

Important points or check list for GST compliances for the year end closing - Financial year 2022-2023

Compliances under the GST now are requiring a very higher level of attention. Taxpayers have to ensure their vendors compliances also apart from their own compliances, for which implementation of information technology, keep updating themselves, implementation of good internal controls, training to indirect taxes team on regular basis and introduction of SOPs with respect to indirect taxes must be necessary.

Some of the compliances required before the closing of financial year 2022-2023 are given below. This will also helpful and useful during preparation of annual return GSTR 9 & 9C. Further GST returns for a Financial Year can be amended with below corrections or deletions or modification latest by 30th November 2023, i. e. GST returns for the month of October 2023.

S. No.	Compliance check - Particulars	Yes/No
1.	File application for / renewal of LUT for FY 2023-24.	
2.	Any person who wishes to opt for composition scheme for financial year 2023-24 should file form CMP-02 on the common portal on or before 31st March 2023.	
3.	A registered person who has opted for composition scheme for FY 2022-23 should file FORM GSTR-4 on or before 30th April 2023.	
4.	Time limits to apply for QRMP scheme to opt-in or opt-out by 30th April 2023.	
5.	Exports proceeds e-BRC receipt within 9 months can be verified. If not eligibility of 'zero-rated supply' may be questionable.	
6.	Filing of application for refund claims. Time limit to be considered for the purpose of filing of refund application in view of Supreme Court decision on extension of time limit.	
7.	Track status of goods sent on job work or goods sent on approval whether all the goods have been received back within the due time period. If not received in time, invoice must be raised appropriately.	

8.	Verify year-end accrual/provision entries for transactions with related parties and evaluate the GST implications.	
9.	From 01.04.2021, HSN 6 digit level is mandatory where turnover is more than Rs. 5 Cr. Ensure correctness and display in tax invoice.	
10.	Obtaining GST registration in other States where supplies are made. Compliance with concept of fixed establishment, supply, etc.	
11.	Documentation of notices, letter cover, replies and responses, whether through mail or RPAD in a separate correspondence file.	
12.	Reconciliations of Outward supplies as per books and GST returns (Books vs GSTR-1 vs GSTR-3B). Any amendments are required, if any to be made in the GST returns can be corrected.	
13.	Rate wise reconciliations - Books Vs GSTR 1 including tax under RCM as per books vs 3B for RCM.	
14.	Reconciliation of balance of credit and cash ledger as per GST portal with balance appearing in books.	
15.	Reconciliation of GSTR 2B Vs ITC Register as per books	
16.	Reconciliation of RCM paid matches with RCM ITC claimed, other than ineligible ITC.	
17.	Reconciliation of turnover and taxes HSN consolidated thru GSTR 1 Vs Books value.	
18.	E-Way bill reconciliation with GSTR 1. In case EWB not required against supply can be specifically re-confirmed.	
19.	Books inventory Vs physical inventory – evaluate whether any ITC reversal to be required, or may indicate accounting lapse and missed out ITC.	
20.	Reconciliation of E-Invoices issued during the year viz a viz tax invoices generated.	
21.	Verification, if any of GST Debit Note or Credit Notes to be issued for any value short/excess charged or any sales returns by the customer. Also verify discounts	

	with the relevant agreements to be provided in the books and requirement to issue Credit Notes.	
22.	Verification towards compliance of section 18 (6) for transfers/sale of Plant & Machinery. Double ensure valuation in case of related party transactions.	
23.	Review of tax utilization entries passed in books of accounts vis a vis electronic liability ledger as per portal.	
24.	Review of creditors/debtors ageing report - Tax implication on customers/vendors, i.e., their ITC would not be eligible until payment and MSME non-compliance.	
25.	Amendments to GSTR 1 - Changing the outward supplies from B2C to B2B or the type of tax - Passing on the credit to the customers before time limit. Standard instruction can be issued that 'changes not accepted beyond FY end'.	
26.	Ensure tax liability against receipt of advances (towards services) and adjustment thereof to derive at unadjusted advances.	
27.	Cross charge to distinct person and related parties for supply of common services.	
28.	Verify CGST/SGST paid instead of IGST and vice-versa. Understand if sec 77 (CGST Act) / sec 19 (IGST Act) would be applicable. However there will be no interest implication.	
29.	Check and verify other income, whether liable/not liable under GST. Tax position to be clear.	
30.	To verify that ITC with respect to Credit notes, if any issued would be considered as reversed.	
31.	To verify whether ITC has been reversed on entries passed due to writing off inventories, assets, theft, samples, destruction, obsolete, etc.	
32.	Rule 37 - Check for ITC reversal required on account of non-payment within 180 days or reclaim of any ITC in respect of supplies for which payment has been made. [Recently clarified ITC reversal in table 4B]	

33.	Check timing of availment of input tax credit on receipt of goods or service or both, Section 16, RCM credits, credit on advances ineligible etc.	
34.	Expense for which ITC not accounted, can be identified through GSTR 2B.	
35.	Accounting of input tax credit where details are not reflecting in GSTR 2B. Create Deferred Input Tax Credit account and re-evaluate before October of coming year. Also consider charge to vendor and passing of as expenses.	
36.	Rule 42 - Impact of annualized ITC reversal in case of exempted as well as taxable supplies to be considered. Re-computation is needed. Recently it has clarified that duty scrips not be considered as exempt supply for such computation including Rule 43.	
37.	Rule 43 - Computation for capital goods as per formula. If performed like Rule 42 impact to be analysed.	
38.	To verify the correctness of accounting treatment of capital assets prior to closure of books, in order to optimize input tax credits. Example Building Vs Plant & Machinery, Motor Vehicles eligibility; civil works with respect to plant & machinery Vs other civil works, etc.	
39.	Check if any reversal required against purchased goods rejected and returned or other credits to the expense ledgers. Also ensure the impact of the same has been considered in GST returns.	
40.	Verify compliance with ISD provisions. Where not done, whether cross charge can be complied to ensure procedural lapse only can be examined.	
41.	Check Input Tax Credit (CGST/SGST) availed as IGST or vice-versa.	
42.	Credit availed in a different GSTIN of the same assessee (PAN).	

43.	Eligibility of ITC: Re-verify ITC masters and conditions used for classification.	
44.	Vendor's credit note reflected in GSTR 2B requiring reversal of Input tax credits. Although such tracking and verification is little harder.	
45.	Import of goods: BOE Vs ICEGATE Vs GSTR 2B: Check periodically to ensure no entry is missed out.	
46.	Check accounting of entries passed for transactions covered under reverse charge. Some systems do not allow compound entry in direct expenses e.g., Freight RCM.	
47.	Check and ensure RCM liability on foreign associated enterprises based on provision entry done in the books.	
48.	Analyze GST provisions by verifying expenses, such as Freight & transportation Payments. Recently FCM @ 5% allowed, Residential dwelling by commercial entities w.e.f 18.7.22, Advocate Payments - Legal Expenses, Security services (not applicable when provider is body corporate), Renting of motor vehicle from non-body corporates (Refer sl. 15 in GST Circular 177/09/2022 for clarity), Import of services (with or without consideration) (useful sources - Form 27Q & Form 15CA/CB), Sponsorship/Advertisement & marketing Fees & licences to various Governments (by CG/SG/LA only, various exemptions available in NN 12/2017-CTR).	
49.	Analyze GST on Section 9(4) expenses - Real estate sector only.	