

Points to be noted

As the financial year 2021-2022 is coming to an end, there are certain statutory requirements which need to be addressed within 31.03.2022. 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 31.03.2022 on or around 31.03.2022 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 31.03.2022.

2. Income Tax Act, 1961

- a. Due date for filing belated / revised income tax return, with late filing fee for the financial year 2020-21 is 31st March 2022. Beyond 31st March 2022, the return for the said period cannot be filed.
- b. Due date for linking Aadhaar with PAN is 31st March 2022. Failing to link Aadhaar would result in inactivation of PAN.
- c. Due date for filing application for registration of trust or institutions and application for 80G recognition is 31st March 2022.

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 31.03.2022. For all the expenditure (which attracts TDS) incurred for the month of March 2022, TDS has to be deducted and deposited within 30th April 2022.

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.

A self-certification confirmation for filing of Income Tax Returns for FY 20-21 along with Acknowledgement Number and Date of Filing to be received from vendors. If the information is not received, a higher rate of TDS would be deducted – either double the normal TDS rates or 5% - whichever is higher.

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, 2022.**
 - a. The Companies for which the Corporate Social Responsibility (CSR) provisions are applicable for the Financial Year 2021-22 are required to spend the 2% of average net profit

of preceding three financial years before March 31, 2022. In case, the CSR amount is allocated to any ongoing project, then such amount shall be transferred to a separate bank account within April 30, 2022.

- b. The Ministry of Corporate Affairs (MCA) has made it mandatory for all the companies for which CSR provisions were applicable during the financial year 2020-21, to file form CSR 2 through online portal of MCA on or before March 31, 2022.

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

- a. Apply for Letter of Undertaking (LUT) in Form GST RFD 11 for FY 2022-23 to continue export of goods/services or supplies to SEZ without payment of GST from 01st April 2022.
- b. Taxpayers having Turnover below Rs 5 Crores shall have an option to select the frequency of GST return filing for FY 2022-23 till 30th April 2022. So, if the taxpayers have opted for Jan – Mar 2022 and want to continue monthly filing of returns from FY 2022- 23, they need to take action by 30th April, 2022.
- c. From 01st April 2022 e-Invoice provisions are mandatory for registered persons whose aggregate turnover in any financial year from FY 2017-18 exceeds 20 crore rupees. Therefore, registered persons who met the criteria needs to generate E-invoice in GST E-invoice portal for all B2B supplies and zero rated supplies from 01st April 2022.
- d. Carry out the reconciliation between the GSTR1 and GSTR3B for the year 2021-22 and make suitable corrections, if any, required.

7. Others

a. Taking reimbursement sheets from all employees

Accountants should take reimbursements sheet from all employees including directors related to F/Y 2021-22 and record all expenses related to F/Y 2021-22 in F/Y 2021-22 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 31st March 2022, apply AS-11 and record fluctuation difference properly.

c. Reconcile unconsumed challans.

Reconcile unconsumed challans as per Traces as on 31.03.2022 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 31.03.2022.