

Financial Year (2023-24) end points to be noted

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Financial Year (2023-24) end points to be noted

As the financial year 2023-2024 is coming to an end, there are certain statutory requirements which need to be addressed within 31.03.2024. 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 2022-23 needs to be filed on or before 31st March 2024 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, 2022 to March 31, 2023) needs to be filed on or before 31st March 2024 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 2022-23 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 2024. Where an updated return is filed under Section 139(8A), Form No. 67 shall be furnished on or before the date on which updated return is furnished to the extent it relates to the income included in the updated return.
- d. Equalisation levy has to be remitted by e-commerce operator on a quarterly basis for the quarter ending 1st January 2024 to 31st March 2024 on or before 31st March 2024.
- e. 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 31.03.2024. For all the expenditure (which attracts TDS) incurred for the month of March 2024, TDS has to be deducted and deposited within 30th April 2024. 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, if TDS is not remitted within the filing of the income tax return. 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.
- f. A self-certification confirmation for filing of Income Tax Returns for FY 22-23 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.
- g. The balance confirmation/ledgers of all creditors including trade creditors, receivables including trade receivables, to be collected and reconciled.
- h. The Finance Act 2023 inserted Section 43B(h), which stipulates that business enterprises are required to pay MSEs within 45 days, as per section 15 of the MSMED Act, 2006, depending on the presence of a written agreement. In the absence of a written agreement, payment should

be made within 15 days. In case there is a written agreement, payment shall be made as per the agreed-upon timeline, not exceeding 45 days. If the business enterprise pays as per the provisions of the MSMED Act, 2006, deduction will be allowed in the year in which the expenditure is booked in the books of accounts. If the business enterprise does not pay as per the provisions of the MSMED Act, 2006, deduction will be allowed in the year in which actual payment is made. Section 43B(h) is applicable from AY 2024-25, i.e., FY 2023-24 onwards.

- i. For assessment year 2021-22, March 31, 2024 is the last date to file an updated return. For assessment year 2021-22, additional tax of 50% of aggregate of tax and interest as additional tax needs to be paid.
- j. For assessment year 2022-23 and assessment year 2023-24, the last date to file an updated return with an additional tax of 25% of aggregate of tax and interest is 31st March 2024. An additional tax of 50% of aggregate of tax and interest needs to be paid if the updated return is filed after one year from the end of the relevant assessment year.

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, 2024.**
 - a. The Companies for which the Corporate Social Responsibility (CSR) provisions are applicable for the Financial Year 2023-24 are required to spend the 2% of average net profit of preceding three financial years before March 31, 2024. 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, 2024.
 - b. If the Company has unspent CSR funds, such unspent CSR funds are required to be transferred to funds mentioned in Schedule VII (PMNRF or PMCARES) within six months from the end of the financial year.
 - c. 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, 2024.
- Additional disclosures on ratios, receivables, payables and other regulatory disclosures, needs to be made. Testing of internal financial controls to be completed by March 31, 2024.
- To be ensured that the accounting software/system is configured for operating and maintaining a comprehensive audit trail throughout the year.
- To be ensured that the books of accounts are maintained on the Company's Indian Server and the back-up of books of accounts are on servers physically located in India.

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 2024. If it is not paid on or before 31st March 2024, 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 31.03.2024 on or around 31.03.2024 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 31.03.2024. The Company needs to perform analysis of inventory obsolescence and provide for losses accordingly.

b. **Taking reimbursement sheets from all employees**

Accountants should take reimbursements sheet from all employees including directors related to Financial Year 2023-24 and record all expenses related to Financial Year 2023-24 in Financial Year 2023-24 only.

c. **Valuation reports**

Obtain actual valuation reports for gratuity, leave encashment, etc..., and account the same.

d. **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 2024, apply AS-11 and record fluctuation difference properly.

e. **Reconcile unconsumed challans.**

Reconcile unconsumed challans as per Traces as on 31.03.2024 with the debit balance showing in the books.

f. **Reconciliation of Form 26AS with the revenue**

Reconcile form 26AS / Annual Information System for interest income and operative income.

g. 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 31.03.2024.

h. Check on statutory regulations like PF, PT, ESI, etc

Perform a comprehensive check on compliance with various regulations like PF, PT, ESI, TDS, etc, and assess accrued liabilities associated with these regulations.

i. Capital assets

Ensure depreciation as per Schedule II of Companies Act, 2013 / Income Tax Act, 1961 has been computed on fixed assets appearing in the books of accounts. Asset impairment test to be made by checking if there is any event indicating reduction in value of the asset (fair value less than carrying amount) and impairment loss, if any, to be recognised in the books of accounts. Account for capital work-in-progress and/or capital advances, if any. Perform physical verification of assets.

j. Management estimates

Estimates need to be analysed for matters like doubtful debts provision, expected credit loss, warranty provisions, provisions for sales returns, contingent liabilities, capital commitment, etc.

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 2024-25 will expire on 31-03-2024. Hence it is advisable to execute a fresh LUT for FY 2024-25 on or before 31-03-2024.

b. Opting for Composition Scheme:

Regular taxpayers can opt for Composition Scheme for Financial Year 2024-25 on or before 31.03.2024.

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 23-24
Up to 5 Crores	Yearly	25-04-2024
Above 5 Crores	Half yearly: April to September October to March	25-10-2023 25-04-2024

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 23-24 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 30-11-2024, 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 issued. The last date for issuance of credit/debit notes for FY 23-24 is 30-11-2024.

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 2024 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 5 Crores in any financial year starting from FY 17-18.

Therefore, every registered person shall evaluate the aggregate turnover. If it exceeds 5 crores for the first time in FY 23-24, then E-Invoicing would be applicable from 01.04.2024 onwards.

Further, kindly verify whether all the vendors, for whom E-invoicing provisions were applicable, have issued E-invoices only. Else the ITC claimed by us based on such invoices will be subject to reversal.

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.

l. Reversal of ITC on account of non payment of tax by supplier (GSTR-3B not filed by supplier):

In case suppliers have filed the GSTR-1 return but not filed the GSTR-3B return, we need to follow up with the supplier to file their pending returns so that the ITC claimed by us based on GSTR-2B statement will not get disallowed. It is to be noted that suppliers must file their returns on or before 30th day of September following the end of financial year i.e., 30th sept 2024.

m. Documentation regarding RCM payment:

In case we have received RCM supplies from an unregistered person, we need to raise a self-invoice. Else, the ITC claimed by us may be questioned.

n. Filing of Annexure V & VI to opt for FCM/RCM for GTA supplies for FY 2024-25 shall be made on or before 31st March 2024.

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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.

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