

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

SUMMARY OF NOTIFICATION DATED 26TH JUNE, 2020

Introduction:

- ▶ The Central Government, after obtaining the recommendations of the Advisory Committee in this behalf, notified following:
 - ▶ Certain criteria for classifying the enterprises as micro, small and medium enterprises
 - ▶ Specifies the form and procedure for filing the memorandum (**Udyam Registration**), **w.e.f 1st day of July, 2020**

Classification of Enterprise:

MICRO

Investment
in P & M < 1
cr

T/o < 5 Cr

Small

Investment
in P & M < 10
cr

T/o < 50 Cr

Medium

Investment
in P & M < 50
cr

T/o < 250 Cr

How to become MSME?

- ▶ File Udyam Registration online
 - ▶ Based on self declaration
 - ▶ No requirements to upload documents, papers, certificates or proof
- ▶ On registration, Udyam Registration Number (URN) will be allotted.
- ▶ E- Certificate: Udyam Registration Certificate on completion

Composite criteria of investment and turnover for classification

- ▶ **Shifting from one category to another:**
 - ▶ Will be placed in ***next Higher Category***: If enterprise crosses the ceiling limits specified for its present category **In either of two criteria – Investment OR T/o**
 - ▶ Will be placed in ***lower Category***: If enterprise goes below the ceiling limits specified for its present category **In both of the criteria – Investment & T/o**

- ▶ All units with GST numbers against same PAN shall be **collectively treated as 1 Enterprise:**
 - ▶ The T/o & investment will be clubbed for all the units and then the category will be decided

Calculation of investment in plant and machinery or equipment

Enterprise

Existing

ITR of Last
year

New

Self
Declaration
of the
promotor

Upto it
files its
1st ITR

Plant & Machinery:

- ▶ **Includes** all TANGIBLE Assets
- ▶ **Excluding**
 - ▶ Land & Building
 - ▶ Furniture & Fixture
- ▶ **Purchase value** of P & M:
 - ▶ First hand or second hand
 - ▶ Excluding GST
 - ▶ Self disclosure basis – If the enterprise is NEW

Calculation of turnover

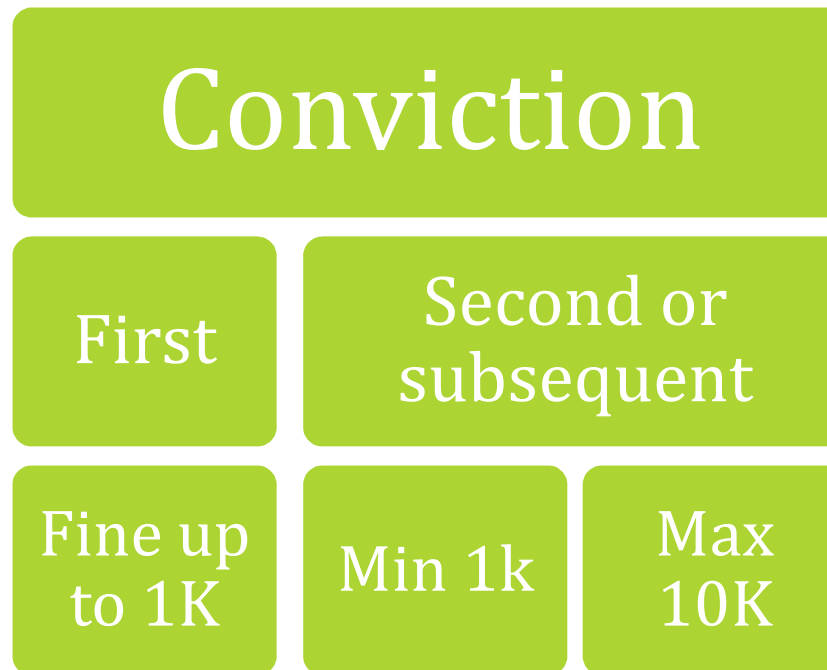
- ▶ **Excluded:**
 - ▶ Export of Goods/Services
- ▶ **Definition** of T/o & Export T/o as per Income Tax Act/CGST Act and GSTIN)
- ▶ **Turnover** will be as per Self Declaration if “NO PAN”
 - ▶ Upto 31/03/2021
 - ▶ Thereafter PAN & GST mandatory

Registration Process:

- ▶ Form at Udyam Registration Portal
- ▶ No fee for application
- ▶ Mandatory Aadhar of:
 - ▶ Proprietor
 - ▶ Partnership – Managing Partner
 - ▶ HUF- Karta
 - ▶ Company/LLP/Co-op Society/Society/Trust – Authorised Signatory along with GST & PAN of the organisation
- ▶ Only 1 application – All activities of manufacturing or services or both will be added

Penalty:

- ▶ Penalty for misrepresents or attempts to suppress the self-declared facts and figures:



Registration of Existing Enterprises:

- ▶ All existing registered under:
 - ▶ **EM** – Part II OR (Entrepreneurs Memorandum)
 - ▶ **UAM** (Udyog Aadhar Memorandum Portal)
 - ▶ **Again register on Udyam Registration Portal w.e.f 01/07/20**
- ▶ All enterprise registered till 30/06/2020 shall be re-classified
- ▶ Existing enterprise registered upto 30/03/2020 – valid till 31/03/2021

Updation of information:

- ▶ **Update information online:**
 - ▶ Details of ITR & GST Return
 - ▶ For the Previous Year
 - ▶ On Self Declaration Basis
- ▶ Failure to update within due date – Suspension of registration
- ▶ Based on the latest information – The classification will be updated
- ▶ Enterprise will be communicated for:
 - ▶ Graduation – From lower to Higher Category
 - ▶ Reverse graduation - From Higher to Lower Category

Facilitation and grievance redressal of enterprises

- ▶ The Champions Control Rooms
- ▶ DIC (District Industries Centres)
- ▶ In case of Non availability of Aadhar or any other difficulty in application then above two offices can facilitate the registration on
 - ▶ Aadhaar enrolment identity slip or
 - ▶ copy of Aadhaar enrolment request or
 - ▶ bank photo pass book or
 - ▶ voter identity card/ passport/driving licence

About : CA Pavan Sharma

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