

GST COMPLIANCES FOR YEAR END & BEGINNING OF NEW F.Y.

CA SWAPNIL MUNOT, PUNE



2023
2024



COMPLIANCES -

SALES/SUPPLY RELATED:

COMPLIANCES - SALES/SUPPLY RELATED:

▪ SALES RECONCILIATION:

- ✓ GSTR 3B Vs GSTR 1: Check the Differences in outward liability of GSTR3B and GSTR 1 from monthly return summary and take the corrective steps
- ✓ GSTR 3B VS BOOKS: Ensure that Total taxable supply as per GSTR 3B and Books is matching. Identify the differences and take the corrective steps.
- ✓ UTILIZATION ENTRIES: Review of GST utilization entries passed in the Books Vs Electronic liability ledger



COMPLIANCES - SALES/SUPPLY RELATED:

▪ E – INVOICING / QR CODE:

- ✓ E INVOICE APPLICABILITY FROM AUG 2023 FOR COMPANY WHOSE TURNOVER IS CROSSED RS 5 CRORE : If, turnover of your company is crossed Rs 5 crore in a year, from any of the year 2017 to 2024, then in such case, from 1st April 2024, E – Invoice is applicable to your company.
- ✓ IRN FOR INVOICES OF FY 2023-24: Companies to whom E-invoice is already applicable, kindly check that IRN is generated for all invoices of FY 2023-24 with respect to:
 - B2B Supplies
 - Exports
 - Supplies to SEZ
- ✓ QR CODE: Taxpayer with aggregate turnover more than Rs 500 crore in any of year from 2017 till Mar 2023, is required to ensure that QR is issued on all invoice of B2C



COMPLIANCES - SALES/SUPPLY RELATED:

▪ EXPORTS/SEZ SUPPLY:

- ✓ LUT APPLICATION: Application for Letter of Undertaking (LUT) to be filed for FY 2024-25 on GST Portal.
- ✓ MISSED SHIPPING BILL DETAILS IN GSTR 1: In case of Export of goods, check whether correct shipping bill details updated on GST Portal in GSTR 1
- ✓ MERCHANT EXPORT: If you have made supply to Merchant Exporter at concessional rate (0.05% +0.05% or 0.10%) in FY 2023-24, then ensure that condition as per N N 40/2017 CT Rate dated 23rd Oct 2017 is complied with.
- ✓ REFUND CLAIM: Kindly ensure to file refund claim within 2 years as specified in GST Law.
- ✓ PAYMENT IN CASE OF EXPORT OF SERVICE:
 - As per Rule 96A: Payment for Export of service [In convertible foreign exchange or in Indian rupees, wherever permitted by RBI] is required to be received **within 15th days, after expiry of one year from.**




COMPLIANCES - SALES/SUPPLY RELATED:


- **ADVANCES IN CASE OF SERVICE SUPPLY:**
- ✓ GST PAYMENT ON ADVANCES: Check whether GST is Paid at the time of Advance Received
- ✓ NO DOUBLE TAX: Ensure that no double tax is paid – that is, at the time of receipt of advance and at the time of raising of Invoice.
- ✓ ADVANCE ADJUSTMENT: Invoices adjustment is correctly disclosed in GST Return


COMPLIANCES - SALES/SUPPLY RELATED:

▪ MAIL TO CUSTOMER OF COMPLIANCE OF SUPPLY DISCLOSURE IN GSTR 1 TO AVOID ANY FUTURE DISPUTE ★ ★ ★:

It is highly recommended to send mail to customer, stating that –

“ We have disclosed and paid GST on all supplies made to you on GST Portal during FY 2023-24 in our GSTR 3B and GSTR 1 Return. You are requested to kindly check the same in your GSTR 2A/2B on GST Portal and inform us “in writing as reply to this mail” in case of any issue/discrepancies within two weeks.

 Please note that there is time limit in GST Law to make correction in supplies uploaded in GSTR 1 on GST Portal. Therefore, it is utmost important that correction if any should be made before time limit given in law. Therefore, you request you to please check that supplies made by us to you, are getting correctly disclosed against your GSTIN in your GSTR 2A/2B.

 Further note that, if we don't receive any response/communication to this mail, we will assume that there is no error/mistake and our supplies is correctly disclosed in your GSTR 2A/2B on GST Portal and therefore we will not be liable for any error/omission observed by you in future and we will not entertain or not liable for any claim in this regards, if we don't receive any response from you within two weeks.”

COMPLIANCES - SALES/SUPPLY RELATED:

- **RELATED PARTY TRANSACTION / DISTINCT PERSON / DEEMED SUPPLY:**

- ✓ GST Implication on Related Party Transaction needs to be reviewed
- ✓ Valuation Aspect to be looked properly, especially in case of - Free Supply of Services, Corporate Bank Guarantee, Allowing to use Trademark.

- **EXEMPTED SUPPLY:**

- ✓ Ensure that exempted supply is correctly disclosed in GST Return.

COMPLIANCES - SALES/SUPPLY RELATED:

▪ CREDIT NOTE –

✓ TIME LIMMIT FOR CREDIT NOTE:

- GST Credit Note of original invoice relating to FY 2023-24 can be disclosed in GST Return till maximum 30th Nov 2024 (It means can be disclosed till Oct 2024 return to be filed before 30th Nov 2024). Kindly ensure to raise Credit note is issued and declared within said due date.

✓ GST CREDIT NOTE OF SALES CAN BE RAISED BY SELLER ONLY AND ONLY IN BELOW CASES:

- Taxable value or Tax charged in tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or
- Where the goods supplied are returned by the recipient, or
- Where goods or services or both supplied are found to be deficient

COMPLIANCES - SALES/SUPPLY RELATED:

▪ **CREDIT NOTE –**

✓ GST ADJUSTMENT FOR DISCOUNT CAN BE MADE / GST CREDIT NOTE FOR DISCOUNT CAN BE ISSUED IN ONLY BELOW CASES:

○ Discount given upfront on Invoice

○ Discount given after supply has been effected on satisfaction of below condition:

(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and

(ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

▪ BAD DEBT: Ensure that GST is paid on all supplies, includes supplies which is treated as Bad Debts / where payment is not received from customer.



COMPLIANCES - SALES/SUPPLY RELATED:

▪ **AMENDMENT/CORRECTION IN GSTR 1**

- ✓ Amendment / Correction in GSTR 1 of FY 2023-24 can be made till maximum 30th Nov 2024 (It means can be made till Oct 2024 return to be filed before 30th Nov 2024). Kindly ensure to make corrections/amendment (if any) within said due date.
- ✓ It is recommended that said amendment / correction should be made till Mar 2024 return. This makes reconciliation easy in GSTR 9/9C and also easy to explain officer in notices/audit/enquiry.
- ✓ Auto Populated GSTR 1 Vs 3B comparison sheet can be used for this.



COMPLIANCES - SALES/SUPPLY RELATED:

▪ **GST IMPLICATIONS ON REIMBURSEMENT:**

✓ When GST is not charged on Reimbursement / Pure Agent Expenses, ensure that compliance of condition of Rule 33 is made, **else GST is payable on reimbursement amount/pure agent expense too:**

✓ Rule 33 is reproduced below for ready reference:

(i) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;

*(ii) the payment made by the pure agent on behalf of the recipient of supply has been **separately indicated in the invoice** issued by the pure agent to the recipient of service; and*

*(iii) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are **in addition to the services he supplies** on his own account.*

COMPLIANCES - SALES/SUPPLY RELATED:

■ GST IMPLICATIONS ON REIMBURSEMENT:

✓ Rule 33 is reproduced below for ready reference:

***Explanation.** - For the purposes of this rule, the expression "pure agent" means a person who-*

(a) enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;

(b) neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;

(c) does not use for his own interest such goods or services so procured; and

(d) receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

COMPLIANCES - SALES/SUPPLY RELATED:

▪ MISCELLANEOUS POINT:

- ✓ Correct Tax is paid (CGST+SGST / IGST) as per Place of supply provisions
- ✓ Goods / Services is correctly classified and Tax is paid correctly. Classification Issues.
- ✓ Special attention is to be given to – Intermediary Supplies, Goods delivered in India but customer is out of India.
- ✓ Sometimes, business arrangement might be incorrect from GST perspective. Example – Job work Vs Supply of Manpower.
- ✓ Check GST implications on Employee recovery deducted from Salaries
- ✓ Business Re-arrangement can be sought to minimise working capital issues – If ITC is accumulating in one state and Cash Outflow in another state.



COMPLIANCES - SALES/SUPPLY RELATED:

▪ OTHER INCOME:

- ✓ Ensure that GST is paid on all 'other incomes' , " Sale of Fixed Assets" which are taxable
- ✓ Taxability of "Liquidated damages / Penal Income' to be determined as per circular no Circular No. 178/10/2022-GST dated 3rd Aug 2022.
- ✓ Ensure that such other income on which GST is paid, is correctly disclosed in GST Return and also Invoice for the same is prepared.
- ✓ Review Fixed Asset Register for any GST implications

- PARA 5 (E) OF SCHEDULE II OF CGST ACT 2017: Below Activity is treated as Supply
 - Agreeing to the obligation to Refrain from an act or
 - To tolerate an act or a situation, or
 - To do an act

- Now it is clarified that such activity is Taxable only if there is “**EXPRESS / IMPLIED AGREEMENT**” regarding – to refrain from doing, to tolerate act or to do an act

GST APPLICABILITY ON PENAL RECEIPTS [Circular No 178/10/2022 GST]

- It is now clarified that below receipts/activity are not taxable:
 - Payments such as **liquidated damages for breach of contract**,
 - **Forfeiture of salary** or recovery of bond amount in the event of the employee leaving the employment before the minimum agreed period,
 - **Fine / Penalty** that the supplier or a banker imposes, for **dishonor of a cheque**
 - **Damages resulting from** - damage to property, negligence, piracy, unauthorized use of trade name, copyright,
 - Penalty stipulated in a contract for delayed construction of houses
 - Forfeiture of earnest money by a seller in case of breach of an agreement to sell immovable property.
 - **Compensation given by government** on termination of any contract, details/clause for the same was not expressly covered in agreement.
 - **Penalty/Fine imposed for violation of laws such as** - traffic violations, or for violation of pollution norms or other laws, penalties imposed on discovering mining of excess mineral beyond the permissible

GST APPLICABILITY ON PENAL RECEIPTS [Circular No 178/10/2022 GST]

- **It is clarified that below activity are taxable:** [As it constitute consideration for the supply of a facility]
- **Late Payment Fee/ Fine / Penalty:** Contract may provide that payment by the recipient of goods or services shall be made before a certain date and failure to make payment by the due date shall attract late fee or penalty
- **Ticket / Tour Booking:**
 - ✓ Contract for transport of passengers may stipulate that the ticket amount shall be partly or wholly forfeited if the passenger does not show up.
 - ✓ Contract for package tour may stipulate forfeiture of security deposit in the event of cancellation of tour by customer.
 - ✓ Amount forfeited in the case of non-refundable ticket for air travel or security deposit or earnest money forfeited in case of the customer failing to avail the travel, tour operator or hotel accommodation service or such other intended supplies, should be assessed at the same rate as applicable to the service contract,

GST APPLICABILITY ON PENAL RECEIPTS [Circular No 178/10/2022 GST]

- **It is clarified that below activity are taxable:** [As it constitute consideration for the supply of a facility]
 - **Amount paid for pre closure of loan / termination of lease / Contract:**
 - ✓ Facilitation supply of allowing cancellation of an intended supply against cancellation fee / forfeiture of a part or whole of consideration or security deposit, in such cases should be assessed as the principal supply
 - ✓ Contract for lease of movable / immovable property may stipulate that the lessee shall not terminate the lease before a certain period and if he does so he will have to pay certain amount as early termination fee.
 - ✓ Some banks similarly charge pre- payment penalty if the borrower wishes to repay the loan before the maturity of the loan period
 - ✓ Amounts paid for - early termination of lease or for pre-payment of loan or the amounts forfeited on cancellation of service by the customer
- **Valuation aspect in such case :** These supplies are ancillary to the principal supply for which the contract is signed, they shall be eligible to be assessed as the principal supply. Naturally, such payments will not be taxable if the principal supply is exempt]



COMPLIANCES -

OPTING FOR VARIOUS SPECIAL
SCHEMES UNDER GST

COMPLIANCES - OPTING FOR VARIOUS SPECIAL SCHEMES UNDER GST:

▪ COMPOSITION SCHEME –

✓ Opting in or opting out to Composition scheme for FY 2024-2025 to be made before March 2023 by filing Form GST CMP 03. [This is as per Rule 3(3) of CGST Rule 2017]

✓ Same is to be done on GST Portal as below:

Home Screen on GST Portal after login → Services → Registration → Application to Opt for Composition Scheme

COMPLIANCES - OPTING FOR VARIOUS SPECIAL SCHEMES UNDER GST:

▪ QUARTERLY RETURN MONTHLY PAYMENT SCHEME –

- ✓ Opting or opting out of QRMP scheme for Q1 of FY 2024-25 to be done within 30th April 2023 [This is as per Rule 61A(1) of CGST Rule 2017]
- ✓ Same is to be done on GST Portal as below:

Login → Services → Returns → Opt-in for quarterly return

Opt-in For Quarterly Return Help

Financial Year *
2023-24 ▼ SEARCH

Annual Aggregate Turnover (AATO) for FY 2021-22: <= ₹1.5 Cr. ?
Advisory

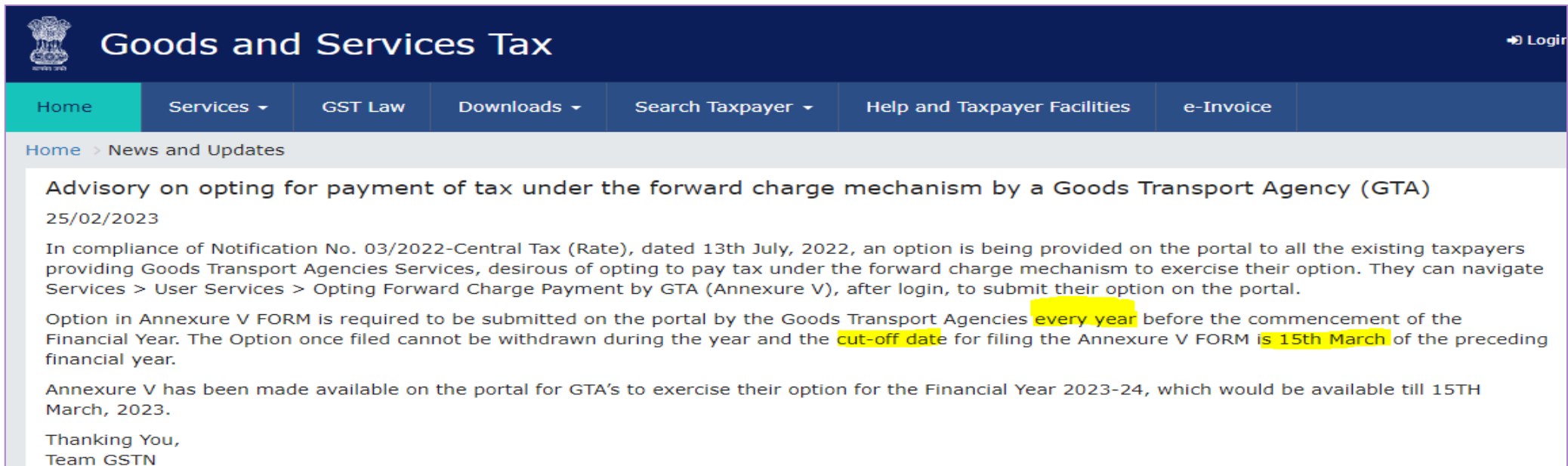
Quarter	Selected Frequency	Action	Selection available from	Applicable return due dates			
				Form type	Month 1	Month 2	Month 3
Q1 - Apr-Jun	<input type="radio"/> Monthly	SAVE	1 st Feb 2023 to 30 th Apr 2023	GSTR - 1/ IFF	13/05/2023 (Optional)	13/06/2023 (Optional)	13/07/2023
	<input checked="" type="radio"/> Quarterly			GSTR - 3B	NA	NA	22/07/2023

COMPLIANCES - OPTING FOR VARIOUS SPECIAL SCHEMES UNDER GST:

▪ **GOODS TRANSPORT AGENCY:**

- ✓ GTA Service Provider, who is desirous to opt to Pay tax under Forward Charge either at '5% without ITC' or '12% with ITC' has to Submit **Annexure V** before 31.03.2024 [This is as per condition to Entry No 9(iii) of Notification No 11/2017 CT Rate]
- ✓ Same is to be done on GST Portal as below:

Home Screen on GST Portal after login → Services → User Services → Opting Forward Charge Payment by GTA (Annexure V)



The screenshot shows the GST Portal interface. At the top, there is a dark blue header with the text 'Goods and Services Tax' and a 'Login' button. Below the header is a navigation bar with several menu items: 'Home', 'Services', 'GST Law', 'Downloads', 'Search Taxpayer', 'Help and Taxpayer Facilities', and 'e-Invoice'. The 'Services' menu is expanded, showing a path: 'Home > News and Updates'. The main content area displays an advisory titled 'Advisory on opting for payment of tax under the forward charge mechanism by a Goods Transport Agency (GTA)' dated 25/02/2023. The advisory text states that an option is provided for existing taxpayers providing Goods Transport Agencies Services to opt to pay tax under the forward charge mechanism. It mentions that the option must be submitted every year before the commencement of the Financial Year, and the cut-off date for filing the Annexure V FORM is 15th March of the preceding financial year. The advisory also notes that Annexure V has been made available on the portal for GTA's to exercise their option for the Financial Year 2023-24, which would be available till 15th March, 2023. The advisory concludes with 'Thanking You, Team GSTN'.



COMPLIANCES -

ITC RELATED

COMPLIANCES – ITC RELATED:

▪ ITC RECONCILIATION OF FY 2023-24:

- ✓ Prepare ITC reconciliation of ITC availed in Books/GSTR 3B and GSTR 2B.
- ✓ Identify the supplier who has not paid tax / whose registration is cancelled and take appropriate steps for ITC safeguard
- ✓ Pending ITC of FY 2023-24 (if any) as per reconciliation can maximum be availed till 30th Nov 2024 (It means can be availed till Oct 2024 return to be filed before 30th Nov 2024).
- ✓ Send mail to supplier / Make follow up, in case they have not disclosed / incorrectly disclosed ITC of FY 2023-24 and ask them to take corrective steps.

▪ CLOSING ITC MATCHING:

- ✓ Ensure that, ITC closing balance as per Electronic Credit Ledger and Books is matching
- ✓ Check that ITC utilisation entries for whole FY 2023-24 is correctly passed in books.



COMPLIANCES – ITC RELATED:

▪ **IMPORT ITC –**

- ✓ Ensure that all Import ITC is reflected in GSTR 2A/2B.
- ✓ Any BOE dated prior to 12/07/2020 will not be available in GSTR-2B
- ✓ If any of Import ITC is not getting reflected, then details of the same can be pulled from below functionality.

Home Screen on GST Portal after login → Services → User Services → Search BOE

COMPLIANCES – ITC RELATED:

▪ ITC BLOCKED / REVERSAL:

- ✓ Check whether any ITC needs to be reversed w.r.t Goods Lost, Stolen, Destroyed, written off or disposed off by way of gift or Free Samples etc
- ✓ Check whether any other blocked ITC is available.
- ✓ Annual effect of Reversal of Input Tax credit under Rule 42 of CGST Rules 2017, for Exempt Supply, No GST Supply etc
- ✓ Check whether Payment to supplier has been made within 180 Days from the invoice date of supplier, if not then reverse ITC on the same in GSTR 3B of Mar-24.
- ✓ Supplier who has not paid the tax, decision should be taken whether to carry forward said ITC or reverse it or to take any other action.
- ✓ Ensure that goods which are invoiced in FY 2023-24 but received after April 2024, its ITC is available after receipt only. Special attention is to be given to GRN of 1st two weeks of April 2024.
- ✓ ITC of CGST/SGST of other states is not eligible





COMPLIANCES -

RCM RELATED

COMPLIANCES – RCM RELATED:

▪ RCM LIABILITY –

- ✓ Check whether any RCM liability is unpaid.
- ✓ Reconcile RCM liability Reflected in GSTR2B and RCM liability paid in GSTR 3B.
- ✓ High Value RCM Liability Category: Specific attention of RCM liability is to be given to – Import of Service, Payment to director (other than salary), Sponsorship amounts, since, in general, said amounts are of high value.
- ✓ Check whether RCM liability is correctly recorded in books. Many times, it is observed that RCM liability is not recorded in books properly.

▪ RCM ITC –

- ✓ Check RCM ITC with respect to all eligible RCM liabilities is taken properly in GSTR 3B [RCM Liability Vs RCM ITC].
- ✓ Check RCM ITC is correctly recorded in books.
- ✓ RCM Self Invoice – RCM ITC is available based on RCM Self Invoice. Kindly ensure that same is prepared and kept in file
- ✓ Time limit for claiming RCM ITC as per Sec 16(4)





COMPLIANCES -

OTHERS

COMPLIANCES - OTHER:

- **JOB WORK –**

- ✓ Check whether Inputs sent for Job work during the Financial Year has been returned within one year. Check whether the Capital Goods sent to Job work has been return within 3 Years.
- ✓ Job Work Return (ITC 04) is filed as per applicable frequency [Six monthly – if aggregate turnover more than Rs 5 crore. Yearly – If aggregate turnover is upto Rs 5 crore]

- **REGISTRATION** – Check whether any modification / amendments in business places / director details are updated on GST Portal

COMPLIANCES - OTHER:

- **INVOICE SERIES** - Ensure that new invoice series has maximum 16 characters/numbers/alphabets/special character. If it is exceeding 16, then it is not acceptable for GST Purpose
- **HSN DIGIT ON INVOICE** – As per Notification No 78/2020 Central Tax dated 15th Oct 2020, HSN Reporting on Tax Invoice / E Invoice => Whether 4 Digit or 6 Digit, should be as per below table from 1st April:

Serial Number (1)	Aggregate Turnover in the preceding Financial Year (2)	Number of Digits of Harmonised System of Nomenclature Code (HSN Code) (3)
1.	Up to rupees five crores	4
2.	more than rupees five crores	6

Provided that a registered person having aggregate turnover up to five crores rupees in the previous financial year may not mention the number of digits of HSN Code, as specified in the corresponding entry in column (3) of the said Table in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons.”.

"To get "GST Updates" ,

WhatsApp on 8888 343 343

Or

Scan this "QR Code" and

Sent 'Hi' message



"Every Big Change is HARD at first,

MESSY in the Middle and

GORGEOUS at the End"

– Robin Sharma



CONTACT US

✦ **GST UPDATES, E BOOK, ARTICLES** ✦

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Thank You.

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