Module 11 · Accounts and records P19 · topic 11

SM pp. 837–849 (exercise 850). Not in the seven papers; **MQP Q4(a)** (7 marks: what to keep, extra rule-56 records, retention, consequences) and MQP MCQ on retention. Expected ~0.7 marks. Answer MQP Q4(a) in four blocks exactly as below.

1 · S.35(1) — EVERY REGISTERED PERSON, AT EACH PLACE OF BUSINESS

- True and correct account of: (a) production / manufacture; (b) inward and outward supplies; (c) stock; (d) ITC availed; (e) output tax payable and paid; (f) other particulars. [SM 838]

2 · RULE 56 — ADDITIONAL RECORDS

- **56(1)** imports / exports; RCM supplies with invoices, bills of supply, challans, credit / debit notes, receipt / payment / refund vouchers, e-way bills. **56(2)** stock account — opening, receipt, supply, lost / stolen / destroyed, written off, gift, free sample, balance incl. raw material, finished goods, scrap, wastage (**not** for composition dealers). **56(3)** advances received / paid. **56(4)** tax payable, collected, paid, ITC, refunds (not composition). [SM 838–839]
- **56(5)** names and addresses of suppliers and recipients, address of storage premises incl. in transit — goods found elsewhere without documents are taxed as supplied (56(6)). Books at the **principal place** (and additional places) (56(7)); no erasing / overwriting — score out under attestation (56(8)); manual volumes serially numbered (56(9)); documents found at undeclared premises presumed his (56(10)). [SM 839]
- **Special**: agents — principal-wise accounts (56(11)); manufacturers — monthly **production accounts** (56(12)); service suppliers — goods and input services used (56(13)); **works contract** — separate accounts per contract (56(14)); electronic records authenticated by **digital signature**, with backup and passwords on demand (56(15)); carriers / C&F agents (56(17)). [SM 839–840]
- Transporters, godown / warehouse owners not registered → enrol in **ENR-01**; a transporter registered in several States with one PAN may take a unique common enrolment number (**ENR-02**) — then no GSTIN for invoices. [SM 842, SM 848]

3 · S.36 — RETENTION

- At least **72 months (6 years)** from the **due date of the annual return** for that year (31st December of the following year). Party to an appeal / revision / proceeding or under investigation → keep for **1 year** after the order. [SM 847]
- ⚠ Our knowledge: the proviso reads "one year after final disposal … or the 72 months, **whichever is later**".

4 · CONSEQUENCES OF NOT KEEPING RECORDS

- Unaccounted goods / services are treated as **supplied** by him; officer determines the tax as if supplied, payable with **penalty** (s.35(6), subject to s.17(5)(h) for lost / stolen goods). [SM 842, SM 849]
- ⚠ Our knowledge: s.122 general penalty for failure to keep books (₹10,000 or tax evaded); s.73 / 74 demand.

AUDIT LINK AND NEWER ITEMS

- s.35(5) CA / CMA audit **omitted from 01-08-2021**; now a self-certified reconciliation statement (GSTR-9C) with the annual return above **five crore rupees**. Earlier limit two crore rupees. [SM 841–842]
- Instruction 05/2025-GST (02nd May 2025): officers must give **CAG** auditors records promptly and fully (Article 149); records with the taxpayer must be called for. [SM 844–845, Supp J26 p.36]
- Risk-based **biometric Aadhaar** authentication for high-risk registration applicants (case study). [SM 842–843]

PROBLEMS BOX · RETENTION DATES (RECOMPUTED BY SCRIPT m11_patterns.py)

Worked pattern (SM): FY 2023-24 → annual return due 31.12.2024 → keep till **31.12.2030**. [SM 847]

Our examples: same year under appeal decided 15-3-2030 → keep till 15-3-2031 (later); appeal decided 10-6-2027 → 31-12-2030 still governs. MQP MCQ → (c) 6 years from the due date of the annual return. **Practise**: MQP Q4(a), Q1(x) · SM M11 MCQs (SM 850) · **ICMAI Practice Workbook Ch12 set 3 illus. 2** (books after an appeal) · MCQ bank Q65, Q137–Q140.

MEMORY HOOK

"Keep it, keep it at each place, keep it six years after 31 December — or a year after the appeal." Lose it → it is treated as sold.