



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

RAJKOT BRANCH (WIRC)

EMPOWERING MSME

A STRONG MSME,
A STRONG ECONOMY

Micro, Small and Medium Enterprises are the backbone of India's growth story. Let's support, strengthen and build a future together.



MONTHLY E-NEWSLETTER
JUNE 2026

“ Together we strengthen MSMEs,
Together we strengthen India.



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RAJKOT BRANCH (WIRC)

"ICAI Bhawan", Girirajnagar Main Road,
Off 150ft Ring Rd,
Near Raiya Circle, Rajkot 360007
Ph: 0281-2582412, E-mail: rajkot@icai.org

Contents

Sr.	Particular	Page
1	Chairman's Message	02
2	Tax Advisory Memorandum	04
3	Procedure for income escaping assessment/reassessment	08
4	New MSME ODR Scheme & Portal	12
5	Quiz for Month of June 2026	15
6	Due Date Calendar for June 2026	18
7	Glimpse of Past Events	19
8	Invitation for Articles for Newsletter	20

OFFICE BEARERS

CA. Maulik Bagdai
Chairman
+91 99130 85200

CA. Dhaval Doshi
Vice Chairman
+91 94282 28267

CA. Jayesh Dhaneja
Secretary
+91 98257 23060

CA. Hiren Raychura
Treasurer
+91 97145 70887

MEMBERS

CA. Badal Sonpal
+91 92282 91818

CA. Vipul Dattani
+91 98980 71276

CA. Raj Marvania
+91 79904 17534

SUB COMMITTEE MEMBERS

CA. Harsh Rajani

CA. Jaydev Sagpariya

CA. Jay Dadhania

CA. Kishan Lal

CA. Kishan Nanani

CA. Mayur Dave

CA. Mehul Kakkad

CA. Pratik Pala

CA. Shivani Raijada

CA. Vishal Madhwani

Chairman's Message



CA. Maulik Bagdai
Chairman
ICAI-Rajkot (WIRC)

ICAI Rajkot Branch (WIRC)

“Sustainable professional growth is built at the intersection of knowledge, collaboration, and the willingness to evolve with change.”

Dear Esteemed Members,

Warm greetings to all!

As we step into the month of **June 2026**, it gives me immense pleasure to connect with you through this Newsletter and share the significant milestones achieved during May, along with the exciting initiatives planned for the month ahead.

Highlights of May 2026 – A Month of Learning, Technology & Engagement

The month of May was particularly enriching for the Rajkot Branch, reflecting our strong focus on **technology adoption, professional upskilling, and member engagement**.

We successfully conducted **three batches of AI – ICAI Level 1**, with **two batches at Rajkot** and **one batch at Junagadh CPE Study Chapter**, receiving an excellent response from members. These programs reaffirm the growing relevance of Artificial Intelligence in audit, taxation, and advisory services.

I am pleased to share that the **ISA 3.0 Certification Course** was successfully completed, and the **Certificate Course on Forensic Accounting and Fraud Detection (FAFD)** was formally launched, marking another step towards strengthening specialized professional capabilities among members.

ICAI Rajkot Branch Newsletter | June 2026

On the technical front, a Full-Day Seminar on “From Audit Report to Disclosures: Practical Challenges under CARO, Schedule III, and AS / Ind AS” held on 8th May 2026 provided valuable practical insights into contemporary audit and disclosure issues.

Further, a **Seminar on Income Tax – 2025 changes in TDS and Income Tax Forms**, conducted jointly with the **Income Tax Department**, strengthened professional–departmental collaboration and helped members stay aligned with regulatory developments.

Alongside professional learning, the Branch also teamwork and networking through a **Pickleball Tournament for CA students and members**, which witnessed enthusiastic participation and reinforced the spirit of fellowship within our fraternity.

June 2026 – Learning, Wellness & Student Focus

The month of June is planned as a blend of professional development, industry outreach, wellness, and student-centric initiatives.

One of the most awaited events is the **RIPL – Rajkot ICAI Premier League, a Box Cricket Tournament** for members and students, aimed at fostering teamwork, networking, and a healthy work-life balance.

On the knowledge front, the Branch will organize a **Seminar on GST Appellate Tribunal**, addressing recent developments and practical aspects relevant to GST practitioners.

In alignment with our outreach initiatives, a **Special Seminar for MSME Units** is planned on the occasion of **MSME Day**, focusing on compliance awareness, advisory support, and capacity building for the MSME sector.

We will also celebrate **International Yoga Day on 21st June 2026**, reinforcing the importance of physical and mental well-being in a demanding professional environment.

A major highlight of the month will be the **Grand State-Level Conference for CA Students**, scheduled on **19th and 20th June 2026**, envisioned as a comprehensive platform for learning, inspiration, and interaction, aimed at preparing students for the evolving dynamics of the profession.

Way Forward

The role of a Chartered Accountant continues to expand beyond traditional boundaries into technology, governance, advisory, and leadership roles. Continuous learning, adaptability, and collective engagement remain the key drivers of professional excellence.

Together, let us continue to strengthen the Rajkot Branch as a vibrant, progressive, and future-ready professional institution.

Warm regards,

CA Maulik Bagdai

Chairman

Rajkot Branch of ICAI (WIRC)

Tax Advisory Memorandum: Evaluation of Concessional Corporate Tax Regimes under Sections 115BA, 115BAA, and 115BAB

CA. Jaydeep Vadher
+91 8155961634
ca.j.b.vadher@gmail.com



1. Statutory Context and the Shift Toward Simplified Taxation

The Indian corporate tax landscape has undergone a profound structural realignment. The historical model of high headline tax rates offset by a complex lattice of profit-linked and investment-linked incentives has been replaced by a simplified, low-rate regime. For domestic entities, navigating this transition is not a mere compliance exercise but a foundational financial decision. The choice to adopt a concessional regime involves a permanent trade-off: the surrender of traditional tax shields in exchange for immediate rate reduction and long-term fiscal certainty.

Crucial to this evaluation is the statutory phrasing: **"Notwithstanding anything contained in this Act."** This overriding clause, appearing at the threshold of Sections 115BA, 115BAA, and 115BAB, signals the legislature's intent to create a self-contained code. We caution the Board that this "notwithstanding" mandate prevents companies from asserting that beneficial provisions elsewhere in the Income Tax Act—such as additional depreciation or specialized research deductions—take precedence over these specific regimes once an option is exercised.

2. Section 115BAA: The Universal 22% Concessional Rate for Domestic Companies

Section 115BAA represents the default concessional framework for all domestic companies, effective from Assessment Year 2020-21. It offers a flat tax rate of **22%** (plus applicable surcharge and cess), making it the primary consideration for non-manufacturing entities or established firms.

Eligibility and the Irrevocability Rule

The exercise of Section 115BAA is a "once-exercised, always-applied" mandate. Under the second proviso to Section 115BAA(5), once this option is chosen for any previous year, it cannot be subsequently withdrawn for that or any other year. Furthermore, should a company fail to satisfy the prescribed conditions in any given year, the option becomes invalid not just for that year, but for all subsequent years, forcing a reversion to standard higher rates.

Mandated Surrender of Deductions

Under Section 115BAA(2), total income must be computed without recourse to the following:

Incentives for Specific Zones and Activities

Section 10AA: Deductions for units in Special Economic Zones.

Sections 33AB and 33ABA: Tea, Coffee, Rubber development and Site Restoration Funds.

Sections 35CCC and 35CCD: Expenditure on agricultural extension and skill development projects.

Accelerated Depreciation and Investment Allowances

Section 32(1)(ia): Additional Depreciation.

Section 32AD: Investment in new plant and machinery in notified backward areas.

Scientific Research and Capital Expenditure

Section 35: All deductions for scientific research under sub-clauses (ii), (ia), (iii) of sub-section (1), and sub-sections (2AA) or (2AB).

Section 35AD: Deductions for capital expenditure in respect of "Specified Businesses."

Chapter VI-A Deductions

All deductions under Chapter VI-A **except** for Section 80JJAA (Employment of new employees) and Section 80M (Inter-corporate dividends).

Treatment of Losses and Unabsorbed Depreciation

Brought-forward losses and unabsorbed depreciation attributable to the surrendered deductions listed above are effectively extinguished. Section 115BAA(3) dictates these are "deemed to have been given full effect to," meaning they cannot be carried forward to any year in which the concessional rate is active.

Special Provision for IFSC Units

Units in the International Financial Services Centre (IFSC) are afforded a specific carve-out. Despite the general surrender of Chapter VI-A, these units may still claim deductions under Section 80LA, recognizing the strategic importance of the IFSC in global finance.

3. Section 115BA: The 25% Rate for Established Manufacturing Entities

Section 115BA served as an early precursor to the broad 115BAA regime, specifically targeting manufacturing entities.

Eligibility: Restricted to domestic companies set up and registered on or after **March 1, 2016**.

Nature of Business: The company must be engaged exclusively in the manufacture or production of an article or thing, including **research in relation to, or distribution of**, such items.

Computation Nuances: While largely mirroring the 115BAA surrender list, Section 115BA specifically restricts Chapter VI-A deductions under the narrower heading "**C.—Deductions in respect of certain incomes**" (excepting 80JJAA), rather than the entire Chapter.

Strategic Flexibility: Under the second proviso to Section 115BA(4), an option exercised under this section **may be withdrawn** if the company

subsequently decides to exercise the option under Section 115BAA. This provides a transition path from the 25% manufacturing rate to the 22% universal rate.

4. Section 115BAB: The 15% Rate for New Manufacturing Domestic Companies

Section 115BAB offers a globally competitive **15%** tax rate to attract fresh industrial capital. However, the statutory bar for entry and maintenance is exceptionally high.

The "Anti-Fragmentation" and "New Asset" Checklist

To qualify, the company must have been registered on or after **October 1, 2019**, and must have commenced manufacturing/production on or before **March 31, 2024**.

No Splitting/Reconstruction: The business cannot be formed by the reconstruction of an existing business (except for certain revived businesses under Section 33B).

The 20% Used-Asset Limit: Generally, the company cannot use previously used plant or machinery. However, compliance is deemed met if the value of used machinery does not exceed **20%** of the total value of the company's plant and machinery.

Imported Asset Exception: Used machinery imported from abroad is treated as "new" if it was never used or depreciated in India.

Building Restriction: Buildings previously used as hotels or convention centers (where Section 80-ID was claimed) are prohibited.

Scope of "Manufacture"

The statute provides a critical inclusion and several high-impact exclusions:

Inclusion: Per the Explanation to Section 115BAB(2), the business of manufacture **includes the generation of electricity**.

Exclusions: The following are specifically **excluded** from the 15% benefit:

Development of computer software.

Mining.

Conversion of marble blocks into slabs.

Bottling of gas into cylinders.

Printing of books or production of cinematograph films.

Tax Rate Hierarchy within Section 115BAB

Not all income within a 115BAB entity is taxed at 15%.

Income Type	Applicable Tax Rate
Income derived from/incidental to manufacture or production	15%
Income not derived from/incidental to manufacture	22%
Short-term capital gains (on non-depreciable assets)	22%
Excess profits (from close connections/specified transactions)	30%

Counsel’s Note: Major Audit Risk regarding "Ordinary Profits"

We emphasize that Section 115BAB(6) grants the Assessing Officer (AO) significant oversight. If "close connections" between the company and another party result in "more than the ordinary profits," the AO may recompute the income. For "Specified Domestic Transactions," the law mandates the application of the **Arm's Length Price**. This creates a significant audit risk, effectively subjecting domestic transactions to Transfer Pricing-level scrutiny.

5. Comparative Analysis of Surrendered Deductions and Losses

The "So What?" factor in this decision rests on whether the tax rate delta compensates for the forfeiture of tax shields.

Feature	Section 115BA	Section 115BAA	Section 115BAB
Applicable Tax Rate	25%	22%	15% (Mfg) / 22% (Other)
Registration Date	On/After Mar 1, 2016	Any date	On/After Oct 1, 2019
Production Deadline	N/A	N/A	By March 31, 2024
Chapter VI-A (incl. 80JJAA/80M)	80JJAA allowed; Part C denied	80JJAA & 80M allowed; rest denied	80JJAA & 80M allowed; rest denied
Addl. Depreciation (32(1)(ia))	Surrendered	Surrendered	Surrendered

The Strategic WDV Adjustment

The "deemed full effect" rule for depreciation could unfairly penalize companies switching regimes mid-stream. To mitigate this, the Proviso to Section 115BAA(3) allows a **one-time adjustment** to the Written Down Value (WDV) of the block of assets as of **April 1, 2019**. This "reset" is available **only** if the 115BAA option is exercised for the assessment year beginning **April 1, 2020**. This serves to restore value to assets where depreciation was previously disallowed or not fully utilized.

6. Procedural Roadmap and Compliance Requirements

Statutory benefits are strictly contingent upon procedural precision. Failure to file the correct

form by the deadline specified under Section 139(1) for the first year of exercise will lead to an automatic disqualification.

Filing Mandates:

Section 115BA: Form **10-IB** (Rule 21AD).

Section 115BAA: Form 10-IC (Rule 21AE).

Section 115BAB: Form 10-ID (Rule 21AF).

Electronic Filing: All forms must be submitted electronically using a Digital Signature or Electronic Verification Code (EVC).

Ongoing Compliance: If conditions are violated in any subsequent year, the regime becomes invalid, and the entity reverts to standard tax rates permanently.

7. Final Advisory Summary

The shift to concessional regimes is a high-stakes, irrevocable decision requiring exhaustive impact analysis.

Decision Matrix for Evaluation:

Registration Date Filter: If registered before March 2016, your only concessional option is 115BAA (22%).

New Manufacturing Units: If registered on or after Oct 1, 2019, prioritize 115BAB (15%) but evaluate the audit risk of "Ordinary Profits."

Intermediate Manufacturers: If registered between 2016 and 2019, compare 115BA (25%) against 115BAA (22%), noting the flexibility to later switch from BA to BAA.

Capital Intensity Check: Model the cash-flow impact of losing Section 35 (R&D) and Section 32 (Additional Depreciation) over a 5-year horizon.

The irrevocability of these choices demands that no form be filed without a finalized comparative tax computation and a robust defense of the "newness" of assets for manufacturing entities.

EDITORIAL TAKEAWAYS

❖ **The Illusion of Overriding Benefits:**

The explicit use of the threshold phrase "Notwithstanding anything contained in this Act" proves that these regimes operate as completely self-contained codes. Corporate boards are legally barred from claiming beneficial provisions or specialized incentives located elsewhere in the Income Tax Act once an election is made.

❖ **Sectoral Penalties via "Manufacture" Exclusions:**

The statutory definition of manufacturing under Section 115BAB functions via high-impact exclusion. While power generation is explicitly included as an eligible manufacturing activity, vital modern industries—such as software development, book printing, mining, and cinematograph production—are statutory outcasts, forcing conglomerates to partition operations carefully.

❖ **The Domestic Transfer Pricing Trap:**

Section 115BAB(6) introduces massive audit risk by allowing Assessing Officers to scrutinize "close connections" and recompute earnings to match an Arm's Length Price. This effectively subjects standard domestic inter-company arrangements to full transfer pricing scrutiny, changing the risk profile of intra-group transactions.

❖ **Zero-Tolerance Procedural Discipline:**

The tax concession is completely dependent on perfect electronic compliance. Failing to file the precise forms (Form 10-IB, 10-IC, or 10-ID) before the rigid Section 139(1) filing deadline automatically invalidates the choice. More critically, operational failure or condition breaches in any subsequent year permanently disqualifies the company from the concessional regime forever.

Procedure for Income escaping assessment/re-assessment under New Income-tax Act, 2025

1. Introduction

Under the New Income-tax Act, 2025, assessment includes various processes such as regular assessment, reassessment, and recomputation.

The provisions discussed here (Sections 280 to 286) specifically deal with **reassessment**, i.e., situations where **income has escaped assessment**.

☞ under the old Income-tax Act, 1961, this concept was covered under **Section 148**.

The new law aims to make the process more **structured, transparent, and based on proper information**, rather than arbitrary reopening.

2. Issue of Notice - Section 280

(These provisions were earlier governed by Section 148 of the I.T. Act, 1961)

Before reopening a case, the Assessing Officer (AO) must issue a notice to the taxpayer asking him to file a return of income for the relevant tax year.

- This notice can be issued only when the AO has **valid information suggesting that income has escaped assessment**.
- The law also provides a clear time window for response — the taxpayer must be given **minimum 30 days and maximum 3 months** to file the return.



CA. Nikunj Gosai

+91 9033132137

canikunjgosai@gmail.com

If the return is filed after the time limit, it will be treated as an invalid return.

€ Example

Mr. A filed his return showing income of ₹8 lakh. Later, the department investigation's found escapement of income of ₹15 lakh. Therefore income is under reported by ₹15 lakh.

→ In such a case, the AO will issue a notice under **Section 280**, asking Mr. A to file a fresh return including the **unbooked / undisclosed income**.

3. Meaning of “Information” - Basis for Reopening

The law clearly provides that reassessment cannot be done arbitrarily. The AO must have **specific information** indicating that income has escaped assessment. This ensures that reopening is based on **facts and data**, not on assumptions.

- Such information may come from various sources such as data analytics (AIS), audit objections, survey findings, information from foreign authorities, or directions from courts or tribunals. This ensures that reopening is based on **evidence and not suspicion**.

Types of Information: -

Source	Meaning
AIS / Data analytics	System-based detection
Audit objection	Mistake found in assessment
International info	From foreign countries
Survey/Search	Findings during search/survey
Court / Tribunal order	Direction from legal authority

€ **Example**

Suppose AIS shows that a taxpayer has received ₹25 lakh as professional receipts, but only ₹15 lakh is reported in the return.

→ This difference of ₹10 lakh becomes **valid information** for reopening the case.

- However, this step may be skipped in certain cases such as system-based information, court directions, or approving panel instructions.

€ **Example**

The AO notices cash deposits of ₹12 lakh in a bank account.

The taxpayer explains the nature & source of deposits like, amount represents as a **sale of old jewellery already disclosed earlier**.

→ If the explanation is satisfied, the AO may **drop the proceedings** and no reassessment notice will be issued.

4. Opportunity of Being Heard - Section 281

(Earlier Section 148A of old Act)

- Before issuing the final notice under Section 280, the AO is required to give the taxpayer an opportunity of being heard.
- This is done through a **show cause notice**, asking the taxpayer to explain why the case should not be reopened.
- The taxpayer can submit his reply along with supporting documents. The AO will consider the reply and decide whether it is a fit case to proceed further.

5. Time Limit for Reopening - Section 282

- The Act prescribes different time limits for issuing notices under Sections 280 and 281.

Time Limits Summary: -

Particular	Time Limit
Notice under Sec 280 (Normal case)	Up to 4 years + 3 months
Notice under Sec 280 (escapement ₹50 lakh+)	Up to 6 years + 3 months
Show cause notice under Sec 281 (Normal case)	Up to 4 years
Show cause notice under Sec 281 (escapement ₹50 lakh+)	Up to 6 years

✓ **Important Condition**

📌 No notice under Section 280 or 281 can be issued within 1 year from the end of the tax year.

€ **Example**

For Tax Year 2022-23:

❖ **Normal Case**

Sec 281 notice (SCN) → up to 31.03.2027 (Normal case)

Sec 280 notice (Final Notice) → up to 30.06.2027

❖ **High-value case (Income Escapement >₹50 lakh)**

Sec 281 notice (SCN) → up to 31.03.2029 (Normal case)

Sec 280 notice (Final Notice) → up to 30.06.2029.

6. Special Cases - Section 283

(Earlier broadly linked to Section 149 of old Act)

- In certain situations, reassessment is done based on court orders, tribunal decisions, or appellate directions.
- In such cases, notice under Section 280 can be issued at any time, even beyond normal time limits.

◆ **Important Restrictions (Sub-section 2)**

However, this relaxation will **not apply** if the case was already **time-barred** at the time when:

The court or tribunal order was passed

The proceedings were initiated

Reference was made to approving panel

📌 In simple words:

If the case was already dead (time-barred), it cannot be revived again.

◆ **Time Limit for Such Cases (Sub-section 3)**

Even in these special cases, notice must be issued within:

→ **3 months from the end of the quarter**, in which the court/authority order is received.

€ **Example**

A tribunal passes an order in July 2026 directing reassessment.

→ The department must issue notice by **December 2026** (within prescribed 3 months rule).

7. Approval for Notice - Section 284

The Assessing Officer cannot issue notice independently. Prior approval must be taken from higher authorities such as:

Joint Commissioner

Additional Commissioner

This ensures that reopening is done only in genuine and justified cases.

€ **Example**

If AO issues notice without approval, the entire reassessment may become **invalid** in law.

8. Tax Treatment & Dropping of Proceedings - Section 285

- Once reassessment is completed, tax is calculated as if the income had been correctly assessed earlier. However, relief is available to taxpayers in genuine cases.
- If the taxpayer proves that even after including the escaped income, **tax liability does not increase**, the proceedings may be dropped.

€ **Example**

Declared income: ₹50 lakh

escaped income: ₹2 lakh

If tax liability remains same → Reassessment may be **dropped**.

9. Time Limit for Completion - Section 286

After issuing notice under Section 280, the reassessment must be completed within:

→ **1 year** from the end of the financial year in which notice was served.

€ **Example**

Notice issued: June 2026

→ Completion deadline: 31st March 2028

10. Complete Flow of Reassessment

- I. Information received
- II. Show cause notice (Sec 281)
- III. Reply by taxpayer
- IV. AO decides on merits
- V. Notice issued (Sec 280)
- VI. Return filed
- VII. Assessment completed (Sec 286)

11. Conclusion

The reassessment framework under the Income-tax Act, 2025 introduces a more structured and information-based approach, supported by defined procedures and safeguards for taxpayers. With increased reliance on the various sources of data internal as well as external, the importance of accurate reporting and proper reconciliation has significantly increased. Accordingly, taxpayers and professionals must ensure proper documentation and consistency in disclosures to effectively manage reassessment proceedings.

👉 Compared to old law (Section 148), the new law is:

More structured

More transparent

More taxpayer-friendly.



Solving Delayed Payments: A Complete Guide to the New MSME ODR Scheme and Portal

1. Introduction:

The Pulse of the Indian Economy Micro, Small, and Medium Enterprises (MSMEs) are the undisputed growth engines of the Indian economy. Their contribution to the national narrative is staggering: between the fiscal years 2019-20 and 2021-22, the MSME share of India's GDP stood at 30.5%, 27.2%, and 29.2%, respectively. In terms of industrial output, the sector consistently accounted for over 36% of total manufacturing (36.6%, 36.9%, and 36.2% across those same years).

As of May 27, 2025, the scale is unprecedented, with over 6.40 crore MSMEs registered on the Udyam portal, providing livelihoods to more than 27 crore individuals.

However, a systemic "Problem of Delayed Payments" continues to throttle this vitality. Historical data analyzed by the RBI Expert Committee indicates that average debtor days for MSEs have consistently exceeded 90 days for over two decades. This delay creates a catastrophic domino effect: disrupted working capital, delinquency in loan repayments, and reduced operational efficiency. The new Online Dispute Resolution (ODR) scheme is a legislative and technological pivot designed to resolve these liquidity bottlenecks permanently.

2. Understanding the MSE Scheme on Online Dispute Resolution (ODR)

CA. IP Hemal Doshi
+91 9824237073



The MSE Scheme on ODR for Delayed Payments is a flagship sub-scheme under the "Raising and Accelerating MSME Performance" (RAMP) program. As a World Bank-supported initiative, RAMP signifies a long-term, institutional commitment to reforming the MSME ecosystem through international best practices.

3. Eligibility and Jurisdictional Framework:

To navigate this scheme, enterprises must understand the strict compliance requirements regarding eligibility and venue.

Mandatory Eligibility: Only Micro and Small Enterprises (MSEs) holding a valid registration on the Udyam Registration (UR) portal or the Udyam Assist Platform (UAP) are eligible. Medium enterprises currently fall outside the scope of this specific recovery sub-scheme.

Implementation Period: The scheme is operational from the financial year 2023-2024 through 2026-2027.

Advisory on Jurisdiction: One of the most critical legal nuances is the territorial jurisdiction. As per the MSMED Act, 2006, the case must be filed in the Council having jurisdiction over the location of the MSE Supplier as per their Udyam registration, regardless of where the buyer is situated. This is a significant legal advantage for the seller.



4. The MSME ODR Portal: A Digital Public Infrastructure

The MSME ODR Portal is not merely a tracking website; it is a unified Digital Public Infrastructure designed to automate the entire dispute lifecycle. Key modules include:

- Digital Guided Pathway (DGP): An AI/ML-driven interface that assists parties in navigating the legal process without initial intermediary costs.
- Automated Online Negotiation: A private digital environment for settlement without external intervention.
- 24/7 Online Legal Helpdesk: Multi-lingual support provided in English and various vernacular languages to ensure the process remains comprehensible for all.
- E-filing Profile: Every case receives a unique number and a centralized profile. This acts as a permanent digital repository for notices, summons, pleadings, and orders, ensuring total transparency and historical tracking.

5. Step-by-Step: The ODR Process Flow

Step 1: Initiation and E-Filing

The MSE seller creates a login. To minimize errors, the system auto-populates seller data from the Udyam/UAP database. The applicant must provide:

- Contact details for both parties.
- Brief facts and supporting documents (Invoices, Work Orders, Proof of Delivery).
- Calculated dues (Principal amount plus the mandatory penal interest as per the MSMED Act).

Step 2: The Pre-MSEFC Stage (Voluntary & Confidential)

This is an out-of-court solution intended to be completed within 15 to 30 days. It is conducted on a "Without Prejudice" basis—meaning if a settlement is not reached, the discussions and proposals made here are inadmissible as

evidence in any subsequent formal proceedings.

- Sub-process A: Digital Guided Pathway (DGP): AI tools analyze the case facts and legal precedents to predict a "probable outcome." This provides both parties with a realistic benchmark, facilitating an early amicable settlement.

- Sub-process B: Unmanned Negotiation: Parties enter a confidential virtual room to exchange settlement offers. As a "Senior Legal Consultant," I emphasize that this stage is unmanned—there is no mediator present, allowing for honest, direct business-to-business negotiation.

Step 3: The MSEFC Stage (Mandatory & Tiered)

If the pre-MSEFC stage fails or is bypassed, the matter moves to a formal, tiered legal process under the MSMED Act, 2006.

- **Phase 1: Conciliation/Mediation:** A formal conciliator is appointed to facilitate a settlement. This has a strict 90-day endeavor period. If successful, the resulting Settlement Agreement is executed online and carries the power of a Consent Decree, which is enforceable through a competent court.

- **Phase 2: Statutory Arbitration:** If conciliation fails, the dispute is referred to Statutory Arbitration. This is a formal legal proceeding under the Arbitration and Conciliation Act, 1996. It results in a final, reasoned Arbitral Award. Crucially, this award has the force of a decree of a Civil Court, making it one of the most powerful debt recovery tools available in Indian law.

6. Conclusion: Enhancing Ease of Doing Business

The integration of AI/ML technology with the statutory framework of the MSMED Act, 2006, represents a landmark shift in India's industrial law. By prioritizing "Dispute Avoidance and Containment" through the pre-MSEFC stage, the government is providing MSEs with a path to recover dues without the bitterness of traditional litigation. For the MSE, this means

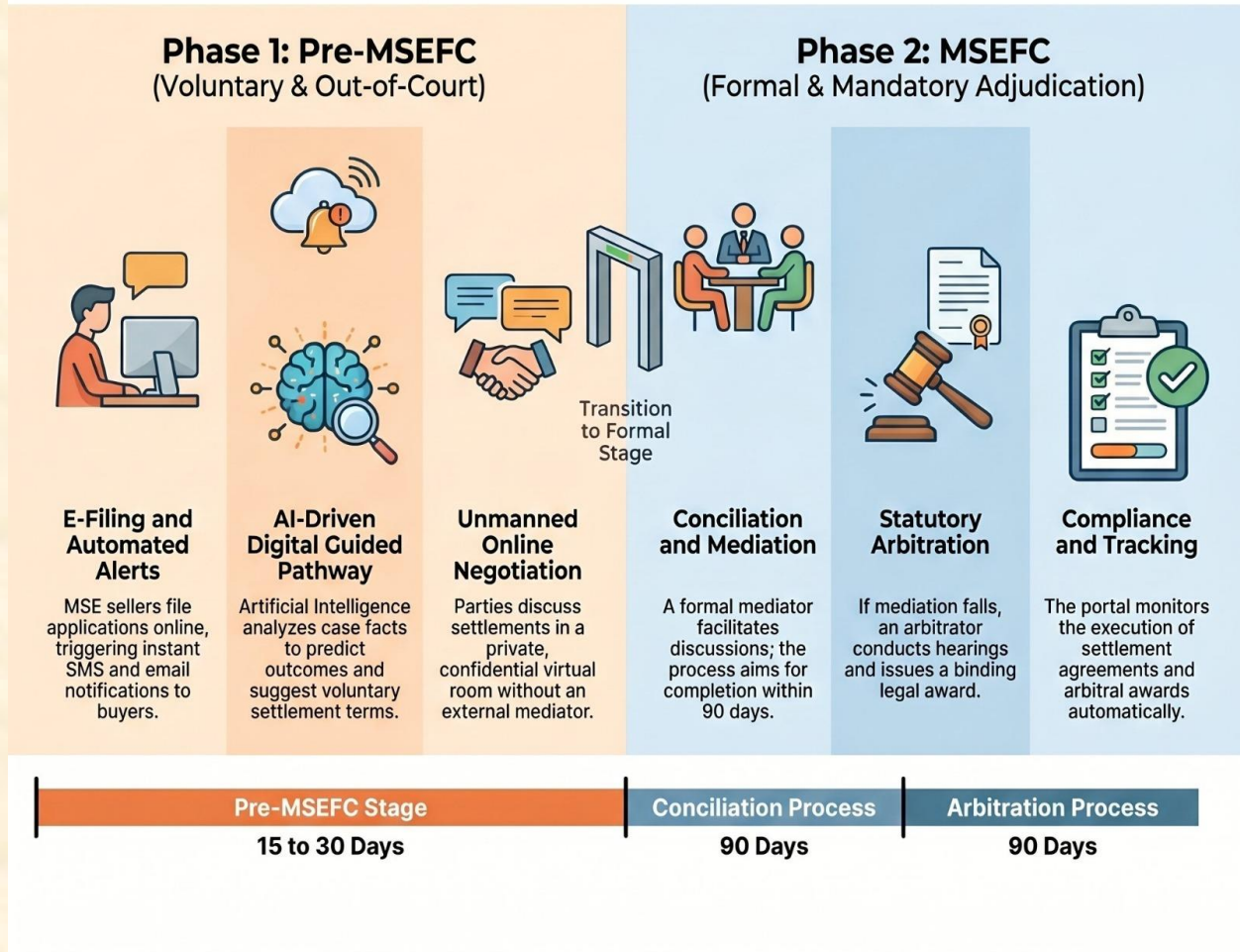


protected business relationships and restored liquidity. For the Indian economy, it ensures

that the "growth engines" remain well-oiled and competitive on a global scale.

Recovering Delayed Payments: Your Step-by-Step ODR Portal Guide

A unified, end-to-end digital journey for MSEs, from voluntary AI-assisted settlement to formal adjudication.





- C. Micro & Small Enterprises Facilitation Council (MSEFC)
 - D. Civil Court
-

7. As per current MSME classification, an enterprise will be classified as Medium if:

- A. Investment \leq ₹25 Cr and Turnover \leq ₹100 Cr
 - B. Investment \leq ₹125 Cr and Turnover \leq ₹500 Cr
 - C. Investment \leq ₹50 Cr and Turnover \leq ₹250 Cr
 - D. Investment \leq ₹250 Cr and Turnover \leq ₹1,000 Cr
-

8. For MSME classification, export turnover shall:

- A. Be fully included in turnover
 - B. Be excluded while calculating turnover
 - C. Be included at 50% value
 - D. Be considered only for manufacturing entities
-

9. Which of the following statements regarding interest payable under MSMED Act is correct?

- A. Interest is allowable as deduction under Income-tax Act
 - B. Interest is capital in nature
 - C. Interest is specifically disallowed under Income-tax Act
 - D. Interest is allowable only to listed companies
-

10. A supplier obtains MSME registration after supplying goods. Can the supplier claim MSMED Act benefits for supplies made prior to registration?

- A. Yes, for all previous supplies
 - B. Yes, if registered within 30 days
 - C. No, benefits generally apply prospectively from registration date
 - D. Only with buyer's consent
-

11. Under Section 18 of the MSMED Act, conciliation proceedings conducted by MSEFC are deemed to be under:

- A. Companies Act, 2013
 - B. Arbitration and Conciliation Act, 1996
 - C. Civil Procedure Code, 1908
 - D. Commercial Courts Act, 2015
-



12. A company has outstanding dues to MSME suppliers beyond 45 days as on year-end. Which reporting requirement becomes relevant?

- A. DPT-3 B. MSME Form-1 C. MGT-7 D. PAS-6

Answer Key

Question	Answer	Answer Key
1	B	30 days from date of acceptance/deemed acceptance
2	C	Three times the RBI Bank Rate, compounded monthly
3	C	Only if paid within the time prescribed under the MSMED Act
4	C	Micro and Small Enterprises
5	C	45 days
6	C	Micro & Small Enterprises Facilitation Council (MSEFC)
7	B	Investment \leq ₹125 Cr and Turnover \leq ₹500 Cr
8	B	Be excluded while calculating turnover
9	C	Interest is specifically disallowed under Income-tax Act
10	C	No, benefits generally apply prospectively from registration date
11	B	Arbitration and Conciliation Act, 1996
12	B	MSME Form-1



Due Date Calendar for June 2026



RAJKOT BRANCH OF WIRC OF ICAI

Partner in Nation Building

Due Date Calendar – June 2026

(For Chartered Accountants)

GST Compliance

- ▶ **11th June 2026:** GSTR-1 (Monthly) – May 2026
- ▶ **13th June 2026:** GSTR-6 – Input Service Distributor
- ▶ **14th June 2026:** GSTR-5 – Non-Resident Taxable Person | GSTR-5A – OIDAR Services
- ▶ **20th June 2026:** GSTR-3B – May 2026 (Monthly Filers)
- ▶ **22nd June 2026:** GSTR-3B – QRMP (Category X States)
- ▶ **24th June 2026:** GSTR-3B – QRMP (Category Y States)
- ▶ **25th June 2026:** PMT-06 – GST Payment (QRMP)
- ▶ **30th June 2026:** GSTR-7 – TDS Return under GST | GSTR-8 – TCS Return by E-Commerce Ops

Income Tax & TDS/TCS

- ▶ **7th June 2026:** TDS/TCS Payment for May 2026
- ▶ **15th June 2026:** Issue of TDS Certificates (Form 16B, 16C, 16D)
- ▶ **30th June 2026:** TDS/TCS Returns (Q1 FY 2026-27)
 - ▶ Form 24Q
 - ▶ Form 26Q
 - ▶ Form 27Q
 - ▶ Form 27EQ

Other Important Compliance

- ▶ **15th June 2026:** PF & ESI Payment for May 2026
- ▶ **30th June 2026:** Professional Tax Payment | Equalisation Levy

Important Notes

- ▶ FY 2026–27 Ongoing
- ▶ Check QRMP Status for April–June 2026
- ▶ Renew LUT for Exporters (if not done)

Prepared by **Rajkot Branch** of WIRC of ICAI



GLIMPSES OF PAST EVENT





INVITATION FOR ARTICLES FOR NEWSLETTER

"If you have Knowledge, let others light their candles in it"

The Newsletter Committee of Rajkot Branch of WIRC of ICAI is inviting articles for its Newsletter.

Submission Guidelines: The articles have to be submitted by the 30th of the month to the following email-id : [rajkot@icai.org]. There is a strict plagiarism check and the articles which are not adhering to the prescribed standards are not published in the newsletter. Illustrations are strongly encouraged to illustrate and emphasize your message. Article can be written by one person or jointly but not more than 2 on a single article. A passport size picture of the writer/ writers should be attached with the article along with their Name, MRN and Email.

We welcome your efforts and hope you would make the best use of the open platform.



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