



FREQUENTLY ASKED QUESTIONS (FAQs)

ENFORCEMENT

The Enforcement Section is responsible for ensuring that legal entities (Companies, Foundations, Limited Partnerships, Limited Liability Partnerships and Société Commerciale) comply with the legal provisions of the law. **What is compounding?**

Compounding is an out of court settlement process where the offender agrees to pay an administrative penalty (known as Composition Fees) as directed the Director of Public Prosecutions (DPP in lieu of referring the matter to the Court..

1. Different types of offences:

- Section 355 of Companies Act 2001
(Non-payment of Registration Fee of Companies & Société Commercial)

- Section 215 of Companies Act 2001
(Financial Statements & Summary)

- Section 223 of Companies Act 2001
(Annual Return)

- Foundations Act 2012

Part I of Schedule of the Foundations Act 2012 (Registration fee)

➤ Limited Partnerships Act 2011

Regulation made by Minister under Section 81 of the Limited Partnerships Act 2011

➤ Limited Liability Partnerships Act 2016

Regulation 2 & 3 made by Minister under Section 66 of part 1 of the Government Notice 4 of 2017 (Registration Fee)

2. Composition Fees for non-filing and late filing of Annual Return, Financial Statement/Summary, Annual General Meeting (AGM)

Code	Compounding Fee (Rs)
COF4: Late Filing (Financial Summary)	1000
Late Filing (Financial Statements)	2000
COF2: Non-Filing (Financial Summary)	2000
Non-Filing (Financial Statements)	2000

3. Composition Fees for non-payment of Annual Registration Fees:

Code	Compounding Fee (Rs)
COF7: Financial Summary	200
COF5: Financial Statements	1000
Commercial Partnerships	1000
COF8: Foundation	2000
COF9: Limited Partnership	1000

Composition Fees applicable for non-payment of Annual Registration Fees

- Approval of DPP sought for compounding of offence
- A letter is issued to the company regarding non-payment of fees
- Payment of fees and fines have to be settled within 30 days from the date of the letter
- After 30 days, if no payment is effected, an additional composition fee is payable by the company upon signature of an Agreement Form
- Failure to respond to the letter will entail procedures for the removal of the entity from the Register.

Composition Fees applicable for non-filing/late filing of Annual Return/Financial Summary/ Financial Statements

- Approval of DPP sought for compounding of the offence
- A letter is issued to the company regarding non-filing of the above-mentioned documents
- A composition fee is payable upon signature of an Agreement Form and filing/non-filing of the appropriate document
- Failure to respond to the letter will allow procedures for the removal of the entity from the Register.