

## Financial Year End Approaching

### Activities Checklist

Financial year end for FY 2021-22 is fast approaching. It mandates for some activities to be carried out for accurate books closing and smooth transition to FY 2022-23. End-of-year accounting procedures are in addition to heavier traffic of sales and payroll tasks. Instead of scrambling (or forgetting) to get year-end processes complete, use a year-end accounting, taxation and compliance checklist (covering major and common activities) to organize the way you wrap up the year.



- |  |  |
|--|--|
| <input type="checkbox"/> Accounting      | <input type="checkbox"/> Verifications |
| <input type="checkbox"/> Confirmations   | <input type="checkbox"/> Taxations     |
| <input type="checkbox"/> Reconciliations | <input type="checkbox"/> Compliances   |

### Year-end Accounting Checklist

1. Sales closing:
  - a. Make sure all pending projects and orders are invoiced till 31<sup>st</sup> March'2022 and goods are dispatched.
  - b. Ensure e-way bills and e-invoices are generated on GST portal for goods dispatched in FY 2021-22.
  - c. Ensure shipping bill / Bill-of-export are generated w.r.t. export sales for the FY 2021-22.
  - d. Cross check services performed and invoices raised. Raise invoices for all due cases.
2. Categorize and record all business expenses:
  - a. Make sure all contractors, vendors, employees, and other bills are recorded up to date.
  - b. Take reimbursement sheets from all employees, including directors, related to FY 2021- 22 and record expenses.
  - c. Cross check open purchase orders, goods delivered or services rendered till 31<sup>st</sup> March'2022 with expense/purchase booking. Account for prepaid expenses and provisions.
  - d. Review vendor advances and debit balances.
  - e. Recognize and reconcile for interest expense on interest bearing liabilities & borrowings.
3. Collect bank statements & confirmations and prepare BRS as applicable.
4. Perform physical verification of Cash-on-hand as on 31<sup>st</sup> March'2022 and prepare certificate.

5. Collect loan balances confirmation, latest sanction letters, repayment schedules. Also, to reconcile the outstanding charges as per MCA portal with bank & other borrowings.
6. Collect statements of all running loans, fixed deposits, current investments, credit cards, payment gate ways, etc. and reconcile/record actual transactions & accrued interests.
7. Take stock of cheques and other instruments on hand as on 31<sup>st</sup> March'2022, which are not deposited with bank.
8. Review balances of accounts payable and accounts receivable. Also to segregate disputed and undisputed balances. Prepare ageing of trade payables & trade receivable as per revised Sch III.
9. Collect balance confirmations of sundry creditors & sundry debtors.
10. Reconcile Inter-branch and group entities balances.
11. Review capital work in progress (CWIP) and ensure adequate capitalisation of all direct expenses relating to ongoing CWIP. Post all capitalization, recording of depreciation/amortization on tangible and intangible assets.
12. Check for capital commitments as on 31<sup>st</sup> March'2022.
13. Identify immovables properties which are not in the name of Company and reasons for the same.
14. Check for status of fixed assets verification and tagging. Carryout annual impairment testing of fixed assets and record impairment losses, if any. Ensure that physical verification of assets is completed as per management programme / policy for such assets verification.
15. Perform physical verification of closing stocks as on 31<sup>st</sup> March'2022 including of stock with/from 3<sup>rd</sup> parties or at outside premises. Assign proper valuation to stock as per applicable rules. Maintain proper records of such verification along with working of deviation observed on such verifications.
16. Record foreign exchange fluctuations properly on outstanding/pending balances as on 31<sup>st</sup> March'2022.
17. Obtain actuarial valuation of gratuity and leave liability alongwith HR policy for verification.
18. Updated status of all legal cases and contingent liability.
19. Budget Tasks:
  - a. Compare last year budget to actual outcomes. Reconcile total expenditures against yearly budget and resolve overspend.
  - b. Forecast revenue and expenses for the coming year to prepare a new budget.

## Year-end GST Checklist

### A. GST Input Tax Credit for FY 2021-22:

1. Reconcile ITC as per Books of Accounts with ITC claimed in GSTR 3B and ITC reflecting in Form GSTR 2A/2B (Specially when ITC is being availed on the basis of Form GSTR 2A or Form GSTR 2B).
  - a. Avail missing ITC for FY 2021-22 before the time stipulated in GST Laws.
  - b. For ITC missing in GSTR 2A/2B, follow up with suppliers to report transactions in their Form GSTR 1.
2. Avail any missing ITC on RCM paid (Reconcile RCM paid and ITC availed on such payment).
3. Review if any ineligible ITC (Blocked Input Tax credit/ ITC on exempt supplies) is not availed. If such ITC is availed, reverse such ITC along with interest.
4. Review payment to suppliers are not pending beyond 180 days from invoice date. If such ITC is availed without payment within 180 days from date of invoice, then said ITC is to be reversed. Re-credit of such ITC can be done on subsequent payment to supplier.
5. Check if any supplier is registered under Composition scheme and collected GST. Reverse such ITC along with interest.
6. In case registration of supplier is cancelled for non-payment of taxes or non-filing of returns, send communication to such supplier to that effect.

### B. Outward Supplies for FY 2021-22:

7. Reconcile turnover (Taxable, Exempt and Non-GST supply) with books of Accounts, GSTR 1 and GSTR 3B filed.
8. Reconcile Taxes paid with books and Accounts, GSTR 1 and GSTR 3B filed.
9. Verify the invoices and e-way bill compliance (cases where e-way is required but not generated).
10. Check if IRN is generated for all B2B, Export Invoices and Debit/Credit Notes, if E-Invoice provisions are applicable.
11. Reconcile Invoices issued to customer with GSTR 1 filed. Make amendment to GSTIN, Invoice Number, Invoice Date, Taxable Value, taxes, etc. till time stipulated in GST Laws.
12. Issue credit notes pertaining to FY 2021-22 before the time stipulated in GST Laws.
13. Double check the income where GST not paid or paid at lower rate. Pay tax not paid or short paid along with applicable interest.
14. For export supplies, ensure that proper LUT is in place for the concerned FY 2021-22.

15. Reconcile balance for advances as reported in GST returns with books of accounts. Adjust GST paid on advance with subsequent liability and report same in GSTR 1 and 3B.
16. Check if GST is paid on other Income and sale of motor car, sale of assets, etc.
17. Reconcile and pay RCM liability. Ensure to calculate and pay GST under RCM on import of Services, sitting fees paid to directors, GTA, Security Services, Rent a Cab, Advocate fees, etc.
18. Check and reconcile materials sent for Job work (Time limit for return – Inputs – 1 year and Capital goods – 3 years). Remember to file ITC 04 returns for Job work.
19. Match GST ledger balances as on 31.03.2022 (Electronic Cash Ledger, Electronic Credit Ledger & Electronic Liability Ledger) with the balances showing in the books.

**C. Important Activities to be undertaken for FY 2022-23 (April 2022):**

20. Letter of Undertaking (LUT) – Apply/Renew for Letter of Undertaking (LUT) for 2022-23 on GSTN Portal (required for Exports and SEZ Supplies without payment of GST).
21. Selection of frequency of Return Filing (for taxpayers having turnover below Rs 5 Crores) – Time limit for opting OUT of the QRMP Scheme for Quarter 1 ending June'2022 by 30<sup>th</sup> April'2022.

**Year-end Other Taxation & Compliances Checklist**

1. Compliance to TDS Provisions:
  - a. Deduct TDS on year end provisions, wherever applicable.
  - b. Double check the expenses where TDS hasn't been deducted. In all such cases, reconfirm the TDS applicability & take corrective action, if needed.
  - c. Check whether TDS has been paid on Advance Payments made to suppliers, especially where advance balances are appearing in the books as on 31<sup>st</sup> March'2022.
  - d. Issue all TDS certificates for FY 2021-22 by due date.
2. Reconcile 26AS /AIS statement with the books of accounts.
3. Review payment of adequate Advance Tax, pay balance if required.
4. Cross check for any pending statutory dues as on 31<sup>st</sup> March'2022 along with reasons.
5. Check for payroll taxes. Take proofs from employees against their investment declaration and deduct balance TDS.
6. Apply for registration under EPF/ESI if anytime during the year number of employees have exceeded the number 20/10 respectively.

7. Take MSME confirmations from all vendors as per revised definition of MSME and check for outstanding balances above 45 days.
8. Verify list of willful defaulters / defaulters from CIBIL Website ([www.suit.cibil.com](http://www.suit.cibil.com)).
9. Prepare statement of related party transactions carried out during the year and compare with the omnibus approval obtained from Audit Committee / Board.
10. Review CSR expenses and supporting documents thereof alongwith Minutes of CSR Committee.
11. Ensure Managerial Remunerations are paid within the limits prescribed under as per Companies Act, 2013.
12. Review overall borrowings of the Company are within the borrowing power as approved by shareholders. Also, Review adequacy of securities and guarantees provided on external borrowings.
13. Review compliances of amounts accepted as deposits or deemed deposits.
14. Loan to directors or any other person in whom director is interested is prohibited by Companies Act, 2013 subject to certain exceptions. Make sure the company is not providing or would not provide any such loan or guarantee.
15. Identify loans either repayable on demand or without specifying any terms or period of repayment. Also, any loan or advance in the nature of loan granted, which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans.
16. Obtain Internal Audit Report upto March'2022 and take appropriate action on auditor's suggestions/ observations.
17. Review requirement of maintaining cost records, whether the records have been maintained during the year and non-compliance if any.
18. Secretarial Documents: List of Shareholder, List of Directors, Minutes of BM, AGM, EGM and NRC Committee Meetings. CSR Committee Meetings, Director Declaration u/s 164(2), Director Declaration MBP-1, Policy of Internal Financial Control, Policy of Risk Management, Policy for RPT transactions, ROC Forms filled during the year, other statutory registers & records etc.
19. Ensure filing of pending Income Tax, GST, MCA, SEBI and Other forms for FY 2021-22.

---

**About Us:** LABHYANSH is a professionally managed Accounting, Taxation and Compliance Outsourcing services provider having presence in India. Provides services that are Timely, Accurate and Cost Effective using well defined processes. Our services enable client's business to enhance operational and financial agility by streamlining and optimizing key processes.

**Disclaimer:** This document is meant for informational purpose only and does not purport to be advice or opinion, legal or otherwise, whatsoever. LABHYANSH does not intend to advertise its services through this document. LABHYANSH or its associates are not responsible for any error or omission in this document or for any action taken based on its contents.

© 2022 LABHYANSH, India. All rights reserved.  
Last updated on: March'2022