

Year End Check List for F Y 2024-25.



I. Compliances for Annual Closure of Books of Accounts.



A. File LUT for zero-rated supplies for F.Y .2025-26

Taxpayers are required to be submit Letter of Undertaking for undertaking zero-rated supplies i.e.,

- a. EXPORT** of goods or services outside India or
- b. supply to SEZ Unit/Developers**

without payment of IGST for every Financial Year. The application for LUT has to be made on or before making supply. Therefore, For F.Y. 2025-26, **LUT** is due to be filed latest by **31st March 2025** if company intended for zero-rated supplies on or after 01.04.2025.



B. Opt-in for GST Composition Scheme for F.Y. 2025-26

If Taxpayer wish to opt for **Composition Scheme** subject to the fulfilment of criteria and conditions **for F.Y. 2025-26**, last date to file CMP-02 is **31st March 2025**.

Note: In case of switch from Normal to Composition Scheme, ITC claimed on inputs lying in form of Inputs, WIP, finished goods stock as on **31.03.2025** and capital goods (on reduced percentage basis) is required to be reversed by filing **ITC-03 by 30th May 2025**.



C. Opt-in or out of QRMP for F.Y. 2025-26

Quarterly Return Monthly Payment or QRMP scheme under GST is a scheme introduced by the Government in its initiative to simplify compliance for taxpayers. In this scheme, registered persons having aggregate turnover up to **Rs 5 Cr.** are allowed to furnish their GST returns on a quarterly basis along with monthly payment of tax under QRMP Scheme. Last date to opt in or opt-out from the QRMP Scheme is **30th April 2025 for the financial year 2025-26.**



D. Declarations to be taken from Goods Transport Agency (GTA) for opting to pay GST under Forward Charge.

As per the recent amendments, in case of GTA service, Supplier has an option to opt for payment of GST under forward charge (GST is charged on invoice) or under reverse Charge (recipient will pay the GST directly).

For the **FY 2025-26**, 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**.



E. Reset Invoice Number Series

As per the GST advisory released in 2019, with the start of the new financial year, GST taxpayers should start a new invoice series, unique for the financial year.

A similar provision is there in Rule 49 of the CGST Rules 2017, in respect of the issue of Bill of Supply by registered taxpayers availing Composition Scheme or supplying exempted goods or services or both. If the provisions of Rule 46 or Rule 49 are not adhered to, apart from being a compliance issue, taxpayers may face problems while generating E-Way Bill on the E-way bill system or furnishing their Form GSTR 1 or applying for a refund, etc.



F. Re-calculation of Aggregate Turnover of F.Y. 2024-25 for various compliances related to F.Y. 2024-25

For Various decision making and compliances in GST are dependent upon threshold as per Aggregate Turnover like **GST registration, Composition Scheme, QRMP Scheme, E-Invoicing, Rule 86B (1% Cash Payment)** etc. For **F.Y. 2025-26**, please make sure that recalculation is done for each of relevant compliances as per aggregate turnover in F.Y. 2024-25 wherever applicable.



G. Year-end reconciliation of Outward Supplies and Inward Supplies

Following reconciliation at the year end are must:

- i. Turnover as per books of accounts vs turnover as per GST returns.
- ii. Physical stock vs stock as per books of accounts - to identify shortages/ excess stock, if any.
- iii. Closing balance of ITC as per books of accounts vs closing balance as per GST portal.
- iv. Pending ITC not matched with GSTR-2B to be reconciled and then to be transferred in a separate ledger. In case of any hits and misses, such adjustments in output liability or ITC should be reported in GST return of March 2025.

Note: In case of RCM liability, it is suggested to also look for entries appearing in GSTR-2B ticked as 'RCM' by Suppliers and ensure that RCM liability has been paid. Further, please report exempted supplies like interest income in GST returns as well.



H. Yearly calculation of reversal of ITC as per Rule 42

In case of any reversal of common Input Tax Credit on account of **exempted supplies as per Rule 42**, after having undertaken monthly reversal, the annual calculation is required to be done and any excess reversal or short reversal should be duly accounted for in **GST returns for March 2025**.

In case of delay in reporting of additional reversal, if any, **Interest** would apply from 1st April 2025 onward for common ITC reversals to be done in F.Y. 2024-25.

Note: The value of exempted supplies for the purpose of reversal includes value of sale of immovable property, transaction in securities, outward supplies subject to RCM, Restaurant services/outdoor catering services taxable @5%, etc.



I. Reversal of ITC for unpaid vendors as per Rule 37.

As per the provision of GST Act, In case of ITC availed on Goods / services, Payment for the said invoice shall be made within period of 180 days, in case failure of making payment ITC availed previously is need to reversed on expiry of 180 days along with Interest from date of availment of ITC.

On the basis of Vendors outstanding as on 31 March 2025, aging is need to be done for unpaid vendors invoices more than 180 days and ITC of the same was not reversed previously. And take action accordingly for reversal. ITC can be claimed back in future, once the payment is made to the vendor.

Same time, any ITC was reversed previously under this rule, but the payment of same is made during F Y 2024-25, ITC can be claimed back.



II. Other Compliance Points



A. Availment of correct Input Tax Credit for the FY 2024-25

- a. Reconciliation of E- Credit Ledger with books of accounts for FY 2024-25.
- b. Check the tax has been correctly calculated and paid under RCM in case of Import of services, Sitting fees paid to Directors, GTA, Security Services, Rent a cab, Advocate fees etc.
- c. In compiled data of GSTR 2B, check status of date of filing of GSTR-1 and GSTR-3B of the suppliers to know whether your suppliers have filed GSTR-3B to avoid any query from Department.
- d. Revisit the natures of expenses incurred and ITC claimed thereupon. In case any blocked credit claimed, reverse the same immediately, rather to wait for annual return.



B. Reporting of correct outward supplies for the FY 2024-25

- a. Reconciliation of turnover/tax as reported in GSTR 1/ GSTR 3B with books of accounts for FY 2024-25
- b. Review the correct HSN/ SAC code and GST rate has been opted.
- c. Reconciliation of E-way bills generated during the FY 2024-25 with tax invoices reported in GSTR 1.
- d. Reconciliation of e-Invoices with IRN viz. e-way bills generated viz. reported in GSTR 1.
- e. Check whether the GST paid on advances received in FY 2024-25 towards the supply of services made or agreed to be made has been properly adjusted in GSTR 1 and GSTR 3B.
- f. Check whether the goods sent on approval basis has been either returned within 6 months or sold on issuance of tax invoices.



C. Job Work related compliances

1. In case of material sent for job work, check whether the same has been returned within the time limit prescribed (Inputs – 1 year and Capital goods – 3 years) and the same has been duly reported in ITC 04.
2. The due date for filing ITC-04 shall be as below:
 - a. Those with an annual aggregate turnover of more than Rs.5 crore – October 24 - March 25 due on 25th April 2025.
 - b. Those with an annual aggregate turnover of up to Rs.5 crore – For FY 2024-25 due on 25th April 2025.
3. Records related goods sent and returned back have been properly updated and reconciled with the stock with job worker.



D. Real Estate Sector

To assess the value of all **Input and Input services** received from both the registered and unregistered suppliers and if the value of procurements received from registered suppliers is **not exceeding 80%** of total inward supplies, then the Developer of the project is required to pay GST @18% under RCM for such shortfall (28% in case of cement to be paid on monthly basis). Expenses on which GST is payable under RCM would be considered as procurements made from the registered persons. Last date to submit such details for **FY 2024-25 is 30th June 2025**



E. E-invoice Registration-

For all those taxpayers whose Aggregate **PAN** based Turnover **exceeds Rs 5 Crores** during FY 2024-25 for the first time from the introduction of GST has to generate and issue E-invoice from 01st April 2025.

Those who are covered as described above are required to take E-invoice registration on Invoice Registration portal and start generating E-invoice-

<https://einvoice1.gst.gov.in/Home/Login>



F. SEZ Endorsement copies for supply made without GST –

IGST act amendment

As per the amendment, 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 take the endorsement by The Commissioner / Appropriate authority from SEZ unit / developers.

Reconcile the Supply made to SEZ Unit/ developer and copies of endorsement received for the same.



G. Export of Goods / Services with payment of Tax and inward remittance thereof.-

The exporter has the options

- 1) Pay IGST on exports and then claim refund of the same once Export is executed. Or
- 2) Export of Goods / services, under LUT (Without payment of tax), here refund of ITC involved in the goods / services can be claimed.

However, in this connection provision has been amended and as per amended provision, in case refund for export is claimed and export proceed (both for goods / services) is not received as per time limit under Foreign Exchange Management Act (FEMA) regulation (within 9 months from the date of issue of invoice for export).

- a) The person shall deposit the amount so refunded , to the extent of non – realization of sale proceeds , along with applicable interest within **30days** of expiry of the said period of FEMA. and



G. Export of Goods / Services with payment of Tax and inward remittance thereof.-



- b) Where the sale proceeds are realized by the applicant, in full or part, after the amount of refund has been recovered from him under sub-rule (1) and the applicant produces evidence about such realization within a period of three months from the date of realization of sale proceeds, the amount so recovered shall be refunded by the proper officer, to the applicant to the extent of realization of sale proceed.

So, need to check for the exports executed in F Y 2023-24 or initial period of 2024-25, for which time limit of FEMA is expired. In such case if refund was received but the export proceed are not received, then deposit the refund to the extent of unrealized export proceed. To avoid additional interest burden.

Note:- incase tax is paid due to non realization on export proceed and Export refund was claimed earlier, in such cases, re-refund can be claimed, once export proceeds realized at later stage.



H. Filing of GSTR 3B for inward supplier to avoid ITC reversal under rule 37A-

Rule 37A of GST provides that the GST-registered buyers of goods and services must reverse Input Tax Credit claimed before when their corresponding supplier fails to deposit such taxes in their GSTR-3B within a defined time. The due dates for supplier as per Rule 37A are: 30th Sep 2024 for F Y 2023-24 and 30th Sep 2025 for F Y 2024-25.

In case supplier have not filed returns by the above due dates, the amount of input tax credit shall be reversed by the said registered person , while furnishing a return in FORM GSTR 3B on or before the **30th Nov 24 (for F Y 2023-24) and 30th Nov 25 (for F Y 2024-25)** following the end of financial year.

However ITC of the same can be re-claimed once the corresponding tax is paid by supplier, in GSTR 3B.



I. E-invoice status validation for all supplier-

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.

Taxpayer shall follow the below steps:

Step 1: Visit the e-invoice portal.

Step 2: Go to the search tab and select “e-invoice status of taxpayer”.

Step 3: Enter the GSTIN of supplier and the captcha code. Click Go.

This status is based on the turnover reported by a GSTIN in its GSTR-3B. However, it should be noted that the enablement status on the e-invoice portal doesn't mean e-invoicing is applicable to a particular taxpayer. If a particular category of the taxpayer is exempt from e-invoicing, then the e-invoicing enablement status can be ignored.



J. 1% Cash payment conditions validation.-

As per the Rule 86B of CGST-2017, Taxable persons can use Electronic credit ledger for making payment of Outward Tax liability up to 99% of the outward tax. and 1% is compulsorily to be paid from Cash ledger. However this provision shall not be applicable in case where,

- Value of Domestic Supply (excluding Exempt Supply) for a GSTN is **below Rs. 50 Lakh**, for current Month.
- If the specified persons as mentioned in rule have paid more than **Rs.1 lakh** as Income Tax under Income Tax Act, 1961.
- If the registered person has received a refund of amount greater than Rs.1 lakh in the preceding financial year on account of export under LUT or due to inverted tax structure.
- If the registered person has discharged his output tax liability by electronic cash ledger for an amount in excess of 1% cumulatively up to the said month in the current financial year.
- If the registered person is Government dept, PSU, Local authority, Statutory Authority

K. System automation for HSN and SAC codes in GSTR 1.

Starting February 2025, taxpayers will no longer be able to manually enter HSN codes in GSTR-1 and GSTR-1A. Instead, they must choose the appropriate HSN code from a predefined dropdown list. Additionally, Table 12 of GSTR-1 has been restructured into separate sections for B2B and B2C supplies to enhance clarity in reporting. While new validation checks have been implemented, they will initially function in warning mode and will not prevent return filings.



L. GST Amnesty Scheme 2024

To put and end pending disputes for the initial period of July 2017 till March 2020, Finance (No. 2) Act 2024, introduced for GST Amnesty Scheme for all pending disputed u/s 73 matters for which order is passed by adjudicating authority or appellate authority.

The GST portal now enables taxpayers to file waiver applications through Forms GST SPL-01 and GST SPL-02. However, businesses seeking a waiver must first withdraw any appeal applications filed against demand orders. If an appeal was filed before March 21, 2023, and is still pending, the taxpayer must request its withdrawal from the appellate authority.



M. Adjustment of liability for order dues paid DRC 03 in DRC 03A

After the assessment proceedings, where demand of tax is confirmed, Many taxpayers had mistakenly used DRC-03 for discharge the tax liability. Whereas portal has provided the facility for “Payment Towards Demand” . As the facility is not used by the taxpayer, it appears in the system for tax is neither paid by the taxpayer nor the matter is contested in the appeal.

This inconsistency leading to recovery proceeding by the department despite of the fact that, tax was already paid. therefore to overcome this, new Form GST DRC-03A has been introduced to allow businesses to adjust payments made under DRC-03 against demand orders. The new form enables proper adjustments and linking of payments to outstanding demands.



N. RCM on commercial rent paid to unregistered Suppliers.

Recently in GST RCM (Reverse charge mechanism), new service has been added on 08 Oct 2024 and w e f 09 Oct 2024, in case of Service received by way of “Service by way of renting of any immovable property other than residential dwelling.” from unregistered Supplier, GST under reverse charge shall be paid by the registered recipient.

Therefore, in case of rent is paid for renting of any premises other than residential premises e. g. Warehouse/ godown, Yard (Open space), Offices / commercial premises etc and Supplier is unregistered then RCM Shall be applicable. And since service is availed for furtherance of Business, RCM paid, ITC can be availed.

So it is important to identify the such transaction and whether RCM is paid or. If the same is not paid, same can be paid at earliest and ITC of the same can be claimed on self invoice basis.



O. Input service distribution (ISD mechanism)

The Finance Act, 2024, has amended Section 2(61) of the CGST Act, making it mandatory for any office receiving tax invoices for input services, including those under RCM, on behalf of distinct persons (as per Section 25) to register as an Input Service Distributor (ISD).

Previously, businesses used the cross-charge mechanism as an alternative for distributing Input Tax Credit (ITC) on common services or goods procured. However, with the recent amendment, ISDs are now explicitly permitted to distribute ITC related to common supply of service for multiple states.

This amendment, which includes references to Sections 5(3) and 5(4) of the Integrated Goods and Services Tax (IGST) Act, expands the scope of ITC distribution to cover services taxed under RCM.

This provision will take effect from April 1, 2025. Consequently, taxable persons with a presence in multiple states and procuring common services for multiple states must register as ISDs and comply with return filing requirements. Businesses falling under this category should ensure ISD registration is completed before March 31, 2025.



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