

भारतीय जनता पार्टी - मुंबई
प्रोफेशनल सेल
अध्यक्ष : CA शैलेश रा. घेडीया



Date:- 07/10/2023



To,

Shri Devendra Fadnavis Ji
Hon'ble Dy. Chief Minister
Government of Maharashtra
Mumbai

Respected Sir,

Re: Partnership Firms-Amnesty Scheme.

- Partnership is the oldest form of business organization. It is most effective business entity for the common man. The State of Maharashtra is home to a multitude of partnership firms, with many boasting extensive operational histories spanning several decades.
- It is quite likely that due to many reasons and circumstances, these forms have undergone many changes during the course of their functioning such as:
 - Admission of one or more partners into an existing form, or
 - Retirement of one or more partners from the firm, or
 - Change of residential address of one or more partners, or

- Change in principal place of business of the firm or its branch, or
- Change in the constitution of the firm, or
- Minor partners attaining majority, or
- Any of the partners expires, or
- Dissolution of the firm etc.

It is a statutory requirement for partnership firms to promptly notify the Registrar of Firms (ROF), the governing authority, of every such change that occurs within the firm. This notification must be made within a stipulated timeframe. However, based on our professional experience, we have noticed instances where firms may inadvertently overlook reporting these vital changes to the ROF. Various reasons may contribute to this lapse, including a lack of awareness about the requirement or the distractions of other pressing assignments.

- We have also observed that by and large the lapses are unintentional, although they are procedural in nature. However, there could be very serious consequences of these lapses.

(a) First and foremost is that since the records of the firms are open for inspection for public at large, people tends to get wrong or incomplete information as the records at ROF itself are not updated.

(b) Second in the case where changes effected in the past are not brought on the ROF records and therefore subsequent change,

thought informed to the ROF in time, may not be taken on the records which again will result into incomplete ROF records.

(c) Also a great deal of inconvenience is caused to the firms and the partners especially when they have to submit the latest and updated records certified by ROF. This may prove to be a hurdle to the day to day functioning of the business.

- **Consequences of Non-compliance:** Failure to address these irregularities can lead to severe penalties and protracted legal disputes.
- **Government Initiatives and Amnesty Schemes:** It is well-recognized that government bodies and various regulatory authorities, including the Income Tax Department, Company Law Board, Reserve Bank of India, among others, have historically introduced a range of amnesty and immunity schemes. These initiatives have included schemes such as the Company Law Settlement Scheme (CLSS), Voluntary Disclosure of Income Scheme (VDIS), and several amnesty schemes under Acts like the Stamp Duty Act, Profession Tax Act, Sales Tax Act, and more. The outcomes of these schemes have consistently met expectations, with a positive response from the public, who have used these opportunities to regularize their affairs.
- In view of host of practical difficulties and inconvenience caused both to the Department and the public at large, we suggest Your Honour to please bring out an amnesty scheme for

partnership firms so as to give them an opportunity to regularize the lapses, if any by charging some small compensatory penalty. This will not only solve this problem but confer many benefits which, according to us, are narrated as under:

- Records of the ROF and the concerned firm will be updated.
- The lapses and shortcomings will be regularized.
- Charging of compensatory penalty would result in additional revenue to the State which will run into few crores.
- Business community and public at large will be made aware of various legal and statutory provision and the habits of complying with the laws.
- As all other amnesty schemes were by and large successful and both, the government and the people have gained so much gained so much out of it, we are very hopeful that a similar scheme for Partnership Firms will certainly help us to solve many routine related to ROF. We may draw your kind attention to an amnesty scheme for partnership firms brought out by Government of Maharashtra approximately 25 years before. We think it is most appropriate time now to come out with a Amnesty Scheme as requested hereinabove.
- We draw your kind attention to some of the practical difficulties faced by the partner and professionals like advocates and C.As.
- Time-Consuming Registration Process: The registration of a partnership firm and any subsequent amendments to its

registration can be a time-consuming process, contrasting significantly with the comparatively faster registration timelines observed for limited liability partnerships or companies.

- Registration of new partnership is semi-online i.e. first you need to upload documents online. Then take printout and submit physical copies. If the process is online then submission of physical documents should not be required.
- When any paper is submitted to Registrar's office, a "called on" stamp is put at the time of submission of papers. But in reality, at least 3 to 4 times follow up is required to ultimately receive the response.
- It is learnt that enough funds are not provided for the purpose of postage to Registrar of Firms. Therefore, no notice or any paper is sent to the parties by the Registrar's office. Partners and/ or professionals have to keep the track on the dates and send somebody personally to collect the papers.
- It is observed that for the purpose of census and election purposes, staff of Registrar's office are transferred elsewhere resulting into lots of pendency of cases.
- Registration and/or any modification in the records of partnership firm registers with Registrar of Firms should normally not take more than a month. However, it takes at least 6 to 8 months normally. With the result the certificate of registration cannot be produced to number of authorities until then and the work suffers.

- Any objection in the matter of modification/registration may please be intimated within 7 to 15 days.
- Your Honor will please appreciate and agree that in the modern age, the office of Registrar of firms need to be fully computerized.
- It will highly appreciate if an additional office also located in south Mumbai.
- **We shall be glad to discuss this matter personally at a time suitable to your Honour and help preparing the scheme.**

Awaits Your Prompt Action.

Thanking You

Yours Faithfully



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