

ERGO

Analysing developments impacting business

COMPANIES (AMENDMENT) ACT, 2019 - CSR PROVISIONS NOT IMPLEMENTED!

21 August 2019

On 31 July 2019, the Companies (Amendment) Act, 2019 (Amendment Act) received assent of the President of India. We had written on the Amendment Act with special focus on the CSR related amendments (Proposed CSR Amendments) which is [available here](#).

The amendments proposed in the Amendment Act were partly implemented with retrospective effect from 2 November 2018. Now, the Ministry of Corporate Affairs, vide its' notification dated 14 August 2019, has implemented the remainder amendments proposed in the Amendment Act with effect from 15 August 2019, except Section 21 of the Amendment Act relating to the Proposed CSR Amendments.

Our Comments

In the case of eligible companies, the Proposed CSR Amendments not only made the CSR spend mandatory but also introduced penal provisions (including a three year imprisonment) in case of non-compliance with the CSR requirements.

By not notifying Section 21 of the Amendment Act, the Government seems to have given a rethought to the Proposed CSR Amendments. This may be due to the industry outcry as also the recommendations in the report submitted by the high-level committee headed by Corporate Affairs secretary - Mr Injeti Srinivas (High-Level Committee). The High-Level Committee, *inter alia*, recommended tax deductions for CSR expenditure and making the CSR offences as civil offence with a shift to penalty regime.

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