

Centre allows MSMEs to avail non-tax benefits for three years post reclassification

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New Delhi: The central government will allow all registered micro, small and medium enterprises (MSMEs) to continue to avail non-tax benefits in their respective categories for three years post reclassification, the MSME ministry said on Wednesday.

"...MSMEs on upgradation and consequent reclassification, get non-tax benefits for a period of 3 years from the date of upward change," the Ministry of Micro, Small & Medium Enterprises said in a tweet.

Earlier an enterprise was allowed to avail non-tax benefits for one year from the date of reclassification.

"The ministry of MSME has notified that in case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category it was in before the re-classification, for a period of three years from the date of such upward change," said a press release by the Ministry of Micro, Small & Medium Enterprises.

This decision has been taken after deliberations with MSME stakeholders and is in line with the Aatma Nirbhar Bharat Abhiyan.

Non-tax benefits include benefits of various schemes of the government, including public procurement policy, delayed payments, etc., the ministry said in a statement.

The Centre recently reclassified MSMEs into manufacturing and services sectors. These were further classified into micro, small and medium enterprises based on investment in plant and machinery for manufacturing and investment into equipment in respect of the services sector.