

GOODS AND SERVICE TAX

Chapter 4

ACCOUNTS & RECORDS

Introduction

- Its obligatory for tax payers to maintain accounts & records at the **PRINCIPLE PLACE OF BUSINESS.**
- Accounts or records may be maintained either electronically or manually.
- No prescribed format is there for accounts.

Section 35 : Maintaining Accounts and Other Records

- Nature of records varies according to the nature of business

- Where more than one place of business is there, records of each place shall be maintained at the relevant place only.
- If records of a registered person found from any place other than Principle Place of Business, such records shall be presumed to be maintained by the registered person only.
- Rule 56 specifies records to be maintained (Refer Pg No 71)

Section 56(1)

- Section 56(1) provides that registered person in addition to records specified in section 35(1), shall maintain true and correct accounts of :

- Import & Export of Goods and Services.
- RCM Supplies attracting payment of reverse charge.
- Other documents including invoice, bill of supply, credit note, debit note, delivery challan, receipt voucher, Refund voucher, Payment Voucher, E Way bills etc.
- If a registered person is involved in manufacturing and trading activities, records for both shall be maintained separately.

Rule (2)

Every registered person other than composition dealer shall maintain :

- Opening balance of stock
 - Goods Receipt
 - Goods Supplied
 - Goods Lost
 - Goods Stolen
 - Goods Destroyed
 - Goods wasted
 - Goods given as gift or free sample
 - Balance of stock including RM, FG, Scrap and waste material.
- Above records shall be kept commodity wise.**

Rule 56(3)

○ Rule 56(3) provides that :

- Being a registered person
- Shall keep and maintain separate accounts of
 - Advances received
 - Advance Paid
 - And Advance adjusted.

Rule 56(4)

- Rule 56(4) provides that, every registered person other than composite dealer must keep and maintain accounts of :
 - Tax Payable
 - Tax Payable under RCM
 - Tax Collected
 - Tax Paid
 - ITC claimed along with supporting documents.

Rule 56(5)

○ Rule 56(5) provides that, every registered person shall keep particulars of :

- Name and complete address of supplier from whom he receives goods / services.
- Name and complete address of person to whom he supplies goods / services.
- Complete address of the place where goods are stored by him.
- If goods found at any place other than at registered address without payment of tax, the officer may determine tax on assumption that said goods belongs to the registered person. - Rule 56(6).

Rule 56(7)

- Rule 56(7) provides for place of records :
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Every registered person :

- Shall keep accounts at principle place of business.
- At every additional place of business mentioned in his registration certificate.
- Books of accounts shall include any electronic form of data.

Rule 56(8)

○ Rule 56(8) provides for correction of records :

- If records are maintained manually, no entry should be erased or overwrite.
- All incorrect entries shall be scored out under attestation.
- Only thereafter correct entries can be entered in to the records.
- Both incorrect and correct entries shall remain in records.

– Each volume of books of accounts maintained manually shall be serially numbered. Rule 56(9).

Rule 56(10)

- Rule 56(10) Presumption of Accounts :

- If records are maintained elsewhere other than registered place of business shall be considered as maintained by the registered person only.

Rule 56(11)

○ Rule 56(11) Records maintained by Agent :

- Every agent shall maintain accounts depicting the :
 - *Authorization received by him from registered person for receive or supply goods on his behalf.*
 - *Particulars of description, value and qty. of goods received or supplied on behalf of each principle.*
 - *Details of accounts furnished to all principles.*
 - *Tax pain on receipts or on supplies affected on behalf of every principle.*

Rule 56(12)

○ Rule 56(12) Records maintained by Manufacturer :

- *Monthly production of records showing qty of RM or services used in manufacturing.*
- *Quantitative details of goods so manufactured.*
- *Including wastage and bye products.*

Rule 56(13)

- Rule 56(13) Records maintained by Supplier of Service :

- *Accounts showing quantitative details of goods used in providing output services.*

- *Accounts showing input services utilized for providing output services.*

Rule 56(14)

○ Rule 56(14) Records maintained by Works Contractor :

- *Name and address of the person on whose behalf contract is undertaken.*
- *Description, quantity and value of goods or services received for execution of work contracts.*
- *Description, quantity and value of goods or services utilized for execution of work contracts.*
- *Details of payments received in respect of each works contract.*
- *Name and address of the supplier from whom he received goods or services.*

Rule 56(15)

- Rule 56(15) Electronic Forms :

- *Records may be maintained in electronic form.*

- *Such records so maintained shall be authenticated by means of digital signature.*

Rule 56(16)

- *Accounts maintained by the registered person together with all invoices, bills of supply, debit & credit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply etc.*
- Shall be preserved for the period as provided in section 36.
- If records are manual, shall be kept at every related place of business, and
- Shall be accessible at every related place of business where accounts and documents maintained digitally.

Rule 56(17)

○ Rule 56(17) Records by clearing & forwarding agents :

- *Any person having custody of goods as a C&F agent shall maintain true & correct records of :*
 - *Goods handled by him on behalf of principle.*
 - *Records must be separate for every principle.*
 - *Showing opening balance, receipts, dispatch, closing balance.*
 - *Records to be produced as and when asked by the GST authorities.*

Rule 56(18)

- Rule 56(18) Production of Records :

- *Every registered person shall on demand.*

- *Produce books of accounts.*

Operation of Warehouse or Godown

❖ *Section 35(2)*

- *Every owner of the warehouse or godown and every transporter.*
- *Shall maintain records of consignor, consignee and other details as may be prescribed.*
- *All records must be maintained irrespective of that the person is registered or not.*

❖ *Rule 58*

- *If person is not registered, shall submit details of his business electronically.*
- *Either directly or through facilitation center.*
- *And upon validation of details, unique enrolment number shall be generated and communicated to the said person.*

Rule 58(4)

- *Any person engaged in the transportation of goods :*
 - *Shall maintain records of Goods transported, delivered, stored in transit by him.*
 - *Along with GSTIN of consignor and consignee.*

Rule 58(2)

○ *Owner & Operator of warehouse or godown shall maintain books of accounts in respect of :*

- *Particulars of goods remain in warehouse.*
- *Particulars relating to dispatch, movement, receipt and disposal of goods.*
- *Goods should be stored in such manner that they can be identified*
 - *Item wise*
 - *Owner wise*

So that the proper officer may verify the same.

Section 35(3)

- *Maintenance of additional Records :*
 - *To determine correct liability considering the nature of business.*
 - *The commissioner may notify a class of taxable person.*
 - *To maintain additional accounts or documents.*
 - *For such purpose as may be prescribed.*

Section 35(4)

- *Power of Commissioner in respect of Accounts :*
 - *Small business may not be able to maintain elaborated accounts.*
 - *Commissioner is empowered to permit such persons to maintain records as prescribed by him.*
 - *He may prescribe simplified records for such person.*

Section 35(5)

- *GST Audit :*
 - *Every registered person whose turnover exceeds the prescribed limit (2 Cr.)*
 - *Shall gets his accounts audited by Cost Accountant or Chartered Accountant.*
 - *Such report shall be submitted in such form as prescribed on or before such date as may be prescribed.*
 - *As GST mechanism is self assessment, department is depends on Cas to audit their accounts and compute correct liability.*
 - *Govt. Departments are subject to audit by CAG are exempted from audit by CA*

Section 35(6)

- *Non maintenance of Account :*
 - *Where registered person fails to account for any goods or services or both.*
 - *Proper officer shall determine liability on such un accounted goods/services.*
 - *As if such goods/services had been supplied by such person.*
 - *Provisions of section 73 or section 74 as the case may be shall apply for determination of tax. (73, 74 – Tax not paid, short paid, erroneously refunded, wrong ITC etc.)*

Rule 57

When electronic records are maintained, following precautions to be taken :

- *Proper backup must be taken.*
- *If data lost accidentally, the same shall be restored within reasonable time.*
- *Provide on demand a hard copy of the records or electronically readable records.*
- *Rules required the person to details of such file, password of such files, code words used.*

Section 36

Period of retention of Accounts :

- *Every registered person shall retain books and records.*
- *Until expiry of 72 months from the due date of furnishing of annual return of the year pertaining to such accounts and records.*