

GST DOCUMENTATION COMMON ERRORS

By:
CA. Rajesh Kumar T.R.



Coverage

- Accounts & Records - Statutory Provisions
- Requirements under law – with common errors therein
- Departmental Correspondences – tips

Accounts and Records – Statutory Provisions

- **Section 35** - Accounts and other records
- **Section 36** - Period of retention of accounts and records
- **Rules 56** - Maintenance of accounts by registered persons
- **Rule 57** - Generation and maintenance of electronic records
- **Rule 58** - Records to be maintained by owner or operator of godown or warehouse and transporters

Who all are required to keep and maintain

- Every Registered Person
- Whether registered or not
 - Every owner or Operator of
 - Warehouse or
 - Godown or
 - Any other storage place of goods
 - Every transporter
- Carrier of goods or C&F Agent holding custody of goods for delivery

Where to Keep and maintain

- At his principal place of business, as per registration certificate
- In case of more than one place of business in the registration certificate –
 - the accounts relating to each place to be kept at each of such places
- RP is permitted to keep and maintain mandated accounts and particulars in electronic form in those places in electronic devices

What is the period of retention

- Registered Person – Minimum of 72 Months (6 Years) from the due date for Annual Returns
- In case of Appeal / revision / proceedings / investigation for offence – the account and records relating to that – upto 1 year after final disposal even after 6 years.

What are the accounts to be kept and maintained

- 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
- goods / services imported -
- Goods / services exported
- Supplies attracting payment under RCM of tax on reverse charge

What are the accounts to be kept and maintained

- stock in respect of goods received and supplied by him
 - Containing details of
 - Opening balance,
 - Receipt, supply,
 - Goods
 - lost,
 - stolen,
 - destroyed,
 - written off or
 - disposed of by way of gift or free sample
 - Balance of stock

What are the accounts to be kept and maintained

- stock in respect of goods received and supplied by him
 - Segregating into
 - raw materials,
 - finished goods,
 - scrap and wastage thereof.

What are the accounts to be kept and maintained

- Manufacturer - Monthly production accounts showing quantitative details of –
 - raw materials or services used in the manufacture and
 - quantitative details of the goods so manufactured
 - the waste and by products thereof
- Supply of services - accounts showing –
 - quantitative details of goods used in the provision of services,
 - details of input services utilised and
 - Details of the services supplied

What are the accounts to be kept and maintained

- Separate account of advances received and adjustments made thereto
- Separate account of advances paid and adjustments made thereto
- An account, with details of
 - tax payable including RCM;
 - tax collected and paid,
 - input tax,
 - input tax credit claimed,

What are the accounts to be kept and maintained

- Register of following, issued or received during any tax period
 - tax invoice,
 - credit notes,
 - debit notes,
 - delivery challan.

Details to be kept

- Names and complete addresses of suppliers of GST chargeable goods/services received;
- Names and complete addresses of recipients of goods/services supplied;
- Complete address of the premises where goods are stored,
- Complete address of the premises where goods stored during transit with details of the stock stored therein.

Documents to be kept

- All relevant **relevant documents** for the accounts maintained;
- invoices,
- bills of supply,
- delivery challans,
- credit notes,

Documents to be kept

- debit notes,
- receipt vouchers,
- payment vouchers and
- refund vouchers

Manner of Maintaining - Manual

- Each volume of books of account maintained manually to be serially numbered
- Any entry in registers/accounts / documents shall not be
 - erased,
 - effaced or
 - overwritten,
- Incorrect entries of clerical nature can be modified;
- Other than clerical nature the incorrect entries has to be scored out under attestation and thereafter, the correct entry shall be recorded;

Manner of Maintaining - Electronic

- The records maintained in electronic form shall be authenticated by means of a digital signature.
- Corrections which are not of clerical mistake - a log of every entry edited or deleted shall be maintained;
- Proper electronic back-up of records shall be maintained and preserved such 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.

Production of Records on demand

- Every registered to produce the books of accounts which he is required to maintain under any law for the time being in force.
- Electronic Records
 - duly authenticated by him, in hard copy or in any electronically readable format.
 - for access provide the details of files where the accounts/documents are maintained, passwords and explanation for codes used, along with a sample copy in print form of the information stored in such files.

In Case of Agents supply/procure on behalf of another

- Details of authorisation received from principal from each principal to receive /supply
- Details of description, value and quantity (wherever applicable) of goods/services supplied/received on behalf of every principal;
- Details of accounts furnished to every principal; and
- Tax paid on receipts or on supply of goods or services effected on behalf of every principal.

In case of works contractor

- Separate accounts for each 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;
 - 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.

Transporter of goods

- For each branch,
- Maintain records of –
 - Goods transported,
 - Goods delivered and
 - Goods stored in transit by him
 - GSTIN of the registered consigner
 - GSTIN of the registered consignee.

Warehouse keeper of goods

- maintain accounts with respect to –
 - the period for which particular goods remain in the warehouse,
 - particulars relating to goods -
 - Received and
 - Dispatched,
 - Moved,
 - Disposed.
- Has to store the goods in such manner that they can be identified item-wise and owner-wise
- Has to facilitate any physical verification or inspection by the proper officer on demand

Carrier or C & F Agent

- Carrier or C&F Agent having custody over goods
- 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.

Consequences of non-compliance

- In case of registered person – failure to account for
 - The goods produced/manufactured
 - Inward supply of goods
 - Outward supply of goods
 - Stock of goods
 - Inward or outward supply of services
- Except for goods lost, stolen, destroyed, written off or disposed off by way of sample or gift
- Tax payable on such goods/services is empowered to be demanded in terms of Sec. 73/74.
- Section 122(1)(xvi) – Rs. 10,000/- + 10,000/-

Prosecution

- Section 132 (f) - Whoever commits, or causes to commit and retain the benefits arising out of, any of the following offences, namely :—
 - Falsifies or
 - substitutes financial records or
 - produces fake accounts or documents or
 - furnishes any false information
- with an intention to evade payment of tax due under this Act;
- Implications
 - Person commits or abates – Upto 6 M imprisonment or fine or both
 - 1Cr to 2 Cr – upto 1 yr imprisonment and fine
 - 2Cr to 5 Cr – upto 3 yr imprisonment and fine
 - Above 5Cr – upto 5 yr imprisonment and fine

Common Errors

- Books and Records are only with accountant/auditor/CA
- In case of Branches records are not kept at the respective branches
- If electronically maintained – access not provided to the branches
- Contracts / agreements / Pos / work orders –
 - Not properly maintained
 - Implication of tax not examined
 - Place of supply and time of supply not noted
 - Terms and conditions not checked
 - Mode of delivery / invoicing
 - Credit Notes and Debit Notes

Common Errors

- Receipt of Goods –
 - E-way bill not raised where required
 - Improper recording by Security at gate
 - System of GRN is not existing
 - Format of GRN is incomplete or irrelevant info
 - Mis-match between the invoice and goods receipt
 - Keeping pending for accounting of receipt where goods are already issued to production
 - Improper accounting of goods shortage/rejected/to be returned in GRN
 - Accounting under different product
 - Periodical verification and reconciliation not done

Common Errors

- Issues to production –
 - System of RM request as per production plan non-existing
 - Issues without RM request note
 - Excess/short issue
 - Accounting under wrong item
 - Periodical verification and reconciliation not done

Common Errors

- Accounting of Production –
 - System of Daily production sheet non-existing
 - Statement of daily production at shop floor and accounts section not matching
 - Accounting of Rejects during production and its treatment
 - Accounting of wastage, scrap, by product and process loss
 - Stage of accounting - production vis-à-vis Packaging
 - Re-issue from FG to floor for repair, re-working, captive consumption accounting

Common Errors

- Stock and Dispatches –
 - Sales Orders not linked to stock records
 - Packing List to PO to Invoice
 - Date and time of invoice mis-match to removal
 - Quantities mis-match
 - Wrong item accounting in stock records
 - E-way bill vis invoices mis-matches
 - Sales Returns
 - Damages during packing/despatch
 - Damages during transit accounting
 - Re-issue to production not accounted
 - Other issues without sales
 - Physical Stock taking differences
 - Obsolete stock
 - Stock dispatched without invoice for confirmation of PO

Common Errors

- Input Tax Credit
 - Physical copy of Invoices of supplier not received;
 - PO vis a vis invoice not matching;
 - Proof of receipt of goods/services;
 - Non-accounting of stock in stock records
 - Non-raising of invoice in case of RCM from unregistered person
 - Input tax register not maintained
 - Accounting of purchases at gross
 - Non-accounting of all input tax
 - Expensing of in-eligible credits

Common Errors

- Output Tax
 - No proper system of invoice numbering
 - Non-linking of invoices raised against e-way bill and non-e-way bill supplies
 - Non-consideration of Deemed supplies
 - Improper classification,
 - Improper rate of tax
 - Improper exemption
 - Invoice not raised at time of supply
 - Place of supply wrongly adopted

Types of communication and tips

- Email communication
- Through Portal
- Telephonic Calls
- Enquiry Letters
- Letters informing discrepancy and asking to pay
- Audit related communication
- Communications in enquiry/investigation

General Tips

- Check the authenticity of the communication
- Note the person writing the mail/letter
- Check the authority of the person writing
- Check the provision under which the information being sought
- Do not pre-empt the issue and not be in a hurry to reply
- Understand the origin and background of the communication
- Write back if communication is not clear

General Tips

- If required seek time but not dodge the officers
- Evaluate the possible issues and complexities
- Check the details thoroughly before submission
- If required take consultation from experts how to handle
- If telephonic call
 - Note details of the person calling, date and time
 - Ask the reason and source
 - Do not reply instantly, take No. and take time to check revert back
 - Ask for written communication for record
 - If not write a letter explaining the fact that the details sought and explained over phone

General Tips

- In case of letter asking to pay –
 - Take due consultation as to liability and consequences
 - If payable pay with interest and explain the reasons why failure happened
 - Seek for waiver of penalties.
 - If not liable, seek course of action as per law

- In case of investigation –
 - Check Authority
 - Know your rights and obligations
 - Handle with due consultation
 - If Mahazar drawn check the correctness

General Tips

- During deposition
 - Need not be scared
 - Be firm and need not be submissive or aggressive
 - Carry Notebook / dairy to note the points for your reference
 - Deposition is as to facts and not law
 - Ensure that it is not dictated,
 - copy o be requested,
 - Seek time for providing info or details not known or available
 - Check the correctness of statement on coming back and clarify immediately through proper communication on record.



THANK YOU

CA. Rajesh Kumar T.R.

rajeshtr77@gmail.com

+91 9845344353