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Identify, Track, Pay, and Report Payments to MSME Businesses

In this topic we will learn about the challenges faced by the MSME businesses due to the lack of visibility of their MSME status. We will also look into the provisions made by the Government to support such businesses and how the use of TallyPrime will improve the visibility in their business transactions and accelerate the movement of funds.

Micro and small businesses registered under the MSMED Act, 2006, get benefits such as loans at a lower interest, payment guarantees from buyers, and so on. The payment guarantee provision protects these businesses from delays in payment from their buyers. As per this act, any buyer of goods or services from registered MSMEs must make the payment on or before the agreed date or within 45 days. In case of a delay in payment beyond the specified date, buyers must pay interest on the amount. Generally in such cases, the interest rate is three times more than the rate that is notified by the Reserve Bank of India.

Additionally, the Ministry of Corporate Affairs (MCA) has notified that companies having outstanding dues to the MSME (Micro & Small) enterprises have to file the details of all the current outstanding dues to MSMEs in MSME Form-1 with the ROC (Registrar of Companies).
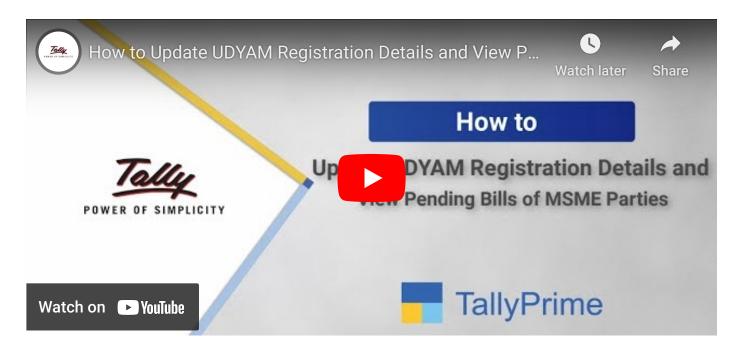
Despite all these facilities, the micro and small businesses are not fully benefitting from the provisions in the MSMED Act. This is primarily due to the absence of an identification for MSME Suppliers, which allows the buyers to omit/miss the MSME status of the supplier in their annual statement of accounts. As a result, the auditors do not detect such omissions because of the non-availability of any identification for MSME status.

The MSMEs should mention/print their MSME status on their invoices, bills and other relevant documents. The visibility provided to buyers and their accountants will help in the release of the payments on time and it will be also easy to file for compensation in case of delay in payments.

TallyPrime with its MSME feature will play this role of increasing the visibility of MSME status.

- MSME Enterprises will be able to update their UDYAM Registration details and print the same in business documents. Click here to know more on how to update MSME Registration of your company in TallyPrime.

- Buyers from MSME can update UDYAM Registration details in ledgers and filter bill payables for MSMEs to ensure timely payment. They can also readily get details for MSME Form 1 for

all overdues to MSME suppliers.

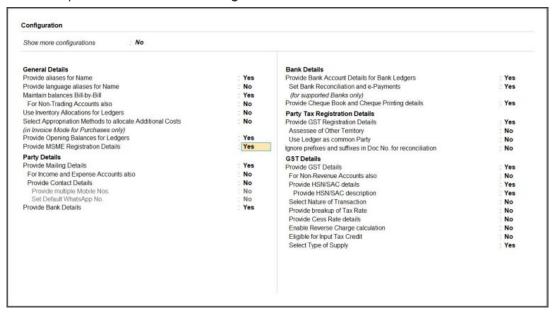# Buyers Update MSME Party's UDYAM Details in Ledgers

The businesses purchasing goods and services from MSMEs can set up the status of the supplier as MSME. This sets reminders to make payments on time to all such parties and avoid paying interest for late payments. This also enables you to create and file returns quickly with all the details of payments to MSMEs.

Set/Update MSME UDYAM details for a Single Party

You can update the UDYAM details of MSME suppliers in the ledger master.

1. Press **Alt+G** (**Go To**) > **Create Master** or **Alter Master** > **Ledger**.

2. Enter basic party details like **Name**, **Group**, **Address**, if you are creating a new ledger.

3. Press **F12** (**Configure**).

a. Set the option **Provide MSME Registration Details** to **Yes**.

b. Press **Ctrl+A** to save the configuration.

4. Enable **Set/Alter MSME Registration Details**.
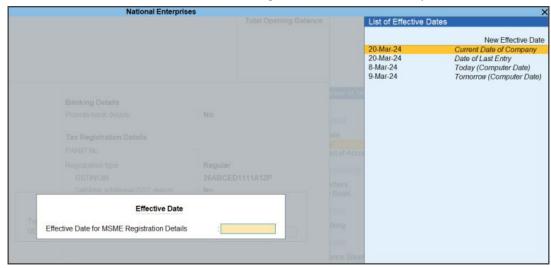

5. Press **Enter**.

In the **MSME Registration Details** screen

a. Select the enterprise type of the party in the **Type of Enterprise** field.

b. Enter their **UDYAM Registration Number**.

c. Press **Enter**.

d. Enter the **Effective Date for MSME Registration Details** and press **Enter**.

6. Press **Ctrl+A** to save the ledger master.

MSME Registration Details History

In case you make the change to you registration details due to change in the enterprise type or other such updates, and provide effective date for such changes to be applicable from, then all such changes are recorded and can be accessed from the history.

You can view the history of changes made to MSME registration details.

1. Press **Ctrl+I** (**More Details**).

2. Select **MSME Registration Details (History)**

Update UDYAM Details for Multiple MSME Suppliers

TallyPrime provides option to update the UDYAM Details of multiple suppliers at once. This will help you update MSME details of all your MSME suppliers in one go.

1. Press **Alt+G** (**Go To**) > type or select **Update Party MSME Details**.

   Alternatively, Gateway of Tally > Display More Reports > Statutory Reports > MSME Reports > Update Party MSME Details.

2. Select a specific group or **All items** in the **Name of Group** field.

3. Select a specific ledger or **All items** in the **Name of Ledger** field.
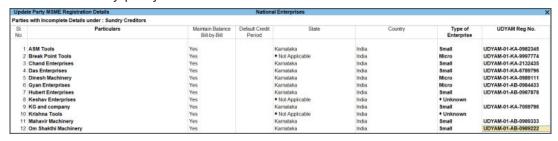

   a. Select the party to update the UDYAM details and **Alt+H** or **Enter**.

   b. Select the **Type of Enterprise** and enter **UDYAM Reg No.** of the party.

   c. Press **Enter**.

       i. Enter the **Effective Date for Revised MSME Registration Details** to apply the UDYAM details from that date.
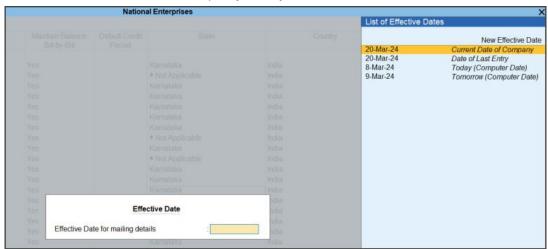
       ii. Press **Enter**.

   d. Press **Enter** or **Y** to save the UDYAM Details for the party.

You can also enter the UDYAM details for all parties in the same screen.

1. Press **Alt+R** (**Multi Alter**).

2. You can enter **Default Credit Period**, **Type of Enterprise**, and **UDYAM Reg No.** in the respective columns for any party.

3. Enter **Effective Date** for each party that you alter.

4. Press **Ctrl+A** to save the details.

Check Upcoming Due Dates for Payables

As a buyer, you need to identify and track the payments related to MSME suppliers or service providers to avoid exceeding the date agreed upon between you and the supplier. You need to consider all bills from MSMEs and cannot afford to miss out on any bill. The penal interest chargeable for delayed payment to an MSME enterprise is three times the bank rate notified by the Reserve Bank of India.

In case of delayed payments, MSME can file a complaint with MSME Samadhaan to get the payment along with interest.

1. Press **Alt+G** (**Go To**) > type or select **Group Outstanding** > **Sundry Creditors**.

   Alternatively, **Gateway of Tally** > **Display More Reports** > **Statement of Accounts** >

   Outstandings > **Payables**.

2. Press **Ctrl+B** (**Basis of Values**).

3. Select **Show Bills of** and press **Enter**.

   a. Select **Micro & Small Parties** option to view only the bills of micro and small parties.
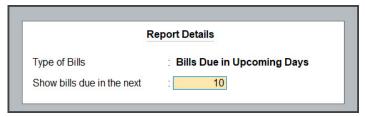
   b. Press **Enter**.

4. Select **Type of Bills** and press **Enter**.

   Select the following based on:

- - **All Bills**, to view all the payable bills.

    - **Bills Due in Upcoming Days**, to see bills that upcoming in a specific number of days. You can specify the number of days in Show bills due in the next.

    - **Overdue Bills**, to see only the bills that are overdue.

    - **Pending Bills**, to only the pending bills.

    - In the **Show bills due in the next** field, enter the number of days to see bills that become due within the given number of days. This option appears only when you select **Bills Due in Upcoming Days**.

    - Press **Enter**.

    - Press **Ctrl+A** to save.

The report shows the bills based on the selection in **Basis of Value**. In case you had selected **Bills Due in Upcoming Days** and set the number of days as 10, the bills that are due in the next 10 days are shown.
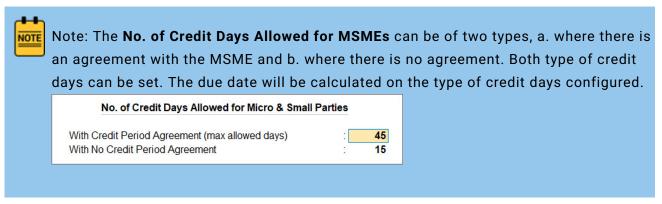
By default, the report displays the Due on date for all the bills. You can change this to days until due date, overdue days, and overdue days from bill date.

Configuration

You can add further details to the report using the configuration options.

- **Show Due on**: Set this option to Yes, to view the date on which a bill becomes due for payment. The due date is considered based on the credit days set for the party. It can be the credit days specified in the invoice or in **Credit Days Allowed for Micro & Small Parties** under **F11**.

> **NOTE** Note: The **No. of Credit Days Allowed for MSMEs** can be of two types, a. where there is an agreement with the MSME and b. where there is no agreement. Both type of credit days can be set. The due date will be calculated on the type of credit days configured.
>
> | No. of Credit Days Allowed for Micro & Small Parties | |
> | --- | --- |
> | With Credit Period Agreement (max allowed days) : | 45 |
> | With No Credit Period Agreement : | 15 |

- **Show no. of days till Due Date**: Set this option to **Yes** to view number of days until the due date for each bill in **Days till Due Date** column.

- **Show Overdue Days/Bill age in Days**: Set this option to **Yes** to view the number of overview days in **Overdue by Days** column.

- **Show Overdue days from Bill Date**: Set this option to **Yes** to view the number of days since the day of billing in the **Age of Bill in Days** column.
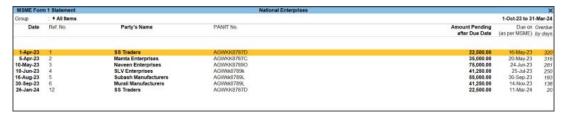
View and Export MSME Form 1 Statement

As per a notification issued by the MCA, buyers from MSMEs should file disclosures through MSME Form 1 containing all the current outstanding dues to MSMEs periodically (1-Apr to 30 Sep) & (1-Oct to 30 Apr).

It is mandatory to file the MSME form 1 to avoid fines for non-furnishing/incomplete/incorrect information penalty.

TallyPrime provides Statement of MSME Form 1 with all the required details. The form lists all the MSME suppliers with UDYAM Details and having current outstanding dues. You can print the Form in the format prescribed for filing returns.

1. Press **Alt+G** (**Go To**) > type or select **MSME Form 1 Statement**.

    Alternatively, **Gateway of Tally** > **Display More Reports** > **Statutory Reports** > **MSME Reports** > **MSME Form 1 Statement**.

Date	Ref. No.	Party's Name	PAN/IT No.	Amount Pending after Due Date	Due on (as per MSME)	Overdue by days
1-Apr-23	1	SS Traders	AGWKK8787D	22,500.00	16-May-23	320
5-Apr-23	2	Mamta Enterprises	AGWKK8787C	35,000.00	20-May-23	316
10-May-23	3	Naveen Enterprises	AGWKK8789O	75,000.00	24-Jun-23	281
10-Jun-23	4	SLV Enterprises	AGWkk8789k	41,250.00	25-Jul-23	250
16-Aug-23	5	Subash Manufacturers	AGWkk8789L	55,000.00	30-Sep-23	183
30-Sep-23	6	Murali Manufacturers	AGWkk8789L	41,250.00	14-Nov-23	138
26-Jan-24	12	SS Traders	AGWKK8787D	22,500.00	11-Mar-24	20

2. Press **Alt+P** (**Print**).

3. Select **Return Form** and press **Enter**.

4. Press **P** (**Print**) to print the MSME 1 form.

MSME FORM I

[Pursuant to Order 2 and 3 dated 22 January, 2019 issued under Section 405 of the Companies Act, 2013]

Form for furnishing half yearly return with the registrar in respect of outstanding payments to Micro or Small Enterprises.

सत्यमेव जयते

Form Language ● English   ○ Hindi

Refer the instruction kit for filing the form.

○ Initial return   ● Regular half yearly return

Period   October to March 2024

1. (a) Corporate Identity Number (CIN) of company

    (b) Global location number (GLN) of company

    (c) Permanent Account number (PAN) of company

2. (a) Name of the company

    NATIONAL ENTERPRISES

    (b) Address of the registered Office of the company

    (c) Email id of the company

4. Regular half yearly return of outstanding dues to Micro or Small Enterprises Suppliers.

    (a) Total outstanding amount   2,92,500.00

    (b) Particulars of the name of suppliers and amount of payments due

        Number of entries   7

Financial Year From	Financial Year To	Name of Supplier	PAN of Supplier	Amount Due	Specify the date from which amount is due
01/10/2023	31/03/2024	SS Traders	AGWKK8787D	22,500.00	16/05/2023
01/10/2023	31/03/2024	Mamta Enterprises	AGWKK8787C	35,000.00	20/05/2023

The MSME Form 1 statement in TallyPrime by default displays all the details required to be filed in returns. You can add further details using the configuration options.

Configuration

You can add further details to the report using the configuration options.

Show the Type of Enterprise: Enable this option to show the **Type of Enterprise** set in the ledger master of the MSME suppliers.

Show PAN/IT No.: Enable this option to display the PAN/IT number of the MSME party.

Show UDYAM Reg No.: Enable this option to display the UDYAM number of the party, this is enabled by default.

Show Due on: Enable this option to display the Due on of each bill. This is set to Yes by default.

Based on Credit Days provided in: Under this you can select the option to arrive at Due On date, The options provided are:

- **Bill-wise Details (as per invoice)**– Due on date is arrived based on credit days specified in bill-wise details of the invoice.

- **MSME Credit Period (from Company features, as per agreement)** – Due on date is arrived based on msme credit days set for the party.

- **Bill-wise or MSME Credit Period (whichever is earlier)** – Due on date is arrived based on earliest credit days set in bill-wise and in msme credit days.

Show Cleared On: Enable this option to see the date on which the bill was paid off.

Show Credit Days: Enable this option to see the credit days set for the MSME party

Show no. of days till Due Date: Set this option to **Yes** to view number of days until due date for each bill in **Days till Due Date** column.

Show Overdue Days/Bill age in Days: Set this option to **Yes** to view the number of overview days in **Overdue by Days** column.

Show Overdue days from Bill Date: Set this option to **Yes** to view the number of days since the day of billing in the **Age of Bill in Days** column.

Related Topics

- How to Create a Company in TallyPrime

- MSME FAQs

- Track GST Return Activities

- List of Banks Supported by TallyPrime for…

- How to Record Advance Payments Under GST in TallyPrime