

DA TAX UPDATE INDIRECT TAX

An E-Tax update from
Darda Advisors LLP

DA Update on Year End Compliance's
Issue -74

Goods and Service Tax

Customs and Others

Goods and Service Tax

Year-End GST Compliance Update

Output Compliance:

General:

- **Reconciliation of turnover** reported in GSTR-1 and GSTR-3B with audited financial statements to avoid mismatches and notices.
- Rectification of errors in outward supplies by 30th November 2025 or before filing the Annual Return.
- Timely reporting of credit notes for FY 2024–25 to ensure ITC adjustments.
- Compliance with cross-charge requirements for intra-entity services under Section 25(4).
- Adherence to **e-invoicing** requirements for businesses with turnover exceeding ₹5 crore.
- Ensuring correct HSN/SAC codes in GSTR-1 filings.

Composition Scheme:

- Turnover threshold review to determine continued eligibility for the Composition Scheme.
- Verification of tax payments under the composition rate on aggregate turnover.
- Adherence to restriction on inter-state supply and services exceeding prescribed limits.

QRMP Scheme:

- Decision on **QRMP** scheme by April 30, 2025.
- Timely reporting of quarterly GSTR-1 and GSTR-3B filings.
- Payment of tax through fixed sum method (PMT-06) or self-assessment basis.
- Reconciliation of quarterly filings with annual returns to avoid mismatches.

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Year-End GST Compliance Update

Input Compliance:

General:

- Reconciliation of claimed **Input Tax Credit (ITC)** with books of accounts and GSTR-2B and GSTR 3B
- Review of pending ITC claims before the Section 16(4) deadline (**30th November 2025 or before filing the Annual Return**).
- Verify correct tax calculation and payment under the Reverse Charge Mechanism (RCM) for imports of services, GTA, advocate fees, etc.
- Check for ITC reversal required on account of non-payment within **180** days or reclaim of any ITC in respect of supplies for which payment has been made
- Final **ITC reversal** computations under Rule 42 and 43 for common credits.
- Verification of **blocked ITC under Section 17(5)**, especially for employee expenses, motor vehicles, and goods written off.
- Ensure vendor CNs reflecting in GSTR 2B are correct, and ITC is reversed against the same. If not communicate with taxpayer to amend/rectify such details in GST returns.

Composition Scheme:

- Filing Form CMP-02 for opting into the composition scheme for FY 2025-26 by **March 31, 2025**.
- Filing FORM GSTR-4 for composition scheme taxpayers by **June 30, 2025**.
- Ensuring correct tax payments on inputs as composition dealers pay tax on turnover rather than claiming ITC

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Year-End GST Compliance Update

Input Compliance:

QRMP Scheme:

- Decision on QRMP scheme by **April 30, 2025**.
- Ensuring adherence to ITC reversal requirements for non-payment beyond **180 days**.

Input Service Distributor (ISD) Compliance:

- Effective from April 1, 2025, **ISD registration is mandatory** for businesses distributing ITC across multiple GSTINs under the same PAN.
- ITC related to input services must be allocated proportionately to the respective units based on their turnover.
- Monthly GSTR-6 filing is required by the 13th of the following month.
- Failure to comply may lead to denial of ITC and potential penalties.

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Year-End GST Compliance Update

Return Compliance:

General:

- Check weather any **amendments** need to be made to the invoices once reconciliation is made and accordingly make amendment within 30th November 2025
- Completing annual returns (GSTR-9 & GSTR-9C) for FY 2024-24 by their due dates.
- Filing **refund claims** within specified time limits.
- Reconcile Sales Turnover, Credit Notes, Output tax as per Books of Accounts with GST Returns filed (GSTR-1 & GSTR-3B) for the last year.
- Reconcile any difference between **GSTR-1 & GSTR-3B** filed for the year and reason of such differences should be known to the taxable person so that they can present their case at the time of audit / assessment
- If any ITC is not claimed in GST returns while reconciling GSTR-2B, the registered person is eligible to avail such ITC within **30th November of the following year or the due date of filing of Annual Return, whichever is earlier.**
- Check weather any output tax liability missed or any credit notes missed in the GSTR-1 & GSTR-3B for the last financial year will be shown within 30th November 2024 or the due date of filing Annual Return, whichever is earlier.

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Year-End GST Compliance Update

Return Compliance:

Composition Scheme:

- **CMP-08 Filing:** File CMP-08 for quarterly tax payments by the 18th of the month following the quarter's end, ensuring timely compliance.
- **GSTR-4 Annual Return:** File the annual return in Form GSTR-4 by **30th April 2025** for FY 2024–25.
- Verification of outward supplies to ensure compliance with composition scheme restrictions.

QRMP Scheme:

- Quarterly GSTR-1 and GSTR-3B filings with accurate tax payment under the QRMP scheme.
- **Reconciliation** of quarterly summaries with final annual return (GSTR-9).
- Timely amendments to invoices and corrections to avoid discrepancies.

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Year-End GST Compliance Update

Other Compliance:

General:

- Staying updated on GST portal notices and maintaining accurate contact details.
- Properly documenting protests, notices, and replies for future reference and audit purposes.
- Reviewing and updating the HSN codes on tax invoices to comply with the mandatory **6-digit** level requirement.
- Canceling GST registration if operations cease to avoid unnecessary compliances in the new financial year.
- Ensure to file the GST refund application (if any) within **2 years** as specified in GST laws
- Track status of goods sent on job work or goods sent on approval whether all the goods have been received back within the due time period. (**1+1 year inputs/ 3+2 years CG**). If not received in time, the invoice must be raised appropriately
- Maintain data of inward, outward, RCM, EWB, documents (tax invoice, e-invoice, vouchers, etc.) for 6 years from annual return due date of FY (ex: for FY 24-25 6 years from 31-12-2025).
- Start a new, unique **invoice series** for FY 2025-26

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Year-End GST Compliance Update

Other Compliance:

General:

- Renewal of LUT for export of goods/services before **31st March 2025**.
- Compliance with export realization timelines under Rule 96A.
- Documentation of **endorsed invoices for SEZ supplies**.
- Timely discharge of tax liability on advances received for services.
- Verification of tax implications on non-monetary supplies such as gifts and free samples.
- Reverse Charge Mechanism (RCM) compliance for specified services and **self-invoicing requirements under Rule 47A**.
- Ensuring GST implications on related-party services under Schedule I.

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