

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO.4130
ANSWERED ON MONDAY, THE 28th MARCH, 2022
CHAITRA 7, 1944 (SAKA)**

RELAXATION TO CORPORATES

QUESTION

4130. SHRI N.K. PREMACHANDRAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has granted relaxation and exemption to the corporates on account of Covid-19 and if so, the details thereof;**
- (b) whether the Government has granted tax exemption to the corporate due to Covid-19 and if so, the details of amount given on that account;**
- (c) whether the Government has relaxed the rules and regulations for the interest of the corporates considering the Covid-19 and if so, the details thereof;**
- (d) whether the Government has collected Corporate Social Responsibility (CSR) fund from the corporates on account of Covid-19 and if so, the details of total amount received from the Corporates as CSR fund; and**
- (e) whether the Government proposes to identify and declare the NGOs entitled to avail the CSR fund and if so, the details thereof including the list of NGOs in Kerala recognised for receiving CSR fund from the corporates?**

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

(a) to (c):- Ministry of Corporate Affairs has taken various measures to reduce the compliance burden considering the impact of COVID-19 pandemic:-

- (i) The Companies Fresh Start Scheme, 2020 was launched to make a fresh start for companies to become fully compliant by allowing them to file belated documents in MCA 21 registry without any additional fees from 1st April to 31st December, 2020. The**

said scheme had also given immunity from prosecutions and proceedings for imposition of penalty which might arise on account of such delayed filing of documents.

(ii) LLP Settlement Scheme, 2020 was introduced to provide a one-time relaxation in additional fees to the defaulting Limited Liability Partnerships ('LLPs') to make good their defaults by filing pending documents with the Registrar of Companies ('ROC' or 'Registrar'). The said scheme was initially rolled out from 16.03.2020 to 31.03.2020 for certain filings by LLPs. However, due to the COVID 19 pandemic, the modified further expanded scheme to cover all e-forms was rolled out from 01.04.2020 to 31.12.2020. Under the said scheme, the defaulting LLPs were permitted to file belated documents.

(iii) Keeping in view the second COVID wave and considering the difficulties arisen due to resurgence of COVID-19 pandemic, the Ministry had granted relaxation on levy of additional fees for companies / LLPs in filing certain forms (other than a CHG-1 Form, CHG-4 Form and CHG-9 Form). Accordingly, no additional fees was levied upto 31st August, 2021 for the delayed filing of forms (other than charge related forms referred above) which were due for filing during 1st April, 2021 to 31st July, 2021. For such delayed filings upto 31st August, 2021 only normal fees was payable.

(iv) In the wake of COVID 19 and in order to provide relief to law abiding companies, a scheme was launched for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013 during the period from 01st March to 31st December, 2020.

(v) Considering the difficulties arisen due to the COVID -19 pandemic, the Ministry vide General Circular No. 7/2021 dated 03.05.2021 and General Circular No. 12/2021 dated 30.06.2021 had granted relaxation of timelines and waived off fees/additional fees/advalorem fees as the case may be in filing of forms relating to creation/modification of charges (CHG-1 form CHG-9 form) by any company or charge holder. In terms of section 77 of Companies Act a charge or modification thereof is required to be filed mandatorily within a maximum period of 120 days from the date of its creation or modification with fees/additional fees/advalorem fees as applicable. By the aforesaid circular, where filing of charge or modification thereof was due before 1st April 2020-21 and period of 120 days were not lapsed from its creation or modification, fees/additional fees/ advalorem fees were waived off and further rigid time line of 120 days for filing of charge related form were relaxed by not counting certain period for the purpose of reckoning the period of 120 days for filing of charge or modification thereof.

(vi) Condonation of Delay Scheme was launched for Companies restored by NCLT between 1st December, 2020 to 31st December, 2020 under section 252 of the Companies Act, 2013. The Scheme provided for condonation of delay in filing forms with the Registrar and waived off payment of additional fees. This Scheme was in operation from 01st February 2021 and was available for filing of certain overdue e-forms by such companies till 31st March 2021.

(vii) In order to provide relief to the companies in view of COVID-19 pandemic, companies have been allowed to conduct Board Meetings through Video Conference (VC) or other audio-visual means for passing resolutions in respect of matters which were earlier required to be passed in meetings which required physical presence of directors by amending the Companies (Meetings of Board and its Powers) Rules 2014 from time to time during COVID-19 pandemic. Such facility to the companies was initially allowed till 30th June, 2021. (Initially it was till 30.06.2020, then extended to 30.09.2020 and 31.12.2020). Thereafter, considering the second COVID wave, Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 had been omitted vide notification dated 15.06.2021 to provide that all the matters can be deliberated & resolutions passed by Board of Directors through video conferencing or other audio visual means. The measure has provided increased flexibility to Boards of companies for conducting Business and further the Ease of Doing Business objective of the Government.

(viii) The companies have been allowed to hold Extraordinary General Meetings (EGMs) through Video Conferencing (VC) or other audio-visual means (OAVM) complemented with e-Voting facility/simplified voting through registered emails till 30th June, 2021. Considering the second wave of COVID-19, the Ministry has extended the aforesaid time limit to 30th June, 2022.

(ix) The companies whose Annual General Meetings (AGMs) were due to be held in the year 2020 or become due in the year 2021 or 2022 have been allowed to conduct their AGMs through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) on or before 30.06.2022. Owing to the difficulties in sending physical copies of the financial statements, the companies were also allowed to send the financial statements, along with Board's reports, Auditor's reports and other documents required to be attached therewith, only through email.

(x) The Registrar of Companies on the advice of the Ministry had accorded extension of three months from the due date of holding of Annual General Meeting for the financial year ended on 31 March, 2020. Similarly, extension of time in holding of AGM for the financial year ended on 31.03.2021 had also been granted by RoCs for a period of 2 months as per advice of the Ministry.

(xi) Quality of disclosures were strengthened through amendments made in the formats of financial statements, Companies (Accounts) Rules, Companies (Audit and Auditor's) Rules and the Companies (Auditor's Report) Order, 2020. The Companies (Auditor's Report) Order, 2020 had been made applicable from the audit of financial statements for the financial year 2021-22 onwards, instead of 2019-20, to ease the compliance requirement on auditors and the companies.

(xii) The Companies (Indian Accounting Standards) Rules, 2015 had been amended vide notification dated 18.06.2021 *inter-alia* to extend the benefits of COVID-19 related rent concession from the initial date of 30th June, 2021 to 30th June, 2022.

(xiii) The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in section 173 of the Companies Act, 2013 (CA-13) (120

days) was extended by a period of 60 days till next two quarters i.e., till 30th September, 2020. Considering the second COVID wave, the Ministry further extended the aforesaid relaxation for the year 2021-22 also and accordingly the time gap between two consecutive meetings of the Board could extend to 180 days during the Quarter – April to June 2021 and Quarter – July to September, 2021, instead of 120 days as required in the Companies Act, 2013.

(xiv) Independent Directors (IDs) of a company have been given relaxation from holding atleast one mandatory meeting amongst themselves and accordingly for the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same has not been viewed as a violation.

(xv) The Ministry enhanced the period to thirteen months from 1st December, 2019, within which existing Independent directors may apply online for inclusion of their names in the databank for Independent Directors vide amendments in the Companies (Appointment & Qualification of Directors) Rules, 2014. Further, the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 have been amended vide notification dated 18.06.2021 to provide that in case an individual has delayed in applying to the Institute for inclusion of his name in the data bank of Independent Directors or in case of delay in renewal thereof, the Institute shall allow such inclusion or renewal, as the case may be, after charging a further fees of one thousand rupees on account of such delay. Through this amendment, requests made by a large number of stakeholders to grant additional time for delayed applications in view of Covid-19 pandemic have been addressed.

(xvi) Timeline for creation of deposit repayment reserve of 20% under section 73(2)(c) of CA-13 and to invest or deposit 15% of amount of debentures under rule 18 of Companies (Share Capital and Debentures) Rules, 2014 was extended till 31st December, 2020.

(xvii) An additional period of 180 more days has been allowed to comply with the requirement of filing a declaration for Commencement of Business by newly incorporated companies.

(xviii) Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the CA-13 is not being treated as a non-compliance for the financial year 2019-20 and 2020-21.

(xix) Till 31st December, 2020, the inability to dispatch the notice for Rights Issues by listed companies to their shareholders through registered post or speed post or courier would not be viewed as violation of section 62(2) of the Act provided these companies comply with the SEBI Circulars dated 6th May, 2020 and 24th July, 2020 which inter-alia provide the mode/manner of issuance of notice by electronic transmission by listed companies.

(xx) Requirement for investing 15% of amount of debentures maturing in a particular year in specified instruments has been done away with for Listed companies & NBFCs when such debentures are issued on a private placement basis.

(xxi) Time allowed to Auditors and Audit Firms for filing NFRA-2 form with the NFRA has been extended till a total period of 270 days in view of the difficulties faced during COVID-19 related disruption.

(xxii) The expenditure incurred by companies on activities relating to Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) Veterans, and their dependents including widows has been considered as eligible CSR expenditure.

(xxiii) Last date of submission of Cost Audit Report by the Cost Auditor to the management of the company has been extended till 31st December 2020 and additional fee has been relaxed for filing of CRA-4 (form for filing of cost audit report) for financial year 2019-2020. For the financial year 2020-21 also, the Ministry has granted extension of last date for filing of Cost Audit Report to the Board of Directors under Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014 upto 30th November, 2021.

(xxiv) In August, 2020, Companies (CSR Policy) Rules, 2014 were amended to enable companies to undertake research and development of new vaccine, drugs and medical devices related to COVID-19 in the normal course of business as an eligible CSR activity for three financial years, beginning from financial year 2020-21.

2. Further, the Central Board of Direct Taxes (CBDT) in the Department of Revenue, Ministry of Finance has stated on 22.03.2022 that Government has already taken several steps for the relief of all taxpayers including corporate taxpayers. The details of the steps taken are as follows:

(I) The Government extended various key tax compliance deadlines such as extension in the date of filing return of income, furnishing of tax audit report etc. Besides above, various time limits specified in the Income-tax Act, 1961 (the IT Act) for various compliances by the taxpayers like filing of appeals, rectification applications, response to the notices, application for approval/registration, etc. and the actions by the departmental officers like passing of assessment orders, granting approvals/registration etc. has also been suitably extended.

(II) The Government has also undertaken the following measures to boost liquidity in the hands of the taxpayers including corporate taxpayers:

(i) In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and the rate of Tax Collection at Source (TCS) for the specified receipts was reduced by 25% for the period from 14th May, 2020 to 31st March, 2021.

(ii) In order to provide relief to the taxpayers, it was provided that reduced rate of interest of 9% shall be charged for non-payment of Income-tax (e.g. advance tax, TDS, TCS) Equalization Levy, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT) which are due for payment from 20.03.2020 to 29.06.2020 if they are paid by 30.06.2020. Further, it has also been provided that no penalty/ prosecution shall be initiated for these non-payments.

(iii) In order to provide relief to small and middle-class taxpayers, the date for payment of self- assessment tax for financial year 2019-20 & 2020-21 in the case of a

taxpayer whose self- assessment tax liability is up to Rs. 1 lakh was extended along with the extension of due dates for the return of income discussed above.

(III) The amendments made to the IT Act to boost economy and provide relief to taxpayers in the background of COVID- 19:

(i) In order to reduce the impact of COVID-19 for the companies to set up the new companies or commence manufacturing or production, the Finance Bill, 2022 has proposed to amend section 115BAB of the IT Act to extend the last date to commence manufacturing or production from 31.03.2023 to 31.03.2024.

(ii) In order to factor in delays due to the pandemic and promote such eligible start-ups, the Finance Bill, 2022 has proposed to amend the provisions of section 80-IAC of the IT Act to extend the period of incorporation of eligible start-ups to 31.03.2023

(iii) Increase in the safe harbour limit for differential between circle rate and agreement value from 10% to 20% for primary sale of residential units of value up to Rs. 2 crores during a specified period. [Finance Act, 2021].

(iv) In order to increase the supply of affordable house, the eligibility period for claiming tax holiday for affordable housing project was also extended by one year to 31st March, 2022 [Finance Act, 2021].

(v) In order to promote supply of Affordable Rental Housing for the migrant workers, a new tax holiday was provided for the notified Affordable Rental Housing Projects [Finance Act, 2021].

(vi) Taxpayers' Charter — The Hon'ble Prime Minister has also launched a 'Taxpayer's Charter'. The Charter reflects certain principal commitments of the Income Tax Department towards the taxpayer. With its adoption, India joins other major economies in the world like USA, UK, Canada and Australia which too have adopted and published Charter as a gesture of their commitment towards their taxpayers. The Charter will go a long way in strengthening the trust between the taxpayer and the tax administration. It will also help in enhancing the efficiency of the delivery system of the Income Tax Department. [Adopted on 13th August, 2020]

(vii) Pre-filing of Income-tax Returns — In order to make tax compliance more convenient, pre- filled Income tax Returns (ITR) have been provided to individual taxpayers. The ITR form now contains pre-filled details of certain incomes such as salary income. The scope of information for pre-filing has further been expanded by including information such as bank interest, dividends etc.

(viii) New Form 26AS — In order to ease the compliance by the income- tax compliances, a new Form-26AS has been notified. This new form contains all information of deduction or collection of tax at source, specified financial transaction, payment of taxes, demand and refund, pending and completed proceedings.

(d):- Schedule VII of the Companies Act, 2013 provides the eligible list of activities that can be undertaken by the companies as Corporate Social Responsibility (CSR). The Ministry vide General Circular No. 14/2021 dated 25th August, 2021 clarified that items mentioned in Schedule VII are broad based and can be interpreted liberally. The Ministry vide General Circular no. 10/2020 dated 23.03.2020 had clarified that CSR funds may be spent by the Companies for various activities related to COVID-19 under item no. (i) and (xii) promoting healthcare including preventive healthcare and sanitation, and disaster management respectively. Further, vide General Circular no. 05/2021,

09/2021 and 13/2021 dated 22.04.2021, 05.05.2021 and 30.07.2021, the Ministry had also clarified that spending of CSR funds for setting up makeshift hospitals and temporary COVID care facilities and 'creating health infrastructure for COVID care', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' and COVID-19 vaccination for persons other than the employees and their families, are eligible CSR activities.

Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities of the company based on the recommendation of its CSR Committee. The Government does not issue any directions in this regard.

(e):- In legal framework for CSR, the word 'Non-governmental Organisation (NGO)' has nowhere been defined. However, section 135 of the Act read with Rule 4 of the Companies (CSR Policy) Rules, 2014 prescribes that the Board of the Company is empowered to undertake its CSR activities either by itself or through implementing agencies, namely:

(i) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(ii) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(iii) any entity established under an Act of Parliament or a State legislature; or

(iv) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

The Companies (CSR Policy) Rules, 2014 were amended on 22.01.2021 and registration of implementing agencies with Central Government has been made mandatory w.e.f. 01.04.2021. However, state wise list of implementing agencies is not maintained by this Ministry.
