020-21, 2021-22 and 2022-23, shall be treated as eligible CSR expense provided, they are carried in collaboration with institutions such as Department of Biotechnology (DBT), Department of Science and Technology (DST) or any other organization as specified in Item (ix) of Schedule VII to the Companies Act, 2013. Further, details of such activity shall be disclosed separately in the Annual Report, as part of the CSR in the Board's Report.
G.S.R. 538(E)	28.08.2020	Companies (Management and Administration) Amendment Rules, 2020.	In exercise of the powers conferred by sub-section (2) of section 1 of the Companies (Amendment) Act, 2017 (1 of 2018), the Central Government hereby appoints the 28th August, 2020 as the date on which the provision of clause (ii) of section 23 of the said Act shall come into force.

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		http://egazette.nic.in/WriteReadData/2020/221419.pdf	<p>Every Company shall place a copy of the Annual Return on the website of the Company, if any, and the web-link of such annual return shall be disclosed in the Board's report.</p> <p>Provided that a company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT.9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of section 92 of the Companies Act, 2013.</p>



INSOLVENCY AND BANKRUPTCY CODE, 2016(IBC)

Circular Number	Date of Issue	Subject / Applicability	Gist
No. IBB/2020-21/GN/REG062	05.08.2020	<p>Insolvency and Bankruptcy Board of India (Liquidation Process) (Third Amendment) Regulations, 2020</p> <p>https://www.ibbi.gov.in/uploads/legalframework/99821042db3990a40cd7082f06019911.pdf</p>	<p>The Regulations require the committee of creditors to fix the fee payable to the liquidator. Where the fee has not been fixed by the committee of creditors, the Regulations provide for a fee as a percentage of the amount realised and of the amount distributed by the liquidator.</p> <p>There have been instances where a liquidator realises the amount while another liquidator distributes the same to stakeholders. The amendment made to the Regulations today clarifies that where a liquidator realises any amount, but does not distribute the same, he shall be entitled to a fee corresponding to the amount realised by him. Likewise, where a liquidator distributes any amount, which is not realised by him, he shall be entitled to a fee corresponding to the amount distributed by him.</p>
No. IBB/2020-21/GN/REG.063	05.08.2020	<p>Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2020</p> <p>https://www.ibbi.gov.in/uploads/legalframework/41dae71b62c3fa756602c8fec7848b58.pdf</p>	<p>In the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017, for regulation 5, the following regulation shall be substituted, namely: -</p> <p>“5. Appointment of liquidator.</p> <p>(1) Subject to regulation 6, the corporate person shall appoint an insolvency professional as liquidator, and, wherever required, may replace him by appointing another insolvency professional as liquidator, by a resolution passed under clause (c) of sub-section (3) of section 59 or clause (c) of sub-regulation (1) of regulation 3, as the case may be: Provided that such resolution shall contain the terms and conditions of appointment of the liquidator, including the remuneration payable to him.</p> <p>(2) The insolvency professional shall, within three days of his appointment as liquidator, intimate the Board about such appointment.”</p>
No. IBB/2020-21/GN/REG064	07.08.2020	<p>Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020</p> <p>https://www.ibbi.gov.in/uploads/legalframework/691983ad021bf2a65a708f57d17595b8.pdf</p>	<p>The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2020 today.</p> <p>The Insolvency and Bankruptcy Code, 2016 (Code) envisages appointment of an authorised representative (AR) by the Adjudicating Authority to represent financial creditors in a class, like allottees under a real estate project, in the committee of creditors. For this purpose, the Regulations require the interim resolution professional to offer a choice of three Insolvency Professionals (IP) in the public announcement,</p>

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			<p>and the creditors in a class to choose one of them to act as their authorised representative. The amendment made to the Regulations today provides that the three IPs offered by the interim resolution professional must be from the State or Union Territory, which has the highest number of creditors in the class as per records of the corporate debtor. This will facilitate ease of coordination and communication between the AR and the creditors in the class he represents.</p> <p>The Regulations currently envisage that the authorised representative shall seek voting instructions from creditors in a class at two stages, namely, (i) before the meeting; and (ii) after circulation of minutes of meeting. The amendment made to the Regulations today provides that the authorised representative shall seek voting instructions only after circulation of minutes of meeting and vote accordingly. He shall, however, circulate the agenda, and may seek preliminary views of creditors in the class before the meeting, to enable him to effectively participate in the meeting.</p> <p>The Regulations provide that the committee of creditors shall evaluate all compliant resolution plans as per evaluation matrix to identify the best of them and may approve it. The amendment made to the Regulations today provides that</p> <p>after evaluation of all compliant resolution plans as per evaluation matrix, the committee of creditors shall vote on all compliant resolution plans simultaneously. The resolution plan, which receives the highest votes, but not less than sixty-six percent of voting share, shall be considered as approved.</p>



GST UPDATES

GST UPDATE



20th August 2020

For obtaining GST registration, an option is given for an aadhaar authentication. The rules are amended with effect from 21st August 2020 as follows:

1. In case aadhaar authentication is opted for, it must be completed while submitting application. The date of application is earlier of the date of aadhaar authentication, or fifteen days from the submission of the application in Part B of Form GST REG-01.
2. For the rest of the applicants, physical verification of place of business will be carried out, including document verification, as the case may be, with permission.
3. Cases of deemed approval have also been listed.

6th August 2020

1. There's a new facility on the GST portal for tax filers to get the invoice-wise details of input tax credit that has been auto-populated in Table 8A of the GSTR-9 annual return. The same can be obtained by clicking on the 'Download Table 8A Document Details' button appearing under the instructions, at the top of the GSTR-9 return form.
2. The offline tool (Excel utility) for filing Form GSTR-4 by Composition Scheme taxpayers is available for download on the GST portal.
3. Taxpayers are now allowed to file another application for Revocation of Cancellation of Registration, if their previous application has been rejected.

INCOME TAX UPDATES:

The Income Tax due date has been extended due to COVID-19 to provide relief to tax payers by Central Board of Direct Taxes (CBDT). The income tax due date calendar is as follows:

Compliance Particulars	Due Dates	Revised Due Dates
Filing of original return for the AY 2019-20 u/s 139 (1)	30-07-2020	30-09-2020
Filing of belated return for the AY 2019-20 u/s 139 (4)	30-06-2020	30-09-2020
Filing of revised return for the AY 2019-20 u/s 139 (5)	30-06-2020	30-09-2020
Investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB	30-06-2020	30-09-2020
New procedure for registration, approval or notification entities under u/s 10(23C), 12AA, 35 and 80G	01-06-2020	01-10-2020
Date of filing of declaration and payment of tax under Vivad se Vishwas scheme	30-06-2020	31-12-2020

Report of the Committee on Business Responsibility Reporting

Ministry of Corporate Affairs (MCA) releases the Report of the Committee on Business Responsibility Reporting.

Key recommendations:

- A new reporting framework called the 'Business Responsibility and Sustainability Report (BRSR)' has been recommended to better reflect the intent and scope of reporting on non-financial parameters.
- The BRSR would be integrated with the MCA 21 portal.
- The information captured through BRSR filings should be used to develop a Business Responsibility-Sustainability Index for companies.
- The top 1000 listed companies are to undertake this reporting mandatorily.
- The reporting requirement may be extended by MCA to unlisted companies above specified thresholds of turnover and/or paid-up capital.

The complete report can be accessed by the below given link:

http://www.mca.gov.in/Ministry/pdf/BRR_11082020.pdf

Veritas Finance Private Limited

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