

# GCA TIMES

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GOPAL CHOPRA & ASSOCIATES  
Chartered Accountants

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## Corporate Debt Market Development Fund

To create a permanent institutional framework to enhance secondary market liquidity in the Corporate Bond market during stressed and normal times, an Alternate Investment Fund was created. Securities and Exchange Board of India (SEBI) vide notification no. SEBI/LAD-NRO/GN/2023/132 dated June 15, 2023 amended the SEBI (Alternative Investment Funds) Regulations, 2012 and inserted Chapter III-C to constitute the Corporate Debt Market Development Fund (CDMDF).

CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance for the purpose of providing guarantee cover against debt to be raised by CDMDF vide notification no. G.S.R. 559(E) dated July 26, 2023, which includes the Framework for Corporate Debt Market Development Fund.

## Online Dispute Resolution for Indian Securities Market

Vide Gazette Notification SEBI/LAD-NRO/GN/2023/137 dated 3rd July 2023, SEBI had passed the Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 to amend a number of SEBI Regulations to include a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board. Subsequently, vide Circular SEBI/HO/OIAE/OIAE\_IAD-1/P/CIR/2023/131 dated 31st July, 2023 the existing dispute resolution mechanism in the Indian securities market is being streamlined under the aegis of Stock Exchanges and Depositories (collectively referred to as Market Infrastructure Institutions (MIIs), presently excluding Clearing Corporations and its constituents), by expanding their scope and by establishing a common Online Dispute Resolution Portal (ODR Portal) which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.



The MIIs shall, in consultation with their empaneled ODR Institutions, establish and operate a common ODR Portal and will make joint efforts to develop and operationalize the ODR Platform.

### Whether services supplied by director of a company in his personal capacity are subject to Reverse Charge mechanism

The above issues have been examined by GST Council in the 50th meeting held on 11th July, 2023. Vide Circular No. 201/13/2023-GST dated August 01, 2023, Clarification has been issued that services supplied by a director of a company or body corporate to the company or body corporate in his private or personal capacity such as services supplied by way of renting of immovable property to the company or body corporate are not taxable under Reverse Charge Mechanism (RCM). Only those services supplied by director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate under notification No. 13/2017-CTR (SI. No. 6) dated 28.06.2017. The said notification notifies the categories of supply of services, supplied by a specified person, the whole of central tax leviable on which shall be paid on reverse charge basis by the recipient of the such services

### Whether supply of food or beverages in cinema hall is taxable as restaurant service

Vide Circular No. 201/13/2023-GST dated August 01, 2023 it has been clarified that supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:

- a) The food or beverages are supplied by way of or as part of a service, and
- b) Supplied independent of the cinema exhibition service.

It is further clarified that where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

### Restriction on Imports of Laptops, Tablets and Computers

The Directorate General of Foreign Trade (DGFT) vide Notification No. 23/2023 dated 3rd August 2023 has restricted import of laptops, tablets, all-in-one personal computers, ultra-small form factor computers, and servers falling under HSN 8741. The import of these items will now be permitted only against a valid Licence for Restricted Imports.

The Restriction shall not be applicable to Imports under Baggage Rules, as amended from time to time, thus, passengers would be able to carry these items in their baggage.

The import of one laptop, tablet, all-in-one personal computer, or ultra-small form factor computer through e-commerce portals, couriers, or post will be exempted from Import licensing requirement, however, import will be subject to payment of duty as applicable.

Furthermore, import licensing requirement exemption is provided for up to 20 such items per consignment for the purpose of Research and Development, testing, benchmarking and evaluation repair and re-export, and product development purposes. However, these items would have to be used for the stated purposes only. After the intended purpose, the products would either be destroyed beyond use or re-exported.

With regard to re-import of goods repaired abroad, licence for Restricted Imports shall not be required for repair and return of said items. Laptops, Tablets, All-in-one personal computers, ultra-small form factor computers and servers which are an essential part of a Capital Good shall be exempted from the Import licensing requirement.

## Taxation of supplies in casinos, horse racing and online gaming

The GST Council in its 51st meeting on 2nd August 2023 recommended certain amendments in the CGST Act 2017 and IGST Act 2017, including amendment in Schedule III of CGST Act, 2017, to provide clarity on the taxation of supplies in casinos, horse racing and online gaming.

Important recommendations in this regard include Addition of a specific provision in IGST Act, 2017 to provide for liability to pay GST on the supply of online money gaming by a supplier located outside India to a person in India and Valuation of supply of online gaming and actionable claims in casinos. The Council also recommended issuance of certain notifications/ amendment in notification related to the issue and bring amendments in the Act from 1st October 2023.

In July 2023, in its 50th meeting, the GST Council had recommended that the actionable claims supplied in Casinos, Horse racing and Online gaming may be taxed at the rate of 28% on full face value, irrespective of whether the activities are a game of skill or chance. The Council had also recommended that the law may be amended to provide clarity in the matter.

## Private Companies – Annual and Event Based Compliances under the Companies Act 2013

A private company under the Companies Act 2013, is defined to mean one which is having a minimum paid up share capital, as may be prescribed and which by its articles restricts the rights to transfer its shares, limit the number of members and prohibits any invitation to the public to subscribe for any securities of the company.

### Main Features and Advantages of Private Company

- Minimum 2 Directors and maximum 15 permissible
- A foreign national foreign director might be appointed to a private company. At least 1 director out of the two should have stayed in India for a total period of not less than 182 days in the previous calendar year.
- Minimum 2 Shareholders and maximum 200 permissible
- Directors and Shareholders can be the same person
- Restriction on Members Rights to transfer their shares
- Prohibits any invitation to public to subscribe for any securities of the company.
- Previously, a Private Limited Company in India required a minimum paid-up capital of Rs 1,00,000 to be formed. The Companies (Amendment) Act of 2015, however, repealed the provision.

### Compliances of Private Company

- Open Current A/c in Bank in the name of the company
- Maintain Statutory Registers
- A printed set of MOA and AOA (Optional)
- Minutes Loose Leaf (100 pages) and Minutes Binder (Optional)
- Share Certificate Book (Minimum 50 share certificate) (Optional)
- Printing of stationery and name plates
- Statutory Auditor Appointment (within 30 days of Incorporation)
- First Board Meeting - within 30 days of incorporation of the company.
- Filing of Form INC-20A (Commencement of Business) within 6 months of the incorporation of the company.
- Appoint Company Secretary (private limited companies with a paid-up share capital of more than Rs.10 crore have to appoint Company Secretary).

- Annual General Meeting AGM - It is necessary to hold a meeting of the shareholders once every year within 6 months from the financial year's closing. [by 30th September of year].
- Filing of Form AOC-4 – Financial Statements of the company along with Directors Report and other required attachments including Annual Return.
- Filing of Form MGT-7 - Annual Return of the company.
- Minimum 4 Board Meetings in a Financial year
- Receipt of supplies of goods or services from micro and small enterprises – MSME-1
- Change in the authorized capital or the paid-up capital of the company. – MGT14 & SH7
- Allotment of new shares or transfer new shares - PAS-3
- Giving loans to other companies – DPT 3 & MGT14
- Giving loans to directors –DPT3 & MGT14
- Appointment/Cessation of Directorship –DIR12
- Appointment or change of the statutory auditors of the company – ADT 3 & ADT1
- When a bank account is opened or closed, or there is a change in the signatories of a bank account. – Board Resolution.
- Directors need to do their KYC on the Ministry Portal once in a year.

It is necessary to file different forms with the registrar for all such events within a specific period. In case of missing out on this, additional fees or penalties might be levied.

# Thank You

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