

# COMPANY LAW UPDATE

*An official update on the Indian Companies Act, 2013*



## Message from JCSS

The culling of inoperative and dormant companies to weed out shady operators had some unintended consequences, with many genuine companies and their directors being put to untold hardships. Many a court battle later, the Government has stepped in to provide one last chance for genuine companies to re-establish themselves.

The Companies Fresh Start Scheme 2020 (CFSS 2020) seeks to do exactly as its name suggests. Give a fresh start to companies who were dealt a bad hand.

Best  
Team JCSS  
<https://jcsglobal.com>



## At a glance

- *Validity of the Scheme – 01-04-2020 to 30-09-2020*
- *No additional fees on belated forms/returns filed by the Defaulting Company during this period covered under the scheme.*
- *No fee shall be payable on E Form CFSS 2020 seeking immunity against default in filing the forms*

## Overview of the Scheme (CFSS 2020)

- Companies Fresh Start Scheme (CFSS 2020) introduced by the Ministry of Corporate Affairs (MCA) vide its circular dated 24-03-2020 for facilitating defaulting companies to:
  - Make good related defaults and granting immunity to companies against prosecution/proceedings for imposing penalty on account of delayed filings
  - Enable inactive companies to obtain status of 'Dormant Company' or proceed to "Strike Off" the Company
- Validity of the Scheme: 01-04-2020 to 30-09-2020

### Benefits of the CFSS 2020:

- No additional fees on any belated forms/returns filed by the Defaulting Company during 01-04-2020 and 30-09-2020
- MCA will grant immunity against prosecution or proceedings for imposing penalty on account of delay in filings
- On granting immunity, Registrar of Companies will withdraw:
  1. All prosecution launched against such delayed filing of such forms/returns
  2. Proceedings of adjudication of penalties under Section 454 of Companies Act, 2013

## Applicability of the Scheme

This Scheme shall be applicable to any 'Defaulting Company'; all documents and forms which were due for filing, but not filed can be filed without any additional fees.

### Eligible Forms:

1. Annual Forms - Annual Return -MGT-7, Financial Statements – AOC-4;
2. Event Based Forms – INC 22A, INC 20A, PAS 3, ADT-1, MGT-14, DIR 12

### Exceptions:

1. Increase in Authorized Share Capital forms;
2. Charge related documents (CHG 1, 4, 8, 9)

### Immunity:

Immunity to be provided against launch of prosecution and proceedings for imposing penalties only to the extent of delay in filing of the aforesaid forms

### Exceptions:

1. Any consequential proceedings, including any proceedings involving interest of any shareholder or the Company or its Directors/Key Managerial Personnel would not be covered by such immunity
2. Any appeal pending before the Court of Law and in case of any management disputes of the Company pending any court of law or tribunal
3. In case any court has ordered conviction in any matter, or an order imposing penalty has been passed by an adjudicating authority and no appeal has been preferred

## Procedure



### Notes:

- No fee shall be payable on E Form CFSS 2020
- In case the Defaulting Company/Officers in Default has filed an appeal against any notice issued by a Court/Adjudicating Authority in respect of which the Application is made under the CFSS 2020, the Applicant should withdraw the appeal and furnish proof of withdrawal while filing E Form CFSS 2020