



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

KOTTAYAM BRANCH (SIRC)

Vol :02 Issue: 13

MARCH 2025

NEWSLETTER



CHAIRPERSON'S MESSAGE



CA. Ramya. N
Chairperson

Dear Members and Students,

Wishing you all a prosperous and successful new financial year! May this year bring new opportunities, growth, and achievements in both your personal and professional journeys.

March is not just another month—it is a reminder that every ending marks a new beginning. As we approach the financial year-end, let us reflect on our journey so far and prepare ourselves for the opportunities that lie ahead.

Success is not defined by a single achievement but by the consistent effort, resilience, and passion we bring to our work every day. Challenges may arise, but remember, growth happens outside our comfort zones. Every obstacle is an opportunity to learn, to innovate, and to emerge stronger.

For our students, as exams draw closer, stay focused and believe in your abilities. Hard work never goes unnoticed, and persistence always pays off. Keep pushing forward, knowing that every step you take is bringing you closer to your dreams. Our branch has started classes for CA Intermediate. It was heartening to hear positive reviews about our classes from students. The results of students of our institute in the just concluded exams are noteworthy. We will also be conducting classes for CA foundation and crash courses

for students preparing for upcoming exams.

For our members, let us continue to uphold the values of our profession with integrity and commitment. The world is evolving, and so must we. Lifelong learning is the key to staying ahead, adapting, and making a difference.

In March, we proudly hosted a series of impactful events. Notably, our International Women's Day celebration on March 8th was a memorable occasion, featuring Smt. Sarica A. Reddy, Civil Judge (Junior Division) of Changanassery, as the chief guest. Dr. Sheena Susan Andrews, an ophthalmologist and Medical Retina Specialist at Marian Eye Care & Bharath Hospital, delivered an inspiring keynote address. Additionally, sessions led by CA Nisha Elizabeth Shajan and CA Prasanth Srinivas provided valuable insights, and participants earned three hours of CPE credit.

On March 15th, we successfully conducted a CPE Seminar on Bank Branch Audit, aimed at enhancing expertise in this critical domain. Shri. D S Ajay Prakash, Regional Manager, Canara Bank, Kottayam, graced the occasion as the Chief Guest, sharing valuable insights on banking and audits. The technical sessions, led by CA. P.M. Veeramani and CA. Nitin N. from Kochi, explored traditional matters of Bank Audit and Certification as well as New

Age Approach vis-a-vis use of technology for audit. The seminar provided in-depth knowledge of evolving audit methodologies and equipped participants to navigate modern banking challenges, with 4 hours of CPE credit awarded for their participation.

Additionally, on March 25th, we hosted a One-Day Training Programme for Peer Reviewers, offering 6 hours of CPE credit. This session aimed at enhancing the knowledge and effectiveness of peer reviewers, ensuring quality and compliance in the profession. On the same day, an Investor Awareness Program for University Students was conducted, where CA. Shine P. Joseph led an insightful session on investment strategies and financial planning, equipping students with essential financial knowledge.

A heartfelt thank you to all the speakers, participants, staff and managing committee members who contributed to making these events a grand success.

As we move forward, let this month be one of renewed energy, determination, and purpose. Believe in yourself, embrace challenges, and keep striving for excellence. The best is yet to come!

CA RAMYA N
CHAIRPERSON

Reminders on Final Checklist for Financial Year-End Compliance 2025

1. Furnishing of an updated return of income for the Assessment Year 2022-23 ended with 31.03.2025
2. Renew LUT for tax-free exports before April 1, 2025.
3. Submit GTA forward charge declaration by March 15, 2025.
4. Reconcile and adjust annual ITC reversals in March 2025 GST returns.
5. Pay pending GST demands under the Amnesty Scheme by March 31, 2025.
6. File pending GSTR 9C before March 31, 2025, to avoid late fees.
7. Submit ARR for RODTEP claims over Rs. 1 crore before March 31, 2025

Important due dates for the GST Returns in the Month of April, 2025

Due Date	Form to be Filed	Period	Who Should File?
11.04.2025	GSTR 1 (Monthly)	March 2025	Outward supplies for (turnover > ₹5 crore or monthly filer).
13.04.2025	GSTR-1 (Quarterly)	March 2025	Outward supplies for Jan-Mar 2025 (QRMP taxpayers).
20.04.2025	GSTR 3B (Monthly) GSTR 5A	March 2025	GSTR-3B for March 2025 (monthly filers) & GSTR-5A for OIDAR
22.04.2025	GSTR-3B (Quarterly)	March 2025	GST return for taxpayers under the QRMP scheme (for specified states).
24.04.2025	GSTR-3B (Quarterly)	March 2025	GST return for taxpayers under the QRMP scheme (for specified states).
25.04.2025	ITC 04 (Half-Yearly/Yearly)	March 2025	Jobs sent to/received from job workers (depends on turnover).
30.04.2025	GSTR-4 (Annual)	FY 2024-25	Composition of taxpayers' annual return

Best wishes
for Start of
New Financial Year

Changes in TDS / TCS rates from 1st April 2025

Adopt a new invoice numbering system from April 1, 2025.

AI course from 25th to 27th April 2025

Important due dates for the Income Tax Compliance / PF / ESI in the Month of April, 2025

Due Date	Form to be Filed	Period	Who Should File?
7.04.25	Monthly TCS Payment	March 2025	Taxpayers collecting TCS
30.04.25	Monthly TDS Payment	March 2025	Taxpayers deducting TDS
15th April 2025	ESI Challan	March 2025	Employers registered under ESI Act
15th April 2025	PF Challan (ECR)	March 2025	Employers registered under EPF Act
25th April 2025	PF Return (Form 5, Form 10, Form 2, Form 12A, Form 3A, Form 6A)	March 2025	Employers covered under EPF

TDS and TCS requirements with effect from 1-4-2025

(Common items only)

Section	Threshold limit		Rate
194 A Interest	Rs 10,000 per year		10%
194 C Contractor	Single transaction Rs 30,000	Payee is an individual	1%
	Total Transactions in the year Rs 1 lac	Payee is not an individual	2%
194 H Commission/brokerage	Rs 20,000 per year		2%
194 I Rent of building	Rs 50,000 per month		10%
194 J Professional Fee	Rs 50,000 per year		10%
194 Q Purchase of goods	Rs 50,00,000 per year		0.10%
194 T : Partners' salary	Rs 20,000 per year		10%

TCS

206 C (1H) : On Purchase of Goods

Not Applicable from 1-4-2025

Requirement to verify whether the deductee is a non filer : Not Applicable from 1-4-2025



Compiled by:
CA. PREMGOMATHY

Ensuring Compliance: MSME Reporting in Statutory and Tax Audits



CA. NISHA ELIZABETH SHAJAN

Micro, Small, and Medium Enterprises (MSMEs) form the backbone of India's economy, contributing 36% to manufacturing output and employing 23.24 crore individuals, predominantly from the non-formal sector. Their significance cannot be overstated, yet they face unique challenges that regulatory frameworks attempt to address.

Recent Reclassification of MSMEs

MSMEs are classified based on investment in plant & machinery/equipment and annual turnover. The Union Budget 2025-26 has significantly revised these classification criteria, expanding the scope of businesses that can benefit from MSME status:

Classification	Investment (₹ in Crore)		Turnover (₹ in Crore)	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

This substantial upward revision reflects the government's commitment to support a larger segment of businesses under the MSME umbrella.

Key Challenges Facing MSMEs

Delayed Payments: A Cash Flow Crisis

One of the most critical challenges plaguing MSMEs is delayed payments from large corporations and government entities. These delays create severe cash flow constraints, making it difficult for MSMEs to:

- Manage day-to-day operational costs
- Meet payroll obligations
- Reinvest in business growth and innovation
- Maintain competitive positioning

The ripple effect of these payment delays often forces MSMEs to rely on high-interest loans or informal credit sources, further eroding their financial stability and threatening their very survival.

Government Initiatives Addressing Payment Delays

To combat these challenges, the government has implemented several solutions:

1. **MSME SAMADHAAN Portal:** This platform provides transparency by displaying information about pending payments from central PSEs, ministries, state governments, and other buyers. It serves as a public accountability mechanism while offering MSMEs visibility into their expected receivables.

2. **Micro and Small Enterprises Facilitation Council (MSEFC):** MSE suppliers facing payment issues can approach the MSEFC for dispute resolution and payment enforcement.

3. **Trade Receivables Discounting System (TReDS):** This innovative online platform enables MSMEs to unlock working capital by converting their receivables into immediate cash. TReDS provides critical capital access to credit-constrained small businesses across India, addressing the liquidity gap that traditional banking has struggled to fill.

Comprehensive Regulatory Framework

1. The MSMED Act, 2006: Protecting MSME Interests

The Micro, Small, and Medium Enterprises Development Act provides a robust framework for protecting MSME interests:

- Section 15: Mandates that buyers must make payments to MSMEs within 45 days from the date of acceptance or delivery of goods/services.
- Section 16: Imposes a significant financial deterrent by requiring buyers to pay compound interest

at three times the bank rate notified by RBI if payments are delayed beyond the agreed period.

- Section 18: Empowers MSMEs to file complaints with the Micro & Small Enterprises Facilitation Council (MSEFC) for dispute resolution.
- Section 24: Establishes the overriding effect of the MSMED Act provisions (Sections 15-23) over any inconsistent provisions in other laws, reinforcing its importance in the legal framework.

2. Income Tax Act, 1961 – Section 43B(h): Tax Implications for Delayed Payments

Key provisions that businesses must understand include:

- Coverage limited to Micro and Small enterprises only (Medium enterprises excluded)
- Applicable exclusively to purchases from goods manufacturers and service providers (not traders)
- Section 43B allows deductions only on actual payment, with limited exceptions for payments made by the income tax return filing due date
- Payments to MSMEs delayed beyond the appointed day (even if made before the tax return filing due date) must be reported under the amended Clause 22
- Payment timelines:
 - o 45 days when governed by a written agreement
 - o 15 days in the absence of a written agreement
 - o For disputed transactions, the timeline begins after dispute resolution
- These requirements apply to all buyers (both MSME and non-MSME entities), except those opting for presumptive taxation

3. Companies Act, 2013: Additional Reporting Requirements

Companies receiving goods or services from micro and small enterprises must:

- Submit half-yearly returns in Form MSME-1 when payments exceed forty-five days from acceptance/deemed acceptance date
- File within strict timelines:
 - o October-March period: by April 30th
 - o April-September period: by October 31st

Best Practices for MSME Compliance

Identifying MSE Suppliers: Verification Protocols

To ensure compliance, businesses should establish robust systems for:

- **Systematic Identification:** Implement processes to identify and flag micro and small enterprise suppliers in vendor master data
- **Registration Verification:** Regularly verify Udyam Registration Numbers through the official Udyam portal and maintain copies of Udyam Certificates
- **Engagement Letter Updates:** Revise audit engagement letters to explicitly include management's responsibility for MSME compliance under both MSMED Act and Income Tax Act provisions

Payment Processes and Documentation

- **Payment Method Verification:** Ensure that payments to MSE suppliers are made via crossed account payee cheques with proper documentation of delivery dates
- **Timely Handover Documentation:** Maintain acknowledgment

records confirming cheque handover dates to establish compliance with payment timelines

- Bank Reconciliation Vigilance: Regularly review the bank reconciliation statement to identify outstanding cheques issued to MSE suppliers that may require follow-up
- Individual Payment Tracking: Implement systems to track each purchase transaction individually rather than using average due date calculations, as Section 15 compliance requires delivery-wise payment adherence
- Capital Expenditure Monitoring: Apply the same payment discipline to capital goods purchased from MSEs, as payment delays attract interest penalties even though they may not trigger Section 43B(h) disallowances

Comprehensive Reporting Requirements

1) MSMED Act, 2006 - Section 22 Disclosures

Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely: —

- Principal amount and interest due (shown separately) remaining unpaid to any supplier at year-end
- Interest paid under Section 16, along with payment amounts made beyond the appointed day
- Interest due for delayed payments (made during the year but beyond the appointed day) without adding MSMED Act interest
- Interest accrued and remaining unpaid at year-end
- Further interest remaining due, even in succeeding years, until actual payment (relevant for disallowance under Section 23)



2) The Companies Act, 2013

For companies in addition to the disclosures mentioned in the schedule III of the Companies Act, 2013, the following disclosures to be given in the notes to the financial statements of company.

Sl No	Particulars	Current Year	Previous Year
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		

3) The Income Tax Act, 1961

- Tax Audit Report (Form 3CD):
 - Requires disclosure of MSME dues under Clause 22. Amount of interest inadmissible under section 23, total amount payable to MSMEs under section 15, and break-up of timely and delayed payments of the Micro, Small and Medium Enterprises Development Act, 2006. The MSME act prescribes an amount of interest that would not be allowed as a deduction in the computation of taxable income of the assessee.
 - Reporting by Auditor for 43B(h) in 3CD: Payments to MSMEs delayed beyond the appointed day (even if made before the tax return filing due date) must be reported under the amended Clause 22

Examples of Sample Qualifications for MSME Non-Compliance

Common Qualification Scenarios for Form 3CD Reporting

1. Failure to Identify MSME Suppliers

“The assessee has not established a systematic process to identify suppliers registered under the MSMED Act, 2006. In the absence of proper identification procedures, we are unable to verify and report comprehensively on the compliance with Section 43B(h) of the Income Tax Act, 1961. Consequently, the reporting in Clause 22 of Form 3CD may not reflect the complete liability position with respect to MSME suppliers.”

2. Absence of Udyam Registration Verification

“During our audit, we observed that the assessee does not maintain copies of Udyam Registration Certificates nor verify the status of suppliers through the Udyam portal. Without such verification, there exists a material risk that certain micro and small

enterprise suppliers have not been identified correctly, potentially leading to underreporting of liabilities subject to Section 43B(h) disallowance.”

3. Failure to Recognize Interest Liability

“The assessee has not recognized or provided for interest payable under Section 16 of the MSMED Act on delayed payments to micro and small enterprises, estimated at

₹X,XX,XXX for the financial year. This interest, being inadmissible

under Section 23 of the MSMED Act, represents a contingent liability that should be disclosed in Clause 22 of Form 3CD.”

4. Incorrect Application of Payment Due Dates

“The assessee has calculated payment due dates for MSME suppliers on a monthly consolidated basis rather than individually for each invoice as required by Section 15 of the MSMED Act. This practice has resulted in systemic delayed payments to several MSME suppliers, with corresponding Section 43B(h) implications that have not been appropriately considered in the tax computation.”

5. Failure to Report in Form MSME-1 (For Companies)

“The company has failed to file Form MSME-1 for the half-years ended September 30, 2024, and March 31, 2025, despite having outstanding payments to micro and small enterprises exceeding the 45-day period. This non-compliance with the Companies Act, 2013 requirements may attract penalties and represents a statutory default that could have material tax implications.”

6. Failure to Maintain Supplier-wise MSME Records

“The assessee does not maintain supplier-wise records tracking payment due dates and actual payment dates for MSME suppliers. In the absence of such records, we are unable to verify the accuracy and completeness of amounts reported under Clause 22 of Form 3CD. Based on limited testing, we have identified potential underreporting of delayed payments amounting to approximately ₹X,XX,XXX.”

Qualification for Schedule III Disclosures (For Companies)

“The financial statements of the company do not include the complete disclosures required by Schedule III of the Companies Act, 2013 regarding amounts due to micro and small enterprises.

Specifically, disclosures regarding interest accrued and

remaining unpaid at year-end, and further interest remaining due from previous years, have been omitted. These omissions affect the fair presentation of the company's financial position with respect to MSME liabilities.”

Comprehensive MSMED Act Non-Compliance Qualification

“Based on our examination, we report that the assessee has not complied with multiple provisions of the MSMED Act, 2006, including:

- failure to identify MSME suppliers systematically;
- delayed payments exceeding ₹XX,XX,XXX to identified micro and small enterprises;
- non-recognition of interest liability under Section 16 estimated at ₹X,XX,XXX; and
- absence of disclosures required by Section 22.

Consequently, the tax computation does not reflect potential disallowances under Section 43B(h) of the Income Tax Act, 1961, which may have a material impact on the assessee's tax liability for the year.”

Conclusion

The regulatory framework surrounding MSME payments represents a critical support system for India's vital small business sector. Companies that establish robust identification, payment, and reporting systems not only ensure compliance but also contribute to the financial health of the MSME ecosystem that drives substantial employment and economic growth.

For businesses of all sizes, understanding and implementing these compliance requirements is no longer optional—it's an essential aspect of financial governance with significant implications for tax deductibility, statutory compliance, and corporate reputation.



This month programmes at a glance

Womens Day Celebration & CPE Seminar



Womens Day Celebration & CPE Seminar



CPE Seminar on Bank Audit



One Day Training Programme for Peer Reviewers





Investor Awareness Programme



All India Managing Committee Members Meeting at Delhi





The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
KOTTAYAM BRANCH (SIRC)

ANNUAL REGISTRATION SCHEME 2025-2026

Registration fee
up to 15th April 2025

RS. 6,250/-
(incl.GST)

Registration fee
16th April 2025 onwards

RS. 8,850/-
(incl.GST)

New ARS 2025-2026 Period:
April 1st 2025 to March 31st 2026

Registration Form
<https://bit.ly/arsktm2025>

Bank of Baroda



Merchant Name :
KOTTAYAM BRANCH OF SIRC OF ICAI
UPI : kotta94960@barodampay

HDFC



Union Bank

Account Name:
Kottayam Branch of
SIRC of ICAI
Bank: Union Bank
Branch: Kollad
Account No:
520101039409526
IFSC: UBIN0902322



CA. Ramya N
Chairperson

CA. Viju Chacko
Secretary

ICAI Bhawan, Kollad P.O, Kottayam – 686004
Ph: 9496093057, Email: kottayam@icai.org