

## **Accounts and Records under GST**

### **Q 82. Whether every registered person is required to maintain records?**

Ans. Yes, every registered person is required to keep and maintain books of account at his principal place of business. 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 (Section 35 of the CGST Act, 2017).

Furthermore, the transporters, warehouse keepers are required to maintain records of consigner, consignee or any relevant details even if they are not registered in GST. They need to enrol for the purpose.

### **Q 83. What are the records that a registered person is mandatorily required to maintain under the GST Act?**

Ans. Every registered person should maintain 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

CGST Rules, 2017 prescribe maintaining records pertaining to goods or services imported or exported or of 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. Every registered person shall also keep and maintain a separate account of advances received, paid and adjustments made thereto.

Detailed method of keeping records have been prescribed in rule 56 of CGST Rules, 2017.

### **Q 84. Where should the registered person keep the records under GST?**

Ans. The accounts and records have to be maintained at the place of business mentioned in the certificate of registration. If 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. (Section 35(1) of CGST Act).

In case of supply of tea, coffee, rubber, etc. where the auctioneer claims ITC in respect of the supply made to him by the principal before or after the auction of such goods and the said goods are supplied only through auction, the principal and the auctioneer may maintain the books of accounts relating to the additional place(s) of business at their principal place of business instead of such additional place(s). Such principal or auctioneer shall intimate

their jurisdictional proper officer in writing about the maintenance of books of accounts relating to additional place(s) of business at their principal place of business. (CBIC Circular No. 23/23/2017-GST dated 21.12.2017 and Circular No. 47/21/2018-GST dated 08.06.2018 ).

**Q 85. Can a registered person maintain the records in electronic form?**

Ans. Yes, the records may be maintained in electronic form and the records so maintained have to be authenticated by means of a digital signature. However, proper electronic back-up of records is to 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 reasonable period of time.

Registered person, on demand, provide the details of such files, passwords of such files and explanation for codes used, where necessary, for access. (Rule 56(15) and 57 of the CGST Rules, 2017)

**Q 86. For how long (period of time) should the mandatory records be maintained by the registered person?**

Ans. Every registered person required to keep and maintain books of account or other records in accordance with the provisions of section 35(1) 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.

If a registered person 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, then, he 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 seventy two months as specified above, whichever is later. (Section 36 of the CGST Act, 2017)

**Q 87. With respect to stock of goods, which records are required to be maintained by the registered person?**

Ans. Every registered person, other than a person paying tax under section 10, shall maintain accounts of stock in respect of goods received and supplied by him, and such account shall contain particulars of opening balance, receipt, supply, goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and balance of stock including raw material, finished goods, scrap and wastage thereof. (Rule 56(2) of CGST Rules, 2017).

**Q 88. Is it necessary for the registered person to keep separate record of advances received?**

Ans. Yes. As per Accounts and records rules, every registered person has to keep and maintain a separate account of advances received, paid and adjustments made thereto. (Rule 56(3) of CGST Rules, 2017).

**Q 89. Is it necessary for registered persons to maintain details of tax paid and payable?**

Ans. All registered persons except persons opting to pay tax under composition levy need to maintain such details. As per the rules, 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 note, debit notes, delivery challan issued or received during any tax period. (Rule 56(4) of CGST Rules, 2017)

**Q 90. What are the particulars of suppliers that need to be maintained by the registered person under GST?**

Ans. 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 these rules;
- (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. (Rule 56(5) of CGST Rules, 2017)

**Q 91. What would be the consequences if the registered person fails to account for the goods and services in accordance with the provisions of the Act?**

Ans. Where the registered person fails to account for the goods or services or both in accordance with the provisions of section 35(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. This is however, subject to the provisions of section 17(5)(h). (Section 35(6) of CGST Act, 2017 read with Rule 56(6) of the CGST Rules, 2017)

**Q 92. What are the production accounts, which a manufacturer need to specifically**

**maintain under GST apart from other records?**

Ans. Every registered person manufacturing goods has to 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.

**Q 93. What are the accounts that a service provider need to specially maintain, in addition to other accounts and records?**

Ans. Every registered person supplying services has to maintain the accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied. ( Rule 56(13) of CGST Rules, 2017)

**Q 94. What are the accounts which a person supplying works contract need to maintain?**

Ans. Every registered person executing works contract has to 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(14) of the CGST Rules, 2017)

**Q 95. What are the accounts and records that an Agent need to maintain?**

Ans. Every agent referred to in section 2(5) shall maintain accounts depicting the –

- (a) particulars of authorization 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(11) of the CGST Rules, 2017)

**Q 96. What are the records that an owner or operator of warehouse or godown or**

**transporters need to maintain under GST Rules?**

Ans. 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 the following manner. (Section 35 of the CGST Act, 2017)

Enrolment, if not already registered in GST: Every such person, 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 enrollment number shall be generated and communicated to the said person.

The person enrolled as aforesaid in any other State or Union territory shall be deemed to be enrolled in the State or Union territory.

Every person who is enrolled 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.

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 GSTIN of the registered consignor and consignee for each of his branches. The transporter (for the purpose of chapter XVI – E way rules) 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.

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 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.

**Q 97. What are the records which a person having custody over the goods in the capacity of a carrier or clearing and forwarding agent need to maintain?**

Ans. 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 the such registered person and shall produce the details thereof as and when required by the proper officer.

**Q 98. Is it necessary to show the records and accounts maintained under these rules to**

**the proper officer?**

Ans. Yes. The records need to be shown on Demand. Every registered person shall, on demand, produce the books of accounts which he is required to maintain under any law in force.

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.

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 where necessary for access and any other information which is required for such access along with sample copy in print form of the information stored in such files.

**Q 99. Does any competent authority have the power to relax rules in regard to maintenance of accounts and records?**

Ans. Yes. Commissioner in Board (CBIC) is empowered to relax as well as prescribe additional records for certain classes of taxable persons.

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. Similarly, Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein. (Section 35(3) and 35(4) of CGST Act, 2017)

**Q 100. How are mistakes in records to be rectified?**

Ans. 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. (Rule 56(8) of the CGST Rules, 2017)

**Q 101. Is it necessary for the registered person to get their accounts audited from a professional?**

Ans. Yes, only cases where the turnover of the registered person exceeds Rs. 2 crores during a financial year. Every registered person whose turnover during a financial year exceeds 2 crores 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 section 44(2) (FORM GSTR-9C) and such other documents in such form and manner as may be prescribed.



**Q 102. In case books of accounts are maintained manually, it is necessary to serially number the books of account?**

Ans. Yes. Each volume of books of account maintained manually by the registered person shall be serially numbered.

**Q 103. Who will be responsible for keeping proper for the inputs or capital goods sent to Job-worker?**

Ans. The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.