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CHARTERED ACCOUNTANTS

Companies Fresh Start Scheme, 2020

Background

During Coronavirus (COVID-19) outbreak, the Ministry of Corporate Affairs (MCA) has come up with different measures vide **Circular No. 11/2020 dated 24th March, 2020** to ease the compliance burden of Companies and Limited Liability Partnerships (LLPs).

In the same line, MCA introduced a Scheme namely "**Companies Fresh Start Scheme, 2020**" (**CFSS-2020**) vide **Circular No. 12/2020 dated 30th March, 2020** which applies both public and private companies incorporated under the Companies Act, 2013 and Companies Act, 1956.

MCA has come up with the "**Companies Fresh Start Scheme, 2020**" (**CFSS-2020**) to enable companies make good of any filing-related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity. It appears, to take care of all cases, which are in courts also for non-filing of annual returns.

FAQs/Quick Bites

Q1: *On which type of forms this scheme shall be applicable?*

A1: This scheme shall be applicable on "**ALL forms**" except:

- SH-7 for increase in authorized capital,
- Charge related form (CHG-1, CHG-4, CHG-8 or CHG-9).

Q2: *What shall be per day additional fees as per Scheme?*

A2: MCA shall **not charge any additional fees** in the given time period of 6 Months. Only Normal Fees of the forms shall be required to pay by the companies.

Q3: *What is meaning of defaulting Company?*

A3: "**Defaulting Company**" means a company defined under the Companies Act, 2013 and Companies Act, 1956 which has made a default in filling of

- Any of Document,
- Any of Statement,
- Any of Return etc.,
- Including Annual Statutory Document.

Q4: *From which dates Companies will allow to file forms under this Scheme?*

A4: Companies shall avail this scheme w.e.f. 01/04/2020 and can file all pending forms till 30/09/2020.

Q5: *What is the cut off dates of forms falling under this scheme?*

A5: Companies are allowed to file all the pending forms with ROC irrespective of any cut-off date.



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Scheme for Inactive Companies:

A defaulting Inactive Company while filing pending form under scheme simultaneously can apply for followings:

- Apply for Dormant u/s 455 (Form MSC-1) and
- Apply for Strike off u/s 248 (Form STK-2).

Conclusion

Effect of Scheme "CFSS-2020":

- Companies shall become **fully complied** with no extra cost.
- Appeal initiated by Companies against the Adjudicating Authorities shall be withdrawn.
- ROC shall withdrawal all the prosecution pending regarding such forms/ returns.
- ROC shall withdrawal the proceedings of adjudication of penalties u/s 454.
- Less burden of litigation** to companies and department.

This is golden opportunity to file all pending Returns Annual Accounts, Statements including all pending Annual Returns pending for any number of years.

Note: Kindly check the "Description Box" of the video on our YouTube Channel for

- ✚ MCA "Circular No. 12/2020" dated 30/03/2020,
- ✚ Draft Format of "Application for issue of Immunity Certificate under the Companies Fresh Start Scheme (CFSS), 2020" [Form CFSS-2020] issued by MCA,
- ✚ Draft Format of "Immunity Certificate under CFSS, 2020" issued by MCA.

Disclaimer – Author has exercised utmost care while writing this article, but still this article may contain some error or mistake and no part of this article/writing should be construed or considered as any advice or consultancy whether professional or otherwise. The contents of this article are solely for information and knowledge.

If any queries/doubt feel free to contact us at caadagarwal@gmail.com

or

write to us on Quora: <https://www.quora.com/profile/ANKIT-AGARWAL-2013>

You may refer our video also on **YouTube** also: <https://www.youtube.com/watch?v=d1IKbXTd1c0>

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About the Author:

Ankit is a Chartered Accountant based in Delhi and the founder of ADA & Co. He has over 7 years of work experience, specializing in the field of taxation (Direct & Indirect) practice. He also has knowledge in the full range of financial services including Business, Taxation, Audit and Account. Further, he has managed assignments in respect of GST Audits, Bank Audits, Stock Audits, PSUs Audits, AR & AP Reconciliation etc and represented clients in tax litigative matters before Indian tax authorities.

The aim of this article is to enable the professionals in the industry and students to be aware with current developments in the Direct and Indirect tax laws and Accounting Practices.