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OFFICE MEMORANDUM

Subject: - Facilitating identification of Micro and Small Enterprise (MSE) Suppliers (as defined Section 2(n) of the MSMED Act, 2006) for implementation of Notification no. G.SR.719(E) dated 16 November, 2007 issued by Ministry of Corporate Affairs and Notification no. S.O.961 (E) dated 13 April, 2009 issued by CBDT in accordance with the provisions of Section 22 & 23 of MSMED Act, 2006 – suggestion to MSEs for printing EM acknowledgement no. On their letterhead/bill/books/vouchers, etc.

In accordance with the Section 22 of Micro, Small and Medium Enterprise Development Act (MSMED), 2006 a buyer has to specify unpaid amount with interest in the annual statement of accounts. The amount of interest payable or paid by any buyer, is not to be allowed as deduction from income for the purpose of computation of income tax, as per the provisions in Section 23 in the said Act.

2. To ensure that a clear picture regarding the specific unpaid amount with interest to micro or small enterprises is reflected in the annual account statements of the buyers, the Ministry of Corporate Affairs has issued notification No.GSR-719(E) dated 16th November 2007 (copy at Annex.- I).

3. Similarly, the Central Board of Direct Taxes (CBDT) issued Notification no.S.O.961(E) dated 13 April, 2009 (Copy enclosed), which provides for a new item, 17A after item no.17 in form no.3CD of the Income-tax Rules 1962. The new item 17A reads as follows:

“amount of interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act 2006”.

