

As the financial year 2020-2021 is coming to an end, there are certain statutory requirements which need to be addressed within 31.03.2021. Among them the below mentioned requirements should be focused on priority basis:

**1. Stock verification**

Ensure that the physical verification of raw materials, work-in-progress and finished goods has been carried out for the year ending 31.03.2021 on or around 31.03.2021 as per your convenience. Prepare the list of raw materials/packing materials/ work in process/ semi -finished goods - inventory/finished goods as per the books and compare it with the physical verification of the items so verified. There should be quantity-wise & item-wise value of closing stocks as on 31.03.2021.

**2. Income Tax Act, 1961**

- a. Due date for filing original/revised income tax return, with late filing fee upto Rs. 10,000 for the financial year 2019-20 is 31<sup>st</sup> March 2021. Beyond 31<sup>st</sup> March 2021, the return for the said period cannot be filed.
- b. Due date for linking Aadhaar with PAN is 31<sup>st</sup> March 2021. Failing to link Aadhaar would result in inactivation of PAN.
- c. Extended due date for filing extended last date of filing quarterly statement of TDS/TCS deposited for Q1 and Q2 for FY 2020-21 is 31<sup>st</sup> March 2021.
- d. Due date for making payment under Vivad Se Vishwas Scheme without any additional charge is 31<sup>st</sup> March 2021.
- e. **Exemption for LTC Cash Scheme**  
Last date for claiming exemption for deemed LTC cash voucher in lieu of travel by salaried employees is 31<sup>st</sup> March 2021.

**3. Tax Deduction at Source**

Ensure that the tax deducted/to be deducted on all payments is deposited on or before the due date.

Please review all the expenses incurred including provision for expenses for the applicability of TDS provisions. TDS also has to be deducted and paid for advance payments made to suppliers, especially where balances appearing in the books as on 31.03.2021. For all the expenditure (which attracts TDS) incurred for the month of March 2021, TDS has to be deducted and deposited within 30<sup>th</sup> April 2021.

Kindly note that if the above conditions are not fulfilled, then the 30% of the expenditure (entire expenditure in case of foreign payments) in case of for which TDS was applicable cannot be deducted for computation of tax liability. It also attracts interest at the rate of 1%/1.5% per month or part of the month from the due date till the date of payment.

**4. Company Law**

- Annual declaration from the existing directors in Form DIR-8 and Form MBP-1
- **Corporate Social Responsibility: Actions required before March 31, 2021.**
  - a. Since the provisions are applicable from January 22, 2021, any amount that remains unspent on ongoing project in FY 2020-21 will have to be transferred to separate account within 30<sup>th</sup> April, 2021. Ongoing projects are those CSR projects already undertaken by the company and is yet to be completed.

- b. If the unspent amount has not been allocated to any ongoing project, then such amount shall be transferred to Fund specified under Schedule VII such as PM Cares Fund, PM National Relief Funds, Clean Ganga Fund before March 31, 2021 or within a period of six months from the end of financials year.

## **5. Micro, Small and Medium Enterprises (MSME)**

The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED 2006), which provides for facilitating the promotion, development and enhancing the competitiveness of micro, small and medium enterprises has come into force from October 2, 2006.

As per this Act, all the business entities supposed to have their Vendors (creditors) classified as vendors registered with MSMED and non-registered with MSMED Act 2006.

As per this Act, all the business entities which are liable for audit under any of the statutes in India are required to give this information to their auditors.

Also as per Schedule III of the Companies Act, 2013, companies are required to make certain disclosure pertaining to the Vendors registered under the MSMED Act, 2006 and Form MSME-1 has to be filed twice in a year disclosing the details of outstanding MSME payments. Please obtain your creditors'/services providers' MSMED status in writing with the copy of the registration under MSMED Act, 2006, if they are registered.

## **6. GST Compliances**

### **Reconciliations to be performed:**

- a. Outward supplies as per books and GST returns (Books vs GSTR-1 vs GSTR-3B). Check if any amendments required to be made in GST returns.
- b. Reconciliation of balance of credit and cash as per GST portal with balance appearing in books.
- c. Ensure if the liability is being paid in respect of all input supplies notified for reverse charge and all the amendments have been taken care of.
- d. Check if the tax paid under RCM matches with ITC under availed under RCM.
- e. Reconciliation of E-way Bill issued during the year viz a viz tax invoices/delivery challans generated.
- f. In case of reconciliation of books inventory with physical inventory, assess if ITC reversal to be required.

### **Compliances to be completed:**

- a. File application for / renewal of LUT for FY 2021-22.
- b. Rule 37 – Check for ITC reversal required on account of non- payment within 180 days or reclaim of any ITC in respect of supplies for which payment has been made.
- c. Check if any reversal required against purchased goods rejected and returned. (ensure the impact of the same has been considered in GST returns)
- d. Cross charge to distinct person and related parties for supply of common services.
- e. Ensure tax liability against receipt of advances and adjustment thereof to derive at unadjusted advances.
- f. Track status of goods sent on job work or goods sent on approval whether all the goods have been received back within the due time period.

- g. Verify year-end accrual/provision entries for transactions with related parties and evaluate the GST implications.
- h. Verify if any GST DN / CN should be issued for any value short/excess charged or any sales returns by the customer.
- i. In case of Real Estate Industry who is following 1% or 5% ITC method without ITC, the taxpayer shall verify the compliance w.r.t the requirement of 80% procurement from registered persons. In case of shortfall, the registered person shall be required to discharge GST @ 18% under RCM to the extent of shortfall.
- j. Any person who wishes to opt for composition scheme for financial year 2021-22 should file form CMP-02 on the common portal on or before 31st March 2021.
- k. A registered person who has opted for composition scheme for FY 20-21 should file FORM GSTR-4 on or before 30th April 2021.
- l. Any registered person who wishes to switch from composition scheme to regular one has to file FORM GST ITC- 03 within a period of sixty days from the commencement of the financial year. In case of shortfall, the registered person shall be required to discharge GST @ 18% under RCM to the extent of shortfall.
- m. Any person who wishes to opt for composition scheme for financial year 2021-22 should file form CMP-02 on the common portal on or before 31st March 2021.
- n. A registered person who has opted for composition scheme for FY 20-21 should file FORM GSTR-4 on or before 30th April 2021.
- o. Any registered person who wishes to switch from composition scheme to regular one has to file FORM GST ITC- 03 within a period of sixty days from the commencement of the financial year.

**New compliances from April 2021:**

- a. Starting new document number series for tax invoice, debit note, credit note, delivery challan, etc.
- b. Mandatory requirement for E-invoicing has been extended to registered person having Aggregate turnover above Rs. 50 crores.
- c. Requirement of dynamic QR codes in invoices for B2C Supplies for registered person having aggregate turnover above 500 crores.
- d. Registered persons with aggregate turnover in the preceding FY greater than Rs.5 Crores would be required to report HSN at 6-digit level for all supplies. For registered persons with aggregate turnover less than Rs.5 Crores, the HSN shall be reported at 4-digit level for all B2B supplies.
- e. Registered persons opting for quarterly Return Monthly payment scheme for 1st quarter of FY 21-22 should opt for the scheme before 30th April 2021.
- f. Registered persons having ISD registration, must assure that ITC which is required to be distributed under ISD concept needs to be distributed proportionately based on the turnover of the preceding financial year.

**7. Others**

**a. 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.

**b. 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<sup>st</sup> March 2021, apply AS-11 and record fluctuation difference properly.

**c. Reconcile unconsumed challans.**

Reconcile unconsumed challans as per Traces as on 31.03.2021 with the debit balance showing in the books.

**d. 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.