

Maintenance of Proper Books of Accounts under GST

CMA Yogesh Chatwani,

Practicing Cost Accountant, IP and RV (SFA),

Ahmedabad – Gujarat.

Email: ybchatwani2310@gmail.com.



Chapter VIII of CGST Act – ACCOUNTS AND RECORDS - COVERAGE

Section	Section Heading
35	Accounts and Other Records.
36	Period of Retention of Records.



Chapter VII of CGST Rules – ACCOUNTS AND RECORDS - COVERAGE

Rule	Rule Heading
56	Maintenance of Accounts by Registered Persons
57	Generation and maintenance of electronic records.
58	Records to be maintained by owner or operator of godown or warehouse and transporters



Relevant Forms – Accounts and Records

Form	Form Heading
Form GST ENR-01	Application for Enrolment under Section 35(2)
Form GST ENR-02	Application for obtaining unique common enrolment number

Relevant Definitions – Accounts and Records

Section 2(13) – Audit:

*“Audit” means the **examination of records, returns and other documents** maintained or furnished by the **registered person** under this Act, or the rules made thereunder or under any other law for the time being in force **to verify the correctness of turnover declared, taxes paid, refund claimed, and input tax credit availed, and to assess his compliance with the provisions** of this Act or the rules made thereunder.*

Section 2(8) – Appellate Authority:

“Appellate Authority” means an authority appointed or authorised to hear appeals as referred to in section 107.

Section 2(26) – Common Portal:

“Common Portal” means the common goods and services tax electronic portal referred to in section 146.

Relevant Definitions – Accounts and Records

Section 2(85) – Place of Business:

"place of business" includes-

*(a) a place from where the **business is ordinarily carried on**, and includes a warehouse, a godown or **any other place** where a taxable person stores his goods, supplies or receives goods or services or both; or*

*(b) a place where a taxable person **maintains his books of account**; or*

*(c) a place where a taxable person is **engaged in business through an agent**, by whatever name called;*

Section 2(89) – Principal Place of Business:

"principal place of business" means the place of business specified as the **principal place of business in the certificate of registration.**

Relevant Definitions – Accounts and Records

Section 2(94) – Registered Person:

"registered person" means a person who is registered under section 25 but does not include a person having a Unique Identity Number.

Section 2(41) – Document:

"document" includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000 (21 of 2000).

Clause (t) of section 2 of the Information Technology Act, 2000:

"electronic record" means data, record or data generated, image or sound stored, received or sent in an electronic form or microfilm or computer-generated micro fiche;

GST Accounts and Records maintenance



GST Records to be maintained:



Production or manufacture of goods.



Inward and outward supply of goods or services.



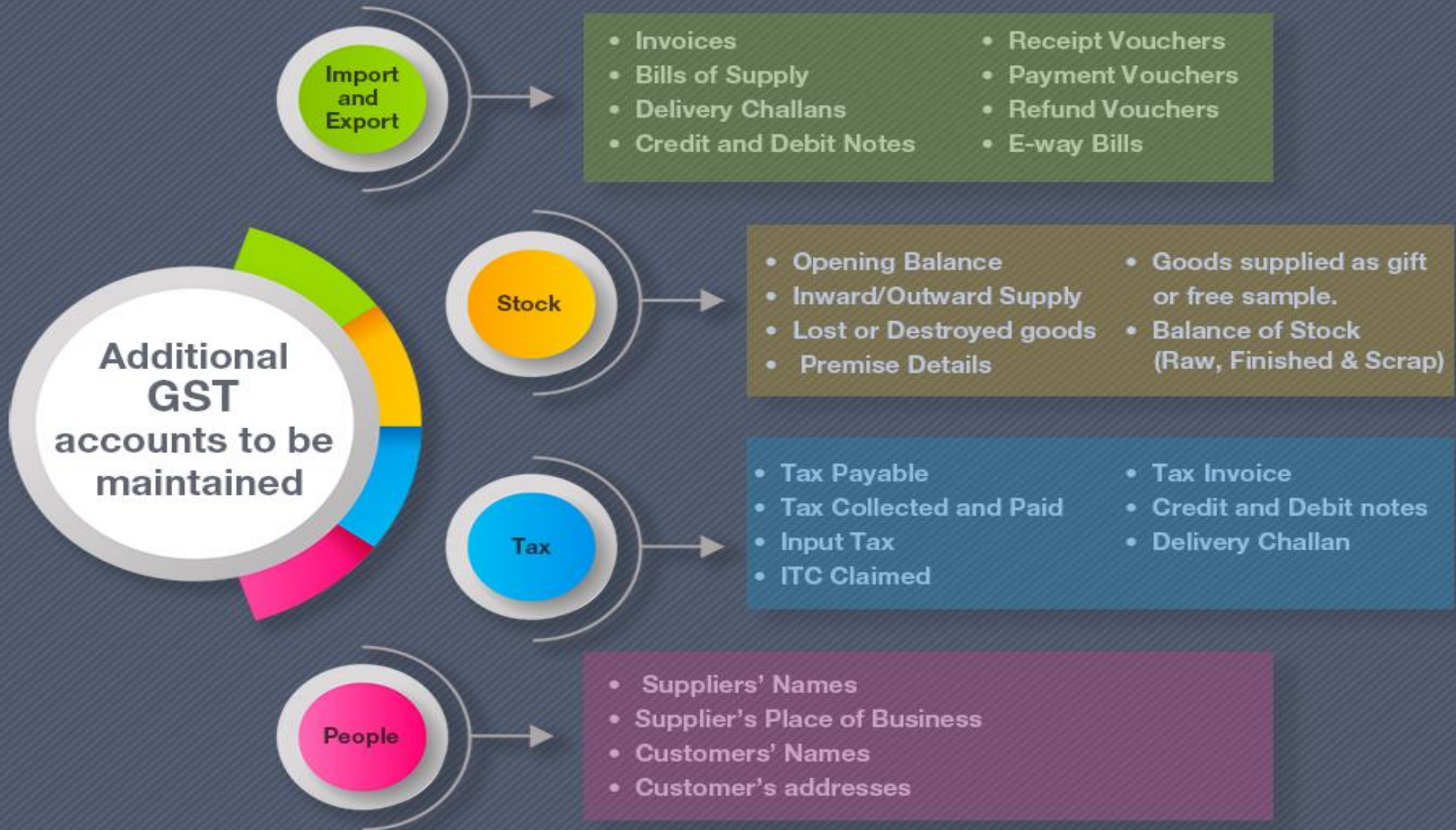
Stock of goods.



Input Tax Credit availed



Output tax credit availed.



GST Records maintenance

Under the GST regime, businesses are required to maintain various accounts and records for ready verification by an authorised GST Authority either in electronic or physical format.

The taxable persons are allowed to maintain records in electronic form authenticated by a **digital signature**.

Accounts maintained by a **taxable person under GST** together with all invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply should be maintained for a period of 6 years from the date of furnishing GST annual return.

GST accounts and records must be kept at every related place of business mentioned in the certificate of registration.

Place of Maintenance of Records

The details above must be maintained at the registered office premises or at a branch, where the particular business is being pursued.

In case of electronic records maintained on a server, the server must be located in India.

If the taxpayer maintains all the details electronically, then the person should use the digital signature as a way of authentication for security measures.

In case of any taxable goods are found to be stored in any other place other than the specified place, the proper officer would impose the tax on such goods have been supplied by the registered person.

Examples of maintenance of GST Records

Manufacturers:

The quantitative details of raw materials or services used.

Quantitative details regarding goods manufactured during the specific period.

Quantitative details related to the by-products and waste generated during the specific period of time.

Warehouse:

Books of accounts in reference to a period for which the taxpayer recorded the details particular goods. Any record that relates to:

- Dispatching movement.
- Receipt.
- Disposal of such goods.

Examples of maintenance of GST Records

Transporters: Transporters must maintain records of goods transported, delivered and stored in transit including GSTIN of the registered consignee, wherever applicable. In addition to the above, transporters would also require e-way bill registration for carrying on the business of transporters.

Clearing and Forwarding Agents: In addition to the book of accounts, all clearing and forwarding agents must maintain all the details of delivery/dispatch of goods and record of goods handled.

All service providers should maintain the details of goods used for providing services, input services used during the period and services provided during the tax period.

Service Providers: In the case of workforce providers, the following details must also be maintained:

- Names and addresses of persons contracted as workers, description, value, and quantity of goods and services received for the execution of work
- Name and address of the suppliers and details of payment received in respect of each contract.

Examples of maintenance of GST Records

Agencies: Agencies should maintain the below following details under GST:

Particulars of authorization received by him from each principal

Particulars including description, value, and quantity of goods and services received and supplied on behalf of every principal.

Details of accounts furnished to every principal.

Tax paid on receipts or the supply of goods or services effected on behalf of every principal.

Works Contract:

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;

Details of payment received in respect of each work contract; and

The names and addresses of suppliers from whom he received goods or services.

Examples of maintenance of GST Records - Agents, Brokers, Real Estate Brokers and Stock-Brokers

The word Agent means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another. All agents or brokers, including real estate agents and brokers, should maintain the following additional records:

- Particulars of authorization 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 the supply of goods or services effected on behalf of every principal.

List of Record to be maintained

Account / Records	Information Required	By Whom?
Register of Goods Produced	Account should contain detail of goods manufactured in a factory or production house HSN wise on daily basis and at any given point of time.	Every assessee carrying out manufacturing activity
Purchase Register	All the purchases made within a tax period for manufacturing of goods or provision of services having details of Name of Supplier, GSTIN, Invoice No./Date, Name of State, Category of purchases (Inputs, Input Service and Capital Goods), Tax Rate and Tax Amount with bifurcation of CGST, SGST and IGST.	All Assessee
Sales Register	Account of all the sales made within a tax period must be maintained having details of Name of Customer, GSTIN, Invoice No./Date, Place of Supplier, Name of State, Category of Sales (Domestic and Export), Tax Rate and Tax Amount with bifurcation of CGST, SGST and IGST.	All Assessee

List of Record to be maintained

Account / Records	Information Required	By Whom?
Stock Register	This register should contain a correct stock of inventory available on daily basis or at any given point of time and such register shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof	All Assessee
Input Tax Credit	This register should maintain the details of Input Tax Credit availed for a given tax period having bifurcation of Tax Rate and Tax amount along with category of inward (Inputs, Input Service and Capital Goods)	All Assessee
Output Tax Liability	This register should maintain the details of GST liability outstanding to be adjusted against input tax credit or cash.	All Assessee

List of Record to be maintained

Account / Records	Information Required	By Whom?
Output Tax Paid	This register should maintain the details of GST paid for a particular tax period	All Assessee
Advance Paid/ Received Register	This register should maintain details of advances received, paid, adjustments made and tax paid/adjusted thereto	All Assessee
Other Records Specified	Government can further specify by way of a notification, additional records and accounts to be maintained	Specific Businesses as notified by the government

Records related to Tax paid/payable:

Record for Tax payable or paid: Every registered person shall keep and maintain an account, containing the details of tax payable including tax payable under reverse charge, tax collected and paid, input tax, input tax credit claimed, together with a register of Tax Invoice, Credit Notes, Debit Notes, Delivery Challan issued or received during any tax period.

Electronic Cash and Credit Ledger: Every registered person will have 3 ledgers under GST which will be generated automatically at the time of registration and will be maintained electronically.

Electronic Cash Ledger- This ledger will serve as an electronic wallet. The taxpayer will have to deposit money into his cash ledger (add money to the wallet). The money will be utilized to make the payment.

Electronic Credit Ledger- The input tax credit on purchases will be reflected here under three categories, that is, IGST, CGST & SGST. The taxpayer will be able to utilize the balance shown in this account **only for payment of tax (not for interest, penalty etc.)**.

Electronic Liability Ledger: This ledger will show the total tax liability of a taxpayer after netting off for the particular month. This ledger will be auto-populated.

Consequences of Not Maintaining Proper Records

If the taxpayer fails to maintain proper records in respect of goods/services, then the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of Section 73 or Section 74, as the case may be, shall, mutatis mutandis, apply for determination of such tax.



Illustrative list of Accounts and Records under GST as per CGST Act

Production / manufacture of goods.

Inward and Outward supply of goods or services or both.

Stock records of goods.

Input Tax Credit availed.

Output Tax payable and paid.

Such other particulars as may be prescribed in this regard.

Illustrative list of Accounts and Records under GST as per CGST Rules

The Goods or Services **imported or exported**.

Supplies **attracting payment of tax on RCM** along with relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers.

Separate account of **advances received, paid and adjustments made** thereto.

Particulars of **names and complete addresses of suppliers** from whom the taxable person **has received** the goods or services chargeable to tax under the GST law.

Particulars of names and complete addresses of suppliers **to whom the taxable person has supplied** the goods or services chargeable to tax under the GST law.

Particulars of the complete address of the **premises where goods are stored** by the taxable person, including **goods stored during transit** along with the particulars of the **stock stored therein**.

Section 35 of the CGST Act – Accounts and Other Records

(1) 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:*

Provided that where 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:

Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.



Section 35 of the CGST Act – Accounts and Other Records

(2) Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.

(3) The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.

(4) Where the Commissioner considers that any class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.

(5) Deleted.

(6) Subject to the provisions of clause (h) of sub-section (5) of section 17 , where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74 , as the case may be, shall, mutatis mutandis, apply for determination of such tax.

Section 36 of CGST Act – Period of Retention of accounts

Every registered person required to keep and maintain books of account or other records in accordance with the provisions of sub-section (1) of section 35 shall retain them until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records:

Provided that a registered person, who is a party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or court, whether filed by him or by the Commissioner, or is under investigation for an offence under Chapter XIX, shall retain the books of account and other 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, whichever is later.



Rule 56 of CGST Rules – Maintenance of accounts by Registered Persons

(1) Every registered person shall keep and maintain, in addition to the particulars mentioned in sub-section (1) of section 35 , a true and correct account of the goods or services imported or exported or of supplies attracting payment of tax on reverse charge along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers.

(2) Every registered person, other than a person paying tax under section 10 , shall maintain the accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

(3) Every registered person shall keep and maintain a separate account of advances received, paid and adjustments made thereto.

(4) Every registered person, other than a person paying tax under section 10 , shall keep and maintain an account, containing the details of tax payable (including tax payable in accordance with the provisions of sub-section (3) and sub-section (4) of section 9), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Rule 56 of CGST Rules – Maintenance of accounts by Registered Persons

(5) Every registered person shall keep the particulars of -

(a) names and complete addresses of suppliers from whom he has received the goods or services chargeable to tax under

the Act;

(b) names and complete addresses of the persons to whom he has supplied goods or services, where required under the

provisions of this Chapter;

(c) the complete address of the premises where goods are stored by him, including goods stored during transit along with

the particulars of the stock stored therein.

(6) If any taxable goods are found to be stored at anyplace(s) other than those declared under sub-rule (5) 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) Every registered person shall keep the books of account at the principal place of business and books of account relating to additional place of business mentioned in his certificate of registration and such books of account shall include any electronic form of data stored on any electronic device.

Rule 56 of CGST Rules – Maintenance of accounts by Registered Persons

(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 there after the 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.

(9) Each volume of books of account maintained manually by the registered person shall be serially numbered.

(10) 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.

(11) Every agent referred to in clause(5) of section 2 shall maintain accounts depicting the,-

(a) particulars of authorisation received by him from each principal to receive or supply goods or services on behalf of such principal separately;

(b) particulars including description, value and quantity(wherever applicable) of goods or services received on behalf of every principal;

(c) particulars including description, value and quantity(wherever applicable) of goods or services supplied on behalf of every principal;

(d) details of accounts furnished to every principal; and

(e) tax paid on receipts or on supply of goods or services effected on behalf of every principal.

Rule 56 of CGST Rules – Maintenance of accounts by Registered Persons

(12) Every registered person manufacturing goods shall maintain monthly production accounts showing 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.

(13) Every registered person supplying services shall maintain the accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.

(14) Every registered person executing works contract shall keep separate accounts for works contract showing -

(a) the names and addresses of the persons on whose behalf the works contract is executed;

(b) description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;

(c) description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract;

(d) the details of payment received in respect of each works contract; and

(e) the names and addresses of suppliers from whom he received goods or services.

Rule 56 of CGST Rules – Maintenance of accounts by Registered Persons

(15) The records under the provisions of this Chapter may be maintained in electronic form and the record so maintained shall be authenticated by means of a digital signature.

(16) Accounts maintained by the registered person together with all the invoices, bills of supply, credit and debit notes, and delivery challans relating to stocks, deliveries, inward supply and outward supply shall be preserved for the period as provided in section 36 and shall, where such accounts and documents are maintained manually, be kept at every related place of business mentioned in the certificate of registration and shall be accessible at every related place of business where such accounts and documents are maintained digitally.

(17) Any 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.

(18) Every registered person shall, on demand, produce the books of accounts which he is required to maintain under any law for the time being in force.

Rule 57 of CGST Rules – Generation and maintenance of electronic records

(1) Proper electronic back-up of records shall be maintained and preserved 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 .

(2) The registered person maintaining electronic records shall produce, on demand, the relevant records or documents, duly authenticated by him, in hard copy or in any electronically readable format.

(3) 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.

Rule 58 of CGST Rules – Records to be maintained by owner or operator of godown or warehouse or transporters

*(1) Every person required to maintain records and accounts in accordance with the provisions of sub-section (2) of section 35 , if not already registered under the Act, shall submit the details regarding his business electronically on the common portal in **FORM GST ENR-01** either directly or through a Facilitation Centre notified by the Commissioner and, upon validation of the details furnished, a unique enrolment number shall be generated and communicated to the said person.*

*(1A) For the purposes of Chapter XVI of these 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 Goods and Services Tax Identification Numbers, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter:*

Provided that where the said transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the Goods and Services Tax Identification Numbers for the purposes of the said Chapter XVI.

Rule 58 of CGST Rules – Records to be maintained by owner or operator of godown or warehouse or transporters

(2) The person enrolled under sub-rule(1) as aforesaid in any other State or Union territory shall be deemed to be enrolled in the State or Union territory.

*(3) Every person who is enrolled under sub-rule (1) shall, where required, amend the details furnished in **FORM GST ENR-01** electronically on the common portal either directly or through a Facilitation Centre notified by the Commissioner.*

4) Subject to the provisions of rule 56 ,-

(a) 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 for each of his branches.

(b) 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.

(5) The owner or the operator of the godown shall store the goods in such manner that they can be identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.

The books and other records specified U/S 35 of CGST Act need to be maintained at _____?

- A. any of the places where the books of account are maintained;
- B. the Principal Place of Business mentioned in the Registration Certificate;
- C. the residence of the Proprietor / Partner / Director / Principal Officer, etc.;
- D. any one or more of the alternatives (A) to (C) above as per the convenience of the taxable person;

Answer:- B

In case, where more than one Place of Business situated within a State are specified in the Registration Certificate, books and other records shall be maintained at _____?

- A. each Place of Business;
- B. at the Principal Place of Business mentioned in the Registration Certificate for all Places of Business in each State;
- C. the Place where the Books of Account are maintained for all places situated within a State.;
- D. any one or more place/s of business in a State pertaining to all places situated within that State;

Answer:- A

_____ of the following sentences is true?

- A. The registered person can maintain few records with prior permission of the Commissioner;
- B. The registered person is statutorily obligated to maintain such additional records as the Commissioner may notify;
- C. The registered person can maintain only records notified thereto by the Commissioner.;
- D. The specified class of registered person are obligated to maintain such additional or other records as the Commissioner may notify;

Answer:- D

is the time-limit for maintenance / retention of books of account or the other records U/S 36 of CGST Act where there are no pending litigation cases?

- A. Seventy-two months from the date of filing of Annual Return or due date of filing the Annual Return, whichever is earlier;
- B. Five years from the due date of filing of Annual Return;
- C. Seventy-two months from the due date of filing of Annual Return;
- D. Eight years from the due date of filing of Annual Return;

Answer:- C

_____ is the time-limit for maintenance / retention of records where the registered person is a party to any litigation matter / case?

- A. Till the final disposal of such Appeal or revision proceedings ;
- B. One year after final disposal of such Appeal or revision or proceeding, or the period specified for records U/S 36(1), whichever is earlier;
- C. Six months after final disposal of such Appeal or revision or proceeding, or the period specified for records U/S 47(1), whichever is earlier;
- D. One year after final disposal of such Appeal or revision or proceeding, or the period specified for records U/S 36(1), whichever is later;

Answer:- D

Can a Registered Person maintain its Accounts and other particulars in electronic form?

- A. No, the Registered Person needs to maintain Accounts and other particulars only in physical forms;
- B. Yes, provided the Registered Person has obtained special approval from the Commissioner;
- C. Yes, provided the manner of maintaining Accounts and other particulars in electronic form is prescribed;
- D. Yes, provided the Registered Person has obtained special approval from the GST Council;

Answer:- C

As per Clause (t) of section 2 of the Information Technology Act, 2000, the “Document” includes _____?

- A. data;
- B. record or data generated;
- C. image or sound stored, received or sent;
- D. All the above;

Answer:- D

In case the taxpayer fails to maintain proper records in respect of goods/services, then the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of _____?

- A. Section 70 and 71 of the CGST Act;
- B. Section 67 and 68 of the CGST Act;
- C. Section 73 and 74 of the CGST Act;
- D. Section 75 and 76 of the CGST Act;

Answer:- C

The owner or operator of godown or warehouse or transporters shall submit the details regarding his business electronically on the common portal in _____?

- A. Form GST ENR-01;
- B. Form GST ENR-02;
- C. Form GST ENR-03;
- D. Form GST ENR-04;

Answer:- A

The Accounts and Records as per the provisions of the CGST Act mainly include _____?

- A. Inward and Outward supply of goods or services or both;
- B. Production / manufacture of goods and stock records of goods;
- C. Input tax credit availed and output tax payable and paid;
- D. All the above;

Answer:- D

This PPT is prepared purely for academic and knowledge sharing purposes with the aid of law provisions, information and documents freely available on the internet.

Thanks for your
Attention!!!

Any Questions???

