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Knowledge SBU Initiative

With an eye on taxes, Centre asks insolvent companies obtain fresh CGST, SGST registration nos

The Centre introduced new rules for companies under the IBC that would necessitate all companies to obtain fresh CGST and SGST registration numbers. The new numbers need to be obtained by companies after CIRP is initiated, and a resolution professional or an interim resolution professional is appointed. Corporate debtors will now be considered a new entity under the RP or IRP and will have to register themselves in all states and Union Territories where they had operations before they declared insolvency. Also, their new registration numbers will be different from the old ones to make sure the IRP or the RP continues to pay dues and taxes to the government.

As Covid-19 grips economy, firms uncertain about impact on bankruptcies

A promoter of a stressed mining company had been working with financiers for weeks, almost ready with a plan to reach a settlement with the banks. The deal was about to be closed. But last week, the investment committee formed to give the final go-ahead refused to discuss the plan due to the changed market dynamics amid the COVID-19 pandemic. The company, a person close to the matter said, is now facing the threat of bankruptcy.

Finance Minister, Mrs. Nirmala Sitharaman's announcement that after monitoring the situation the government might consider suspending the provision for triggering insolvencies for a period of six months under section 7, 9 and 10 of the Insolvency and Bankruptcy Code could bring a much needed breather for companies. Further, threshold for default had also been raised to 1 Cr from 1 lakh so as to prevent triggering proceedings against MSME.

COVID-19: NCLT benches to remain close till March 31, 2020; Chennai NCLT to take up urgent cases on intimation through Email

In order to curb the outbreak of COVID-19, all the benches of the NCLT will remain closed till March 31, 2020. The Chennai bench of NCLT will take up only urgent cases on intimation through Email. However, in cases of the urgent unavoidable matters the aggrieved party can file an application through Email to the Registry of the Chennai NCLT.

POINT TO PONDER

"The way to procure insults is to submit to them. A man meets with no more respect than he exacts."
— William Hazlitt

Insolvency Law A 'Swachhata Drive' Against Non-Performing Assets: IBBI Chief MS Sahoo

The "evolving" insolvency law is a kind of "Swachhata drive" to clean up non-performing assets as well as put companies in the hands of capable and credible people, according to Insolvency and Bankruptcy Board of India chief MS Sahoo. Around 3,600 companies have been admitted under the IBC so far. While acknowledging that the IBC is still evolving, Sahoo said authorities are conscious of the emerging needs. *"As and when they find a problem, they try to address it as expeditiously as possible. The insolvency professionals, creditors, NCLT, IBBI, all are on a steep learning curve. The Supreme Court has been settling matters at a quick pace. I believe the road to success is always under construction,"* he told PTI in a recent interview.

DHFL claims cross Rs 1 lakh crore

The amount claimed by creditors of troubled Dewan Housing Finance Corporation (DHFL) has crossed Rs 1 lakh crore, sources told FE. The sources added that 70,913 creditors "have claimed Rs 1,00,064 crore from DHFL till now." Financial creditors, including bondholders, have claimed Rs 86,469 crore from DHFL.

Critical Study On Discharge Of Corporate Debtor In An Approved Resolution Plan Under Section 32A Of Insolvency & Bankruptcy Code 2016

The concept of corporate liability emerges when the corporates are held liable for causing harm or injury to person, public in any form and act. However, this recent legislation seeks to protect the corporate debtors from prosecution which is a new trend adopted and enacted by the parliament. In this aspect, it is a changing era as the country aims to boost the economy by enabling investments in the stressed assets of a corporate debtor and removing obstacles faced by successful bidders in the resolution of a corporate debtor. Such a step will not only boost the economy but will also lead to encouragement of entrepreneurship in the country.

***Feedback requested at ipa@icai.in**