

Financial Year (2022-23) end points to be noted

Contents

1. Income Tax Act, 1961	2
2. Company Law	3
3. Micro, Small and Medium Enterprises (MSME).....	3
4. Others.....	3
5. GST Year end Checklist	4

Financial Year (2022-23) end points to be noted

As the financial year 2022-2023 is coming to an end, there are certain statutory requirements which need to be addressed within 31.03.2023. Among them the below mentioned requirements should be focused on priority basis:

1. Income Tax Act, 1961

- a. Country-By-Country Report in Form No. 3CEAD for Previous Year 2021-22 needs to be filed on or before 31st March 2023 by a parent entity or the alternate reporting entity, resident in India, in respect of the international group of which it is a constituent of such group.
- b. Country-By-Country Report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is April 1, 2021 to March 31, 2022) needs to be filed on or before 31st March 2023 by a constituent entity, resident in India, in respect of the international group of which it is a constituent if the parent entity is not obliged to file report under section 286(2) or the parent entity is resident of a country with which India does not have an agreement for exchange of the report etc.
- c. Uploading of statement of foreign income offered to tax and tax deducted or paid on such income in previous year 2021-22 through the Form No. 67 to claim foreign tax credit [if return of income has been furnished within the time specified under section 139(1) or section 139(4) needs to be filed on or before 31st March 2023.
- d. Equalisation levy has to be remitted by e-commerce operator on a quarterly basis for the quarter ending 1st January 2023 to 31st March 2023 on or before 31st March 2023.
- e. Due date for linking Aadhaar with PAN is 31st March 2023. Failing to link Aadhar would result in inactivation of PAN.
- f. 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 31.03.2023. For all the expenditure (which attracts TDS) incurred for the month of March 2023, TDS has to be deducted and deposited within 30th April 2023. 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.
- g. A self-certification confirmation for filing of Income Tax Returns for FY 21-22 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.

2. **Company Law**

- Annual declaration from the existing directors in Form DIR-8 and Form MBP-1
- **Corporate Social Responsibility: Actions required before March 31, 2023.**
 - a. The Companies for which the Corporate Social Responsibility (CSR) provisions are applicable for the Financial Year 2022-23 are required to spend the 2% of average net profit of preceding three financial years before March 31, 2023. 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, 2023.
 - b. The Ministry of Corporate Affairs (MCA) has made it mandatory for all the companies for which CSR provisions were applicable, to file form CSR 2 through online portal of MCA on or before March 31, 2023.
- Implementation of audit trail software is mandatory from April 1st 2023.

3. **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.

Outstanding liabilities to MSME vendors needs to be paid on or before March 31st 2023. If it is not paid on or before 31st March 2023, the same needs to be reported to MCA.

4. **Others**

a. **Stock verification**

Ensure that the physical verification of raw materials, work-in-progress and finished goods has been carried out for the year ending 31.03.2023 on or around 31.03.2023 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 31.03.2023.

b. Taking reimbursement sheets from all employees

Accountants should take reimbursements sheet from all employees including directors related to Financial Year 2022-23 and record all expenses related to Financial Year 2022-23 in Financial Year 2022-23 only.

c. 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 2023, apply AS-11 and record fluctuation difference properly.

d. Reconcile unconsumed challans.

Reconcile unconsumed challans as per Traces as on 31.03.2023 with the debit balance showing in the books.

e. 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 31.03.2023.

5. GST Year end Checklist**a. Filing of LUT for Exports or Supply to SEZ unit or Developer:**

As per Rule 96A of CGST Rules, any registered person availing the option to supply goods or services for making zero rated supplies without payment of IGST needs to furnish, a bond or a LUT (Letter of Undertaking) in Form GST RFD-11 before effecting such supplies.

LUT executed for FY 2022-23 will expire on 31-03-2023. Hence it is advisable to execute a fresh LUT for FY 2023-24 on or before 31-03-2023.

b. Opting for Composition Scheme:

Regular taxpayers can opt for Composition Scheme for Financial Year 2023-24 on or before 31.03.2023.

c. Filing of ITC-04 return (In case of Job work):

Every registered person (Principal) who is sending the goods to job worker for the purpose of job work, needs to file ITC-04 return.

Aggregate Turnover	Frequency of return	Due Date for FY 22-23
Up to 5 Crores	Yearly	25-04-2023
Above 5 Crores	Half yearly: April to September October to March	25-10-2022 25-04-2023

d. Starting fresh invoice number series:

As per Rule 46(b) of CGST rules, Every registered person should start a new invoice series, unique for the financial year.

e. 4 or 6 Digit HSN Code:

If the Aggregate turnover of the registered person exceeds below limits, he must use 4 or 6 Digit HSN codes.

- a. Up to 5 crores – 4 Digit HSN code
- b. Above 5 crores – 6 Digit HSN code

Therefore, if FY 22-23 turnover exceeds 5 crores then he must move from 4 digit HSN code to 6 digit HSN code.

f. Revenue Reconciliation:

Though we have time till 30-11-2023, It is suggestable to reconcile the turnover of entire financial year as per GSTR-1 Vs GSTR-3B Vs Financial Statements and make appropriate adjustments in March Month returns itself.

Also, please check for any pending credit notes/ debit notes needs to issue. The last date for issuance of credit/debit notes for FY 22-23 is 30-11-2023.

g. ITC Reconciliation:

Similarly, it is advisable for every registered person to do the reconciliation of ITC as per GSTR-3B VS Books Vs GSTR-2B. any unclaimed ITC can be claimed at the earliest. also, we need to follow up with the suppliers who has not filed their monthly returns till now. Thereby, we can avail the ITC at the fullest.

Further, if any ineligible ITC has been availed & utilised, then we need to reverse the same. By doing reconciliation in March 2023 itself, we can avoid the interest portion.

h. GST TDS/TCS credit reconciliation with Cash Ledger:

It is important to cross check the TDS/TCS credit amount with cash ledger so that we will claim any unclaimed credit.

i. Rule 42 reversal on Annual basis:

As per Rule 42 (2) rule 42 reversal shall be calculated finally for the financial year before the due date for furnishing of the return for the month of September following the end of the financial year to which such credit relates. If the reversal amount on annual basis exceeds monthly reversal amount, such excess shall be reversed by the registered person in FORM GSTR-3B or through FORM GST DRC-03]in the month not later than the month of September following the end of the financial year to which such credit relates and the said person shall be liable to pay interest on the said excess amount at the rate specified in sub-section (1) of section 50 for the period starting from the first day of April of the succeeding financial year till the date of payment.

Therefore, if the registered person computes the reversal on annual basis in March month itself, he can avoid the interest component, if any.

j. Applicability of E-invoicing provisions:

E-Invoicing is applicable to the taxpayer having aggregate turnover more than 10 Crores in any financial year starting from FY 17-18.

Therefore, every registered person shall evaluate the aggregate turnover. If it exceeds 10 crores for the first time in FY 22-23, then E-Invoicing would be applicable from 01.04.2023 onwards.

k. Payment to vendors within 180 days of invoice:

As per rule 37 Where payment is not made to vendor within 180 days from date of invoice then ITC on such supply needs to be reversed proportionately along with the interest u/s 50.

About Us:

Vishnu Daya & Co LLP is a Professional Services Firm under which dedicated professionals have developed core competence in the field of audit, financial consulting services, financial advisory, risk management, direct and indirect taxation services to the clients. Each Partner is specialized in different service area. The services are structured differently in accordance with national laws, regulations, customary practice, and other factors. We continuously strive to improve these services to meet the growing expectations of our esteemed customers.

Started in the year 1994 as audit firm in Bangalore with an ambition to provide services in the area of accountancy and audit our legacy of vast experience and exposures to different types of industries made us rapidly adaptable to the changing needs of the time and technology by not only increasing our ranges of services but also by increasing quality of service. With diversification, our professional practice is not only limited to Bangalore but has crossed over to the other parts of India with a motto to provide "One Stop Solutions" to all our clients.

For more information, please visit www.vishnudaya.com

In case of any clarification please reach us:

Name	Particulars	Mail ID	Mobile Number
Vishnu Moorthi H	Managing Partner	vishnu@vishnudaya.com	+91 9880 715 961
Dayananda K	Indirect Taxes / DGFT	daya@vishnudaya.com	+91 9845 025 682
Vinayak Hegde	Indirect Taxes	vinayaka@vishnudaya.com	+91 9902 586 492
Shankar D	Direct Taxes	shankar@vishnudaya.com	+91 9880 715 963
Anju Eldhose	Direct Taxes	anju.eldhose@vishnudaya.com	+91 9496 148 918
Manjula A	Direct Taxes	manjula@vishnudaya.com	+91 9740 854 009
Rakesh K	FEMA	rakesh@vishnudaya.com	+91 9008 047 675

Our Offices

Bangalore	Chennai
GF No. 7 & 3rd Floor, Karuna Complex, No. 337 Sampige Road, Malleshwaram Bangalore – 560 003 Tel +91 80 2331 2779 Fax +91 80 2331 3725	No. 3A, 3rd Floor Amber Crest Apartment (Next to Egmore Ashoka Hotel) Pantheon Road, Egmore Chennai – 600 008 Tel +91 44 2855 4447 Fax +91 44 2855 3521

© Vishnu Daya & Co LLP

All Rights Reserved

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Vishnu Daya & Co LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.