



## The Chamber of Tax Consultants

Mumbai | Delhi

Registered Office

3, Rewa Chambers, Gr. Floor, 31, New Marine Lines, Mumbai – 400 020.

Tel.: +91-22-2200 1787, 2209 0423, 2200 2455 | E-mail: office@ctconline.org | Website: www.ctconline.org

WhatsApp: 9004945579 | FB Page: <https://www.facebook.com/ctcconnect/>



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To,  
Shri Arun Jaitely Ji,  
Union Minister of Finance  
and Corporate Affairs,  
Government of India,  
North Block, Cabinet Secretariat,  
Raisina Hill, New Delhi - 110 001

Date: 18<sup>th</sup> September, 2018

Respected Sir,

**Subject:** Extension of time for filing Form DIR 3 KYC of person's holding DIN No.s issued before 31<sup>st</sup> March 2018

We humbly seek your attention on the captioned subject matter on the issues faced by the citizens including professionals for the filing of Form DIR 3 KYC at the portal of the Ministry of Corporate Affairs.

The Chamber of Tax Consultants (CTC), Mumbai was established in 1926. CTC is one of the oldest (about 92 years) voluntary non-profit making organizations in Mumbai formed with the object of educating and updating its members on Tax and other Laws. It has a robust membership strength of about 4000 professionals, comprising Advocates, Chartered Accountants and Tax Practitioners.

### **Introduction:**

1. Form DIR 3 KYC was available On the MCA portal from 13<sup>th</sup> July 2018 to enable DIN holders to confirm the details of their DIN No. data and to put in additional confirmations by way of Aadhar Card details (mandatory) and Passport details (mandatory if holding a passport). Copies of both of which were required to be attached to the form. The last date for filing of the form was declared as 31<sup>st</sup> August 2018. Subsequent to the same. Person's who

had not filed their DIR 3 KYC, would have their DIN deactivated and the same could be activated by filing a DIR 3 KYC with fees of Rs. 5,000/-.

2. The version of the form was revised twice shortly within 20 days each time on 4<sup>th</sup> August 2018 and again on 23<sup>rd</sup> August 2018.
3. The form is required to be filed annually by all persons holding DIN
4. The MCA vide its notification dated 21<sup>st</sup> August 2018 extended the deadline from 31<sup>st</sup> August 2018 to 15<sup>th</sup> September 2018.
5. From the press report, it is understood that nearly 21 lakh active directors have not updated their KYC and during past 60 days only 12 lakh active directors have been able to complete their KYC as on September 15, 2018.

### **Issues:**

1. The form DIR 3 KYC was to be filed under the signature of the DIN holder and an authorised professional. Many persons who had obtained DIN under the earlier system did not have digital signatures. Some who had obtained digital signatures at the time of DIN application had not renewed the same. The validity of the digital signature had therefore expired and they were required to make fresh applications for obtaining digital signatures.
2. Many who had valid digital signatures, had a mismatch with the data filled in for the digital signature and the PAN application. The signature, therefore, gave errors at the time of affixing on the form.
3. The current procedure for obtaining a digital signature requires the video verification of the applicant. This procedure again requires some more time as the applicant has to receive the link, make the required video recording and then upload the same to the link provided.
4. The number of companies actively issuing digital signature is limited and they were not able to cope with the rush and had server errors due to which there was a delay in obtaining the digital signatures of DIN holders.
5. The DIN holders had a lot of difficulties in the PAN verification required in the form. Minor differences in the form filled for PAN application and for DIN resulted in the PAN not being verified. The DIN holders were then required to reconcile both and this led to substantial loss of time.

6. There was a lack of clarity regarding the requirement of attestation and proof of residence and proof of identity required to be attached to the form. This took about 15-20 days to be sorted. The insistence on Rule 16 was cumbersome and took time to be put aside.
7. Some DIN holders had changed their address/name etc. They were therefore required to file form DIR 6 before filing form DIR 3 KYC. The form was revised to a newer version on 26<sup>th</sup> July 2018. The form DIR 6 took time to be approved and complaining about the same by raising a ticket on the MCA site did not make much difference in increasing the speed for processing the form.
8. The OTP's were sent on the registered mobile phone and emails. They were valid for only 15 minutes. This required synchronisation of the time of the consultant and the DIN holders. This was more cumbersome when the Directors were travelling in India or abroad. The difference in time zones posed a challenge in synchronisation of the times, in view of the fact that the OTP was valid for such a short time.
9. During the last two days before the deadline of 15<sup>th</sup> September 2018, the OTP's were not received at all by DIN holders, especially those who were out of India.
10. On the last two days before the deadline of 15<sup>th</sup> September 2018, DIN holders and professionals could not function at all due to the system errors. The login facility kept on giving errors and the forms could not be uploaded. The system was so slow that the log in achieved after several attempts were timed out before the form was uploaded.

**In view of the aforesaid, we wish your esteemed office to undertake the following at utmost urgent basis to restore the confidence the of stakeholders in the MCA system and endeavour to take following measure's**

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1. Not to deactivate the DIN of those who have not been able to file DIR 3 KYC and give another opportunity for DIN Holder's to file form DIR 3 KYC without the payment of additional fees of Rs. 5,000/-.

2. To extend the time limit for validity of OTP's so as to enable the synchronisation between consultants filing the forms and DIN holders receiving the OTP's
3. To review the necessity of filing the DIR 3 KYC every year. Once the KYC has been made, it is a waste of resources of professionals and DIN holders to repeat the process every year. The DIN, digital signatures are obtained on submission of the required proofs of identity and residence. The digital signatures are valid for two years at the most. After which, a fresh application has to be made with the required proofs and video verification. We appreciate the objective but repeatedly asking for the same data again every year may be cumbersome and against the principle of ease of doing business.
4. The individual is subject to multiple KYC under different laws. Hence common KYC which is valid under any laws be introduced.
5. A person holding DIN and currently not holding directorship be allowed to cancel their DIN. DIN is allowed to be cancelled only if in past such DIN was not linked to an appointment of a director. Alternatively, provision for freezing dormant DIN may be introduced, so that they are not subject to KYC during the period when DIN is frozen.

We hope that the authorities would take a considerate and just view on the matter and provide relief to the DIN holders.

We would like to thank you for your valuable time.

Thanking you.

Yours truly,

For **The Chamber of Tax Consultants**

Sd/-  
Hinesh Doshi  
President

Sd/-  
Paras Savla  
Chairman – Corporate  
Connect Committee

CC: Shri Injeti Srinivas  
Secretary – Ministry of Corporate Affairs