

Overview of Company Fresh Start Scheme, 2020 & Revised LLP Settlement Scheme 2020



Ministry of Corporate Affairs

Government of India

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INTRODUCTION

In view of the outbreak caused by COVID-19, Ministry of Corporate Affairs vide its Press Release dated March 30, 2020 has introduced the “Companies Fresh Start Scheme, 2020 & revised the “LLP Settlement Scheme, 2020 to reduce the compliance burden during the unprecedented public health situation caused by COVID-19.

The central government in exercise of powers conferred under section 460 read with section 403 of the Companies Act, 2013 has decided to introduce a Scheme namely “Companies Fresh Start Scheme, 2020 (CFSS-2020) condoning the delay in filing certain documents with the Registrar, insofar as it relates to charging of additional fees, and granting of immunity from launching of prosecution or proceedings for imposing penalty on account of delay associated with certain filings. Only normal fees for filing of documents in the MCA-21 registry will be payable in such case during the currency of CFSS-2020 as per the provisions of the Companies Act, 2013.

“Further the LLP Settlement Scheme, 2020 has been revised to become effective from 01.04.2020 till 30.09.2020 instead of 16.03.2020 till 13.06.2020.”

COMPANIES FRESH START SCHEME, 2020

1. Validity

Valid from 01.04.2020 to 30.09.2020.

2. Applicability

Applicable for any “Defaulting Company” which has defaulted in filing its pending documents and returns on any given date in accordance with the provisions of the given scheme.

3. Manner of Payment of Fees

No Additional Fees will be payable on any form filed during the validity period and only normal fees as prescribed under the Companies (Registration Office and Fee) Rules, 2014.

4. Prosecution Immunity

Immunity from the launch of prosecution or proceedings for imposing penalty to the extent such prosecution or proceedings are associated with delay in filings of belated documents.

COMPANIES FRESH START SCHEME, 2020

Other Matters of the Scheme:

1. In case any appeal is pending against nay notice issued or complaint filed or an order passed by a court or authority under the Act, before a competent court or authority for violation of the provision of the Act, then before filing an application for issue of immunity certificate, appeal needs to be withdrawn and proof of such withdrawal needs to be furnished along with the application.
2. Application for seeking immunity shall be filed under Form CFSS-2020, after the closure of Scheme or filing of documents within 6 months from the date of closure of the Scheme.
3. No immunity under this Scheme shall be applicable in case any court has ordered conviction in any matter, or an order imposing penalty has been passed by the adjudicating authority under the Act, and no appeal has been preferred against such orders or of the adjudicating authority, as the case may be, before this scheme has come into force.

COMPANIES FRESH START SCHEME, 2020

Exceptions: This scheme shall not apply to following:

1. Companies against which action for final notice for striking off the name under section 248 of the Act has already been initiated by the Designate Authority;
2. Where an application has already been filed by the companies for action for striking off the name of the Company from the register of companies;
3. To companies which have amalgamated under the scheme of arrangement or compromise under the Act;
4. Where applications have already been filed for obtaining the Dormant Status under Section 455 of the Act before this Scheme;
5. To vanishing companies;
6. Where any increase in authorized capital is involved (Form SH-7) and also charge related documents (CHG-1, CHG-4, CHG-8, CHG-9).

REVISED LLP SETTLEMENT SCHEME, 2020

The LLP Settlement Scheme was introduced vide Circular No 6/2020 on 04.03.2020. It was introduced to file the pending LLP Annual Returns at an additional fees of Rs. 10/- per day instead of Rs. 100/- per day.

Following revision have been done in the Scheme:

1. The validity has been change from 16.03.2020 – 13.03.2020 to **01.04.2020-30.09.2020**;
2. Applicability: before it was applicable to the companies who have defaulted in filing its return due till 31.10.2019. The said time has been changed to **31.08.2020**;
3. Additional Fees: Earlier the scheme had reduced the additional fee from Rs. 100/- per day to Rs. 10/- per day subject to max. of Rs. 5,000/-. However now the scheme gives the entire immunity from the additional fees and **no additional fees** shall be applicable on the forms.



Thank You

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