Corporate Laws (Amendment) Bill, 2026

Prelims: *Current events of national and international importance | Governance*

Why in News?

After moving the Corporate Laws (Amendment) Bill, 2026 in the Lok Sabha recently, Finance Minister proposed to send the Bill to a 31-member Joint Parliamentary Committee (JPC) to enable further scrutiny.

- The Corporate Laws (Amendment) Bill, 2026, seeks to amend the ***Limited Liability Partnership Act, 2008 and the Companies Act, 2013.***
- **Aim** - To streamline regulatory processes for companies, and *decriminalize minor offences* by shifting from criminal penalties to monetary fines.
- The proposal modifies the norms for convening hybrid annual or extraordinary general meetings, while also strengthening the frameworks for unpaid dividends and investor protection.
- It also proposes
    - The introduction of a framework for conversion of specified trusts (registered under SEBI / IFSC authority) into Limited Liability Partnerships (LLPs) and
    - An increase of profitability threshold for applicability of corporate social responsibility (CSR).

Key provisions

- **Corporate Social Responsibility Changes -** It increases the eligibility threshold for Corporate Social Responsibility to be hiked to ***Rs 10 crore profit*** from the current one of Rs 5 crore.
- At the moment, companies are required to spend 2% of the average profit from the last 3 years on CSR initiatives.
- **Small Company Definition -** The definition is redefined/expanded to reduce compliance burdens, including relaxed auditor appointment norms.
- **Relaxation to small Companies -** It also proposes to provide relaxation

to small companies by providing *exemption from CSR provisions*, requirements related to auditor appointment, and reduction in additional fees.

- **Increase in Time Period -** The Bill also seeks to increase the time period for transfer of unspent CSR amounts relating to ongoing projects to the unspent corporate social responsibility account with the scheduled bank to **90 days** from the current 30 day-period.
- **Digital Governance -** Increased acceptance of virtual/hybrid AGMs and EGMs is encouraged, though at least one physical AGM is mandatory every three years, as outlined by TaxGuru.
- **Holding Meetings -**Enabling companies to hold Annual General Meetings and Extraordinary General Meetings through video conferencing or other audio-visual means.
- With the requirement of holding at least *one Annual General Meeting* in physical mode at least once in 3 years.
- **Self-declarations -** Certain affidavits required under the Act can be replaced with self-declarations.

Companies Act, 2013	• It was enacted to consolidate and amend the laws relating to companies and introduced significant changes related to disclosures to stakeholders, accountability of directors, auditors and key managerial personnel, investor protection and corporate governance. • It was amended in 2015, 2017, 2019 and 2020 to decriminalize certain offences, facilitate ease of doing business, rationalize compliance requirements, and recognize new concepts.
Limited Liability Partnership Act, 2008	• It was enacted to make provisions for the formation and regulation of limited liability partnerships and related matters, in the form of an LLP which has the flexibility of a partnership firm but is constituted in the form of a body corporate structure with limited liability and perpetual succession. • The LLP Act was amended in the year 2021 to facilitate ease of doing business and to decriminalise certain offences.

Reference

The Indian Express | Corporate Laws (Amendment) Bill



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