Maintenance of Accounts & Records

GST Session

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Agenda Points

- Introduction
- Place of maintaining Accounts & records
- List of Accounts and Records
- Manner of maintenance
- Provisions relating to Electronic Records
- Period of Retention of Books of Accounts

Major Requirement under GST Law -

- Registration
- Scope of Supply
- Applicable Exemptions under GST Law
- Time and Value of Supply
- Eligibility of Input Tax Credit
- Rate of Tax
- Various due dates i.e., for payment of tax, return filing, appeals etc.

Legal Provisions

Central Goods & Services Tax Act, 2017	Central Goods & Services Tax Rules, 2017
Chapter VIII **Sections** 35. Accounts and other records 36. Period of retention of accounts	**Chapter VII** **Rules** 56. Maintenance of accounts by registered persons 57. Generation and maintenance of electronic record 58. Records to be maintained by owner or operator of godown or warehouse and transporters

Basic Definition

Chapter VIII of CGST Act, 2017 and Chapter VII of the CGST Rules, 2017 provides for maintenance of Accounts and Records

GST Law prescribes detailed procedure for maintenance of books of accounts and records for goods or services or both.

"Document" as defined under CGST Act, 2017 to ***include written or printed record of any sort and electronic record*** as defined in IT Act, 2000

In recent times, Government has enhanced its vigilance to curb the menace of ***excess claim of ITC or fake invoicing***. Department has stepped up investigation against such activities and in many cases genuine taxpayers also face the heat of notices for reversal of Input Tax Credit or payment of tax for fake invoicing.

During detailed investigation the taxpayer at time fail to furnish proper documents or records which is required to be maintained as per GST provisions and hence they engage in protracted litigation resulting in further agony and imposition of penalty.

Person Responsible for maintaining books of Accounts

Registered Person – Sec 35(1)	Other Persons - Sec 35(2)
Registered Person to maintain books of Accounts **Sec 2(94) – Registered Person –** “registered person means a person who is registered u/s 25 but does not include a person having a UIN” **<u>Who is covered:</u>** Turnover based Registration – Sec 22 Compulsory Registration – Sec 24 Voluntary Registration – Sec 25(3) **<u>Who is not covered:</u>** Holders of the unique identity number such as specialized agency of the UNO, Multilateral Financial Institution and Organizations notified under the UN (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries	**Maintaining Specific Records -** Sec 35(2) of CGST Act, 2017 and Rule 56(11), 56(17), 58(4) and 58(5) of CGST Rules, 2017 where below persons are required to maintain specific records – • Owner or operator of storage facility i.e., warehouse, godown, etc., • Transporter • An agent as mentioned under section 2(5) of CGST Act, 2017 • Clearing and forwarding agent

1. Place of maintenance of Accounts and Records

Regd. Business Premises	Location of Records Retention
Single place of business	Principal Place of Business mentioned in its GST Registration Certificate
More than one Place of Business	Accounts for each place of business shall be kept at such places of business

Place of Business – Sec 2(85)
Locations where the business is ordinarily carried on
Storage facilities.
Locations from where the supplies are made or received.
Locations where books of accounts are maintained
Locations where the business is carried through an agent

True and Correct Accounts -

Registered Person to maintain true and correct account of the records of -
Manufacturing of goods
Inward supplies
Input tax credit availed
Outward supplies
Output tax payable and paid
Stock of goods
Such other records as prescribed

Documentation

Registered Person to maintain below documents for recording day to day transactions -
Tax Invoices
Revised Tax Invoices
Bill of Supply
Credit Notes
Debit Notes
Receipt Vouchers
Payment Vouchers
Refund Vouchers
Delivery Challan
Self Generated Invoice

Documents Under GST regime -

Tax Invoice
- Supply of taxable Goods
- Supply of taxable Service

Bill of Supply
- For Supply of exempted goods / services
- Composition supplier

Receipt Voucher
- For receipt of ADVANCE

Refund Voucher
- If advance refunded without supply of services/ goods

Revised Invoice
- Newly registered person (>20L)
- For transaction between date of liable to reg. to grant of reg.

Self Invoice – RCM
- URP Purchase
- Exemption: not exceeding 5,000
- Consolidated invoice- Monthly

Payment Voucher -RCM
- For Payment to URP Vendor

Debit Note
- Upward revision of rate
- No time limit

Credit Note
- Downward revision of rate
- Goods return / deficiency of service
- Time limit

Delivery Challans
- Document for supply
- Other than Supply (repair, JW)

2. Exhaustive list of Accounts and Records to be maintained

Category	Records to be maintained
Goods and Services	✓ Details of Production or Manufacture of Goods ✓ Inward and Outward Supply of goods or Services or both ✓ Stock details of goods ✓ ITC Availed on Goods or Services or both ✓ Output Tax Payable and Paid ✓ Import and export of goods or Services or both ✓ Supplies attracting Reverse Charge Mechanism or Services or both ✓ Details of Relevant Documents including Invoices, bill of supply, DC, CN, DN, Receipt Voucher, Payment Vouchers and Refund Vouchers

2. Exhaustive list of Accounts and Records to be maintained

Category	Records to be maintained
Details of Manufacture of Goods	✓ Monthly production accounts showing quantitative details of raw materials or services used in the manufacture ✓ Quantitative details of goods manufactured including the waste and by-products thereof
Details of supply of Service	✓ Quantitative details of goods used in the provision of services ✓ Details of input services utilized; and ✓ Details of services supplied.
Stock Details	✓ Account of Opening Balance, receipts, supplies, and closing balance of stock of raw materials, finished goods, scrap and wastage ✓ Details of goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample to be kept
Advances	Details of advance received, paid and adjustments made thereto
Supplier Details	Names and complete addresses of suppliers from whom he has received taxable goods or services

2. Exhaustive list of Accounts and Records to be maintained

Category	Records to be maintained
Customer Details	✓ Names and complete addresses of the persons to whom he has supplied goods or services (Exception – If the customer is unregistered and value of supply is more than Rs 50,000 then name and address of recipient and address of delivery along with State Name and State Code is required) ✓ If the Value of supply to an Unregistered Recipient is less than Rs 50,000, above details may be mentioned on tax invoice on request of such buyer.
Details of Storage of Goods	✓ 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 <u>Note - If any taxable goods are found at any place(s) other than those declared above without any valid documents, Officer may determine tax payable on such goods, as if such goods have been supplied by the registered person.</u>

3. Manner of maintenance of Accounts and Records

Category	Records to be maintained
Place for keeping books of Accounts	✓ Books of accounts to be kept at principal place of business and books of account relating to additional place of business mentioned in his GST registration certificate ✓ Books of account shall include any electronic form of data stored on any electronic device
Manner of Entry and correction thereof (Manual)	✓ Any entry in registers, accounts and documents - Not to be erased, effaced or overwritten ✓ Any incorrect entries – (other than clerical nature) - to be scored out under attestation and there-after the correct entry shall be recorded ✓ Each volume of books of account maintained manually shall be serially numbered
Entry and correction of Electronic records	✓ A log of every entry edited or deleted shall be maintained ✓ The records may be maintained in electronic form and shall be authenticated by means of a digital signature

3. Manner of maintenance of Accounts and Records

Category	Records to be maintained
If books are found at a place other than the place mentioned in GST Registered Certificate	✓ It shall be assumed that the Registered Person is maintaining the records at that place
Production on Demand	✓ The books of accounts which he is required to maintained shall have be produced on demand

4. Special provisions for Electronic Records

Category	Records to be maintained
Back up of Electronic Records and restoration thereof	Proper electronic back-up of records shall be maintained and preserved so that in the event of destruction due to accidents or natural causes, it can be restored within a reasonable period of time
Production of Electronic Records	✓ The duly authenticated relevant records or documents may be produced on demand, ✓ Same may be produced either, in hard copy, or in any electronically readable format. ✓ 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 is to be produced on demand

5. Period of Retention of Books of Accounts

Category	Records to be maintained
Period of retention (Other wise than in appeal or revision or proceedings pending)	72 (seventy-two) months from the due date of furnishing of annual return for the year pertaining to such accounts and records

Period	Due Date of Annual Return	Retention upto
Apr 2017 to Jun 2017	NA	NA
Jul 2017 to Mar 2018	Feb 07, 2020*	Feb 07, 2026
Apr 2018 to Mar 2019	Dec 31, 2020	Dec 31, 2026
Apr 2019 to Mar 2020	Feb 28, 2021	Feb 28, 2027

***Extended due date as on June 30, 2020 has been considered assuming the GSTIN for the State of Telangana.**

5. Period of Retention of Books of Accounts

Category	Records to be maintained
For any ongoing appeal or revision or any other proceedings	Accounts to be preserved for a period **later of the two** – ✓ 72 (seventy-two) months from the due date of furnishing of annual return for the year pertaining to such accounts and records; or ✓ A period of one year after final disposal of such appeal or revision or proceedings or investigation

Appeal Pertains to FY 2018-19 (Due date of Annual Return is 31st Dec 2020)

Due Date of Annual Return	**Appeal Disposal date**	**Retention Upto**
Dec 31, 2020 – 31-12-2026	Sep 30, 2024 – 30-09-2025	Dec 31, 2026
Dec 31, 2020	April 15, 2025	Dec 31, 2026
Dec 31, 2020	Mar 31, 2026	Mar 31, 2027
Dec 31, 2020 – 31-12-2026	Mar 15, 2027 – **15-03-2028**	Mar 15, 2028

Discussion and Queries

Thank you

Thanks for your Patience and Time

Section - 35, Central Goods And Services Tax Act, 2017

CHAPTER VIII

ACCOUNTS AND RECORDS

Accounts and other records .[36]

[37] **35.** [38] (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.

(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 persons 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) [39]**[*******]**

(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 [39a]**[***or section 74A***]**, as the case may be, shall, *mutatis mutandis,* apply for determination of such tax.

36. *See* rules 56 to 58 and 80 and Form Nos. GST-ENR 1, GST-ENR 2, GSTR-9, GSTR-9A and GSTR-9C of the CGST Rules, 2017.

37. Enforced with effect from 1-7-2017.

38. For issues in respect of maintenance of books of account relating to additional place of business by a principal or an auctioneer for purpose of auction of tea, coffee, rubber, etc., *see* Circular No. 23/23/2017-GST, dated 21-12-2017.

For clarifications on certain issues under GST laws, *see* Circular No. 47/21/2018-GST, dated 8-6-2018.

For Internal Auditor not to undertake Goods and Services Tax (GST) Audit simultaneously, *see* ICAI Press Release, dated 28-9-2018.

39. Omitted by the Finance Act, 2021, w.e.f. 1-8-2021. Prior to its omission, sub-section (5), as amended by the Central Goods and Services Tax (Amendment) Act, 2018, w.e.f. 1-2-2019, read as under :

"(5) 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 and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed:

Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force."

39a. Inserted by the Finance (No. 2) Act, 2024, w.e.f. **1-11-2024**.

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Section - 36, Central Goods And Services Tax Act, 2017

Period of retention of accounts .

[40] **36.** 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.

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40. Enforced with effect from 1-7-2017.

Rule - 56, Central Goods and Services Tax Rules, 2017

CHAPTER VII

ACCOUNTS AND RECORDS

[39] **Maintenance of accounts by registered persons**

56. (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.

(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 any place(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.

(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, 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.

(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.

(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 account which he is required to maintain under any law for the time being in force.

39. *See* section 35 of CGST Act, 2017.

Rule - 57, Central Goods and Services Tax Rules, 2017

[40]Generation and maintenance of electronic records

57. (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.

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40. *See* section 35 of CGST Act, 2017.

Rule - 58, Central Goods and Services Tax Rules, 2017

[40]Records to be maintained by owner or operator of godown or warehouse and transporters

58. (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.

[41][(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.]

(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 alongwith 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 account 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.

40. *See* section 35 of CGST Act, 2017.
41. Inserted by the Central Goods and Services Tax (Sixth Amendment) Rules, 2018, w.e.f. 19-6-2018.