

Financial Year (2025-26) end points to be noted

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Financial Year (2025-26) end points to be noted

As the financial year 2025-2026 is coming to an end, there are certain statutory requirements which need to be addressed within 31.03.2026. Among them the below mentioned requirements should be focused on priority basis:

1. Income Tax Act, 1961**a. Last date for filing revised ETDS/ ETCS return upto FY 2018-19 is 31st March 2026**

In view of Section 397(3)(f) of Income Tax Act, 2025, correction statements for FY 2018-19 (Qtr. 4), FY 2019-20 to 2022-23 (Qtr. 1 to Qtr. 4) and FY 2023-24 (Qtr. 1 to Qtr. 3) shall be accepted only up-to 31st March 2026. The same are time barred by limitation on 31.03.2026 and would not be accepted from 01.04.2026 onwards. Deductors, Collectors and other Stakeholders may kindly take note.

b. **Country-By-Country Report** in Form No. 3CEAD for Previous Year 2024-25 needs to be filed on or before 31st March 2026 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.

c. Country-By-Country Report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is April 1, 2024 to March 31, 2025) needs to be filed on or before 31st March 2026 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.

d. Uploading of statement of foreign income offered to tax and tax deducted or paid on such income in previous year 2024-25 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 2026. 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.

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 31.03.2026. For all the expenditure (which attracts TDS) incurred for the month of March 2026, TDS has to be deducted and deposited within 30th April 2026. 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 24-25 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.

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- 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.

2. Company Law

- a. Annual declaration from the existing directors in Form DIR-8 and Form MBP-1
- b. Corporate Social Responsibility: Actions required before March 31, 2026.**
- a. The Companies for which the Corporate Social Responsibility (CSR) provisions are applicable for the Financial Year 2025-26 are required to spend the 2% of average net profit of preceding three financial years before March 31, 2026. 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, 2026.
- 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, 2026.
- c. Testing of internal financial controls to be completed by March 31, 2026.
- d. To be ensured that the accounting software/system is configured for operating and maintaining a comprehensive audit trail throughout the year.
- e. 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.
- f. Please review the advance for goods/ services received and outstanding as on date since the advances should not exceed for more than 365 days as per Companies Deposit Rules.
- g. Board Meeting (Quarter / Year-End)
- Ensure the last Board Meeting of the financial year is convened.
 - Review key agenda items:
 - Noting of financial position
 - Compliance status
 - Approval of related party transactions (if any)

h. Review of Related Party Transactions (RPTs)

- Ensure all RPTs are:
 - Approved
 - Within limits
 - Properly documented before year-end

i. Pending ROC Filings / Event-Based Compliances: Complete any pending filings:

- PAS-3 (allotments)
- DIR-12 (changes in directors/KMP)
- CHG-1 / CHG-4 (charges)

j. Statutory Registers Update

Update key registers before year closure:

- Members
- Directors & KMP
- Contracts & Arrangements

k. Books & Minutes Finalization

Ensure:

- Board Meeting minutes are updated and signed
- All records are maintained as per Secretarial Standards

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 2026. If it is not paid on or before 31st March 2026, the same needs to be reported to MCA.

4. **Impact of New Labour Codes (Notified November 2025)**

With the notification of Labour Codes in November 2025 and expected implementation, companies are required to assess the financial and compliance impact, particularly in relation to employee benefits and payroll structures:

a. Gratuity / Defined Benefit Obligations:

- Review whether any changes in definition of “wages” under the new Labour Codes impact gratuity computation.
- Obtain updated actuarial valuation considering revised wage definitions, if applicable.
- Ensure **past service cost**, if arising due to change in law, is properly identified and accounted for in accordance with applicable accounting standards (AS 15 / Ind AS 19).

b. Leave Encashment and Other Employee Benefits:

- Evaluate impact on leave encashment, bonus, PF, and other benefits linked to “wages”.
- Ensure appropriate provisioning in books for FY 2025-26.

c. Payroll Structuring:

- Review salary structures to ensure compliance with new wage definition (e.g., limits on exclusions like allowances).
- Identify potential increase in employer contributions (PF, gratuity, etc.).

d. Compliance Readiness:

- Assess readiness for revised registers, returns, and documentation under new Labour Codes.
- Ensure HR/payroll systems are aligned for implementation.

- e. Disclosure Requirements:** Where impact is material, ensure appropriate disclosure of change in estimates / assumptions in financial statements.

Where detailed impact assessment is not yet completed, companies should perform a preliminary evaluation and ensure that any material financial impact is appropriately considered in provisioning and disclosures.

5. **Others – books closure and accounting**

Stock verification

Ensure that the physical verification of raw materials, work-in-progress and finished goods has been carried out for the year ending 31.03.2026 on or around 31.03.2026 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 31.03.2026. The Company needs to perform analysis of inventory obsolescence and provide for losses accordingly.

a. Taking reimbursement sheets from all employees

Accountants should take reimbursements sheet from all employees including directors related to Financial Year 2025-26 and record all expenses related to Financial Year 2025-26 in Financial Year 2025-26 only.

b. Valuation reports

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

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 2026, apply AS-11 and record fluctuation difference properly.

d. Reconcile unconsumed challans.

Reconcile unconsumed challans as per Traces as on 31.03.2026 with the debit balance showing in the books.

e. Reconciliation of Form 26AS with the revenue

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

f. 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 31.03.2026.

g. 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.

h. 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.

i. 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.

6. GST Year end Checklist

a. Filing of LUT for Exports or Supply to SEZ unit or Developer:

- a. 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.
- b. LUT executed for FY 2025-26 will expire on 31-03-2026. Hence it is advisable to execute a fresh LUT for FY 2026-27 on or before 31-03-2026.

b. Opting for Composition Scheme:

- a. Regular taxpayers, who are eligible for opting composition scheme for Financial Year 2026-27, can opt for the same on or before 31.03.2026.

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

- a. **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 24-25
Up to 5 Crores	Yearly	25-04-2026
Above 5 Crores	Half yearly:	
	April to September	25-10-2025
	October to March	25-04-2026

d. Starting fresh invoice number series:

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

e. Revenue Reconciliation:

- a. Though we have time till 30-11-2026, 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.
- b. Also, please check for any pending credit notes/ debit notes needs to issue. The last date for issuance of credit/debit notes for FY 25-26 is 30-11-2026.

f. ITC Reconciliation:

- a. 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, please note that as per Section 16(4) of the CGST Act, 2017, Input Tax Credit pertaining to FY 2025-26 can be availed up to 30-11-2026 (practically October 2025 GSTR-3B return).

- b. Further, if any ineligible ITC has been availed & utilised, then we need to reverse the same. By doing reconciliation in March 2026 itself, we can avoid the interest portion.
- g. **GST TDS/TCS credit reconciliation with Cash Ledger:**
 - a. It is important to cross check the TDS/TCS credit amount with cash ledger so that we will claim any unclaimed credit.
- h. **Rule 42 reversal on Annual basis:**
 - a. 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.
 - b. Therefore, if the registered person computes the reversal on annual basis in March month itself, he can avoid the interest component, if any.
- i. **Applicability of E-invoicing provisions:**
 - a. E-Invoicing is applicable to the taxpayer having aggregate turnover more than 5 Crores in any financial year starting from FY 17-18.
 - b. Therefore, every registered person shall evaluate the aggregate turnover. If it exceeds 5 crores for the first time in FY 25-26, then E-Invoicing would be applicable from 01.04.2026 onwards.
- j. **Payment to vendors within 180 days of invoice:**
 - a. 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.
- k. **Declaration to be taken from Goods Transport Agency (GTA) for opting to pay GST under Forward Charge:**
 - a. For the FY 2026-27, declarations to be taken from Goods Transport Agency (GTA) for opting to pay GST under Forward Charge should be obtained and kept in record to justify the reason for non-payment of GST under RCM.
- l. **Computation of RCM liability on supplies (more than 80% of total expenditure) made from unregistered persons in case of Residential projects opt in for 1% or 5% without ITC scheme:**
 - a. The Due date to compute and discharge the RCM liability on short fall (<80%) is "Due date of June 2026 i.e., 20-07-2026".

m. **SEZ Endorsement copies for supply made without GST:**

a. As per the amendment in IGST Act, supply of Goods / Service made to the SEZ units / developers will be considered as ZERO rated supply (No GST), only if, same are received for the authorized operation of unit or SEZ Developer. Thus, to ensure that Goods / Service are used for authorized operation, it is important to collect the endorsement copies for all SEZ supplies made during the year.

n. It is essential to ensure compliance with Rule 86B of the CGST Rules, 2017, which states that only 99% of the eligible Input Tax Credit (ITC) can be used for cash payments, with the remaining 1% required to be paid in cash. It is important to note that there are certain exceptions to this rule.

o. **ISD Compliance:**

a. With effect from 01-04-2025, ISD mechanism shall be followed mandatorily by the registered person, who received common services. Therefore, kindly check whether ISD registration has been taken on or before 31-03-2025 or not and if registration is taken, then verify the GSTR-6 return compliance.

p. **E-invoice status validation for all the suppliers:**

a. In case supplier is required to issue E-invoice, but does not do so, it will result in claim of ITC on the basis of invalid documents and reversal of ITC shall be demanded by the Department from recipient of Goods / Services. Therefore, A taxpayer (recipient) shall ensure the applicability of E-invoicing to its vendors.

q. **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.

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

Therefore, if FY 25-26 turnover exceeds 5 crores then he must move from 4 digit HSN code to 6 digit HSN code.

r. **Reconciliation of E-Way Bill with GST Returns:**

It is advisable to reconcile outward supplies reported in GST returns with E-Way Bills generated during the financial year. Any discrepancy may indicate unreported turnover and may lead to departmental scrutiny.

s. **Advances and Time of Supply:**

It is important to verify whether GST has been properly discharged on advances received, wherever applicable. Further, ensure that advances are properly adjusted against invoices and no excess tax payment or short payment exists.

t. **Interest Liability Review u/s 50:**

It is advisable to verify whether there is any delay in payment of GST liability during the financial year. Interest liability under Section 50 should be computed and discharged, wherever applicable, to avoid future demand and penal consequences.

u. **Place of Supply Verification (Interstate vs Intrastate):**

It is important to verify the correctness of place of supply for outward supplies. Incorrect classification between Inter-state and Intra-state supply may lead to tax disputes. In such cases, tax is required to be paid under the correct head and refund needs to be claimed for the tax wrongly paid, subject to provisions of the GST law.

v. **Rate of Tax Verification:**

It is advisable to verify that correct GST rates have been applied on all outward supplies. Any short payment of tax due to incorrect rate application should be identified and corrected.

w. **Review of Export Compliance:**

Ensure that export proceeds are realized within prescribed timelines under FEMA. Verify consistency between Shipping bills, GST returns & Refund applications.

x. **Verification of RCM Compliance:**

It is advisable to review all inward supplies to identify transactions liable under Reverse Charge Mechanism (RCM). Ensure that GST under RCM has been properly discharged and corresponding ITC has been availed, wherever eligible.

y. **Rule 37A Compliance – ITC Reversal for Non-Filing of Return by Supplier:**

As per Rule 37A of the CGST Rules, 2017, where Input Tax Credit has been availed on inward supplies but the supplier has not furnished the return in Form GSTR-3B for the said tax period up to 30th September following the end of the financial year, such ITC shall be reversed by the recipient. The said reversal shall be made while furnishing a return in FORM GSTR-3B on or before the 30th day of November following the end of such financial year. If the supplier subsequently furnishes the return, the recipient shall be eligible to re-avail the ITC.

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