

MCA tightens compliance regulations for companies

Seeks details, including photographs of headquarters, to put a check on shell firms

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Every company incorporated till December 31, 2017, has to disclose its particulars and registered office in a new return, a move aimed at tightening the noose around shell firms.

Experts say the move would increase the compliance burden on companies and be good for the economy in the long run.

Companies will have to give details of their location, photographs of their registered office, displaying external and inside portions, and also show at least one director.

All these would help authorities identify cases of multiple shell companies using one building.

The e-form ACTIVE-1 has to



The e-form has to be filed by April 25. If not, companies will face action that includes striking off their names from registers

be filed by April 25, according to changes in the Companies (Incorporation) Rules by the ministry of corporate affairs, effective from February 25.

If filing is not done, companies will face action that includes striking off their names from registers. Such companies will be termed ACTIVE-non

compliant. The ministry of corporate affairs has directed the registrar of companies to reject requests for change in authorised capital, paid up capital, registered office, amalgamation and de-merger from non-compliant companies.

Companies that have not filed financial statements or annual returns will be barred from filing ACTIVE returns.

A late fee of ₹10,000 would be levied in case the ACTIVE form is submitted after April 25.

Sandeep Jhunjhunwala, director at Nangia Advisors (Andersen Global), said, "Though the incremental changes burden Indian corporations with newer compliances, in the long-run, it will give the required impetus for the desired growth of the Indian economy."

Firms may have to geo-tag registered offices, furnish photos

Initiative seen as part of govt's efforts to weed out shell companies

PRESS TRUST OF INDIA

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Companies will soon have to furnish photographs as well as longitude and latitude details of their registered offices, with the government stepping up efforts to weed out shell companies.

Besides opting for geo-tagging rules, the Corporate Affairs Ministry has decided to seek details about companies' auditors and key managerial personnel, among others.

As part of its efforts to curb shell companies, suspected to be used as conduits for illicit fund flows, the Ministry has notified a new electronic form ACTIVE-1 (Active Company Tagging Identities and Verification).

Companies incorporated on or before December 31, 2017, will have to submit the form to the Ministry on or before April 25. In case of non-submission of the form within the deadline, companies concerned would have to pay a late fee of ₹10,000 and would be marked as 'active non-compliant'.

A senior official told PTI that the notification of the form is a



The Corporate Affairs Ministry has notified a new electronic form for companies to provide details

big effort to identify every active company and the people behind them. This is also the first

time that the Ministry is asking for photograph as well as longitude and latitude details of re-

gistered offices of the companies, the official said.

A company has to provide the photograph of its registered office with at least one director or key managerial personnel who is signing the form, according to the Ministry.

The amendments made to the Companies (Incorporation) Rules under the Companies Act, 2013 would be effective from February 25.

Among others, companies that have been deregistered or in the process of being deregistered or under liquidation need not have to submit the form.

Sandeep Jhunjhunwala, Dir-

ector at Nangia Advisors (Andersen Global), said in the last three to four years, a number of legislative amendments and regulatory measures have targeted shell companies, benami holdings, black money transactions and various means of tax evasion.

"Now with the anticipated geo-tagging rules being notified for all companies incorporated before December 31, 2017, the requirement of putting the data of exact location such as latitude and longitude, photographs etc of the registered office would help identify cases where one building houses multiple shell companies," he said.