

INCOME TAX YEAR ENDING TASKS TO BE DONE BEFORE 31ST MARCH 2021

1. **Deduct TDS on year end provisions:** This has been observed that company generally fails to deduct TDS on year end provision of expenses like Audit Fees, Annual Filing Charges etc. Company need to make sure that proper TDS has been deducted & paid in these cases.
2. **Verification of Closing Stocks as on 31.03.2021:** In tax audit cases, also for closing of books, we need to have quantity-wise & item-wise value of closing stocks as on 31.03.2021. Hence company need to document this detail as on 31.03.2021.
3. **Collecting Loan & FD statements:** Accountants are advised to collect all running loans & Fixed Deposits and records actual/accrued interests properly.
4. **Taking balance confirmations of all running parties:** Accountants are advised to collect balance confirmations and ledgers of all sundry creditors & sundry debtors and reconcile the balances. This needs to be reconcile with 26AS as well.
5. **Taking proofs from employees against their Investment mentioned in their declaration and deduct balance TDS:** Accountants have tendency to deduct TDS as per declaration filed by employees in the beginning of financial year. But in many cases it has been found that employees fails to invest as mentioned in their declarations, hence it is advisable to collect all proofs as mentioned in the declaration and re-compute tax liability & deduct balance TDS while making payment of salary for March month.
6. **Reconcile Inter-branch balances:** Company should reconcile inter-branch balances and balances of subsidiary companies otherwise closing company's books at year end would be challenging.
7. **Taking reimbursement sheets from all employees:** Accountants should take reimbursements sheet from all employees including directors related to F/Y 2020-21 and record all expenses related to F/Y 2020-21 in F/Y 2020-21 only. It has been found in many cases that accountants fail to take these sheets timely and records these expenses in next financial year.
8. **Collecting Bank Statements:** Keep/download bank statements and maintain BRS as applicable.
9. **Download all GSTR-2A/2Bs:** Accountants are advised to download all GSTR-2A and GSTR-2B related to F/Y 2020-21 and record GST Inputs if it hasn't been recorded except ineligible ITC. If any input recorded in books is not appearing in GSTR-2A, accountants are advised to highlight these cases with the concerned parties and ask those parties to take corrective action.
10. **Reverse GST Inputs if payment pending or not made:** In cases where company has recorded GST Inputs and it has been more than 180 days and payment hasn't been made so far, company needs to reverse these Inputs and pay the corresponding tax liability along with interest.
11. **Double check the income where GST not paid or paid at lower rate:** In all cases, where GST hasn't been paid or paid at lower rate, please reconfirm the same with your consultant. In case of exempt export supplies, please ensure that proper LUT is in place.

12. **Double check the expenses where TDS hasn't been deducted:** In all cases where TDS hasn't been deducted on expenses, please reconfirm the TDS applicability with your consultant & take corrective action, if needed.
13. **Check the applicability of Equalisation Levy:**
Pay the applicable tax and record the amount paid for filing the equalization levy statement.
14. **Payment of adequate Advance Tax:** Since we are in the end of the Financial Year please check whether Advance Tax has been paid properly, pay balance by 15/03/2021 if required otherwise interest would be charged.
15. **Record Foreign Exchange Fluctuations Properly:** In case of Foreign Parties or Assets/Investments where balance is outstanding/pending ascertain Foreign Currency Value as on 31/03/2021, apply AS-11 and record fluctuation difference properly. Take help of consultant if required.
16. **Reconcile unconsumed challans:** Reconcile unconsumed challans as per Traces as on 31.03.2021 with the debit balance showing in the books.
17. **Match GST ledger balances:** Reconcile GST ledger balances as on 31.03.2021 (Electronic Cash Ledger, Electronic Credit Ledger & Electronic Liability Ledger) with the balances showing in the books.
18. **GST on Advances:** Check whether GST has been paid on advances appearing/received from customers as on 31.03.2021. This needs to be paid in case of services.
19. **TDS on Advance Payments:** Check whether TDS has been paid on Advance Payments made to suppliers, especially where balances appearing in the books as on 31.03.2021.
20. **ESI or PF Registration:** If these registrations were not applicable earlier due to lower number of employees, please recheck their applicability and apply for registration under EPF/ESI if anytime during the year number of employees have exceeded the number 20 or 10 as the case may be.
21. **GST Refund of F/Y 2018-19:** 31/03/2021 is the last date to apply for the refund of GST related to F/Y 2018-19. Make sure company has applied, if applicable.
22. **Record Salary of Founders:** In many cases especially in Startups we have observed that founders/directors don't take salary properly during the year & take final call on this amount after the end of Financial Year while filing their personal ITRs later in July, hence company ended up paying their TDS component with interest. Accountants are advised to discuss the same with founders/directors & record the final amount in March 2021 itself & pay TDS accordingly.
23. **Recording Depreciation on Fixed Assets:** Accountants are advised to make sure that proper depreciation as per Schedule II of Companies Act, 2013 has been recorded on Fixed

Assets appearing in companies' books.

24. **Loan to Directors or Interested Parties:** Loan to directors or any other person in whom director is interested is prohibited by Companies Act, 2013 subject to certain exceptions. Accountant needs to make sure the company is not providing or would not provide any such loan or guarantee.
25. **Last Date to file or revise ITR of F/Y 2019-20:** If by any reason company or any of its employees have failed to file ITR of F/Y 2019-20 by due date & haven't yet filed, 31/03/2021 is the last date to file belated return or revised return of F/Y 2019-20 with late fee upto Rs 10,000. Post 31/03/2021 these ITRs cannot be filed, make sure all such returns have been filed.
26. **Unique Invoicing w.e.f. 01.04.2021:** Ensure creation of a new/unique invoice series of invoices to be raised from 01 April 2021. The **purpose** is that every invoice need to be unique. This to avoid repetition on GSTN portal when invoice numbers are entered in GSTR-1.
27. **E-invoicing mandatory w.e.f. 01.04.2021:** The Government has ruled mandatory E invoicing for turnover above Rs.500 crores w.e.f. 01st October 2020 and for turnover above Rs.100 crores w.e.f. 01st January 2020. Now, the companies and other entities having turnover above Rs. 50 crores have to mandatorily issue E invoices w.e.f. 01st April 2021. Companies need to note down that ITC might not be available to recipient if supplier is not complying with E-invoicing.
28. **Requirement of HSN Code:**

As per notification no 78/2020, new HSN codes rules will apply w.e.f. 01st April 2021 as below:
Up to 1.5 crores turnover – 4 digits
1.5 crores to 5 crores turnover – 4 digits
Above 5 crores turnover – 6 digits
It is imperative to adopt the accounting software for implementation of HSN code new system.
29. **Input Tax Credited or Restricted ITC as per 36(4):**

Make sure all GST inputs recorded in the books are appearing in GSTR-2A/2B of F.Y. 2020-21. In case it is not appearing, inform to respective parties timely and ask them to fix the same in their returns before the prescribed timeline (i.e. before filing the return of September 2021 or Annual Return whichever is earlier). Also take care of ITC restriction of 10% or 5% as per 36(4).
30. **Important GST Reconciliations:**
 - Reconciliation of GSTR-3B with books
 - Reconciliation of GSTR 1 with GSTR 3B
 - Reconciliation of GSTR-1 & books
 - Reconciliation of GSTR-2A/2B with GSTR-3B
 - Reconciliation of GSTR-2A/2B with books

Make sure these above reconciliations are well prepared and required adjustment in books & returns are done.