<u>GST COMPLIANCES CHECKLIST FOR FINANCIAL YEAR 2017-18 CLOSING</u>

As the Financial Year 2017-18 is coming to an end, we need to have a check on the following points related to compliances under GST to avoid adverse consequences in future:-

1. **<u>Reversal of ITC if payment is not made to supplier within 180 days:</u>**
As per the CGST Act and the rules contained thereunder, after issuance of tax invoice by a supplier if receiver does not make the full payment of amount along with tax **within 180 days from the date of invoice** then the credit taken on that invoice is to be reversed **along with interest @ 18% p.a. from the date of availment till the date of reversal.**However, credit can be re-availed whenever payment is made subsequently. Therefore, the aging analysis of the debtors and creditors is to be done.

All old invoices dated prior to 1st October, 2017, should be paid before 31st March 2018.

2. **<u>Annual calculation of common ITC to be reversed in proportion to exempt supplies</u>**
Final calculation of Input Tax Credit of common inputs/input servicesin the ratio of Annual Exempted turnover to Annual Aggregate turnover has to be done as soon as possible, latest by due date of return of September 2018.

If the common credit already reversed is found to be short reversed as per final calculation, then the credit so short reversed shall be reversed by way of addition to output tax liability. Interest shall also be payable @ 18% p.a. from 1st April 2018 till the date of addition to output tax liability.

If common Input Tax Credit already reversed is found to be reversed in excess as per final/annual calculation, the excess so reversed shall be re-credited to the Electronic Credit Ledger.

3. <u>E way bill</u> –

It is compulsory to issue E way bill from 1st April, 2018 for inter-state movement of goods of consignment value exceeding Rs.50,000/-. In case of inter-state movement, if the goods are in transit as on 1st April, 2018, it is compulsory to generate e way bill for such goods. Therefore, it is necessary to take the registration under E-way bill system before 31st March 2018.

Either Supplier or Buyer, whosoever is responsible for causing the movement of goods, may issue E-way bill if the value of goods in a consignment exceeds Rs. 50,000/-

As of now Transporters are not required to issue E-way bill if their conveyance is carrying goodsof value more than Rs.50,000/- collectively and the consignor or the consignee have not issued the E-way bill as value of their goods individually does not exceed Rs.50,000/-.

Generally E-way bill is not required to be issued for movement of exempted goods. However, few exceptions are there.

Website for E-way bill – ewaybillgst.gov.in

4. Gifts to employees –

The taxpayer must be aware that if the value of gifts given to an employee during a financial year exceeds Rs.50,000/-, same shall be considered as a supply and will be liable to tax under GST at open market value.

5. **Reconciliation –**

Reconcile Sales/ Purchases, GST liability as per books of account with the GSTR 3B returns. If there are any differences give the effect of same in GSTR 3B of March 2018. Reconcile the cash ledger, credit ledger and liability ledger with the books of account. All the entries should be done before the year end. Debit notes, credit notes, advances received, rate difference, discount, etc. also have to be accounted for and effect of the same has to be given in returns.

6. **<u>HSN Code in the Invoice –</u>**

Before preparing first invoice in the new financial year, taxpayers should check their turnover for the Financial year 2017-18. Taxpayers whose Aggregate turnover is more than Rs. 1.5 crores but upto Rs. 5 crores shall use 2-digit code and the taxpayers whose Aggregate turnover is more than Rs. 5 crores shall use 4-digit code. Taxpayers whose Aggregate turnover is upto Rs. 1.5 crores are not required to mention HSN Code in their invoices.

7. **<u>New series for tax invoice –</u>**

New numbering/series of invoicesmay be started form 1st Aprilso as to distinguish between the invoices pertaining to different financial years by the taxpayers who wish to do so.

8. **<u>Composition scheme –</u>**

If any taxpayer wants to register under composition scheme then he can apply in Form GST CMP – 02 before 31st March 2018. Similarly, those who want to cancel the registration under composition scheme, they have to apply in Form GST CMP – 04 before 7th April 2018. They have to calculate the effects of ITC on closing stock.

Aggregate Turnover limit for availing Composition Scheme is Rs.1 crore (Rs.75 lakhs in 9 specified Special Category States)

As per notification dated 01.01.2018, turnover in case of traders has been defined as 'Turnover of taxable supplies of goods'.

9. **<u>Due dates for returns</u>** –

There are various due dates falling in the month of April 2018 for filing returns relating to year ending 31st March2018:-

1. GSTR 3B for March is to be filed up to 20th April 2018.
2. GSTR 1 for February is to be filed by 10th April 2018.
3. GSTR 4 (for Composition taxpayer) for Jan'18 to March'18 is to be filed by 18th April 2018, and

4. GSTR-5 (for non-resident taxable person) for Feb 2018 is to be filed by 20th March 2018.

5. GSTR 6 (for ISD) for July 2017 to Feb 2018 is to be filed by 31st March 2018.

10. Monthly/ Quarterly returns –

Taxpayers should check their turnover for the year 2017-18. If the aggregate turnover is more than Rs. 1.5 Crore then the taxpayers have to file monthly return. If the aggregate turnover isupto Rs. 1.5 Crore then the taxpayers have an option to file the quarterly GST returns. Taxpayer can choose any of the option.

11. Form GST TRAN 2 –

Traders of goodswho have filed the GST TRAN 1 and have disclosed the details of their stock lying as on 30th June 2017 for which Excise invoice is not in their possession, are eligible for availing notional credit. They have to file the details of their outward supplies made during July to December2017 in TRAN 2 before 31st March 2018 for availing notional credit which will be as follows:

Rate applicable on sale of goods under GST	**Intra-State sale**	**Inter-state sale**
18% & 28%	60% of CGST paid	30% of IGST paid
Less than 18%	40% of CGST paid	20% of IGST paid

12. GSTR 2A -

Details of purchases are auto-populating on the portal in the form GSTR 2A. All the taxpayers should cross-check the details of purchases made before 31st March 2018 as reflected in GSTR-2A with the books of account.

13. GSTR 6 –

Input service distributor hasto file GST return in form GSTR-6.31st March 2018 is the due date to file GSTR 6 for the period July 2017 to February 2018.

14. Valuation of closing stock – At the time of valuation of closing stock as on 31st March, the input tax credit taken on raw material, consumables, semi-finished goods is to be calculated. In Excise, there was a concept of making provision for the tax payable on the finished goods as on 31st March, no such concept has been introduced in GST.

15. Depreciation on the capital asset –

At the time of calculating depreciation on the capital goods (other than building), if ITC has been claimed, then the tax amount needs to be ignored at the time of calculating depreciation.

16. Anti profiteering –

Do the comparative check of the gross profit earned for financial year 2017-18 with the gross profit of financial year 2016-2017 or gross profit for April 2017 to June 2017 on. If the gross profit ratio for the March 2018 is higher, then taxpayer should check whether any benefit has accrued to him due to increase in Input Tax Credit or reduction in rate of tax under GST. If yes then the same needs to be passed on to the customers, otherwise the tax payer may fall under the trap of Anti-profiteering committee.

17. **Audit under GST –**

All the registered persons whose aggregate turnover in a financial year exceeds Rs. 2 crores are required to get their accounts audited by a Chartered Accountant or a Cost Accountant under GST and the copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies reflected in the return furnished for the financial year (annual return) with the audited annual financial statement.