

# CHAPTER 15

# ACCOUNTS & RECORDS

## 15.1 Introduction

Assessment in GST is mainly focused on self-assessment by the taxpayers themselves. Every taxpayer is required to self-assess the taxes payable and furnish a return for each tax period.

The compliance verification is done by the Department through scrutiny of returns and/or investigation. Thus, the compliance verification is to be done through documentary checks. This requires certain obligations to be cast on the taxpayer for keeping and maintaining accounts and records. Such accounts and records may be used by the department for compliance verification.

## 15.2 Sec. 35 : Accounts and Other Records

### 1. Who is required to maintain his books of accounts and at which place?

Every registered person shall keep and maintain, his books of accounts 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.

Unless proved otherwise, if any document, registers, or any books of accounts belonging to 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.

### 2. Which accounts and records are required to be maintained

True and correct account of the following is to be maintained :

- Production or manufacture of goods;
- Inward supply of goods or services or both;
- Outward supply of goods and/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 this behalf.

### 3. The additional records to be maintained by specified persons are as under :-

- (i) Registered person

In addition to the particulars mentioned in section 35(1), the rules also provide that the registered person is required to maintain true and correct account of:

- the **goods/services imported/exported**,
- 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 and refund vouchers
- separate account of **advances** received, paid and adjustments made thereto.
- 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.
- particulars of 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.

However, if any taxable goods are **found to be stored** at any place(s) **other than those so 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.

- **Records which are to be maintained by a supplier other than a supplier opting for composition levy**

A supplier is required to maintain following records relating to stock of goods and tax details. However, a supplier who has opted for **composition scheme is not required to maintain such records**.

- (a) **Stock of goods:** 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.
- (b) **Details of tax:** 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.

## (ii) Records to be maintained by agent

Every agent 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 of **goods or**



**services received** on behalf of every principal;

- (c) particulars including description, value and quantity 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.

**(iii) Records to be maintained by a manufacturer**

Apart from other records, 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.



**(iv) Records to be maintained by a service provider**

Every registered person supplying services has to additionally maintain the accounts showing **quantitative details of goods used** in the provision of services, details of **input services** utilised and the **services supplied**.

**(v) Records to be maintained by a person executing works contract**

Every registered person executing works contract shall keep 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 of **goods or services received** for the execution of works contract;
- description, value and quantity 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 received goods or services.



**(vi) Records to be maintained by owner or operator of godown or warehouse and transporters**

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 manner as may be prescribed.

**Enrolment, if not already registered in GST:** If such persons are not already registered, they shall obtain a **unique enrollment number** by applying electronically at the GST Common Portal.

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

**Records to be maintained by the 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 **GSTIN** of the registered **consignor and consignee for each of his branches**.

A transporter having registration in more than one State/UT would have more than one GSTIN as well. A transporter who is registered in more than one State/UT having the **same PAN**, may apply for a **unique common enrolment number** by submitting the details in prescribed form using any one of his GSTINs.

Upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter. Once a transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the GSTIN for the purposes of E-Way Bills.

**Records to be maintained by an owner/operator of a warehouse/godown :** 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**.

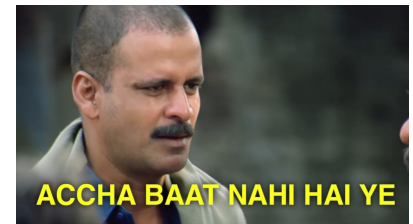
The owner or the operator of the godown shall **store** the goods in such manner that they can be **identified item-wise and owner-wise** and shall facilitate any **physical verification or inspection** by the proper officer on demand.

**(vii) Records to be maintained by a custodian/clearing and forwarding agent**

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.

4. **The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.**
5. **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.**
6. **How the accounts and records will be maintained?**
  - **Records may be maintained manually :** Each **volume of books of account** maintained manually by the registered person shall be **serially numbered**.
  - **Records may be in electronic form :**
    - Books of account include any electronic form of data stored on any electronic device.
    - The registered person may keep and maintain such accounts and other particulars in electronic form stored on any electronic device and record so maintained shall be authenticated by means of a **digital signature**.
    - 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.

- 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 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.
- **No entry to be erased/overwritten**
- Any entry in registers, accounts and documents shall not be erased, effaced or overwritten.
  - All incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and there after correct entry shall be recorded.
  - Where the registers and other documents are maintained electronically, a log of every entry edited or deleted shall be maintained.
- 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** [discussed subsequently in this Chapter] 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.
- 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.



## 7. Failure to maintain the accounts

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** shall apply.



## 15.3 Sec. 36 : Period of Retention of Accounts

1. Every assessee shall retain the books of accounts and other records until the expiry of **72 months** (6 years) from the due date for filing of Annual Return for the year pertaining to such accounts and records.

**Example :** If the annual returns for the F.Y. 2017-18 are filed on say 25.10.2018, even then, the books of account and other records are to be



**Arey Kab tak ye  
accounts and records  
smabhhal kr rakuga main...**

maintained till 31.12.2024.

2. In case an appeal or revision or any other proceeding is pending before any Appellate Authority or Revisional Authority or Appellate Tribunal or Court, or in case the assessee is under investigation for an offence under Chapter XIX, the assessee shall retain the books of account and other records pertaining to the subject matter of such appeal or revision or proceeding or investigation for a period of one year after final disposal of such appeal or revision or proceeding, or for the period as specified above, whichever is later.

**"All is Well"**