

Activities to be undertaken w.r.t GST Compliances for the FY 2021-22 in September 2022

We are fast approaching the end of September 2022. It mandates for important activities to be carried out under the GST laws for smooth filing of Annual Return (GSTR 9) and Self Certified Reconciliation Statement (GSTR 9C) for the Financial Year ("FY") 2021-22. We have listed down certain important activities for the smooth amendment/ transition/ closure of FY 2021-22 for GSTR 9 & GSTR 9C:

A. Availment of correct Input Tax Credit ("ITC") for the FY 2021-22

- 1.** Prepare the yearly reconciliation of ITC booked in books vs. ITC availed in GSTR 3B during the FY 2021-22 and avail the balance ITC, if any, pertaining to the FY 2021-22, till the due date of filing GSTR 3B for September 2022 and reconcile the same with GSTR 2A/2B accordingly.
- 2.** Time limit for availing ITC pertaining to the FY 2021-22 coming to an end. Avail the ITC pertaining to FY 2021-22 till the due date of filing of GSTR-3B under Section 39 of the Central Goods and Services Tax Act, 2017 ("**the CGST Act**") for the month of September following the end of FY 2021-22 or the date of filing of annual return for FY 2021-22 whichever is earlier. Hence, prepare reconciliation of ITC for FY 2021-22 is availed in FY 2021-22 and in the period April to September 2022 for proper disclosure in GSTR 9 & GSTR 9C of FY 2021-22.
- 3.** Follow up with vendors/ suppliers to amend/furnish/report outward supply transactions in their GSTR 1 with payment of taxes in GSTR 3B in case some transactions are not auto-populated in your GSTR 2A/2B.
- 4.** Identify the ineligible ITC viz. Blocked credit, ITC on exempt supplies, etc., 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 further demand of interest & penalty in future. Further, note that no interest & penalty is payable on reversal of wrongly availed ITC but not utilized.
- 5.** Prepare and ensure 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. Further, re-avail such ITC in subsequent month's GSTR-3B

- if payment has been made without any time limit (i.e., the time limit for availing ITC under Section 16(4) of CGST Act is not applicable in the case of re-availment of ITC).
6. 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 availed, then, reverse the same in books as well as in GSTR 3B.
 7. 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 or thereafter for your needful actions.
 8. 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 made by the suppliers.
 9. Check 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 your 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, either showing the transactions in current month of September 2022 or by 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 taxable 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 September 2022 return i.e. 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 2021-22 have been properly reported in GSTR 1 and taxes have been paid thereon in GSTR 3B. In case, any kind of amendment required because of wrong furnishing of your customer's GSTIN, Invoice Number, Invoice Date, Taxable Value, taxes, B2B shown as B2C, intra-state supplies shown as inter-state or vice versa, etc., needs 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. Time limit for issuance of Credit Notes ("CN") under GST for FY 2021-22:

CN for supplies made during the FY 2021-22 can be raised by September following the end of FY 2021-22 or the date of filing of annual return for FY 2021-22 whichever is earlier. Hence, capture CN details of FY 2021-22 as shown in FY 2021-22 and in the period April to September 2022 for proper disclosure in GSTR 9 & GSTR 9C of FY 2021-22.

C. Other Important Aspects for Annual return for the FY 2021-22

1. Check whether the purchase (ITC) register prepared for FY 2021-22 contains all necessary details/ information like tax invoice no./ date, description of goods or services, nature of goods or services like -inputs/capital goods/input services and account head, etc. for ITC matching with supplier's invoice.
2. Check whether the sales register (Output taxes) captures all the necessary/ details information as required.
3. 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.
4. Reconcile GST TDS/ TCS credit reconciliation with e-Cash Ledger on GST portal and books of accounts for FY 2021-22.
5. Reconciliation of E-Credit ledger with books of accounts for FY 2021-22.
6. Ensure that all the other provisions of GST Law have been duly complied with.

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