

What is on corporate India's checklist for 2020

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The latest amendments to the Companies Act that were made in 2019, the new GST rules on returns and e-invoicing, the eligibility test and registration of independent directors, and the separation of roles of chairman and managing director are among the key compliance challenges before corporate India in 2020. There is an ever-expanding list of compliance requirement, along with the existing ones, which is expected to keep businesses on their toes throughout the year.

Experts say the recent instances of fraud and financial irregularities have played their part in forcing the government and regulators to become more rule-based to ensure accountability and transparency in operations of businesses, leading to greater compliance burden. "However, the cost of non-compliance is always more than the cost of compliance," notes Dhaval Gusani, a company secretary.

The changes in the indirect tax regime continue to remain the primary concern for business.

"Ideally, on a conceptual level, GST rates should have been stable, the GST policy should have a clear roadmap, and technology should have been flexible. However, GST rates are evolving, the GST policy is going through changes, and technology is changing," points out Pritam Mahure, a chartered accountant. The government is in the process of plugging revenue leakages. From January, it intends to further restrict the additional credit available.

COMPLIANCE WATCH

What's new

- **The Companies (Amendment) Act, 2019**, has re-introduced a provision wherein the promoters are required to deposit the capital subscribed within 180 days from the company incorporation date, and notify the same to the RoC
- **Firms are now required to report 'exempted deposits'** accepted as of March 31, 2020, from certain parties by June 30
- **Every independent director in a company** has to get registered with the government's databank of independent directors on or before March 1
- **A new GST filing system**

Experts say genuine GST payers will certainly feel the pinch, as this amendment is designed to impact them, although the fault is of their vendors who are not filing GST returns in time.

From April 1, the GST compliance system will undergo major changes with the introduction of the new return system and e-invoicing formalities. "In 2020, GST payers hope a detailed roadmap for two-three years regarding the GST policy is made available," says Mahure.

will be implemented from April 1 for all GST registered businesses. It would require uploading of all invoices on a real-time basis

- **From April 1**, customers will not get the GST input tax credit if a business fails to upload an invoice
- **From January 1**, the government further restricted the additional credit available under the GST regime to 10 per cent, instead of 20 per cent earlier
- **The deadline to appoint** separate persons as chairman and independent director is only about 90 days away

Some of key compliances under the Companies, Act, 2013, which come into effect in 2020 are:

- A provision relating to the 'commencement of business by companies', wherein the promoters are required to deposit the capital subscribed within 180 days from the company incorporation date and the same shall be intimated to the Registrar of Companies (RoC). It is applicable to all firms, says Gaurav Pingle, a company secretary.
- Firms are now required to report



Some deadlines to meet

- **Those having a DIN** as of March 31 shall complete the process of KYC for his /her DIN on or before September 30
- **All firms which get supplies of goods** from MSMEs and whose payments are pending for over 45 days have to file half-yearly return with the ROC within 30 days from the closure of each half year

- **Companies with outstanding loan** have to file yearly return of deposits with the ROC within 60 days from the closure of the financial year
- **External commercial borrowings** to be reported to the RBI on a monthly basis
- **The corporate governance report** has to be filed within 15 days of the end of a quarter

'exempted deposits' accepted as of March 31 from certain parties. Such exempted deposits include loans from banks/financial institutions, loans from directors and their relatives, inter-corporate loans, and share application money pending allotment. The deadline for filing the return with the RoC is June 30.

■ Every individual having a Director Identification Number (DIN) as of March 31 shall complete the process of KYC for his/her DIN on or before September 30. "At the time of

completing the process, the person shall have to confirm his mobile number, e-mail address, residential proof, identity proof, and Income Tax PAN," says Pingle.

■ Every independent director in a company on or before March 1 shall get registered with the government's databank of independent directors. Such registration can be for a period of 1 year or 5 years or for a life-time. An aspiring independent director shall enrol himself with the government's databank before being appointed.