



# ACCOUNTS AND RECORDS



## LEARNING OUTCOMES

### After reading this chapter, you shall be equipped to:

- ❑ enumerate the accounts and other records required to be maintained under GST.
- ❑ identify the cases where audit by a Chartered Accountant/ Cost Accountant is required and related provisions.
- ❑ describe the period for which the books of accounts or other records are required to be maintained.
- ❑ explain the provisions relating to e-way bills required to be carried by the person in charge of a conveyance



## 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 i.e. the period for which return is required to be filed.
- ✓ The compliance verification is done by the Department through scrutiny of returns, audit and/or investigation. Thus, the compliance verification is to be done through documentary checks rather than physical controls. This requires certain obligations to be cast on the taxpayer for keeping and maintaining accounts and records.
- ✓ Every registered person shall keep and maintain all records at his principal place of business. Responsibility has been casted on the owner or operator of warehouse or godown or any other place used for storage of goods and on every transporter to maintain specified records.
- ✓ Commissioner is empowered to notify a class of taxable persons to maintain additional accounts or documents for specified purpose or to maintain accounts in other prescribed manner. Further, 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.
- ✓ It is not mandatory to maintain the accounts in electronic form. Accounts and records may be maintained either electronically or manually. Further, there is no prescribed format for maintaining the accounts.
- ✓ Chapter VIII – Accounts and Records [Sections 35 and 36] of the CGST Act enumerates the accounts and records required to be maintained by a taxpayer and the period for which such accounts and records are required to



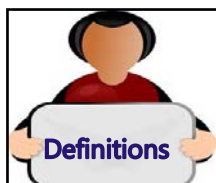
be preserved. State GST laws also prescribe identical provisions in relation to accounts and records.

**Provisions relating to Accounts and Records under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.**

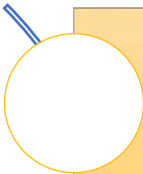
Before proceeding to understand the accounts and records provisions, let us first go through few relevant definitions.



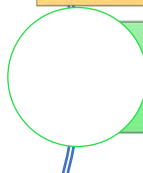
## 2. RELEVANT DEFINITIONS



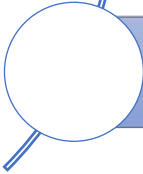
- ❑ **Agent:** means a person, including a factor, broker, commission agent, arhatia, del credere agent, an auctioneer or any other mercantile agent, by whatever name called, who carries on the business of supply or receipt of goods or services or both on behalf of another [Section 2(5)].
- ❑ **Audit:** 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(13)].
- ❑ **Common portal:** means the common goods and services tax electronic portal referred to in section 146 [Section 2(26)].
- ❑ **Appellate Authority:** means an authority appointed or authorised to hear appeals as referred to in section 107 [Section 2(8)].
- ❑ **Revisional Authority:** means an authority appointed or authorised for revision of decision or orders as referred to in section 108 [Section 2(99)].
- ❑ **Taxable supply:** means a supply of goods or services or both which is leviable to tax under this Act [Section 2(108)].
- ❑ **Place of business:** includes [Section 2(85)]:



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



a place where a taxable person maintains his books of account; or



a place where a taxable person is engaged in business through an agent, by whatever name called.

- ❑ **Taxable person:** means a person who is registered or liable to be registered under section 22 or section 24 [Section 2(107)].
- ❑ **Principal place of business:** means the place of business specified as the principal place of business in the certificate of registration [Section 2(89)].
- ❑ **Proper officer:** in relation to any function to be performed under this Act, means the Commissioner or the officer of the central tax who is assigned that function by the Commissioner in the Board [Section 2(91)].
- ❑ **Registered person:** means a person who is registered under section 25, but does not include a person having a Unique Identity Number [Section 2(94)].
- ❑ **Tax period:** means the period for which the return is required to be furnished [Section 2(106)].
- ❑ **Chartered Accountant:** means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 [Section 2(23)].
- ❑ **Cost Accountant:** means a cost accountant as defined in clause (c) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 [Section 2(35)].
- ❑ **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 [Section 2(41)].

- ❑ **Voucher:** means an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services or both and where the goods or services or both to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument [Section 2(118)].
- ❑ **Conveyance:** includes a vessel, an aircraft and a vehicle [Section 2(34)].
- ❑ **Business:** includes [Section 2(17)]–

(a) any trade, commerce, manufacture, profession, vocation, adventure, wager or any other similar activity, whether or not it is for a pecuniary benefit;

(b) any activity or transaction in connection with or incidental or ancillary to (a) above;

(c) any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;

(d) supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;

(e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;

(f) admission, for a consideration, of persons to any premises; and

(g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;

(h) services provided by a race club by way of totalisator or a licence to book maker in such club

(i) any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities.



### 3. ACCOUNTS AND OTHER RECORDS [SECTION 35]



#### STATUTORY PROVISIONS

Section 35	Accounts and Other Records
Sub-section	Particulars
(1)	<p>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</p> <ul style="list-style-type: none"> <li>(a) production or manufacture of goods;</li> <li>(b) inward and outward supply of goods or services or both;</li> <li>(c) stock of goods;</li> <li>(d) input tax credit availed;</li> <li>(e) output tax payable and paid; and</li> <li>(f) such other particulars as may be prescribed</li> </ul> <p>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:</p> <p>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.</p>
(2)	<p>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.</p>
(3)	<p>The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.</p>

(4)	<i>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.</i>
(5)	<i>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.</i>
(6)	<i>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.</i>



## ANALYSIS

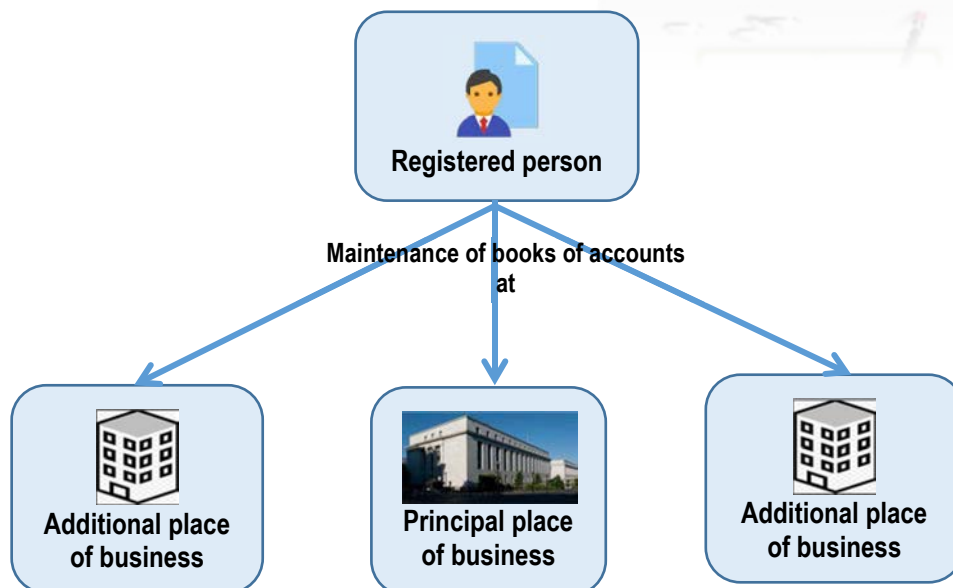
The provisions relating to accounts and records required to be maintained under GST are contained in sections 35 and 36 read along with Chapter VII - Accounts and Records of CGST Rules, 2017. Relevant provisions of CGST Rules, 2017 have been incorporated at relevant places.

**(i) Who is required to maintain his books of accounts and at which place? [Section 35(1) read with rule 56(7) and 56(10)]**

**Every registered person** shall keep and maintain, his books of accounts at his **principal place of business** and books of account relating to additional place of business [as mentioned in the certificate of registration].

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 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.



### (ii) Accounts and records required to be maintained

A true and correct account of following is to be maintained:


- production or manufacture of goods;
- inward and outward supply of goods or services or both;
- stock of goods;
- input tax credit availed;






- (e) output tax payable and paid
- (f) such other particulars as may be prescribed [Section 35(1)].

#### **A. Records prescribed by rules [Rule 56(1), (3), (5) and (6)]**

 As prescribed by CGST Rules, 2017, a registered person is required to maintain a 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.



 He is required to 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.



 He is required to keep the 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.

#### **B. Records which are not to be maintained by a supplier opting for composition levy [Rule 56(2) and (4)]**

- (I) **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.

- (II) **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.

**C. Records to be maintained by agent [Rule 56(11)]**

Every agent 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.








**D. Records to be maintained by a manufacturer [Rule 56(12)]**

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.



**E. Records to be maintained by a supplier of services [Rule 56(13)]**

Accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied.

**F. Separate accounts to be maintained by a registered person executing works contract [Rule 56(14)]**

-  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;
-  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.

**G. Records to be maintained by owner or operator of godown or warehouse and transporters [Section 35(2) read with rule 58]**

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

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


Such person may also amend the details furnished in the prescribed form.

-  **Records to be maintained by a transporter**

Records of goods transported, delivered and goods stored in transit by him alongwith GSTIN of the registered consignor and consignee for each of his branches.

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

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.


**H. Records to be maintained by a custodian/clearing and forwarding agent [Rule 56(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.

- I. The 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)]**.
- J. 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 **[Section 35(4)]**.

**(iii) How the accounts and records will be maintained? [Rule 56(7), (8), (9), (15), (16) and (18) and rule 57]**


 **Records may be in electronic form**

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

**(iv) Audit of accounts [Section 35(5) read alongwith section 44(2) and rule 80]**

Sub-section (5) of section 35 read alongwith section 44(2) and rule 80 of the CGST Rules, 2017 stipulates as follows:

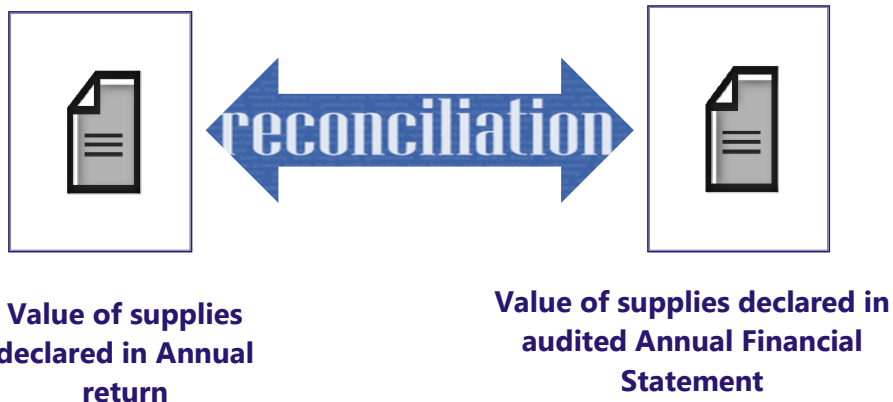
**A.** Every registered person must get his accounts audited by a Chartered Accountant or a Cost Accountant if his aggregate turnover during a FY exceeds ₹ 2 crores.



**B.** Such registered person is required to furnish electronically through the common portal alongwith Annual Return a copy of:

- Audited annual accounts
- A **Reconciliation Statement**, duly certified, in prescribed form

**Reconciliation Statement** will reconcile the value of supplies declared in the return furnished for the financial year with the audited annual financial statement and such other particulars, as may be prescribed.



**(v) Failure to maintain the accounts [Section 35(6)]**

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.

 **4. PERIOD OF RETENTION OF ACCOUNTS [SECTION 36]**

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 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

However, 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.

 **5. ELECTRONIC WAY BILL [SECTION 68 READ WITH RULES 138, 138A, 138B, 138C AND 138D]**

The Government may require the person in charge of a conveyance carrying any consignment of goods of value exceeding such amount as may be specified to carry with him such documents and such devices as may be prescribed.

The details of such prescribed documents required to be carried shall be validated in such manner as may be prescribed.

Where any conveyance referred above is intercepted by the proper officer at any place, he may require the person in charge of the said conveyance to



produce the documents prescribed under the said sub-section and devices for verification, and the said person shall be liable to produce the documents and devices and also allow the inspection of goods.

Consequently, E-way Bills have been prescribed for such purpose.

Chapter XVI – E-way Rules of CGST Rules, 2017 stipulates the provisions pertaining to E-way Bills. These are as follows:

**(A) Information to be furnished prior to commencement of movement of goods and generation of e-way bill [Rule 138]**

(1) Every registered person who causes movement of goods of consignment value exceeding ₹ 50,000:

(i) in relation to a supply; or

(ii) for reasons other than supply; or

(iii) due to inward supply from an unregistered person,

shall, before commencement of such movement, furnish information relating to the said goods in Part-A of a prescribed form, electronically, on the common portal.

(2) **Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee**, whether in his own conveyance or a hired one or by railways or by air or by vessel, the said person or the **recipient may generate the e-way bill** electronically on the common portal after furnishing information in Part-B of such prescribed form.

(3) **Where the e-way bill is not so generated and the goods are handed over to a transporter for transportation by road**, the registered person shall furnish the information relating to the transporter in Part B of the prescribed form on the common portal and the **e-way bill shall be generated by the transporter** on the said portal on the basis of the information furnished by the registered person in Part A of the prescribed form.

However, the registered person or, as the case may be, the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than ₹ 50,000.

Further that where the movement is caused by an unregistered person either in his own conveyance or a hired one or through a transporter, he or the transporter may, at their option, generate the



e-way bill in prescribed form on the common portal in the manner specified in this rule.

Moreover, where the goods are transported for a distance of less than 10 km within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation, the supplier or the transporter may not furnish the details of conveyance in Part B of the prescribed form.

**Explanation 1**– For the purposes of this sub-rule, where the goods are supplied by an unregistered supplier to a recipient who is registered, the movement shall be said to be caused by such recipient if the recipient is known at the time of commencement of the movement of goods.

**Explanation 2**–The information in Part A of the prescribed form shall be furnished by the consignor or the recipient of the supply as consignee where the goods are transported by railways or by air or by vessel.

- (4) **Unique E-Way Bill Number:** Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.
- (5) **Any transporter transferring goods from one conveyance to another in the course of transit** shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in prescribed form.

However, where the goods are transported for a distance of less than 10 km within the State or Union territory from the place of business of the transporter finally to the place of business of the consignee, the details of conveyance may not be updated in the e-way bill.

- (6) **Multiple consignments transported in one conveyance:** After e-way bill has been generated in accordance with the provisions of sub-rule (1), where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment electronically on the common portal and a consolidated e-way bill maybe generated by him on the said common portal prior to the movement of goods.

**(7) Where the consignor or the consignee has not generated E-Way Bill** in accordance with the provisions of sub-rule (1) and the value of goods carried in the conveyance is more than ₹ 50,000, the transporter shall generate E-way Bill on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a **Consolidated E-Way Bill** on the common portal prior to the movement of goods.

**(8)** The information furnished in Part A of the prescribed form shall be made available to the registered supplier on the common portal who may utilize the same for furnishing details in FORM GSTR-1.

However, when the information has been furnished by an unregistered supplier in prescribed form, he shall be informed electronically, if the mobile number or the email is available.

**(9) Cancellation of E-way bill:** Where an e-way bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner, within 24 hours of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B.

**(10) Validity of E-way bill:** An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance the goods have to be transported, as mentioned in column (2) of the said Table.

S. No.	Distance	Validity
(1)	(2)	(3)
1	Upto 100 km	One day
2	For every 100 km or part thereof thereafter	One additional day

However, the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein.

Further where, under circumstances of an exceptional nature, the goods cannot be transported within the validity period of the e-way bill, the transporter may generate another e-way bill after updating the details in Part B of prescribed form.

**Explanation**—For the purposes of this rule, the “**relevant date**” shall mean the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as 24 hours.

- (11) Acceptance/rejection of E-way bill:** The details of e-way bill generated under sub-rule (1) shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.
- (12)** Where the recipient referred to in sub-rule (11) does not communicate his acceptance or rejection within 72 hours of the details being made available to him on the common portal, it shall be deemed that he has accepted the said details.
- (13)** The e-way bill generated under this rule or under rule 138 of the Goods and Services Tax Rules of any State shall be valid in every State and Union territory.
- (14) E-way bill not required to be generated:** Notwithstanding anything contained in this rule, no e-way bill is required to be generated—
- (a) where the goods being transported are specified in Annexure\*;
  - (b) where the goods are being transported by a non-motorised conveyance;
  - (c) where the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs; and

(d) in respect of movement of goods within such areas as are notified under clause (d) of sub-rule (14) of rule 138 of the GST Rules of the concerned State.

**Explanation** - The facility of generation and cancellation of e-way bill may also be made available through SMS.

*\*Annexure contains a list of items where E-way bill is not required to be generated.*

**(B) Documents and devices to be carried by a person-in-charge of a conveyance [Rule 138A]**

**(1) The person in charge of a conveyance shall carry—**

- (a) the **invoice or bill of supply or delivery challan**, as the case may be; and
- (b) a **copy of the e-way bill or the e-way bill number**, either physically or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner.

**(2)** A registered person may obtain an **Invoice Reference Number** from the common portal by uploading, on the said portal, a tax invoice issued by him in a prescribed form and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of 30 days from the date of uploading.

**(3)** Where the registered person uploads the invoice under sub-rule (2), the information in Part A of the form prescribed for E-way Bill shall be auto-populated by the common portal on the basis of the information furnished in prescribed form.

**(4)** The Commissioner may, by notification, require a class of transporters to obtain a unique Radio Frequency Identification Device and get the said device embedded on to the conveyance and map the e-way bill to the Radio Frequency Identification Device prior to the movement of goods.

**(5)** Notwithstanding anything contained clause (b) of sub-rule (1), where circumstances so warrant, the Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the e-way bill-

- (a) tax invoice or bill of supply or bill of entry; or

- (b) a delivery challan, where the goods are transported for reasons other than by way of supply.

**(C) Verification of documents and conveyances [Rule 138B]**

- (1) The Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intraState movement of goods.
- (2) The Commissioner shall get Radio Frequency Identification Device readers installed at places where the verification of movement of goods is required to be carried out and verification of movement of vehicles shall be done through such device readers where the e-way bill has been mapped with the said device.
- (3) The physical verification of conveyances shall be carried out by the proper officer as authorised by the Commissioner or an officer empowered by him in this behalf.

However, on receipt of specific information on evasion of tax, physical verification of a specific conveyance can also be carried out by any officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

**(D) Inspection and verification of goods [Rule 138C]**

- (1) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A of a prescribed form within 24 hours of inspection and the final report in Part B of such form shall be recorded within three days of such inspection.
- (2) Where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless a specific information relating to evasion of tax is made available subsequently.

**(E) Facility for uploading information regarding detention of vehicle [Rule 138D]**

Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in prescribed form on the common portal.

## TEST YOUR KNOWLEDGE

1. *Sindhu Enterprises is a supplier of goods. Its turnover has exceeded ₹ 2 crore in current financial year. Discuss whether Sindhu Enterprises is required to get its accounts audited by the Chartered Accountant or Cost Accountant under GST law.*
2. *Mala Services Ltd. is a supplier of management consultancy services. It has approached you to ascertain the period for which the books of accounts or other records need to be maintained?*
3. *Essel Groups has started making taxable supplies. You are required to advise it about the accounts and records required to be maintained by it as required under section 35(1) of the CGST Act, 2017.*
4. *Swad Restaurant has opted for composition scheme in the current financial year. Discuss the records which are not to be maintained by a supplier opting for composition levy as enumerated in rule 56 of the CGST Rules, 2017.*
5. *ABC Manufacturers Ltd. engages Raghav & Sons as an agent to sell goods on its behalf. For the purpose, ABC Manufacturers Ltd. has supplied the goods to Raghav & Sons located in Haryana. Enumerate the accounts required to be maintained by Raghav & Sons as per rule 56(11) of the CGST Rules, 2017.*

## ANSWERS/HINTS

1. Section 35(5) of the CGST Act read with rule 80 of the CGST Rules, 2017 provides that every registered person must get his accounts audited by a Chartered Accountant or a Cost Accountant if his aggregate turnover during a FY exceeds ₹ 2 crores. Since the turnover of Sindhu Enterprises has exceeded ₹ 2 crore in current financial year, it has to get its accounts audited by a Chartered Accountant/ Cost Accountant.
2. Section 36 of the CGST Act stipulates that 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 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.

However, 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.

3. Section 35(1) of the CGST Act, 2017 stipulates that a true and correct account of following is to be maintained:
  - (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
  - (f) such other particulars as may be prescribed.
4. Following records are not required to be maintained by a supplier who has opted for composition scheme as per rule 56(2) and (4) of the CGST Rules, 2017:
  - (I) **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.
  - (II) **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.
5. Rule 56(11) of the CGST Rules, 2017 provides that every agent 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.