



COVID-19 – MCA’s relief to Companies and Limited Liability Partnerships (LLPs)

In pursuance of the Government of India’s efforts to provide relief to companies and LLPs on account of COVID-19 outbreak, the Ministry of Corporate Affairs (MCA) has introduced the Companies Fresh Start Scheme, 2020 (CFSS 2020) and modified the existing LLP Settlement Scheme, 2020 (LLPSS 2020) notified on March 4, 2020.

As per MCA, the CFSS 2020 and LLPSS has been issued to provide a first of its kind opportunity to both companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity.

The unique features of CFSS 2020 and LLPSS 2020 are that they provide:

- (i) Additional time to companies and LLPs to comply with the provisions of the Companies Act, 2013 and LLP Act, 2008, respectively,
- (ii) A one-time waiver of additional filing fees for delayed filings by the companies or LLPs with the Registrar of Companies (ROC) during the currency of the schemes, i.e., during the period commencing from April 1, 2020 till September 30, 2020,
- (iii) Immunity from penal proceedings, including against imposition of penalties for late submission, and
- (iv) Additional time for filing appeals before the concerned authorities against imposition of penalties, if already imposed.

Clasis Law supports ‘Stay Home, Stay Safe’ initiative to fight against pandemic COVID-19 crisis. We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

Dr Gopal Das Bhawan, 14th Floor, 28, Barakhamba Road, New Delhi - 110 001

Tel : +91 11 4213 0000 | Fax: +91 11 4213 0099

Bajaj Bhawan, 1st Floor, 226, Nariman Point, Mumbai – 400 021

Tel : +91 22 4910 0000 | Fax: +91 22 4910 0099

W : www.clasislaw.com

E : info@clasislaw.com



It is pertinent note that MCA while notifying the aforesaid schemes has specifically clarified that the immunity shall be only against delayed filings and not against any substantive violation of law.

The CFSS 2020 provides that any defaulting company (i.e., a company which has made default in filing of any document/ statement/ return with the MCA) can make belated filing of documents/ statement/ return with the MCA by paying normal fee (without any additional fee/ penalty which is usually levied on such filings). The defaulting companies making such filings shall be provided immunity from prosecution/ penalty under the provisions of the Companies Act, 2013, provided they file an application (in prescribed form) seeking immunity in respect to belated documents filed under the scheme after closure of CFSS 2020. The CFSS 2020 also provide an opportunity to inactive company (i.e., a company which has not been carrying on any business or operation, or has not made any significant accounting transaction during the last two financial years, or has not filed financial statements and annual returns during the last two financial years) to apply to get themselves declared as "Dormant Company" or have their name struck off from the register of ROC upon payment of prescribed normal fee and filing of pending documents/ returns with the MCA.

However, CFSS 2020 shall not apply to companies which have already filed an application for striking off or for obtaining dormant status or against which an action for final notice for striking off has been issued by the MCA, companies amalgamated under a scheme of arrangement or compromise, vanishing companies, and filing(s) related to increase in authorised share capital and registration/ modification/ satisfaction of charges.

In line with CFSS 2020, LLPSS 2020 also provides that any defaulting LLP (i.e., a LLP which has made default in filing of any document/ statement/ return with the MCA) can make belated filing of documents/ statement/ return with the MCA by paying normal fee (without any additional fee/ penalty which is usually levied on such filings). The defaulting LLPs making such filings shall be provided immunity from prosecution/ penalty under the provisions of the LLP Act, 2008. However, the LLPSS 2020 shall not apply to LLPs which have filed an application for striking off with the MCA.

[Download Circular 1](#)
[Download Circular 2](#)

Clasis Law supports 'Stay Home, Stay Safe' initiative to fight against pandemic COVID-19 crisis. We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

Dr Gopal Das Bhawan, 14th Floor, 28, Barakhamba Road, New Delhi - 110 001

Tel : +91 11 4213 0000 | Fax: +91 11 4213 0099

Bajaj Bhawan, 1st Floor, 226, Nariman Point, Mumbai – 400 021

Tel : +91 22 4910 0000 | Fax: +91 22 4910 0099

W : www.clasislaw.com

E: info@clasislaw.com