

MSME Form 1 – Information and Compliance Checklist

1. Introduction

- MSME Form 1 stands for Micro Small and Medium Enterprise Form. It is an official form that certain companies in India need to file with MCA to report their outstanding payments made to suppliers that are registered under the MSME Act.
- This requirement comes under the provisions of the Micro, Small, and Medium Enterprises Development Act, 2006.
- In simple terms, companies in India are filing this form to disclose their delayed payments to MSMEs when the payment is pending for more than 45 days from the date of acceptance of goods or services.
- General Purpose of this Form: The purpose of this form is to protect MSMEs from delayed payments by large companies.
- **Example:** Imagine a large automobile company purchasing steel components from a small MSME manufacturer.
- Invoice date: 1 July
- Payment agreed: 45 days
- Payment made: 30 October
- Since the payment was delayed beyond the 45-day limit, the company must report this outstanding or delayed payment in MSME Form-1 for that half-year. And if this company fails to do so, then they may face heavy penalties too.

2. Overview of MSME Filing in India

- To protect the businesses and ensure they get paid on time, the Government of India introduced MSME Form-1.
- This form helps the government track companies that delay payments to MSME suppliers beyond the legally allowed period.

3. Check Applicability

- **Applicability:** MSME Form 1 applies to all companies specified and registered under the Companies Act, 2013. Meeting the condition for the specified transaction:
- **Transactions:** Companies only need to file MSME Form 1 if their payments are delayed beyond 45 days to MSME suppliers.
- This filing also applies if a foreign company (or its Indian subsidiary) is operating in India
- Under the provisions of Section 405 of the Companies Act, 2013.

- **Exclusions:** Companies with no MSME transactions, all payments cleared within 45 days, or dealings only with medium enterprises are exempt—no nil return needed.

4. Information required from MSME Suppliers and Company

- When filing MSME Form-1, companies must provide details that are necessary for filing. Here is the quick checklist for that:

Company Details:

- Pre-filled on MCA portal: CIN, PAN, company name, registered address, and email ID
- Other Mandatory information: DSC, DIN, PAN

Supplier Information

- For each MSME with dues >45 days
- MSME name, PAN, and Udyam Registration Number.
- Invoice details (number, date).
- Outstanding amount (principal + interest, if applicable).
- Due date (45 days post-acceptance).
- Duration of delay

Additional Declarations

- Reasons for delay (e.g., disputes, cash flow).
- Total outstanding dues summary.
- Compliance declaration confirming accuracy.
- Essential MSME Udyam details: For MSME Form 1, gather these key Udyam registration details from your MSE suppliers to verify their micro/small enterprise status and complete accurate reporting.
- Udyam Registration Number (URN)
- MSME Name and PAN
- Business Address and Contact Details (optional but recommended for records)
- These details help regulators monitor delayed payments made to MSMEs.

5. Due Date of Filing MSME Form 1

- MSME Form 1 is filled on a semi-annual basis, and its due dates are as follows:
- For the period of April – September: Due by 31 October.
- For the period of October – March: Due by 30 April.

6. Process to File MSME Form 1

- MSME Form 1 is filed online via the MCA V3 portal as a half-year return form. Here is the step-by-step process to file this form:
- **Step 1:** Visit www.mca.gov.in, log in with credentials (user ID, password)
- **Step 2:** Go to MCA Services > e-Forms > Select “MSME Form”

- **Step 3:** Input half-year period (Apr-Sep/Oct-Mar), MSME supplier data
- **Step 4:** Verify info, add declaration, digitally sign (DSC) by director/CS/CEO/CFO
- **Step 5:** Upload and download SRN acknowledgment. Track status via” View Public Documents

7. Penalties of Non-Filing of MSME Form 1 in India

- If a company registered under the Companies Act fails to file MSME Form-1 in India, it may be subject to penalties under Section 405(4) of the Companies Act, 2013.

Penalty Structure

- ₹20,000 penalty for the company and the responsible/defaulting officers
- ₹1,000 per day for continued failure
- Maximum penalty up to ₹3,00,000
- **This penalty applies to:**
 - The company
 - Officers responsible for compliance
 - Failure can also lead to prosecutions for directors, including imprisonment for up to six months

NOTE

- MSME Form-1 compliance should be reviewed **half-yearly**.
- Only eligible **Micro and Small Enterprises** should be considered after appropriate verification.
- Outstanding balances should be reconciled with the Company's books before filing.
- Payment due dates should be determined in accordance with the applicable provisions of the MSMED Act and relevant contractual terms.
- Any applicable **interest liability on delayed MSME payments** should be separately reviewed.
- All supporting documents should be properly maintained for **audit, statutory and regulatory purposes**.