

# **Company Law**

## **Shell Companies**

### **Directors' Disqualification**

### **CODS 2018**

### **Strike-off Companies**



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**B. COM (H), FCA, FCS, FCMA, LL.B, MIMA, DISA**

**Income-tax**

**Deemed Gifts**

**Share Issue & Transfer**

**Strike Off Companies**

**Shared at**  
**West Delhi Study Circle (WDSC)**  
**of NIRC of ICAI**  
**24<sup>th</sup> January 2018**

# AGENDA

- ✖ **Shell Companies**
- ✖ **Disqualified Directors**
- ✖ **Condonation of Delay Scheme 2018 [CODS 2018]**
- ✖ **Strike-off Companies**
- ✖ **Deemed Gifts u/s 56(2)(x)**
- ✖ **Share Premium u/s 56(2)(viib)**





SHELL  
COMPANIES

# **SHELL COMPANY NEWS**

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- ✖ **August 14, 2017:**
- ✖ **SEBI's directive to stock exchanges to initiate action against 331 suspect shell companies and ban them from trading. Following SEBI's diktat, BSE and NSE moved 162 and 48 companies, respectively, into Stage-VI of the Graded Surveillance Measure (GSM), implying these stocks would not be available for active trading.**

## **SHELL COMPANY NEWS**

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- ✖ **On 14 September, 2017 the MCA and CBDT signed a MoU to facilitate the sharing of data and information with each other on an automatic and regular basis.**
- ✖ **According to a press release by MCA, “The move is targeted to curb the menace of shell companies, money laundering and black money in the country and prevent misuse of corporate structure by shell companies for various illegal purposes.**

# **SHELL COMPANY NEWS**

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- ✖ **MCA cancelled registration of around 2,09,032 defaulting companies & Ministry of Finance directed banks to restrict operations of bank a/cs of such companies by directors of such companies or their authorized representatives.**
- ✖ **MCA has identified 1,06,578 directors for disqualification u/s164(2)(a) as on 12 September 2017**



# **SHELL COMPANY NEWS**

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- ✖ **MCA Press Release – 6.9.2017**
- ✖ **Director or authorized signatory of any “struck off” co. tries to unauthorizedly siphon-off money from its bank a/c, he/she may attract punishment of imprisonment of not less than 6 months extendible to 10 years. If it is found that fraud involves public interest, punishment shall not be less than 3 years & fine may also be imposed which would be 3 times the amount involved**



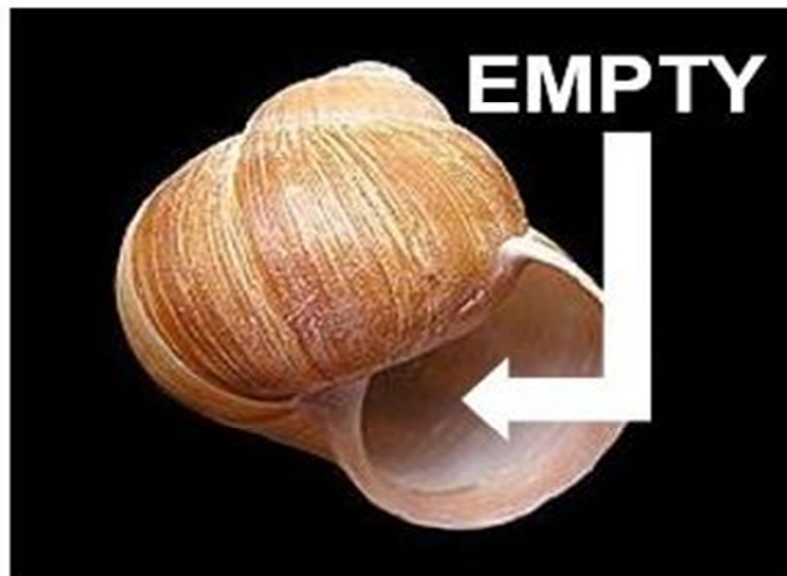
**Shell  
Companies**



**Is it  
defined ?**




# Shell Company



***A shell company is like an empty shell  
There is nothing inside***

# **SHELL COMPANY**

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- ✖ **Could be - a company incorporated having no significant assets or operations**
  - ✖ **Exists mainly on papers**
  - ✖ **Mostly have no true physical presence**
  - ✖ **Little or no economic value**
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# **SHELL COMPANY**

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- ✗ **General Mind-set – Plays vital role in underground economy:**
  - + **Money Laundering**
  - + **Benami Properties**
  - + **Tax Evasion**
  - + **Penny Stocks**
  - + **Market manipulations**
  - + **Fraudulent invoices**
  - + **Financing Terrorism**
  - + **Financing Politics?**

# **SHELL COMPANY**

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- ✖ **In the US the Securities Act defines a shell firm as one that has no or nominal operations and assets.**
- ✖ **The assets must consist mainly of cash and cash equivalents with very little other assets.**
- ✖ **In other words, a shell company should not have active business operations or assets.**

## **SEBI ACTION**

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- ✘ **21st November 2017 - SEBI formed a sub-committee under the Secondary Market and Advisory Committee (SMAC).**
- ✘ **It will be hearing cases filed by companies complaining that they have been wrongly classified as shell companies because of technical errors.**
- ✘ **In some cases, the sub-committee will make representations to the Ministry of Corporate Affairs for relief.**

## SEBI ACTION

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- ✖ **SEBI ordered forensic audit of few Cos– Khoobsurat, Indian Infotech and Software, Newever Trade Wings & Shivom Investment & Consultancy (total around 12) which figures among 331 suspected shell cos.**
- ✖ **SAT lifted trading restrictions on few cos. including Parsvnath Developers, Kavit Ind., Pincon Spirit, Signet Ind., SQS India BFSI, KKalpana Ind., Cybermate Infotek.**



## **MCA PRESS RELEASE 5.1.2018**

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- ✖ **Govt has initiated campaign against black money, wilful defaulters & erring directors.**
- ✖ **Prior to demonetisation 16,08,637 no. of companies stood registered.**
- ✖ **After demonetisation, RoCs has identified 2.97 lakh companies during 2017-18 which were not filing their FS or AR for a continuous period of 2 or more FYs & prima facie, were not conducting any business or in operation.**

## **MCA PRESS RELEASE 5.1.2018**

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- ✖ **Out of such ROCs has removed names of 2,26,166 cos. as on 19.12.2017 by following due procedure u/s 248.**
- ✖ **CG has ordered investigations into true ownership of 68 such companies u/s 216 r. w.s. 210(1)(c) which have deposited Rs. 25 crores or more in Bank A/cs & withdrew in exceptional manner post demonetisation**
- ✖ **Govt. has identified 3,09,619 directors as disqualified u/s 164(2)(a).**



**Strike Off**



**Director's  
Disqualification**



# **AUDITOR'S DUTY**

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- ✖ **Section 143(3)(g)**
- ✖ **Auditors to Report in its Auditors Report**
- ✖ **Whether any director is disqualified from being appointed as a director u/s 164(2)**

# **DISQUALIFICATION [164(2)]**

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- ✖ **A person not eligible for 5 Years to be:**
  - + **Reappointed in that Co.; or**
  - + **Appointed as director in other company**
- ✖ **Co. has not filed FS or Annual returns for any continuous period of 3 Years**
- ✖ **Failed to repay deposits or repay interest thereon and such failure continues for 1 Year or more**
- ✖ **Failed to redeem debentures or repay interest thereon and such failure continues for 1 Year or more**
- ✖ **Failed to pay any dividend declared and such failure continues for 1 Year or more**



## **ACTION - ON DISQUALIFICATION**

- ✖ **Every director to inform to company concerned about his disqualification u/s 164(2) in Form DIR-8 before he is appointed or re-appointed.**
- ✖ **On disqualification u/s. 164(2) - company to file Form DIR-9 within 30 days furnishing names and addresses of all the directors of the company during the relevant FYs.**
- ✖ **Proposed Amendment - 164(2) disqualification not applicable for 6 mns of new appointment in said co. Existing director disqualified in all Cos except said Co.**

## **VACATION - (167)**

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✖ Incurs any of disqualifications specified in s. 164;

✖ If a person, functions as a director even when he knows that the office of director held by him has become vacant on a/c of any of disqualification specified in s.

**167(1) - Punishment:**

- + Imprisonment upto 1 Year or
- + With fine – Min 1 L Max 5 L or
- + With both. [167(2)]

## **ALL DIRECTORS VACATE**

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- ✖ **Where all the directors of a company vacate their offices under any of the disqualifications specified in 167(1), the promoter or, in his absence, the CG shall appoint the required number of directors who shall hold office till the directors are appointed by the company in the general meeting [167(3)]**

## **OLD VS. NEW**

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- ✖ **1956 Act, disqualification was only for Public companies, 2013 Act for all companies**
- ✖ **3 years from when?**
- ✖ **Director to file his resignation in DIR 11 under 2013 Act – no such requirement under 1956 Act**

## **LESS THAN 2 DIRECTORS**

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- ✖ **Disqualified w.e.f. 1<sup>st</sup> November 2016?**
- ✖ **Public notice... 5/6/.. September 2017**
- ✖ **Actions taken during the period being disqualified?**

# THE WAY OUT

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- ✗ **Move high court for stay**
- ✗ **Instruction Dated 6.10.2017:**
  - + **Promoters may appoint new directors u/s 167(3). In such cases, the issue of role check shall arise.**
  - + **RoCs already have facility to add signatory details from the back end with the approval of RD.**
  - + **RoCs/RD's have been directed to approve such applications within 1 week from the date of receipt of application.**



**CONDONATION  
OF DELAY  
SCHEME 2018**

**CODS  
2018**

## **CONDONATION OF DELAY SCHEME 2018**

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- ✖ **CODS-2018 from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2018**
- ✖ **Applicable to all defaulting companies  
[Other than struck off Companies / whose  
name is removed u/s 248(5)]**
- ✖ **Can file overdue documents which were  
due till 30.6.17**
- ✖ **DIN of disqualified directors de-activated  
shall be temporary activated**

# **CONDONATION OF DELAY SCHEME 2018**

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## **× Forms Covered:**

**+Form 20B / MGT-7**

**+Form 21A / MGT 7**

**+Form 23AC, 23ACA, 23AC-XBRL, 23 ACA-XBRL, AOC-4, AOC-4(CFS), AOC(XBRL)**

**+Form 66**

**+Form 23B / ADT-1**

## **CONDONATION OF DELAY SCHEME 2018**

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- ✖ **Amounts to be paid:**
  - + **Filing Fee**
  - + **Additional Fee**
  - + **Rs. 30000/- along with condonation of delay form in Form e-CODS 2018 after filing documents but before 31.3.2018**
- ✖ **Companies not availing this scheme – directors DINs to be deactivated**

## **CONDONATION OF DELAY SCHEME 2018**

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- ✖ **In case of companies struck off u/s 248 and application made to NCLT for revival u/s 252 up to the date of this scheme – DIN to be reactivated only on NCLT order of revival subject to company having filing of overdue documents**

## **CONDONATION OF DELAY SCHEME 2018**

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- ✖ Prosecution for all documents filed under this scheme to be withdrawn**
- ✖ This scheme is without prejudice to action u/s 167(2) or civil or criminal liabilities during the period they remained disqualified**
- ✖ Action to be taken after the scheme who not availed of the scheme and continue to be in default in filing overdue documents**





# **STRIKE OFF**

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- ✖ **Sections 248 to 252 made applicable w.e.f. 26.12.2016**
- ✖ **Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 effective from 26.12.2016**

# PROVISIONS

**S. 248**

- **Power of Registrar to Remove the name of the company from Register of Members**

**S. 249**

- **Restrictions on making application u/s 248 in certain cases**

**S. 250**

- **Effect of company notified as dissolved**

**S. 251**

- **Fraudulent application for removal of name**

**S. 252**

- **Appeal to Tribunal**

# **SUO-MOTO REMOVAL**

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- ✘ Failed to commence business within 1 year of incorporation**
- ✘ Not carrying on business / operations for continuous period of 2 years and not made application for obtaining status as dormant company u/s 455**

## **COMPANIES THAT CAN'T BE STRIKE OFF**

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- ✗ **Listed companies**
- ✗ **Delisted Companies due to non-compliance of listing regulations or listing agreement or other statutory laws**
- ✗ **Vanishing companies**
- ✗ **Cos. where inspection/investigation is ordered & being carried out or actions on such order are yet to be taken up or were completed but prosecutions on such inspection/investigation are pending**

## **COMPANIES THAT CAN'T BE STRIKE OFF**

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- ✖ **Cos. where notices u/ss 234 / 206 / 207 of 1956 Act issued by ROC or Inspector & reply thereto is pending or report u/s 208 not yet submitted or follow up of instructions thereon is pending or where any prosecution arising out of such inquiry or scrutiny, if any, is pending with the Court;**
- ✖ **Cos. against which any prosecution for an offence is pending in any court;**

## **COMPANIES THAT CAN'T BE STRIKE OFF**

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- ✖ **Cos. whose application for compounding is pending before the competent authority or any of its officers in default;**
- ✖ **Cos. which have accepted public deposits which are either outstanding or company is in default in repayment of the same;**
- ✖ **Cos. having charges which are pending for satisfaction; and**
- ✖ **Companies registered u/s 25 of 1956 Act or s. 8 of 2013 Act.**



# **PROCEDURE FOR STRIKE OFF**

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- ✕ Notice to be served in Form STK - 1 to all directors at the addresses available on record. Notice shall:**
  - + contain the reasons on which the name of the company is to be removed; and**
  - + seek representations, if any, against the proposed action from company and its Directors along with the copies of relevant documents, if any, within a period of 30 days from date of the notice.**

# **PROCEDURE FOR STRIKE OFF**

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- ✖ **ROC shall consider the representation of the Company if it has received the same.**
- ✖ **If the ROC is not satisfied with the representation made by the company and its directors, it may proceed further for the strike off.**

# **PROCEDURE FOR STRIKE OFF**

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- ✖ **Publication of notice for removal of name u/s 248 (1) in Form STK 5 & the same be:**
  - + **Placed on official website of the MCA on a separate link established on such website**
  - + **Published in the Official Gazette**
  - + **Published in Form STK 5A in English language in a leading English newspaper & at least once in vernacular language in a leading vernacular language newspaper, both having wide circulation in the State in which registered office of company is situated.**

# **PROCEDURE FOR STRIKE OFF**

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- ✗ **ROC to simultaneously intimate the concerned regulatory authorities regulating the company, viz, Income tax authorities, central excise authorities and service-tax authorities having jurisdiction over company, about proposed action of removal or striking off the names of such companies and seek objections, if any, to be furnished within 30 days of notice.**

# **PROCEDURE FOR STRIKE OFF**

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- ✘ **In accordance with s. 248(5) ROC may, at the expiry of the time mentioned in the notice, unless cause to the contrary is shown by the company, strike off its name from the register of companies, and publish notice thereof in the Official Gazette.**
- ✘ **Company shall stand dissolved on publication of this notice.**

# **PROCEDURE FOR STRIKE OFF**

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- ✖ **ROC, before striking off to satisfy itself that sufficient provision has been made for realization of all amounts due to the company and for the payment or discharging of its liabilities.**



## **EFFECT OF STRIKE OFF**

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- ✖ **On dissolution u/s 248, it shall on & from date mentioned in notice of dissolution, cease to operate as company except for purpose of realizing amount due to co. & for payment or discharge of liabilities or obligations of company.**
- ✖ **Liabilities of directors, managers, officers and members to be continue as if the company had not been dissolved.**



## **RESTORATION – ON APPEAL BY ANY PERSON**

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- ✘ Any person aggrieved by removal order may file appeal before NCLT within 3 yrs of order
- ✘ NCLT may pass order for restoration if it is of opinion that removal of name of co is not justified in view of absence of any of the ground on which order was passed by ROC.
- ✘ NCLT to give reasonable opportunity of making representations and of being heard to ROC, company and all persons concerned.

## **RESTORATION– ON APPLICATION BY ROC**

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- ✖ **ROC may, within 3 yrs from the date of passing of the order dissolving the company u/s 248, file for restoration before NCLT if it is satisfied that the name of the company has been struck off**
  - + **Either inadvertently or**
  - + **On the basis of incorrect information furnished by the company or its directors.**

## **RESTORATION – ON APPLICATION BY OTHERS**

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- ✖ **Application to NCLT for restoration may be made by co., member, creditor or workmen before expiry of 20 yrs from publication in Official Gazette of notice of dissolution of the company, if:**
  - + **Company was, at the time of its name being struck off, carrying on business or in operation; or**
  - + **Otherwise it is just that the name of the company be restored**

# **TAXATION OF STRIKE OFF COMPANIES**

**S. 159**

- Legal Representative

**S. 170**

- Succession of business otherwise than on death

**S. 176**

- Discontinuation of business

**S. 178**

- Company in liquidation– responsibility of official liquidator

**S. 179**

- Liability of directors of private company in Liquidation

# **TAXATION OF STRIKE OFF COMPANIES**

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- ✖ **Assessment of company struck off**
- ✖ **S. 248(7) [Companies Act] – The liability, if any of every director, manager or other officer who was exercising any power of management and of every member of the company dissolved shall continue and may be enforced as if the company had not been dissolved.**

# INVESTOR TAXATION

**Investor of company  
strike-off**

**Capital Loss??**

**Extinguishment of  
Right therein 2(47)(ii)**

# OTHER STRIKE-OFF EFFECTS??

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- ✗ Company's shareholder non-existent. Who is the owner ??
- ✗ GM when shareholders do not exist – if all shareholders non-existent ??
- ✗ Auditor responsibility when shareholder does not exist ??
- ✗ Unsecured loans from /to strike-off company ??
- ✗ Debtor / Creditor being strike-off Co. ??



# **IT DEPARTMENT ACTION**

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- ✘ **CBDT decided that request/appeal for restoration of name with retrospective date from date of being 'struck off' to be made**
- ✘ **The CBDT laid out cases where revival requests should be considered.**
  - + **Where proceedings were already under progress,**
  - + **Where proceedings were being contemplated,**
  - + **Where department appeals were pending,**
  - + **Where penalty proceedings already initiated were pending**
  - + **Where prosecution proceedings had been initiated.**

*CA. Pramod Jain*

# DEEMED GIFTS

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# **DEEMED GIFTS**

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- ✗ **S. 56(2)(x) w.e.f. 1<sup>st</sup> April 2017**
- ✗ **Earlier**
  - + Individual & HUF covered for all assets; and
  - + Firms and Companies for shares
- ✗ **Now ANY PERSON covered for:**
  - + Money
  - + Immovable Property
  - + Property other than Immovable Property

# **MONEY**

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- ✖ **Receives any sum of money**
- ✖ **Without consideration**
- ✖ **Aggregate value of which exceeds Rs. 50000/-**
- ✖ **Income - whole of the aggregate value of such sum**
- ✖ **Exceptions – relatives, etc.. discussed later**

# **IMMOVABLE PROPERTY**

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- ✗ **Covers land, building or both**
- ✗ **Receives without consideration - stamp duty value exceeds Rs. 50000/-**
- ✗ **Receives through inadequate consideration – consideration less than stamp duty value – difference exceeds Rs. 50000/-**
- ✗ **Exceptions – relatives, etc.. Discussed later**
- ✗ **Where date of agreement & date of registration are not same, value on date of agreement if some payment made by a/c payee cheque /bank draft / ECS on or before date of agreement**

# IMMOVABLE PROPERTY

- ✗ If value disputed by assessee u/s 50C(2) , AO may refer to Valuation Officer
- ✗ Is leasehold land covered?
  - + Transfer of leasehold rights in a building do not attract provisions of S. 50C - *DCIT v Tejinder Singh (2012) (50 SOT 391) (Kol)*
  - + Leasehold rights in plot of land is not 'land or building or both' - *Atul G. Puranik v. ITO (132 ITD 499)(Mum)*.
  - + S. 50C applies to Transfer of Development Rights - *Chiranjeev Lal Khanna v. ITO (132 ITD 474)(Mum)*

# IMMOVABLE PROPERTY

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- ✖ Mr. A (not a relative of Mr. B) gifts immovable property whose stamp duty value is Rs. 15 Lakhs to Mr. B.
- ✖ Actual cost in hands of Mr. A was Rs. 18 Lakhs.
- ✖ What would be the cost of acquisition in hands of Mr. B?
  - + S. 49(1) – cost to previous owner i.e. Rs. 18 L
  - + S. 49(4) – If subject to s. 56(2), stamp duty value i.e. Rs. 15 L



# **OTHER THAN IMMOVABLE PROPERTY**

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- ✖ **Property – Expl. to 56(2)(vii) Capital Asset namely:**
  - + **Imm. Property being land or building or both**
  - + **Shares and securities**
  - + **Jewellery**
  - + **Archaeological collections**
  - + **Drawings**
  - + **Paintings**
  - + **Sculptures**
  - + **Any work of art**
  - + **Bullion**

# EXCEPTIONS

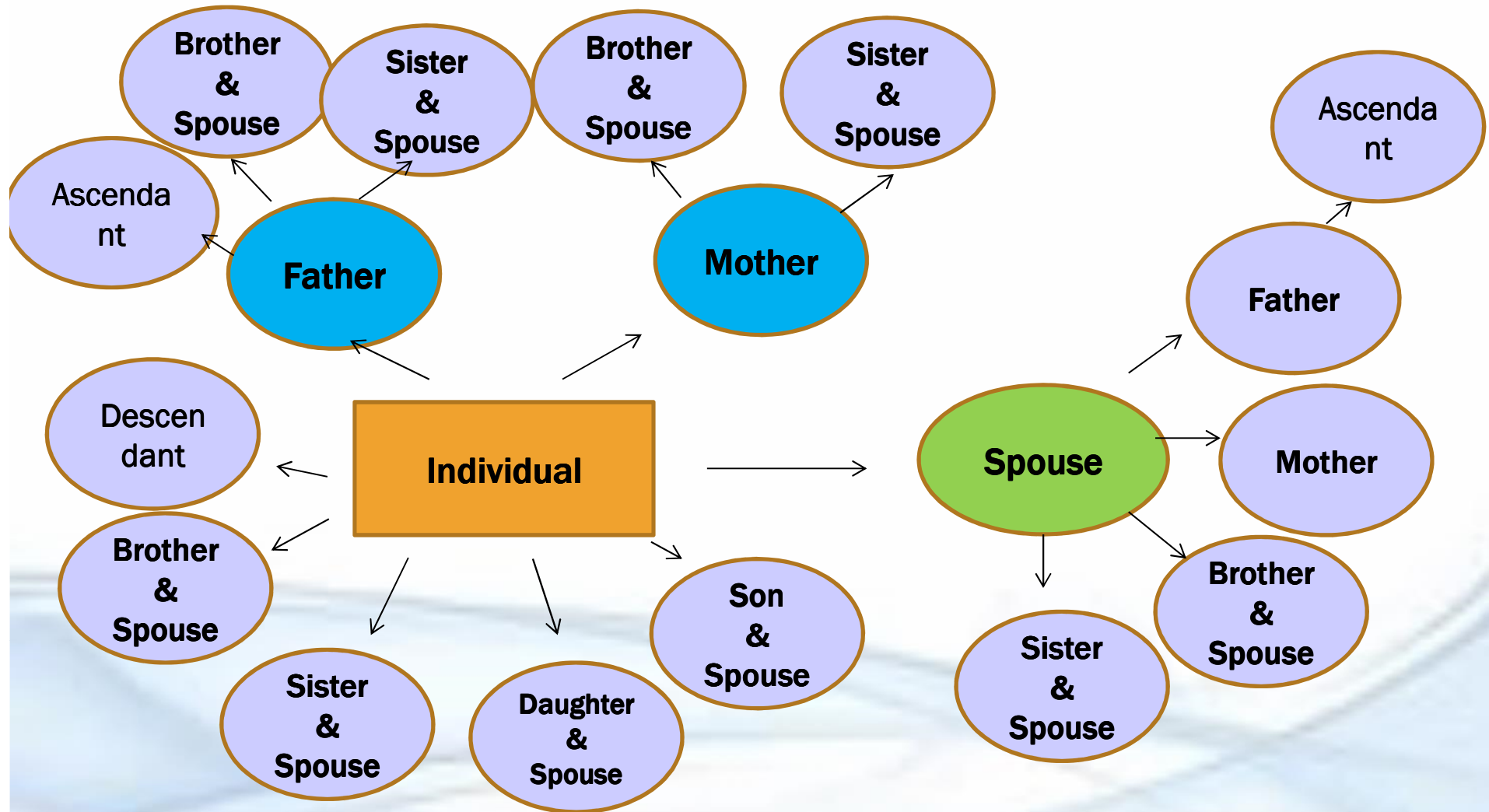
## × Relative

### + In case of an individual:

- a) Spouse;
- b) Brother or sister;
- c) Brother or sister of the spouse;
- d) Brother or sister of either of the parents;
- e) Any lineal ascendant or descendant;
- f) Any lineal ascendant or descendant of the spouse;
- g) Spouse of person referred to in (b) to (f)

### + In case of a HUF, any member thereof

# RELATIVES



# **EXCEPTIONS**

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- ✘ On the occasion of the marriage of the individual**
- ✘ Under a will or by way of inheritance**
- ✘ In contemplation of death of the payer or donor, as the case may be**
- ✘ From any Local Authority as defined in the Explanation to section 10(20)**
- ✘ From any Fund or Foundation or University or other Educational Institution or Hospital or other Medical Institution or any Trust or Institution referred to in section 10(23C)**

# EXCEPTIONS

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- ✘ **From or by any Trust or Institution registered u/s 12A /12AA**
- ✘ **By any Fund or Trust or Institution or any university or other educational institution or any hospital or other medical institution referred in**
  - + **S. 10(23C) (iv) – Importance in India / states**
  - + **S. 10(23C) (v) – Approved religious or charitable trust**
  - + **S. 10(23C) (vi) – Approved university or educational institute**
  - + **S. 10(23C) (via) – Approved hospitals**

# EXCEPTIONS

- ✖ **By way of transaction not regarded as transfer:**
  - + **S. 47 (i) – Total / partial partition of HUF**
  - + **S. 47 (vi) – Amalgamation if amalgamated co. Indian**
  - + **S. 47 (via) – Amalgamation of two foreign companies asset being shares subject to certain conditions**
  - + **S. 47 (viaa) – Amalgamation of banks sanctioned by CG**
  - + **S. 47 (vib) – Demerger if resulting co. in Indian Co**
  - + **S. 47 (vic) – Demerger of foreign company asset being shares subject to certain conditions**

# EXCEPTIONS

- ✖ **By way of transaction not regarded as transfer:**
  - + **S. 47 (vica) - business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank**
  - + **S. 47 (vicb) - business reorganisation, of a capital asset being shares by predecessor co-operative bank to successor co-operative bank**
  - + **S. 47 (vid) - transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company**
  - + **S. 47 (vii) - trf by a shareholder, in scheme of amalgamation, of capital asset being share or in amalgamating co. subject to certain conditions**



# EXCEPTIONS

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- ✗ **From an individual by a trust created or established solely for the benefit of relative of the individual**

# **SHARES ISSUE & TRANSFER**

# **SHARE ISSUED EXCEEDING FMV**

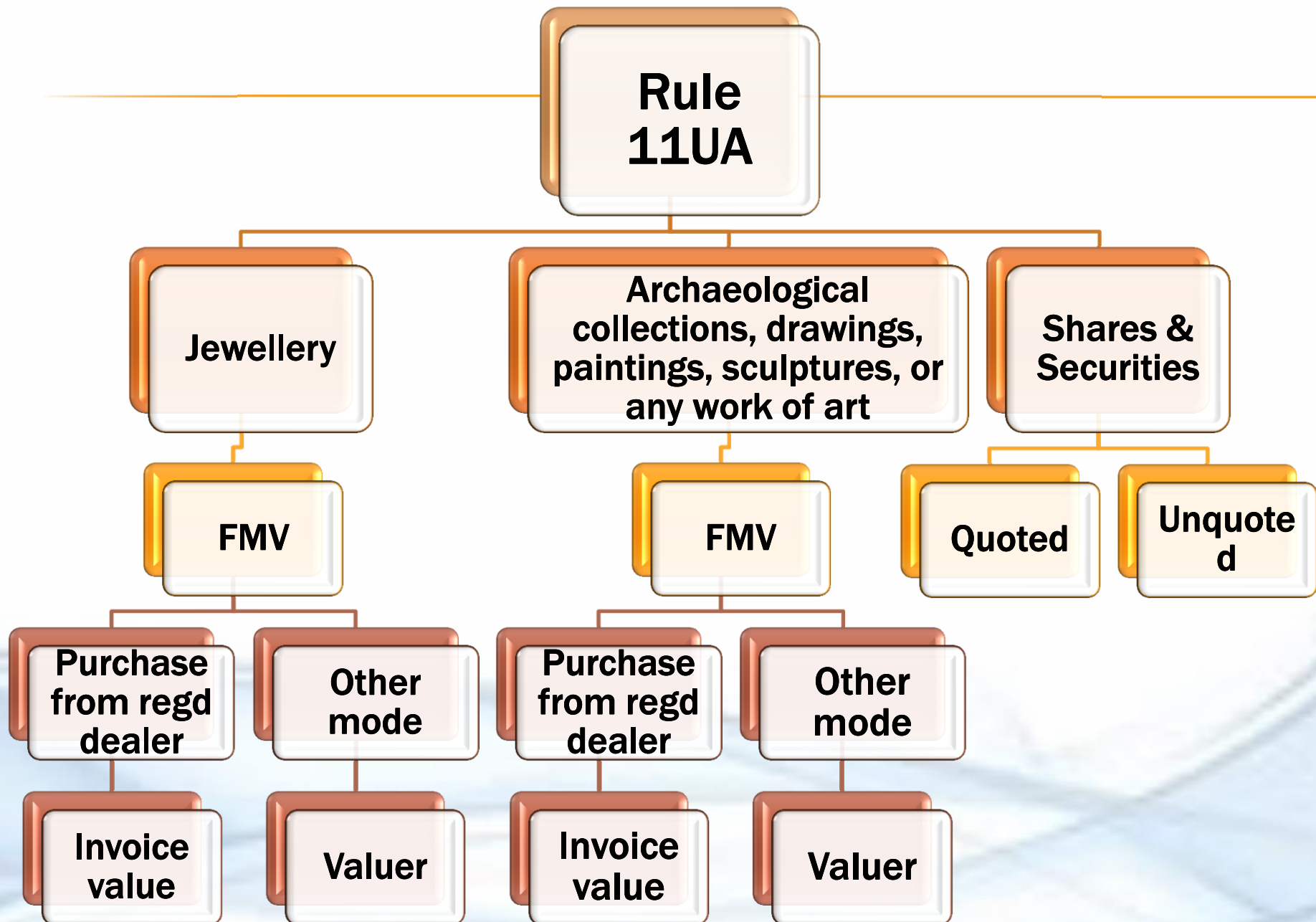
- ✖ **S. 56(2) (viib) – w.e.f. AY 2013-14**
  - + **Company receives consideration from a resident for issue of shares exceeding FMV – aggregate consideration < 50K**
  - + **Exemption for receipt by**
    - ✖ **Company in which public are substantially interested**
    - ✖ **Venture capital undertaking from VC company or VC fund as defined in 10(23FB)**
    - ✖ **Notified companies – startup companies – Not. No. 45/2016 dated 14.6.2016**

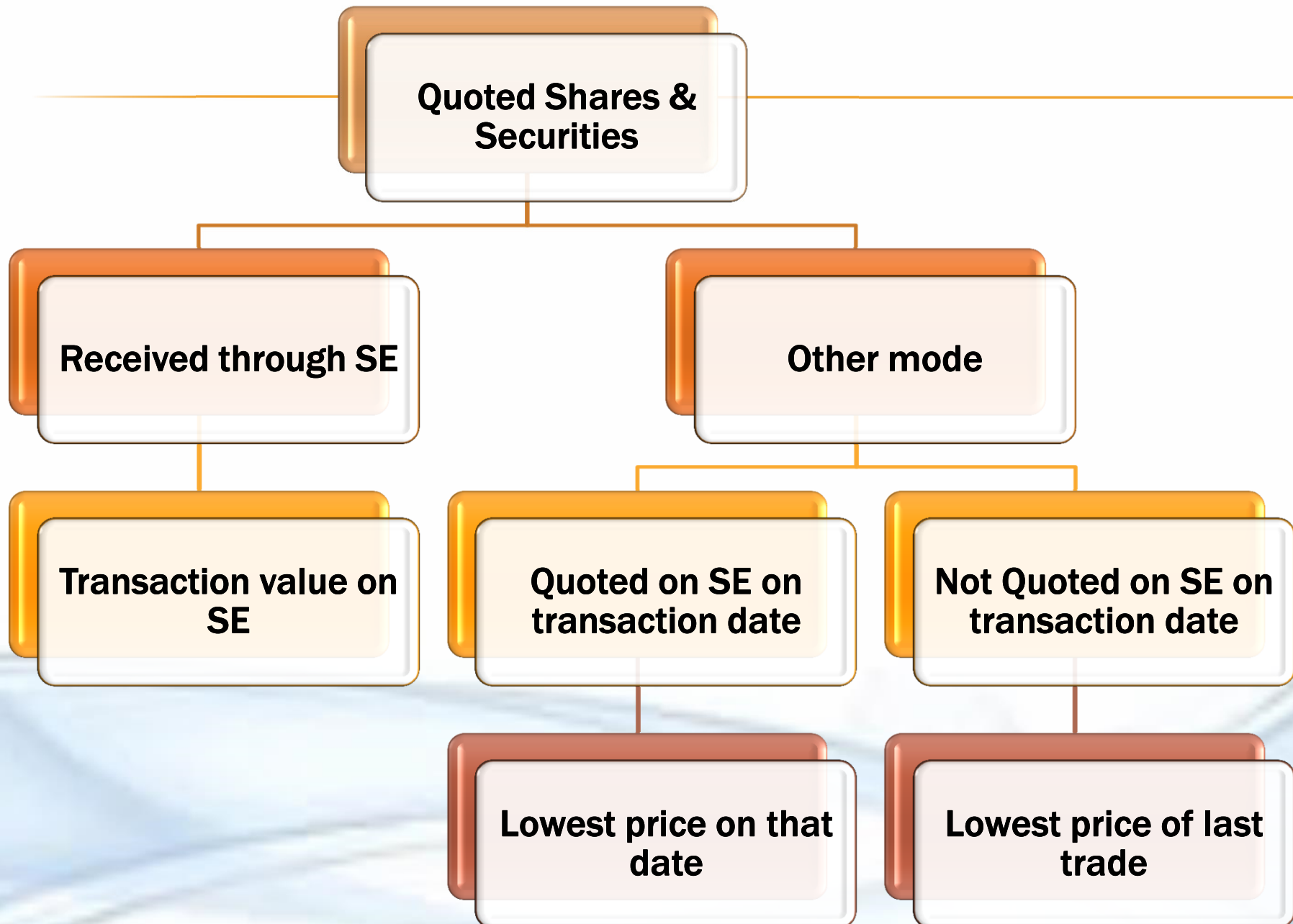
# SHARES FMV

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✖ **FMV to be on the date of issue of shares higher of :**

- + **Rule 11UA / 11U; or**
- + **Satisfaction of AO based on value of its assets including intangible assets being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature**





# UNQUOTED SHARES - TRANSFER

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- ✗  **$FMV = (A+B+C+D - L) \times (PV)/(PE)$**
- ✗ **A= Book value of all assets (other than jewellery, artistic work, shares, securities and immovable property) in B/S as reduced by**
  - + any amount of IT paid less IT refund claimed, if any**
  - + any amount shown as asset including unamortised amount of deferred expenditure which does not represent the value of any asset**
- ✗ **B = Price which jewellery & artistic work would fetch if sold in open market on basis of registered valuer report**



# **UNQUOTED SHARES - TRANSFER**

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- ✖ **C = FMV of shares and securities as determined in this rule**
- ✖ **D = Stamp duty value adopted or assessed or assessable by any authority of the Government in respect of the immovable property**
- ✖ **L= Book value of liabilities in B/S not including:**
  - + **Equity paid-up capital**
  - + **Amount set apart for payment of dividends on preference and equity shares where such dividends have not been declared before the date of transfer at AGM**

# UNQUOTED SHARES - TRANSFER

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- ✗ **L= Book value of liabilities in B/S not including:**
  - + **R&S, including negative balance, other than set apart towards depreciation**
  - + **Provision for tax, other than IT paid less IT Refund to the extent of excess over the tax payable u/s 115JB**
  - + **Unascertained liabilities**
  - + **Contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares**
- ✗ **PV= Paid up value of such equity shares**
- ✗ **PE = Paid up equity share capital**

# **UNQUOTED SECURITIES - TRANSFER**

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- ✖ **Price it would fetch if sold in the open market on the valuation date**
- ✖ **Assessee may obtain a report from a merchant banker or an accountant in respect of which such valuation**

# UNQUOTED SHARES - ISSUE

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## × Two options

1.  $FMV = (A - L) \times (PV)/(PE)$

× A= Book value of all assets in B/S as reduced by

★ any amount of IT paid less IT refund claimed, if any

★ any amount shown as asset including unamortised amount of deferred expenditure which does not represent the value of any asset

× L= Book value of liabilities in B/S not including ... same as for Transfer

2. Merchant Banker or Accountant as per DCF

# **ACCOUNTANT**

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- ✖ **Who can issue valuation report ?**
- ✖ **For issue of shares [Rule 11UA(2)]:**
  - + **A fellow of the ICAI who is not Tax Auditor or Statutory Auditor**
- ✖ **For transfer:**
  - + **Same as in the Explanation below section 288 (2)**

# **BALANCE SHEET**

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- ✗ **Which B/s date to be taken for valuation?**
- ✗ **For issue of shares [Rule 11UA(2)]:**
  - + **Audited B/S (including the notes) as drawn up on valuation date**
  - + **Where the B/S on the valuation date is not drawn up, B/S (including the notes) drawn up as on a date immediately preceding the valuation date which has been approved & adopted in AGM**
- ✗ **For transfer:**
  - + **Audited B/S of such company (including the notes) as drawn up on valuation date audited by statutory auditor**



- ✖ Schools having less than Rs. 1 Cr receipt from education activities claiming exemption u/s 10(23C)(iiia) receive donations for buildings being capital receipts?
- ✖ Hospitals claiming exemption u/s 10(23C)(iiiae) receive Corpus donations for building hospital?
- ✖ Partner at time of dissolution withdraws immovable property whose book value is 25 Lakhs but stamp duty value is 50 Lakhs. Taxation in hands of firm as well as partner?





- ✖ Few people come together to build a community centre and contribute Rs. 5 Lakhs?
- ✖ Mr. A receives Car Mercedes Benz value Rs. 50 Lakhs as gift from Mr B?
- ✖ An unregistered religious Trust receives Rs. 4 Lakhs as corpus donation for building of temple?
- ✖ A company dealing in shares receives shares below FMV?
- ✖ Are Preference Shares covered u/s 56(2)(viib)?

# THANKS



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