

CHAMBER OF SMALL INDUSTRY ASSOCIATIONS
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COSIA/200-V/05/09/

4th May 2009

All Members of COSIA
All MSME Associations in India

Dear Sir/s,

Subject: Amendment in Income Tax Rules

Reference: Disallowance of Interest paid on Delayed Payments to Micro and Small Enterprises

Section 23rd under MSMED Act, you know, provides for the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961 (43 of 1961), be allowed as deduction.”

The Ministry of Finance has issued a notification no. S. O. 961(E). dated 13th April 2009 in this regard which is as follows –

S.O. 961(E). – In exercise of the powers conferred by Section 295 read with Section 44AB of the Income Tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-Tax Rules, 1962, namely :

1. (1) These rules may be called the Income-tax (10th Amendments) Rules, 2009.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Income-tax Rules, 1962, in Appendix II, in Form No. 3CD, after item 17, the following shall be inserted, namely :

“17A. Amount of interest inadmissible under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006”

[Notification No.36/2009/F.No.149/86/2008-TPL]

ANAND KUMAR KEDIA, Director (TPL-III)

Note : The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii) vide S.O. 969(E), dated the 26th March, 1962 and last amended by No.S.O.866(E), dated 27-3-2009.

May I request you kindly to communicate this information to all your members & Micro and Small Enterprises in your area.

Kindly note that COSIA was persistently chasing this matter nearly for one & half year and now its efforts are resulted in benefits to the MS Sector.

Thanking you,

With regards,

Sd/-
(DILIP SALVEKAR)
Secretary General