



Since 1957

KARNATAKA STATE CHARTERED ACCOUNTANTS ASSOCIATION (R.)



*Together We Serve
Together We Grow*

CA. RAGHAVENDRA SHETTY
President

CA. JIGAJINNI KUMAR S.
Secretary

To,

Date: 20th April 2019

Shri. Arun Jaitleyji
Hon. Union Minister of Finance and
Corporate Affairs
Government of India
North Block
New Delhi - 110001

Hon'ble Sir,

SUBJECT: REPRESENTATION ON EXTENSION OF DUE DATE FOR FILING ROC FORM INC22A ACTIVE AND UNIFICATION OF FORMS TO REPORT ALL TRANSACTIONS RELATING MSME, LOAN, ACTIVE, BENEFICIAL OWNERSHIP UNDER ONE MULTI-PURPOSE FORM

The Karnataka State Chartered Accountants Association (R) (in short 'KSCAA') is an association of Chartered Accountants, registered under the Karnataka Societies Registration Act, in the year 1957. KSCAA, primarily formed for the welfare of Chartered Accountants, represents before various regulatory authorities to resolve the professional problems faced by chartered accountants and business community.

We have written to your good selves many a times populating issues and possible solutions. Herein, we are presenting before your good selves the difficulties and hardship faced by the trade, consultants and companies at large due to incessant changes and NEW FORM INTRODUCTIONS and NON-TIMELY RELEASE OF FORMS in adherence of the due dates prescribed. The ongoing election schedule and general holidays is also having bearing on the hardships caused by delay in supply of the compliance information.

This Government has the primary vision and motto of "**Minimum Government and Maximum Governance**" while the recent spate of rules and ROC forms released and requirements of compliance of the below stated ROC Forms is running contrary to the spirit, intent and course of the set motto and vision-



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1. Changes in Companies (Significant Beneficial Owners) Rules 2018 to identify individuals and entities having significant control over affairs of a company requires filing of BEN-1, BEN-2, BEN-3 and BEN-4 forms.
2. Companies (Incorporation) Rules 2014 mandating all companies incorporated prior to 31st December 2017 to update particulars of registered office in Form 22A Active; with due date of 25th April 2019.
3. Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order 2019, mandating all the companies who receives goods or services from MSME and non-payment of such dues beyond 45 days, to report such transactions in MSME Form1.
4. Changes in Companies (Acceptance of Deposits) Rules 2014 mandating all companies to file a return of deposits in Form DPT3 furnishing details of transactions and certified from the statutory auditor (requiring certain procedures consistent with audit) within certain short deadline.

The fact of the matter is that these forms individually have to be complied within a specific deadline and certainly is dependent and is parallelly connected to matters like finalisation of accounts, timely release of forms, timing of compliance interfering with elections; GST audit of FY 2017-18 notified to be filed before 30th June 2019; ongoing tax and statutory audit deadlines which have due date of 30th September; lack luster support from companies against the backdrop of this deadline to supply consistent information for filing of forms.

Another issue on hand is the penalty of sizeable amount for non-compliance or delayed compliance, which could partly be for myriad of reasons like the election/ audit deadlines under any of the parallel statutes/ availability of consistent information/ uniform need of compliance by all entities disregarding the set-up whether be it for micro/medium/small scale of enterprise having its own set of challenges. These have an ample forbearing in hindsight.



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SUGGESTIVE STEPS:

While taking these implements constructively, we do understand the need to have these forms selectively as against the wide diaspora of the corporates, which are having a nascent set-up. It would be helpful to consider the below suggestions:

1. Beneficial Ownership can be detailed in Annual Form itself and there are sufficient ways of including this in the annual return, by seeking additional drop-down list of beneficial owners in members who are corporates or partnership firm etc.
2. ROC Form 22A Active: The due date may be suitable extended for a reasonable time span, with a reduced penalty as anyhow non-compliance would hamper their other form filing prospects. Then why impose huge penalty.
3. ROC Form MSME can be made an annual form with reporting for half yearly time span under one single annual form, due date of which can be congruent with Annual Form filings like AOC4 and MGT7.
4. Deposit and loan transactions can be reported in the annual return/ separate form filing congruent with the annual filing's deadline would do good.
5. Unified Multipurpose ROC Form having disclosure for these matters, namely: Beneficial Ownership; Loans and Deposits; MSME transactions would definitely do a world of good for the corporates.
6. Small Companies have to be encouraged by providing simple get away from these recurring and elaborate compliances.
7. Penalty must be reasonable keeping in view the elementary hardships considering the general economic and business set-up of the country laced with the actual Ease of Business necessary to boost the economy without drawing any parallels to the improvements underway already to this date.

There is sufficient cause and need for the extension of filing of Active Form 22A and unified reporting of other matters with a due date deadline congruent with the Annual Forms filing and nascent penalty provisions for small companies to foster friendly regime.



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This write-up is on the back of representation received from trade bodies and practitioners who are in the thick of things and their request for seeking redressal to issues faced.

We would be highly thankful if you could extend the due date well in advance, which would be very useful in planning the filings for the corporates and practitioners meaningfully.

Thanking you,

Yours sincerely,

For **Karnataka State Chartered Accountants Association ®**

CA. Raghavendra Shetty
President

CA. Kumar Jigajinni
Secretary

CA. Vijay Sagar Sheno
Chairman, Representation
Committee

CA. Deepabali Das
Chairperson, Accounting, Auditing,
Corporate & Allied Law Committee

CC To: Hon. Minister of State for Corporate Affairs, New Delhi