

SKKA IDT ALERT-06/2023 DT 24.03.2023

Key Year End Compliances under GST for the year ending 31st March 2023: -

GST law has seen many changes from time to time and to avoid litigation in future, RTPs is required ensure that they keep their tax compliance updated in line with the changing legislature. Few important year end compliances for FY 2022-23 has been discussed hereunder –

- 1. E Invoice for B2B / Export Transactions (Threshold limit of Turnover – 10 crores) :** As it is known that w.e.f from 1.10.2023, vide Notification 17/2022-Central Tax, threshold limit of turnover (PAN wise All India Basis) for generating E-Invoice has been reduced to Rs. 10 crores (in any of the preceding FY beginning from FY 2017-18 onwards). Therefore, if turnover crossed 10 Crores for the first time in FY 2022-23 then E-Invoicing would be applicable from 01.04.2023. Without E Invoice, the document shall not be treated as valid invoice.
- 2. Requirement of dynamic QR code for B2C supplies:** CBIC vide notification no. 14/2020-Central Tax dated 21.03.2020 read with notification no. 71/2020-Central Tax dated 30.09.2020 notified that from 1.12.2020, invoice issued by a registered person, whose aggregate turnover (PAN wise – all India basis) **in any preceding financial year from 2017-18** onwards exceeds **five hundred crore rupees**, to an unregistered person (B2C invoice), shall have Dynamic Quick Response (QR) code containing details of invoice along with digital payment option. Therefore, if turnover crossed 500 Crores for the first time in FY 2022-23 then provisions of dynamic QR code would be applicable from 01.04.2023. Non compliance of above provision shall attract penalty under section 125 of CGST Act 2017.
- 3. Obtaining Letter of Undertaking (LUT) for FY 2023-24 :** RTPs involved in export of goods and/or services without payment of tax as envisaged by section 16 of IGST Act 2017 are required to furnish Letter of Undertaking in FORM RFD-11 in common portal. Option to file LUT for FY 2023-24 has been enabled in GST portal and taxpayers are suggested to file the same within 31st day of March 2023.
- 4. Annual Reversal of Common ITC pertaining to FY 2022-23 (Section 17 of CSGT Act read with Rule 42/43 of CGST Rules 2017):** Annual Reversal of common Input tax credit availed during FY 2022-23 needs to be done within due date of filing GSTR-3B for Sep-2023. However, in our humble opinion, reversals/re-availment based on above computation should be done in GSTR-3B of March-2023 itself to avoid interest burden for any reversals done post said return.

- 5. New document Series for financial year 2023-24:** Rule 46(b) of CGST Rules 2017 provides that new/unique invoice series not exceeding sixteen characters is to be maintained for every financial year. It is suggested to start a new document series for financial year 2023-24. New series to be followed for all documents like tax invoice, debit notes, credit notes, Bill of supply, Receipt Voucher, Refund Voucher, Payment Voucher and ISD Invoice.
- 6. Opting into Composition scheme:** Subject to threshold limit under section 10 of CGST Act 2017, a regular dealer can opt for Composition Scheme for Financial Year 2023-24 on or before 31.03.2023.
- 7. Composition Scheme Taxpayers Annual Return filing for FY 2022-23 -** GSTR-4 return for FY 2023-24 for composition scheme to be filed on or before 30.04.2023.
- 8. QRMP Scheme:** - QRMP Scheme is the GST scheme for small businesses that have an annual aggregated turnover of up to INR 5 Crores, which enables them to GST Return Filing on a quarterly basis, however, the tax payment will remain to be a monthly activity. This scheme that CBIC has rolled out vide Circular No. 20/01/08/2020- GST dated November 10th, 2020. Last day to opt in/out of QRMP scheme for April-June'23 quarter is 30.04.2023.
- 9. Mandatory disclosure of HSN Code for outward supplies:** Taxpayers have to mandatorily mention six digit HSN/SAC code in invoices issued where turnover in preceding FY exceeds Rs. 5 crores else, reporting 4 digit HSN/SAC will be sufficient. Further, reporting of HSN in GST Annual Return has also been mandated. Thus, proper record for HSN codes should be kept to avoid any issues while filing of Annual Return. If turnover of RTP in FY 22-23 has crossed 5 Crores then from 01.04.2023 is required to mention 6 digits HSN code.
- 10. Declaration by GTA to opt for paying tax under Forward Charge Mechanism (FCM) –** For service provided by Goods Transport Agencies (GTAs), the service provider has been given option to either opt to charge tax on FCM basis (12% with ITC or 5% without ITC) or tax shall be paid on such service by the recipient on RCM basis (5%). Options to pay tax under FCM basis by GTA for FY 2023-24 need to be exercised within 15th March 2023 by filing declaration in FORM “Annexure V” in GST portal.
- 11. Filling of ITC-04 (goods sent/received from Job Worker) for FY 2022-23:** Details of Goods sent and received to/from Job-worker need to be reported by the RTP in FORM ITC-04 for half year/year ending 31.03.2023 within 25.04.2023. [Yearly applicable only in cases where turnover in preceding Financial Year (21-22) does not exceeds Rs. 5 crores].

12. Reconciliation of Outward Supplies [GSTR-1 v/s GSTR-3B v/s Books]: Annual Reconciliation of outward supplies and corresponding tax liabilities should be duly done and any errors and omissions should be corrected in subsequent returns. We suggest to make necessary corrections in returns to be filed for March-2023 only. Law however permits amendments in GSTR-1 till 30th November of subsequent financial year.

We further suggest to take confirmation form all the Debtors that they have reversed ITC in respect Credit Notes issued by the RTPs during FY year 2022-23. (It should be noted that no Credit Note whose principal supply was made in FY 2022-23 can be issued/reported in GST returns beyond November -2023.)

Furthermore, any mismatch in tax liabilities disclosed in GSTR-1 and that paid in GSTR-3B should be duly rectified in the earliest possible return period since department has the power to initiate recovery proceedings under section 79 read with section 75(12) of CGST Act 2017.

13. Supplier's GSTR-3B filing status checking – Post insertion of Rule 37A in CGST Rules 2017, it becomes important for all the RTPs to verify whether their suppliers have filed GSTR-3B or not. RTPs will have to reverse ITC availed (even where same is reflecting in GSTR-2A/2B) if supplier fails to file GSTR-3B as per amended section 41 of CGST Act 2017 read with aforesaid rules. Further, RTPs can also check whether the suppliers have discharged 100% of liability disclosed in GSTR-1 through FORM GSTR-3B which can be verified from common portal "Search Taxpayer" tab.

14. Reconciliation of ITC availed in GSTR-3B with that reflecting in FORM GSTR-2A/2B – Section 16(2)(aa) read with amended Rule 36(4) restricts availment of ITC to the extent available in GSTR-2B of the registered recipient. Thus, it becomes very important to do annual reconciliation of ITC availed in FORM GSTR-3B with that reflecting in FORM GSTR-2A/2B. Further, proper reconciliation of ITC availed in 22-23 but reflecting in GSTR-2A/2B of 2021-22 should also be made.

Further, any invoice pertaining to FY 2022-23 which could not be booked within 31.03.2023 should be booked within 31st day of October 2023 and ITC should be availed in FORM GSTR-3B filed within 30th November 2023.

Furthermore, a reconciliation of temporary reversal of ITC and its subsequent re-availment as reported in Table 4B and 4D of GSTR-3B should also be done.

- 15. ITC Reversal (non-payment to vendors within 180 days)** – Creditor Ageing report should be prepared and ITC availed for vendors whose payment is outstanding for more than 180 days should be reversed along with interest @ 18%. Department during audit might ask for ageing report for outstanding liabilities reflecting in balance sheet as on 31.03.2023.
- 16. ITC Segregation** - Segregation of ITC between Inputs, Capital Goods, Input Service should be done which needs to be reported in GST Annual Return as well. Reconciliation of ITC on Capital Goods should be done with the Additions in Fixed Assets reflecting in Balance Sheet.
- 17. RCM Register v/s expense GL reconciliation** – Reconciliation of Carriage expenditure / legal Expense / Rates & Taxes ledger etc with RCM register is a must. Any RCM if remains unpaid for FY 2022-23 should be duly discharged in GSTR-3B withing 30th November 2023 so that ITC availment on such RCM payment is not disputed by department under section 16(4) of CGST Act 2017.

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