

Info Capsule

MCA NOTIFIES SECTION 234 OF THE COMPANIES ACT, 2013¹

MCA has issued notification dated April 13, 2017, which states that the Central Government appoints April 13, 2017 as the date on which the provisions of section 234 of the Companies Act, 2013 shall come into force. Section 234 deals with the Merger and Amalgamation of company with foreign company.

MCA NOTIFIES COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) AMENDMENT RULES, 2017²

Ministry of Corporate Affairs notifies amendments to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 which shall be effective from the date of notification i.e. April 13, 2017.

The amendments are made as follows:

- (a) The following new rule “RULE 25 A” shall be inserted, after rule 25, in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016:-

RULE 25A: Merger or Amalgamation of a Foreign company with an Indian Company and vice versa.

The new rule states that a foreign company incorporated outside India may merge or amalgamate with an Indian Company and vice versa after obtaining prior approval of Reserve Bank of India and after complying with:

- (i) *the provisions of Sections 230 to 232 of the Act, and*
(ii) *the rules provided by the sub-rule (1), (2) and (3) of Rule 25A.*

MCA NOTIFIES COMPANIES (REMOVAL OF NAMES OF COMPANIES FROM THE REGISTER OF COMPANIES) AMENDMENT RULES, 2017³

Ministry of Corporate Affairs notifies amendments to the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 which shall be effective from the date of notification i.e. April 12, 2017.

¹ Available at : http://www.mca.gov.in/Ministry/pdf/section234Notification_14042017.pdf

² Available at : http://www.mca.gov.in/Ministry/pdf/CompaniesCompromises_14042017.pdf

³ Available at : http://www.mca.gov.in/Ministry/pdf/CompRemovalofNamesRules_13042017.pdf

The amendments are made as follows:

- (a) A new proviso has been inserted to Rule 7(1) in Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016:

“Provided further that the publication of notice under clause (iii) of the sub rule, in respect of the cases falling under sub –section (1) of section 248 shall be in Form No STK-5A.”

- (b) The format of new Form No. STK-5A has also been provided by this notification.

INCLUSION OF “DERIVATIVES ON EQUITY SHARES” – IFSC⁴

International Financial Services Centres (IFSC) means an International Financial Services Centre which has been approved by the Central Government under section 18 of Special Economic Zones Act, 2005. An IFSC supplies to customers outside the jurisdiction of the domestic economy. Such centres deal with flows of finance, financial products and services across borders.

SEBI notified the SEBI (International Financial Services Centres) Guidelines, 2015 on March 27, 2015, effective from April 01, 2015. Clause 7 of SEBI (IFSC) Guidelines, 2015 specifies the types of securities in which dealing may be permitted by stock exchanges operating in IFSC. The following are the permissible securities:

- (i) Equity shares of a company incorporated outside India;
- (ii) Depository receipt(s);
- (iii) Debt securities issued by eligible issuers;
- (iv) Currency and interest rate derivatives;
- (v) Index based derivatives;
- (vi) Such other securities as may be specified by SEBI.

SEBI has decided to specify ‘Derivatives on equity shares’ as permissible security under sub-clause (vi) of Clause 7 of SEBI (IFSC) Guidelines, 2015. Accordingly, the recognized stock exchanges operating in IFSC may permit dealing in ‘Derivatives on equity shares’, subject to prior approval of SEBI. Foreign Portfolio Investors (FPIs) registered with SEBI, operating in IFSC, shall also be eligible to trade in ‘derivatives on equity shares’.

EXTENSION OF TIME FOR SUBMISSION OF COMMENTS ON PROPOSED AMENDMENTS TO THE CCI (LESSER PENALTY) REGULATIONS, 2009⁵

The Competition Commission of India (CCI) had invited stakeholders to submit comments on the proposed amendments to “The Competition Commission of India (Lesser Penalty)

⁴ Available at: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1492078372887.pdf

⁵ Available at : <http://www.cci.gov.in/node/3073>

Regulations” by April 10, 2017. However, on the requests made by the stakeholders, the time limit to submit the comments has been extended by two weeks i.e. up to April 24, 2017.

GOODS & SERVICES TAX

1. President Pranab Mukherjee’s assent to four GST bills paves the way for the roll out of the unified tax regime from July1, 2017.

The focus is on rates as the legislative framework is final. Rules under the four laws notified in the official gazette on Thursday—the Central GST Act, the Union Territories GST Act, the Integrated GST Act and the GST (Compensation to states) Act—are also almost final. Four set of rules relating to input tax credit, valuation norms, composition and transition provisions will be cleared by the council next month and five are already approved.⁶

2. While introducing the Telangana State Goods and Services Bill, 2017 during the special session of the Legislative Assembly, Finance Minister Eatala Rajender said that the proposed legislation, introduced on the instructions of the GST Council through a circulated draft of the State GST, would confer power on the State Government to levy goods and services tax on the supply of goods and services or both which take place within the State.

The new legislation would provide for levy of tax on all inter-State supplies of goods or services except for liquor and petroleum products and for establishment of an Authority for Advance Ruling in order to enable tax payer to seek binding clarity on taxation matters from the department. He further added that it would also provide for elaborate provisions for smooth transition of existing tax payers to good and services tax regime.⁷

Team ICSI

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⁶ Available at: <http://www.livemint.com/Politics/NodKSheMx3PuSZti1iasNJ/President-Pranab-Mukherjee-gives-assent-to-4-supporting-legi.html>

⁷ Available at : <http://www.thehindu.com/todays-paper/tp-national/tp-telangana/state-gst-bill-passed/article18074014.ece>