

Regulatory Update | Covid-19

Relaxations announced by Ministry of Corporate Affairs due to Covid-19 – Changes in Law

In the light of disruptions caused by the outbreak of Covid-19, Ministry of Corporate Affairs (MCA) has announced slew of measures providing much needed relief to the corporate sector in India, amidst these unprecedented times.

The measures undertaken by MCA primarily aims at reducing compliance burden which include conducting general meetings through video conferencing, permitting Board to transact restricted matters through video conferencing, spending of CSR on Covid-19 related activities etc.

The key relaxations pertaining to change in law are summarized hereunder:

Changes in Law

- 1. Waiver of additional fees** - Additional fees for delay in filing any form, document, return, statement, etc. with the Ministry of Corporate Affairs (MCA) between 1 April 2020 and 30 September 2020 are waived. This should allow non-compliant Companies / LLPs to clear their backlog of pending filings.
- 2. Deferment of applicability of Companies (Auditor's Report) Order 2020 (CARO)** - The recently notified Companies (Auditor's Report) Order, 2020 would now apply from FY 2020-21, instead of FY 2019-20.
- 3. Corporate Social Responsibility (CSR)** – Companies are now eligible to spend their CSR funds on activities relating to Covid-19. Contribution to the 'PM CARES Fund', contribution to state disaster management authority and ex-gratia payment to workers will also qualify as CSR expenditure.
- 4. Allowing restricted matters to be transacted through video conferencing** - Restricted matters viz. approval of annual financial statements and boards' report, corporate restructuring such as merger, amalgamations etc., can now be transacted through video conferencing or other audio visual means till 30 June 2020.
- 5. Conducting AGM and EGM through video conferencing** - MCA allows companies to conduct AGM (for calendar year 2020) and EGM (until 30 June 2020) through video conferencing (VC) or other audio-visual means (OAVM), subject to compliance with prescribed conditions.

Conclusion:

Due to the current lockdown situation, the above temporary relaxations will enable companies to avoid penalties on account of unavoidable delay in meeting their regulatory compliances and ease their compliance burden.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites).

DTTI LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTI LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2020 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited