

CERTIFICATION OF MSME



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WHO IS MSME?

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

- (a) Enterprises engaged in the manufacture or production, processing or preservation of goods.
- (b) Enterprises engaged in providing or rendering of services



MANUFACTURER

INVESTMENT IN PLANT AND MACHINERY ARE AS SPECIFIED BELOW:

<u>CATEGORY</u>	<u>AMOUNT INVESTED</u>
micro enterprise	Rs.0 - Rs. 25 lakhs
small enterprise	Rs.25 lakhs – Rs. 5 crore
medium enterprise	Rs. 5 crore – Rs. 10 crore

SERVICE PROVIDER

INVESTMENT IN EQUIPMENTS ARE AS SPECIFIED BELOW:

<u>CATEGORY</u>	<u>AMOUNT INVESTED</u>
micro enterprise	Rs.0 - Rs. 10 lakhs
small enterprise	Rs.10 lakhs – Rs. 2 crore
medium enterprise	Rs. 2 crore – Rs. 5 crore

DAY OF ACCEPTANCE

- **Day of Acceptance means-**

- *the day of the actual delivery of goods; or*
- *the rendering of services; or*
- *the day on which objection is removed by the supplier, where any objection is made in writing by the buyer regarding acceptance of goods or services within 15 days from the day of the delivery of goods or the rendering of services.*

- **Day of Deemed Acceptance means-**

The day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

APPOINTED DAY

- **Section 2(b) of the Act defines the appointed day as-**

the day following immediately after the expiry of the period of 15 days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Here we can say that appointed day is 16th day from the day of acceptance or deemed acceptance of any goods or any services

LIABILITY OF BUYER TO MAKE PAYMENT

Section 15 of MSMED Act, 2006 states as follows:

WHERE AGREEMENT EXIST

ON OR BEFORE THE DATE AS PER THE AGREEMENT



WHERE NO AGREEMENT EXIST

BEFORE THE APPOINTED DAY i.e before 15 days



MAXIMUM PERIOD ALLOWED

NOT BEYOND 45 DAYS

CONSEQUENCES OF NON COMPLAINT TO SECTION 15

Section 16 of MSMED Act, 2006 states as follows:

- On failure to make payment to supplier as per section 15, the buyer shall be liable to pay ***compound interest with monthly rests*** to the supplier from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at ***three times of the bank rate*** notified by the Reserve Bank.

DISCLOSURE REQUIREMENTS IN ANNUAL STATEMENTS OF ACCOUNTS

• FOR COMPANY

Sr. no	Particulars	As on	
		March 31,201*	March 31, 201*
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end		
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end		
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year		
4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made		
7	Further interest remaining due and payable for earlier years		

DISCLOSURE REQUIREMENTS IN ANNUAL STATEMENTS OF ACCOUNTS

• FOR LLP

Sr. no.	Particulars	As on	
		March 31, 201*	March 31, 201*
1.	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.		
2.	The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.		
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year.		
5.	The amount of further interest remaining due and payable even in the succeeding years, until such dated when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.		

3CD REQUIREMENT

The Interest paid on delayed payment under section 16 of the act, to be disallowed while calculating income of the assessee and the same to be reported in clause **22** of **part B** in **FORM 3CD** of Tax audit report.



Thank
you

