

MCA GENERAL CIRCULAR NO. 01/2026

COMPANIES COMPLIANCE FACILITATION SCHEME, 2026 (CCFS-2026)

The **Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)**, introduced by the Ministry of Corporate Affairs through General Circular No. 01/2026, serves as a significant regulatory intervention to enhance corporate compliance and provide a "one-time opportunity" for companies to regularize their filings. This initiative acknowledges the rapid growth of the Indian corporate sector, which has surpassed 20 lakh active companies, including many MSMEs, One Person Companies (OPCs), and new-age entrepreneurs.

The scheme is a direct response to representations from stakeholders who have faced financial hardships due to the **additional fee of Rs. 100 per day** for delayed annual returns and financial statements, a penalty that has been applicable since July 2018 without an upper limit.

The scheme is set to be operational for a three-month window, starting from **15th April 2026 and concluding on 15th July 2026**. During this period, companies can file "relevant e-forms," which encompass a wide range of documents under both the Companies Act, 2013, and the Companies Act, 1956. Key forms covered include:

- **Annual Returns and Financials:** MGT-7, MGT-7A, AOC-4, and its various versions (XBRL, NBFC, CFS).
- **Legacy Forms:** Older filings such as Form 20B, 21A, 23AC, and 23ACA for companies still needing to clear backlogs under the previous Act.
- **Administrative Forms:** ADT-1 for auditor appointments and FC-3/FC-4 for foreign companies.

A primary impact of CCFS-2026 is the **drastic reduction in financial liability** for active companies struggling with accumulated penalties. Under the scheme, companies can complete their pending annual filings by paying only **10% of the total additional fees** that would otherwise be due on account of delays. This 90% waiver on additional fees is intended to alleviate the financial burden on MSMEs and private companies, allowing them to divert capital toward business operations rather than regulatory penalties. For the government, this

incentivizes a massive update of the MCA-21 registry, ensuring it reflects accurate and up-to-date corporate information.

The scheme also provides a strategic "**easy exit**" or "**hibernation**" route for inactive or defunct entities that have become a burden on the registry. These companies are offered two specific pathways with reduced financial requirements:

- **Dormant Status:** Companies can apply for status as a 'dormant company' under section 455 by filing e-form MSC-1 at **half the normal filing fee**, allowing them to remain on the register with minimal compliance.
- **Closure/Striking Off:** Entities wishing to shut down can file e-form STK-2 by paying only **25% of the applicable filing fees**, facilitating a cost-effective exit from the corporate landscape.

In terms of **legal immunity and enforcement relief**, the circular offers a protective shield against prosecution and penalties for delayed filings, provided the defaults are cured during the scheme's duration.

Specifically, proceedings under section 92 (Annual Return) or section 137 (Financial Statements) will be concluded without further penalty if filings are made before an adjudicating officer issues a notice, or within **30 days** of such a notice being issued. Furthermore, immunity is granted against prospective penal actions for various administrative forms like ADT-1 and FC-3/4, provided no prosecution or adjudication has already commenced prior to the filing under this scheme.

However, the applicability of the CCFS-2026 is not universal, and certain categories of companies are **explicitly excluded** from its benefits to prevent misuse.

These exclusions include:

- Companies already facing final strike-off notices under section 248.
- Entities that have already applied for striking off or dormant status prior to the scheme's inception.
- Companies dissolved through amalgamation schemes or classified as "**vanishing companies**". This ensures that the relief is targeted toward genuine businesses seeking to return to compliance rather than entities already in the final stages of legal dissolution.

From an administrative standpoint, the impact analysis suggests a dual benefit: **cleansing the corporate registry** and increasing the "ease of doing business". By encouraging defunct companies to either regularize or exit, the Ministry reduces the administrative overhead of monitoring non-compliant "shell" or inactive entities.

Simultaneously, the scheme reinforces the government's focus on the **formalization of the economy**, ensuring that the growth in company registrations translates into a high-quality, compliant corporate database that stakeholders and regulators can rely upon.

The circular concludes with a stern **warning of post-scheme enforcement**, creating a "last chance" scenario for defaulters. Once the scheme ends on 15th July 2026, the Registrars of Companies (ROCs) are directed to take necessary action under the Act against all companies that failed to avail themselves of this facilitation and remain in default. This suggests that the conclusion of the scheme will likely be followed by a **rigorous compliance drive**, including potential prosecutions and penalties at the full rates prescribed by law for those who ignored this one-time window.