

# COVID-19: New scheme to promote ease of doing business – Companies Fresh Start Scheme, 2020

Under the Companies Act 2013, every company is required to file various forms, statements, returns, etc., with the Registrar of Companies (ROC). Failure to do so attracts an additional fee of up to 12 times the normal fee and makes directors liable to prosecution.

To ease this financial burden and promote ease of doing business in the current COVID-19 crisis, the Ministry of Corporate Affairs (MCA) has introduced a new scheme, Companies Fresh Start Scheme, 2020 (CFSS-2020). This scheme allows a one-time condonation of delay in filing statutorily required documents with the ROC without payment of any additional fees. Inactive companies can also declare themselves as dormant or apply for strike off.

## Key features of the scheme



### Applicability

The scheme is available from 1 April 2020 to 30 September 2020. Under the scheme, any defaulting company is permitted to file delayed forms (i.e. annual return, financial statements and various other forms) without payment of any additional fee for the delay.

The scheme is not applicable in the following circumstances:

- To companies against which action for final notice of striking off has already been initiated
- Where the companies have applied for striking off
- To amalgamated companies
- Where the companies have already applied for dormant status
- To vanishing companies
- For filing of Form SH-7 (increase in authorised share capital) or CHG-1, CHG-4, CHG-8 and CHG-9 (charge-related forms) is to be filed



### Immunity against prosecution/penalty for delay in filings

The defaulting company/directors will not be liable to any prosecution/penalty for delay in filing of such forms. For immunity, the company is required to file Form CFSS-2020 within six months of closure of the scheme.

Immunity will not be applicable in any of the following cases:

- If any appeal or management disputes are pending before any court
- If any court has ordered conviction in any matter or if adjudicating authority has imposed penalty and no appeal has been preferred against such order, before this scheme has come into force



### Withdrawal of appeal against any prosecution/penalties for delay in filings

Companies that have filed appeals against prosecution/penalties initiated by any authority for delay in filings have to withdraw such appeals and submit a proof of such withdrawal to the ROC, while applying for immunity certificate under this scheme.



### Additional time of 120 days for filing appeal against orders of adjudicating authorities

An additional time period of 120 days has been granted to those companies who were eligible to file an appeal, within the prescribed period of 90 days (provided the last day falls between 1 March 2020 to 31 May 2020), to regional director against the order of adjudicating authorities and no action shall be initiated by adjudicating authorities during this extended period of 120 days.



### Scheme for inactive companies

Defaulting inactive companies can also:

- Apply to get themselves declared as dormant company
- Apply for strike off of name

## How Grant Thornton can help

### For completion of pending ROC filings of defaulting Indian companies



#### Review financials and conduct discussions

- Review of latest financials of the entity in order to see the reflected changes
- Discussion with client about any other development in the period of non-filing of documents



#### Draft documents

- Draft all documents required for filing purposes, including the attachments
- Review of application with all relevant forms and documentation



#### File forms and seek immunity

- File documents with ROC to make the entity compliant as on date
- File form under CFSS 2020 (for Indian and foreign companies only) for getting immunity from persecution/penalties for delayed filings



#### For dormant status

- Analysis of the company for its eligibility of getting dormant status
- Assistance in seeking dormant status of the company
- Annual corporate secretarial compliances for a dormant company at a nominal fee
- Event-based corporate secretarial compliances for a dormant company (change in directors and allotment of shares at a nominal fee)
- Assistance in making the company active as and when it requires



#### For strike off

- Analysis of the company for its eligibility of getting struck-off
- Assistance in completion of necessary pending compliances
- Assistance in execution of documents and payment of stamp duty on the documents
- Draft documents for filing an application for strike off
- Follow-up and representation before ROC for quick issuance of final order

### For completion of pending ROC filings of defaulting foreign companies



#### Review of financials and discussions

- Review latest financials of the entity in order to see the changes reflected in it
- Discussion with client about any other development in the period of non-filing of documents



#### Draft documents

- Draft documents required for filing purposes
- Review application with all relevant forms and documentation



#### File forms and seek immunity

- File all required documents with ROC to make the entity compliant as on date
- File all forms for foreign companies under CFSS-2020 for immunity from persecution/penalties



#### For closure of defaulting foreign companies

- After completion of the pending filings, draft relevant documents to be submitted to the ROC and the Reserve Bank of India for closure of the foreign companies

## Grant Thornton's compliance and outsourcing team

practice can help remove the burden of back office operations and ensure compliance with the changing regulatory environment.



For more details, please contact

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[Click here to download the recently released Grant Thornton Halt-Plan-Refresh Guide on revisiting business priorities and plans](#)



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