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One Last Checkbox: The Essential Guide to Wrapping Up Your GST Year-End Compliances



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It is said that a well-laid plan is half the battle won and nowhere is this truer than in the world of tax compliance. Much like that one teammate who prepares for every match while others are still lacing up their boots, businesses that stay ahead of GST compliances save themselves the rather unpleasant experience of scrambling to regularize what could have simply been done right the first time.

As the GST machinery increasingly shifts gears towards automation, the department's eyes are sharper than ever, and trust us, you do not want to be their easy target. In this dynamic world, you can engineer your own certainty and secure a definitive victory against future litigation, by locking down your compliances today.

List of compliances are classified into following broader categories:

I. Transitioning into FY 2026-27

Area	Compliance Requirement	Consequences of Failure/Remarks
1. Renewal of LUT	Submit LUT for FY 2026-27 before commencing exports without payment of IGST.	Such exports will be denied zero-rating benefit, leading to IGST demands and interest.
2. Fresh Invoice Series	Establish a unique, consecutive serial number series for FY 2026-27.	Duplicate numbers cause e-way bill errors and GSTR 1 rejection.
3. Composition Scheme	Taxpayer with turnover up to Rs. 1.5 crore can opt-in via Form CMP-02 before 31 March.	Taxpayers will remain in regular scheme for the entire year if the window is missed.
4. QRMP Scheme Review	Taxpayer with turnover up to Rs. 5 crores can opt-in/out for Q1 of FY 2026-27.	Will be forced to continue the current filing frequency.
5. HSN Code Accuracy	Disclosure of HSN code (i.e. 4/6-digit) based on your turnover in FY 25-26.	Penalties under Section 125 and potential e-invoice generation failures.
6. ISD Distribution	ITC distribution ratio needs to be updated based on Turnover of FY 25-26	Incorrect distribution may result in ITC disputes.

II. Reconciliations & Data Integrity

Area	Compliance Requirement	Consequences of Failure/Remarks
7. GSTR 1 v/s GSTR 3B	Ensure annual outward liability reported in GSTR 1 matches with GSTR 3B.	Differences in annual figures can lead to automated notices from the department
8. Books v/s GST Returns	Reconcile revenue and ITC as per books with annual GSTR-1/3B returns.	Discrepancies lead to notices for short payment of tax or excess availment of ITC.
9. Books v/s GSTR 2B	ITC available in GSTR 2B but not yet booked must be accounted for. Similarly, for invoices not reflected in GSTR 2B, rigorous follow-up with vendors must begin	Taxpayers face the risk of loss of ITC due to mismatches.

III. Input Tax Credit (ITC) Risk Management

Area	Compliance Requirement	Consequences of Failure/Remarks
10. Blocked Credits	Check that no ITC on blocked items is availed (E.g., Food, Health Insurance, Car, CSR etc.)	Taxpayer can face demand for reversal along with interest.
11. Reversal of ITC due to non-payment to vendors	Taxpayers should ensure that vendors are paid within 180 days of invoice. Ensure that atleast creditors outstanding as on 31 st March are paid off within 180 days.	Mandatory ITC reversal with interest; credit can be reclaimed only after payment.
12. Reversal of ITC used for exempt supplies	ITC reversal under Rule 42/43 for common inputs used for exempt/non-business purpose must be re-calculated on annual basis.	In case of short reversal, interest cycle starts of 1 st April 2026.

IV. Key Deadlines for FY 2025-26

13. Amendments & Omissions: Errors in GST Returns of FY 2025-26 can be rectified up to 30th November 2026.

14. Credit Notes: Credit notes pertaining to sales of FY 2025-26 must be issued on or before November 2026. Failure to do so will result in a permanent forfeiture of the corresponding GST liability reduction.

15. Advances from customer: In case of service income, taxpayer needs to ensure whether closing advances as on 31st March 2026 are reported in GSTR 1 and corresponding liability has been discharged.

16. Reverse charge on Import of service: GST must be paid under reverse charge on services received from overseas suppliers. Authorities may detect non-payment through foreign remittance data (Form 15CA/CB).

Conclusion

As the GST ecosystem evolves, the focus of tax administration has steadily shifted toward data-driven compliance monitoring. In such an environment, even minor inconsistencies between returns, financial statements, and underlying documentation can attract scrutiny.

A structured year-end GST review therefore represents more than a compliance formality. It provides businesses with an opportunity to identify gaps, rectify reporting inconsistencies, and ensure that the next financial year begins with a clean compliance slate.

For tax professionals, this exercise also presents a valuable opportunity to deliver strategic advisory services, helping organisations strengthen their internal GST governance frameworks. Businesses that undertake a comprehensive year-

end review for FY 2025-26 will be significantly better positioned to navigate the compliance landscape of FY 2026-27 with reduced litigation exposure.



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