

Important GST Actions on purchase and sales side while finalising GST returns for the Financial Year 2021-22

A. ITC Availment:

1. Prepare the-yearly reconciliation of ITC booked in-books and ITC availed in Gst 3B during the FY 2021-22 and availed in the subsequent month's GSTR 3B till Due date of filing GSTR 3B for September 2022 and reconcile the same with GSTR 2A/2B.
2. Follow up with suppliers to furnish/report transactions in their GSTR 1 with payment of taxes in GSTR 3B in case stated transactions is not populated in your GSTR 2A/2B.
3. Identify the ineligible ITC (Blocked credit/ ITC on exempt supplies) already availed in GSTR 3B of the FY 2021-22 and reverse/pay the same along with interest thereon @18% to avoid the litigation and demand of interest & penalty in future. Further, note that no interest & penalty leviable on reversal of wrongly availed credit but not utilised.
4. Prepare and Review that any payment to suppliers is not pending beyond 180 days from the date of issuance of supplier's invoice. If such ITC is availed without making payment within 180 days from date of issuance of invoice, then said ITC needs to be reversed along with interest @ 18%. Further, re-avail such ITC in subsequent month's GSTR-3B if payment has been made without any time limit (i.e. even post-filing of GSTR 3B for September 2022 as the time limit for availing ITC u/s 16(4) of CGST Act is not applicable in the case of re-availment of input tax credit).
5. In case of purchases made from any composition supplier, ITC is not available and should not be booked in books as well as availed in GSTR 3B. If done, then, reverse the same in books as well as in return.
6. Compile & reconcile ITC auto populated in GSTR 2A/ GSTR 2B for full FY 2021- 22 and for the period April to September 2022 (relevant for FY 2021-22) and identify the suppliers whose registration has been either cancelled or suspended for any reasons during the FY 2021-22 for your onward needful actions.

7. In compiled data of GSTR 2A/2B, check status of date of filing of GSTR-1 and GSTR 3B of the suppliers to know whether your suppliers are tax compliant or not as your ITC has been made totally dependent on the compliances done by the suppliers.

8. Check for the transactions covered under reverse charge mechanism (RCM) either from registered suppliers or unregistered suppliers and make the payment of tax under RCM as per time of supply provisions and claim ITC if not done earlier. Also, raise the self-invoice in case of specified goods or services covered under RCM, received from unregistered person.

B. Reporting of correct outward supplies for the FY 2021-22:

1. Prepare and reconcile the turnover as reported in GSTR 1/GSTR 3B with books of accounts for FY 2021-22. Also, check that it has been classified under correct HSN/ SAC code and correct GST rate has been levied on the same. Further, any outward supplies of FY 2021-22 shown in a period of April to September, 2022 should be captured properly for proper disclosure in GSTR 9 & GSTR 9C of FY 2021-22.

2. Compile and reconcile the amount of taxes paid in GSTR 1 and GSTR 3B filed during the FY 2021-22 with books of accounts and pay the tax if there is any shortfall vide filing DRC 03 to avoid the litigation and penalty.

3. Prepare the reconciliation of E-way bills generated during the FY 2021-22 with tax invoices reported in GSTR 1 and give prior intimation to the department in case of any deficiency.

4. In case of compulsory generation of e-invoices, check & reconcile whether all the tax invoices for B2B supplies have been duly reported on dedicated e-Invoice portal and IRN generated with QR code and digitally signed. If not, then kindly report the same on e-invoice portal and take the necessary action in subsequent month's GSTR 1. Further, pls prepare reconciliation with e-invoices with IRN viz. e-way bills generated viz. reported or furnished in GSTR 1.

5. Check whether all the invoices raised during the FY2021-22 have been properly reported in GSTR 1 and taxes have been paid thereon in GSTR 3B. In case, any kind of amendment required viz. GSTIN, Invoice Number, Invoice Date, Taxable Value, taxes, B2C to B2B, etc., needs to be done, then the same

has to be done before the date of filing of GSTR-1 for the month of September 2022, following the end of FY 2021-22.

6. Check whether the GST paid on advances received in FY 2021-22 towards the supply of services made or agreed to be made has been properly adjusted in GSTR 1 and GSTR 3B.

7. Check the tax compliances in case of supply of business assets during the FY 2021-22 on which ITC has been availed.

8. In case of material sent for job work, check whether the same has been returned within the time limit prescribed (Inputs – 1 year and Capital goods – 3 years) and the same has been duly reported in ITC 04.

9. Check whether the goods sent on approval basis has been either returned within 6 months or sold on issuance of tax invoices.

10. Finalization of cross charge to distinct person for the FY 2021-22.

11. GST is to be discharged on gifts given to employees exceeding INR 50,000.

12. Review of Miscellaneous income and Extra ordinary items for GST applicability: Miscellaneous income and extra ordinary items shown in the financials have to be reviewed for checking the GST applicability on the same. Following are the illustrations in respect to the same-

a. Sale of fixed assets

b. Sale of scrap

c. Liquidated damages recovered from the Contractor

13. Realisation of export proceeds within specified time period- Taxpayers should identify whether the export proceeds in case of export of services without payment of tax has been realized within one year or such further period as may be extended from the date of export of services. If the same has not been realised, taxpayers have to pay tax liability along with Interest.