

Info Capsule

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❖ Latest @ ICSI

• Feedback on Company Forms in MCA21-V3 Portal

As you are aware, the Ministry of Corporate Affairs w.e.f. August 31, 2022 migrated filing of 9 Company Forms from MCA 21 V2 to V3 Portal.

The Ministry of Corporate Affairs w.e.f. January 23, 2023, has launched second set of Company Forms covering 56 forms on MCA21-V3 Portal for filing purposes. The list of all 56 Company Forms is available on MCA website.

The Institute of Company Secretaries of India, in its attempt to further facilitate the stakeholders and ensure smooth transition and implementation, is sharing your feedback to the Ministry of Corporate Affairs (MCA) on regular basis. Such feedback is constantly and closely monitored by MCA at all levels for timely resolution.

We request you to share your inputs/issues/suggestions on filing of Company Forms in MCA V3 at the link given below:

<https://forms.gle/m5NGoCbt4TibuD196>

We thank you for your continued support and hope for association in the future as well.

- **Registrations open for Dubai Global Convention 2023 organized by IOD in association with The ICSI**
Registrations are open for Dubai Global Convention 2023 organized by Institute of Directors (IOD), India in association with ICSI from March 14-17, 2023. ICSI Members will get 10 (Structured) CPE Credits.

For details:

https://www.icsi.edu/media/webmodules/IOD_Flyer.pdf

❖ Business and Economics News

- **Ministry of Corporate Affairs issues show cause notices to PTC India Financial Services (February 21, 2023)**

The Ministry of Corporate Affairs (MCA) has issued show-cause notices to PTC India Financial Services (PFS) over alleged violations of certain rules under the Companies Act, 2013, including on the reconstitution of a nomination and remuneration committee and appointment of a finance director.

For details:

<https://economictimes.indiatimes.com/industry/energy/power/ministry-of-corporate-affairs-issues-show-cause-notices-to-ptc-india-financial-services/articleshow/98103943.cms>

- **MCA drops RoC approval for most corporate actions (February 20, 2023)**

The Ministry of Corporate Affairs has simplified the process for corporate reporting, eliminating the need for approval by Registrars of Companies (RoCs) in most cases and allowing companies to fulfil their reporting obligations with an online acknowledgement.

For details:

<https://www.livemint.com/news/india/mca-drops-roc-approval-for-most-corporate-actions-11676831304064.html>

❖ **Banking**

- **Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 – Disclosures for State Co-operative Banks and Central Co-operative Banks (February 20, 2023)**

The Reserve Bank of India (Financial Statements-Presentation and Disclosures) Directions, 2021 are applicable to Commercial Banks and Primary Urban Co-operative Banks (UCBs). They harmonize the regulatory instructions on presentation and disclosure in financial statements across the banking sector. In consultation with the National Bank for Agriculture and Rural Development (NABARD), it has now been decided to make this Master Direction also applicable to State Cooperative Banks and Central Cooperative Banks.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12457&Mode=0>

- **Implementation of Indian Accounting Standards (Ind AS) (February 20, 2023)**

It has been observed that consequent to the implementation of Ind AS, some Asset Reconstruction Companies (ARCs) have been recognising management fees even though the said fee had not been realised for more than 180 days. To address the prudential concerns arising from continued recognition of unrealised income, it has been decided that ARCs preparing their financial statements as per Ind AS, shall reduce the unrealized Management fee from their net owned funds while calculating the Capital Adequacy Ratio and the amount available for payment of dividend.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12458&Mode=0>

- **Banks, financial institutions should safeguard banking security, says RBI (February 20, 2023)**

In view of the cybersecurity risk posed to the banking sector, Reserve Bank of India Executive Director Rohit Jain on February 20, 2023 asked banks and financial institutions to adequately resource the banking security structure. He also underlined the need to be prepared for the potential impact of the emergence of cloud computing and Internet of Things (IoT) in banking.

For details:

https://www.business-standard.com/article/finance/banks-financial-institutions-should-safeguard-banking-security-says-rbi-123022000860_1.html

- **Banks, NBFCs stop lending to apps under loan default guarantee model (February 21, 2023)**

Banks and Non-Banking Financial Companies (NBFCs) have almost paused tie-ups with fintech players, or digital lending apps, under the First Loan Default Guarantee (FLDG) structure for lending in the absence of clarity on contractual agreement from the Reserve Bank of India (RBI).

For details: <https://indianexpress.com/article/business/banking-and-finance/banks-nbfc-stop-lending-to-apps-under-loan-default-guarantee-model-8456993/>

❖ **Pronouncements – Direct Tax**

05.01.2023	Shivani Madan Vs ACIT	ITAT Delhi
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Assessee liable to equal tax on income from house property where joint owner's shares not mentioned in sale deed.

Fact of the Case:

A search was conducted at the Adam Smith Group under Section 132 of the Income Tax Act, 1961 ("the IT Act") wherein, the residential premises of Smt. Shivani Madan ("the Appellant") was also searched. Thereafter, a notice under Section 153A of the IT Act was issued to the Appellant, to which the return was filed by the Appellant declaring income of INR 21,09,800 as against the earlier filed income of INR 20,95,490. The search revealed a purchase of a house property on March 8, 2011 for INR 3.50 crores in joint ownership with the husband of the Appellant, for which the Revenue Department ("the Respondent") asked the Appellant to explain why the income from such house property should not be chargeable to tax in the hands of the Appellant.

Consequently, the Appellant submitted that the house property is a single unit and is owned by her husband and her name is only for the security purposes for which the Appellant contributed INR 20 lacs only during AY 2011-12. The Respondent submitted that the registered sale deed of the property has not defined shareholding between the co-owners therefore, equal ownership of the property would be considered and taxed as per Section 23(1)(a) of the IT Act. Accordingly, the Respondent taxed the Appellant's share of 50% amounting to INR 9,80,000.

Being aggrieved, an appeal was filed before the Commissioner of Income Tax (Appeals), wherein the addition for the Appellant share in house property was confirmed. Hence, the appeal file before Income tax appellate tribunal ITAT.

Contention of the Assessee: It is customary to include the wife's name in the sale deed, thus taxing 50% of the house property income in her hands was not justified. Various judicial decisions were also referred to for strengthening this argument.

Judgment:

The Income Tax Appellate Tribunal (ITAT) has held that both husband and wife will be held as owning equal share in a house property if a registered sale deed did not specify the extent of holding of a husband and wife. It noted that the Calcutta high court had held income from property should be taxed only in the name of the husband, as the wife was a housewife, with no independent source of income and the entire investment was made by the husband. However, in the case of Madan, she was a salary earner.

For details:

<https://indiankanoon.org/doc/5071080/>

❖ Securities Laws and Capital Market

SEBI Consultation Papers

- **Consultation Paper on Streamlining Disclosures by Listed Entities and Strengthening Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (February 20, 2023)**

SEBI has issued this consultation paper seeking comments and suggestions from the public on the proposals to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to address the issues such as submission of first financial results by newly-listed entities, timeline to fill up vacancy of directors, Compliance Officer, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in listed entities and freezing of demat accounts of the Managing Director(s), Whole-time director(s) and Chief Executive Officer(s) of a listed entity for continuing non-compliance with the LODR Regulations and / or non-payment of fines by a listed entity. The Comments may be sent by email in the prescribed format not later than March 06, 2023.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-streamlining-disclosures-by-listed-entities-and-strengthening-compliance-with-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_68194.html

- **Consultation Paper on ESG Disclosures, Ratings and Investing (February 20, 2023)**

SEBI has issued this consultation paper seeking comments and suggestions from the public on the regulatory framework of ESG Disclosures by listed entities, ESG Ratings in the securities market and ESG Investing by Mutual Funds in order to facilitate balance between transparency, simplification and ease of doing business in an evolving domain. The Comments may be sent by email in the prescribed format on or before March 06, 2023.

For details:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-esg-disclosures-ratings-and-investing_68193.html

❖ Market Watch

Stock Market Indices as on 21.02.2023

S & P BSE Sensex	60672.72(-18.82)
Nifty 50	17826.70(-17.90)

Foreign Exchange Rates as on 20.02.2023 (<https://www.geojit.com/currency-futures>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
82.85	88.58	99.74	0.62

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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