

Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024

BACKGROUND:

The Central Government vide **Notification number S.O. 5622(E)**, dated the **November 02, 2018** has directed that all Companies, who get supplies of goods or services from “**Micro and Small Enterprises**” and whose payments to micro and small enterprise suppliers “**exceed forty five days**” from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (*hereinafter referred to as “MSME Act”*) (27 of 2006) (*hereinafter referred to as “Specified Companies”*), shall submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- (a) the amount of payment due; and
- (b) the reasons of the delay;

Further, MCA vide **Notification no. S.O. 2751(E) dated July 15, 2024** has amended the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019.

This Order may be called the **Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024** (*hereinafter referred as “Amendment Order”*), which shall come into force on the date of its publication in the Official Gazette i.e. July 15, 2024.

LINKS:

Notification number S.O. 5622(E), dated the November 02, 2018- Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019	https://www.mca.gov.in/Ministry/pdf/MSMESpecifiedCompanies_22012019.pdf
Notification no. S.O. 2751(E) dated July 15, 2024- Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024	https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NDU5OTY2Mjky&docCategory=Notifications&type=open

IMPORTANT TERMS:

1. Date 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

2. Date 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.

KEY AMENDMENTS:

By this amendment, the below proviso has been inserted after the para 3 of the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019:

“Provided that only those specified companies which are having payments “pending to any micro or small enterprises for more than 45 days” from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the MSME Act shall furnish the information in MSME Form- 1”

EXPLANATION TO THE AMENDMENT:

- Every Specified Companies which are having outstanding payment due to any Micro or Small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006, is required to file Form MSME-1 and furnish the below mentioned details:
 - i. Amount paid after 45 days;
 - ii. Amount paid within 45 days:-
 - a. Through TReDS
 - b. Other mode of payments
 - iii. Amount outstanding for 45 days or less than 45 days;
 - iv. Amount outstanding for more than 45 days;
 - v. Reason for delay in payment of amount/outstanding amount.
- The details of all outstanding amounts even if they were liquidated after 45 days of acceptance of goods/service shall also be reported.

*As per our understanding, “**Liquated**” means the amount which has been paid off or written off or settled from the books of accounts. E.g. amount is deemed to be uncollectible, amount converted into equity shares, partially paid with the satisfaction of both the parties.*

- Further, the details as mentioned above are to be mandatorily reported in form of the excel sheet, for which the format has been provided and this excel sheet will be attached as an attachment to the form.
- The updated Form MSME-1 will be available on MCA V3 portal.

COMPARISON BETWEEN THE PREVIOUS FORM AND THE UPDATED FORM:

S. No.	Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019	Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024
1.	Earlier, only the below information was required to be reported in the form: (a) the amount of payment due; (b) the reasons of the delay; and (c) the date from which the amount is due.	Now, the below information is required to be reported in the form (<i>in the excel sheet provided</i>): (a) Amount paid after 45 days; (b) Amount paid within 45 days; i) Through TReDS ii) Other mode of payments (c) Amount outstanding for 45 days or less than 45 days; (d) Amount outstanding for more than 45 days; (e) Reason for delay in payment of amount/outstanding amount.
2.	The prescribed details are to be furnished in the form itself.	The prescribed details are to be furnished as an attachment in the form of an excel, the format for which has been provided.
3.	The form was available on MCA V2 portal	The form has now been available on MCA V3 portal.

CONCLUSION:

The requirement of filing of Form MSME-1 will arise if there is any outstanding payment due to any Micro or Small enterprises for more than 45 days.

However, once the requirement arises, the Company is required to report the details of all the transactions with the Micro or Small enterprises, irrespective of whether they have been outstanding for more than 45 days or not.