

Accounts and Records in GST

Assessment in GST is mainly focused on self-assessment by the taxpayers themselves. Every taxpayer is required to self-assess the taxes payable and furnish a return for specified tax periods i.e. the period for which return is required to be filed. The compliance verification is done by the department through scrutiny of returns, audit and/or investigation. Thus, the compliance verification is to be done through documentary checks rather than physical controls. This requires certain obligations to be cast on the taxpayer for keeping and maintaining accounts and records.

2. Section 35 of the CGST Act, 2017 and Chapter VIII of the CGST Rules, 2017 (hereinafter referred to as rules) provide that every registered person shall keep and maintain all records at his principal place of business. It also cast, responsibility on owner or operator of warehouse or godown or any other place used for storage of goods and on every transporter, irrespective of whether he is a registered person or not, to maintain specified records. The section also empowers the Commissioner to notify a class

of taxable persons to maintain additional accounts or documents for specified purpose or to maintain accounts in other prescribed manner. It also provides that every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant.

3. Section 35 of the CGST Act, 2017 provides that every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of—
- a) production or manufacture of goods;
 - b) inward and outward supply of goods or services or both;
 - c) stock of goods;
 - d) input tax credit availed;
 - e) output tax payable and paid; and
 - f) such other particulars as may be prescribed.

In addition, the rules also provide that the registered person shall keep and maintain records of-

- a) goods or services imported or exported; or
- b) supplies attracting payment of tax on reverse charge

along with relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers and e-way bills.

4. In case, more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business. A registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.
5. Following accounts and records will have to be maintained by every registered person:
 - a) accounts of stock in respect of goods received and supplied; and such account shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples and balance of stock including raw materials, finished goods, scrap and wastage thereof;
 - b) a separate account of advances received, paid and adjustments made thereto;
 - c) an account, containing the details of tax payable, tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit note, debit note, delivery challan issued or received during any tax period [not required for person paying tax under section 10];
 - d) names and complete addresses of suppliers from whom goods or services, chargeable to tax under the Act, have been received;
 - e) names and complete addresses of the persons to whom supplies have been made;
 - f) the complete addresses of the premises where the goods

- are stored including goods stored during transit along with the particulars of the stock stored therein;
- g) monthly production accounts, showing the quantitative details of raw materials or services used in the manufacture and quantitative details of the goods so manufactured including the waste and by products thereof;
 - h) accounts showing the quantitative details of goods used in the provision of services, details of input services utilised and the services supplied;
 - i) separate accounts for works contract showing –
 - the names and addresses of the persons on whose behalf the works contract is executed;
 - description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;
 - description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract;
 - the details of payment received in respect of each works contract; and
 - the names and addresses of suppliers from whom he has received goods or services.
6. The books of account shall be kept at the principal place of business and at every related place(s) of business mentioned in the certificate of registration and such books of account shall include any

electronic form of data stored on any electronic devices. The data so stored shall be authenticated by way of digital signature. Unless proved otherwise, if any documents, registers, or any books of account belonging to a registered person are found at any premises other than those mentioned in the certificate of registration, they shall be presumed to be maintained by the said registered person. If any taxable goods are found to be stored at any place(s) other than those declared without the cover of any valid documents, the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.

7. Attention is invited to Circular No. 23/23/2017-GST dated 21.12.2017 which provides relaxation from maintenance of books of accounts relating to additional place of business by a principal or an auctioneer for the purpose of auction of tea, coffee, rubber etc. subject to prescribed conditions.
8. Any entry in registers, accounts and documents shall not be erased, effaced or overwritten, and all incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter correct entry shall be recorded, and where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained. Further each volume of books of account maintained manually by the registered person shall be serially numbered.

9. Period for preservation of accounts:

- All accounts maintained together with all invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply shall be preserved for seventy-two months (six years) from the due date of furnishing of annual return for the year pertaining to such accounts and records and shall be kept at every related place of business mentioned in the certificate of registration.
- A registered person, who is a party to an appeal or revision or any other proceedings whether filed by him or by the Commissioner, or is under investigation for an offence, has to retain the records pertaining to the subject matter of such appeal or revision or proceedings or investigation for a period of one year after final disposal of such appeal or revision or proceedings or investigation, or for the period specified above (seventy-two months), whichever is later.

10. Electronic Records: The following requirements have been prescribed for maintenance of records in electronic form.

- Proper electronic back-up of records in such manner that, in the event of destruction of such records due to accidents or natural causes, the information can be restored within a reasonable period of time.

- produce, on demand, the relevant records or documents, duly authenticated, in hard copy or in any electronically readable format.
- Where the accounts and records are stored electronically by any registered person, he shall, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access and any other information which is required for such access along with a sample copy in print form of the information stored in such files.

11. Records to be maintained by owner or operator of godown or warehouse and transporters:

The transporters, owners or operators of godowns, if not already registered under the GST Act(s), shall submit the details regarding their business electronically on the Common Portal in FORM GST ENR-01. A unique enrolment number shall be generated and communicated to them. A person enrolled in any other State or Union territory shall be deemed to be enrolled in the State or Union Territory.

12. Every person engaged in the business of transporting goods shall maintain records of goods transported, delivered and goods stored in transit by him and for each of his branches. Every owner or operator of a warehouse or godown shall maintain books of accounts, with respect to the period for which particular goods remain in the warehouse, including

the particulars relating to dispatch, movement, receipt, and disposal of such goods. The goods shall be stored in such manner that they can be identified item wise and owner wise and shall facilitate any physical verification or inspection, if required at any time.
