

Keeping Records for VAT VAT leaflet 104

Q What records should I keep?

A Good records are an essential part of the effective management and control of your business. But you are not required to keep any special records for VAT. However, the records that you do keep should be sufficient to enable you to complete your VAT return, and to calculate and account for VAT. Your records should have details of all the goods you have disposed of and the VAT you charged, and all of your business purchases and the VAT you paid.

Q How can I readily find such information?

A The tax invoices that you get from your suppliers will give details of what you have bought from registered suppliers and the tax you have paid. The copies of the tax invoices you have issued to your customers will similarly give details of the tax you have charged. To calculate your total sales and purchases you will need to include: · the value of your sales to unregistered customers · the value of your purchases from unregistered suppliers.

Q What details should I keep of goods I sell?

A You should keep a complete record of the value of all your sales in order to complete your return. The details you should keep include · gross turnover of all sales (including branch transfers and any tax charged) · net turnover of sales at each VAT rate (excluding tax) · tax charged on sales at each different rate · total tax charged and payable · total of all tax-free sales (taxable at Nil rate) · total of all exports from India · total of all inter-state sales · total of all inter-state branch transfers

Q What records do I have to keep of my purchases?

A To enable you to complete your VAT return, your records should enable you to calculate · the total turnover of all purchases (including any tax paid or payable) · the total of all purchases made at each different rate (excluding tax) · tax paid on purchases at each different rate · amount of tax not available for set-off · total tax available for set-off · total of tax-free purchases · total of imports from outside India · total purchases made from outside Maharashtra · total consignment transfers · total of local purchases from registered dealers · total of local purchases from unregistered dealers

Q What other records will I need?

A You will also need to keep records of: · sales and purchases (including supporting documents such as delivery records, order forms) · your stocks of goods · payments received for sales · payments made for purchases as well as all your original tax invoices, bills and cash memoranda received, and copies of all tax invoices, bills and cash memoranda that you issue. All documents should be arranged in an orderly manner.

Q What if I do not keep all these records at present?

A If you do not keep these records, you will have difficulty in completing your VAT returns. And if the Sales Tax Department is unable to verify your tax liability, the Department can require you keep detailed accounts so that they can check that you have paid the correct amount of tax

Q Where do I keep my records?

A You must normally keep all your records at the place of business shown on your Registration Certificate.

Q May I keep my records at a different place?

A Yes. But you must have the prior approval of the Commissioner of Sales Tax.

Q For how long must I retain my records?

A You must retain your books of accounts, registers and other documents for five years from the end of the financial year to which they relate. You need to keep copies of your tax invoices, bills and cash memoranda only for three years