

RBI

RBI raises recurring transaction limits for e-mandates up to INR 1,00,000/- per transaction.

- RBI issues circular w.r.t. crucial updates regarding the processing of e-mandates for recurring transactions.
- RBI has decided to make significant adjustment to transaction limits, the limit has been increased from INR 15,000 to INR 1,00,000/- per transaction.
- This increase applies to specific categories, namely a) subscription to mutual funds, b) payment of insurance premiums and c) credit card bill payments. The circular shall come to immediate effect.

RBI issues Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023

- Manner of Receipt and Payment – the core of regulations addresses the manner in which residents in India can make or receive payments from individuals outside the country. The provision allows residents to seek the Reserve Bank’s permission for specific transactions under the Act.
- Trade Transactions - The regulations outline specific procedures for trade transactions, distinguishing between countries like Nepal and Bhutan, ACU (Asia Clearing Units) member countries, and others. The use of Indian Rupees or foreign currency is specified based on the involved countries and trade policies.
- Current Account Transactions – Special Provisions are made for current account transactions, restricting payments and receipts to Indian Rupees, especially for non-trade transactions between residents in India and foreign visitors.

RBI updates MSME Classification – New Guidelines for Enterprises

- Specific amendments are outlined in the Master Direction, where enterprises are required to register online on the Udyam Registration Portal and obtain the ‘Udyam Registration Certificate’. For Priority Sector lending (PSL) purposes, banks should adhere to the classification recorded in the Udyam Registration Certificate.
- RBI through this circular brings forth the essential changes in the classification of MSMEs.

RBI issues Guidelines on Investment in AIFs by Regulated Entities (REs)

RBI through this circular has addressed the concerns related to investment in Alternative Investment Funds (AIFs) by Regulated Entities (REs).

Key Guidelines

- REs are advised not to invest in AIF schemes with downstream investments in debtor companies of the RE.
- If an AIF scheme, in which an RE is an investor, makes downstream investments in debtor companies, the RE should liquidate its investment within 30 days.
- If liquidation is not feasible within the prescribed time, the REs must make a 100 percent provision on such investment.
- Investment in subordinated units of AIF schemes with a ‘priority distribution model’ will lead to a full deduction from RE’s capital funds.

SEBI

SEBI relaxes the compliance w.r.t. holding AGM in electronic mode till September 30, 2024.

- SEBI has extended the relaxation on the applicability of regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 for Annual General Meetings (AGMs) and regulation 44(4) of the LODR Regulations for general meetings in electronic mode held till September 30, 2024.

Relaxation from dispatching of physical copies of financial statements up to September 30, 2024

- Regulation 58(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) provides that a listed entity shall send a hard copy of the statement containing the salient features of all the documents, as specified in Section 136 of the Companies Act, 2013 and rules made thereunder to those holders of non-convertible securities who have not so registered.
- SEBI has relaxed the requirements of regulation 58 (1)(b) of the SEBI Listing Regulations up to September 30, 2024.



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SEBI creates Procedural framework dealing with unclaimed interest/dividend/redemption amount to an Escrow Account.

- Regulation 61A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 mandates the transfer of the unclaimed interest/dividend/redemption amount to an Escrow Account.
- In this regard, a framework has been created by SEBI for defining the manner of transfer of unclaimed amounts by a listed entity to an Escrow Account and claim thereof by an investor.
- Further, a framework defining the procedure to be followed by the listed entities (which are not companies) for transfer of such unclaimed amounts from the Escrow Account to the IPEF and claim thereof by an investor. The same shall come into force from March 1, 2024.

SEBI prescribes a framework for dealing with unclaimed amounts lying with REITs/InvITs and manner of claiming such amounts by unitholders.

- SEBI (REITs) Regulations, 2014/SEBI (InvITs) Regulations, 2014 mandates that unitholders of REITs/InvITs should receive not less than ninety percent of Net Distributable Cash Flows (NDCF) and that distributions shall be made not less than once every six months for publicly offered REITs/InvITs (not less than once every year for privately placed InvITs).
- However, unclaimed amounts have arisen due to various reasons, including unitholders failing to update their account details.
- SEBI vide its two separate circulars has stipulated the procedural framework for dealing with unclaimed amounts lying with REITs/InvITs and manner of claiming such amounts by unitholders.
- The framework defining the procedure to be followed by an REITs or InvITs for transfer of unclaimed amounts, initially to an Escrow Account and subsequently, to the IPEF and claim thereof by a unitholder.

SEBI expands the scope of achieving minimum public unitholding requirement in InvITs

- SEBI in its existing methodologies w.r.t. achieving minimum public unitholding requirement has added one more method for privately placed InvITs in order to achieve minimum public unitholding requirement.
- The new method will be the issuance of units through preferential allotment. However, only units issued to the public will be considered for Compliance with minimum unitholding requirements.

Credit of units of AIFs in dematerialised form.

SEBI issues circular regarding the credit of units of AIF in dematerialised form.

- AIFs with corpus \geq INR 500 Crore: Dematerialisation by October 31, 2023.
- AIFs with corpus $<$ INR 500 Crore: Dematerialisation by April 30, 2024.
- Issuance of units only in dematerialised form from November 01, 2023, for larger AIFs and from May 01, 2024, for smaller AIFs.

Extension of Timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios till June 30, 2024.

For ease of compliance and investor convenience, it has been decided to extend the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios to June 30, 2024.

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TAX

CBDT issues guidelines under Section 194-O of the Income Tax Act, 1961

Guidelines on the applicability of Section 194-O in a multiple e-commerce operator model framework viz., Open Network for Digital Commerce (ONDC) have been issued for removal of difficulties and further clarity provided on such applicability.

Section 194-O of the Income Tax Act, 1961 (the Act) provides that an e-commerce operator shall deduct income – tax at the rate of 1% of the gross amount of sale of goods or provision of service, or both, facilitated through its digital or electronic facility or platform.

CBDT amends rule 114B, rule 114BA, rule 114BB & Form 60

- The Central Board of Direct Taxation (CBDT), in a notification has said that Permanent Account Number (PAN) will not be required for non-resident individuals and foreign companies opening bank accounts in GIFT IFSC.
- Such non-residents must not have any other taxable income in India. Non-residents can now file Form 10F without PAN. Form 10F is a self-declaratory statement required from the non-resident taxpayers as covering of Tax Residency Certificate and get relief on TDS on income accruing from India. They can instead provide Form 60 to the banks for their transactions.
- A new option of 'Non-Residents not holding and not required to have PAN' is now available on income tax portal's registration tab. A one-time password is required for registration and the user shall be required to provide his details and the details of key persons in India.

CBDT Introduces Form 15CD for IFSC Unit Remittances

- Introduction of Form 15CD - A new e-Form named "Form No. 15CD" is introduced. This form is to be used by units of IFSCs to report their remittances. The form includes detailed fields for providing information about the unit, remittee, remitter, currency details, and more.

- Quarterly Statement Requirements - Units of IFSCs must now furnish a quarterly statement for each quarter of the financial year. This statement covers all remittances, and it must be submitted within fifteen days from the end of the respective quarter. The reporting must be done electronically under digital signature.
- The changes outlined in this amendment will take effect from January 1, 2024. All units of IFSCs must ensure compliance with these new reporting requirements.

MCA

MCA Integrates with National Single Window System (NSWS) for Company and LLP Incorporation.

MCA notifies the integration of National Single Window System (NSWS) for the Incorporation of Companies and LLPs. Incorporation services can also be availed through NSWS portal.

MCA notifies Companies (Incorporation) Third Amendment Rules, 2023.

MCA notifies The Companies (Incorporation) Third Amendment Rules, 2023. According to the amendment, under Rule 30(9) (Shifting of Registered office from one state or Union Territory to another State), a proviso is inserted Stating-

“Provided further that where the management of the Company has been taken over by a new management under a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 and no appeal against the resolution plan is pending in any court or Tribunal and no inquiry, inspection, investigation is pending or initiated after the approval of the said resolution plan, the shifting of the registered office may be allowed.”

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MCA notifies the Companies (Management and Administration) Second Amendment Rules, 2023

MCA notifies the Companies (Management and Administration) Second Amendment Rules, 2023. According to the amendment under Rule 9 (Declaration in Respect of Beneficial Interest in Any Shares) of the Companies (Management and Administration) Rules, 2014, five new sub rules are introduced-

- i. To designate a responsible person for providing information to the Registrar or any authorized officer regarding beneficial interests in the company's shares;
- ii. Options for designating a responsible person, which may include a Company Secretary, a Key Managerial Personnel (other than Company Secretary) or every Director (if there is no Company Secretary or Key Managerial Personnel);
- iii. Until a responsible person is designated, certain specified individuals under rules are deemed to have been designated.
- iv. Every Company shall inform the details of the designated person in Annual Return; and
- v. Further, in case of any change in the designated person, the Company shall intimate the Registrar vide E Form GNL – 2.

The Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023 notified by MCA

– mandatorily issuance of shares in dematerialised form by private companies excluding small companies and government companies.

The Limited Liability Partnership (Third Amendment) Rules, 2023 Notified

MCA notifies the Companies (Management and Administration) Second Amendment Rules, 2023. According to the amendment under Rule 9 (Declaration in Respect of Beneficial Interest in Any Shares) of the Companies (Management and Administration) Rules, 2014, five new sub rules are introduced-

- i. To designate a responsible person for providing information to the Registrar or any authorized officer regarding beneficial interests in the company's shares;
- ii. Options for designating a responsible person, which may include a Company Secretary, a Key Managerial Personnel (other than Company Secretary) or every Director (if there is no Company Secretary or Key Managerial Personnel);
- iii. Until a responsible person is designated, certain specified individuals under rules are deemed to have been designated.
- iv. Every Company shall inform the details of the designated person in Annual Return; and
- v. Further, in case of any change in the designated person, the Company shall intimate the Registrar vide E Form GNL – 2.

The Limited Liability Partnership (Third Amendment) Rules, 2023 Notified

MCA notifies the Limited Liability Partnership (Third Amendment) Rules, 2023, according to the amendment, Rule 22A and Rule 22B are inserted by stating matters pertaining to:

- i. Every Limited Liability partnership shall, from the date of its incorporation, maintain a register of its partners in Form 4A which shall be kept at the registered office of the Limited Liability partnership.
- ii. Declaration in respect of beneficial interest in any contribution.

Commencement of Section 5 of the Companies Amendment Act 2020

In exercise of the powers conferred by sub-section (2) of Section 1 of the Companies (Amendment) Act, 2020 of the Central Government hereby appoints the October 30, 2023 as the date on which the provisions of Section 5 of the said act shall come into force.

Section 5 of the Companies Amendment Act, 2020 states that in Section 23 of the principal act, after sub-section (2) and before the Explanation, the following sub-sections shall be inserted, namely-

“(3) Such class of public companies may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.

(4) The Central Government may, by notification, exempt any class or classes of Public companies referred to in subsection (3) from any of the provisions the concerned chapter, Chapter IV, section 89, section 90 or section 127 and a copy of every such notification shall, as soon as may be after it is issued, be laid before both Houses of Parliament.”.

Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023

MCA has recently notified the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023. The provisions of these rules shall apply to all LLPs. The aforesaid rules, conferred under Section 79 of the Limited Liability Partnership Act, 2008 directs to regulate and identify significant beneficial owners in LLPs and such individual to make a declaration in Form No. LLP BEN – 1.

Brief Analysis

- The provision of these rules shall apply to all the LLPs. (Rule 2)
- Aforesaid Rules mentioned various definitions viz. control, majority stake, significant beneficial owner, significant influence, ultimate holding company etc. (Rule 3)
- Duty of the reporting limited liability partnership to take necessary actions in identifying the significant beneficial owner and causing such individual to file Form No. LLP BEN – 1. (Rule 4)
- Upon receipt of the declaration as mentioned above sub-point, the reporting LLP shall file a return in Form No. LLP BEN – 2 with the Registrar. (Rule 6)
- LLP to maintain a register of significant beneficial owners in Form No. LLP BEN – 3 and keep it open for inspection during the business hours for such reasonable time as mentioned in the Rules. (Rule 7)
- Rules specified Form No. LLP BEN-4 for notice seeking information about significant beneficial owners. (Rule 8)
- Provisions related to the filling of application to the Tribunal under certain circumstances. (Rule 9)
- Provisions related to non-applicability of aforesaid rules to the certain entities. (Rule 10)