

CORPORATE UPDATES

1. WHAT IS “COMMENCEMENT OF BUSINESS?”

It is a Declaration to be issued by the directors within 180 days of incorporation of company stating that the subscribers to the Memorandum of the company has paid the value of shares so agreed by them, along with a verification of registered office address of the company.

This declaration need to be filed along with proof of subscription money received by the company in form 20A with the Registrar of Companies.

2. WHO NEED TO FILE DECLARATION FOR COMMENCEMENT OF BUSINESS?

Every company having share capital incorporated after 2nd November 2018. Even the Section 8 Companies having share capital need to file form 20A.

3. WHO ARE NOT REQUIRED TO FILE?

Companies **not having share capital** and Companies incorporated before 2nd November 2018, with or without share capital.

4. TIME LIMIT TO FILE

A company has to file form 20A within 180 days of its incorporation.

5. WILL COMPANY GET THE “CERTIFICATE OF COMMENCEMENT OF BUSINESS?”

No, the form 20A is in STP mode i.e. The e-Form will be auto approved (STP) and no certificate will be issued by the Ministry for corporate affairs.

6. ATTACHMENT TO FORM 20A

- Subscribers proof of payment for value of shares

- Certificate of Registration issued by the RBI (Only in case of Non-Banking Financial Companies) /from other regulators. It is mandatory to attach this document if 'Yes' is selected in field 3(a).

7. WHO WILL CERTIFY THE FORM 20A?

This e-form 20A needs to be verified by a practicing professional i.e. CS /CA/CWA.

8. PENALTY FOR NOT FILING

- Rs. 50,000/- for Company
- Rs. 1000/- per day for defaulting directors (maximum Rs. 1,00,000/-)
- Registrar can remove the name of the company

DISCLAIMER- The above information is my personal interpretation of notifications issued by MCA for general guidance and academic point of view and is true to the best of my knowledge and experience.