



THE WORLD ECONOMICS TIMES



SOCIETAL GROWTH
EDUCATION

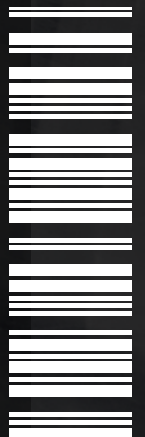
*"Join hands with us as
we catalyze positive
change for individuals,
businesses, and
communities."*

ACTIONABLE IMPACT

FROM WORKSHOPS TO SOCIETAL
INITIATIVES, WITNESS REAL
CHANGE IN ACTION.

EMPOWERING CHANGE
BUILDING FUTURES

LEAD WITH IMPACT



Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene. Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it's clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.



Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times



OVERVIEW OF OLD SECTION 43B

This Section provides that some expenses which are specified under Section 43B shall be allowed as deduction under the head 'Income from business and profession' only on actual payment basis rather than accrual basis. It means assessee can't claim the deduction in the year in which payment is due but in the year in which payment is made. However, this section shall not apply if payment is made by the assessee on or before the due date of return filing under section 139(1) in respect of the previous year in which liability was incurred and evidence of such payment furnished by the assessee along with his return.

For e.g. – If any taxes or duties are due for Previous Year (P.Y) 2023-24 in case of an individual, then Assessee has to pay such amount till the due date of return filing i.e. 31 st July 2024 for claiming deduction in the P.Y 23-24. If assessee fails to pay such amount till the due date of filing return, then assessee shall be allowed to claim deduction in the P.Y in which such taxes or duties are actually paid.

SECTION 43B(H) : PAYMENT BASED DEDUCTION FOR AMOUNT PAYABLE TO MSME

Introduction to latest Amendment to Section 43B

A new clause has been inserted – clause (h) to Sec 43B of the Income Tax Act via Finance Bill 2023.

As per Sec 43B(h), any sum payable by the assessee to a **Micro & Small Enterprise** beyond the time limit specified in **Section 15 of the MSME Act, 2006** shall be allowed in computing the income of the previous year in which the sum has been actually paid. This is irrespective of the previous year in which the liability to pay the sum was incurred, as per the accounting method regularly employed.



Section 15 of MSME Act, 2006

Section 15 of MSME Act, 2006 defines that: "Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement on this behalf, before the appointed day*:

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall not exceed forty-five days from the day of acceptance or the day of deemed acceptance".

***Appointed day** means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier."

This means as per Sec 15 of MSME Act, buyers are liable to make payment for goods or services supplied by an MSME, within a period of 15 days in case there is no agreement. If there is an agreed date of payment, then buyers are liable to make payment within the specified date as per the agreement or 45 days, whichever is earlier.

For e.g. – If goods or services are sold or rendered by micro or small enterprises and agreed date is 24/08/2023 and payment is made by buyer on 25/02/2024 then it shall be allowed in P.Y 2023-24 though it has been paid **after 45 days as per section 15** but within same F.Y. payment is made.

If goods are sold or rendered by micro or small enterprises on 14/06/2023 and there is no agreed date and payment is made by buyer on 25/10/23 then it shall be allowed in P.Y 2023-24 though it has been paid **after 15 days as per section 15** but within same F.Y. payment is made.

In case goods or services are sold and rendered by micro or small enterprises on 10/02/2024 and payment is made on 05/04/2024. In this case, as payment is not made within 45 days and within same P.Y therefore it will be disallowed during P.Y. 2023-24. It will be allowed during P.Y 2024-25, in which the actual payment is done.

MEANINGS OF MICRO OR SMALL ENTERPRISES AS PER MSME ACT:

MICRO ENTERPRISES	SMALL ENTERPRISES
Investment in Plant and Machinery or Equipment not more than Rs 1 crore and Annual Turnover not more than Rs 5 crore	Investment in Plant and Machinery or Equipment not more than Rs 10 crore and Annual Turnover not more than Rs 50 crore

Consequences if payment is not made within the specified time limit

If buyer fails to make payment for goods or services supplied by an MSME, then the following consequences will be there:

- **Liability to pay Interest:** If buyer fails to make the payment within the specified time as per Sec 15 of MSME Act, then buyer shall be liable to pay compound interest to the supplier on the amount due, as per the rate notified by the Reserve Bank of India (RBI).
- **Interest Disallowance:** The interest so paid/payable by buyer for delayed payment shall not be allowed as deduction.
- **Expenditure Disallowance:** The expenditure in respect of which buyer is liable to make the payment to supplier, shall be disallowed in the year if such payment is not made within the specified time period. It will be allowed in the year in which the payment will be actually made by the buyer.

Responsibility of Tax Auditor

Tax Auditor need to check whether section 43B(h) of the Act is compiled and same is required to report in Tax Audit Report. Tax Auditor need to ensure that sundry creditors outstanding as on 31.03.2024 should not be older than 45 days otherwise it will get disallowed. Tax Auditor should send email to all such vendors through client and ensure how many Small and Micro entitles are out such sundry creditors whose balance is outstanding more than 45 days at year end.

Non-applicability of Sec43B

The provision of Sec 43B shall not be applicable in the following cases:

1. Where Sec 44AD/44ADA is applicable as Section 44AD/44ADA override Section 28 to 43C.
2. Balance of Creditors as on 1st April, 2023 i.e. opening balance of F.Y. 2023-24.
3. Provisions made as on 31.03.2024 i.e. year-end closing provisions.
4. Where the enterprise is engaged in Trading business as Traders are not covered under the definition of Small and Medium Enterprise as per MSME Act. Traders are included under MSME Act wide Office Memorandum dt. 21/07/2021 only for the purpose of providing benefit of priority sector landing only.

Conclusion

Section 43B latest amendment related to MSME has a good impact for the micro or small enterprises because many supplier purchase goods or services from the micro or small enterprises but don't make payment on due date due to which MSMEs has to suffer. Now, buyer will be able to claim deduction of the payment in current previous year only when they make payment within period of 45 days in case of agreed date or within 15 days if nothing specifically agreed. If payment is made beyond above limits then it shall be allowed in the previous year in which payment is made.



CA. Sangam Kumar Aggarwal
Regional Council Member, NIRC of ICAI