Book Keeping and Record Keeping in GST
(A Question & Answer based representation of the Subject)

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Chapters

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DIVISION - A

Chapter 1: Introduction to Book Keeping and Record Keeping

1. What is the meaning of Book Keeping and Record Keeping?

In general, Bookkeeping is the process of recording the financial transactions on a day-to-day basis, while Record Keeping is the maintenance of various records like agreements, invoices, receipts, payments, vouchers, challans and other important documents in a systematic manner. Records serve as evidence of the underlying transactions accounted.

2. What is the importance of Book Keeping and Record Keeping?

Bookkeeping is important for the following reasons

- To know the transaction summaries like Income, Expenditure, Assets and Liabilities;
- To keep track of receivables and payables;
- To know the overall profitability or otherwise and the reasons therefor;
- To comply with statutory requirements.

Record Keeping is important for the following reasons

- It serves as a reference of the original transactions;
- It has great evidentiary value;
- Certain statutes require maintenance of certain records for specific periods.

3. What are documents?

The meaning of the term **'document'** is –

> "a piece of written, printed, or electronic matter that provides information or evidence or that serves as an official record"

Thus, a document could be handwritten or in electronic form, but it has to be necessarily in written format.

Examples: A lease agreement, A tax invoice.

4. What are records?

The meaning of the term **'record'** is –

> "a thing constituting a piece of evidence about the past, especially an account kept in writing or some other permanent form."

Thus a record has evidentiary value. The records would cover books, accounts, registers and documents.

Examples: A tax paid challan, A Khata extract.

5. What are registers?

The meaning of the term **'register'** is–

> "an official list or record of names or items"

It is more a list or a summary of key information of similar transactions.

Examples: Sales Register, Stock Register, Fixed AssetsRegister.

6. What are financial statements?

The financial statements are summary reports about the financial results, financial position and cash flows derived from the transactions accounted.

Examples: Profit and Loss Account, Balance Sheet, Cash flow Statement.

7. What are returns?

A return is a report of transactions summary generally based on data maintained by the specified persons in the specified format submitted to the Government.

Examples: Income Tax Returns, GST Returns, Annual Information Returns.

8. What are the differences between the above?

The document has more informative value while a record has more evidentiary value. While a register provides summary at line item level, statements provide the overall or broad-level summary for a particular period and returns are submission of the maintained information in the specific format to the Government.

Thus, based on the underlying documents and records evidencing the transactions, accounting entries are passed which will lead to compilation of registers and financial statements to support the submissions made to the Government in the form of returns.

Chapter 2 : Types of accounts, documents and recordsto be maintained

Chapter 2A: General Requirements

9. Why are accounts and records required to be maintained underGST?

The GST law works on Self-Assessment mechanism wherein the assessees are required to voluntarily compute and pay the applicable taxes. Thus, books of accounts and records become the very basis for the GST system.

Moreover GST being a value added taxation system, the assessees are entitled for input tax credits and record keeping becomes crucial to make valid claims of input tax credits.

To enable checks and balances, cross verification of the data is carried out by the GST department by way of scrutiny, assessments, audits, inspection, search and the like. The books of accounts and the records maintained by the assessees becomes the very basis for conduct and performance of these procedures by the department.

Thus, accounts and records has extreme significance under the GST law.

10. What are the specific accounts, documents and records required under the GST law?

The registered person is required to maintain a true and correct **account of** the following applicable **details**-

- production or manufacture of goods;
- inward supply of goods and services (Purchases and Expenses);
- outward supply of goods and services (Sales and Otherincome);
- goods or services imported or exported;
- stock of goods;
- output tax payable and paid;
- tax collected;
- the details of supplies attracting the payment of tax on reverse charge and tax payable thereon;
- input tax credit availed.

The following applicable **documents and records** are required to bemaintained

- Tax Invoices (including E-Invoices wherever applicable);
- Self-Tax Invoices;
- Bills of supply;
- Delivery challans;
- Credit notes;
- Debit notes;
- Receipt vouchers;
- Payment vouchers;
- Refund vouchers;
- E-way Bills.

The following applicable **registers** are required to be maintained

- Tax Invoice Register;
- Credit Notes Register;
- Debit Notes Register;
- Delivery Challans – Issued Register;
- Delivery Challans – Received Register.

The following applicable **particulars** are required to be maintained

- Names and Complete addresses of suppliers;
- Names and Complete addresses of customers;
- The complete address of the premises where goods are stored.

11. What is the interface between GST and other statutes like Income Tax and Company Law regarding book keeping and record keeping?

Each law, be it GST, Income Tax or Company law has specific statutory requirements with respect to books of accounts and record keeping. But, by and large on a majority basis and also practically, a single set of books of accounts are maintained to meet the maximum statutory requirements. Additional requirements as per the specific statutes are generally supported in the form of workings, registers and reports in excel.

Example: Depreciation as per Income Tax Act vs. Depreciation as per Company law. It is generally accounted as per the requirement of Company Law and while submission of returns to Income Tax department, separate workings are made to compute them accordingly.

Although the point of taxation norms, measure of tax and other requirements are different for each statute, owing to extensive use of artificial intelligence deployed for the Government and based on the memorandum of understanding for interchange of information across government departments, third party verifications are being implemented wherein data submitted to one department is cross verified by the other.

Example: The data available in Form 26AS of the Income Tax law and the Income Tax returns is verified with the GST data by the department.

However, it doesn't mean that the data reported in the returns under different statutes must match. There will be differences owing to the different set of legal provisions governing each law, implementation of the applicable accounting policies and corresponding reporting.

Further, the GST law requires certain registered persons to prepare a self-certified reconciliation statement in Form GSTR-9C categorically segregating the difference between the audited financial statements (statutory audit under company law or tax audit under income tax law or such other audit) and the GST returns information consolidated for the financial year in Annual Return in Form GSTR-9 after carrying out the self-rectifications in case of any errors or omissions.

To sum up, though the requirements of all statutes are not the same, explaining the relativity of the data submitted under the various laws will assume significance in the light of discussions made above.

12. What is a Tax Invoice and when the same is to be issued?

A registered person supplying taxable goods or taxable services isrequired to issue a tax invoice containing certain specified particulars. *(Refer Answer to Question No.46 for the specified particulars)*.

The timing of tax invoice differs based on the type of transaction and the same is listed below:

a. In case of supply of **taxable goods**, it must be issued **before or at the time** of

- Removal of goods (if goods are moved) or;
- Delivery or making available to recipient (if goods are not moved). Example: The tax invoice must be raised at or before the time of handing over of the stock in the go-down by the supplier to the buyer which indicates constructive delivery of the goods.

b. In case of **continuous supply of taxable goods** (supplied on recurring basis or under a contract) it must be issued **before orat the time** of

- Each successive statements of account is given;
- Each payment is received.

Example:

Mr. Adi wants to construct a house and hence engages a material supplier Mr. Sid to supply the construction material. Since there is continuous requirement of the materials, they mutually agree that every Monday a successive statement of account of material supplies be given and the corresponding payment be made. Mr. Ram is required to raise a Tax Invoice every Monday. Alternatively, if they agree upon for making a monthly basis, then Mr. Ram must raise the tax invoice when such monthly payments are received.

c. In case of supply of **taxable services**, it must be issued before or after the provision of service but **within**

- **30 days** from the date of supply of services (General cases);
- **45 days** from the date of supply of services (Banking Company/Insurer/Financial institutions/ NBFC);
- In case of distinct persons (multi GSTIN belonging to the same PAN); of Banking Company/Insurer/Financial Institutions /NBFC – **before the end of the quarter**.

d. In case of **continuous supply of taxable services** (supplied on recurring basis or under a contract, for more than 3 months with periodic payments), it must be issued **on or before**

- The due date of payment (if ascertainable);
- Receipt of payment (if due date not ascertainable);
- The date of completion of the event (in case of event linked payments).

e. In case of **closure of supply of services** in between, the tax invoice must be issued **before closure** of supply to the extent of services provided.

13. What is a bill of supply?

A bill of supply is a document which is issued under the following circumstances

i. For supply of Exempted goods or services;
ii. For supplies by composition dealer.
iii. For supply of non-taxable supplies (An invoice or document issued under any other Statute, will be treated as Bill of

Supply). Example: A bill issued by a petrol bank for supplyof petrol/diesel.

14. What is an Invoice cum Bill of Supply?

In case where, both taxable and exempt goods, or services, are supplied to an **unregistered persons**, a single document named 'Invoice-cum-Bill of supply' could be issued. However, if supplies are made to a registered person, then two separate documents i.e. Tax invoice for taxable goods and Bill of Supply for exempt goods mustbe issued.

15. In case of small transactions are there any relaxations from issuing certain documents?

In case of small transactions where the value is less than Rs.200/, a day wise consolidated tax invoice could be issued with respect to all such supplies if

- The customer is unregistered;
- The customer does not require invoice.

Similarly in case of bill of supply a day wise consolidated bill of supply could be issued on the similar lines stated above.

16. What are the only circumstances under which revised invoice can be issued?

In case of persons who have applied for registration but waiting for the grant of registration certificate, there is a provision for them to issue revised invoice within one month from the date of issuance of registration certificate for the interim period between the effective date of registration and the actual date of granting registration.

Example: A person becomes liable for registration from 1st June 2022. He applies for registration on 10th June 2022 and he gets the registration certificate on 30th June 2022 with effective date as 1st June 2022. For the interim period from 1st June 2022 to 30th June 2022, he can collect the taxes and issue an invoice. But he will be unable to specify the GSTIN on the invoice. Hence he can issue revised invoices consisting of GSTIN within 30th July 2022 and upload those details in his first return.

Further a consolidated revised tax invoice can be issued clubbing allthe Intra-state B2C supplies during the interim period and also a state-wise consolidated revised tax invoice can be issued for B2C transactions not exceeding Rs.2.5 lakhs per transaction in case of inter-state supplies.

It is important to note that this concept of revised invoice is limitedfor the purpose of newly registered GSTINs only and it must not be misunderstood and used to carry out any correction of mistakes inthe invoice.

17. What are the circumstances under which a credit note can be issued and what is the time-limit for the same?

A GST Credit Note can be issued only under the following circumstances:

With respect to supply of goods-

- Return of goods;
- Goods supplied are of deficient quality;
- Taxable value charged exceeds the actual value;
- Tax amount charged exceeds the actual value;
- Post invoice discounts as per pre-agreed terms.

With respect to supply of services-

- Deficiency in Services;

- Taxable value charged exceeds the actual value;
- Tax amount charged exceeds the actual value;
- Post invoice discounts as per pre-agreed terms.

The time-limit for issuance of GST credit notes is latest by 30th September of the subsequent year. An amendment through The Finance Act 2022 has been done changing the date to 30th November. However, till the time the amendment is notified it will be 30th September only.

18. What are the circumstances under which a debit note can be issued and what is the time-limit for the same?

A GST Debit Note can be issued only under the following circumstances:

- Taxable value charged is less than the actual value;
- Tax amount charged is less than the actual value.

There is no specific time-limit to issue a debit note. However, one must note that excepting few circumstances, raising of debit notes may lead to interest repercussions since it could be an indication of error in the value of original invoice leading to short discharge oftaxes initially.

19. Can a single debit note or credit note be issued for multiple invoices?

Yes. A single debit note or credit note can be issued for multiple invoices. Earlier there was a requirement to link the debit note/credit note to each corresponding invoice and upload the same on the portal. Now such requirement has been removed and hence a single credit note can be issued against multiple invoices. A classic example could be that of a credit note issued for turnover discount.

20. What are the documents required for return of goods?

In case, where the movement of the return goods is initiated by the supplier, the supplier issues a GST Credit note and the goods can move on the basis of such credit note which will be used for generating e-way bill too.

Alternatively, if the movement is initiated by the buyer, then the buyer issues a delivery challan and the goods will move under the cover of delivery challan which will be used for generating the e-way bill as well. On receipt of such goods, the supplier issues a GST credit note and the buyer will account the same using an accounting debit note.

The buyer is required to reverse the ITC and the seller can reduce the GST pertaining to the Credit note from the sum total of his output liability.

21. What are the documents required for sale on approval basis?

In case of sale on approval basis, the goods are removed for reasons other than supply. Hence, initially the goods needs to be moved under the cover of delivery challan (outward). However, within six months either the goods must be returned and accounted using delivery challan (inward), else a tax invoice needs to be issued irrespective of whether it is sold or not, the reason being that it will be treated as a deemed supply (imaginary supply) after the lapse ofsix months and tax needs to be discharged thereon.

22. In case of RCM (Reverse charge mechanism) compliance, what documentation would be required?

In case of transactions covered under Reverse Charge Mechanism, the responsibility of tax discharge is on the recipient of the specified goods or services and hence the following documents needs to be generated by the recipient -

- a Self-Tax invoice, which also facilitates the claim of theinput tax credit (if eligible) and
- GST payment vouchers evidencing the payments made to the suppliers of such transactions falling under reverse charge.

23. How different is a GST receipt voucher from a general receipt voucher?

A general receipt voucher is issued evidencing the receipt of money from a specific person towards a specific purpose, while a GST Receipt voucher is issued in case of receipt of advance payment with respect to supply of goods or services.

A GST receipt voucher must indicate the tax break-up therein and such other particulars. However, since the taxability of advances received with respect to goods has been removed, practically only in case of advance payments received with respect to services, GST Receipt voucher needs to be issued.

24. How different is a GST payment voucher from a general payment voucher?

A general payment voucher is issued evidencing the payment of money to a specific person towards a specific purpose, while a GST Payment voucher is required to be issued in case of payments to suppliers of transactions covered under reverse charge mechanism. The GST payment voucher will have the tax break up details.

25. What is a refund voucher and is there any time-limit for issuance of the same?

A refund voucher is issued in case where any advance payment is received but later

- No supply is made **and**
- No Tax Invoice is issued

There is no time limit prescribed for issuance of refund voucher.

26. How many copies of documents are required to be issued?

The tax invoice must be issued in

<u>3 copies</u> for supply involving movement of goods-

- Original for Recipient;
- Duplicate for Transporter;
- Triplicate for Supplier.

<u>2 copies</u> for supply not involving movement of goods andalso supply of services-

- Original for Recipient;
- Duplicate for Supplier.

The delivery challan must be issued in 3 copies-

- Original for Consignee;
- Duplicate for Transporter;
- Triplicate for Consignor.

Although, there is no specific mention about the number of copies with respect to other documents, it is understood that wherever the movement of goods is involved 3 copies would be required, in all other cases, two copies should suffice as listed above.

27. What are the circumstances under which a delivery challan isissued?

Whenever goods are transported/moved without an invoice, meaning for reasons other than supply, the goods must be movedunder the cover of a delivery challan.

Few circumstances which necessitate the issuance of delivery challan are:

Movement of goods for the purpose of-

- Job Work;
- Exhibition/Trade fairs;
- Repair;
- Testing;
- Line Sales;
- Product – Demo;
- Stock transfer (between go-downs of same GSTIN locatedwithin the state);
- Purchase Returns;
- Sale on Approval basis;
- Supply of liquid gas (where quantity is unknown at the time of removal);
- Supply in Semi-knocked down or completely knocked down condition (For the subsequent consignments with reference to invoice).

28. Is there any reporting requirement pertaining to documentsissued?

Table 13 of Form GSTR-1 requires the reporting of documents issuednamely:

- Series (From and To);
- No. of cancelled documents and
- Net issued documents.

The corresponding table is shared below:

Table 13 - Documents issued during the tax period

Sr. No.	Nature of document	Sr. No.		Total number	Cancelled	Net issued
		From	To			
1	2	3	4	5	6	7

1	Invoices for outward supply					
2	Invoices for inward supply from unregistered person					
3	Revised Invoice					
4	Debit Note					
5	Credit Note					
6	Receipt voucher					
7	Payment Voucher					
8	Refund voucher					
9	Delivery Challan for job work					
10	Delivery Challan for supply on approval					
11	Delivery Challan in case of liquid gas					
12	Delivery Challan in cases other than by way of supply (excluding at S no. 9 to 11)					

29. What is the documentation required for Input Tax Credit eligibility?

GST being a Value added taxation system, the input tax credit claim mechanism becomes very important. It has to be ensured that the credit claims happen in a legitimate manner. To accomplish this, every input tax credit claim must be supported with a valid credit claim document as tabulated below

Category	Document
Forward Charge /Regular Supply transaction	Tax Invoice Debit Note/ Supplementary Invoice Revised Invoice
Reverse Charge transaction	Self-Tax Invoice/Reverse Charge Invoice issued by the supplier (subject to tax payment)
Import of Goods	Bill of Entry

Input Service Distributor	ISD Invoice

30. For how long, the books of accounts and records are to beretained?

The books of accounts and other records must be retained for a period of 72 months from the due date of furnishing the annual returns of that financial year.

The retention period for the past 5 years is tabulated below:

Financial Year	Annual Return Due date	Period of Retention up to
2017-18	7th February 2020 (For thestate of Karnataka & for certain other states)	7th February 2026
	5th February 2020 (In case of few other states)	5th February 2026
2018-19	30th June 2020	30th June 2026
2019-20	31st March 2021	31st March 2027
2020-21	28th February 2022	28th February 2028
2021-22	31st December 2022 (as it stands)	31st December 2028

In a case where the dealer 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 Department) or

- is under investigation for an offence,

then, the books of accounts and other records must be retained fora period of **one year** after final disposal, if such period falls laterthan the period stated above.

31. Is it compulsory to maintain stock records?

Except composition registered persons, all other registered persons are required to maintain the accounts of stock in respect of goods received and supplied by him, containing the particulars of:

- Opening Balance;
- Receipt;
- Supply;
- Goods lost;
- Stolen;
- Destroyed;
- Written off;
- Disposed by way of gift or free sample and
- Closing balance.

Further, segregation of the stock into following categories would berequired in the applicable cases namely:

- Raw Materials;
- Finished Goods;
- Scrap;
- Wastage.

32. With respect to advances, what details are required to be maintained?

In case of advances a separate account must be kept pertaining to the following

- Advances received;
- Advances paid;
- Adjustments made to above.

With respect to service transactions, the advances received and adjusted will have an important bearing on tax implications as time of tax discharge accrues at the stage of advance receipt itself.

With respect to transactions covered under reverse charge, the advance payments will have a bearing on the time of tax discharge and hence these details becomes important.

Till 14th November 2017, the tax pertaining advances received with respect to taxable goods was required to be discharged at the time of receipt of advance itself. However, from 15th November 2017 onwards this provision is removed.

Chapter 2B: Sector-Specific Requirements

33. What accounts and records needs to be maintained by a composition dealer?

The composition dealer is required to maintain a true and correct account of the following applicable details:

- production or manufacture of goods;
- inward supply of goods and services (Purchases and Expenses);
- outward supply of goods and services (Sales and Otherincome);
- tax payable and paid;
- goods or services imported;
- details of supplies attracting payment of tax on reverse charge.

The following records are required to be maintained:

- Bills of supply;
- Delivery challans;
- Self-Invoice;
- GST Payment vouchers.

The following particulars are required to be maintained:

- Names and Complete addresses of suppliers;
- Names and Complete addresses of customers;
- The complete address of the premises where goods are stored.

34. What accounts and records needs to be maintained by a manufacturer?

In addition to the applicable accounts, records and particulars detailed in Question No. 10, the manufacturer must maintain monthly production accounts with the following quantitative details:

- Raw materials or services used;
- Goods manufactured;
- Waste and By-products thereof.

35. What accounts and records needs to be maintained by a service provider?

In addition to the applicable accounts, records and particulars detailed in Question No. 10, a service provider must maintain accounts showing quantitative details of

- Goods used in the provision of services;
- Input services utilised;
- Services supplied.

36. What accounts and records needs to be maintained by anexporter?

In addition to the applicable accounts, records and particulars detailed in Question No. 10, an exporter must maintain true and correct account of goods or services exported. The Shipping Bills, Inward remittance certificates from the bank and other Export related documents becomes very crucial especially to support the refund claims.

Also, since there are cross validations that occur between GSTN portal and ICEGATE portal, ensuring harmonious submission of correct information based on the original documents in both the portals becomes very significant for the smooth processing of refunds.

37. What accounts and records needs to be maintained by animporter?

In addition to the applicable accounts, records and particulars detailed in Question No. 10, an importer must maintain true and correct account of goods or services imported. The details of tax discharged under reverse charge mechanism with respect to import of services should also be maintained along with the self-invoices and GST payment vouchers.

The Bill of Entry becomes a critical document of credit claimpertaining to IGST paid on import of goods and the same needs to be maintained appropriately. Again owing to data flow from ICEGATE portal to GSTN portal which in turn reflects in Form GSTR-2A/2B, ensuring submission of correct information becomes very significant for the peaceful claim of the corresponding Input Tax Credits.

38. What accounts and records needs to be maintained by a works contractor?

In addition to the applicable accounts, records and particulars detailed in Question No. 10, a works contractor is required to keep 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 of goods or services receivedfor the execution of works contract;
- description, value and quantity of goods or services utilized inthe 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.

39. Whether unregistered persons are also required to maintain any accounts?

The following persons are required to maintain certain accountsirrespective of their registration status under GST-

- Every owner or operator of warehouse or go-down or any other place used for storage of goods;
- Every transporter;
- A Career or Clearing and Forwarding Agent;
- An Agent.

40. What accounts and records needs to be maintained by a Transporter?

The following details needs to be maintained by a Transporter,irrespective of his GST Registration status:

- Records of Consigner with GSTIN (if registered);
- Records of Consignee with GSTIN (if registered);
- Goods transported, delivered and goods stored in transit.

41. What accounts and records needs to be maintained by an Owneror Operator of Go-down /Warehouse?

The following details to be maintained by an Owner or Operator of Go-down /Warehouse irrespective of his GST Registration status

- Records of Consigner with GSTIN (if registered);
- Records of Consignee with GSTIN (if registered);
- Period for which particular goods remain in the warehouse;

- Particulars relating to dispatch, movement, receipt and disposal of such goods.

Further, the goods must be stored in such a manner to identify them item-wise and also owner-wise. The purpose is to facilitate easy physical verification or inspection by GST officer when demanded.

42. What accounts and records needs to be maintained by an Agent?

An Agent is required to maintain the following details -

- Authorisations received from each principal to receive orsupply goods or services;
- Description, Value and Quantity of goods or services received;
- Particulars including description, value and quantity of goodsor services supplied;
- Details of accounts furnished to every principal; and
- Tax paid on receipts or on supply of goods or services.

43. What accounts and records needs to be maintained by a Career or Clearing and Forwarding Agent?

A Career or Clearing and Forwarding Agent is required to maintain true and correct records in respect of the goods handled by him on behalf of the registered persons. These records and details must be provided as and when required by the GST officer.

44. What accounts and records needs to be maintained with respect to job work transactions?

With respect to job work transactions, a job-work register needs tobe maintained by the principal. Certain specific details needs to be uploaded in Form GST ITC-04 on a half yearly basis providing the details of movement of goods for job work purposes.

The Job-work register may contain the following details-

- Name and Address of the Job worker (along with GSTIN, if registered);
- Type of Job-worker : SEZ/Non-SEZ;
- Type of Goods-
- Inputs;
- Capital goods;
- Details of goods-
- Description;
- UQC(Unique Quantity Code)/Unit of measure;
- Quantity;
- Taxable Value;
- Supplier Type : SEZ/Non-SEZ;
- Tax Rate;
- Delivery challan inward details;
- Delivery challan outward details.

In case, where supplies are made directly from the job worker's location, for the sake of convenience, the details of supplies made from there should also be maintained.

It is important to note that the inputs needs to be returned to the principal's location within one year and the capital goods within three years. If they are not returned back within the stated timelines, then such transactions will be treated as deemed supplies (imaginary supplies), leading to tax liability, **along with interest**, for the reason that on the elapse of 1year/3years as the case may be, the liability accrues from the date of original movement evidenced in the delivery challan. Hence, maintaining an Ageing report will help to comply with these requirements, so that unnecessary tax implications could be avoided by returning the goods in time.

45. In case of transporters, what is the procedure for enrolment and why is it required?

The transporters whether registered or unregistered, and whether having business in one state or many states, are required to obtain a Unique Enrolment number to facilitate the functioning of the E- way Bill system. It helps in identifying and tracking them through a single unique enrolment number.

In case of unregistered transporters having business in a single state, the following procedure needs to be followed for enrolment with the GSTN:

Step 1 – Electronic submission of business details in Form GST ENR-01;

Step 2 – Validation of the details by the portal;

Step 3 – Generation and Communication of a Unique Enrolment Number.

In case of registered transporters, having business in multiple states under the same PAN, the following procedure needs to be followed for enrolment with the GSTN.

Step 1 – Apply for Unique Common Enrolment Number in Form GST ENR-02 using any of its GSTIN;

Step 2 – Validation of the details by the portal;

Step 3 – Generation and Communication of a Unique Enrolment Number;

Once Unique Common Enrolment Number is obtained, they are not permitted to use any GSTIN for the purpose of E-way Rules related compliances.

Chapter 3: Content/Format of Records and Documents

Chapter 3A: Prescribed – General

46. What are the contents to be present in a Tax Invoice?

The following contents must be present in a Tax Invoice:

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient (if registered)
5.	Name, Address of recipient, Address of delivery, Statename and code (If value **is > or = Rs. 50,000 & customer unregistered)or** (If value **is < Rs. 50,000 & customer requests)**
6.	**HSN** Code for Goods or Services: (Turnover in preceding financial year **> Rs. 5 Crores – 6 Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)
7.	Description of Goods or Services
8.	Quantity of Goods - Units/ UQC (Unique Quantity Code)
9.	Total Value of Supply
10.	Taxable Value of Supply after discount/abatement, if any
11.	Rate of Tax
12.	Amount of Tax charged
13.	Place of Supply with State name (for Inter-State Supply)
14.	Address of delivery where the same is different from Placeof Supply (Bill to - Ship to transaction)
15.	Whether tax is payable on Reverse Charge basis? **– Yes/No**

16.	Signature or Digital Signature of Supplier or his Authorized Representative
17.	Q R Code having embedded Invoice Reference Number (IRN) in case of E-Invoices (Applicable to registered persons whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs.20 Crores (effective from 01.04.2022))

47. What are the contents to be present in a Bill of Supply?

The following contents must be present in a Bill of Supply:

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for afinancial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of Recipient (if registered)
5.	HSN Code for Goods or Services (Turnover in preceding financial year **> Rs. 5 Crores – 6 Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)
6.	Description of Goods or Services
7.	Value of Supply after discount/abatement, if any
8.	Signature or Digital Signature of Supplier or his Authorized Representative

48. What are the contents to be present in Self Tax Invoice for RCM purpose?

The following contents must be present in a Self-Tax Invoice.

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier/s
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/')**(Unique for afinancial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient

5.	**HSN** Code for Goods or Services: (Turnover in preceding financial year **> Rs. 5 Crores – 6 Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits**)
6.	Description of Goods or Services
7.	Quantity of Goods - Units/ UQC (Unique Quantity Code)
8.	Total Value of Supply
9.	Taxable Value of Supply after discount/abatement, if any
10.	Rate of Tax
11.	Amount of Tax
12.	Place of Supply with State name (in case of Inter-State Supply)
13.	Address of delivery where the same is different from Place of Supply
14.	Signature or Digital Signature of Supplier or his Authorized Representative

49. What are the contents to be present in Revised Invoice?

The following contents must be present in a Revised Invoice:

Sl. No.	Contents
1.	The words "**Revised Invoice**" to be indicated prominently
2.	Name, Address and GSTIN of Supplier
3.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
4.	Date of its issue
5.	Name, Address, GSTIN or UIN of recipient (if registered)
6.	Name, Address of recipient, Address of delivery, State name and code (if un-registered)
7.	Serial Number and Date of corresponding Tax Invoice or Bill of Supply
8.	Signature or Digital Signature of Supplier or his Authorized Representative

50. What are the contents to be present in Credit Note/ Debit Note?

The following contents must be present in a Credit Note/Debit Note:

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	Nature of the document – 'Credit Note/Debit Note'
3.	A consecutive serial number < or = 16 characters(Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
4.	Date of its issue
5.	Name, Address, GSTIN or UIN of recipient (if registered)
6.	Name, Address of recipient, Address of delivery, State name and code (if un-registered)
7.	Serial Number/s and Date/s of corresponding Tax Invoice/s or Bill/s of Supply
8.	Value of taxable supply of goods or services
9.	Rate of tax
10.	Amount of tax credited/debited
11.	Signature or Digital Signature of Supplier or his Authorized Representative

51. What are the contents to be present in GST Receipt Voucher?

The following contents must be present in a GST Receipt Voucher:

Sl.No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient, if registered
5.	Description of Goods or Services
6.	Amount of Advance taken
7.	Rate of Tax (If Rate is not determinable -18%)
8.	Amount of Tax charged
9.	Place of Supply with State name and code (in case of Inter-State Supply)

	(if nature of supply not determinable then to be treated as Inter State Supply)
10.	Whether tax is payable on Reverse Charge basis? – **'Yes/No'**
11.	Signature or Digital Signature of Supplier or his Authorized Representative

52. What are the contents to be present in GST Payment Voucher?

The following contents must be present in a GST Payment Voucher:

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier, if registered
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient
5.	Description of Goods or Services
6.	Amount paid
7.	Rate of Tax
8.	Amount of Tax payable
9.	Place of Supply with State name (In case of Inter-State Supply)
10.	Signature or Digital Signature of Supplier or his Authorized Representative

53. What are the contents to be present in Refund Voucher?

The following contents must be present in a Refund Voucher:

Sl.No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient, if registered
5.	Number and date of "Receipt voucher" (against which refund is issued)
6.	Description of Goods or Services

7.	Amount of Refund made
8.	Rate of Tax
9.	Amount of Tax Refunded
10.	Whether tax is payable on Reverse Charge basis? – **'Yes/No'**
11.	Signature or Digital Signature of Supplier or his Authorized Representative

54. What are the contents to be present in Delivery Challan?

The following contents must be present in a Delivery Challan:

Sl.No.	Contents
1.	Date
2.	Serial Number with < or =16 characters (in one or multiple series)
3.	Name, Address and GSTIN of Consigner, if registered
4.	Name, Address and GSTIN or UIN of Consignee, if registered
5.	HSN and Description of Goods
6.	Quantity (Provisional, where exact quantity is not known)
7.	Taxable Value
8.	Tax Rate
9.	Tax amount
10.	Place of Supply, in case of Inter-State Movement
11.	Signature

55. What are the contents to be present in Tax Invoice in case ofExports?

The exports could be either 'With payment of IGST (WPAY)' or 'Without payment of IGST (WOPAY)'. Accordingly, an endorsement would be required on the Tax Invoice. The GST Tax invoice is to be issued in addition to the Commercial Invoice to the foreign customers.

The following contents must be present in a GST Export Invoice:

Sl. No.	Contents
1.	**Endorsement on Invoice:** WPAY cases - **"Supply meant for Export for authorized operations on payment of Integrated Tax"** **OR** WOPAY cases **- "Supply meant for Export for authorized operations under Bond/ Letter of Undertaking without payment of Integrated Tax"**
2.	Name, Address and GSTIN of Supplier
3.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for afinancial year)**
4.	Date of its issue
5.	Name, Address, GSTIN or UIN of recipient, if registered
6.	**Name & Address of recipient, Address of delivery, Destination country name**
7.	HSN Code for Goods or Services – **8 digits**
8.	Description of Goods or Services
9.	Quantity in case of Goods and Unit/Unique Quantity Code (UQC)
10.	Total Value of Supply
11.	Taxable Value of Supply after discount/abatement, if any
12.	Rate of Tax
13.	Amount of Tax, in case of with payment of IGST
14.	Place of Supply

15.	Address of delivery where the same is different from Place of Supply
16.	Whether tax is payable on Reverse Charge basis? – **'Yes/No'**
17.	Signature or Digital Signature of Supplier or his Authorized Representative

56. What are the contents to be present in Tax Invoice in case of supply to SEZ (Special Economic Zone)?

The supplies to SEZ will get qualified as zero rated supplies and hence could be either 'With payment of IGST (WPAY)' or 'Without payment of IGST (WOPAY)'. Accordingly, an endorsement would be required on the Tax Invoice.

The following contents must be present in a Tax Invoice for SEZ Supplies:

Sl. No.	Contents
1.	**Endorsement on Invoice:** WPAY cases - **"Supply to SEZ unit or developer for authorized operations on payment of Integrated Tax" OR** WOPAY cases - **"Supply to SEZ unit or developer for authorized operations under Bond/ Letter of Undertaking without payment of Integrated Tax"**
2.	Name, Address and GSTIN of Supplier
3.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for afinancial year)**
4.	Date of its issue
5.	Name, Address, GSTIN or UIN of recipient, if registered
6.	Name & Address of recipient, Address of delivery
7.	HSN Code for Goods or Services
8.	Description of Goods or Services
9.	Quantity in case of Goods and Unit/Unique Quantity Code (UQC)
10.	Total Value of Supply

11.	Taxable Value of Supply after discount/abatement, if any
12.	Rate of Tax
13.	Amount of Tax (In case of with payment of IGST)
14.	Place of Supply
15.	Address of delivery where the same is different from Place of Supply
16.	Whether tax is payable on Reverse Charge basis? –**'Yes/No'**
17.	Signature or Digital Signature of Supplier or his Authorized Representative

57. What are the contents to be present in Bill of Supply by Composition dealer?

The following contents must be present in a Bill of Supply issued by Composition dealer:

Sl. No.	Contents
1.	**Endorsement on Bill of Supply:** "Composition taxable person, not eligible to collect tax on supplies"
2.	Name, Address and GSTIN of Composition dealer
3.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for a financial year)**
4.	Date of its issue
5.	Name, Address, GSTIN or UIN of recipient, if registered
6.	HSN Code for Goods or Services
7.	Description of Goods or Services
8.	Value of Supply after discount/abatement, if any
9.	Signature or Digital Signature of Supplier or his Authorized Representative

58. What are the contents to be present in ISD Tax Invoice/ISD Credit Note?

The following contents must be present in a ISD Tax Invoice/ISD Credit Note:

Sl. No.	Contents
1.	Name, Address, GSTIN of Input Service Distributor
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters '-' or '/') **(Unique for afinancial year)**
3.	Date of its issue
4.	Name, Address and GSTIN of recipient to whom credit is distributed
5.	Amount of credit distributed
6.	Signature or digital Signature of ISD or his authorized representative

59. What are the contents to be present in Tax Invoice issued by Banking Company/ Insurance Company/ NBFCs?

A consolidated Tax Invoice could be issued by Banking Company/ Insurance Company/ NBFCs for supply of services during a month at the end of the month containing the following -

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	Serial Numbering **(Optional)**
3.	Date of its issue
4.	Name, Address **(Optional)**, GSTIN or UIN of recipient
5.	Name, Address of recipient **(Optional)**, Address of delivery, State name & code (If value **is > or = Rs. 50,000 & customer unregistered)or** (If value **is < Rs. 50,000 & customer requests)**
6.	**HSN** Code for Services: (Turnover in preceding financial year **> Rs. 5 Crores – 6 Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)

7.	Description of Service
8.	Total Value of Supply
9.	Taxable Value of Supply after discount/abatement, if any
10.	Rate of Tax
11.	Amount of Tax charged
12.	Place of Supply with State name (in case of Inter-State Supply)
13.	Address of delivery where the same is different from Place of Supply
14.	Whether tax is payable on Reverse Charge basis? – **‘Yes/No’**
15.	Signature or Digital Signature of Supplier or his Authorized Representative

60. What are the contents to be present in Tax Invoice issued byGoods Transport Agency?

The following contents must be present in a Tax Invoice issued by Goods Transport Agency:

Sl. No.	Contents
1.	Name, Address and GSTIN of Goods Transport Agency
2.	A consecutive serial number < or = 16 characters (Alpha numeric & special characters ‘-’ or ‘/’) **(Unique for afinancial year)**
3.	Date of its issue
4.	Name, Address, GSTIN or UIN of recipient, if registered
5.	Name, Address of recipient , Address of delivery, State name & code (If value **is > or = Rs. 50,000 & customer unregistered)or** (If value **is < Rs. 50,000 & customer requests)**
6.	Gross weight of the Consignment
7.	Name of the Consignor
8.	Name of the Consignee
9.	Registration number of Goods carriage
10.	Details of goods transported
11.	Details of place of origin & destination

12.	GSTIN of person liable to pay tax (Consignor, Consignee or GTA)
13.	**HSN** Code for Services: (Turnover in preceding financial year **> Rs. 5 Crores – 6 Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)
14.	Description of Service
15.	Total Value of Supply
16.	Taxable Value of Supply after discount/abatement, if any
17.	Rate of Tax
18.	Amount of Tax
19.	Place of Supply with State name (in case of Inter-State Supply)
20.	Address of delivery where the same is different from Place of Supply
21.	Whether tax is payable on Reverse Charge basis? – **'Yes/No'**
22.	Signature or Digital Signature of Supplier or his Authorized Representative

61. What are the contents to be present in Tax Invoice issued for Passenger transport service?

The **'Ticket'** issued could be reckoned as the Tax Invoice and the same must contain the following:

Sl. No.	**Contents**
1.	Name, Address and GSTIN of Supplier
2.	Serial Numbering **(Optional)**
3.	Date of its issue
4.	Name, Address **(Optional)**, GSTIN or UIN of recipient, if registered
5.	Name, Address of recipient **(Optional)**, Address of delivery, State name & code (If value **is > or = Rs. 50,000 & customer unregistered)or** (If value **is < Rs. 50,000 & customer requests)**
6.	**HSN** Code for Services:

	(Turnover in preceding financial year **> Rs. 5 Crores – 6Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)
7.	Description of Service
8.	Total Value of Supply
9.	Taxable Value of Supply after discount/abatement, if any
10.	Rate of Tax
11.	Amount of Tax charged
12.	Place of Supply with State name (in case of Inter-State Supply)
13.	Address of delivery where the same is different from Place of Supply
14.	Whether tax is payable on Reverse Charge basis? – '**Yes/No**'
15.	Signature or Digital Signature of Supplier or his Authorized Representative or other permitted means of electronic authentication

62. What are the contents to be present in Tax Invoice/ticket issuedby Multiplex?

An '**Electronic ticket'** issued shall also be deemed to be a Tax

Invoice and should contain the following details:

Sl. No.	Contents
1.	Name, Address and GSTIN of Supplier
2.	A consecutive serial number < or = 16 characters (Alphanumeric & special characters '-' or '/')**(Unique for a financial year)**
3.	Date of its issue
4.	Name, Address & other details of Recipient **(Optional)**
5.	**HSN** Code for Services: (Turnover in preceding financial year **> Rs. 5 Crores – 6Digits** Turnover in preceding financial year **≤ Rs. 5 Crores – 4 Digits for B2B**)
6.	Description of Service
7.	Total Value of Supply
8.	Taxable Value of Supply after discount/abatement, if any

9.	Rate of Tax
10.	Amount of Tax charged
11.	Signature or Digital Signature of Supplier or his Authorized Representative or other permitted means of electronic authentication

Chapter 3C: Recommended

63. What documentation would be required for calculation of reversal of common credits?

Where a business deals with both taxable and exempt supplies and some of the input tax credits are attributable commonly to both taxable as well as exempt supplies, each input tax credit needs to be classified to facilitate the application of the relevant formula for the ITC reversals pertaining to common credits.

For the purpose of reversals, every input tax credit must be first classified as

- Input;
- Input Service or
- Capital good,

as the case may be.

Documentation for Common Credit Reversal of Inputs/InputServices (Reference – Rule 42 of the CGST Rules, 2017)

Each Input or Input service needs to be categorised into the following codes based on its usage:

- T1 – Non-business purpose;
- T2 – Fully Exempt Supplies;
- T3 – Blocked Credits;
- T4 - Fully Taxable Supplies;
- C2 – General/Common purposes.

A practical **illustration** is tabulated below for **demonstrative purposes**

ExpensesName	**Purpose**	**ITC Classification**	**Implicationon ITC**
Mobile Phone Expenditure	Non-business	T1	Fully Ineligible
Packing Materials	Exempt	T2	Fully Ineligible
Travel Expenses - Cab Charges	Blocked	T3	Fully Ineligible
Repairs & Maintenance - Electrical Machinery	Taxable	T4	Fully Eligible
Rent Paid - Godowns	Storing Taxable goods	T4	Fully Eligible
Rent Paid - Godowns	Storing Exempt goods	T2	Fully Ineligible
Printing & Stationery	General	C2	Proportionate reversal
Security Charges (Ground floor office & First floor residence)	Partly business/ Partly Non-business	C2	Proportionate reversal
Office Maintenance Expenses	General	C2	Proportionate reversal
Professional Charges	General	C2	Proportionate reversal
Courier Charges	General	C2	Proportionate reversal

Thus, the ITC analysis has to be carried out at a transaction level and not even at the ledger level. It is specific to every single transaction and can change based on the purpose or usage. As can be observed in the above illustration, there are two transactions falling under the same ledger – 'Rent paid – Godowns'. However oneof the go-downs is used for storing purely taxable goods and hence the input tax credit pertaining to the same is fully eligible while the other one is used for storing exempt goods and hence the ITC is fully ineligible. Had it been used to store both the taxable and exempt goods commonly, then it was required to be classified as ‘C2’ – common credits, necessitating common credit reversal. The procedure for reversal is explained below.

There are two kinds of reversals, one pertaining to exempt supplies denoted as D1 reversal and the other pertaining to non-business purpose denoted as D2 reversal.

All the common credits denoted as C2 needs to be summed up and the following formula needs to be applied.

D1 reversal (Common Credits reversal (Exemption related)) = C2 X Exempt Turnover/Total turnover

D2 reversal (Common Credits reversal (Non business related)) = C2 X 5%

In the above illustration there is ITC pertaining to security expenses which is used partly for business purpose and partly for personal (non-business) purpose being ground floor used for business and first floor used for residence. In this case, either segregation could be done at the invoice level to identify proportion to further classify them as (T1 and T4 as the case may be). If is not practical to do such segregation, then D2 reversal would be required. This will lead to a blanket reduction of 5% on entire C2. Further, the reversal procedure explained above has to be done head wise – CGST/SGST/IGST/Cess.

The D1 and D2 reversals as explained above should be done by reporting in Table 4B (1) of GSTR-3B on a month on month basis. It is important to note that apart from doing the above reversals on a month on month basis the same needs to be re-computed at the year-end by arriving the consolidated exempt turnover and total turnover. The consolidated values must be compared with the already reversed values for the year and the treatment for the differential value must be given by either doing additional reversals or reclaims as the case may be. Thus, maintaining the appropriate workings along with the connected documentation becomes extremely critical. This could be done as part of monthly return workings' process. The physical documents could also be marked with the above category of codes so that it serves as a ready reference for all future purposes.

Documentation for Common Credit Reversal of Capital goods (Reference – Rule 43 of the CGST Rules, 2017)

This can be illustrated with an example for easy understanding. Let us say a machinery is purchased and it is used commonly for manufacture of both taxable goods and exempt goods. Let us say the cost of machinery is Rs.1 Crore and ITC on the same is Rs.18 lakhs. Let's further assume that it is an inter-state purchase and hence it would be IGST credit. It is denoted as **'Tc'** as per the formula. (Tc = Rs.18 lakhs). Let's say exempt turnover is Rs.10 lakhs and taxable turnover is Rs.40 lakhs for the month. The procedure of ITC reversals pertaining to capital goods used commonly for both the purposes is enlisted below-

Step – 1: The IGST credit of Rs.18 lakhs has to be divided by 60 and the resultant value will be denoted as **'Tm'**. The idea and presumption is that any capital good in general will have useful life of 5 years (60 months).

Tc/60 = Tm

Rs.18lakhs/60 = Rs.30,000

Thus, in the instant case Tm is Rs.30,000/- and **'Tr'** is aggregationof all **'Tm'** for the month (In this example to keep it simple we have considered only one capital good and hence Tm itself becomes Tr) **Step – 2:** Computation of reversal for the month would be required.Tr **X**(multiply) Exempt Turnover(E) /Taxable Turnover(F) = Te

Rs. 30,000*10/50 = Rs.6,000/-

Step – 3: Month 1 – Avail IGST Rs. 18 lakhs/- in Table 4A(5) of GSTR-3B

Reverse IGST Rs.6,000/- in Table 4B(1) of GSTR-3B.

Step – 4: Month 2 to Month 60 - These values must be computed every month for the next 59 months and repeat the above process of reversal. From 2nd month to 60th month reversal must be done along with interest.

Step – 5: At the year end, these values needs to be recomputed based on the consolidated yearly exempt turnover and taxable turnover values and corresponding treatment is required to be given either as additional reversal or reclaim in case of excess reversal.

Since there is interest element involved in reversal of capital goods related ITC, it would be ideal to do a cost-benefit analysis before deciding to avail such credits. If the proportion of exempt turnover is more, in such a case the business may end up paying a substantial amount of interest. Based on the cost benefit analysis, it might be a better option to capitalise the GST portion to cost of the machinery and claim depreciation under the Income Tax Laws.

With respect to capital goods related ITC reversals, it would be required to keep track asset wise to ensure reversal is done for 60 months. The following details could be maintained in the form of Capital Goods Register to facilitate the above compliance-

- Date of asset purchase;
- Taxable Value;
- Input Tax Credit in the respective heads (CGST/SGST/IGST);
- Return month in which the first reversal is commenced;
- Month-wise ITC reversal details;
- Cumulative reversal for a financial year;
- Year-end adjustments/corrections;
- Interest paid.

A screen shot of the image of invoice could be retained in thecorresponding workings file for quick reference.

64. What documentation would be required to establish point of taxation?

Point of taxation means the time when the liability to pay taxes arises. This depends on the type of transactions. To establish the point of taxation under the various scenarios, the following details would be required:

For Supply of goods-

- Goods movement register;
- Date of handing over (in case of constructive delivery).

For Supply of services-

- Date of provision/completion of service;
- Date of book entry of receipt of money;
- Date of credit of amount in the bank account.

For movement of goods other than supply-

- Date of delivery challan evidencing the movement in case of
- Sale on approval;
- Job Work.

For transactions covered under Reverse Charge Mechanism:

Goods-

- Date of supplier invoice or other document, if any (if unregistered);
- Date of Reverse Charge Tax invoice issued by supplier (if registered);
- Date of receipt of goods /GRN-Goods Received Note;
- Date of book entry of the payment;
- Date of debit of payment in bank account.

Services-

- Date of supplier invoice or other document, if any (if unregistered);
- Date of Reverse Charge invoice issued by supplier (if registered);
- Date of book entry of the payment;
- Date of debit of payment in bank account;
- Ledger abstract of the transaction summary of the associated enterprises in case of reverse charge transactions with them.

For redeemable vouchers (Example: Amazon, Fab India Voucher)-

- Date of issuance of voucher;
- Date of redemption of voucher;
- Identity of the supply underlying the voucher if any at the timeof issue;
- If unidentified at the time of supply, goods/services againstwhich it was redeemed.

For continuous supply of goods-

- Dates of Successive statements of account;

- Dates of payment.

For continuous supply of services-

- Due-dates of payment as per the contract;
- Dates of payment reflected in bank account;
- Dates of Milestone completion.

65. What documentation would be required for creditor ageing analysis to comply with input tax claim provisions?

As per the GST law, if supplier payments pertaining to inward supplies (i.e. purchases and expenses), are not made within 180 days from the date of invoice, then the input tax credits (if already claimed) needs to be reversed along with the interest and later when the payments are made to the suppliers, the reversed credits can be reclaimed. In case of part payments, the reversals and reclaims needs to be done on a proportionate basis.

To facilitate the compliance of these provisions as part of the ITC register the applicable additional details may be maintained-

- Date of payment to the supplier;
- Amount of payment;
- Date of reversal;
- Amount of reversal;
- Date of further payments;
- Amounts of further payments;
- Date of reclaim;
- Amount of reclaim;
- Balance pending reclaim.

Further, it would be important to track the payments against the specific invoices when there are multiple transactions. This will also helping in automating the process of generating the Creditor Ageing Reports as facilitated by certain popular accounting software.

66. What happens if Tax Invoice is issued belatedly?

The law provides for a time when the invoice needs to be raised. Even if an invoice is raised belatedly, the time of supply, i.e. the time when tax liability arises will not change. Thus, there will be interest repercussions. Further, the recipient will be able to claim credit only on issuance of invoice even though the supply is completed.

67. In case of errors in Tax Invoice, what are the possible rectification ways?

Once an invoice is issued, the particulars in the very same document cannot be edited/changed.

If there are errors in the invoice then one may consider cancelling it and issuing a proper one. But if errors are identified at a stage where cancellation is not possible, then rectifications could be executed through issuance of credit notes and debit notes for the specified circumstances as discussed in Question No. 17 and 18 above.

An invoice cannot be revised except in the case of newly registered persons as explained in Question No. 16 above. A Revised Invoice can be issued giving the reference of the original document and including the GSTIN number after getting the registration certificate and this is the limited purpose for which the revised invoice can be used.

There could be circumstances where the documents issued are proper but owing to data entry errors wrong details were uploaded in GSTR-1 like wrong GSTIN, wrong values, wrong category etc.

These corrections can be executed by making amendments to GSTR-1 within September of the subsequent year as tabulated below-

Error Category	Table reference of GSTR-1 for carrying out Amendment
Invoices – B2B; Exports; SEZ; B2C large (>2.5 lakhs interstate);	Table 9A
Debit Notes/Credit Notes/Refund Vouchers - B2B; Exports; SEZ; B2C large (>2.5 lakhs interstate);	Table 9C
B2C (Other cases)	Table 10
Advances	Part II of Table 11

Illustration

There could be scenarios where the details cannot be amended in the returns, owing to time lapse or such other reasons. Let's take an example where, although the invoice is issued for Karnataka GSTIN of a PAN, it is erroneously uploaded to Maharashtra GSTIN of the same PAN inadvertently. Let's further say that the time-limit to amend the returns is over.

As a practical solution, the supplier may write a letter to the jurisdictional authority about the mistake and submit the same, along with a copy to the corresponding recipient. Such a letter must contain a confirmation that the tax has been paid along with the correct details and a brief about the inadvertent error.

From the receiver perspective in order to avail the Input Tax Credits, an undertaking that ITC claim has not been made by Maharashtra GSTIN, needs to be submitted to his jurisdictional authority in addition to the letter addressed by the supplier. Although, the error in the return will stand unrectified, supporting documentation evidencing the real transaction would help establish the right claim of ITC.

68. Can an invoice or any other document be cancelled?

Although there is no express provision regarding the cancellation of documents, Table 13 of GSTR-1 could be referred to understand that cancellation of documents is permitted under the law. However, there must be justifiable reason for the cancellation. Table 13 of GSTR-1 requires reporting of the number of cancelled documents during that particular period. Column 6 of Table 13 could be referred.

Table 13 - Documents issued during the tax period

Sr. No.	Nature of document	Sr. No.		Total number	**CANCELLED**	Net issued
		From	To			
1	2	3	4	5	6	7
1	Invoices for outward supply					
2	Invoices for inward supply from unregistered person					
3	Revised Invoice					
4	Debit Note					
5	Credit Note					
6	Receipt voucher					
7	Payment Voucher					
8	Refund voucher					
9	Delivery Challan for job work					
10	Delivery Challan for supply on approval					
11	Delivery Challan in case of liquid gas					
12	Delivery Challan in cases other than by way of supply (excluding at S no. 9 to 11)					

Further, in case of conduct of test purchase by the department, after the closure of the process of test purchase, the amount collected needs to be refunded by cancelling the tax invoice or bill of supply issued. Thus, cancellation would be required in this instance of test purchase as well. This also indicates that cancellation of documents is permitted for justifiable reasons.

69. Should invoice be issued first or accounting entry passed first?

The law requires the issuance of the tax invoices within specific timelines as discussed in Question No. 12. There is no specific timelines stated as to when the accounts has to be ready. However, there is a requirement to prepare a reconciliation statement in Form GSTR-9C and submit the same electronically within 31st December of the subsequent year, correlating the audited financial statements and the GST annual returns giving a categorical segregation of the differences between the two.

Practically, most businesses maintain a single set of books of accounts to facilitate compliances under the multiple statutes and owing to the due dates under the other statutes the books of accounts will be prepared and finalised.

In this technological era, where books of accounts are maintained in electronic form, checks and balances are built in to ensure that the invoices are entered and saved in the computer system and then the print option is enabled as a matter of internal control. Thus, in these circumstances the accounting happens first and then the invoice is printed and issued.

There are scenarios where a separate software is used for billing purposes or there are point of sales devices which captures the sales information. Later these transactions are integrated to the accounting software.

In the SME sector, even today we see manual bills are issued and later the accounting happens at the consultant's place, as book-keeping is outsourced.

To sum up, as a matter of compliance, invoices must be issued within the specified timelines. It does not matter whether invoice is issued first or accounting entry is passed first to the extent that these timelines are adhered.

70. Is it necessary to bifurcate the tax amount in the documents or since inclusive pricing is permitted, can a consolidated price be mentioned?

The moment an amount is collected naming it as tax, the same needsto be bifurcated in the document. If we examine the fields to be present in the tax invoice, debit note, etc, there is a clear cut requirement to specify the taxable value and taxes separately.

Though cum tax pricing is permitted, bifurcation of taxes is still a mandatory requirement. The law requires prominent indication of the amount of tax forming part of the price of the supply, in all the documents relating to tax invoice, debit notes and other documents pertaining to tax assessment. (Reference Section 33 of CGST Act).

However in cases where the tax burden is not passed on to the customers and are borne by the supplier, the tax amount need not be charged in the invoice on to the customer.

71. Whether a document needs to be physically signed or digitally signed by the authorised signatory? Is there any other means of authentication?

Certain documents issued under the GST law must possess the physical signature or digital signature. Further the signature must be either of the supplier or his authorised representative.

The e-sign can also be used as a means of authentication in certain compliances like EVC (Electronic Verification Code) based authentication for filing returns i.e. OTP or One Time Passwords as commonly known.

Further, if an electronic record is generated without human intervention under a secured environment, such a document can also be considered as a valid electronic record. Example: An air ticket generated electronically.

72. In this digital era, would it be sufficient to have the scanned copies of the documents, or physical copies are must?

A document can be considered as original –

- In case of physically signed documents, the document in physical form.
- In case of electronically authenticated documents, the digital version will suffice.

The scanned copy which reflects the image of the document cannotbe construed as electronic record as it is not electronically authenticated and hence cannot be treated as original document.

73. Can the computer generated documents be considered as original?

The computer generated documents can be considered as original, provided it is electronically authenticated or generated under a secure environment without any human intervention.

74. What are the requirements for those operating under section 44AD of Income-tax Act which does not require books of accounts to be maintained?

There are no specific exclusions or relaxations provided pertaining to the maintenance of the books of accounts except few relaxations available for the composition registered persons. The relaxations available under Income Tax Laws are limited for the purpose of Income tax law while under the GST law every registered person is required to maintain books of accounts as applicable to him.

75. When accounts are computerized, how can books of accounts be available at all places of business listed in the registration certificate?

Maintenance of books of accounts in computerised form i.e. electronic form of data stored on any electronic device, is permitted under the GST law.

The requirement is that the books of accounts pertaining to principal place of business must be kept/made available over there, while the ones pertaining to additional places of business (branches) must be kept/made available over there respectively.

In the computerised environment, the data is generally stored in the centralised server and hence if access to the corresponding data is available in the respective places that should suffice.

76. What are the implications when accounting services are outsourced to professionals who update books of accounts from their own offices?

In the circumstances, where the process of updating the books of accounts are outsourced to professionals, having a copy of the data or having access to the data at the place of business should suffice. The updated version of the books of accounts could be obtained at a reasonable frequency.

Chapter 5: Unresolved Issues

77. What happens to a credit note issued beyond the time-limit prescribed?

Since, there is a time-limit for issuance of credit note and also there is a requirement to report the same in the GST returns within the specified time, issuance of a GST credit note beyond the prescribed time-limit will lead to loss of GST element to the person issuing the credit note as he cannot reduce the GST portion pertaining to the credit notes from the sum total of his output liability.

If the time limit for issuance of credit note is elapsed, then it would be ideal to transform it into a fresh supply transaction instead of Sales Return in terms of Circular No. 72/46/2018-GST dated 26th October, 2018.

However, if the credit notes are already issued beyond the time-limit then, there is no solace available as tax portion of the credit note cannot be reduced from the liability and it will be a loss to the registered person.

78. What happens to a credit note issued not bifurcating the tax portion?

If a credit note is issued without bifurcating the tax portion, it is more commonly termed as a financial credit note or a commercial credit note.

Two possibilities could exist which can be explained with an illustration. Let us say, an invoice is raised for Rs.30,000/- and GST is Rs.5,400/-. The supplier collected and discharged the taxes of Rs.5,400/- and the buyer claimed the ITC of Rs.5,400. Let's say in

December of the subsequent year, the buyer returns the goods to the tune of base price of Rs.10,000/-.

Option 1 – The supplier will raise a financial credit note for the entire amount of Rs.11,800/- and bears the loss of Rs.1,800/- or
Option 2 – The supplier raises only Rs.10,000 as credit note and buyer has to bear the loss of Rs.1,800/-.

In both the scenarios the buyer who returned the goods needs to reverse ITC to the tune of Rs.1,800/-. As can be seen in Option 1, the supplier will bear the loss and in Option 2 the buyer will have to bear the loss. If the buyer does not reverse the ITC, then loss will be to the government, if such transactions goes unidentified.

79. What happens to transactions which are reported as B2C instead of B2B and the time limit to amend is over?

If inadvertently a B2B transaction is reported as B2C and the time-limit to amend the same is over, then reflection in GSTR-2A/2B would not be possible. However, to substantiate the fulfilment of the condition that the taxes have been paid to the government, as an additional documentation, tax paid confirmation letter could be obtained from the supplier. This, along with the invoice, can be supporting documents to establish the legitimacy of the ITC claim.

80. Will mere reflection in GSTR-2A/2B suffice to establish entitlement to ITC, what precautionary measures would be of help to the buyers?

Mere reflection of invoices in GSTR-2A/2B cannot confirm the entitlement of input tax credit claims to the buyers as the primary condition of tax payment to the government needs to be fulfilled.

There are umpteen instances where suppliers have promptly reported the invoices in the GSTR-1 while the corresponding discharge of taxes is not carried out. Thus, in order to justify their claims, it would be a good practice for the recipients to obtain tax paid confirmation letters periodically from all the suppliers irrespective of whether the invoices have reflected in GSTR-2A/2B or not.

81. What happens to ITC of the recipient where supplier has discharged the liability through DRC-03?

This is a scenario where taxes have been paid by the supplier i.e.through DRC-03 but the transactions are not reflecting in GSTR- 2A/2B. Ideally, a copy of the DRC-03 challan containing the narration and details of the invoices (under the field – "Reasons, ifany -) would help. Also, a tax paid confirmation letter consisting ofthe reference to ARN, Date and other essential particulars of DRC- 03 along will the details of invoices against which the liability is discharged will assist in establishing the fulfilment of the ITC claim conditions.

82. If any GST Officer visits the business place and asks to produce books of accounts, what are the statutory rights and obligations of the taxpayer?

Whenever any GST officer visits the business place to conduct verification of books of accounts as part of the inspection process, the first thing, the person in charge of the business should do is to check the identity of the person visiting the business place and obtain a copy of the authorisation letter, so as to confirm that they are genuine officials and they have the necessary authority to do such verifications.

Unless there is a written authorisation to conduct the inspection by the superior authority in Form GST INS-01, the concerned officer does not have the power to conduct inspection and corresponding verification of the books of accounts at the premises. Further the authorisation must specify the exact reasons that pre-existed the date of inspection for the conduct of such inspection.

Once the above aspects are ascertained, and then if the department officer demands so, the tax payer should provide the

- Details of files
- Passwords to access the data
- Explanation of codes used(if any)
- Other information for the purpose of providing access to the data/information stored electronically
- Sample copies in print form of the information stored electronically

The tax payer should also provide GST related documents like invoices, bill of supply, delivery challans, etc for the purpose of verification as may be sought.

If the officer insists on recording a statement of the proceedings, the businessman can co-operate and sign the statement and a copy of the same is to be obtained for reference and record purposes which will help in deciding the future course of action. This becomes important because if any wrong information is recorded on the statement either due to miscommunication or due to stress/anxiety owing to the panicky situation, the statements could be withdrawn at the earliest possible opportunity.

83. What are the implications if books of accounts are incomplete or 'under preparation' when GST Officers visit the premises?

If the books of accounts are incomplete or under preparation when the GST officer visits the premises, the available information on 'as is' basis could be provided stating that these details are incomplete and subject to reconciliations.

In the SME sector, it is very common and also as a matter of practicality, Sales and Purchase abstracts are prepared on a month on month basis for the purpose of filing monthly returns or for the purpose of deposit of taxes and the books of accounts are updated and finalised after carrying out the necessary reconciliations on an annual basis at the time of filing Income Tax Returns.

Since there is no specific requirement under the GST law, that the entire accounts must be integrated and updated on a real time basis,to the extent that other compliances are taken care, time could be sought for preparation and submission of updated books of accounts.

In fact, understanding these practicalities the law also provides opportunity for self-corrections and rectifications of errors of omissions and errors of commissions subsequently-

- Till September of the following year, the corrections could be carried out through GSTR-1, GSTR-3B and such other returns/statements;
- After September timeline, errors could be rectified through GST Annual Returns and Reconciliation Statements;
- Even after filing the annual returns, the errors, if any, could be rectified voluntarily by discharging any applicable liabilities through Form DRC-03.

Needless to say that these rectifications might come at an expense of interest implication and additional cost involved in identification and rectification of errors.

When law has provided these flexibilities considering the practicalities, the data/information could be provided on 'as is' basis with an explanation of the status quo of the accounts and time couldbe sought for completing the books of accounts, stating the corresponding reasons therefor and submitted subsequently.

84. If summons are issued and books of accounts are asked to be produced, is the taxpayer required to submit the same?

Power to summon a person is an exceptional power and cannot be used for the purpose of verification of routine matters. Further a person can be summoned in any enquiry either to

- Give evidence or
- Produce **a document** or
- Any other thing

Thus, as part of the enquiry proceeding, summons could be at best issued to produce 'a document' which might be indicative of few specific documents but calling for the entire set of books of accounts cannot be undertaken in 'summons'. Hence, the tax payer can submit few specific documents sought for but is not under an obligation to produce the entire set of books of accounts.

85. If department does not have the requisite software to access the accounts information as maintained and provided by the taxpayer, what are the statutory obligations of the taxpayer? The GST law has provided the option to the tax payer to maintain

the books of accounts in the electronic form. He has a free hand to choose any software convenient to him for the purpose of preparation and maintenance of books of accounts in electronic form provided it is capable of storing and making the details available like requisite vouchers, registers, reports etc. The tax payer is under an obligation to provide the password and other related information to give access to the data stored in electronic form.

If books of accounts are called far to be submitted to the department, the tax payer will be fulfilling his obligation to the extent, he providesa back-up of the electronic books of accounts in whichever software he maintains along with the credentials to access it. Sample transactions could be printed but there is no requirement to printthe entire set of books of accounts for submission.

86. As part of the inspection process, can the GST officers do partial verification of books of accounts at the premises and can they ask for submission of books to the department for balance verification?

The authorisation granted to conduct inspection gets 'exhausted by its exercise'. To put it in layman's language it's like a scratch card and hence its validity expires on 'exit from premises'. Thus, as part of the inspection proceedings, the GST officers can verify the books of accounts at the business premises and once they exit the premises, the inspection part of the proceedings get concluded.

Accordingly, if submission of the books of account to the department is sought for balance verification, the tax payer is not under any obligation to submit the same, as the data is sought under inspection proceedings. If it was sought for the purpose of conduct of audit by the department then he is under obligation to submit but not under inspection proceedings.

87. What are the implications in case books of accounts maintained manually are lost or destroyed due to fire or theft and in case books maintained electronically are corrupted due to any technical mishap?

The registered persons are required to retain the books of accounts for the specified periods as explained in Question No. 31 above. In case the books of accounts are maintained in electronic form, proper electronic back-up of records must 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.

In case, where books are destroyed or corrupted and such restoration is not possible, there will be failure on part of the tax payer to keep, maintain or retain books of account and other documents in accordance with the GST provisions and accordingly a penalty of Rs.10,000/- under each applicable statute could be levied.

88. What are the contents to be present in Tax Invoice/Debit Note issued pursuant to certain department proceedings?

In case any proceedings are conducted by the department under

- Section 74 –Determination of liability owing to fraud, wilful-misstatement or suppression of facts;
- Section 129 – Liability owing to contravention of provisions in case of goods in movement (E-way Rules);
- Section 130 – Liability owing to Confiscation of goods or conveyances,

and any liability is crystallised therefrom, an invoice or debit note is to be issued by the registered person along with the discharge of the corresponding liabilities. Such an invoice/debit note, in addition tothe other requisite particulars, should contain the words 'INPUT TAX CREDIT NOT ADMISSIBLE' prominently.

89. Can the tax payer make copies of the books of accounts and documents during seizure?

In case any documents or books of accounts are seized, the tax payer is entitled to

- make copies thereof or
- take extracts therefrom

in the presence of an authorised officer at such place and time as such officer may indicate in this behalf.

However, this will be after the seizure of documents or books. During the process, i.e. before the conclusion of seizure, the tax payer is entitled to make copies or take extracts although it is in the physical custody of the officers.

As part of the process of seizure, the officer is required to prepare an order of seizure in Form GST INS-02 indicating the description and number of documents. The relevant extract of the Form GST INS-02 is shared below-

B) Details of books / documents / things seized:

Sr. No	Description of books / documents / things seized	No. of books / documents / things seized	Remarks
1	**2**	**3**	**4**

Apart from this, the officer seizing the goods, documents, books or things is required to prepare **an inventory** of such goods or **documents or books** or things containing description, quantity or unit, make, mark or model, where applicable, and **get it signed by the person** from whom such goods or documents or books or things are seized.

Thus, the copy of Form GST INS-02 along with the list of inventory must be obtained by the tax payer for his reference and record. Also, the tax payer must ensure that all the items including the documents and books seized must be **appropriately listed in an identifiable manner** in the inventory sheet prepared by the officer without any exclusions.

90. If departmental officials seize books of accounts, how should taxpayer proceed with further returns and compliances under GST, Income-tax and other laws?

As explained in Question No. 89 above, the tax payer is entitled to take copies of the documents and extracts from the books of accounts which could help him in doing the necessary compliances.

Also, there are provisions in the law which requires the officers to retain the documents/books/things only for so long as may be necessary for examination and thereafter to return back the documents, books or things which have not been relied upon for the issuance of notice, within 30 days of such notice. Hence, if such time has elapsed and still not returned, a written request could be made for returning the documents and books.

Further, in case of electronic books of accounts, the tax payer is required to maintain an electronic back-up of the same. If suchback-up is stored in cloud storage or in a place elsewhere than the business premises and the same is not seized, then such back up data could be used to ensure compliances under other statutes. Generally, this is the strategy too, as part of the disaster management system.

DIVISION - B

Chapter 8: Electronic Book Keeping using Tally Software

91. What is the relevance of software and technology to the accounting sector in this digital era?

In this digital era, software and technology have become inevitable and is used in almost every field including the field of accounting and book keeping. Today's transactions are voluminous and most compliances are online. Hence, having a digital or electronic version of the data becomes quintessential apart from ensuring quick compliance. Many manual processes could be automated with the help of technology, which will reduce human errors to a great extent, apart from facilitating quick retrieval of data and enhancing the productivity. Further, the software even provides the requisite data analytics and helps in taking crucial business decisions.

92. How Tally accounting software facilitates GST compliance in an efficient manner?

The Tally accounting software provides specific configurations from the GST perspective, which in turn facilitates the automation of the return filing process to a great extent. Once the appropriate configurations are done, the transactions will get mapped to the GST Statutory reports under the corresponding heads, as and when the accounting entries are passed. In case of any mismatches between the configurations and the underlying data, the software lists out the improper transactions in the exceptional reports and the users can take the corresponding actions to decide whether such transactions must be included, excluded or modified, before the return related reports are extracted for the purpose of filing the returns.

93. What are the various levels of GST configurations available inTally Software?

The various levels of GST configurations available in Tally Softwareare broadly enlisted below:

- **Company level configurations**
  - GST Number
  - Type of GST Registration (Regular/Composition)
  - GST Tax Rate
  - Tax Type (CGST & SGST/IGST)
  - HSN code
  - Taxability of advance amounts received (relevant for the service sector at present)
  - Whether the transactions are subject to reverse charge Any

  configurations done at the Company level, will retain thesame at the lower level configurations like the Item level orLedger level, unless they are configured specifically/differently.
- **Inventory level configurations**
  - Item wise GST Tax rate
  - Tax Type (CGST & SGST/IGST)
  - Item wise HSN code
  - Item wise UQC (Unit Quantity Code or Unit of Measure like bags, metres etc.)
- **Group level configurations**
  - GST Tax Rate
  - Tax Type (CGST & SGST/IGST)
  - HSN code
  - Whether the transactions are subject to reverse charge
- **Ledger level configurations**
  - GST Tax rate
  - HSN code

- UQC (Unit Quantity Code or Unit of Measure like litres, Nos. etc.)
- Nature of Supply (Intra-state/Inter-state) whereapplicable

- **Transaction level configurations**

  Irrespective of the standard configurations, certain changes can be made at the transaction level by overriding the standard configurations. The following aspects of the transactions can be overridden at the time of passing the accounting entries-

  - Override Tax Rate
  - Override HSN
  - Override Tax Type (CGST & SGST/IGST)
  - Override Reverse charge applicability

94. What are the various types of GST configurations available in Tally Software?

The various types of GST configurations available in Tally Software are:

A. Outward Supply related configurations (Sales & Other income)

As part of the primary configurations, the users can choose the configuration as either **'GST Applicable'** or **'GST Not Applicable'**. If selected as 'GST applicable', then the further configurations can be enabled

- Intra State or Inter State
- Registered Customers (B2B) or Unregistered Customers (B2C)
- Taxable category or Exempt Category
- If Taxable – The GST Tax Rate
- Whether it is a reverse charge transaction?

- Whether it is a Non-GST Transaction (Applicable in case of supply of petrol/diesel and supply of alcoholic liquor)

B. Inward Supply related configurations (Purchases and Expenses)

Apart from all the above configurations discussed above for outward supply related ledgers, an additional configuration is available with respect to Input tax credits, which facilitates the selection as **'Is ineligible for input credit?'** It can be selected as 'Yes' in case of blocked credits like GST paid on purchase of motor vehicle, restaurant services, rent a cab services, etc. By doing so the input tax credits will get reflected under the category of blocked credits (Section 17(5)) under the return reports.

95. What will be the impact of not doing any GST configurations inTally Software?

If the basic configuration is selected as **'GST Not Applicable'** or alternatively if nothing is selected, then the default option of **'GST undefined'** gets displayed. The implication of both these options is that the corresponding data does not get mapped into the GST Statutory reports and gets listed under **'Not relevant for returns'**. This calls for a manual compilation of the data for returns which might lead to human errors apart from additional time being involved.

96. What are the configurations available in Tally Software for duty ledgers like Output GST or Input GST?

In general, the duty ledgers needs to be configured under the group 'Duties and Taxes' under the Balance Sheet head 'Current Liabilities'. Alternatively, if there are carried forward balances in the electronic ledgers like excess balances in Electronic Credit Ledgers/Electronic Cash ledgers, then the duty ledgers can be grouped under the 'Current Assets' category.

The following configurations could be enabled with respect to duty ledgers pertaining to GST:

- Type of duty (to be selected as GST)
- Type of Tax (CGST/SGST/IGST/UTGST/Cess)
- Percentage for calculation

The users will have the option to either, have a single ledger for both output and input taxes like 'CGST' and 'SGST', or have ledgers for output tax and input tax separately like 'Output CGST' and 'Input CGST'. Further, it is possible to have rate-wise separate ledgers also like 'Output IGST -18%' 'Input CGST -5%' etc. In sucha case, the field **'Percentage for calculation'** needs to be configured with the appropriate GST Tax rate which will facilitate automatic computation and reflection of tax figures based on the entry of taxable value at the stage of passing accounting entries.

97. Is it possible to configure a 'Bill to Ship to' transaction in Tally?

In case of a transaction, where the address of delivery is different from the billing address, it is possible to configure it as a **'Bill to Ship to'** transaction in Tally Software. There is an additional facility available under the 'General Options' of 'Sales Invoice Standard Configuration' namely **'Allow separate buyer and consignee**

names'. Once this option is enabled by selecting **'Yes',** it is possible to mention two different addresses. This is important in the case of 'Bill to Ship to' transaction so that the right type of tax is collected, accounted and accordingly uploaded in the returns apart from facilitating the raising of a proper e-way bill, wherever applicable.

98. How to create and generate Self-Tax Invoices and GST Payment vouchers in Tally Software relevant for Reverse Charge Mechanism Compliances?

In case of certain purchases and expenses, where the buyer or the recipient is required to discharge the taxes under the reverse charge mechanism, the law requires the generation of Self-Tax Invoices and GST Payment Vouchers. Since the expenses and payments connected there-with, would have already been accounted, passing the accounting entries once again, for raising these documents will lead to double-posting the same transactions, thereby reflecting incorrect values in the corresponding ledgers.

To address this issue, the feature of **'Optional Vouchers'** could be used which is available in Tally Software at the **voucher type** configuration stage. The advantage of making the Self-tax invoices and GST payment vouchers as 'Optional Vouchers' is that, it will not have posting effect on the transactions, but yet the documents are generated and available in the reports. To enable this feature, option **'Yes'** must be selected at the voucher configuration stage – **'Makethis voucher type as 'Optional' by default?'**

The Optional Vouchers Register could be accessed under **'Display More Reports' – 'Exception Reports' – 'Optional Vouchers'.** This will also assist in obtaining documents' series for ensuring the reporting compliance in Table 13 of GSTR-1.

99. In case of mismatches between the configurations and the accounting entries of the transactions, what options are available to the users before extracting the reports for GST returns filing?

In case of mismatches between the configurations and the accounting entries, the users will get the list of such exceptional transactions in the GST Statutory reports under the head – **'Incomplete/Mismatch in information (to be resolved)'**

On accessing the list of those transactions, the following options are displayed

- **Exclude the vouchers** (Selecting this option will exclude these transactions from the return reports)
- **Resolve** (The user can correct and resolve the specific issue that will be displayed, like CGST/SGST treated as IGST and vice versa, Tax rate differences and the like)
- **Accept as it is** (The transactions will be accepted as it is with the disparities identified by the system and errors if any will stay unrectified)

100. Since many GST configurations are available in Tally Software, how should the users decide which options to use and which options to exclude?

The choice of options for configurations is purely business specific and sometimes based on the requirements of the management or the accounts' operations team. While having too many specific ledgers based on each GST configuration can make the data entry process more cumbersome and prone to errors, for the reason that too many choices are available for one ledger category, at the same time,having a single ledger for all set of transactions, might make the return filing process cumbersome for the reason that data has to be analysed and segregated at the transaction level. Alternatively, it might lead to more transactions being overridden at the accounting entry level, as they vary from the standard configurations. In general it might be ideal to have an optimal set of ledgers. The following illustration helps in understanding and deciding on the optimal set of ledgers in a demonstrative manner.

Illustration of the expense ledger 'Carriage Inwards' Option 1

A single ledger 'Carriage Inwards' for all the types of transactions could be used. This will ease the job of data entry but complicate the return filing process as each transaction needs to be analysed before filing the returns.

Option 2

A specific ledger for each transaction type could be created namely:

1. GTA forward charge @ 12% - Intra State
2. GTA forward charge @ 12% - Inter State
3. GTA reverse charge @ 5% - RD – Intra State
4. GTA reverse charge @ 5% - URD – Intra State
5. GTA reverse charge @ 5% - RD – Inter State
6. GTA reverse charge @ 5% - URD – Inter State
7. GTA Exempt Intra State
8. GTA Exempt Inter State
9. Non GTA Exempt Intra State
10. Non GTA Exempt Inter State

Note: GTA stands for – Goods Transport Agency (used to denote the expense ledger of Carriage inwards obtained from GTA) and RD denotes Registered Dealer while URD denotes Unregistered Dealer. Non GTA denotes a freight service provider other than GTA like a driver cum owner of a truck providing the transport services.

Although having specific ledgers eases the return filing process, it makes the data entry process more cumbersome and prone to errors as the data entry operators may select wrong ledgers since 10 options are available in the example cited above.

Option 3

Creating the optimal set of ledgers – The following 3 categories of ledgers could be created to optimise the scenario namely-

1. Carriage inwards forward charge
2. Carriage inward reverse charge
3. Carriage inwards exempt

This will balance both data entry and return filing process to an optimum level. No doubt technological solutions are available, it all depends on how it is deployed and used. There is a popular phrase in the context of data entry - 'Garbage in Garbage out'.

It becomes greatly significant to use the technology in the right way for best business solutions. The awareness about the possibilities will facilitate the process of informed decision making, leading to optimum usage of the technology. The right automation solutions will ease the process of compliance to a great extent, the Tally software being one such solution popularly accepted and appreciated.