

CNK & Associates LLP

Advisory on Year End GST Compliances

With the Financial Year 2020-21 closing and Financial Year 2021-22 approaching, we have endeavoured to collate activities that needs to be undertaken to ensure compliance with GST.

GST Related Year End Tasks for F.Y. 2020-21

1. Important GST Reconciliations:

Sales:

- Reconciliation of outward supplies/ taxes as per GSTR-1 with books of accounts
- Reconciliation of outward supplies/ taxes as per GSTR-3B with books of accounts
- Reconciliation of outward supplies/ taxes as per GSTR-1 with GSTR-3B
- Reconciliation of E-way bills with GSTR-1
- Amendment of GSTR-1 in case of mismatches in respect of transactions pertaining to F.Y 2020-21 during the period April 2021 to September 2021

Input Tax Credit:

- Reconciliation of ITC as per GSTR-3B with books of accounts
- Reconciliation of ITC as per GSTR-3B with GSTR-2A including relaxation under Rule 36(4)
- Reconciliation of closing balance of ITC ledgers with balance as per electronic ledgers on GST portal
- Availment of unavailed ITC during the period April 2021 to September 2021 pertaining to invoices dated 1st April 2020 to 31st March 2021

2. Input Tax Credit Reversal:

- where payment to vendors has not been made within 180 days according to second proviso to Section 16(2)
- Reversal of ITC as per Section 17(5) i.e. blocked credit
- ITC attributable to exempted supplies as per Rule 42 and 43

3. Letter of Undertaking:

Letter of Undertaking needs to be obtained, for F.Y. 2021-22, on or before 1st April 2021 (or before any exports are undertaken for F.Y. 2021-22), to be able to export goods/ services without payment of duty

4. Cross Charge Invoicing:

Ensure that all cross charges between related parties/ distinct entities for common services and supplies without consideration as per Schedule I have been invoiced to the respective related parties/ distinct entities

5. Credit Notes to be issued:

Credit notes, if required, in case of invoices raised during 1st April 2020 to 31st March 2021 to be issued latest by 30th September 2021

6. Movement of Goods:

- To check/ ensure that goods sent to job work are returned back within 1/3 years
- To check/ ensure that goods sent on approval are returned back within 6 months

7. Reverse Charge Mechanism:

- Ensure that self-invoices are prepared for all RCM transactions
- Reconcile RCM liability with books of accounts and pay if missed out

GST Related New Financial Year Tasks for F.Y. 2021-22

1. New Invoice Series:

Ensure creation of new/ unique invoice series for documents to be raised from 1st April 2021

2. HSN Code Requirement w.e.f. 1st April, 2021:

- Turnover upto Rs. 5 crore = 4 digits on all B2B supplies
- Turnover above Rs. 5 crore = 6 digits
- Exporters and few notified goods = 8 digits

3. E Invoicing:

Businesses having turnover above Rs. 50 crores are required to undertake E-invoicing

4. QR Coding:

Businesses having turnover more than Rs. 500 crores are required to print QR code on B2C supply invoices from 1st April 2021

5. Annual Return (GSTR-9):

There are certain fields in the annual return which have been made optional for the financial years 2017-18 to 2019-20. Whilst such exemption may not continue for F.Y 2020-21 and onwards, it is recommended that the following information is incorporated in monthly compliance workings (viz., outward and inward supply register) which will save time and efforts to compile such data during annual return preparation:

Outward Supplies:

- HSN of the supply for each transaction
- Unit Quantity Code and Total Quantity for the supply of goods

Inward Supplies:

- Nature of Supply (Inputs, Input Services, Capital Goods)
- HSN of the supply for each transaction
- Unit Quantity Code and Total Quantity in respect of goods procured
- Record of bill of entry-wise details of payment of IGST on import of goods
- Supplies received from Composition taxpayers
- Reconciliation of input tax credit ledgers as per books of accounts with GSTR-3B

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