

GST & INDIRECT TAX COMPLIANCE CHECKLIST – MSME

1. GST Compliance Is Important for MSMEs

GST compliance directly affects the financial and operational health of an MSME.

A disciplined compliance process helps businesses:

- Avoid interest and penalties
- Claim eligible ITC correctly
- Improve financial accuracy
- Reduce audit risks
- Maintain smooth business operations
- Improve vendor and customer confidence
- Reduce the risk of GST notices
- Prevent delays caused by incorrect documentation

2. GST Compliance Calendar

Compliance Activity	Frequency
GST Invoice Issuance	Daily
Purchase Recording	Daily
E-Way Bill Generation	As required
ITC Reconciliation	Monthly
GST Return Filing	Monthly / Quarterly
Tax Payment	Monthly
Vendor Reconciliation	Monthly
Annual GST Review	Yearly

Key point: Maintain a GST compliance calendar to avoid missed deadlines.

3. GST Registration Compliance Checklist

The first step toward GST compliance is ensuring registration details remain accurate and up to date.

Verify GST Registration Details

Businesses should periodically review:

• Legal business name	• Contact details
• GSTIN	• Authorized signatory information
• Business address	• Principal place of business

Important: Incorrect registration details can create invoice and return-filing issues.

4. GST Invoice Compliance Checklist

Invoice-related errors remain one of the most common reasons for GST notices and reconciliation problems. Businesses should establish a standard invoicing process.

Ensure Every GST Invoice Includes

• Invoice number	• Taxable value
• Invoice date	• GST rate
• Supplier GSTIN	• CGST, SGST, IGST breakup
• Customer GSTIN (where applicable)	• Place of supply
• HSN/SAC code	• Authorized signature
• Product or service description	

5. GST Invoice Verification Table

Requirement	Check
Unique Invoice Number	✓
Correct GSTIN	✓
Accurate GST Rate	✓
HSN/SAC Code	✓
Tax Calculation	✓
Customer Details	✓
Invoice Date	✓

Why it matters: Accurate invoices reduce the risk of ITC mismatches and GST notices.

6. Input Tax Credit (ITC) Compliance Checklist

MSMEs should conduct regular ITC reviews to avoid losing eligible credits.

Monthly ITC Checklist

- Match purchase invoices with supplier submissions.
- Verify that vendors are filing their GST returns on time.
- Identify invoices missing from GST records.
- Remove ineligible or restricted ITC.
- Identify vendor-related mismatches.
- Follow up with suppliers for corrections.
- Review pending and reversed ITC.

Benefits of ITC Reconciliation

- Prevents blocked credits
- Improves cash flow
- Reduces mismatch-related issues
- Reduces GST notice risks
- Improves audit preparedness

Best practice: Perform ITC reconciliation monthly instead of waiting until year-end.

7. GST Return Filing Checklist

GST return filing remains one of the most important compliance responsibilities for MSMEs.

Businesses should maintain proper records before filing returns.

Before Filing GST Returns

• Verify sales invoices	• Review credit notes
• Verify purchase invoices	• Verify debit notes
• Check GST liability	• Confirm tax payments
• Reconcile ITC claims	•

8. GST Return Preparation Checklist

Task	Status
Sales Reconciliation	✓
Purchase Reconciliation	✓
ITC Validation	✓
Tax Calculation Review	✓
Vendor Verification	✓
Return Preview Review	✓

Review the return carefully before filing to reduce future corrections.

9. E-Way Bill Compliance Checklist

Businesses involved in goods movement must comply with e-Way Bill requirements.

This applies particularly to:

- Manufacturers
- Traders
- Distributors
- Wholesalers
- Logistics companies

Verify Before Generating E-Way Bills

- Correct invoice details
- Accurate vehicle information
- Proper transporter details
- Correct distance information
- Matching GST details

Common E-Way Bill Errors

- Wrong GSTIN
- Incorrect invoice numbers
- Invalid vehicle details
- Distance mismatches
- Expired e-Way Bills

10. E-Invoicing Compliance Checklist

Although e-Invoicing applicability depends on turnover thresholds notified by the government, eligible businesses must ensure compliance.

E-Invoicing Readiness Checklist

- ERP integration configured
- GSTIN validation completed
- Invoice numbering standardized
- HSN codes updated
- Tax rates reviewed
- IRN generation tested

11. Vendor Compliance Monitoring Checklist

Vendor compliance can directly affect an MSME's ITC.

Review Vendors Regularly

- GST registration status
- Return filing behavior
- Invoice accuracy
- Credit note issuance
- GSTIN validity

12. Record-Keeping Checklist Under GST

Businesses should maintain organized GST records for the prescribed period.

Documents MSMEs Should Maintain

Sales Records	Purchase Records	GST Records	Inventory Records
Tax invoices	Vendor invoices	Return filings	Stock registers
Credit notes	Import documents	Payment challans	Movement records
Debit notes		Reconciliation reports	

13. Monthly GST Compliance Checklist for MSMEs

Every month, MSMEs should:

- Review all sales invoices.
- Record all purchases.
- Capture supplier invoices.
- Reconcile ITC.
- Verify GST liability.
- Check key vendor compliance.
- Prepare required GST returns.
- Confirm tax payments.
- Review credit and debit notes.
- Check for invoice mismatches.

14. Quarterly GST Compliance Checklist

Businesses under QRMP and other applicable schemes should conduct quarterly reviews covering:

- Compliance review meeting
- Vendor risk assessment
- ITC validation
- Tax liability analysis
- Business growth review
- GST process improvement

- Recurring compliance issues

Key benefit: Quarterly reviews help identify and fix recurring compliance gaps.

15. Annual GST Compliance Checklist

At the end of the financial year, review:

- GST return reconciliation
- Annual turnover against filed returns
- GST records against financial statements
- Pending ITC
- Reversed ITC
- High-value vendor transactions
- Vendor compliance
- Compliance documentation
- Audit-ready records

16. GST DUE DATE

Compliance	Due Date
Form GSTR-1 – Monthly	11th day of succeeding month
Form GSTR-1 – Quarterly	13th day of the month succeeding the quarter
Form GSTR-3B – Monthly	20th day of succeeding month
Form GSTR-3B – Quarterly – Category 1 States/Union Territories	22nd day of month succeeding the quarter
Form GSTR-3B – Quarterly – Category 2 States/Union Territories	24th day of month succeeding the quarter
GST Tax Payment	Applicable return due date
Electronic Invoice / Invoice Reference Number	Within the prescribed time before or in connection with the supply, wherever applicable
Electronic-Way Bill	Before commencement of movement of goods, wherever applicable
Input Tax Credit Reconciliation	Monthly / before applicable return filing
Annual Return – Form GSTR-9	31 December following the end of the financial year, where applicable
Reconciliation Statement – Form GSTR-9C	Along with applicable annual return, where required

NOTES

GST rules and compliance requirements may change based on government notifications. Always verify the latest applicable rules before filing returns or claiming ITC.