Section 8 Company

Introduction

Section 8 Company is a Company licensed under Section 8 of the Companies Act, 2013 (**the Act**), erstwhile known as Section 25 Company under the Companies Act, 1956, which has main object;

- For promoting commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object,
- provided the profits, if any, or other income is applied for promoting only the objects of the company and
- No dividend is paid to its members.

Therefore, Section 8 Company is a company registered for charitable or not-for-profit purposes.

Section 8 Company is similar to a Trust or Society; exception is that a Section 8 Company is registered under the Central Government's "**Ministry of Corporate Affairs** (**MCA**)"whereas the Trusts and Societies are registered under **State Government regulations**.

Section 8 Company has various advantages when compared to Trust or Society. Section 8 company also has higher credibility amongst donors, Government departments and other stakeholders.

Further, the key feature of a Section 8 Company is that name of the Company can be incorporated **without using the word "Limited" or "Private Limited"** as the case may be.

(Note: Requirement of minimum capital under the Act shall not apply to Section 8 Company vide Notification of June 5, 2015).

Procedure for Registration of Section 8 Company

- Minimum two people required for registration of Section 8 Company
- Obtaining Digital Signature Certificate (DSC) for proposed Directors not having Directors Identification Number (DIN)

- Obtaining DIN from Ministry of Corporate Affairs by filing Form **DIR-3, if not having DIN**
- Filing of **Form INC-1** for Reservation of Name
- Post approval of name from the concerned Registrar of Companies, file **Form INC-12** {pursuant to Section 8 (1) of the Act and Rule 19 of Company (Incorporation) Rules, 2014} (**the Rules**)

Attachments to Form INC-12

- ✓ Draft Memorandum of Association of the proposed company in **Form INC-13**
- ✓ Draft Articles of Association of the proposed company
- ✓ Declaration by Practicing Chartered Accountant / Practicing Company Secretary / Practicing Cost Accountant in **Form INC-14**
- ✓ Declaration from each person making application in **Form INC-15**
- ✓ Estimated Income and Expenditure for next 3 years

*(Note: Form INC-12 is in **physical mode** and the **e-form is not yet available** on MCA21 Portal. Thus, the same needs to be filed in **Form RD-1** with prescribed fees).*

Attachments to Form RD-1

- ✓ **Form INC-12**
- ✓ Draft Memorandum of Association of the proposed company in **Form INC-13**
- ✓ Draft Articles of Association of the proposed company
- ✓ Declaration by Practicing Chartered Accountant / Practicing Company Secretary / Practicing Cost Accountant in **Form INC-14**
- ✓ Declaration from each person making application in **Form INC-15**
- ✓ Estimated Income and Expenditure for next 3 years

- The Central Government after examining grants the license in **Form INC-16**
- After obtaining the license, following forms need to be submitted with prescribed attachments
    - ✓ **Form INC-7**
    - ✓ **Form INC-22**
    - ✓ **Form DIR-12**

- Post Scrutiny of the submitted forms and documents the Corporate Identification Number (CIN) will be issued by the concerned Registrar of Companies.

List of documents required:

✓ **Identity Proof**: Copy of Permanent Account Number (PAN) of all Directors/Promoters (**Mandatory**)

✓ **Address Proof:** Copy of valid Passport/Driving Licence/Aadhar/Telephone Bill/Electricity Bill (not older than 2 months)

✓ Latest passport size photographs of all Directors/Promoters

✓ Rent Agreement or Leave & Licence Agreement, if registered office premise is taken on rent

✓ Utility Bills of proposed registered office

✓ Consent to act as Director in **Form DIR-2**

✓ Directors Directorship details in other Companies/LLPs, if any.

(Note: A Company incorporated will be active as long as the annual compliances under the Act and the Rules made thereunder are complied with. In case annual compliances are not complied with, the company will be a Dormant Company and maybe struck off from the register.)

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Disclaimer: *The article has been prepared considering the relevant provisions of the Companies Act, 2013 and the rules made thereunder. The contents of the article are personal views of the author and the readers are requested to cross-check the provisions before acting upon the same. The author is not responsible for any damages or penalties caused.*

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https://drive.google.com/file/d/0BxAZMixHJAz2R0J4LU5DRmc0UTQ/view