Lakshmikumaran & Sridharan attorneys

L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

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GST – Draft Accounts & Records Rules

Draft GST Rules on Accounts and Records

- Section 35 of the Central Goods and Services Tax Act, 2017 ("**CGST Act**") provides for maintenance of accounts and records by registered persons and other specified persons.

- CBEC has issued **draft GST Accounts and Records Rules** on April 19, 2017.

- These draft rules provide for:
  - Maintenance of accounts by registered persons
  - Generation and maintenance of electronic records
  - Maintenance of records by owner or operator of godown or warehouse and transporters

- The draft rules are to be read in conjunction with Chapter VIII of the CGST Act.

(1) Requirements in respect of registered persons

- Section 35(1) of CGST Act requires every registered person to keep and maintain, at his principal place of business, account of production of goods, inward and outward supply of goods / services, stock of goods, ITC availed, output tax payable and other particulars as prescribed.

- The draft rules provide that besides the above, accounts should be maintained in respect of imports, exports or supplies that attract payment on reverse charge basis along with relevant documents including invoices, bills of supply, delivery challans, etc.

- A registered person (other than persons opting for composition scheme) shall maintain the following detailed account of stock of each commodity received or supplied including opening balance, supply, goods lost, stolen, destroyed, gifted, etc., besides tax details (tax payable, collected & paid, ITC claimed etc.)

- Further, registered persons have to keep particulars of details of his suppliers, his buyers and premises where goods are stored.

(2) Records to be kept by manufacturers

In addition to the above, manufacturers shall maintain monthly production accounts showing quantitative details of:

- Raw materials and services used in manufacture
- Goods manufactured, including waste and by products

(3) Records to be kept by service providers

Every registered person supplying services shall maintain accounts showing:

- Quantitative details of goods used in provision of services
- Input services utilized
- Services supplied

(4) Records to be kept by carriers or C&F agents

C&F Agents or Carriers, having custody over the goods, have to maintain true and correct records of such goods handled by him on behalf of registered persons.

(5) Records to be kept by agents

Every agent shall maintain accounts containing particulars like:

- Authorization received from principal to receive supplies on his behalf
- Description, value and quantity (where applicable) of goods and services received and supplied on behalf of every principal
- Tax paid on receipts and supplies effected on behalf of principal

(6) Records to be kept by works contractors

Every registered person executing works contracts shall maintain accounts showing details like:

- Name and address of persons on whose behalf the works contract is executed
- Goods or services received for and utilized in execution of works contract
- Details of payment received

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

Enrolment of unregistered persons

Godown owners / operators and transporters who are required to maintain records and accounts as per Section 35(2) of CGST Act, if not already registered, shall obtain unique enrolment number by submitting business details.

Records to be maintained by godown owners and operators

- Every owner or operator of warehouse/ godown shall maintain books of accounts when goods remain in warehouse. This should include particulars relating to dispatch, movement, receipt, and disposal of such goods.
- Goods should be stored in such manner that they can be identified item wise and owner wise and also facilitate physical verification or inspection by the department.

Records to be maintained by transporters

Transporters shall maintain records of goods transported, delivered and goods stored in transit by him and each of his branches.

(8) Place at which records are to be maintained

- Serially-numbered books of account are to be kept at the principal place and at every related place(s) of business mentioned on the registration certificate.
- Any documents, registers or books of account found in any premises than the premises mentioned in registration certificate shall be presumed to be maintained by such registered person.
- Books of account shall include electronic form of data.

(9) Erasure and overwriting of entries

- Entries in registers, accounts and documents shall not be erased, effaced or overwritten and all incorrect entries shall be scored out under attestation. In case of electronic records, a log of every entry edited or deleted shall be maintained.

(10) Generation and maintenance of electronic records

- Electronic back up of records to be maintained so that information can be restored in event of destruction due to accidents, etc.
- Registered person to produce duly authenticated records on demand, in hard copy or in electronic form.
- Registered person to provide audit trail and inter-linkages including the source document (hard copy or electronic), and the financial accounts, etc.

Note: The above update is based on the draft rules. The draft rules may be revised and final rules may or may not contain one or more of the provisions proposed in the draft rules.

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