



सत्यमेव जयते

GST

(GOODS AND SERVICES TAX)

Accounts and records in GST

1. **INTRODUCTION:** Assessment in GST is mainly focused on self-assessment by the taxpayers themselves. Every taxpayer is required to self-assess the tax payable and furnish a return for each tax period 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 obligation to be cast on the taxpayer for keeping and maintaining accounts and records. Section 35 of the CGST Act, 2017 and Rules 56, 57 and 58 of CGST Rules, 2017 ["Accounts and Records"] provide that every registered person shall keep and maintain all records at his principal place of business. Further, irrespective of whether he is a registered person or not, the responsibility to maintain specified records has been put on the owner or operator of warehouse or godown or any other place used for storage of goods and on every transporter. 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. Similarly, the Commissioner can permit a class of taxable persons to maintain accounts in such manner as may be prescribed if that class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of GST Laws. 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.

2. **LIST OF DOCUMENTS/RECORDS:** Section 35 of 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:

- production or manufacture of goods;
- inward and outward supply of goods or services or both;
- stock of goods;
- input tax credit availed;
- output tax payable and paid; and
- such other particulars as may be prescribed.

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

- goods or services imported or exported; or
- 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; or
- accounts of stock in respect of goods received and supplied by him, 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;
- a separate account of advances received, paid and adjustments made thereto;
- 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;
- names and complete addresses of suppliers from whom goods or services, chargeable to tax under the Act, have been received;
- names and complete addresses of the persons to whom supplies have been made;



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- (h) the complete addresses of the premises where the goods are stored including goods stored during transit along with the particulars of the stock stored there in;
- (i) 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;
- (j) shall maintain the accounts showing the quantitative details of goods used in the provision of services, details of input services utilised and the services supplied;
- (k) 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.
- (l) Separate records by agent referred to in clause (5) of section 2 of CGST Act, 2017 showing:
 - particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;
 - particulars including description, value and quantity (wherever applicable) of goods or services received on behalf of every principal;
 - particulars including description, value and quantity (wherever applicable) of goods or services supplied on behalf of every principal;
 - details of accounts furnished to every principal; and
 - tax paid on receipts or on supply of goods or services effected on behalf of every principal.

3. **LOCATION OF THE RECORDS:** The books of account shall be kept at the principal place of business and at every additional 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.

- Following exceptions have been provided from maintenance of records at each additional place of business;
 - Circular No. 23/23/2017-GST dated 21.12.2017 provides that principal and auctioneer of tea, coffee, rubber, etc. can maintain books of accounts relating to warehouse declared as additional place of business can be maintained at their principal place of business;
 - Circular No. 61/35/2018-GST dated 04.09.2018 provides that books of accounts in relation to goods stored at the transporter's godown (i.e. the recipient taxpayer's additional place of business) by the recipient taxpayer may be maintained by him at his principal place of business instead of at the transporter's godown declared as additional place of business.
4. **CORRECTIONS IN THE RECORDS:** 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.

5. **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 re-

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lated 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.
- 6. 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.
- 7. RECORDS TO BE MAINTAINED BY OWNER OR OPERATOR OF GODOWN OR WAREHOUSE AND TRANSPORTERS OR A CARRIER OR A CLEARING AND FORWARDING AGENT:**
- 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 in any other State or Union territory shall be deemed to be enrolled in the State or Union Territory.
For the purposes of Chapter XVI (E-Way Bill) of CGST Rules,
- a transporter who is registered in more than one State or Union Territory having the same Permanent Account Number, he may apply for a unique common enrolment number by submitting the details in FORM GST ENR-02 using any one of his GSTIN, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter.
 - Any person engaged in the business of transporting goods shall maintain records of goods transported, delivered and goods stored in transit by him along with the Goods and Services Tax Identification Number of the registered consigner and consignee 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.
 - Every person having custody over the goods in the capacity of a carrier or a clearing and forwarding agent for delivery or dispatch thereof to a recipient on behalf of any registered person shall maintain true and correct records in respect of such goods handled by him on behalf of such registered person and shall produce the details thereof as and when required by the proper officer.

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