

## MCA UPDATES

**1. Notification dated April 01, 2021 –Amendment in the Companies (Accounts) Rules, 2014- Requirement of having accounting Software with feature of Audit Trail etc is deferred from FY April 01, 2021 to April 01, 2021**

On March 24, 2021 Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014 (the Original Rules) and notified the Companies (Accounts) Amendment Rules, 2021 (the Amended Rules) which has been effective **from April 01, 2021**.

A proviso was added to Rule 3 (1) which is for “Manner of Books of Accounts to be kept in electronic mode” that from the Financial Year commencing from April 01, 2021 onwards, every company which uses **accounting software** for maintaining its books of account, shall use only such accounting software **which has a feature of**

- (a) recording **audit trail** of each and every transaction,
- (b) creating **an audit log** of each change made in books of account along with the date when such changes were made and
- (c) company to ensure that the audit **trail cannot be disabled**.

However on April 01, 2021 MCA further amended the Companies (Accounts) Rules, 2014 with the Companies (Accounts) Second Amendment Rules, 2021 and amended the Original Rules by extending the applicability with respect to requirement of having Accounting Software having features of Audit Trail etc from the FY commencing **from April 01, 2022** onwards

The link for the aforesaid Notification is as below:

[http://www.mca.gov.in/Ministry/pdf/AccountsSecondAmendmentRules\\_13042021.pdf](http://www.mca.gov.in/Ministry/pdf/AccountsSecondAmendmentRules_13042021.pdf)

[http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules\\_24032021.pdf](http://www.mca.gov.in/Ministry/pdf/AccountsAmendmentRules_24032021.pdf)

**2. Notification dated April 01, 2021 -The Companies (Audit and Auditors) 2<sup>nd</sup> Amendment Rules, 2021**

**Reporting by the Auditors on the requirement of having Accounting Software with Audit Trail is also deferred from FY April 01, 2021 to April 01, 2022**

On April 01, 2021 MCA vide its Notification notified the Companies (Audit and Auditors) Second Amendment Rules, 2021 (the 2nd Amended Rules) by which it has extended the applicability of reporting by the Auditors with respect to use of the accounting software by the company having feature of recording audit trail etc from the FY commencing on or after April 01, 2022 and all other amendment made under 1st amendment dt March 24, 2021 shall remain effective from April 01, 2021.

The link for the aforesaid Notification is as below:

[http://www.mca.gov.in/Ministry/pdf/AuditAuditorsSecondAmendmentRules\\_13042021.pdf](http://www.mca.gov.in/Ministry/pdf/AuditAuditorsSecondAmendmentRules_13042021.pdf)

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## **Amita Desai & Co. Company Secretaries, Mumbai**

### **3. Circular No.5 dated April 22, 2021 – Clarification on spending of CSR funds**

MCA vide its Circular 05/2021 dated April 22, 2021 further clarified that in continuation with earlier Circular 10/2020 dated March 23, 2020 companies spending CSR fund on activities of **“setting up makeshift hospitals and temporary COVID Care Facilities”** as eligible CSR activity as per Schedule VII of Companies Act, 2013 relating to promotion of health care, including preventive health care and disaster management.

The Companies to take this activities in consultation with State Government.

The link for the aforesaid Notification is as below:

[http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo5\\_22042021.pdf](http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo5_22042021.pdf)

### **MCA News**

#### **1. Form INC-6 – Revised: Application for any of the following**

- a Conversion of OPC into private company
- b Conversion of OPC into public company
- c Conversion of Private company into OPC

Form INC-6 is revised as per Companies (Incorporation) Second Amendment Rules, 2021 and is now available for filing.

#### **2. Form CSR-1- New Form: This Form is required to be filed by the implementing agencies of CSR**

as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

**The form is available with effect from 01 April, 2021**

CSR activities are undertaken by the Company either by itself or through implementing agencies which has filed CSR-1 with Ministry of Corporate Affairs.

If you are a social organization and seeking CSR Funding from the companies then it is mandatory for you to file Form CSR-1 with Ministry of Corporate Affairs as soon as possible.

#### **3. Ministry of Corporate Affairs had invited applications from young person above the age of 35 to engage the services of **Young Professionals (YPs)** on contract basis for a minimum period of one year at a monthly remuneration of Rs.45,000/- . Such YP should be Bachelor in Law from reputed law university and are expected to contribute to the Internal Research requirements of Ministry of Corporate Affairs in R & A Division by analysing & processing MCA 21 data and to help draw policy implications in the evolving provisions of the Companies Act, 2013. The last date for the receipt of applications was April 23, 2021.**

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