Accounts and Records under GST

Section 35 of the CGST Act and "Accounts and Records" Rules cast responsibility to every registered person is required to keep and maintain all records at his principal place of business.

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1. Who must maintain accounts under GST?

It is the responsibility of the following persons to maintain specified records-

- The owner
- Operator of warehouse or godown or any other place used for storage of goods
- Every transporter

Every registered person whose turnover during a financial year exceeds the prescribed limit (2 crore) will get his accounts audited by a ***chartered accountant*** *or a* ***cost accountant***.

2. What records must be maintained under GST?

Every registered person must maintain records of-

- Production or manufacture of goods
- Inward and outward supply of goods or services or both
- Stock of goods
- Input tax credit availed
- Output tax payable and paid and
- Other particulars as may be prescribed

3. What are the accounts which must be maintained under GST?

We have listed the various accounts to be maintained that businesses need to keep under GST.

For example, under GST, a trader has to maintain the following a/cs (apart from accounts like purchase, sales, stock) –

- Input CGST a/c
- Output CGST a/c
- Input SGST a/c
- Output SGST a/c
- Input IGST a/c
- Output IGST a/c
- Electronic Cash Ledger (to be maintained on Government GST portal to pay GST)

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 (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 has received goods or services

4. Place of Document to be kept

The books of account shall be kept at the principal place of business and at every related place(s) of business mentioned in the certificate of registration and such books of account shall include any electronic form of data stored on any electronic devices. The data so stored shall be authenticated by way of digital signature.

5. Electronic Records:

The following requirements have been prescribed for maintenance of records in electronic form.

- Proper electronic back-up of records
- Produce, on demand, the relevant records or documents, duly authenticated, in hard copy or in any electronically readable format

6. Accounting entries under GST

In spite of initial transition challenges, GST will bring in clarity in many areas of business including accounting and bookkeeping.

While the number of accounts is more apparently under GST, once you go through the accounting entries you will find it is much easier for record keeping. One of the biggest advantages a trader will have is that he can set off his input tax on service with his output tax on the sale.

7. Electronic Cash and Credit Ledger

Every registered taxpayer will have **3 ledgers under GST** which will be generated automatically at the time of registration and will be maintained electronically.

- **Electronic Cash Ledger-** This ledger will serve as an electronic wallet. The taxpayer will have to deposit money into his cash ledger (add money to the wallet). The money will be utilized to make the payment.
- **Electronic Credit Ledger-** The input tax credit on purchases will be reflected here under three categories i.e IGST, CGST & SGST. The taxpayer will be able to utilize the balance shown in this account **only for payment of tax** (not for interest, penalty etc.)
- **E-Liability Ledger:** This ledger will show the total tax liability of a taxpayer after netting off for the particular month. This ledger will be auto-populated.

8. Period for Retention of Accounts under GST

As per the GST Act, every registered taxable person must maintain the accounts books and records for at least 72 months (**6 years**). The period will be counted from the last date of filing of Annual Return for that year.

5. Consequences of Not Maintaining Proper Records

If the taxpayer fails to maintain proper records in respect of goods/services, then the proper officer shall treat such unaccounted goods/services as if the taxpayer had supplied them. The officer will **determine the tax liability on such unaccounted goods.**

The taxable person will be required to pay the tax liability calculated along with penalty.