

Info Capsule

Tuesday
July 20, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Ministry of Corporate Affairs

- **36,191 new Companies incorporated from April to June 2021; an increase of 17,223 new Companies (July 19, 2021)**

The number of new companies incorporated in the Country under the provisions of the Companies Act, 2013 from April 2021 to June, 2021 is 36,191 as compared to 18,968 number of new companies in the corresponding period of last year which is an increase of 17,223 number of new Companies. This was stated by Minister of State for the Ministry of Corporate Affairs Shri Rao Inderjit Singh in a written reply to a question in the Lok Sabha on July 19, 2021.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1736934>



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

- **Rs. 21,231 crore spent by 21,349 companies on CSR funds in 2019-20 (July 19, 2021)**

Corporate houses spend a huge sum on Corporate Social Responsibility (CSR) for the welfare of workers and local people in the country. This was stated by Minister of State for the Ministry of Corporate Affairs Shri Rao Inderjit Singh in a written reply to a question in the Lok Sabha on July 19, 2021.

All data related to CSR filed by companies in the MCA21 registry is available in public domain at www.csr.gov.in. On the basis of filings made by the companies in MCA21 registry, the CSR amount spent by various companies in the financial years 2017-18, 2018-19 and 2019-20 respectively is tabled below:

	Financial Year 2017-18	Financial Year 2018-19	Financial Year 2019-20
No. of Companies	21,455	24,965	21,349
CSR expenditure (in Rs. Crore)	13,909	18,728	21,231

(Data upto 31.03.2021)

[Source: National CSR Data Portal]

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1736935>

❖ **Securities Laws and Capital Market**

SEBI Report

Consultation Paper for introduction of Swing Pricing (June 19, 2021)

The SEBI has placed a consultation paper for public comments on the proposal to introduce swing pricing mechanism to ensure fairness of treatment of entering, exiting and existing investors in Mutual Fund schemes, particularly during market dislocation. The comments are to be submitted to SEBI latest by August 20, 2021 in the prescribed format. As per the IOSCO report, Swing pricing refers to a process for adjusting a fund's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market. SEBI proposed a hybrid model i.e. partial swing during normal times and a mandatory full swing during times of market dislocation.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/jul-2021/consultation-paper-for-introduction-of-swing-pricing_51234.html

SEBI News

SEBI, DRI probing some Adani Group firms for non-compliance of rules: Government (July 19, 2021)

The market regulator and customs authorities are investigating Adani Group for non-compliance of rules, the government informed Parliament on Monday. While the Securities and Exchange Board of India (SEBI) is investigating some of the companies "with regard to compliance with Sebi regulations", the Directorate of Revenue Intelligence (DRI) is probing "certain entities belonging to the Adani Group of Companies under laws administered by it", Minister of State for Finance Pankaj Chaudhary said in a written reply to a question.

For details:

https://www.business-standard.com/article/markets/sebi-dri-probing-some-adani-group-firms-for-non-compliance-of-rules-govt-121071901404_1.html

❖ **Market Watch**

Stock Market Indices as on 20.07.2021

S & P BSE Sensex	52198.51 (-354.89)
Nifty 50	15632.10 (-120.3)

Foreign Exchange Rates as on 19.07.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.48	87.92	102.49	0.68

❖ **Indirect Taxes**

Goods and Services Tax

- **GST Compensation dues paid to States (July 19, 2021)**

The Government has paid all the GST Compensation dues to the States the financial years 2020-21 and 2021-22. This was stated by Minister of State for Finance Shri Pankaj Chaudhary in a written reply to a question in the Lok Sabha on July 19, 2021. The Minister stated that the GST compensation cess levied under Section 8 of the GST (Compensation to States) Act, 2017 is transferred into a non-lapsable Fund known as GST Compensation Fund which forms part of the Public Account of India as provided in Section 10(1) of the act. The States are being compensated for any loss of revenue arising on account of implementation of GST for five years out of the Compensation Fund as per Section 10(2) of the said Act.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1736891>

Customs

- **Clarification regarding applicability of IGST on repair cost, insurance and freight, on goods re-imported after being exported for repairs, on the recommendations of the GST Council made in its 43rd meeting – Circular No. 16/2021- Customs (July 19, 2021)**

Notification Nos. 45/2017-Customs and 46/2017-Customs, both dated June 30, 2017, issued at the time of implementation of GST, prescribe certain concession from duty/taxes on reimport of goods exported for repair outside India. The GST Council deliberated on the issue and recommended that a suitable clarification, including any clarificatory amendment, if required, may be issued for removal of any doubt, to clarify the decision of the GST Council that re-import of goods sent abroad for repair attracts IGST and cess (as applicable) on a value equal to the repair value, insurance and freight.

For details:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2021/Circular-No-16-2021.pdf>

❖ **Terminology for today**

Convexity

A financial instrument is said to be convex (or to possess convexity) if the financial instrument's price increases (decreases) faster (slower) than corresponding changes in the underlying price.

❖ Pronouncement

July 13, 2021	In re Emerald Court Co-operative Housing Society Limited	GST AAR Maharashtra
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GST is applicable on Co-operative Housing Society (CHS) maintenance charges if Members' monthly contribution exceeds Rs.7500

Facts of the case:

The applicant, Emerald Court Co-op Housing Society Ltd. is a Co-operative Housing Society (CHS). It looks after the upkeep of the society and its members. The CHS provides services to its members in the form of facilities or benefits like security, cleaning, repairs, water, common electricity, etc. It also arranges to pay for the ancillary services like accounting, auditing, caretaker, etc. Presently, the CHS is raising monthly bills on its members which consist of 2 parts, one is the property tax on which GST is not being charged and another is 'Maintenance charges' on which GST is being charged. The applicant had sought the advance ruling on the issue of chargeability of GST on such transactions since there could be no sale by the Co-operative Housing Societies to their own permanent members, for the doctrine of mutuality would come into play.

Judgment:

The Maharashtra Authority of Advance Ruling (AAR) ruled that housing societies should pay Goods and Services Tax (GST) on Maintenance Charges if Members' monthly contribution exceeds Rs.7,500. The AAR took in to consideration a retrospective amendment dating back to July 01, 2017, made by the Finance Act, 2021 whereby a CHS and its members are treated as 'distinct entities.' According to a government circular, a CHS has to levy and collect GST at 18% on the maintenance charges, if these exceed Rs. 7,500 per month per member. However, it should be noted that smaller societies with an annual turnover of Rs. 20 lakh or less do not have to register and consequently do not have to comply with GST obligations.

For details:

<https://timesofindia.indiatimes.com/city/mumbai/aar-chs-has-to-pay-gst-on-maintenance/articleshow/84537620.cms>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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