



# IBC AU-COURANT

*Latest updates On Insolvency & Bankruptcy*

**Tuesday, 12<sup>th</sup> July, 2022**

**"What lies behind us and what lies before us are tiny matters compared to what lies within us"**

## ➤ **IBBI mandates insolvency professionals to raise bills only in their names**

Also mandates RPs to disclose relationship with corporate debtor, financial creditors and resolution applicants.

Insolvency regulator IBBI has mandated that insolvency professionals should henceforth raise bills only in their own names towards their fees. Also, such fees would have to be paid through banking channels, the IBBI has said.

The regulator has also now amended its regulations to stipulate that the resolution professionals should disclose his/her relationship and the relationship of the professionals engaged by him.

**Source: *The Hindu Business Line***

**Read Full news at:** <https://www.thehindubusinessline.com/economy/ibbi-mandates-insolvency-professionals-to-raise-bills-only-in-their-names/article65628084.ece>

## ➤ **NCLT asks I-T dept to remit TDS back to the bankrupt precision fasteners**

The bankruptcy court has directed the income-tax department to return the tax deducted at source (TDS) from Precision Fasteners after the auto-component maker was referred for liquidation.

The ruling is expected to set a precedent in several such cases where the revenue department is seeking to recover statutory dues from companies facing liquidation. The liquidator of the company had approached the Mumbai bench of the National Company Law Tribunal (NCLT) to recover about ₹1 crore deducted from the company as TDS even when there was a moratorium in place under the insolvency and bankruptcy law.

"We have heard counsel for the applicant (liquidator) finally," said the bench led by Justice PN Deshmukh and technical member Shyam Babu Gautam, in its July 1 order. "This

bench is satisfied and accordingly the deputy commissioner of income tax is directed to remit back the amount to the corporate debtor company forthwith," it ordered.

Mumbai-based Precision Fasteners was admitted under the corporate insolvency resolution process (CIRP) in 2017, on a petition filed by Asset Reconstruction Company India. However, in the absence of any viable resolution plan, the tribunal allowed the resolution personnel's petition to admit the company for liquidation.

The liquidator approached the tribunal last year after the revenue department deducted TDS of more than ₹98 lakh on certain transactions, despite the fact that the company was under liquidation.

Under Section 53 of IBC, statutory dues including that to the income tax department are operational dues and under the waterfall mechanism, liquidation cost, secured creditors and workmen of the company get priority to receive their dues.

"It has been settled that the tax department is an operational creditor and jumping the queue is not permitted. The order is expected to set a precedent in several other similar cases of liquidation," said Nipun Singhvi, managing partner of law firm NSA Legal.

**Source: The Economic Times**

**Read Full news at:** <https://economictimes.indiatimes.com/news/india/nclt-asks-i-t-dept-to-remit-tds-back-to-the-bankrupt-precision-fasteners/articleshow/92812387.cms>

