



New Rules for MSME

(Micro, Small and Medium Enterprises Development Act, 2006)

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Ours is an advisory firm promoted by young and dynamic professionals having rich experience in the field of financial and management and tax consultancy. Established in 2009, the firm has been consistent in providing a range of integrated professional services to the clients.

Our professional approach blended with personal touch has earned the firm enormous confidence of all its clients, which is reflected in an enduring business relationship that it enjoys with them and also in the consistent growth in portfolio of its services.

Our services include financial reporting, corporate law advisory, internal and external audit with specialization in direct and indirect taxation.



1. New Classification Criteria

New classification criteria



Classification of Enterprises	Investment in Plant Machinery and equipment	Turnover
Micro	Upto 1 Crore	Upto 5 Crore
Small	Upto 10 Crore	Upto 50 Crore
Medium	Upto 50 Crore	Upto 250 Crore *

- For an enterprise to be qualified as micro, small or medium enterprise both criterion of investment and turnover need to be fulfilled.
- The above criteria is applicable for manufacturer and service providers both.

* This limit has been increased 250 Crore from earlier proposed limit of 100 Crore.



2. Investment in Plant Machinery and Equipment

Investment in Plant Machinery and Equipment



- Calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- Expression “Plant and Machinery or equipment” shall have same meaning as assigned to the plant and machinery in the Income Tax Act, 1961.
- In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
- The purchase value of a plant and machinery or equipment, whether new or second hand, shall be taken into account excluding Goods and Services Tax (GST), on self-disclosure basis, if the enterprise is a new one without any ITR.
- For calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices, land and building, furniture and fittings shall be excluded.



3. Calculation of Turnover

Calculation of Turnover



- Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- All units with GST number against the one PAN (Permanent Account Number) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together.
- Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.



4. Registration of MSME

Registration of MSME



- The form for registration shall be as provided on the “Udyam Registration portal”.
- Aadhaar number shall be required for Udyam Registration.
- The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).
- In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organization or its authorized signatory shall provide its GSTIN and PAN along with its Aadhaar number.



5. MSME already registered on Udyam Portal

MSME already registered on Udyam Portal



- An enterprise already having Udyam Registration Number shall update its information online in the Udyam Registration portal, including the details of the ITR and the GST Return for the previous financial year and other required information.
- MSME Status of enterprise shall be suspended if above relevant information is not updated on portal within the specified period.
- Based on the above information furnished and information linked from GST and ITR, status of MSME shall be classified accordingly. However in case of change in status from earlier, intimation shall be given to enterprises.



6. MSME already registered on EM Part-II or UAM Portal

MSME already registered on EM Part-II or UAM



- All existing enterprises shall be re-classified in accordance with the above new criteria.
- Enterprises registered under EM Part-II or UAM* or any other department of MSME shall register again on the Udyam Registration portal on or after 1st day of July, 2020.
- The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31st day of March, 2021.

* Entrepreneurs Memorandum Part-II or Udyog Aadhar memorandum.

Thanks !



DON'T STOP
WHEN YOU'RE TIRED
STOP
WHEN YOU'RE
DONE

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