

Important steps to be taken for Gst input tax and output tax reconciliations for financial year ending 2022-23:

A. Towards the Input Tax Credit:

1. Prepare the yearly reconciliation of ITC booked in books and ITC availed in GSTR 3B during the FY 2022-23 and availed in the subsequent month's GSTR 3B till 30th November 2023 or date of filing Annual return for FY 2022-23, whichever is earlier and reconcile the same with GSTR 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 2B.
3. Identify the ineligible ITC (Blocked credit/ ITC on exempt supplies) already availed in GSTR 3B of the FY 2022-23 and reverse/pay the same along with interest thereon @24% if ITC being utilized 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 October 2023 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/2B for full FY 2022-23 and for the period April to October 2023 (relevant for FY 2022-23) and identify the suppliers whose registration has been either cancelled or suspended for any reasons during the FY 2022- 23 for your onward needful actions.

7. KYC of suppliers : 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.

9. Reconcile GST TDS/TCS credit reconciliation with e-Cash Ledger on GST portal and books of accounts for FY 2022-23.

10. Reconciliation of E-Credit ledger with books of accounts for FY 2022-23.

B. Towards outward supplies:

1. Prepare and reconcile the turnover as reported in GSTR 1/GSTR 3B with books of accounts for FY 2022-23. 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 2022-23 shown in a period of April to October 2023 should be captured properly for proper disclosure in GSTR 9 & GSTR 9C of FY 2022-23.

2. Compile and reconcile the amount of taxes paid in GSTR 1 and GSTR 3B filed during the FY 2022-23 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 2022-23 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 FY 2022-23 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 must be done till 30th November 2023 or date of filing Annual return for FY 2022-23, whichever is earlier.

6. Check whether the GST paid on advances received in FY 2022-23 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 2022-23 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. Check the tax has been correctly calculated and paid under RCM in case of import of Services, sitting fees paid to directors, GTA, Security Services, rent a Cab, Advocate fees, etc.