



konnnect

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MSME

- An eye opener on the just out nomenclature of MSME
- Course of action to be enrolled as an MSME

STARTUP

- Turning ideas into reality
- A great start with never ending opportunities

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PAH KONNECT IS A GREAT WAY TO NETWORK, SHARE IDEAS, FIND NEW INSIGHTS AND BE LIMITLESS.

Welcome to our first issue! We are very excited to launch PAH KONNECT which informs and inspires entrepreneurs to penetrate their thoughts and minds with our simplified solutions to the business impact of various socio-economic, Judicial, legislative updates and developments.

Our professional teams are relentlessly serving entrepreneurs, professional's, business houses and common man at large for improvising their vital business requirements and providing solutions. We have catered our clients with the best of services in the past couple of decades and shall help the businesses to identify the vulnerable aspects of growth and empower its success.

Here we present PAH KONNECT to provide an informed perspective on issues relevant to the business fraternity with an info graphic module. Once survival is secured, every business should question the adequacy of their continuity and prosperity. We could help businesses towards holistic innovation, streamline operations, secure competitive edge and enable to make a difference in our ecosystems.



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MSMES

MICRO, SMALL AND MEDIUM ENTERPRISES

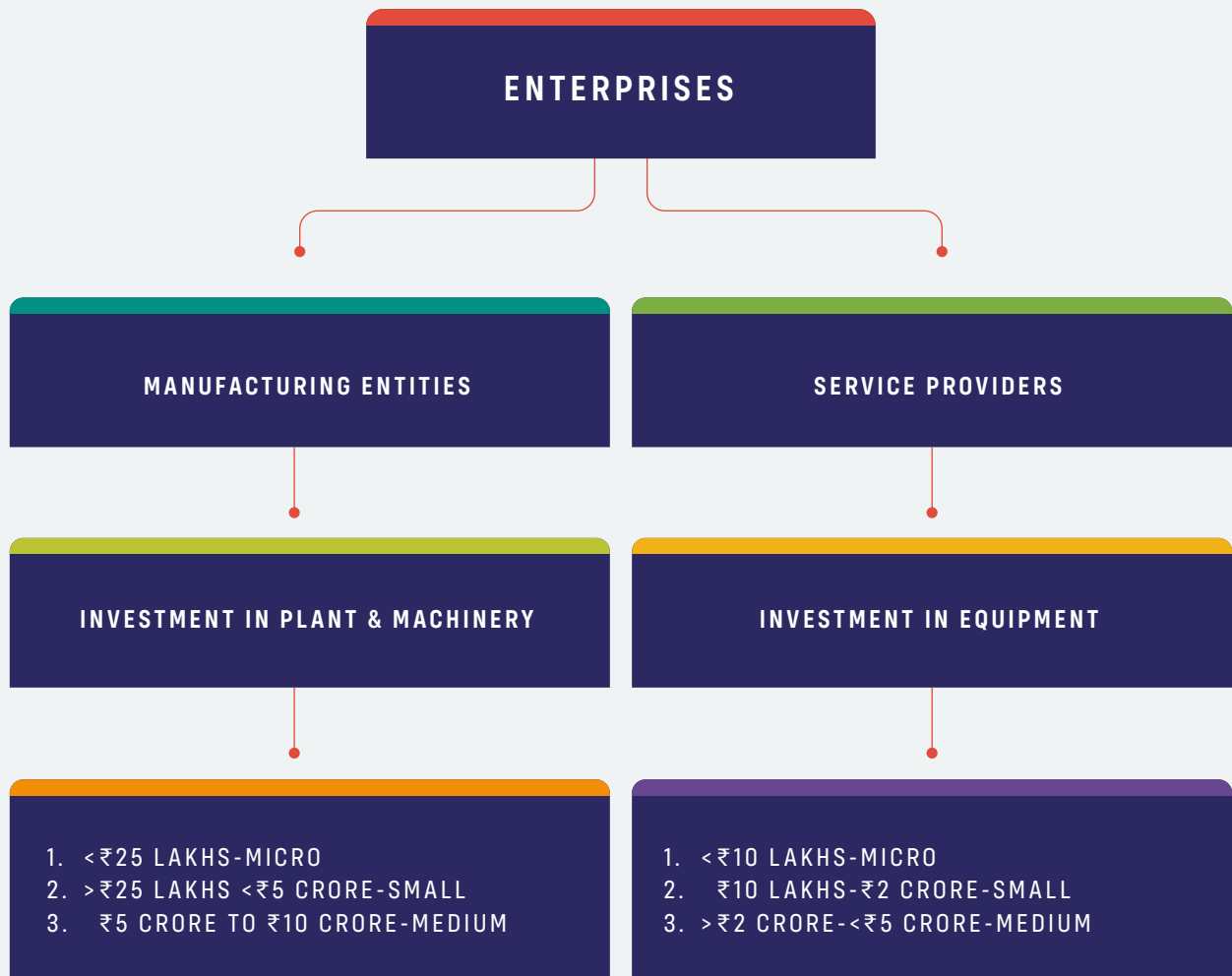
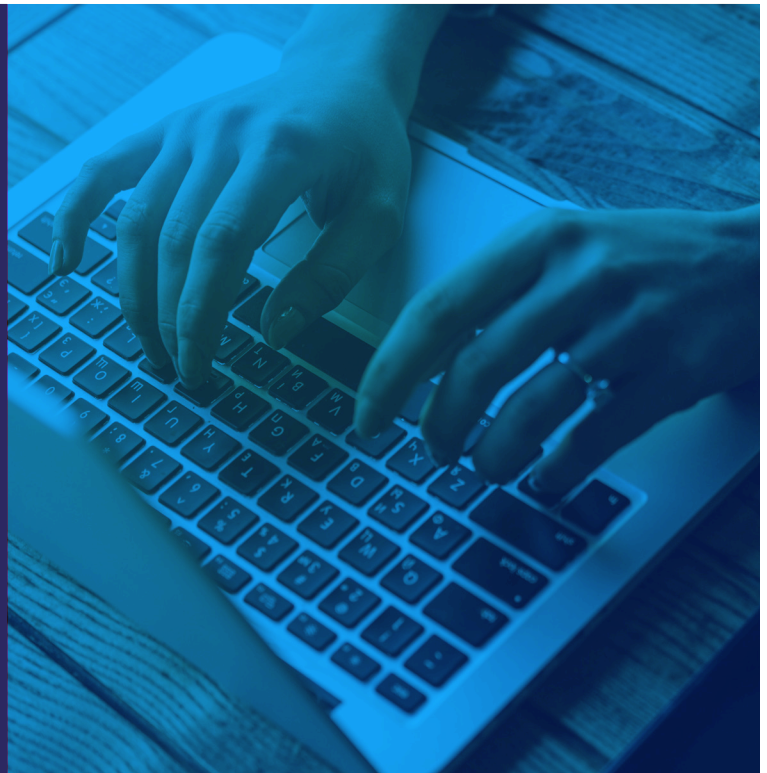
Micro, Small and Medium Enterprises (MSME) has emerged as a highly vibrant and dynamic sector of the Indian economy over the last decade. The sector provides employment to 114 Million people, contributing around 30% of India's GDP and close to half of the country's exports of goods and services and uniquely they are the least investment driven with high returns. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession and have lots of opportunities to grow in the future.

BENEFITS OF MSME REGISTRATION



MSME'S??

MSME stands for Micro, Small and Medium Enterprises. The Micro Small & Medium Enterprises (MSMEs) are defined in India under the MSMED Act 2006 on the basis of capital investment made in plant and machinery, excluding investments in land and building. In India, the enterprises have been classified broadly into two categories:





SPECIFIC EXCLUSIONS

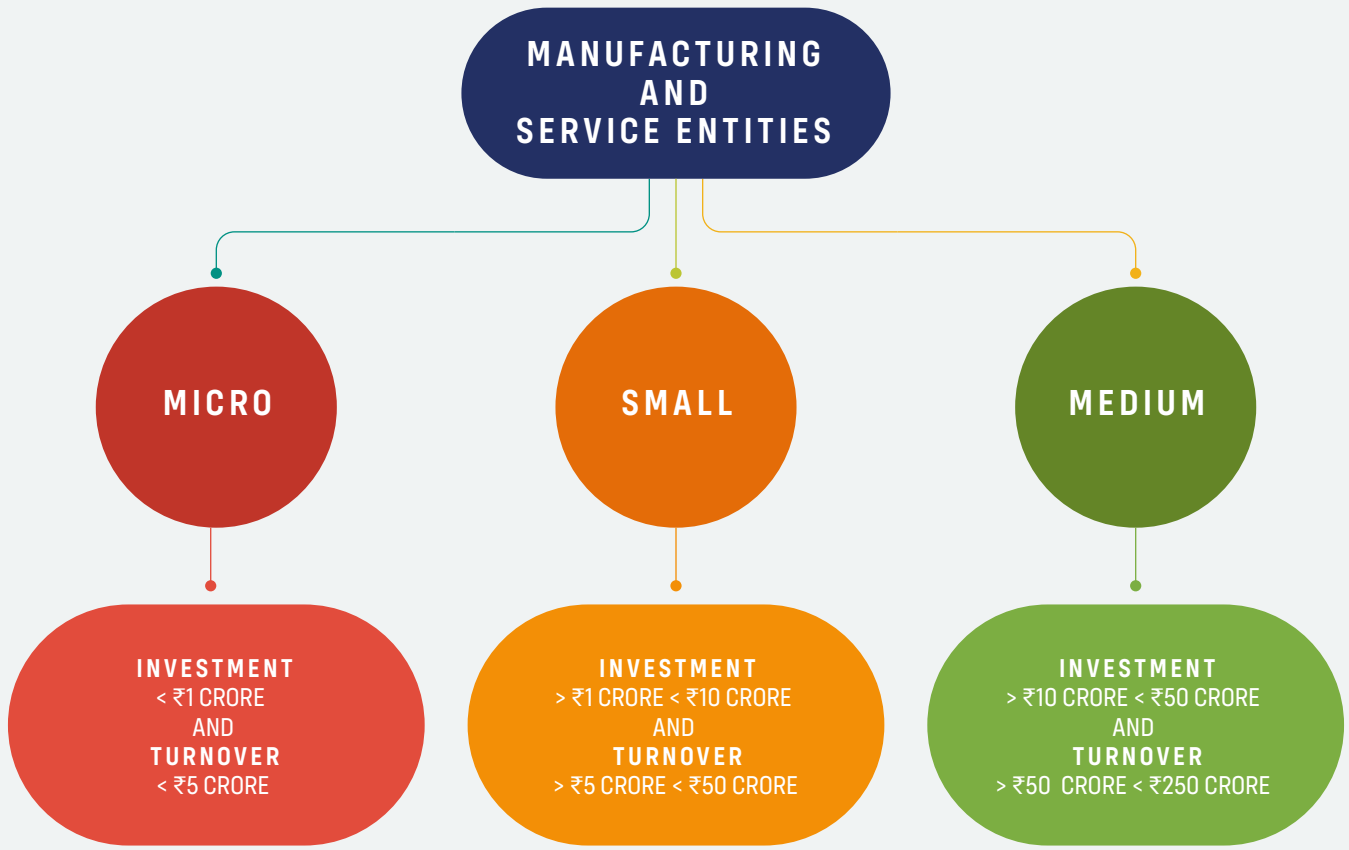
- ▲ Forest and Logging
- ▲ Fishing and aquaculture
- ▲ Wholesale, retail trade and repair of motor vehicle and motorcycles
- ▲ Wholesale trade except for motor vehicles and motorcycles.
- ▲ Retail Trade Except of Motor Vehicles and motor cycles
- ▲ Activities of households as employees for domestic personnel
- ▲ Undifferentiated goods and services producing activities of private households for own
- ▲ Activities of extraterritorial organizations and bodies

COVID-19 & MSME SECTOR

Just when micro, small and medium enterprises (MSMEs) were slowly limping to normalcy from losses incurred due to economic slowdown, the Covid19 pandemic came as a bolt from the blue and its impact has been largely disruptive.

The government has introduced structural reforms to revive MSMEs reeling under the impact of Coronavirus induced lockdown.

NEW DEFINITION



DOCUMENTS REQUIRED

PROOF OF ADDRESS

Lease deed or property tax receipt/ Rent receipt with NOC, utility bill, Copy of Industrial License

PROOF OF SUPPLY

Sale bill and purchase bill/ GST returns

PROOF OF INVESTMENT

Bills and receipt of purchase of Machinery & Equipment/ Certificate of Investment

PROOF OF REGISTRATION

- Partnership Deed/ Registration Certificate , LLP Agreement, Society registration deed and by laws
- For Companies - MOA, AOA, Certificate of Incorporation, Copy of Resolution passed in BM of the company, Copy of board resolution authorising a director to sign the MSME application.

PROOF OF IDENTITY

Aadhar Card of the Verifier, PAN card, email id, Mobile No and social category of the applicant

REGISTRATION PROCESS

1

Registration to be done online

2

Aadhar number is mandatory for registration

3

File an online form using Udyog Aadhar registration

6

Provisional Registration is valid for 5 years

5

Prior to commencement of business, provisional registrations is issued by MSMEs

4

For the verification process, one can use e- Aadhar OTP

7

Provisional registration assists in obtaining bank loans and in applying for NOC from the regulatory authorities

8

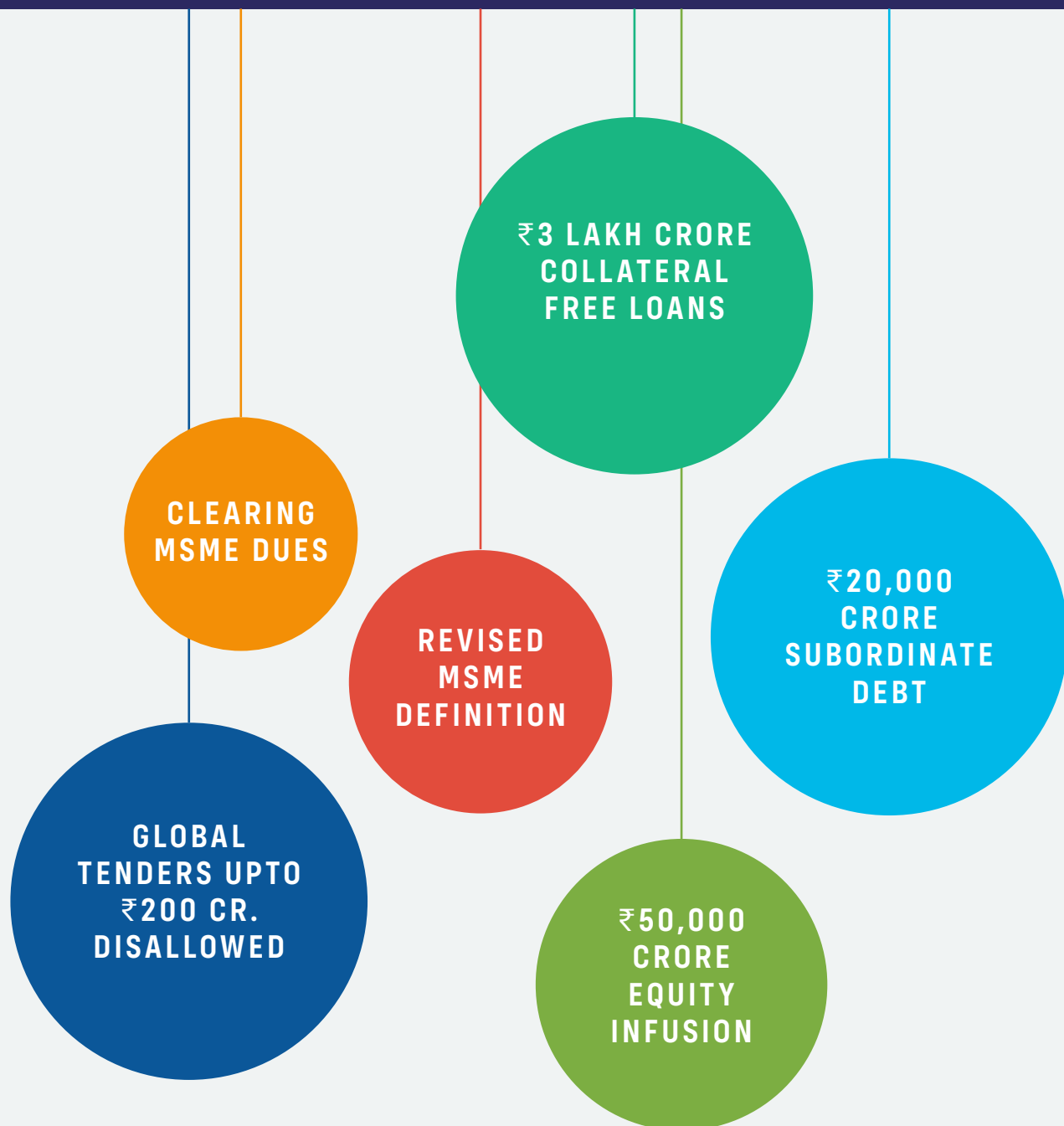
Post commencement of business, entrepreneurs can apply for Permanent License

9

Permanent License comes with Lifetime Validity. It can be cancelled under special circumstances.

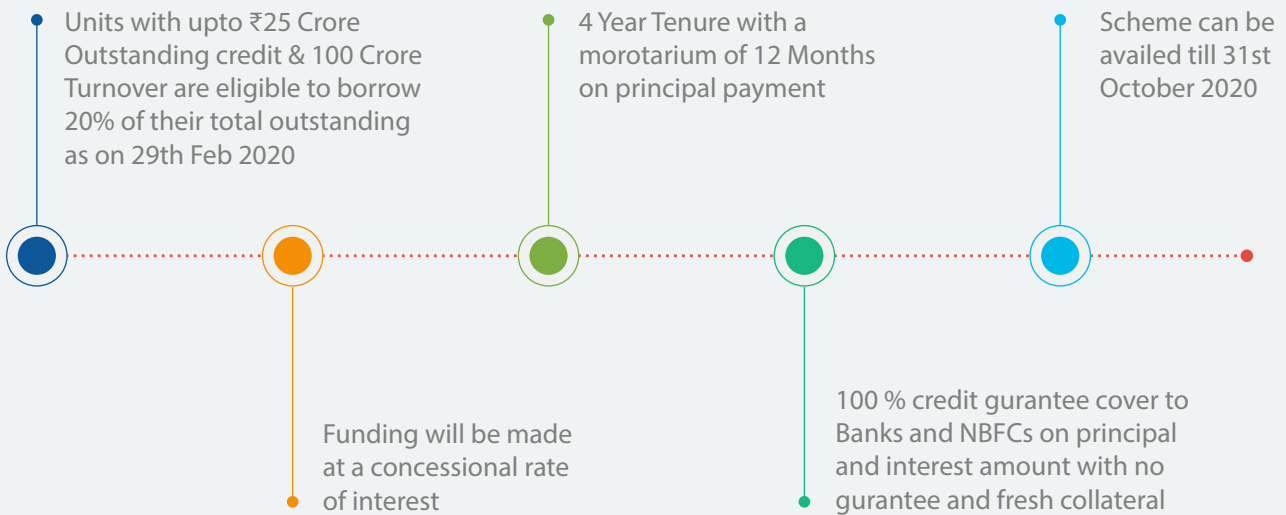
A STEP TOWARDS ACHIEVING ATMANIRBHAR BHARAT

Out of 16 relief measures announced by the Finance Minister in the first tranche of the Mega stimulus package, six aimed at bringing lockdown hit India's MSME sectors back to life.

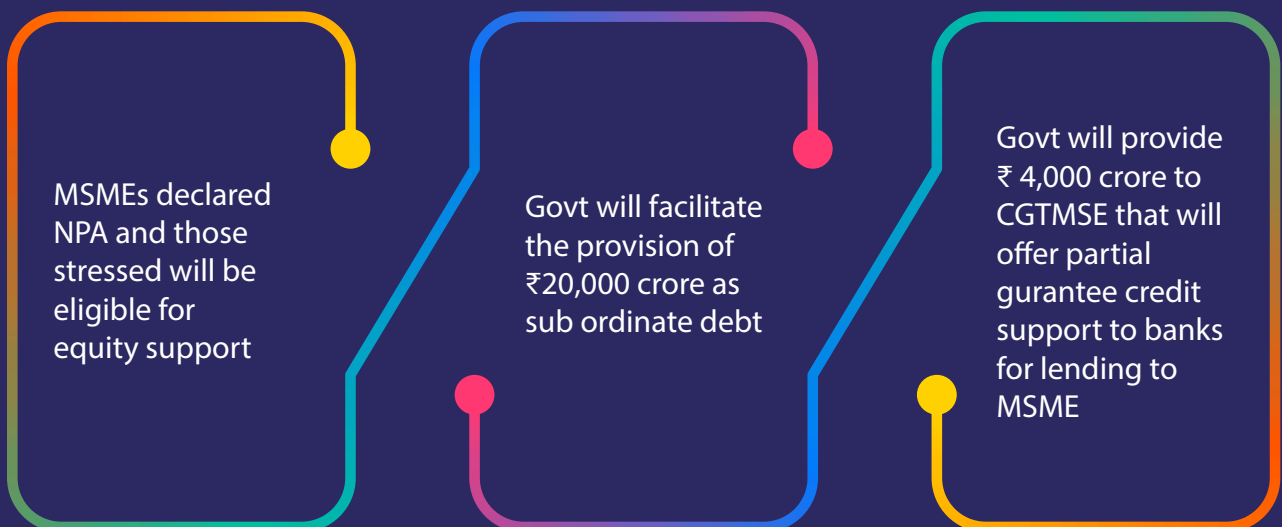


HIGHLIGHTS AND ELIGIBILITY CRITERIA FOR THE SCHEMES

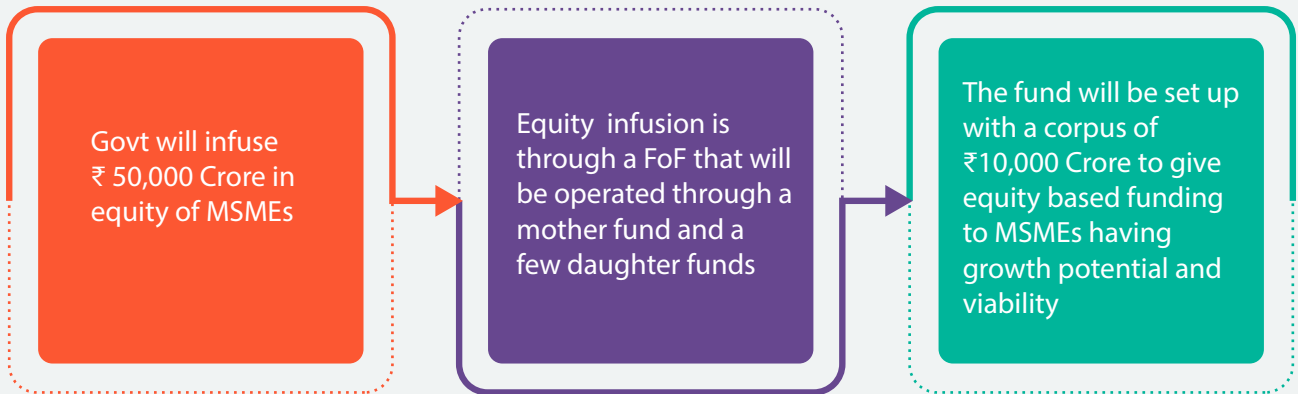
₹3 LAKH CRORE COLLATERAL FREE LOANS



₹20,000 CRORE SUBORDINATE DEBT



₹50,000 CRORE EQUITY INFUSION



MSME's are rapidly growing with regular monitoring and encouragement from the government and the budding entrepreneurs who are innervated by innovative ideas and adventurous enough to start their own endeavors. Hence we have to get updated with the constant transformations and revolutions taking place to survive in the competing and thriving sector of the dynamic Indian economy.

ONE STOP SHOP SOLUTION

To simplify the registration process and sketch out MSME portraiture Honorable Prime Minister has launched the technology platform CHAMPIONS (<https://champions.gov.in>) which stands for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength. The portal is designed basically for making the smaller units big by solving their queries, grievances, encouraging, supporting, and reinforce.

STARTUP

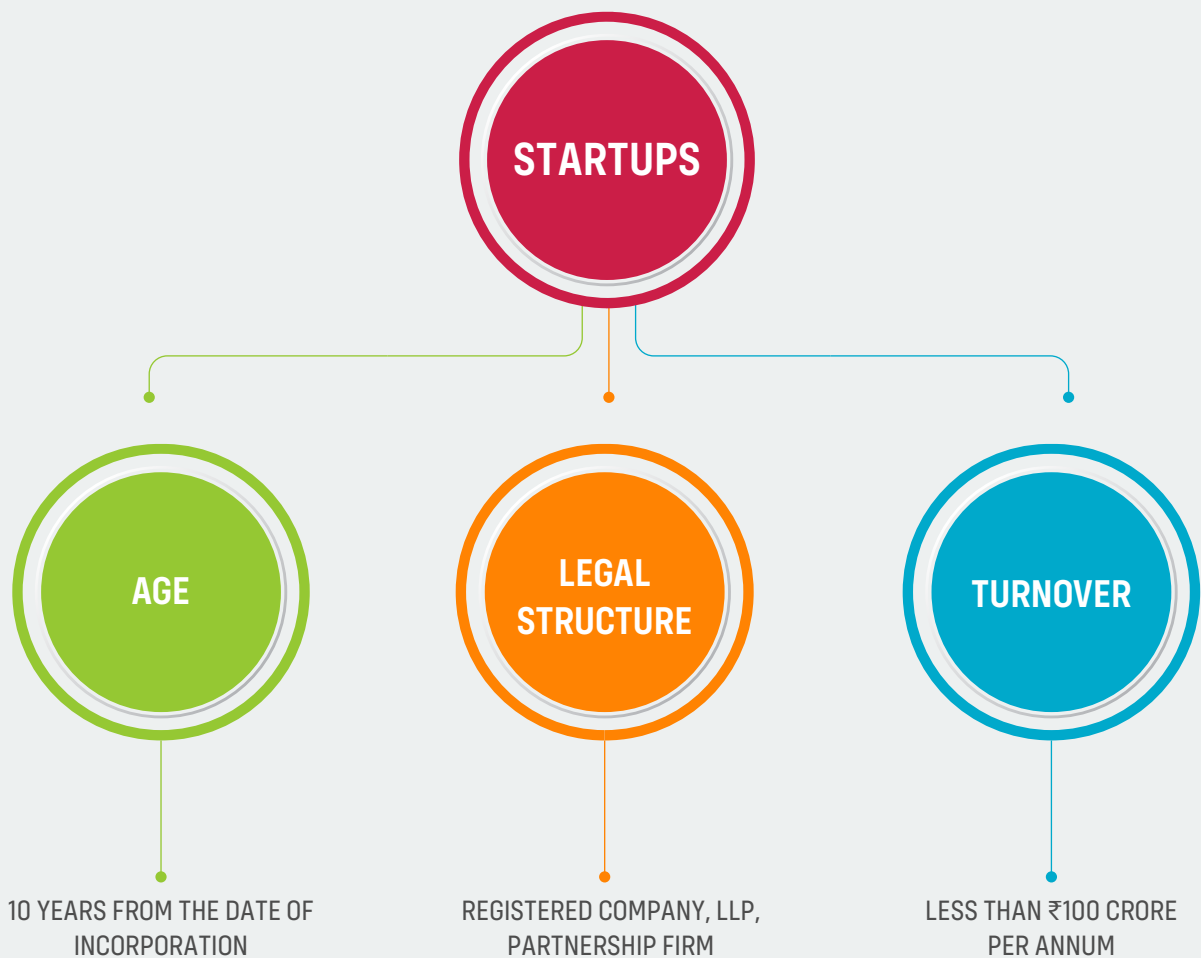
LIVE, WORK, CREATE...

India has grown by leaps and bounds in its corporate regime with the recent amendments in Companies Act. One of the key breakthroughs in the history of corporate sector is the introduction of “Startup India” initiative by the Government of India. Startup India Program is marked as crucial in the growth and prosperity of entrepreneurial endeavors in India with its simplified mechanism and endless benefits.



DEFINITION OF START UP

A start up is a newly established business usually small, incorporated as a corporate entity. The line of differentiation between startup and other new business are their exclusive innovative products or services that are not put forth elsewhere.



The entity should have obtained approval from the Department of Industrial Policy and Promotion.

Obtain a recommendation letter by incubation.

ELIGIBILITY FOR STARTUP REGISTRATION

It should not be as a result of splitting up, or reconstruction, of a business already in existence.

The entity must provide innovative schemes or products.

BENEFITS OF START UP INDIA

FINANCIAL SERVICES

- The government provides 80% rebate on the patent costs.
- ₹10,000 crore fund is set up by the Government of India as Venture Capital.
- Guarantees to the bank and financial institution for providing venture capital.

INCOME TAX BENEFITS

- Tax holiday for 3 consecutive years out of 10, subject to Certification from the Inter-Ministerial Board.
- No Capital Gains Tax if investors exits from startup and invest again in the fund as recognised by the government.

REGISTRATION PROCESS

- Application under start up india scheme to facilitate registration.
- Single meeting at the start up india hub.
- Single doubt and problem solving window.

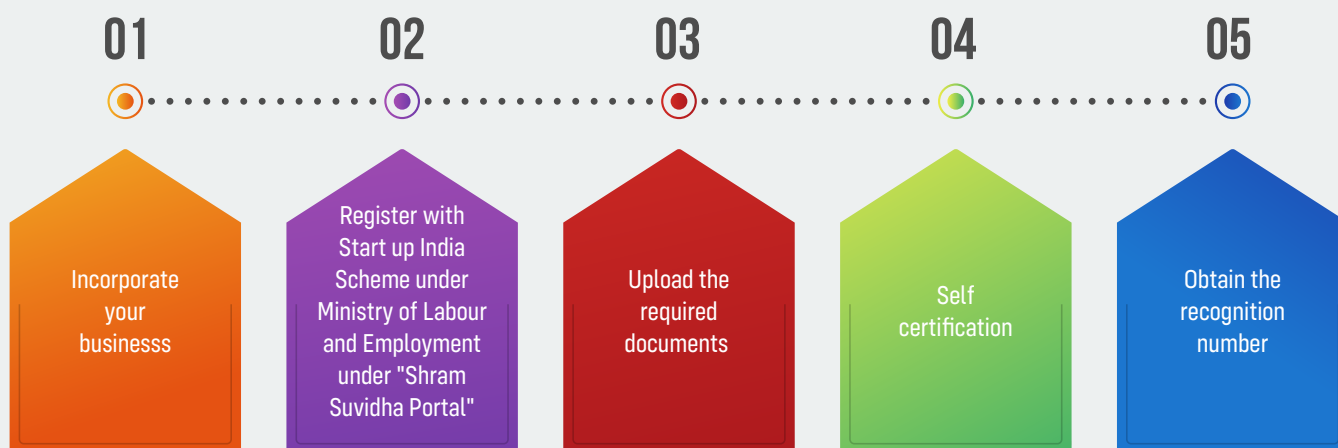
GOVERNMENT TENDERS

- Startups get priority in getting government tenders.
- No prior experience required.

SPECIAL BENEFITS

- Labour laws inspection will not be held in the first three years of incorporation.
- Environment law compliances are only mandatory after self - certification.
- Winding up of the company can be done in just under 90 days under Insolvency and Bankruptcy Code.
- New research Parks will be set up to provide facilities to startups in the R&D sector.
- Huge networking opportunities.

REGISTRATION PROCESS



TAX EXEMPTIONS

SECTION 80 IAC TAX EXEMPTION

01.

- Tax holiday for 3 Consecutive years out of 10 for Companies and LLP's incorporated after 1st April 2016.

SECTION 56 - ANGEL TAX

02.

- DPIIT recognised startup.
- Paid up share capital and share premium does not exceed INR 25 Crore.

SECTION 56(2)(VIIB)

03.

- Considerations of shares received in excess of fair market value by eligible startups shall be exempt upto an aggregate limit of INR 25 Crore provided the proceeds are not invested in specified asset classes.

CARRY FORWARD OF LOSSES

04.

- Set off of carry forward losses and capital gains allowed in case of a change in shareholding pattern. The restriction of holding 51 % of voting rights to remain unchanged under section 79 has been relaxed.

SCHEMES FOR STARTUPS

MUDRA

- It is a flagship program by the government of India to provide funds to MSMEs. It is applicable for manufacturing, trading, and even allied agricultural services.
- It has 3 modules, Shishu (loan up to 50,000), Kishor (Loan between 50,000 and 5 lakh) and Tarun (Loan between 5 lakh and 10 lakh)

Stand Up India Scheme

- It is for women and for those entrepreneurs who belong to SC and ST communities.
- It is available for Greenfield ventures in manufacturing, trading, and service units, ranging from 10 lakh to 100 lakh.

NewGen IDC

- NewGen Innovation and Entrepreneurship Development Centre is applicable to industries like healthcare services, AR/VR, construction, design, food and beverages, textiles,, and renewable and non-renewable energy sources, etc.
- It provides a one-time non-recurring loan of up to 25 lakhs to finance startup units.

Atal Innovation Mission

- It provides grant-in-aid of ₹10 Cr to every Atal Incubation Centres in the sectors of technology hardware, healthcare, defense, agriculture, and many more.

Credit Linked Capital Subsidy Scheme for Technology Upgration

- It is sponsored by SIDBI .
- Ceiling on loans under this scheme is INR 1 Crore with Capital subsidy of 15%.

SMILE

- It provides soft loans to MSMEs to meet the needed debt-equity ratio for the establishment of new MSMEs and also to enable the growth for existing ones.

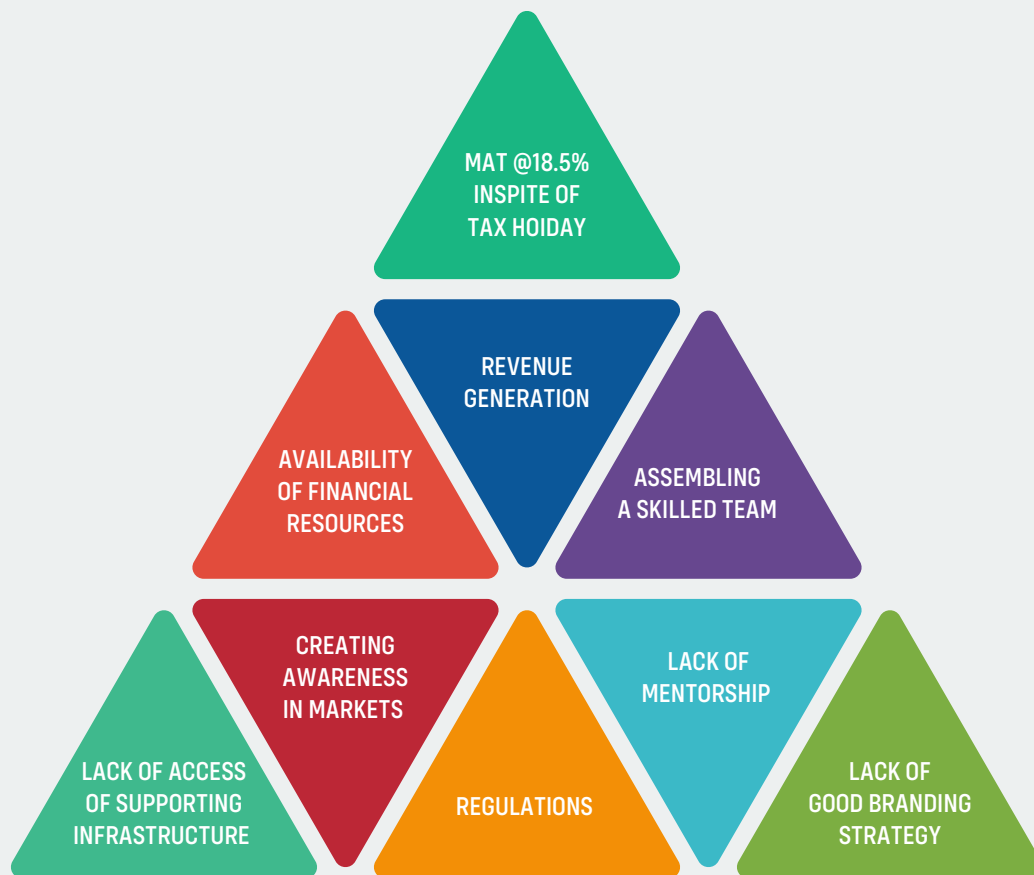
Promoting Innovations in Individuals, Start - ups and MSMEs

- An initiative of Department of Scientific and Industrial Research, Government of India.
- Only funding program where the innovator receive funds directly in their bank accounts.

Make in India

- Designed to transform India into a global design and manufacturing hub.
- It is an invitation to potential partners and investors around the world to overhaul outdated processes. Renewed confidence about India's capabilities among foreign partners and citizens at large.
- This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

There are several more schemes introduced by the Government of India to give a boost to the startups in India, the details of which can be obtained in the website (<https://www.startupindia.gov.in>) hosted by the Government of India.



CHALLENGES

With little compliances and lot of opportunities give your business idea a life, work on it and create a path to success!!

CASH MANAGEMENT

BE PREPARED!

Whether COVID 19 has caused you any health effects or not, it is definite that it has and will likely continue to affect your business and household finances!

In addition to the immediate concern about the impact on human lives, there is fear about the severe economic downturn that may result from a prolonged battle with the novel coronavirus. Businesses are being shuttered and people are losing their jobs. The shock to our lives and livelihoods from the virus-suppression efforts could be the biggest in the past few decades.

Now we must resolve the virus and economy. It starts with battling the virus. The imperative of our time is safeguarding our life and livelihood

LOOMING CHALLENGES



During difficult times, having a plan, prioritizing spending and efficient utilization of resources can minimize the financial injury and help to stabilize.

As the business entities rightfully strive to “Keep the Lights On” during and post lockdown, here are few areas where the business entities could seek for immediate liquidity.

STREAMLINE YOUR CASHFLOWS

CASH FLOW FORECAST

Identify the quantum of cash required to sustain the business operation. Also have a look at the immediate financial obligations and cash outflows and prioritise the same on the basis of current cash reserves and expected collections. This cash conversion cycle has to be reviewed continuously and revised appropriately.

CUTTING OUT THE INEFFICIENCIES

Business expenses has to be met wisely by critically examining each and every payment. During this phase of recovery, spend only for essentials and layout a plan to get rid of inefficiencies of the business. Expedite the most essential expenses, defer essential expenses and mitigate least essential expenses.

SPEED UP COLLECTIONS

Take up measures to speed up collections by offering cash discounts to the customers. This will shorten the cash conversion cycle and provide short term financing to the business for its immediate payment obligations.

BE CONSTRUCTIVE

Learn from the pandemic and explore the endless possibilities of virtual environment. If your business permits, manage your operations remotely and this is the right time to take your business online. The crisis always opens up with lots of opportunities and exploit technological novelties which have been abstained in the past.

TAX PLANNING

Government has announced several relaxations, measures and payment deadline extensions to support the struggling business entities. Therefore plan your statutory payments wisely by understading the best course to follow in order to extend the level and timeline of stored liquidity.

CASH POOLING

Inject liquidity to cash starved businesses by utilising the available credit facilities. Negotiate on the liquidity lines from the financial institution network on payment terms for moratorium, deferment, reasonable transaction and interest cost.

4C'S TO REVIVE



Cash flow management is an inevitable element for business entity post COVID 19. The entity should conduct overall risk assessment and accordingly make business plan for the near future. It is crucial that business entities actively review their cash flow cycles and immediate cash requirements. Assess the underlying risks by conducting a SWOT analysis of the market scenario and design an action plan by making an appraisal of their customer base and supplier network.

AT A GLANCE

NEW INCLUSIONS - AY 2020-21

The Central Board of Direct Taxes (CBDT) has notified the Income Tax Return (ITR) forms and manner of furnishing Return of Income for Assessment Year (A.Y.) 2020-21 i.e. financial year (F.Y.) 2019-20.

MAJOR CHANGES FOR INDIVIDUAL FILING RETURN UNDER ITR 1-4

CASH DEPOSIT



Has to declare cash deposit amount if deposits exceeds ₹1 Crore during the year.

FOREIGN TRAVEL



Who has spent more than ₹2 lakh on travelling abroad during the FY has to disclose the actual amount spent.

ELECTRICITY CONSUMPTION



Who has incurred expenditure of ₹1 Lakh on consumption of electricity during the previous year has to disclose the details of actual amount spent.

NEW SCHEDULE DI



Details of investment qualifying for deduction under chapter VIA with bifurcation of details of investment made during the period from April 1, 2020 to June 30, 2020.



MAJOR CHANGES FOR FILING RETURN UNDER ITR - 5, ITR - 6



NEW SCHEDULE DI

The details of investment, construction or purchase for claiming roll over benefit in respect of capital gains under section 54 to section 54GB made during the period from April 1, 2020 to June 30, 2020.



SCHEDULE TP SA

Details of Tax on secondary adjustments as per section 92CE (2A)



REGULATORY AND STATUTORY UPDATES

INCOME TAX UPDATES

DUE DATES

FROM 31ST MARCH 2020

TO 30TH JUNE 2020

VALIDITY OF FORM
13, 15G/ 15H FOR FY 2019-20

AADHAAR - PAN LINKING

PAYMENT/DEPOSIT/INVESTMENT/FOR THE PURPOSE OF CLAIMING
DEDUCTION/ALLOWANCE/EXEMPTION UNDER CHAPTER VI A

PAYMENT/DEPOSIT/INVESTMENT/CONSTRUCTION FOR THE
PURPOSE OF CLAIMING DEDUCTION UNDER SECTION 54 TO 54GB

INCOME TAX RETURN
FOR FY 2019-20

Old Date - 31st July 2020 & 31st October 2020
New Date - 30th November 2020

TAX AUDIT
UNDER 44AB

Old date - 30th September 2020
New Date - 31st October 2020

OPTING FOR VIVAD
SE VISHWAS SCHEME

Old date - 30th June 2020
New date - 31st December 2020

COMPLETION OF
ASSESSMENTS

Old Date - 30th September 2020 & 31st March 2021
New Date - 31st December 2020 & 30th September 2021

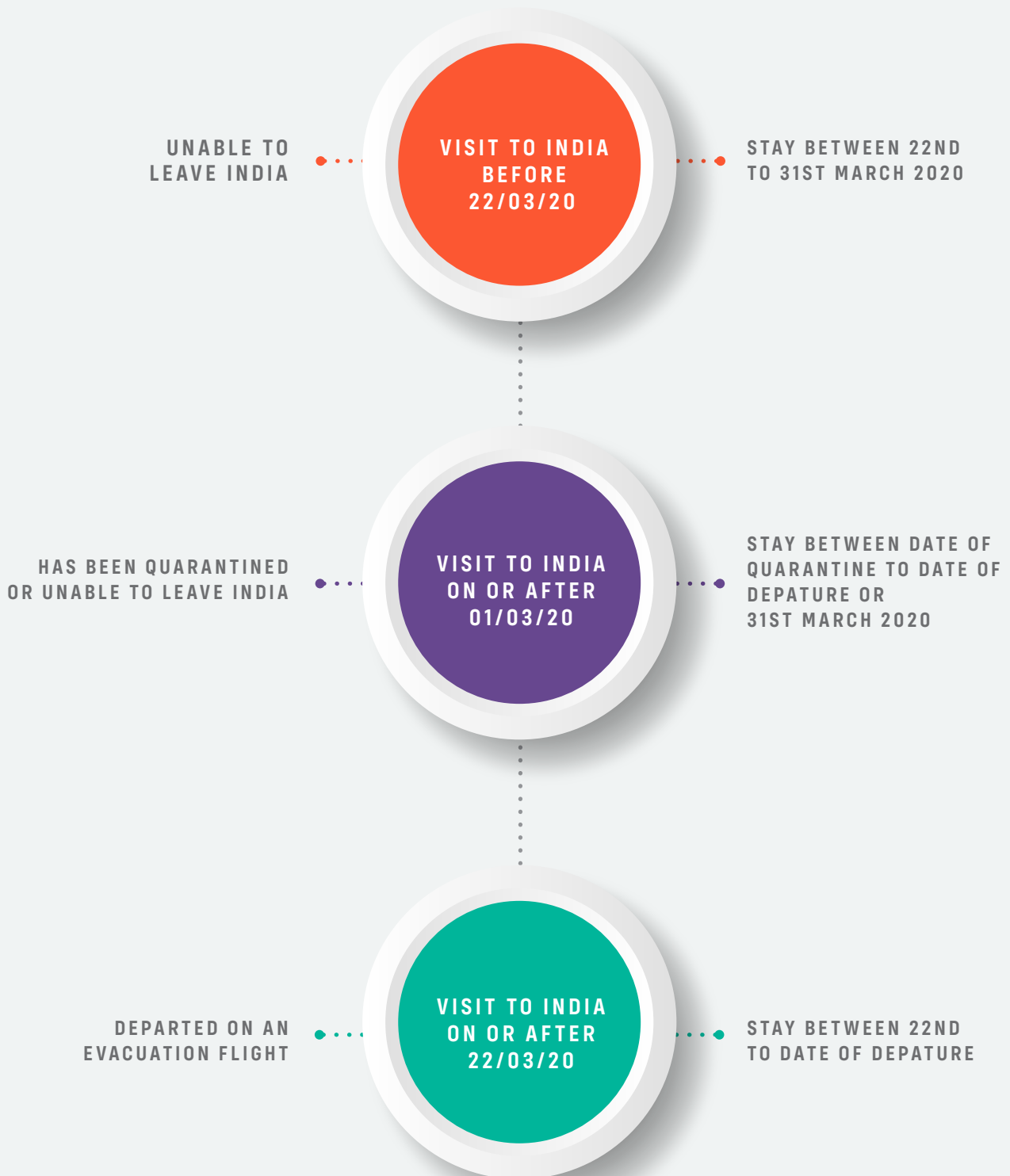
12A & 80G RENEWAL

Old Date - 1st June 2020
New Date - 1st October 2020

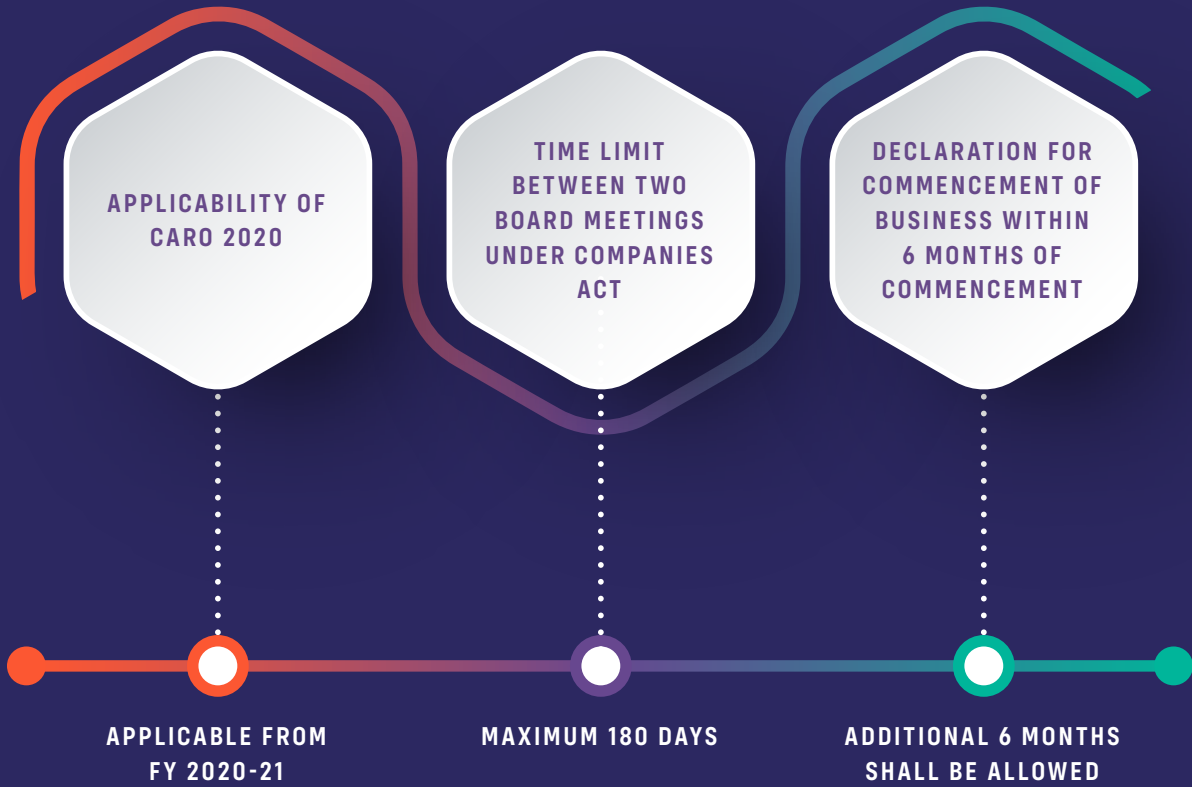
LIMITATION PERIOD
FOR FILING OF APPEALS

Old Date - 30 days from the date of order
New Date - 30th June 2020

PERIOD OF STAY IN INDIA NOT TAKEN INTO ACCOUNT DUE TO COVID 19



COMPANIES ACT UPDATES





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