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The Securities and Exchange Commission of Pakistan (SEC) has provided further relaxation to non-listed public and private companies to regularize their default in filing of statutory returns under the Companies Ordinance, 1984, with some concession and incentives. Under the “Companies Regularization Scheme” announced by the SEC last month, default up to December 31, 2000 could be covered, but now this period has been extended to December 31, 2001.

Considering that the private limited companies and non-listed public companies as nurseries for ultimate listed corporate sector in the country, it was decided to take a lenient view in the matter of late filing of returns and through general order by SEC in February 2001, CROs were directed to record the statutory returns filed with minor delay without initiating penalty proceedings against management. A large number of companies were benefited through this order. Later on the Commission provided one time opportunity to those companies which altogether failed to file the statutory returns and announced ‘Companies Regularization Scheme’ on December 31, 2001.

Under the scheme, all overdue returns can be filed on payment of normal fee plus one time additional fee equivalent to normal fee (i.e. Rs. 200/- = Rs. 400/- per return instead of Rs. 800/- per return). There shall be no penal proceedings on the returns filed late under this scheme. The scheme shall also be operative for a limited period of 3 months i.e. up to March 31, 2002.

While the scheme is in operation, it was suggested to the Commission that this scheme should cover the default of non-filing of returns for entire period i.e. up to December 31, 2001 and it should not be restricted for period up to December 31, 2000. The Commission accepted the request and decided to extend the default period from December 31, 2000 to December 31, 2001. The companies which could not file the returns up to December 31, 2001, will now be benefited from this decision and will be able to file the same within period allowed for the purposes i.e. up to March 31, 2002.

The decision will not only provide for non-initiation of penalty proceedings but also allow the companies to file overdue statutory returns made up to the period ending December 31, 2001 with only one time additional fee equal to the normal fee instead of three times additional fee plus penalties. Thus the financial benefit being offered to companies is considerable. On expiry of the time given for the Scheme i.e. up to March 31, 2002, the SEC offices, will initiate penalty proceedings as warranted under the Law without any exception. It may be further mentioned that the Commission is developing a centralized register / record of sponsors / directors of the companies to verify their corporate behaviour before allowing incorporation of companies in future.