

PENALTIES UNDER VARIOUS LAWS



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SERVICE TAX

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Payment of tax (Section 75)	Delayed payment of tax	(i) Up to 6 months – 18%* p.a. (ii) 6 months to 1 year – 24%* p.a. (iii) More than 1 year – 30%* p.a. <i>*These rates are simple interest rates and would be reduced by 3% p.a. for tax-payers whose turnover in the immediately preceding financial year does not exceed `60 lakhs.</i>
Payment of tax (Section 76)	Failure to pay service tax	(i) No penalty if tax and interest is paid within 30 days of service of Show Cause Notice (SCN). <i>Proceedings deemed to be concluded. This would be so even in cases where SCN has been issued before 14.05.2015 but no order is passed and the payment as aforesaid is made within 30 days i.e. 13.06.2015</i> (ii) 25% of penalty imposed under an order u/s 73(2), if the service tax, interest and such reduced penalty is paid within 30 days of receipt of such order (iii) Maximum penalty of 10% of tax can be imposed
Registration (Section 77(1)(a))	Failure to register within the due date	Maximum – ` 10,000/-

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Books of Accounts (Section 77(1)(b))	Failure to keep, maintain and retain books of accounts and other documents	Maximum - `10,000/-
Summons (Section 77(1)(c))	Failure to appear in response to a summon or furnish information/produce documents	Higher of - (i) `10,000/-; or (ii) `200/- per day during which the default continues
E-Payment of tax (Section 77(1)(d))	Failure to make e-payment where mandatory	Maximum - `10,000/-
Tax Invoice (Section 77(1)(e))	Failure to issue invoices in the prescribed format	Maximum - `10,000/-
Books of Accounts (Section 77(1)(e))	Failure to account for an invoice	Maximum - `10,000/-

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT								
Penalty where it is not specified (Section 77(2))	Contravention of the Act or Rules for which there is no separate penalty	Maximum - `10,000/-								
Return (Sections 70 & 7C)	Failure to file returns on time	<p>Late fees as under:</p> <table border="1"> <thead> <tr> <th>Period of delay (in days)</th> <th>Late fee (in `)</th> </tr> </thead> <tbody> <tr> <td>15 days</td> <td>`500/-</td> </tr> <tr> <td>15 - 30 days</td> <td>`1,000/-</td> </tr> <tr> <td>Beyond 30 days</td> <td>`1,000/- plus `100 for every day beyond 30 days, so however, that the total amount payable under this slab shall be restricted to `20,000/-.</td> </tr> </tbody> </table>	Period of delay (in days)	Late fee (in `)	15 days	`500/-	15 - 30 days	`1,000/-	Beyond 30 days	`1,000/- plus `100 for every day beyond 30 days, so however, that the total amount payable under this slab shall be restricted to `20,000/-.
Period of delay (in days)	Late fee (in `)									
15 days	`500/-									
15 - 30 days	`1,000/-									
Beyond 30 days	`1,000/- plus `100 for every day beyond 30 days, so however, that the total amount payable under this slab shall be restricted to `20,000/-.									

THE MAHARASTRA VALUE ADDED TAX ACT, 2002

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT						
Payment of tax (Section 30(1))	Non-payment or late payment of tax by an unregistered dealer (URD) or dealer who has failed to apply for registration in time	Simple Interest- 1.25% p.m. or part thereof from 1 st day of April of the respective year, till the date of payment.						
Return (Section 20(6))	Failure to file returns on time	Late fees as under: <table border="1" data-bbox="1059 616 1832 868"> <thead> <tr> <th>Period of delay (in days)</th> <th>Late fee (in `)</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>` 1,000/-</td> </tr> <tr> <td>Beyond 30 days</td> <td>` 5,000/-</td> </tr> </tbody> </table>	Period of delay (in days)	Late fee (in `)	30 days	` 1,000/-	Beyond 30 days	` 5,000/-
Period of delay (in days)	Late fee (in `)							
30 days	` 1,000/-							
Beyond 30 days	` 5,000/-							
Payment of tax (Section 30(2))	Delayed payment of tax by registered dealer	Simple Interest – 1.25% p.m. or part thereof						
Dues on Assessment (Section 30(3))	Interest on differential dues on assessment of registered dealers	Simple Interest- 1.25% p.m. or part thereof from the date following the last date of the period/s covered by the assessment order till the assessment order.						

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Additional dues (Section 30(4))	Interest on additional dues	Interest @ 25% of the additional amount of tax payable on filing a revised return for any particular period after audit, inspection of accounts, registers, etc, search of place of business or accounts, or as a consequence of intimation. <i>Not applicable if additional liability after audit or investigation, is less than 10% of the tax paid along with original returns OR additional tax liability arises on account of non-production of declarations</i>
Registration (Section 29(2A))	Failure to apply for registration or carrying on business as a dealer without being registered	Penalty- Up to 100% of Tax payable by the dealer for the URD period.
Tax Invoice (Section 29(6))	Person/Dealer contravenes the provision of section 86 (issuing Tax Invoice/bill/Cash memorandum) to have tax payable by him under assessed.	Greater of 50% of tax that would have been under assessed OR `1,000/-
Notice (Section 29(7))	Person/Dealer failed without reasonable cause to comply with any notice in respect of any proceedings.	`5,000/-
Return (Section 29(9)(c))	Dealer has filed a return which is not complete and self-inconsistent	`1,000/-

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Excess Tax Collected (Section 29(10))	Person/Dealer has collected any sum by way of tax on non-taxable goods, or excess tax on taxable goods or unregistered dealer has collected sum by way of tax i.e. in contravention of Section 60.	Not exceeding `2,000/- (+) Forfeiture of sum collected in contravention of section 60.

THE INCOME TAX ACT, 1961 - INTEREST

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
TDS (Section 201(1A))	Failure to deduct tax at source, wholly or in part	1% p.m. or part of a month on amount of tax not deducted, from the date on which tax was deductible to the date on which it is deducted
TDS (Section 201(1A))	Delay in payment of tax deducted at source	1.5% p.m. or part of a month on amount of tax deducted and paid after the due date, from the date on which tax was collectible to the date on which it is actually paid.
Notice of Demand (Section 220(2))	Failure, or delay in payment of any amount other than advance tax, as demanded in any order by the Assessing officer u/s 156 (Notice of Demand)	1% p.m. or part thereof, on amount specified in the demand notice issued u/s. 156. Period beginning from the next day from the end of 30 days of serving of notice (for amounts other than advance tax) up to the date of payment
Income Tax Return (Section 234A)	Defaults in furnishing return of income u/s. 139(1), 139(4), 142(1).	1% p.m. or part thereof, on tax on total income as determined u/s. 143(1) or on regular assessment after reducing advance tax paid, TDS or TCS. (For purpose of interest payable u/s. 140A – Self assessment, the tax on total income as declared in the return). The period being the date immediately following the due date of return, to the date of furnishing of the return or as the case may be, the date of completion of the assessment u/s. 144.
Payment of Advance Tax	Defaults in payments of advance tax where:	1% p.m. or part thereof on assessed tax, or as the case may be, on the amount by which the advance tax paid falls short of the

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
(Section 234B)	1. No advance tax is paid u/s. 208 or 2. Advance tax paid u/s. 210 is less than 90% of the assessed tax [i.e., for purposes of interest payable u/s. 140A i.e. Self Assessment, the tax on total income declared in the return of income and for other purposes, the tax on total income as determined u/s. 143(1) or on regular assessment (as reduced by TDS or TCS)].	assessed tax, from 1st day of April of the relevant A.Y. to the date of determination of total income u/s. 143 (1) or regular assessment
Installments of Advance Tax (Section 234C)	Failure to pay/deferment of advance-tax.	1% p.m. or part thereof on the shortfall/Non-payment of installments OR 1% p.m. or part thereof for one month, on shortfall of advance tax paid up to 15th March from tax (one month) due on returned income. Interest will be for three months in either case. If capital gain arises after any of due dates of installments of advance tax, capital gains tax shall be paid in installments falling after date of gain. It is not necessary to pay entire tax on or before due date immediately following the gain.
Excess Refund (Section 234D)	Interest on excess refund	0.50% p.m. or part thereof on amount refunded u/s 143(1) which exceeds amount refundable on regular assessment, from the date of

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
		grant of refund to date of regular assessment.
TDS Return (Section 234E)	Default/delay in filing E TDS statements within time prescribed u/s. 200(3)/200(6)	₹ 200 per day (Total not to exceed Tax deducted) from the due date till the date of filing return.
DDT (Section 115P)	Failure to pay the whole or any part of the tax on distributed profit.	1% p.m. or part thereof, on the amount payable as dividend distribution tax. The period being the due date on which such tax was payable, to the date on which it is actually paid.
Tax on distributed income on buy back (Section 115QB)	Failure to pay whole or any part of tax on distributed income u/s 115QA (Buy-back of shares).	1% p.m. or part thereof, on the amount payable as tax on distributed profit. The period being the due date of payment, to the date on which it is actually paid.
Advance Tax on Fringe Benefits (Section 115WJ)	Failure to pay/deferment of advance-tax on fringe benefits.	1% p.m. or part thereof, on the shortfall/Non-payment of fringe benefits tax for any quarter, from due date on which advance tax is payable till date of payment.
Furnishing Return Of Fringe Benefit (Section 115WK)	Defaults in furnishing return of fringe benefit u/ss. 115WD (1), 115WD (3) or 115WD (2).	1% p.m. or part thereof, on the tax amount as determined u/s. 115WE (1) or on regular assessment, as reduced by advance tax paid. The period being the date immediately following the due date to the date of furnishing of the return or as the case may be, the date of completion of the assessment u/s. 115WF.

THE INCOME TAX ACT, 1961 - PENALTY

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Payment of tax as per Notice (Section 221(1))	Failure to pay tax required by notice u/s. 156 unless proved that the default was for good and sufficient reasons.	Penalty not exceeding total amount of tax in arrears
Filing returns, furnishing documents or evidence as per Notice 271(1)(b)	Non-compliance with notice u/s. 142(1) or sec. 115WD(2) to file return of income or return of fringe benefits or to produce documents required by assessing officer u/s. 143(2) or 115WE(2) or to produce evidence on which assessee relies or u/s. 142(2A) to get accounts audited .	₹ 10,000/- for each failure in addition to tax, if any, payable (Penalty can be levied even if no tax is payable on the income assessed)
Accounts by persons carrying on profession or business (Section 271A)	Failure to keep, maintain or retain books or documents u/s. 44AA	₹ 25,000/-
Information and Documents- Transfer Pricing (Section 271AA)	Failure to keep and maintain information and documents u/s. 92D, failure to report transactions and maintaining or furnishing of incorrect information/document	2% of value of each International transaction or specified domestic transactions
Tax Audit	Failure to get accounts audited or furnish	0.5% of total sales, turnover or gross receipts or ₹ 1,50,000/-

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Report (Section 271B)	Tax Audit Report as required u/s. 44AB	whichever is less
Report on Transfer Pricing (Section 271BA)	Failure to furnish a report as required u/s. 92E	₹ 1,00,000/-
TDS & DDT (Section 271C)	Failure to deduct the whole or part of the tax under Chapter XVII-B (Ss. 192 to 196D) or failure to pay the whole or part of tax u/s. 115-O, or second proviso to sec. 194B	Equal to the amount of tax failed to be deducted/paid
Accepting certain loans and deposits (Section 271D)	Contravention of S. 269SS; i.e., by taking or accepting any loan or deposit or specified sum (from 1st June, 2015) otherwise than by modes specified therein	Equal to the amount of loan or deposit or specified sum (from 1st June, 2015) so taken or accepted
Repayment of certain loans and deposits (Section 271E)	Contravention of S. 269T; i.e., repayment of any loan or deposit or specified advance (from 1st June, 2015) otherwise than by modes specified therein	Equal to the amount of loan or deposit or specified advance (from 1st June, 2015) so repaid
Income Tax Return	Failure to furnish Return of Income u/s 139(1) before the end of the relevant Assessment Year	₹ 5,000/-

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
(Section 271F)		
Return of Fringe Benefits (Section 271FB)	Failure to furnish Return of fringe benefit under section 115WD(1)	₹ 100/- for every day during which the failure continues
Furnishing Documents and information on Notice- Transfer Pricing (Section 271G)	Failure to furnish information or document within a period of 30 days from the date of receipt of a notice u/s. 92D(3)	2% of value of International transaction or specified domestic transaction for each such default
TDS Return (Section 271H)	Failure to furnish TDS statements by due date or furnishing incorrect information in the TDS statement	From ₹ 10,000/- to ₹ 100,000/-.
Information regarding payment u/s 195 (Section 271-I)	W.e.f. 1st June, 2015, failure to furnish or furnishing of inaccurate information in respect of payment of any sum to a non-resident or to a foreign company whether chargeable or not	₹ 100,000/-
Failure to answer questions, sign statements,	Failure to: 1. Comply with notice u/s. 94(6) – furnishing information regarding	₹ 100/- for every day during which the failure continues. Penalty for point Nos. 3, 6, 7, 9, 11, 12 and 13 shall not exceed amount of tax deductible or collectible

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
furnish information, returns or statements, allow inspections, etc (Section 272A(2))	securities 2. Give notice of discontinuance of business – S. 176(3) 3. Furnish in due time returns, statements, or particulars u/ss. 133, 206 or 285B 4. Allow inspection of any register(s) – S. 134 5. Furnish returns u/s. 139(4A) or 139(4C) 6. Deliver in due time a declaration mentioned in S. 197A 7. Furnish a certificate u/s. 203. 8. Deduct and pay tax u/s. 226(2). 9. Furnish returns/statements/certificate u/s. 206C. 10. Furnish a statement of particulars of perquisites and profits in lieu of salary u/s. 192(2C) 11. Deliver in due time a declaration referred to in section 206C(1A) 12. Deliver in due time, quarterly return specified in section 206A(1) 13. Deliver in due time, a statement referred to in section 200(2A) of	

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	206(3A)	
PAN (Section 272B)	Failure to obtain PAN or quote PAN or intimate false PAN	₹ 10,000/-
TAN (Section 272BB)	Failure to apply for Tax Deduction Account Number (TAN) (S. 203A)	₹ 10,000/-
TAN (Section 272BB(1A))	Failure to quote TAN or quoting of false TAN in challans, certificates, statements or other documents referred to in section 203A(2)	₹ 10,000/-

COMPANIES ACT, 2013

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Notice for change of Name (Section 16)	Failure to comply with the notice given by the government to change its name- 1. Where the within a period of 3 months of the notice, where the name is identical or too nearly resembles the name of another company, OR 2. Within a period of six months of notice from the government, in case an application was made by a registered proprietor of a trade mark , to the government stating that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999, within 3 years of incorporation, registration or change in name of company and the govt. is also of such opinion	Fine of ` 1,000 for every day that the default continues. Plus, every officer in default shall be fined minimum of ` 5,000 but not more than ` 100,000.
Certificate of	If a company does not deliver the	Fine of at least ` 25,000 but not more than ` 500,000 (+) every officer

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Shares and Debentures (Section 56)	<p>certificates of all securities -</p> <ol style="list-style-type: none"> 1. Within 2 months from the date of incorporation, in the case of subscribers to the memorandum; 2. Within 2 months from the date of allotment, in the case of any allotment of any of its shares; 3. Within 1 month from the date of receipt by the company of the instrument of transfer or of the intimation of transmission 4. Within 6 months from the date of allotment in the case of any allotment of debenture <p>(Where the securities are dealt with in a depository, the company should intimate the details of allotment of securities to depository immediately on allotment of such securities)</p>	in default shall be fined with at least ` 10,000 but not more than ` 100,000.
Official document containing statement of	If any notice, advertisement or other official publication, or any business letter, billhead or letter paper of a company which contains a statement of the amount	Penalty of ` 10,000 (+) every officer in default shall be liable to pay a penalty of ` 5,000 for each default

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
authorized document (Section 60)	of the authorized capital of the company, does not also contain a statement of the amount of the capital which has been subscribed and the amount paid-up.	
Reduction of share capital (Section 66)	If the order of confirmation of the reduction of share capital by the Tribunal is not published by the company in such manner as the Tribunal may direct	Fine of at least ` 500,000 but not more than ` 2,500,000
Alteration/ Increase in Share Capital (Section 64)	If the company does not file a notice in the prescribed form with the Registrar within 30 days of alteration or increase of share capital or redemption of preference shares	The company or any officer in default shall be fined with utmost ` 1,000 for every day that the default continues, or ` 500, whichever is less
Registration of Charges (Section 86)	If any company contravenes any provision regarding Registration of charges, as specified in Chapter VI of the Act	Fine of at least ` 100,000 but not more than ` 1,000,000 and every officer in default shall be punishable with imprisonment for not more than 6 months or with fine of at least ` 25,000 but not more than ` 100,000, or both.
Register of Members or Debenture or Security Holders (Section 88)	If a company does not maintain a register of members or debenture-holders or other security holders, properly indexed with the names included therein in Forms MGT 1 and MGT 2 respectively	The company and every officer in default shall be fined with at least ` 50,000 but not more than ` 300,000 and where the failure is a continuing one, with a further fine of utmost ` 1,000 for every day, after the first during which the failure continues
Declaration of	1. Failure to make a declaration in Form	He shall be fined not more than ` 50,000 and where the failure is a

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beneficial interest in any share (Section 89)	<p>MGT 4 regarding shares held by a person, of which the beneficial interest is held by another person within 30 days of which his name is entered in the register;</p> <p>2. Failure to make declaration in Form MGT 5 by the person who holds or acquires a beneficial interest in shares of a company, but whose name is not entered in the register of shares, within 30 days of acquiring such beneficial interest;</p> <p>3. Failure to make declaration by the above mentioned persons, when there is a change in the beneficial interest in such shares within 30 days of such change;</p> <p>All without reasonable cause;</p>	continuing one, with a further fine of not more than ` 1,000 for every day after the first during which the failure continues
Annual Return (Section 92)	Failure to file a copy of the annual return in Form MGT 7, within 60 days from the date on which the AGM is held or where no AGM is held in any year within 60 days from the date on which the AGM should have been held along with the	Fine of at least ` 50,000 but not more than ` 500,000 and every officer in default shall be punishable with imprisonment for a term of utmost 6 months or with fine of at least ` 50,000 but not more than ` 500,000, or both

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	statement specifying the reasons for not holding the AGM, with such fees, or additional fees as may be prescribed if within 270 days from the day on which it originally should have been submitted	
AGM (Section 99)	Default in holding an AGM or in complying with any directions of the Tribunal	The company and every officer in default shall be fined not more than ` 100,000 and in the case of a continuing default, with a further fine of utmost ` 5,000 per day of continuing default.
Filing of Resolutions and agreements (Section 117)	If a copy of every resolution or agreement required to be filed in Form MGT 14 , is not filed within 30 days of the passing or making with such fees , or with additional fees as may be prescribed if within 270 days from the day on which it originally should have been submitted	Fine of at least ` 500,000 but not more than ` 2,500,000 and every officer in default, including liquidator if any, shall be fined with at least ` 100,000 but not more than ` 500,000.
Minutes (Section 118)	Failure to prepare minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every Board Meeting or meeting of every committee of the Board, prepared and signed in the prescribed manner and is not kept within 30 days of the conclusion of every such meeting, or	Penalty of ` 25,000 and every officer in default shall be liable to a penalty of ` 5,000.

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	passing of resolution by postal ballot, in the minutes book.	
Inspection of the minutes book (Section 119)	Refusal of the inspection of the minutes book of any general meeting or resolution passed by postal ballot by any member without charge, subject to such reasonable restrictions as the company may, by its articles or in general meeting, impose (not less than two hours in each business day should be allowed for inspection) OR If a member is not furnished a copy of any minutes within 7 working days after making request, and on payment of such fees as may be prescribed	Penalty of ` 25,000 and every officer in default shall be liable to a penalty of ` 5,000 for each such refusal or default, as the case may be
Right to Audited Financial Statements (Section 136)	If a copy of the financial statements, including consolidated financial statements, if any, auditor's report and every other document required by law to be attached thereto, is not sent to every member of the company, to every trustee for the debenture-holder and to all other entitled persons, not less than 21 days before the date of the meeting , OR	Penalty of ` 25,000 and every officer in default shall be liable to a penalty of ` 5,000

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	If every member or trustee of the holder of any debentures issued by the company is not allowed to inspect the documents stated above at its registered office during business hours	
Filing of Financial Statements (Section 137)	<ol style="list-style-type: none"> 1. Failure to file a copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be attached thereto, duly adopted at the AGM of the company, with the ROC within 30 days of the date of AGM in Form AOC 4, with such fees or additional fees if within 270 days from the day on which it originally should have been submitted OR, 2. In case financials are not adopted in the AGM or adjourned AGM, if such unadopted financials are not filed within 30 days of the date of such AGM with such fees or such additional fees as may be prescribed if within 270 days from the day on which it originally should have been submitted OR, 	Fine of ` 1,000 for every day during which the failure continues but which shall not be more than ` 1,000,000, and the managing director(MD) and the Chief Financial Officer(CFO) of the company, if any, and, in the absence of the MD and the CFO, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be punishable with imprisonment for a term of utmost 6 months or with fine which shall not be less than ` 100,000 but which may extend to ` 500,000, or with both

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	<p>3. If financial statements adopted in the adjourned AGM is not filed with the Registrar within 30 days of the date of such adjourned AGM with such fees or such additional fees as may be prescribed if within 270 days from the day on which it originally should have been submitted OR</p> <p>4. In case AGM has not been held, if the financial statement along with other documents, duly signed along with the statement of facts and reasons for not holding the AGM is not filed within 30 days of the last date before which the AGM should have been held, with such fees or additional fees as may be prescribed if within 270 days from the day on which it originally should have been submitted.</p>	
Internal Audit (Section 138)	If a private company having turnover of ` 200Cr or more during the preceding financial year or outstanding loans or borrowings from banks or public financial institutions exceeding ` 100Cr or more at	The company and every officer in default or such other person shall be fined with utmost ` 10,000, and where the contravention is continuing one, with a further fine of utmost ` 1,000 for every day after the first during which the contravention continues

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	any point of time during the preceding financial year, does not appoint an internal auditor	
Register of Directors and KMP (Section 170)	<ol style="list-style-type: none"> 1. Failure to keep a Register of directors and key managerial personnel(KMP) and their shareholding OR 2. Failure to file a return in Form DIR 12 of the directors and the KMP with the ROC within 30 days from the appointment of every director and KMP, as the case may be, and within 30 days of any change taking place 	The company and every officer in default shall be fined with at least ` 50,000 but not more than ` 500,000
Directors' disclosure of Interest (Section 184)	Failure of director to disclose his interest in a company/ies or bodies corporate, firms, or other association of individuals in the first Board Meeting in the financial year, or in case of any change, the Board meeting held after such change, in Form MBP 1 and, in case any contract or agreement is being entered into with such interested parties in a meeting, he fails to disclose his interest in such meeting	Director shall be punishable with imprisonment for a term of utmost 1 year or with fine of at least ` 50,000 but not more than ` 100,000, or both
Loans to	If a company shall, directly or indirectly,	Fine of at least ` 500,000 but not more than ` 2,500,000 , and the

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directors, etc (Section 185)	<p>advance any loan (including any loan represented by a book debt) to any of its directors (except to a managing or whole time director as a part of the conditions of service extended by the company to all its employees or by special resolution) or to any other person in whom the director is interested (as defined in S. 185) or give any guarantee or provide any security in connection with any loan taken by him or such other person.</p> <p>*This section shall not apply to-</p> <ol style="list-style-type: none"> 1. A company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and interest on such loans is charged not less than the bank rate declared by the RBI OR 2. Any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary 	<p>director or the other person to whom any loan is advanced or guarantee or security is given in connection with any loan taken by him or the other person, shall be punishable with imprisonment up to 6 months or with fine of at least ` 500,000 but not more than ` 2,500,000 , or with both</p>

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	<p>company (including loan made by any bank or financial institution) provided, the loan is utilized by the subsidiary company for its principal business activities OR</p> <p>3. A Private Co. in whose share capital no other body corporate has invested any money, if the borrowings of such a company from banks or financial institutions or body corporate is less than twice of its paid up share capital or ` 50Cr, whichever is lower AND such a company has no default in repayment of such borrowings subsisting at the time of making transactions under this section</p>	
<p>Investments not held in own name (Section 187)</p>	<p>If all investments made/ held by a company in any property, security or other asset are not made and held by it in its own name, <i>provided</i> that the company may hold any shares in its subsidiary company in the name of any nominee/s of the company, if it's necessary to ensure that the number of members of the</p>	<p>Fine of at least ` 25,000 but not more than ` 2,500,000 and every officer in default shall be punishable with imprisonment up to 6 months or with fine of at least ` 25,000 but not more than ` 100,000, or with both.</p>

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	<p>subsidiary company does not fall below the statutory limit. This does not prevent a company –</p> <ol style="list-style-type: none"> 1. from depositing with the bankers of the company, any shares or securities for the collection of any dividend or interest payable 2. from depositing with, or transferring to, or holding in the name of, the State Bank of India or a scheduled bank, being the bankers of the company, shares or securities, in order to facilitate the transfer thereof (if no transfer takes place after a period of 6 months of deposit, the company shall transfer the shares back to its name as soon as possible) 3. from depositing with, or transferring to, any person any shares or securities, by way of security for the repayment of any loan advanced to the company or the performance of any obligation undertaken by it 4. From holding investments in the name of a depository when such investments 	

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	<p>are in the form of securities held by the company as a beneficial owner – Here, the company is required to maintain a register in Form MBP 3.</p>	
<p>Related Party Transactions (Section 188)</p>	<p>If company enters into any contract/ arrangement with a related party, without passing of a Board Resolution, with respect to-</p> <ol style="list-style-type: none"> 1. sale, purchase or supply of any goods or materials (Ordinary resolution if exceeding 10% of the turnover or `100Cr, whichever is lower); 2. selling or otherwise disposing of, or buying, property of any kind (Ordinary resolution if exceeding 10% of net worth or `100Cr, whichever is lower); 3. leasing of property of any kind (Ordinary resolution if exceeding 10% of net worth or 10% of turnover or `100Cr, whichever is lower); 4. availing or rendering of any services (Ordinary resolution if exceeding 10% 	<ul style="list-style-type: none"> • Where any contract or arrangement is entered into, without Board or Ordinary Resolution, and if it is not ratified by the Board or, as the case may be, by the shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it. • Any director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall, – <ul style="list-style-type: none"> (i) in case of listed company- imprisonment for a term up to 1 year or with fine of at least ` 25,000 but not more ` 500,000, or with both; and (ii) In case of any other company- Fine of at least ` 25,000 but not more ` 500,000

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	<p>of turnover or `50Cr whichever is lower);</p> <p>5. appointment of any agent for purchase or sale of goods (Ordinary resolution if exceeding 10% of the turnover or `100Cr, whichever is lower), services (Ordinary resolution if exceeding 10% of turnover or `50Cr whichever is lower) or property (Ordinary resolution if exceeding 10% of net worth or `100Cr, whichever is lower);</p> <p>6. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company (Ordinary Resolution if monthly remuneration exceeds `2.5 lakhs);</p> <p>7. Underwriting the subscription of any securities or derivatives thereof, of the company (Ordinary Resolution if remuneration exceeds 1% of the Net worth).</p> <p>Limits in (a)-(e) for ordinary resolution shall apply for transaction/s to be entered</p>	

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	<p>into either individually or taken together with the previous transactions during a financial year.</p> <p>The Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding Financial year.</p> <p>Ordinary resolution should be one in which a member who is related party is not does not vote (Not applicable to Private Companies)</p> <p>Board Resolution shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval</p> <p>This section does not apply to transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis</p>	

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Register of contracts or arrangements in which directors are interested (Section 189)	<ol style="list-style-type: none"> 1. Failure to keep registers in Form MBP 4 and such register/s is not placed before the next Board Meeting to be signed by all the directors present at the meeting (Exception for contracts or arrangement for sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed ` 5 lakh in the aggregate in any year OR banking company for the collection of bills in the ordinary course of its business) 2. If every director or key managerial personnel, within 30 days of his appointment, or relinquishment of his office, as the case may be, does not disclose to the company his concern or interest in the other associations which are required to be included in the register u/s 184(1) or such other information relating to himself as may be prescribed 3. If the register is not produced at the commencement of every AGM and 	<p>Director shall be liable to a penalty of ` 25,000</p> <p>The company and every officer in default or such other person shall fined with utmost ` 10,000 and where the contravention is continuing one, with a further fine up to ` 1,000 for every day after the first during which the contravention continues.</p>

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	does not remain open and accessible during the meeting to any person having the right to attend the meeting	
Non- cash transactions involving Directors (Section 192)	<p>1. If a company enters into an arrangement by which a director of the company or its holding, subsidiary or associate company or a person connected with him acquires or is to acquire assets for consideration other than cash, from the company, OR</p> <p>2. the company acquires or is to acquire assets for consideration other than cash, from such connected director or person, without prior approval by resolution in a general meeting and if the director or connected person is a director of its holding company, without approval by resolution in a general meeting in the holding company</p>	<p>*Any arrangement entered into by a company or its holding company in contravening this section shall be voidable at the instance of the company unless-</p> <p>The restitution of any money or other consideration which is the subject matter of the arrangement is no longer possible and the company has been indemnified by any other person for any loss or damage caused to it OR any rights are acquired bona fide for value and without notice of the contravention by any other person.</p> <p>*The company and every officer in default or such other person shall be fined with utmost ` 10,000, and where the contravention is continuing one, with a further fine of utmost ` 1,000 for every day after the first during which the contravention continues</p>
Punishment where it is not specified	Punishment where no specific penalty or punishment is provided elsewhere in the Act	The company and every officer in default or such other person shall be fined with utmost ` 10,000, and where the contravention is continuing one, with a further fine of utmost ` 1,000 for every day

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
(Section 450)		after the first during which the contravention continues
Improper use of “ Limited ” or “ Private Limited ” (Section 453)	If any person/s trade or carry on business under any name, of which the word/s “ Limited ” or “ Private Limited ” or any contraction or imitation thereof is or are the last word/s, without being incorporated as a company with limited liability or as a private company with limited liability	That person or each of those persons shall be fined with at least ` 500 but not more than ` 2,000 for every day for which that name or title has been used.

THE RESERVE BANK OF INDIA ACT, 1934

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Commencement of Business (Section 58B(4A))	If a non-banking financial company (NBFC) commences or carries on the business of a NBFC without obtaining a certificate of registration; and having the net owned fund of ` 2Cr, as the Bank may by notification, specify	Imprisonment for a term of at least 1 year but not more than 5 years and with fine of at least ` 100,000 but not more than ` 500,000
Order to repay by CLB (Sec.58B(4AAA))	Failure to comply with any order made by the Company Law board to the NBFC, to repay such deposit or part thereof	Imprisonment for a term of not more than 3 years and fine at least ` 50 for every day during which such non-compliance continues
Soliciting deposits from the public (Section 58B(5 b(ii)))	If a person solicits, on behalf of any non-banking institution either by publishing or causing to be published any prospectus or advertisement or in any other manner, deposits of money from the public- Without authorization in writing by the said non-banking institution to do so, specifying the name of the institution which has so authorized him, or If the prospectus or advertisement does not comply with any order made by the Bank under section 45J and with any	Imprisonment for a term of not more than 3 years and fine which may not be more than twice the amount of the deposit called for by the prospectus or advertisement

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
	other provision of law, applicable to the publication of such prospectus or advertisement	
Acceptance of deposits in certain cases (Section 58B(5A))	<p>If a person (individual or a firm or an unincorporated association of individuals) accepts deposits-</p> <p>If his or its business wholly or partly includes activities of a financial institution specified under section 6A of the Industrial Development Bank of India Act, 1964 (18 of 1964) OR</p> <p>If his or its principal business is that of receiving of deposits under any scheme or arrangement or in any other manner or lending in any manner, <i>except</i> the receipt of money by an individual by way of loan from any of his relatives or the receipt of money by a firm by way of loan from the relative or relatives of any of the partners</p>	<p>Imprisonment for a term of not more than 2 years, or fine of not more than twice the amount of deposit received by such person in contravention, or ` 2,000, whichever is more, or with both:</p> <p>Provided that in the absence of special and adequate reasons to the contrary to be mentioned in the judgment of the court, the imprisonment shall not be less than 1 year and the fine shall not be less than ` 1,000.</p>
Penalty for contravention (Section 58B(6))	If any other provision or requirement of this Act or any order, regulation or direction made or given or condition imposed is contravened	Fine up to ` 2,000 and in case of a continuing contravention, with further fine which may extend to ` 100 for every day, after the first, during which the contravention or default continues

DESCRIPTION	NATURE OF DEFAULT	CONSEQUENCES OF DEFAULT
Contravention of Section 58B by NBFC Section 58G)	If the contravention of the nature referred to in section 58B is committed by a NBFC	The Bank may impose on such NBFC a penalty not exceeding ` 5,000 OR
	Where the contravention is under sub-section (4A) of S. 58B	Penalty of not more than ` 500,000 or twice the amount involved in such contravention where the amount is quantifiable, whichever is more; and in case of a continuing contravention, further penalty up to ` 25,000 for every day, after the first, during which the contravention or default continues.

THE FOREIGN EXCHANGE MANAGEMENT ACT (FEMA), 1999

1. Penalty for contravention of any part of the Act - Upon adjudication, the person shall be liable to a penalty up to thrice the sum involved in such contravention where the amount is quantifiable or up to ` 2 lakhs, where the amount is not quantifiable. Where the contravention is a continuing one, further penalty which may extend to ` 5,000 for every day after the first day during which the contravention continues.
2. Compounding - The provisions of Section 15 of the Act permit compounding of contraventions and empower the Compounding Authority to compound contraventions of all sections of the Act, except clause (a) of Section 3 (dealing in or transfer of foreign exchange and foreign security to any person other than an authorized dealer), on an application made by the person committing such contravention.

Compounding refers to the process of voluntarily admitting the contravention, pleading guilty and seeking redressal. Willful, malafide and fraudulent transactions are, however, viewed seriously, which will not be compounded by the Reserve Bank. Once a contravention has been compounded by the Compounding Authority, no proceeding or further proceeding will be initiated or continued, as the case may be, against the contravener.

No contravention shall be compounded unless the amount involved in the contravention is quantifiable. All requisite approvals should be obtained and compliances should be completed before seeking compounding of contravention. If a contravention is committed within 3 years of compounding of a similar contravention, the said contravention will not be compounded and the provisions of the Act will apply. In case of contraventions in the nature of not obtaining required approvals from the government/ statutory authority, compounding will not be applicable unless the required approval has been obtained. The Compounding Authority may call for information, documents or any other record relevant for the proceedings of compounding, the non submission of which will make the application liable for rejection. The Compounding Order will be passed after not more than 180 days of receiving the application. The amount specified in the Compounding Order has to be paid with 15 days of the date of order by way of DD.

3. If any person is found to have acquired any foreign exchange, foreign security or immovable property outside India, of the total value exceeding the limit u/s 37A (presently, no limit has been prescribed), then-
 - a. Penalty up to 3 times the amount involved maybe imposed
 - b. The value equivalent situated in India maybe confiscated
 - c. Fine plus, imprisonment which maybe for a term up to 5 years.
4. In case the penalty is not paid within 90 days, he is liable for civil imprisonment.
5. In addition to penalty, any currency, security or property maybe confiscated
6. There is a right to appeal.

This publication is intended to provide general information, guidance on various professional subject matters and should not be regarded as a basis for taking decisions on specific matters. In such instances, separate advice should be taken.