

New Clause no 17A is introduced in form 3CD

New Clause 17A is introduced in Form 3CD which reads as follows

Interest not to be allowed as deduction from income. - Notwithstanding anything contained in the Income-tax Act, 1961, the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

Which means

1. Interest paid beyond 45 days from day of acceptance or deemed acceptance to Micro, Small & Medium enterprise is not allowed to be deducted. i.e. it is no longer a deductible expense.
2. For this purpose
 - Micro enterprise means where where the investment in plant and machinery does not exceed Rs.25lakh if it is engaged in manufacture or production of goods. If it is in service industry than micro enterprise means where investment in equipment does not exceed Rs.10 lakh.
 - Small enterprise means where where the investment in plant and machinery is more than Rs.25lakh but does not exceed Rs.5core if it is engaged in manufacture or production of goods. If it is in service industry than small enterprise means where investment in equipment is more than Rs.10 lakh but does not exceed Rs.2crore.
 - Medium enterprise means where where the investment in plant and machinery is more than Rs.5core but does not exceed Rs.10core if it is engaged in manufacture or production of goods. If it is in service industry than Medium enterprise means where investment in equipment is more than Rs.2 crore but does not exceed Rs.5crore

For this you need to confirm with your client & get the details for micro, small & medium enterprises.