



INSOLVENCY & BANKRUPTCY

# Correction without Penalty, but only until 31 December: IBBI's Hybrid Regime for CIRP Compliance

**AUTHOR** Shrishail Kittad, Rahul Sundaram

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The Insolvency and Bankruptcy Board of India (“Board”) had, vide Circular No. IBBI/CIRP/85/2025 dated 26 May 2025, replaced the entire suite of Corporate Insolvency Resolution Process (“CIRP”) forms with a revised template effective 1 June 2025. Anticipating a transition phase, the Board exempted every stakeholder from the statutory late fee prescribed under Regulation 40B of the CIRP Regulations, 2016 for filings made up to 31 December 2025. Experience soon revealed that practitioners required an efficient avenue to rectify inadvertent omissions or clerical mistakes in submissions already uploaded. Simultaneously, the Board signalled that the concessionary window would not be extended indefinitely. These twin imperatives facilitation of errorfree compliance and restoration of fiscal discipline have now crystallised in Circular No. IBBI/CIRP/89/2025 issued on 18 December 2025.

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## Introduction of the Modification Utility

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The Circular operationalises an OTP authenticated “Modification Utility” on the Board’s electronic portal. An Insolvency Professional (“IP”) who discovers a deficiency in a previously filed form may himself trigger the utility, effect the necessary alterations and resubmit the document without recourse to the formal amendment route earlier administered by the Board. The relief is, however, calibrated: if both the original upload and the corrective reupload occur before the statutory due date applicable to the form, no monetary consequence follows. Conversely, once that due date elapses, any subsequent modification is treated as a fresh delayed submission and is exposed to the newly activated fee structure. The architecture thus incentivises early discovery and prompt rectification while preserving the regulatory maxim that delay carries a cost.

## Commencement of the delayed filing levy

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Regulation 40B(4) of the CIRP Regulations empowers the Board to impose a fee for every calendar month by which a form is filed late. The May 2025 circular had suspended this power; the December 2025 circular lifts the suspension with prospective effect. For every form whose due date fell on or before 31 December 2025 but which is ultimately submitted whether as an original return, a corrected return, or an updated return on or after 1 January 2026, the IP must remit ₹ 500 (Rupees five hundred only) per form per month of delay, exclusive of applicable GST. The computation is automated on the portal; the fee is collected electronically and the form is accepted only upon successful payment. The Board has exercised the enabling power conferred by Section 196 of the Insolvency and Bankruptcy Code, 2016, thereby ending the “interim moratorium” on financial penalties for tardy compliance.

## Interplay between correction and penalty

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Practically, an IP who filed a form on time in 2025 but detects an error in 2026 is confronted with two simultaneous obligations: utilise the Modification Utility to correct the record, and pay the delayed filing fee for the privilege of doing so. The Circular makes it clear that the fee attaches to the calendar month of the eventual upload, not to the month of the original misstatement. Hence, the longer the IP postpones correction, the larger the cumulative levy. The regime therefore fuses procedural facilitation with economic deterrence, ensuring that accuracy and punctuality are pursued as complementary rather than competing objectives.

## Conclusion

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With the twin measures of 18 December 2025, the Board has closed the transitional clemency period and restored the full force of Regulation 40B. Practitioners must now navigate a landscape where self-correction is freely permitted yet dilatory behaviour is instantly priced. The imperative is straightforward: verify filings before the due date, and if correction becomes unavoidable, complete it without further procrastination. From 1 January 2026, time literally costs money? 500 per form per month and the meter is already running. For further details write to [contact@indialaw.in](mailto:contact@indialaw.in)

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