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Class: B.Com Sem - VI
Subject: Goods and Services Tax (GST)
Topic: Accounts and Records under GST-1

All about Accounts and Records under GST

Every taxpayer registered under GST must maintain all records at his principal place of business.

1. Accounts and Other Records

Every registered person is required to keep and maintain all records at his principal place of business.

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.

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

Please read our article for a list of records to be maintained under GST.

What are the accounts which must be maintained under GST?

In our article, 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)

2. 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.

Read our discussions on the accounting treatment of various transactions under GST answering queries on how to record and pass entries for the inter-state sale of goods, how to record utilisation of input tax credit etc.

3. 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.

4. 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.

The last date of filing the Annual return is 31st December of the following year.

For example:

For the year 2017-2018, the due date of filing the annual return is 31.12.2018. The books & records of 2017-2018 must be maintained for 6 years, i.e., 31.12.2023

If the taxpayer is a part of any proceedings before any authority (First Appellate) or is under investigation then he must maintain the books for 1 year after the order of such proceedings/appeal has been passed.

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.