

# New MCA disclosure rules

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**In News:** The Ministry of Corporate Affairs (MCA) notification dated 24 March 2021 has amended the Companies (Audit and Auditors) Amendment Rules, 2014.

## New MCA Disclosure Rules

- The Ministry of Corporate Affairs (MCA) amended the Companies (Audit and Auditors) Amendment Rules, 2014 in reference to section 139, 143, 147 and 148 of the Companies Act, 2013.
- Also new additional reporting requirements have been inserted in Rule 11 which are to be disclosed in the audit report.
- The amended Rules shall be effective from 1 April 2021.
- Companies must state if they have been declared wilful defaulters by banks, financial institutions or other lenders.
- Mandated companies to record audit trails of their accounts.
- Firms using accounting software to maintain their books need to use features that can record the audit trail of each transaction and create an edit log, including the date of such changes.
- Mandatory for companies to disclose the profit or loss on transactions involving cryptocurrency or virtual currency.

## What is the Difference between Digital, Virtual, and Crypto Currencies ?

### Digital currency

- Digital currency is the overall superset that includes virtual currency, which in turn includes cryptocurrencies.

- Digital currency can be regulated or unregulated.
- Can be denominated to a sovereign currency—that is, a country's central bank can issue a digital form of its fiat currency notes.

### **Virtual currency**

- Unlike fiat currency, virtual currency is not issued by a bank.
- This lack of regulation means virtual currencies are susceptible to price swings.
- Virtual currency often remains unregulated and hence constitutes a type of digital currency.

### **Cryptocurrencies**

- Cryptocurrencies like bitcoin and ethereum are considered to be a part of the virtual currency group.
- Cryptocurrency uses cryptography technology that keeps the transactions secure and authentic, and also helps to manage and control the creation of new currency units.
- Cryptocurrencies exist and are transacted over dedicated blockchain-based networks that are open to the common public.
- Anyone can join and start transacting in cryptocurrencies.

**IMP Note:** Cryptocurrency, while not banned in India, is also not regulated.