

20 Point GST & Income Tax: DO's & DON'Ts checklist for FY 23–24 year end for Trade & Industry

By: Team Tax Connect

In March and April, along with the closure of books of accounts for tax departments and finance departments, it is also important to do multi-ference tax compliances as per GST and income tax norms.

In this article, we will go through a 20-point checklist for GST and income tax compliance which are required to be done in March and April so that the tax compliances can be adequately taken care of.

1. Stock Taking & ITC Reversals - for Stock lost/ stolen/ Destroyed/ Written Off – But Not stock 'damaged'/ provision for non-moving items. In such stock taking, there are various items which are found destroyed, stolen, and which are written off or found lost. In such case, ensure that corresponding GST/ITC reversal is done. However, for merely slow moving and non-moving items which are not destroyed but damaged or not even damaged. There is no required for GST/ITC reversal even in case a provision is made in the books of accounts.

2. Issue pending Self Invoices, Delivery challans, Receipt Vouchers & payment vouchers – Many of the taxpayers, it is seen that during the year, they have not complied with norms for self-invoicing and making payment vouchers for RCMP payments under GST, receipt vouchers for advanced payments, even sometimes delivery challans. Even if they have complied with the documentation in table number 13 of GST R1, the series and the count of the documents are not mentioned. If such be the case, then ensure that in the return for the month of March 2024, for the full year, compliance is done to regularize the matter.

3. State-wise Serial No's for CNs & DNs also along-with others - From 1st April, ensure that for invoices, bill of supply, delivery chalan, even debit notes and credit notes and other documents under GST, new series and serial numbers state-wise is done. Many taxpayers ask a

question as to where is the mandate? Please note that there was in 2019 a GST portal or GST network advisory in this regard. Many a times it is seen that for credit notes and debit notes, many software's, large ERPs, do not allow a statewide serial number. This is not compliance with the GST norms, and statewide, even in case of credit notes and debit notes, serial numbers is required. Therefore, it is important that you comply with such norm.

4. In case of CNs issued - Please take a declaration from the recipient that they have reversed the corresponding ITC. In case you are issuing credit notes, ensure that at least a persuasive evidence is there that your customer has reversed the corresponding ITC.

5. In case of GST CNs received - please ensure that either you have reversed the ITC or you have evidence of not taking the ITC at all. In case you have received a GST credit note, ensure that you have sufficient evidence that you have not taken the input tax credit or have correspondingly reversed the proportionate input tax credit with respect to such credit notes.

6. Follow Circular 170 of 2022 – It will help in compliance as well as minimize ITC loss. Many of the The taxpayers are not complying with circular 170 of 2022 still. Circular 170 requires that the entire ITC as per your 2B should be taken in table 4A of 3b. And then permanent reversal or temporary reversal has to be done in table 4b. Thereafter, a reclamation can be done in 4D and the corresponding figures are reflected now in your electronic credit reversal and reclaim statement. Ensure in case for 23, 24, you have not complied with circular 170, that you do comply with such circular at least in the month of March 24 for the full year 23, 24, if not done earlier. Mind that this circular was notified in 2022 by notification number 14. Therefore, compliance with this circular is a mandatory requirement for taxpayers.

7. Take all ITC even incase the GSTR-3B has not been filed by the supplier – incase supplier has filed its GSTR-1 and the same is reflected in the GSTR-2B of the recipient – Rule 37A allows some relief to bottom-line. But ensure to get the supplier file its GSTR-3B before September 2024. ITC optimization point wherein as per Rule 37(a), even if your supplier has not filed GSTR 3(b), you can as well take the input tax credit if such ITC is reflecting in your GSTR 2(b), and ensure that by September 24, your supplier has filed the corresponding GSTR 3B. Mind that even if till September 24, your supplier does not file his 3B, even then you can reverse the ITC without any interest implication.

8. Reconcile GST TDS/TCS credit reconciliation with e-Cash Ledger on GST portal and books of accounts for FY 2023-24 – Change Accounting Entry from 'debtors' to 'cash'.

Many a times, GST, TDS, and TCS are appearing in your GST ledgers which are not adequately accounted in your books of accounts. Please ensure that such reconciliation is done between TDS, TCS as per the GST portal and your books of accounts. This would ensure that from debtors, such balances are transferred to cash or liquid assets which would impact your working capital ratio.

9. Ensure all BOEs are reconciled from GSTR-2B/ Icegate - Otherwise please file a grievance and claim ITC which is eligible. Many a times in case of imports, the ITC for bill of entries are not reflecting in your 2B, many a times in case of imports, the ITC for bill of entries are not reflecting in your 2B. Many a times, they are not reflecting in ICE gate too. Please ensure that you use the Fetch Bill of Entry utility.

10. Pay all outstandings more than 180 Days from 'date of invoice' - so that there is no requirement of reversals of ITC. Even in case then the ITC is not reflecting in your GSTR 2B or ICEGATE, you may still take the input tax credit as per Section 16(2) , but ensure that you have an evidence that you have filed a grievance, and this is a technical glitch. We all know that under GST, the vendor needs to be paid within 180 days.

11. Take ISD Registration and streamline the process - ISD for multi-state-registered enterprises is now a mandate after enactment of Finance Act 2024, and it could be notified very soon. Therefore, if you have not taken ISD registration, and if you are a multi-state registered enterprise, then it is important that you take the corresponding ISD registration and start complying with such norms so that there is no last minute rush when the notification is out.

12. Any IRN not generated/ cancelled after generation should be generated or invoice should be re-generated – Otherwise recipient will loose ITC - The taxpayers who are doing e-invoicing, many of the times it is seen that certain invoices, IRNs are not generated or erroneously canceled due to technical glitches. Please ensure you do a reconciliation for the full year for such IRNs not issued or canceled, and you reissue or issue the the IRNs, so that there is no continuing non-compliance at this end.

13. 43B(h) Compliances for all (including traders/MSE buyers) - Ascertain MSME Status of all Vendors with yearend dues. Pay them within 45 days or 15 days of acceptance or deemed acceptance in case of MSE service providers/ manufacturers.

Cheque handover on 'due date' would be considered as 'date of payment' please ensure that you do all your MSE due payments in March and April 24, so that 43B Clause H is not non-complied with and there is no tax cost at the year-end in the form addbacks in financial year 23, 24.

14. Pay Advance Tax & Reply to the e-campaign on IT Portal in case not done earlier.

15. Ensure that you're not liable to pay any interest to MSMEs – Such interest is disallowable under Income Tax.

16. If you are a buyer of goods with a Turnover of greater than Rs.10 Cr. and the purchase from a vendor exceeds Rs.50 Lakhs in the current year, ensure to **TDS @ 0.1% u/s. 194Q.**

17. If you are the seller of goods with a Turnover of greater than Rs.10 Cr. and the sale to a customer exceeds Rs.50 Lakhs in the current year, as per Circular No. 13/2021, you may collect **TCS @0.1% u/s 206C(1H) before TDS u/s 194Q.**

18. Download a 'specified persons' list in April 2024 from the IT Portal - For those PANs which have not filed their returns of the PY 2022-23 and those who paid TDS/TCS of Rs. 50,000 or more in PY 2022-23. For such PANs deduct TDS or collect TCS at double rate/ 5% whichever is higher

19. Ensure that you have checked the Inactive PANs, including Employees inactive PANs – In such cases higher rate of TDS is applicable u/s 206AA/ 206CC

20. Do a Scrutiny of all TDS/TCS liabilities and payments - This is a practically parallel tax regime and non-compliance can be costly.

LET'S DISCUSS FURTHER!

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