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## **The Ministry of Corporate Affairs repeals the Companies Act, 1956**

The Ministry of Corporate Affairs (“MCA”), vide notification dated January 30, 2019, repealed the Companies Act, 1956.

The Central Government has appointed January 30, 2019 as the date on which the provisions of section 465 of the Companies Act, 2013 in so far as they relate to the repeal of the Companies Act, 1956 [that in except in so far as they relate to the repeal of the Registration of Companies (Sikkim) Act, 1961 (Sikkim Act 8 of 1961) shall come into force.

The said notification can be accessed on the below link for the reader’s perusal:

[http://www.mca.gov.in/Ministry/pdf/NotificationSection465\\_31012019.pdf](http://www.mca.gov.in/Ministry/pdf/NotificationSection465_31012019.pdf)

## **Finance Bill, 2019: Key Amendments to the Indian Stamp Act, 1899 & the Prevention of Money-Laundering Act, 2002**

The Finance Bill, 2019 seeks to amend the Indian Stamp Act, 1899 for levy and administration of stamp duty on securities market instruments by the States at one place through one agency, viz., through Stock Exchanges or its Clearing Corporation or Depositories on one instrument, and for appropriately sharing the same with respective State Governments based on State of domicile of the buyer. The Bill also proposes to extend time limit for attachment of property under PMLA from 90 days to 365 days. The same are elucidated herein below for the reader’s understanding:

- ✓ Govt. to designate collecting agencies for collecting stamp duty on instruments of transaction in stock exchanges.
- In case of instruments of transactions in stock exchanges and depositories

The Finance bill proposes to insert “Part AA - liability of instruments of transactions in stock exchanges and depositories to duty” to the Stamp Act, 1899. In this part new section 9A has been proposed to be included which provides that stamp duty on sale of any securities through stock exchange or depository shall be collected from buyer on behalf of State Government by the authorised stock exchange or a clearing corporation or depository as the case may be. The duty will be collected on basis of the market value of the securities at time of settlement of transactions in securities of such buyer.

The collecting agency such as stock exchange, clearing corporation or depository as the case may be shall have to transfer the collected stamp duty to the State Government within three weeks of end of each month. The duty will be transferred to the State in which the buyer resides if the buyer is outside India then the State Govt. having registered address of the trading member or broker shall receive the duty.

- In case of issue of securities other than through stock exchange or depository

In case of issue of securities made by issuer otherwise than through a stock exchange or depository the stamp duty on each such issue shall be payable by the issuer at a place his registered office is situated. The duty will be

calculated on the market value of the securities so issued at rate specified in Schedule I.

✓ Change in Stamp duty on Debentures

Now the stamp duty on issue of debenture will be 0.005% and in case of re-issue it will be 0.0001%.

Existing duty structure is 0.05% per year of the face value of the debenture subject to the maximum of 0.25% or Rs. 25 lakhs whichever is lower where the debenture are transferred by way of delivery or by an endorsement or by separate instrument of transfer.

✓ Stringent penalty upon collecting agencies for failure to collect duty

A new section has been introduced with respect to collecting agencies which provides for a penalty of not less than Rs. 1 Lakh which can be extended to 1% of the collection so default against collecting agencies who fails to collect the duty or fails to transfer the same within 15 days of the specified time period.

✓ Amendment to the Definition of 'instrument'

Now the definition of instrument has been expanded to include electronic document created for a transaction in a stock exchange or depository by which any right or liability is or purports to be, created, transferred, limited, extended, extinguished or recorded and any other document mentioned in Schedule I.

Further, the key amendment made to the Prevention of Money-Laundering Act, 2002

proposes that the time limit of 90 days for which the attachment shall remain valid during the period of investigation be extended to 365 days. It also provides that in computing the period of 365 days, the period during which the investigation is stayed by any court shall be excluded.

The reader can access the Finance Bill, 2019 on the below link:

<https://www.indiabudget.gov.in/bill.asp>

**The Ministry of Housing and Urban Affairs notifies the date of enforcement for Requisitioning and Acquisition of Immovable Property (Amendment) Act, 2018**

The Ministry of Housing and Urban Affairs, vide notification dated January 28, 2019, has appointed the said date as the date of enforcement of the Requisitioning and Acquisition of Immovable Property (Amendment) Act, 2018.

The said Act allows Central Government to re-issue the notice of acquisition to ensure that the owner or any other person who is interested in the property gets an opportunity to be heard.

The said notification can be accessed on the below link for the reader's perusal:

<https://companylaw.taxmann.com/fileopennew.aspx?id=222330000000017769&mode=home&page=ts>

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