



India Seeks to Alleviate COVID-19 Burden on Companies, Relaxes Compliances

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- *The Ministry of Corporate Affairs has announced regulatory relief for companies and LLPs to reduce their compliance burden and ease operations during the COVID-19 outbreak.*
- *The Companies Fresh Start Scheme enables companies to become fully compliant by making good any defaults related to the statutory filings without any late fee.*
- *The commerce ministry also announced certain compliance relaxations for special economic zones (SEZs) in India.*

In order to provide regulatory relief for companies operating in India amid the COVID-19 outbreak, the [Ministry of Corporate Affairs \(MCA\)](#) announced a new scheme – [Companies Fresh Start Scheme, 2020](#), as well as revision to an existing scheme, the [LLP Settlement Scheme](#).

Under these schemes, companies and [limited liability partnerships \(LLPs\)](#) in India will have the opportunity to become fully compliant by making good any defaults related to the statutory filings without any late fee.

This means that corporates can file their pending documents such as annual return and financial statements, including annual statutory documents on the MCA-21 registry, without paying an additional late fee.

According to the ministry, these schemes “incentivize compliance and reduce compliance burden during the unprecedented public health situation caused by COVID-19.”

These schemes will run for six months, **starting from April 1, 2020 to September 30, 2020.**



With the help of longer timelines to comply with various filing requirements under the Companies Act, 2013, and LLP Act, 2008, these schemes will help reduce some financial burden on businesses.

Through these schemes, companies and LLPs have an opportunity to clear all pending compliances by filing the required documents in the MCA-21, without being subjected to additional fee. Only normal filing fee as prescribed under the Companies Act, 2013 will be payable.

Further, the schemes also provide immunity to businesses from penal provisions, including imposition of penalties for late submissions. If penalties have already been imposed, then companies will have additional time for filing appeals before the concerned regional directors. However, as per the corporate affairs ministry, the immunity is only against delayed filings in statutory filings, and not against any substantive violation of law.

Meanwhile, it also provides opportunity for inactive companies to declare themselves as 'dormant company' by filing an application at a normal fee.

Last week, the finance ministry [eased a few financial and regulatory compliances](#) for individuals and companies as COVID-19 has created an extended period of economic uncertainty.

Relaxations in filing compliance reports for SEZs

Meanwhile, the commerce ministry has announced certain relaxations in filing compliance reports for units and developers of [special economic zones \(SEZs\)](#) as the nationwide lockdown is underway until April 14, 2020 to prevent the spread of COVID-19.

No punitive action will be taken in cases where compliance is not met during this period. Relaxations will be applicable to the requirement to file quarterly progress report attested by independent chartered engineers, and filing of annual performance reports by SEZ units.

Further, extension of Letters of Approval (LoAs) will be facilitated for the following:



- Developers/co-developers who are in the process of developing and operationalizing the SEZ;
- Units which are likely to complete their five-year block for net foreign exchange (NFE) assessment; and
- Units that are yet to commence operations.

All extensions of LoAs and other compliances may be facilitated through electronic mode. If it is not possible to grant extension electronically, then the development commissioners should ensure that “no one faces any hardship due to such expiry of validity during this period of disruption.”

According to the ministry, any interim extension or deferment of the expiry date may be granted till June 30, 2020.

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