

MSMEs Yr End Payments us 43B(h) - 10 Point Checklist - 1st Mar 24



Vivek Jalan

[FCA, LL.M (Constitutional Law), LL.B, B.Com (H)]

E-Mail - vivek.jalan@taxconnect.co.in

Call - +91 98315 94980

[MUMBAI BANGALORE KOLKATA DELHI]



10 Point Year End 43B(h) Checklist

43B(h) Compliances for all (including traders/MSE buyers) -

1. Send a letter to all vendors to ascertain their MSME Status and get their RCs for FY 2023-24
 - 1A. Incase no reply is received, then scrutinize their Invoices/POs/etc where they might have mentioned their MSME status
2. Ascertain whether they are Small or Micro enterprise or not. Incase they are 'Medium' 43B(h) is not applicable.
3. Ascertain whether they are traders/manufacturers/service providers. Incase they are 'traders' 43B(h) is not applicable.
4. Ascertain whether the payments made to them are "Capex" Items or not. Incase the payments are for 'capex items', 43B(h) is not applicable.

10 Point Year End 43B(h) Checklist

5. Ascertain whether there is any written contract with them or not regarding payment. If 'no', then it is better to have a written contract with them regarding payment terms
6. Find out the due date i.e. date of delivery of goods/services or date of acceptance or date of deemed acceptance. The 'due date' of 15/45 days is calculated from 'such date' only.
7. Handover cheque on 'due date' atleast. It would be accepted as 'date of payment'
8. See the 'advance payments' made to MSEs – Take the same as a deduction u/s 43B even incase they are not debited to P/L A/c
9. Ensure that you're not liable to pay any interest to MSMEs – Such interest is disallowable
10. Incase you falter, then Ascertain whether you're a trust/ tax is payable under MAT/ you are under presumptive taxation u/s 44AD/44ADA/44AE/ 44BBB/ 115VA - In such cases you're exempt from the rigors of Sec 43B(h)

THANK YOU



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