

Latest changes in ITR filing for AY 24-25 with relevant Income Tax Amendments

Voice of CA

Webinar 28th June 2024

DAKSM & Co LLP | दक्षमः
CHARTERED ACCOUNTANTS

CA. Deepak Bholusaria

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It is suggested that to avoid any doubt one should cross check the correctness of text, contents and the law with the original documents and to dispel confusion should seek professional help/opinion.



DISCLAIMER

About CA. Deepak Bholusaria

- Nov 1998 batch Chartered Accountant.
- Commerce Graduate from Punjab University.
- Certificates in Indirect taxes, DISA, Valuation, and Blockchain from ICAI.
- Actively pursuing certifications in FAFD, Ind-AS, and Social Audit.
- Member of Taxation Audit Quality Review Board (TAQRB) and special invitee to Tender Monitoring Directorate of ICAI for 2023-24.
- Elected member of Executive Committee of Sales Tax Bar Association (STBA), New Delhi.
- Passionate about the innovative use of technology in the professional sphere.
- YouTuber, leveraging the power of digital platforms to share his knowledge and insights with fellow professionals.



E-filing availability on portal

ITR forms and availability status*

Form	ITD RPU	Offline filing	Online filing
1	Yes -Excel	Yes	Yes
2	Yes -Excel	Yes	Yes
3	Yes -Excel	Yes	Yes
4	Yes -Excel	Yes	Yes
5	Yes -Excel	Yes	Yes
6	Yes -Excel	Yes	Yes
7	Yes -Excel	Yes	Yes

* As on 28th June 2024

Form 3CD availability status*

Audit report under section 44AB [Audited under any other law] Statement of particulars under section 44AB

[Form No. 3CA-3CD]

Audit report under section 44AB of the Income-tax Act, 1961, in a case where the accounts of the business or profession of a person have been audited under any other law. This Form is in compliance with rule 6G.

* Indicates mandatory fields

PAN

XXXXXXXXXX

Filing Type *

Original Revised

Assessment Year (A.Y) *

2024-25

Assign Chartered Accountant (CA)

CA Name *

DEEPAK BHOLUSARIA

+ Add New CA

Form 3CA-3CD

PAN of Assessee

XXXXXXXXXX

Name of Assessee

XXXXXXXXXX PRIVATE LIMITED

[Form No.

Form 3CA-3CD

Assessment Year

2024-25

Filing Type

Original

Transaction Id

FOS004043692861

Submission Mode

Offline


< Back

Continue >

Form 3CD RPU

ITDe-Filing-Forms

Home Help

 Desktop Utility(Forms)

Part-B Particulars

Provide Statement of particulars in relevant Clauses

Clause 22

* Indicates mandatory fields

22. (a) Amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	₹ <input type="text"/>
(b) Any other amount not allowable under clause (h) of section 43B of the Income-tax Act, 1961.	₹ <input type="text"/>

Form utility was last updated on 23rd April 2024 considering CBDT Not. No. G.S.R. 223(E) dated 19th March 2024

**Due dates to
file ITR u/s
139**

Due dates

Category of Taxpayer	Due Date for Tax Filing AY 2024-25
Individual / HUF/ AOP/ BOI (non-audit cases)	31st July 2024
Audit cases (including Company and LLP ²)	31st October 2024 ¹
TP cases	30th November 2024
Belated / Revised return	31st December 2024
Updated return	31 st March 2027

1. Tax audit report in form 3CD needs to be filed 1 month prior to due date
2. In case of LLPs where either TO > 40 Lacs or Contribution > 25 lacs

Major changes in income tax return forms

Rule 12

Rule 12: Change in the applicability of ITR forms

- The CBDT has not amended the criteria for the applicability of ITR forms to different classes of taxpayers and methods of furnishing returns.
- **Individuals/HUFs liable for audit can verify ITR using EVC.** Earlier, they could verify the returns only through digital signature. This change is applicable for ITR-3 filers.

Misc. new disclosures

New disclosures

- **Legal Entity Identifier (LEI) Details:** For transactions of INR 50 crores and above, details of the LEI number are now required, aligning with RBI regulations for high-value transactions
- **Due Date for Filing of Return:** A new column in ITR 3, 5 & 6 requires taxpayers to mention their applicable due date for filing returns, enhancing clarity on filing timelines.
- **MSME registration number:** Mandatory information regarding recognition as MSME and related registration numbers. This amendment is independent of 43B(h) related changes.

Audit disclosure related changes

Additional disclosures related to audits

- **Reason for Tax Audit under Section 44AB:**
Additional details regarding the circumstances necessitating tax audit are to be furnished in ITR 3 to 6. This information should be in sync with Form 3CD.
- **Audit Report Acknowledgement and UDIN:**
 - Disclosure of the audit report acknowledgment number and UDIN is now mandatory for audits under Section 44AB.
 - UDIN requirement is only for audits u/s 44AB.
 - Acknowledgement number is also required for report u/s 92E

New scheme or old?

Default scheme – Section 115BAC(1A)

- New scheme is now the default scheme of taxation.
- To opt for old scheme, business filers have to file Form No. 10-IEA by due date u/s 139(1) [Refer to earlier slide for due dates]
- Other than business filers: Have to opt out of new scheme by filing ITR by due date u/s 139(1).
- Scheme extended to cover AOP (other than Co-op society), BOI and AJP, apart from Individuals and HUFs.

Old scheme – As it is

Taxable Income*	Tax Rate
First 2,50,000	Nil
Then 2,50,001 to 5,00,000	5%
Then 5,00,001 to 10,00,000	20%
On balance > 10,00,000	30%

Taxable Income*	SC Rate
if total income > Rs.50 lakh	10%
if total income > Rs.1 crore	15%
if total income > Rs.2 crore	25%
if total income > Rs.5 crore	37%

- Optional scheme instead of default w.e.f. AY 2024-25
- Form to be filed by due date to opt (for business assessee)

New Scheme- New Rates

Taxable Income	Tax Rate
First 3,00,000	Nil
Then 3,00,001-6,00,000	5%
Then 6,00,001-9,00,000	10%
Then 9,00,001-12,00,000	15%
Then 12,00,001-15,00,000	20%
On balance > 15,00,000	30%

Taxable Income	SC Rate
if total income > Rs.50 lakh	10%
if total income > Rs.1 crore	15%
if total income > Rs.2 crore	25%
if total income > Rs.5 crore	

- 6 slabs instead of 7 slabs
- AOPs that consist of only companies as members, max. surcharge restricted to 15%

New v/s old – What is available?

Benefit ¹	New Scheme	Old Scheme
Standard Deduction – Salary (up to 50K)	Yes	Yes
Standard Deduction – Family pension (up to 15K)	Yes	Yes
Entertainment / Professional Tax (section 16)	No	Yes
HRA, LTA, certain other allowances	No	Yes
Minor Income Exemption of Rs. 1500	No	Yes
Normal Depreciation u/s 32	Yes	Yes
Additional Depreciation u/s 32(1)(iia) ³	No	Yes
80C+80D+80G	No	Yes
80CCD(2) – NPS through employer / 80CCH ² / 80JJAA	Yes	Yes
Section 24 – Self occupied property	No	Yes
Section 24 – Let out and deemed let out (more than 2 self occupied)	Yes	Yes
Set off of current year loss u/s HP with other heads	No	Yes
Set off of current year losses of other heads	Yes	Yes
Set off of brought forward loss	Yes	Yes

1. Illustrative list. List is not exhaustive
2. New section for Agniveer's contribution w.e.f. AY 2023-24
3. Adjustments in case of unabsorbed additional depreciation w.r.t. block of assets which has not been given full effect prior to AY 2024-25 shall be made to WDV as on 01.04.2023

Rebate u/s 87A

**New Scheme u/s
115BAC**

Rebate upto Rs. 25000
if
total income \leq Rs. 7 lacs

Old Scheme

Rebate upto Rs. 12500
if
total income \leq Rs. 5 lacs

(no change as compared to last year)

Exemption u/s 10(10D)

Old law

- Any payment received under an LIP during entire life time is exempt.
- Payment received on death of insured is also exempt
- ***Does not include*** policies where annual premium is > 10%/15% of sum assured.

New law

- Payment received on death of insured is still exempt.
- Old law to govern to policies issued till 31st March 2023
- For policies issued after 31st March 2023, and for payment received during life of assured, sum received shall be exempt under certain conditions. Condition of Annual premium (any year during the term of policy) of Rs. 5 lacs for single or multiple policies in aggregate.
- This law is on lines of changes brought about in relation to ULIPs couple of years back.
- Please refer circular no. 15 of 2023 explaining provisions in detail

Schedule-OS: Insurance

- The Finance Act 2023 has inserted a new clause (xiii) in Section 56(2), which provides that the sum received from excess or high premium life insurance policies is chargeable to tax under the head 'other sources'.
- This provision is linked with section 10(10D).
- Amount of premium paid shall be allowed as deduction.
- ITR forms have been updated to incorporate reporting of such income in Schedule-OS.

Schedule-OS: Winning from online Gaming

- The Finance Act 2023 had inserted a new section 115BBJ to tax winnings from online games with effect from AY 2024-25.
- Corresponding section 194BA for TDS was also inserted.
- Such winnings are taxable @ 30%
- Separate line item in Schedule OS to report this income.

Changes in presumptive taxation

Changes in 44AD and 44ADA

44AD

Turnover upto 2 cr

- No change. Eligible for 8% or 6%.

Turnover limit increased to 3 cr:

- If aggregate amount of receipt in cash does not exceed 5% of total turnover or gross receipt
- Assessee is eligible for 44AD*

44ADA

Turnover upto 50 Lakhs

- No change. Eligible for 50%.

Turnover limit increased to 75 lakhs:

- If aggregate amount of receipt in cash does not exceed 5% of total turnover or gross receipt
- Assessee is eligible for 44ADA*

* Subject to other conditions

Applicability of 44AB - Profession

Sl#	Turnover	Eligible for 44ADA?	44AB Applicability	Remarks
1	Up to 50 lakhs	Not eligible since not a specified profession u/s 44AA(1)	No	44AB(b)
		Eligible but total income < threshold	No	44AB(d)
		Eligible and opted for 44ADA*	No	44AB(d)
		Eligible but NOT opted for 44ADA	Yes	44AB(d)
2	51-75 lakhs (w.e.f AY 2024-25)	Not eligible since not a specified profession u/s 44AA(1)	Yes	44AB(b)
		Eligible but total income < threshold	Yes	44AB(b) With 1 st proviso
		Eligible and opted for 44ADA*	No	1 st proviso to 44AB
		Eligible but NOT opted for 44ADA	Yes	44AB(b) & 44AB(d)
3	>75 lakhs	NA	Yes	44AB(b)

* total income should be more than threshold limit

Related changes in ITRs

- “Receipts in Cash” column added for Presumptive Taxation Scheme
- To claim the enhanced turnover limit under Section 44AD, details of cash receipts are required, reflecting amendments in the Finance Act, 2023.

PRESUMPTIVE INCOME CASES	61 COMPUTATION OF PRESUMPTIVE BUSINESS INCOME UNDER SECTION 44AD			
	SR.NO	Name of Business	Business code	Description
	(i)	Gross Turnover or Gross Receipts (iA + iB + iC) (61i limited to Rs.2 Crores, however if 61iB is less than or equal to 5% of 61i then the limit under 61i is extended to Rs.3 Crores.)		61i
	A	Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system received or other prescribed electronic modes before specified date	iA	
	B	Receipts in Cash	iB	
	C	Any mode other than A and B		

	(ii)	Presumptive Income under section 44AD (i)
	A	6% of 61iA, or the amount claim
	B	8% of (61iB+61iC), or the amo higher
NOTE—If income is less than the above percentag section 44AB		

	(i)	Gross Receipts (62i limited to Rs.50 Lakh, however if 62iB is less than or equal to 5% of 62i extended to Rs.75 Lakh)	
	A	Through a/c payee cheque or a/c payee bank draft or bank electronic clearing system modes received before specified date	
	B	Receipts in Cash	
	C	Any mode other than A and B	
	(ii)	Presumptive Income under section 44ADA (50% of 62i, or the amount claimed to have been e	
NOTE—If income is less than 50% of Gross Receipts, it is mandatory to maintain books of account an			

Changes in exemption u/s 54 and 54F

Section 54 and 54F

- Eligible investment in new house property is now restricted to Rs. 10 cr for both section 54 and 54F

54

Example -

Sale of house: ₹ 30 Cr

Indexed Cost - ₹ 15 cr

New investment in house property - ₹ 20 cr

Capital gain before exemption: $30 - 15 = ₹ 15$ cr

Eligible deduction: ₹ 10 cr

Balance taxable CG: ₹ 15 cr - ₹ 10 cr = ₹ 5 cr

54F

Example -

Sale of capital asset: ₹ 40 Cr

Indexed Cost - ₹ 15 cr

New investment in house property - ₹ 40 cr

Capital gain before exemption: $40 - 15 = ₹ 25$ cr

Eligible investment: ₹ 10 cr

Eligible deduction: $10 \div 40 \times 25 = ₹ 6.25$ cr

Balance taxable CG: ₹ 25 cr - ₹ 6.25 cr = ₹ 18.75 cr

CoA and CoI related changes

- **Section 48** - Cost of acquisition / improvement shall not include amt of interest claimed u/s 24B or Chapter VIA
- **Section 55**
 - Intangible asset or any other right
 - ‘cost of improvement’ shall be ‘Nil’ we.f. AY 2024-25
 - ‘cost of acquisition’: The Amount of purchase price if purchased from previous owner, else “Nil”

Capital gain account scheme reporting

- In the newly notified ITR forms, Schedule-CG has been modified to gather more information pertaining to sums deposited in the Capital Gains Accounts scheme (CGAS). The revised schedule now requires the inclusion of the following additional details towards CGAS:
 - Date of deposit
 - Account number
 - IFS code

Chapter VI-A related changes

80CCH: Agneev eer

- The Finance Act 2023 inserted a new Section 80CCH related to deduction for Agneev eer Corpuse
- Any individuals enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after 01-11-2022 will be eligible for a deduction for the amount deposited in the Agniveer Corpus Fund.
- New ITR forms have been amended to include a column to furnish the amount eligible for deduction under Section 80CCH.
- This is one of the deduction of Chapter VI-A eligible under new scheme

80U: Additional details

- **80U:** An absolute deduction of INR 75,000 or INR 1,25,000 is allowed under this provision if an individual is suffering from a disability or severe disability, respectively.
- a new 'Schedule 80U' has been added, seeking details of deduction in case of a person with a disability.
- The 'Schedule 80U' seeks the following details:
 - Nature of disability
 - Date of filing Form 10-IA
 - Acknowledgment number of the Form 10-IA
 - UDID number (If available)

80DD: Additional details

- **80DD:** An absolute deduction of INR 75,000 or INR 1,25,000 is allowed to a resident individual or HUF who incurs medical expenditure or pays an insurance premium for the benefit of a family member suffering from a disability.
- New schedule added
- The 'Schedule 80D' seeks the following details:
 - Nature of the disability
 - Type of dependent (spouse, son, daughter, father, mother, brother, sister or member of the HUF)
 - PAN of the dependent
 - Aadhaar of the dependent
 - Date of filing and acknowledgement number of Form 10-IA
 - UDID Number(If available)

80-IAC: Eligible startup

- New ITR-5 has a new Schedule seeking details with respect to the deductions claimed by companies under Section 80-IAC. This includes the following:
 1. Date of incorporation of the startup
 2. Nature of business
 3. Certificate number as obtained from Inter-Ministerial Board of Certification
 4. First AY in which deduction was claimed
 5. Amount of deduction claimed for current AY.
- In the previous ITR Forms, only the information about the amount eligible for deduction under Section 80-IAC was sought.

80-LA: IFSC Units

- Section 80LA: Deductions in respect of certain incomes of Offshore Banking Units and the International Financial Services Centre (IFSC). In the case of a unit of an IFSC, 100% of income is deductible for 10 consecutive assessment years out of 15 years.
- New Schedule requires –
 - Type of entity
 - Type of income of the unit
 - Authority granting registration
 - Date of registration
 - Registration number
 - First AY during which deduction is claimed
 - Amount of deduction claimed for current AY

80GGC: Contributions made to political parties

- Section 80GGC allows for a deduction for contributions to a political party or electoral trust.
- The new ITR forms include a new Schedule 80GGC, which requires the furnishing of the following details:
 1. Date of Contribution
 2. Contribution Amount (with a breakdown of contributions made in cash and other modes)
 3. Eligible Contribution Amount
 4. Transaction Reference Number for UPI transfer or Cheque Number/IMPS/NEFT/RTGS
 5. IFS Code of the Bank

43B(h): MSME

MSME & Indian Economy

- Almost 33% GDP of India is from MSME sector
- Almost 45 to 50% export contribution is by MSMEs
- More than 95% of business units come from MSME
- Amidst the celebration of 'Amrit Kal,' the journey toward achieving developed country status by 2047 is reliant on the pivotal support of the MSME sector

Section 43B

43B. Notwithstanding anything contained in any other provision of this Act, *a deduction otherwise allowable* under this Act in respect of

(h) any sum payable by the assessee to a **micro** or **small** enterprise *beyond* the *time limit* specified in *section 15* of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), shall be allowed (*irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him*) only in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him :

Section 43B contd ...

Provided that nothing contained in this section *except the provisions of clause(h)* shall apply in relation to any sum which is actually paid by the assessee on or before the due date applicable in his case for furnishing the return of income under subsection (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return

Explanation 4.—For the purposes of this section,—


(e) "micro enterprise" shall have the meaning assigned to it in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006);

(g) "small enterprise" shall have the meaning assigned to it in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)

43B(h) analysis

- Applicable w.e.f. 01-04-2023 (i.e AY 2023-24)
- Does not apply to any outstanding as on 31-03-2023
- If payment is made to **Micro** or **small** enterprises (M&SE) within the time allowed by section 15, then section 43B(h) shall not apply.
- If payment is made to **MSE** beyond due date as per sec 15 of MSME act, deduction to be allowed only in the year of payment (*benefit of proviso to section 43B not available*)
- It is irrelevant in which FY such liability was captured by the assessee basis method of accounting regularly employed by him.

43B(h) vis-à-vis 31/03/2023



Sec 29: PGBP computed as per sec 30~43D

Sec 145: PGBP shall be computed as per in accordance with the method of accounting regularly employed.



Sec 43B(h)

- o/s balance as on 31/03/2023 ought to have been allowed as expenditure in earlier years.
- 43B(h) only restricts allowability of claimed expenditure in a particular year.
- 43B(h) does not bring any new charge for already allowed amount.

Contract Act, 1872

59. Application of payment where debt to be discharged is indicated.

Where a debtor, owing several distinct debts to one person, makes a payment to him, either with express intimation, or under circumstances implying, that the payment is to be applied to the discharge of some particular debt, the payment, if accepted, must be applied accordingly.

60. Application of payment where debt to be discharged is not indicated.

Where the debtor has omitted to intimate and there are no other circumstances indicating to which debt the payment is to be applied, the creditor may apply it at his discretion to any lawful debt actually due and payable to him from the debtor, whether its recovery is or is not barred by the law in force for the time being as to the limitation of suits.

61. Application of payment where neither party appropriates.

Where neither party makes any appropriation, the payment shall be applied in discharge of the debts in order of time, whether they are or are not barred by the law in force for the time being as to the limitation of suits. If the debts are of equal standing, the payment shall be applied in discharge of each proportionally

Section 60 – Contract Act, 1872

60. Application of payment where debt to be discharged is not indicated.

Where the debtor has omitted to intimate and there are no other circumstances indicating to which debt the payment is to be applied, the *creditor may apply it at his discretion* to any lawful debt actually due and payable to him from the debtor, whether its recovery is or is not barred by the law in force for the time being as to the limitation of suits.

61. Application of payment where neither party appropriates.

Where neither party makes any appropriation, the payment shall be applied in discharge of the debts *in order of time*, whether they are or are not barred by the law in force for the time being as to the limitation of suits. If the debts are of equal standing, the payment shall be applied in discharge of each proportionally

Revised criteria w.e.f. 01-07-2020

Activities and type of enterprise	Investment in P&M		Turnover criteria
Micro	does not exceed 1 crore rupees	&	does not exceed 5 crore rupees
Small	does not exceed 10 crore rupees		does not exceed 50 crore rupees
Medium	does not exceed 50 crore rupees		does not exceed 250 crore rupees

Unlike earlier, there is no differentiation between manufacturing and services activities and these criteria are equally applicable for “suppliers” engaged in supply of goods or services.



Time limit to pay to supplier

Section 15 of MSME act

Section 15 of MSME Act

15. Liability of buyer to make payment

“Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.”

Section 2:

(b) "**appointed day**" means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier

Explanation.--For the purposes of this clause,--

(i) "**the day of acceptance**" means,--

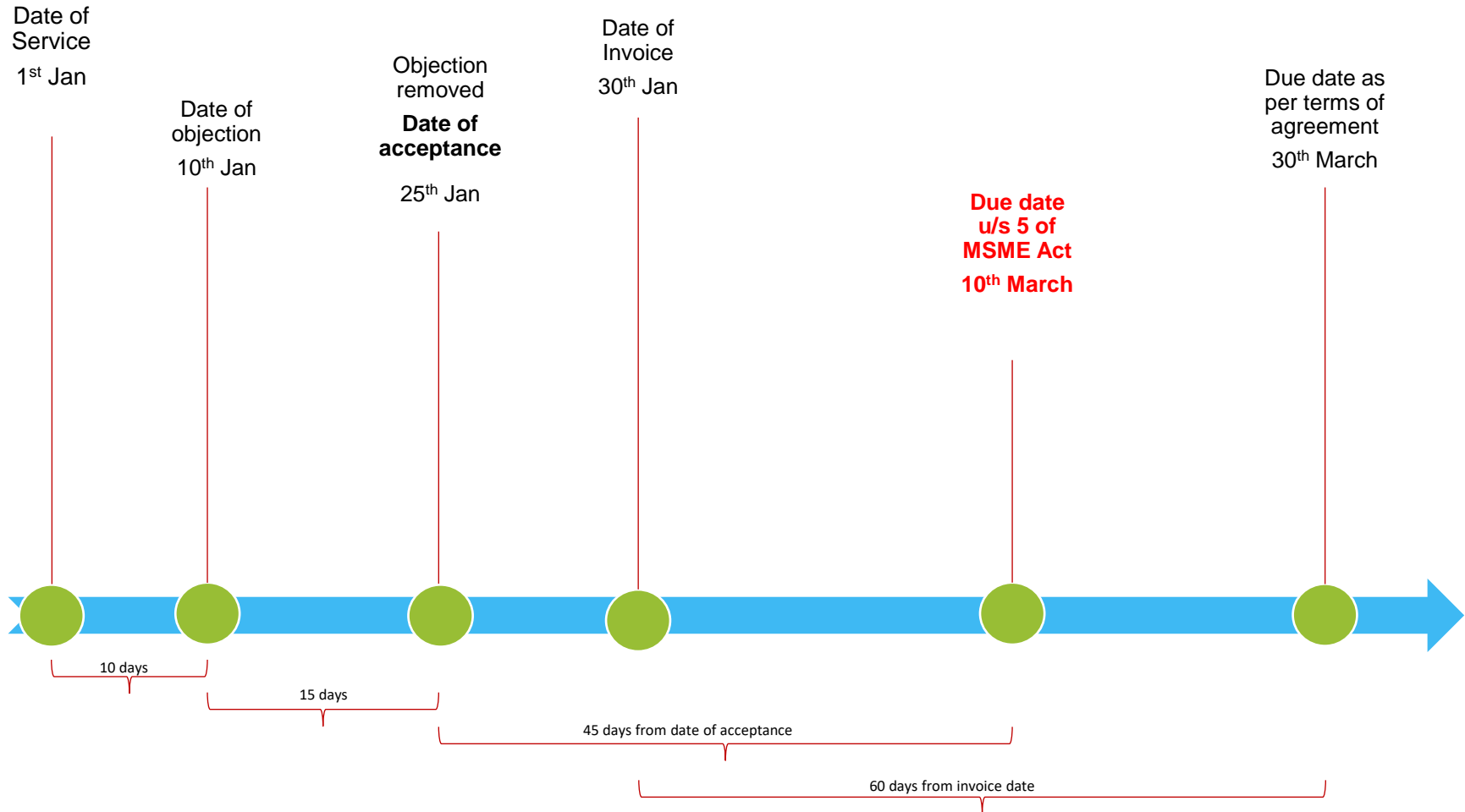
(a) the day of the actual delivery of goods or the rendering of services; or

*(b) where any 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 on which such objection is removed by the supplier;*

(ii) "**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;

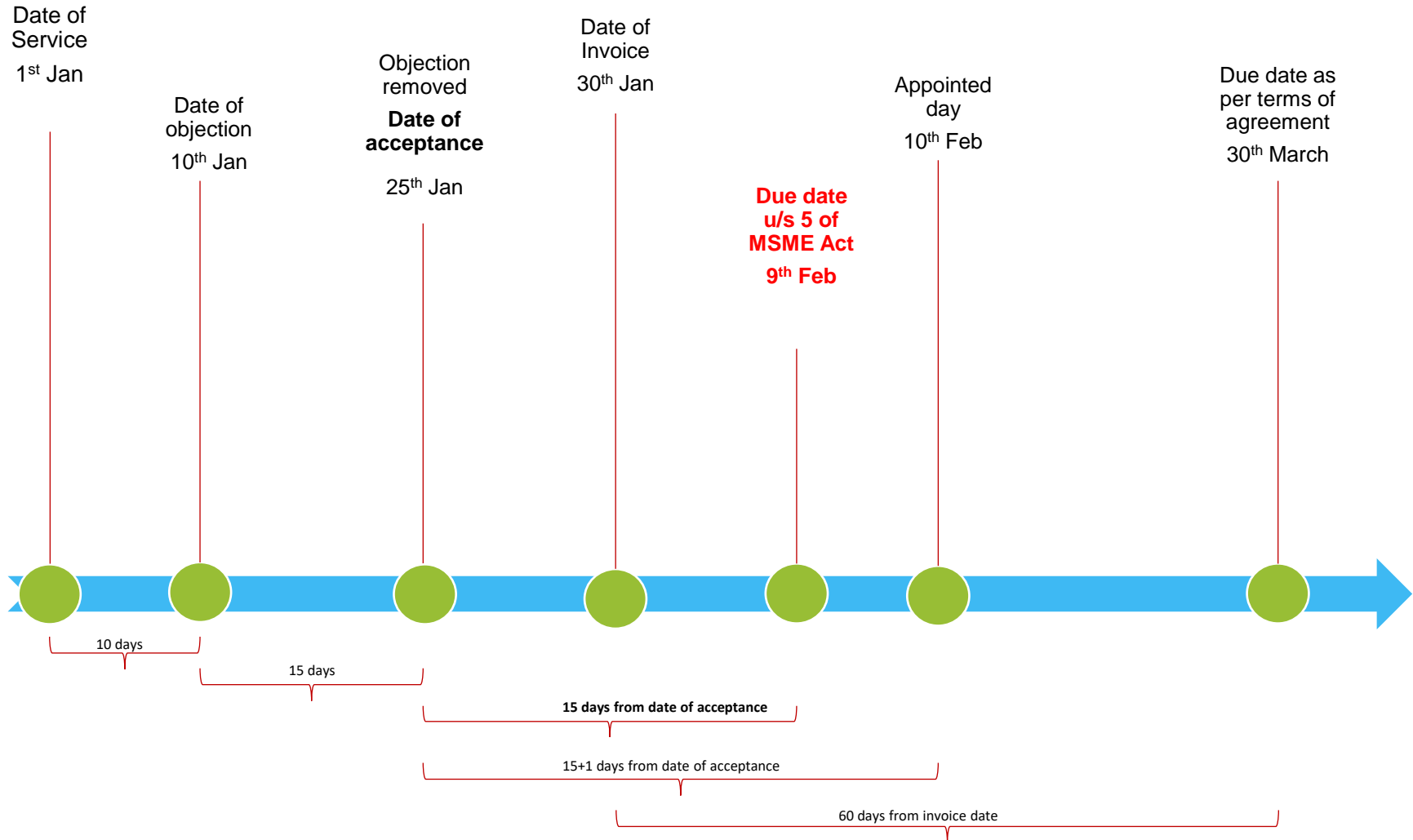
(n) "**supplier**" means a micro or small enterprise, which has filed a memorandum with the authority referred to in sub-section (1) of section 8 **{Udyog Aadhar}**

Agreement exists in writing



➤ Payment terms - 60 days from the date of invoice

No agreement exists in writing



➤ Payment terms – 60 days from the date of invoice (verbal)



**How to
determine
time of
rendering of
services?**

Rendering of services

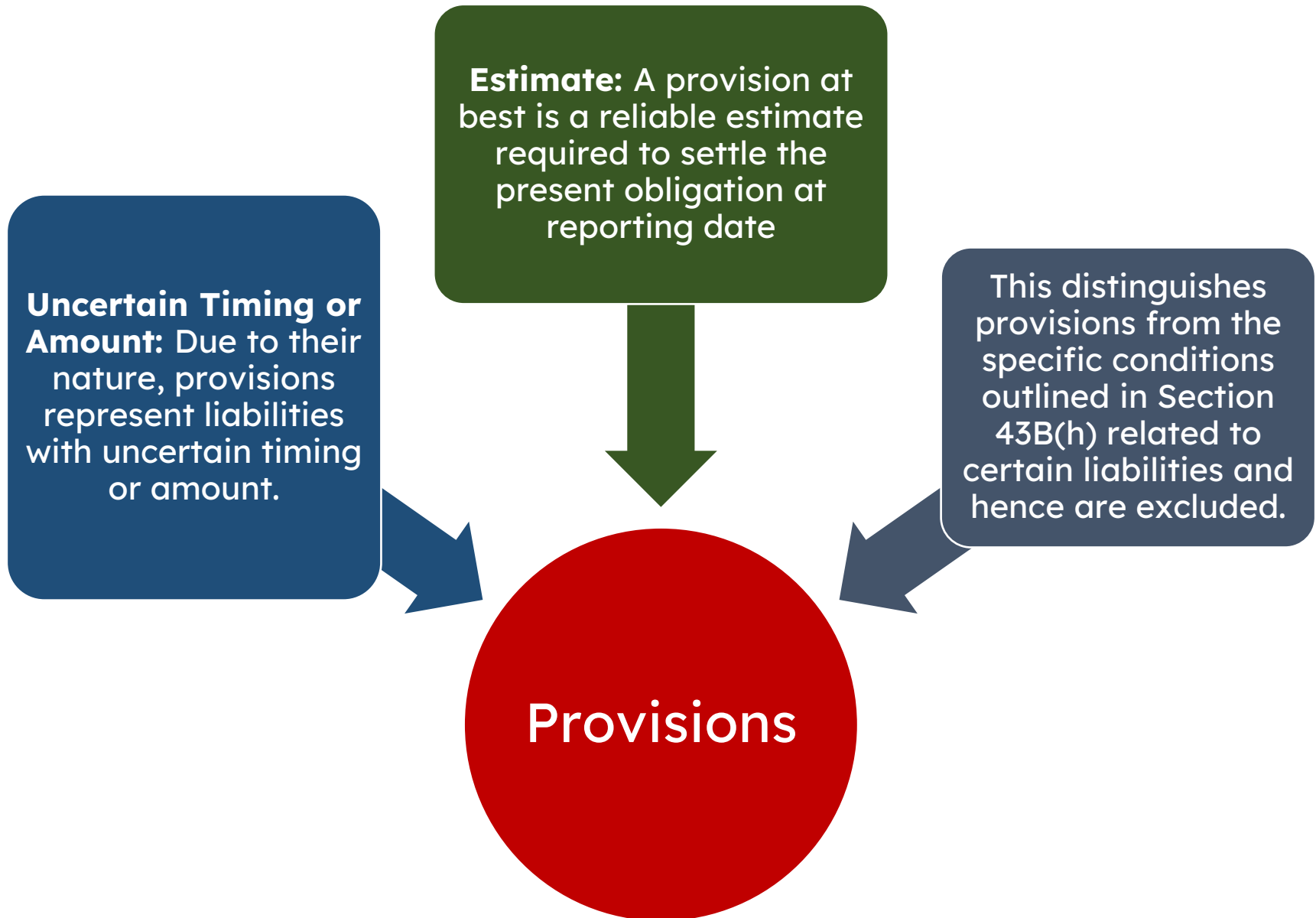
- Services being intangible it is very difficult to determine time of rendering of services
- In case of assurance services, or where there is a written deliverable available like written opinion, audit report, test reports etc. date of services can be determined from date of such document.
- For other cases, supplier may be requested to communicate date of services
- For other cases, auditor may take a written representation on date of delivery of services
- Answer will depends on facts of each case.

**Applicability on
provisions and
accrued liabilities
made on 31st March**

Examples of provisions and accrued liabilities

Provisions example	Accrued expenses examples
<ul style="list-style-type: none">• Provisions for warranties or post-sales client support• Provisions for gratuity• Provisions for lease encashment• Provisions for long term service award	<ul style="list-style-type: none">• Audit fee payable• Electricity expenses payable• Telephone expenses payable• Salary payable

Provisions and 43B(h)



Accrued liabilities and 43B(h)

Conservative approach: Culmination of following 4 factors may trigger 43B(h) -

CERTAINTY OF AMOUNT AND TIME

Amount and time to pay is certain



01

ACCRUAL IN FY 2023-24

Considered as incurred in the same year, even if services are rendered in the next FY



02

SERVICES ARE RENDERED

Even if rendered in next FY 2024-25



03

LATE PAYMENT

If payment in the next FY exceeds the due date as per Section 15.



04

☞ In an alternate perspective, the non-rendering of services within FY 2023-24 raises the argument that Section 15 of the MSME Act may not apply, consequently challenging the applicability of Section 43B.

44AD/44ADA/44AE

- Section 43B deals with deductibility of a deduction *otherwise allowable*.
- In computing presumptive income, income is deemed and allowability of any deduction is not considered, hence 43B does not override presumptive sections like 44AD!

- It is incumbent on MSME to claim his status in any manner – Either through express intimation or through intimation through transaction documents like invoice.
- Buyer should request all vendors preferably through registered / speed post to intimate MSME status. A reminder also be sent, should supplier does not respond.
- Buyer should also verify registration information from Udyam portal.
- Suppliers who obtained registration prior to June 30, 2020 and did not renew registration, such registration lapsed on 30th June 2022.

How to identify MSME then?

The GOI has issued OM no. 2(18)/2007-MSME (pol) dated 26-08-2008, which provides as under –

“...Apprehensions have been expressed that in the absence of the identification of MSE Supplier on its supply order/ invoices and other documents may leave a scope for the buyer to omit their mention in the annual statements of accounts. The auditors while auditing the annual accounts may not be able to deduct (sic: detect) such omission from the available documents because of non-availability of identification. In terms of the provisions of MSMED Act, 2006, the MSE supplier is defined as under:

As per section 2(a)(ii)(n) of the MSMED Act,2006 the ‘supplier’ means a micro or small enterprise, which has filed an memorandum with the authority referred to in sub- section (1) if section 8. The matter has been examined. It is considered advisable that the micro and Small Enterprises should mention / get printed on their letter heads, supply order sheets, invoices, bills and other relevant documents, the Entrepreneurs Memorandum (EM) Number (as allotted after filling of the said Memorandum, by the District Industries Centre (DIC) or competent authority, as notified by their respective State Government/ UT am/ administration), so that there always remains an identification of being a MSE supplier.

AP to Loan

- There is no bar in law *per se* to convert amount outstanding to vendor into loan.
- However, care should be taken to keep in mind provisions of section 269SS and 269T.
- Mass conversion may also trigger scrutiny proceedings.
- In case of companies, “deposits” related provisions to be taken.

Cheques issued but cleared after 45 days?

- Payment by cheque: Date of issue with delivery of the cheque and not the clearance is the date of payment
- Word of caution:
 - Cheque should not remain o/s long
 - There should be adequate documentation that cheque was issued and indeed delivered to drawee.
 - There were sufficient funds arrangement for clearance of cheque



Financial Statement Disclosures

Section 22 of MSME Act

- Buyer is required to get his annual accounts audited *under any law* for the time being in force.
- Buyer shall furnish the following additional information in his annual statement of accounts, namely:—
 1. principal amount & interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;
 2. amount of interest paid by buyer in terms of s.16, along with the amount of payment made to supplier beyond the appointed day during each accounting year;
 3. 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 this Act;
 4. amount of interest accrued and remaining unpaid at end of each accounting year;
 5. amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23

115TD: Tax on accreted income

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- Any fund or institution approved under Section 10(23C) or registered under Section 12AB is liable to pay additional income tax on the accreted income, which arises on its conversion into a non-charitable form, failure to apply for renewal of registration, or on the transfer of assets on its dissolution to a non-charitable institution.
- A new Schedule 115TD has been inserted in the ITR form for the reporting of tax payable on accreted income. This schedule requires various details such as the computation of accreted income (*FMV of total assets as reduced by the total liability*), tax payable on accreted income and details of challans for deposit of tax on accreted income.
- Rule 17CB prescribed to compute accreted income.

Contact us

DAKSM & CO LLP | दक्षमः
CHARTERED ACCOUNTANTS

921, Tower Astralis
Supernova, Sector 94
Expressway, Noida 201303, UP
T: +91 (120) 432 8552
M: +91 9810 575 565
E: support-ncr@daksm.com
W: <https://www.daksm.com/>

Delhi | Bangalore | Hyderabad | Mumbai | Noida