Veritas Finance Private Limited

# REGULATORY UPDATE

March 2023

www.veritasfin.in

# 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:** March 2023

**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

| Circular Number | Date of Issue | Subject / Applicability | Gist |
|---|---|---|---|
| RBI/2022-23/185<br><br>DOR.AML.REC.106/14.06.001/2022-23 | March 17, 2023 | **Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 102 entries**<br><br>**https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12461&Mode=0** | Ministry of External Affairs (MEA) has informed about UNSC press release SC/15229 dated March 15, 2023, wherein the Security Council Committee **approved amendment to 102 entries** on its ISIL (Da'esh) and Al-Qaida Sanctions List of individuals and entities subject to the assets freeze, travel ban and arms embargo.<br><br>In view of the above, the regulated entities have been advised to take appropriate action in terms of sections 51, 52 and 53 of the Master Direction on KYC and strictly follow the procedure laid down in the UAPA Order dated February 2, 2021 annexed therein.<br><br>Updated lists of individuals and entities linked to ISIL (Da'esh), Al-Qaida and Taliban are available at:<br><br>www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list<br><br>https://www.un.org/securitycouncil/sanctions/1988/materials |

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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 |
|---|---|---|---|
| G.S.R.242(E). | March 31, 2023 | **The Companies (Indian Accounting Standards) Amendment Rules, 2023**<br><br>https://www.mca.gov.in/bin/dms/getdocument?mds=avtnO7ripv4%252BnQvLy6GAJg%253D%253D&type=open | The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2023. Key highlights include:<br><br>• As per the amended rules, a new para 39AG has been inserted in Ind AS 101, which states that 'deferred tax related to assets and liabilities arising from a single transaction' shall apply for annual reporting periods beginning on or after 01.04.2023.<br><br>• Further para B14 has also been inserted which provides 'deferred tax related to leases and decommissioning, restoration and similar liabilities'. Income Taxes exempt an entity from recognizing a deferred tax asset or liability in particular circumstances. Despite this exemption, at the date of transition to Ind AS's, a first-time adopter shall recognize a deferred tax asset—to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized—and a deferred tax liability for all deductible and taxable temporary differences associated with:<br>(a) right-of-use assets and lease liabilities; and<br>(b) decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset<br><br>• The company is also mandated to disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements<br><br>Various other amendments have also been notified. These rules shall be applicable from the financial year beginning on or after 01.04.2023. |

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

# SECURITIES AND EXCHANGE BOARD OF INDIA

| Notification Number | Date of Issue | Subject | Gist |
|---|---|---|---|
| SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/42 | March 27, 2023 | **Nomination for Eligible Trading and Demat Accounts - Extension of timelines for existing account holders**<br><br>https://www.sebi.gov.in/legal/circulars/mar-2023/nomination-for-eligible-trading-and-demat-accounts-extension-of-timelines-for-existing-account-holders_69391.html | SEBI, vide circular dated July 23, 2021 had mandated providing choice of nomination details i.e., either furnishing of nomination or declaration for opting out of nomination for investors opening new trading and or demat account(s) on or after October 01, 2021and forall existing eligible trading and demat account holders latest by March 31, 2022 failing which the trading accounts shall be frozen for trading and demat account shall be frozen for debits.<br><br>The timeline for mandatory submission of 'choice of nomination' for existing trading and demat accounts was extended to March 31, 2023.<br><br>Based on the assessment of market and representations received from the stakeholders, it has been decided to extend the timeline to September 30, 2023. |
| SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47 | March 28, 2023 | **Nomination for Mutual Fund Unit Holders – Extension of timelines**<br><br>https://www.sebi.gov.in/legal/circulars/mar-2023/nomination-for-mutual-fund-unit-holders-extension-of-timelines_69465.html | SEBI vide Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/82 dated June 15, 2022 read with SEBI Circular No. SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/105 dated July 29, 2022, prescribedthe requirement for nomination/ opting out of nomination for all theexisting individual unit holder(s) holding mutual fund units either solely or jointly, by March 31, 2023, failing which the folios shall be frozen for debits.<br><br>Based on the assessment of market and representations received from the stakeholders, it has been decided to extend the timeline to September 30, 2023. |
| SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 | March 31, 2023 | **Extension of compliance period – Fund raising by large corporates through issuance of debt securities to the extent of 25% of their incremental borrowings in a financial year** | It has been decided that the contiguous block of two years over which large corporates need to meet the mandatory requirement of raising minimum 25% of their incremental borrowings in a financial year through issuance of debt securities will be extended to a contiguous block of three years (from the present requirement of two years) reckoned from FY 2021-22 onwards. |
| SEBI/HO/DDHS/P/CIR/2023/50 | March 31, 2023 | **Operational Circular for Debenture Trustees**<br><br>https://www.sebi.gov.in/legal/circulars/mar-2023/operational-circular-for-debenture-trustees_69684.html | Debenture Trustees are regulated under the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ('DT Regulations'). While the broad framework for Debenture Trustees has been laid down in the DT Regulations, over the years, procedural/ disclosure requirements and obligations have been specified by SEBI through circulars. A single operational circular has been prepared by consolidating all applicable circulars to remove inconsistencies and repetitions through consequent changes.<br><br>The provisions of the Operational Circular shall come into force with effect from April 01, 2023. |

# INSOLVENCY AND BANKRUPTCY CODE, 2016(IBC)

# IBBI UPDATES

| Notification Number | Date of Issue | Subject | Gist |
|---|---|---|---|
| IBBI/LAD/58/2023 | March 04, 2023 | **Serving of copy of applications to the Board, as mandated under Rules 4, 6 and 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016**<br><br>**https://ibbi.gov.in//uploads/legalframwork/a64b05965497a2bfb8334195b4ebd35e.pdf** | For convenience of applicants, the Board has made available a facility on its website at https://ibbi.gov.in/en/intimation-applications/apply-iaa for serving a copy of the application online to the Board vide Circular No. IBBI/IU/35/2020 dated 29th October 2020 before filing the same with the Adjudicating Authority.<br><br>Recently, IBBI had decided to forward all the applications received for initiating insolvency to the Information Utility (IU) and, the IU is required to (a) inform other creditors of the CD by sharing the application; (b) issue notice to the applicant, requiring it to file 'information of default' as per IU Regulations; and (c) process the 'information of default' for the purpose of issuing ROD as per the IU.<br><br>Accordingly, to ensure filing of authentic information with the Board and further enable the Board to share information relating to the application for initiation of CIRP with the IU efficiently, the format has been revised. |

# OTHER UPDATES: BSE LIMITED

| Notification Number | Date of Issue | Subject | Gist |
|---|---|---|---|
| **20230316-14** | March 16, 2023 | **Additional affirmations by Practicing Company Secretaries (PCS) in Annual Secretarial Compliance Report (ASCR)**<br><br>**https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230316-14** | SEBI vide circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019, issued the format of Annual secretarial compliance report for listed entities and their material subsidiaries which was effective from March 31, 2019, onwards, which is to be filed on annual basis by PCS confirming the compliances of all SEBI Regulations, Circulars and Guidelines.<br><br>Based on various discussions with SEBI, there are a few additional affirmations to be provided while submitting Annual Secretarial Compliance Report (ASCR).<br><br>Further, Additional columns have been inserted in the format of ASCR.<br><br>The detailed annexure on the said matter is attached therewith to the Circular.<br><br>The abovementioned circular will be effective from the financial year ended March 31, 2023, onwards. |
| **20230329-20** | March 29, 2023 | **Standard Operating Process under SEBI(PIT) Regulations, 2015 for ensuring compliance with Structured Digital Database ("SDD")**<br><br>**https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230329-20** | The listed entities to whom the provisions of Regulation 24A of SEBI(LODR) Regulations, 2015 are not applicable, are required to continue to submit SDD Compliance certificate on quarterly basis, within 21 days from end of each quarter on the below mentioned path:<br><br>BSE Listing Centre > Listing Compliance > Compliance Module > Structured Digital Database (SDD) Compliance Certificate |

# GST UPDATES

# GST UPDATE

| Notification Number | Date of Issue | Subject | Gist |
|---|---|---|---|
| NOTIFICATIONNo. 04/2023 –Central Tax | March 31, 2023 | **The Central Goods and Services Tax (Amendment) Rules, 2023** [https://taxinformation.cbic.gov.in/view-pdf/1009686/ENG/Notifications](https://taxinformation.cbic.gov.in/view-pdf/1009686/ENG/Notifications) | The amendment rules have been notified to amend the Rule 8 – 'Application of registration' which states that where an applicant, opts for authentication of Aadhaar number, he shall, while submitting the application, undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or fifteen days from the submission of the application in Part B of FORM GST REG-01 under sub-rule (4), whichever is earlier. |

# INCOME TAX UPDATES:

| Notification Number | Date of Issue | Subject | Gist |
|---|---|---|---|
| G.S.R.227(E) | March 28, 2023 | **The Income-tax (Fourth Amendment) Rules, 2023** [https://incometaxindia.gov.in/communications/notification/notification-15-2023.pdf](https://incometaxindia.gov.in/communications/notification/notification-15-2023.pdf) | A person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule 114AAA shall face the following consequences as a result of his PAN becoming inoperative:<br>(i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made;<br>(ii) interest shall not be payable on such refund for the period, beginning with the date specified under sub-rule (4) and ending with the date on which it becomes operative;<br>(iii) where tax is deductible under Chapter XVIIB in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA;<br>(iv) where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC<br>These consequences shall take effect from 1st July, 2023 and continue till the PAN becomes operative. A fee of one thousand rupees will continue to apply to make the PAN operative by intimating the Aadhaar number. |