

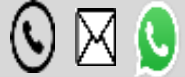


Lawgics

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Section 35 of CGST Act, 2017

35. Accounts and other records.

(1) 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—

- 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:

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:

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.

(2) 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.

(3) The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.

(4) Where the Commissioner considers that any class of taxable person 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

(5) Omitted

(6) 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.

Our Interpretation

Section
35(1)

Accounts and other records by registered person

Every Registered person shall keep and maintain true and correct account, at principal place of business as mentioned in the RC, in respect of:

- (a) Production or manufacture of Goods
- (b) Inward and outward supplies of Goods or services or both
- (c) Stock of goods
- (d) ITC Availed
- (e) Output tax payable and paid
- (f) Such other particulars as may be prescribed

	<p>Proviso says in case of multiple places of business, the account and records relating to such place shall be kept at such place of business. In case of centralized accounting, then accounts and records relating to a particular premise needs to be maintained at such premises.</p> <p>Second proviso specifies that such Accounts & Records may be kept in electronic form in such manner as may be prescribed.</p>
Section 35(2)	<p><u>Accounts and Records by Warehouse operator / Transporter</u></p> <p>Every owner or operator of warehouse or godown or any other place used for storage of goods AND every transporter, whether registered or not, shall maintain records of consigner, consignee and other relevant details of the goods</p>
Section 35(3)	<p><u>Additional Accounts or Documents to be Maintained</u></p> <p>The commissioner may notify a class of taxable person to maintain additional accounts or documents for any specified purpose. This power has been conferred on the commissioner to meet out the challenge which may arise in the implementation of GST. He can notify any class of taxable person to maintain such additional records which he considers necessary to meet out the objective of Act. For example: - “E-Invoicing” is a system in which B2B invoices are authenticated electronically by GSTN and presently is applicable to dealers with an annual aggregate turnover of more than Rs.10 crores.</p>
Section 35(4)	<p><u>Relaxation for a Specified Class of Taxable Persons</u></p> <p>Where in the opinion of the Commissioner it is not feasible for any class of taxable persons to keep and maintain accounts in accordance with the provisions of this section, he may permit such class of taxable persons to keep and maintain accounts in the prescribed manner. However, the Commissioner shall have to record the reasons in writing for aforesaid permission given by him.</p>
Section 35(5)	<p><u>Accounts to be audited by professional</u></p> <p>GST Audit by a CA/CMA and filing of the reconciliation statement in GSTR-9C is omitted w.e.f. 01.08.2021 vide Notification No. 29/2021-CT, dated 30.07.2021. This means GSTR-9C is to be self-certified by the registered person from F.Y.2020-21 onwards.</p>
Section 35(6)	<p><u>Failure to maintain Accounts & Records</u></p> <p>If any registered person fails to maintain Accounts and Records in accordance with this section, then the proper officer shall determine the tax liability for the goods or services or both which are not accounted for in preparation of accounts and Records under this Act, on the presumption that such goods or services or both had been supplied by such person and can initiate proceedings u/s 73 or 74 of the Act.</p>
<u>Rule 56: Maintenance of accounts by registered persons</u>	
Rule 56(1)	<p>Every registered person shall keep and maintain, in addition to the particulars mentioned in sub-section (1) of section 35, a true and correct account of the goods or services imported or exported or of supplies attracting payment of tax on reverse charge along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers.</p>
Rule 56(1) Interpretation	<p>In addition to the particulars mentioned in section 35(1), true and correct account of the following is required to be kept and maintained:</p> <ul style="list-style-type: none"> • goods or services imported or exported • supply attracting RCM with relevant documents like Invoices, Bill of supply, Credit Notes, Debit notes, receipts voucher, payment voucher, refund voucher
Rule 56(2)	<p>Every registered person, other than a person paying tax under section 10, shall maintain the 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.</p>

Rule 56(2) Interpretation	<p>Every registered dealer, other than composition dealer, shall maintain the stock records containing the following details:</p> <ul style="list-style-type: none"> • opening balance, • receipts, • supply, • goods lost, stolen, destroyed, written off or disposed of by way of gift or free sample and • balance of stock including raw material, semi-finished and finished goods, scrap and wastage thereof.
Rule 56(3)	Every registered person shall keep and maintain a separate account of advances received, paid and adjustments made thereto.
Rule 56(3) Interpretation	Keeping and maintaining, a Separate Account of Advances Received, Paid and Adjustments Made Thereto is mandatory.
Rule 56(4)	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 notes, debit notes, delivery challan issued or received during any tax period.
Rule 56(4) Interpretation	Keeping and maintaining an account containing the details of tax payable including RCM, Tax collected and paid, ITC, ITC credit claimed is mandatory along with a register maintained for tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.
Rule 56(5)	<p>Every registered person shall keep the particulars of –</p> <ol style="list-style-type: none"> (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; (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) Interpretation	<p>Keeping the particulars of the following, by a registered person, is mandatory.</p> <ol style="list-style-type: none"> 1) Name, address & GSTIN of supplier, from whom he has received the supply chargeable to tax 2) Name, address & GSTIN of Recipient, to whom he has made the supply, where required 3) The complete address of all such premises where Goods are stored including Goods stored during transit along with the particulars of the stock stored therein
Rule 56(6)	If any taxable goods are found to be stored at any place(s) other than those declared under sub-rule (5) 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.
Rule 56(6) Interpretation	If any goods are found stored at a place other than any place(s) mentioned in RC without the cover of valid documents then, the proper officer shall determine the amount of tax payable on such goods as if such goods have been supplied by the registered person.
Rule 56(7)	Every registered person shall keep the books of account at the principal place of business and books of account relating to additional place of business mentioned in his certificate of registration and such books of account shall include any electronic form of data stored on any electronic device.
Rule 56(7) Interpretation	<ul style="list-style-type: none"> • The registered person shall keep Books of Account at principal place of business • In case of multiple places of business; the accounts and records of each place shall be kept at such place of business. • Books of account shall include any electronic form of data stored on any electronic device.

Rule 56(8)	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) Interpretation	<ul style="list-style-type: none"> No entry in register, accounts and documents shall be erased, effaced or overwritten Any incorrect entries, otherwise than those of clerical nature, shall be scored out under attestation and thereafter, the correct entry shall be recorded Where the records and documents are maintained electronically, a log of every entry edited OR deleted shall be maintained.
Rule 56(9)	Each volume of books of account maintained manually by the registered person shall be serially numbered.
Rule 56(9) Interpretation	Each volume of books of account maintained manually shall be pre-filled serially numbered.
Rule 56(10)	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.
Rule 56(10) Interpretation	If any books of account belonging to a registered person are found at any place, other than premises mentioned in the RC, then it shall be presumed to be maintained at such other place by said registered person, unless proved otherwise by such registered person. <u>For Example-</u> Records maintained at CA's office shall be presumed to be maintained by such registered person.
Rule 56(11)	<p>Every agent referred to in clause (5) of section 2 shall maintain accounts depicting the, -</p> <ul style="list-style-type: none"> (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.
Rule 56(11) Interpretation	<p><u>Records to be maintained by Agent</u></p> <ul style="list-style-type: none"> a) Particulars of authorization by each principal to receive or supply the goods or services or both on behalf of principal b) Description, value, quantity (wherever applicable), of goods or services so received on behalf of principal c) Description, value, quantity (wherever applicable), of goods or services so supplied on behalf of principal d) Details of Accounts furnished to every principal e) Tax paid on receipts or on supply of goods or services effected on behalf of every principal
Rule 56(12)	Every registered person manufacturing goods shall 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.
Rule 56(12) Interpretation	<p><u>Records to be maintained by manufacturer</u></p> <p>The record of monthly production showing details of input used in the production and the goods manufactured including waste and by-product is to be maintained by every registered person who manufactures the goods.</p>
Rule 56(13)	Every registered person supplying services shall maintain the accounts showing quantitative details of goods used in provision of services, details of input services utilised and services supplied.

Rule 56(13) Interpretation	<p><u>Records to be maintained by service providers</u></p> <p>The accounts showing quantitative details of goods used in the provision of services, details of input services utilised and the services supplied are to be maintained by registered service providers.</p>
Rule 56(14)	<p>Every registered person executing works contract shall keep separate accounts for works contract showing –</p> <ol style="list-style-type: none"> 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.
Rule 56(14) Interpretation	<p><u>Records to be maintained by persons executing works contract</u></p> <ol style="list-style-type: none"> Name, address, TIN of person on whose behalf the works contract is executed Description, value, Quantity (whenever applicable) of goods or services received in the execution of work contract Description, value, Quantity (whenever applicable) of goods or services utilized in the execution of work contract The details of payment received in respect of each works contract The name, address of suppliers from whom he receives goods or services
Rule 56(15)	<p>The records under the provisions of this Chapter may be maintained in electronic form and the record so maintained shall be authenticated by means of a digital signature.</p>
Rule 56(15) Interpretation	<p>The records may be maintained in electronic form and shall be authenticated by means of digital signatures.</p>
Rule 56(16)	<p>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.</p>
Rule 56(16) Interpretation	<ul style="list-style-type: none"> Accounts maintained by registered person shall be preserved for the period as provided in section 36 Where such accounts and documents are maintained manually, they shall be kept at every related place of business mentioned in the RC Where such accounts and documents are maintained digitally, they shall be accessible at every related place of business.
Rule 56(17)	<p>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.</p>
Rule 56(17) Interpretation	<p><u>Records to be maintained by carrier, clearing and forwarding agent</u></p> <p>For delivery or dispatch thereof to a recipient of goods on behalf of any registered person, the carrier or clearing and forwarding agent 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.</p>

Rule 56(18)	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.
Rule 56(18) Interpretation	<u>Records to be produced whenever demanded</u> Every registered person shall produce the Books of Accounts maintained under this Act or any other law for the time being in force to the proper officer on his demand.
<u>Rule 57: Generation and Maintenance of Electronic Records</u>	
Rule 57(1)	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.
Rule 57(1) Interpretation	<u>Maintenance and Preservation of Proper Electronic Back-up of Records</u> Proper electronic back-up of records shall be maintained and preserved so that the information can be restored within reasonable period of time in case of destruction of such records due to accidents or natural causes.
Rule 57(2)	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.
Rule 57(2) Interpretation	<u>Production of Electronic Records on Demand</u> The electronic record shall be produced on demand, duly authenticated by registered person, in hard copy or in any electronically readable format.
Rule 57(3)	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.
Rule 57(3) Interpretation	<u>Production of Details of Files Maintained Electronically Along with Their Passwords</u> The registered person 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.
<u>Rule 58: Records to be maintained by owner or operator of godown or warehouse and transporters</u>	
Rule 58(1)	Every person required to maintain records and accounts in accordance with the provisions of sub-section (2) of section 35, 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 enrolment number shall be generated and communicated to the said person.
Rule 58(1) Interpretation	<u>Un-registered warehouse operator / transporter to take Enrolment</u> If warehouse operator / transporter is not registered or not liable for registration, then such operator / transporter, shall submit certain details relating to his business electronically in GST ENR-01 and upon validation of details so furnished, a unique enrolment number shall be generated and communicated to such operator / transporter. Such enrolment number do not cast liability on such a person to comply with return related compliances but enables transporter to generate the e-way bill for undertaking the transportation of goods.
Rule 58(1A)	For the purposes of Chapter XVI of these rules, a transporter 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, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter:

	Provided that where the said transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the Goods and Services Tax Identification Numbers for the purposes of the said Chapter XVI.
Rule 58(1A) Interpretation	<ul style="list-style-type: none"> • A transporter registered in more than one State or Union Territory having the same PAN, may apply for a unique common enrolment number by submitting details in GST ENR-02 using any one of his GSTIN, and upon validation of the details furnished, a unique common enrolment number shall be generated and communicated to the said transporter. • Once the said transporter has obtained a unique common enrolment number, he shall not be eligible to use any of the GSTIN for E-way bill provision purposes.
Rule 58(2)	The person enrolled under sub-rule (1) as aforesaid in any other State or Union territory shall be deemed to be enrolled in the State or Union territory.
Rule 58(2) Interpretation	<p><u>Deemed Enrolment</u></p> <p>The grant of unique enrolment number for a State or Union territory would be valid only for that state or Union territory. In case of other state, enrolment in such other state can be sought or for centralized enrolment for multi-states under same PAN, one has to file application in ENR-02 for common unique enrolment number.</p>
Rule 58(3)	Every person who is enrolled under sub-rule (1) 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.
Rule 58(3) Interpretation	<p><u>Amendment in the Details Furnished</u></p> <p>This rule provides that amendment of the details furnished in ENR-01 can be done electronically on the common portal, whenever required.</p>
Rule 58(4)	<p>Subject to the provisions of rule 56, -</p> <p>(a) 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 the Goods and Services Tax Identification Number of the registered consigner and consignee for each of his branches.</p> <p>(b) 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.</p>
Rule 58(4) Interpretation	<p><u>Maintenance of Records by Person engaged In the Business of Transporting Goods and by Every Owner or Operator of a Warehouse or Godown</u></p> <ul style="list-style-type: none"> ❖ Each transporter shall maintain records of goods transported, delivered and goods stored in transit by him along with GSTIN of each consignor and consignee for each of his place of business / branch. ❖ Each owner or operator of warehouse or godown shall maintain books of accounts with respect to the period for which particular goods remains in warehouse, including particulars relating to dispatch, movement, receipt and disposal of such goods.
Rule 58(5)	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.
Rule 58(5) Interpretation	<p><u>Manner of Storing the Goods by the Owner or the Operator of the Godown</u></p> <p>The owner or the operator of the godown shall store the goods in such manner that they can be easily identified item-wise and owner-wise and shall facilitate any physical verification or inspection by the proper officer on demand.</p>

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