

The Complete Month-End Financial Closing Guide for E-Commerce Sellers in India

Your Ultimate Blueprint for Accurate Books, Smooth GST Filings & Profit Protection

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Introduction: Why Month-End Closing is a Game-Changer for Online Sellers

Running an e-commerce business is not just about receiving orders and dispatching parcels. Behind every successful online store lies one crucial but often ignored process — **Month-End Closing**.

Whether you sell on **Amazon, Flipkart, Meesho, Myntra, Ajio, Shopify, WooCommerce**, or a custom D2C website, you deal with:

- ✓ Multiple settlement cycles
- ✓ Frequent returns & cancellations
- ✓ Complex GST rules
- ✓ Marketplace commissions
- ✓ Ad expenses & shipping charges
- ✓ Inventory discrepancies

One small mistake in reconciliation can silently eat up your margins and trigger tax issues.

This blog gives you the **most comprehensive and engaging month-end checklist** for Indian e-commerce sellers — a perfect reference for business owners, accountants, and CAs managing online businesses.

1 Consolidate All Sales Data for the Month

Your month-end closing starts with gathering every piece of sales information across all platforms:

- Amazon Seller Central
- Flipkart Seller Hub
- Meesho Supplier Panel
- Shopify / WooCommerce
- Payment gateway dashboards (Razorpay, Cashfree, PayU)
- Offline billing tools
- POS or wholesale sales (if any)

✓ **Why this step matters**

Because marketplace dashboards often show gross amounts, while settlements reflect net values after deductions. If you skip this step, your books will **never match your bank statements**.

✓ What to do

- Export sales summary
- Separate marketplace and website sales
- Categorize into B2C, B2B, interstate, intrastate & export
- Compare order reports with dispatch logs
- Ensure all fulfilled orders appear in marketplace settlements

2 Payment Gateway & Bank Reconciliation That Protects Your Cash Flow

Your bank account is the heart of your business. Month-end closing ensures that **every rupee** is accounted for.

2.1 Bank Statement Reconciliation

Match every credit with:

- Marketplace settlements
- Payment gateway deposits
- COD remittances
- Refund reversals
- Dispute charges

2.2 Payment Gateway Verification

For online website orders:

- Verify website orders vs. PG settlements
- Deduct PG charges & GST on PG charges
- Identify failed transactions
- Confirm refund settlements

✓ Why this step matters

A missing settlement or double-charged fee can silently reduce your profit — and it's more common than you think.

3 Returns, Refunds & Cancelled Orders — The Silent Killers of Profit

E-commerce returns can disrupt your stock, sales numbers, and GST reporting.

3.1 Download Complete Return Reports

Take all data:

- RTO
- Delivered returns
- Customer refunds
- Quality-check failed returns
- Lost-in-transit items

3.2 Match Returns with Physical Stock

Check your warehouse:

- Returned item received?
- Is it saleable?
- Does system stock match?

3.3 Issue Credit Notes

Every return must translate into:

- Credit note
- Reverse GST entry
- Sales ledger correction

✓ Why this step matters

If you do not manage returns properly, GST and accounting mismatches can lead to **notices, loss of ITC, or misreported profit.**

Inventory Closing & COGS: The Backbone of E-Commerce Profitability

4.1 Conduct a Physical Stock Audit

- Count every SKU
- Compare with inventory software
- Adjust missing/damaged units
- Reconcile returns

4.2 Update COGS (Cost of Goods Sold)

Formula:

Opening Stock + Purchases – Closing Stock = COGS

✓ What affects COGS?

- Damaged items
- Expiry
- Bundled offers

- Free samples
- Influencer gifting units

✓ Why this step matters

COGS directly impacts profitability, valuation, and GST filings.

5 Purchase Register & Expense Ledger — Get Your Books Audit Ready

5.1 Record All Vendor Purchases

Include:

- Inventory purchases
- Packaging material
- Raw materials
- Office consumables

5.2 Verify Supplier GST Invoices

Check:

- GSTIN
- HSN code
- Invoice date
- GST split
- ITC eligibility
- Whether invoice appears in GSTR-2B

5.3 Record Business Expenses

Most important e-commerce expenses:

- Shipping charges
- Amazon/Flipkart commissions
- Meesho service charges
- Marketplace penalties
- Facebook/Google ads
- Marketplace advertising
- Payment gateway fees
- Agency/consultant fees
- Rent, phone, and utility expenses

6 GST Month-End Checklist for E-Commerce Sellers

6.1 Outward Supply Matching

Cross-check:

- Sales ledger vs. GSTR-1
- Marketplace uploaded data
- B2B invoice details

6.2 ITC Reconciliation

Match your purchase register with:

- GSTR-2B
- Eligible ITC
- Blocked credits
- Reversal under Rule 37 (non-payment to vendor)

6.3 GST Liability Computation

- Output GST
- Input GST
- Adjustments
- Reverse charge entries
- Credit notes impact

7 TDS & TCS Tracking for E-Commerce

✓ Track marketplace TCS

Check:

- TCS collected
- Monthly TCS certificate
- 26AS entries

✓ Track TDS you must deduct

For:

- Employee salaries
- Professionals (CA, consultant, agency)
- Freelancer contracts
- Rent

✓ Why this step matters

Incorrect TDS/TCS leads to demand notices.

8 Monthly Profit & Loss Statement (The CEO's Favourite Report)

The P&L tells you EXACTLY how your business performed.

8.1 Compute Revenue

Include:

- Gross sales
- Less returns
- Less cancellations
- Add marketplace subsidies
- Less seller-funded discounts

8.2 Calculate Gross Profit

Gross Profit = Net Revenue – COGS

8.3 Deduct Operating Expenses

- Ad spend
- Commissions
- Payment gateway fees
- Salaries
- Rent
- Utilities

8.4 Understand Net Profit

This is the number every founder must track.

9 Balance Sheet Review — Your Business Health Snapshot

Review:

- Cash & bank
- Inventory
- Advances
- Vendor payables
- GST receivable/payable
- TDS payable
- Marketplace unsettled balances

This is the most ignored but MOST important part of financial health.

10 Marketplace & Website Operational Review

For Amazon

- Account health
- ODR & return rate
- Payments withheld

For Flipkart

- Return analytics
- Seller scorecard
- Weight disputes

For Meesho

- Penalties
- Commission disputes
- RTO percentage

For Shopify/WooCommerce

- Cart abandonment
- Conversion rate
- UTM tracking

1 1 Document Archival & Cloud Backup

Prepare monthly folders:

- Sales
- Purchases
- Expenses
- GST workings
- Delivery partner bills
- PG statements
- Financial statements

Upload to:

- Google Drive
- Dropbox

- OneDrive

This helps during audits, notices & yearly closing.

1 2 Internal Review & Team Sign-Off

Conduct a review with:

- Accounts
- Warehouse
- Marketing
- Founder / Director

Discuss:

- Profitable SKUs
- Loss-making categories
- Return percentages
- Cash flow gaps
- Next month buying plan

1 3 Cash Flow Management (The Lifeline of E-Commerce)

Plan:

- Expected settlements
- GST payments
- Vendor payments
- Ad budgets

Avoid the #1 reason most e-commerce sellers struggle:

Cash Crunch.

1 4 Final Month-End Sign-Off Checklist

- ✓ Sales reconciled
- ✓ Marketplace settlements checked
- ✓ PG and bank matched
- ✓ Inventory closed
- ✓ COGS calculated
- ✓ GST updated
- ✓ ITC matched
- ✓ TDS/TCS reconciled

- ✓ P&L created
- ✓ Balance sheet updated
- ✓ Cash flow prepared
- ✓ Documents archived
- ✓ Team sign-off done

Final Thoughts

E-commerce bookkeeping isn't complicated — it's just **structured**.

When your month-end closing becomes a routine, your business gains:

- ★ Clear profitability
- ★ Better inventory planning
- ★ Clean GST filings
- ★ Accurate cash flow
- ★ Higher marketplace ratings
- ★ Confidence during audits or inspections

This checklist is your **financial toolkit** to ensure your online business runs smoothly, professionally, and profitably.