

Lecture 25

commencement of business

It is a Declaration to be issued by the directors within 180 days of incorporation of company stating that the subscribers to the Memorandum of the company has paid the value of shares so agreed by them, along with a verification of registered office address of the company.

Difference between certificate of incorporation and certificate of commencement

Basis	CERTIFICATE OF INCORPORATION (COI)	CERTIFICATE OF COMMENCEMENT OF BUSINESS (COB)
Applicability	Certificate of incorporation is applicable to all class of companies irrespective of share capital.	Applicability of Certificate of commencement of business vary with time to time. As in starting it only applicable to public companies, at current scenario it applicable to all the companies having share capital whether private or public.
Conclusiveness	Certificate of incorporation is legal document which serves as a conclusive evidence that all the requirements of this Act have been completed with all respect by incorporated company.	Certificate of commencement of business is a document that contains the information related to share capital which is agreed to be paid by the subscribers of the company at the time of its incorporation.
Dependency	Obtainment of Certificate of incorporation is not depend on availability of Certificate of	Obtainment of Certificate of incorporation is not depend on availability of Certificate of

	<p>commencement of business. In other words, companies don't need to require Certificate of commencement of business for Obtainment of Certificate of incorporation.</p>	<p>commencement of business. In other words, companies don't need to require Certificate of commencement of business for Obtainment of Certificate of incorporation.</p>
Existence	<p>If we talk about Certificate of incorporation, it comes into existence since day one. In other words, Certificate of incorporation was also existed in old Act I.e. Erstwhile Companies Act, 1956 and also it is still existing in new Companies Act i.e. Companies Act, 2013.</p>	<p>If we talk about Certificate of commencement of business it comes into existing because of need of a compelling reform, it existed in old Act I.e. Erstwhile Companies Act, 1956. But with limited applicability, but after some time it got omitted, currently it is applicable Vide Companies (Incorporation) Fourth amendment Rules, 2018 Notification.No.F.no 1/13/2013 CL-V, Part-I, Vol, II dated 18th December 2018 and the companies (Amendment) Ordinance, 2018 dated 2nd November 2018.</p>
Governing law	<p>Certificate of incorporation is governed by company Act 2013.</p>	<p>Certificate of commencement of business is governed by Companies [Registration Offices and Fees) Rules, 2014.</p>

