

ANNUAL CLOSURE OF ACCOUNTS WITH GST PERSPECTIVE FY 2022 – 23

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Matters Connected to Inward Supplies:

- Reconciliation of credit in Books of Accounts V/s. Form GSTR 2B – the closing balance of the ITC ledger matches with the balance in the E-Credit ledger – Credit not appearing in Form GSTR 2B should be reported in a separate ledger and reported in entry 12 of the Form GSTR 9.
- Examination of eligibility of credit availed as ITC.
- Reversal of ITC with interest for non-payment to the supplier within 180 days.
- Reversal of common ITC, when the same is attributed to Taxable and Exempted Supply.
- Compliance under section 16 (3) – Both depreciation and ITC on capital goods has not been claimed.
- Compliance under section 16 (4) – Whether ITC for FY 2021-22 claimed in FY 2022-23 within the time limit prescribed i.e., 30th November 2022.
- ISD – Distribution of ITC among the GSTIN with the same PAN has been done as per the prescribed rule.
- Examination of expenses, which attracts RCM – payment of taxes – preparation of self-invoice when the supply is procured from an unregistered person – eligibility of ITC.
- Provision for taxes payable – RCM not paid – Ineligible ITC availed – ITC claimed on the invoices not appearing in Form GSTR 2B.

Matters Connected to Outward Supplies

- Check if HSN & rates are appropriate.
- Applicability of E-invoicing w.e.f 01st April 2023 if aggregate turnover in any of the preceding FY exceeds Rs. 20 crores.
- Reconciliation of turnover in Books of Accounts V/s. Form GSTR 1 & GSTR 3B.
- Examine the correctness of the exemption claimed if any for the supply of goods/services.
- Supply of Business Assets – Compliance to section 18 (6) read with rules 44.
- Analysis of other income to ascertain GST Liability in case of scrap sale, sale of fixed assets, or any other income.

- Review the position of goods sent for sale on an approval basis.
- Job work – Maintenance of Stock Register – Maintenance of Job Work Register – Correctness of ITC O4 filed.
- Credit Notes are issued only for prescribed transactions:
 - Sales Returns of Goods.
 - Deficiency in Qty of Goods (reversal of 17 (5) (h) goods lost in transit).
 - Deficiency in Quality of Goods.
 - Deficiency in Qty of service (only where billing is done on man hours).
 - Change in GST Rate.
 - Change in Value.
- In cases where Debit Notes have been issued – check whether interest has been paid.
- Sale of Motor Vehicle – N.N. 08/2018 C.T. (Rate): Tax is payable at the applicable rate only on the profit of such sales.
- Verify the correctness of the value of supply in case of supply is between related/distinct persons.
- Verify Form GSTR 9 and Form GSTR 9C – to verify the Unreconciled outward & Inward Supplies; check the correctness of the exemption claimed.
- In the case of Export supplies – Check whether LUT is obtained in the case of Exports - Kindly check the refund application filed. SCN and reply filed (if any). Besides the above compliance with rules 96A & rule 96B.
- In the case of supplies to the unit in SEZ / SEZ developer – Kindly check for the endorsement that has been obtained from the customs officer, stating that the supply was for the authorized operation.
- Compliance to Notification No. 40/2017 C.T. (Rate) or 41/2017 I.T. (Rate) in case of Merchant export.
- Verification of tax payment on Reverse Charge – provision for tax payable (if not paid).
- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.

Other points to be reviewed

- Verify whether there are any new branches or any other additional place of business and registration has been taken under GST.
- Review changes if any in Directors, Partners or Authorized Signatory.