

**Ministry of Finance
Department of Expenditure
Controller General of Accounts
Mahalekha Niyantarak Bhawan
E-Block, GPO Complex, INA
New Delhi**

Sub: Accounting Procedure for Goods and Service Tax (GST) under GST regime.

Office of CCA (CBEC) may please refer to this office UO No. 9(9)/2010/TA/Pt./Vol.II/636-39 dated 28.06.2017 forwarding therewith a draft accounting procedure for GST under GST regime to O/o C&AG.

O/o C&AG vide UO No. 553/Government Accounts/141-2017-II dated 30.06.2017 (copy enclosed) has agreed to the accounting procedure referred to above.

The Accounting Procedure may now please be adhered to scrupulously.

Yours faithfully,



(Shailendra Kumar)
Deputy Controller General of Accounts

Chief Controller of Accounts (CBEC), DGACR Building, I.P. Estate, New Delhi

CGA's UO No. 9(9)/2010/TA/Vol.II/669-672

Dated: 05/07/2017

Copy to

1. ✓ Sr. Accounts Officer (ITD), O/o CGA, New Delhi with the request to upload the same on CGA's website.
2. Sr. Accounts Officer, Monthly Accounts, O/o CGA for information.
3. Sr. Accounts (Code), O/o CGA, New Delhi for information.



(Rajesh Sharma)
Sr. Accounts Officer

234/c

भारत के नियंत्रक महालेखापरीक्षक का कार्यालय
OFFICE OF THE COMPTROLLER & AUDITOR GENERAL
OF INDIA

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S.A.O. (Am) /
R.C. /
31/7/20
A.A.O. (B)

Sub: Draft accounting procedure for Goods and Services Tax (GST) under GST regime.

Dr. No. 392/TA
3/7/2017

Undersigned is directed to invite a reference to the CGA's UO No. 9(9)/2010/TA/Pt./Vol.II/636 dated 28 June, 2017 on the subject noted above and to state that the draft accounting procedure for Goods and Services Tax (GST) forwarded thereunder has been found to be in order. As the accounting procedure in States is different, separate instructions on accounting procedure have been issued to all Accountants General (A&E) for communicating to State Government.

G. Sharma 20/6/17
Assistant Administrative Officer
Accounts (AP-I)

Shri Rajesh Sharma, Sr. Accounts Officer (TA), office of the Controller General of Accounts, Department of Expenditure, Ministry of Finance, Mahalekha Niyantarak Bhawan, E-Block, GPO Complex, INA, New Delhi-110 023.

UO No.553/Government Accounts/141-2017-II

Date: 30 June, 2017

1.1 Accounting Procedure under GST System

1.1.1 The CGST and SGST/UTGST are levied on the supply of goods or services within a State/UT while the IGST is levied on the inter-State/ UT supply of Goods or Services. Compensation Cess is levied on intra-State and Inter-State supply of goods or services for the purposes of providing compensation to the states for loss of revenue arising on account of implementation of the GST (Initially for a period of 5 years).

1.1.2 The main stakeholders in the GST regime will be

1. Goods and Services Tax Network (GSTN)
2. Authorized banks
3. Reserve Bank of India (RBI)
4. Tax Authorities
5. Accounting Authorities.

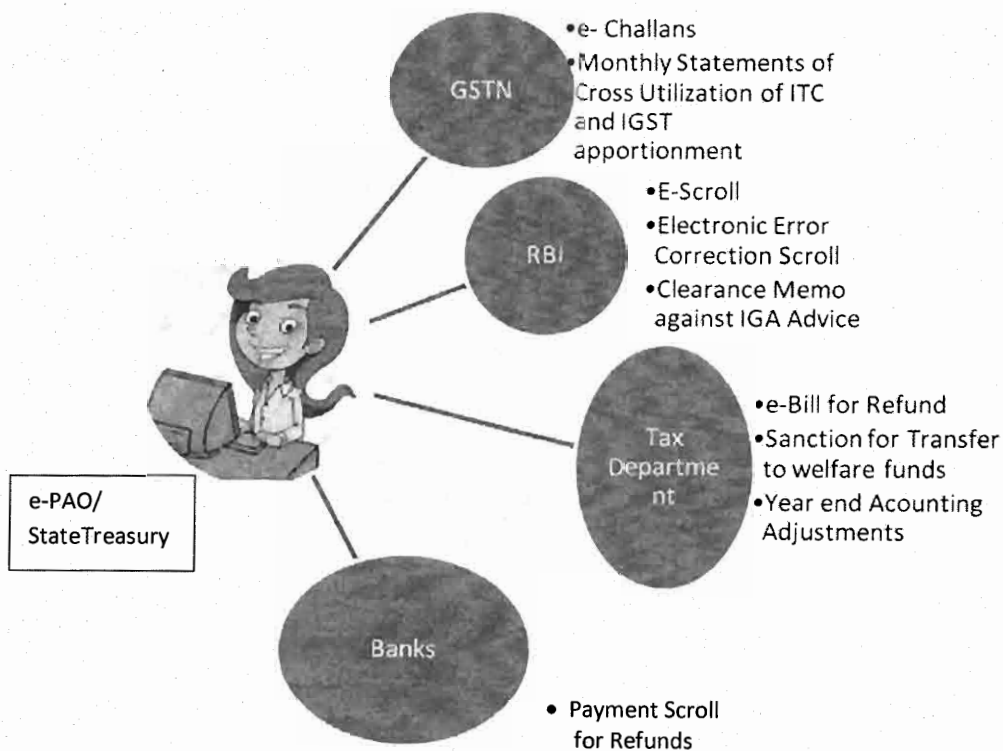


Figure 1 Stakeholders and Accounting instruments in GST Regime

1.1.3 The accounting instruments under GST are as follows-

- i. e-Challans -The digitally signed unpaid electronic Challan (CPIN) from GSTN.
- ii. The digitally signed fund loaded electronic challans (CINs) from GSTN, as received from the banks.
- iii. e-Scroll from Reserve Bank of India with transaction (CIN) level details.
- iv. Error Correction Scroll from RBI.
- v. Monthly Statements of Cross Utilization of ITC and IGST apportionment (Settlement ledger) from GSTN.
- vi. Inter Government Advice (IGA) to RBI for settlement of funds between Centre and States.
- vii. The Clearance Memo issued by the RBI.
- viii. e-Bill for Refund (sanctions and bills) from the Tax Department
- ix. Payment Scroll from authorized Banks for Refunds.
- x. Sanction order issued by competent authority for Transfer of Funds to Welfare Funds.

1.1.4 Integration between the various stake holders is shown in the figure below:

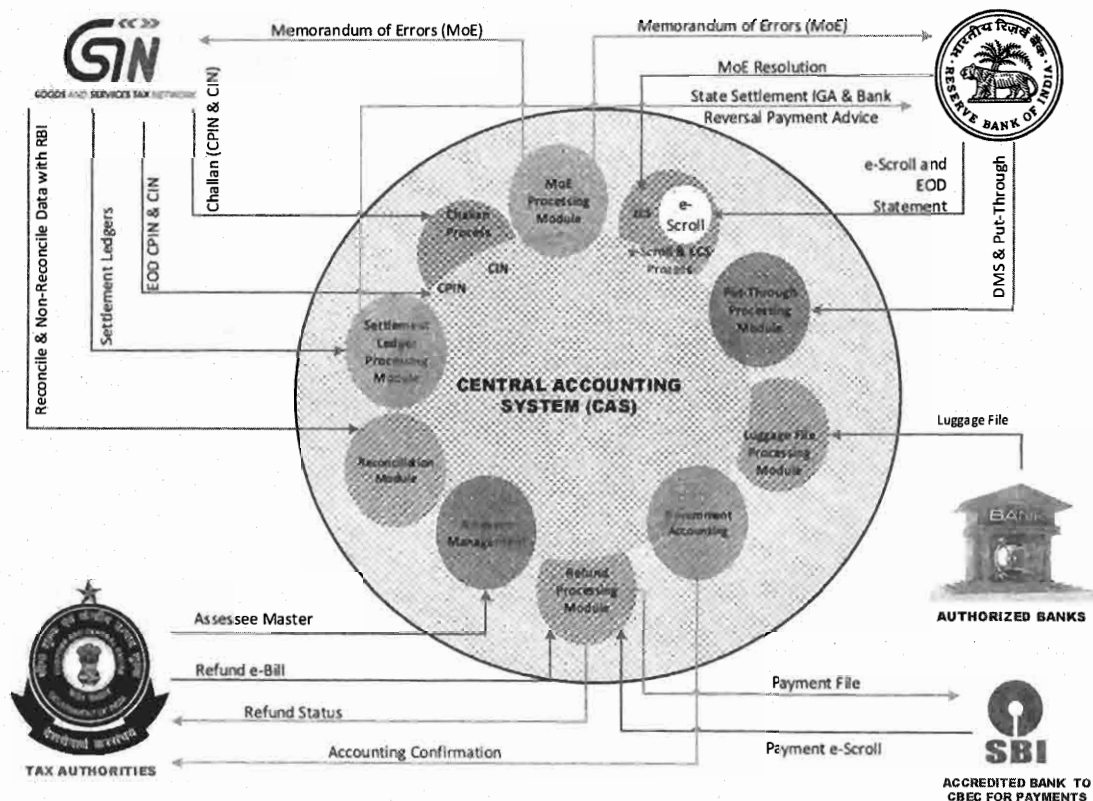


Figure 2 High level integration with the various stakeholders in GST regime

1.1.5 Below is the list of stakeholders and Accounting instruments under integration:

Goods and Services Tax Network (GSTN):

1. **CPIN:** Common Portal Index Number. When the tax payer intends to pay the GST, he generates a challan in the GST portal. The tax payer fills in the details of the tax heads for which he is desirous of making payment and saves the challan. On saving the challan so created a 14 digit unique number known as the CPIN is created. The first four digits represent the year and month in yymm format and the next ten digits is a unique number generated in sequence. The challan so generated is only intent to pay. The CPIN data file contains all the details of the challan. The CPIN so created is valid for only 15 days. The CPIN data is shared by GSTN during the day with the Accounting Authorities
2. **CIN:** Challan Identification Number. When the tax payer makes payment of the tax with the unique CPIN number through any authorized mode of payment, the bank generates the CIN to confirm the payment of the challan. The CIN is the CPIN prefixed with the 4 character Bank code. The CIN generated by the bank is immediately reported by the bank to the GSTN with the details of the payment. The CIN data reported by the banks is shared during the day by the GSTN with the Accounting Authorities.

Scheme of CIN Number is different in GST Regime

The CPINs are generated centrally and numbered serially for the month. On payment, the CPINs are converted to CINs by the Banks which receive the payment. There may be missing CPIN numbers in GST regime as some CPINs may not get converted into CINs.
3. **CPIN EOD:** The CPIN EOD file is the compiled data of CPINs generated by the GSTN for the day. This file is required to reconcile the CPINs that have been received during the day. In case it is noted from the EOD file that some CPINs have not been shared by GSTN with the Accounting Authorities the same can be called for from the GSTN.
4. **CIN EOD:** The CIN EOD file is the compiled data of CINs that have been reported by the banks during the day. This file is also a reconciliation file which is required to ensure that all the CINs that have been reported by the banks have been shared by GSTN.

5. **Settlement Ledgers:** The GSTN will be providing the statement of ITC cross utilization and the details of the IGST that are to be apportioned to the states in the form of Settlement Ledgers. Verification of these ledgers are to be made by the Accounting Authorities and settlement to the states made accordingly.
6. **Reconciled CIN data** (vis' a vis' the data received from RBI): The GSTN will be reconciling the CINs that have to be reported by RBI in their eScroll. The CINs that have matched are reported in this Reconciled Data file.
7. **Non-Reconciled CIN data** (vis' a vis' the data receive from RBI): While doing the above reconciliation if the CIN data reported by RBI does not match with the CIN present in its own data, the same is reported in the Non-reconciled data file. The following are the discrepancies that will be reported by GSTN.

Sr.No.	Record Type	Description
1	NRECONGST	Non - Reconciled Transactions Reported to GST System
2	NRECONCIN	Non - Reconciled Transactions Reported to RBI with incorrect CIN details
3	NRECONHEADS	Non - Reconciled Transactions Reported to RBI with incorrect Accounting Heads

8. **Exception/Bank Performance Parameters:** GSTN will also be sharing the exception reports containing the details of the data sharing between banks and GSTN for assessment of performance of banks on various parameters.

Authorized Banks:

1. **Luggage File:** After the end of the day (8:00 pm) the banks will compile all the CINs that have been generated for the day (from 8:00 pm of previous day up to 8:00 pm of the current day) and prepare a consolidated file known as the luggage file. The digitally signed Luggage File is sent to RBI on T+1 day. The Luggage file will contain all details of payments including the CIN, Major Heads, Amount, Date and time of transaction etc. RBI credits the CFI (in case of CGST, IGST, UTGST and Comp. Cess) and CFS (in case of SGST) based on these digitally signed luggage files.

2. **Digitally Signed End of the Day CIN (DGEODCIN):** Digitally signed by the concerned authorised bank and should contain identical information as in Luggage File.

Reserve Bank of India (RBI):

1. **e-Scroll:** In the GST regime as specified in the Payment Process the e-Kuber of RBI has an important role to play. The Authorized Banks report the GST collections to RBI on T+1 day through their Luggage file. RBI debits the banks' account and credits the respective Government Account(s). RBI also splits the CIN data Major Head wise and provides e-Scroll for the same to the respective Accounting Authorities on hourly basis.
2. **EOD Account Statement:** At the end of the day RBI will be providing a summary of the data sent during the day. This statement helps in reconciling the data that have been received during the day.
3. **Memorandum of Errors (MoE) Resolution:** RBI is responsible for reconciliation of the data provided in the e-Scroll. MoE is generated by the Accounting authorities for all discrepancies. RBI has to resolve the errors by taking up the MoEs with the Banks wherever necessary.
4. **Date-wise Monthly Statement (DMS):** At the End of the month RBI provides a Date-wise Monthly Statement to ensure that no data has been left without reporting to the Accounting Authorities. This is statement for reconciliation purpose. RBI will also share the DMS statements that have been provided by the e-FPBs of the Authorized Banks.
5. **Put-Through Statement:** Statement of remittances made by the Banks to the CFI and CFS is provided in the form of statement known as the Put-through statement.
6. **State Settlement IGA & e-CM (Clearance Memo):** For settlement with states Inter Govt Advices will be issued by the Accounting Authorities, and on clearance of the same a Clearance Memo will be provided by RBI.
7. **Bank Reversal Payment Advices & e-CM(Clearance Memo):** When the bank has collected and/or reported excess reported excess amount to RBI the same will be reversed by RBI on receipt of Reversal Payment Advice to be issued by the Accounting Authorities. On reversal of such payments, a clearance memo will be provided by RBI.

Central Tax Authorities (CBEC):

1. **Assessee Master:** Each taxpayer is provided with a unique GSTIN number (GST Identification Number). The GSTIN is a PAN based unique identification number given to each tax payer. The figure given below explains the format of GSTIN.

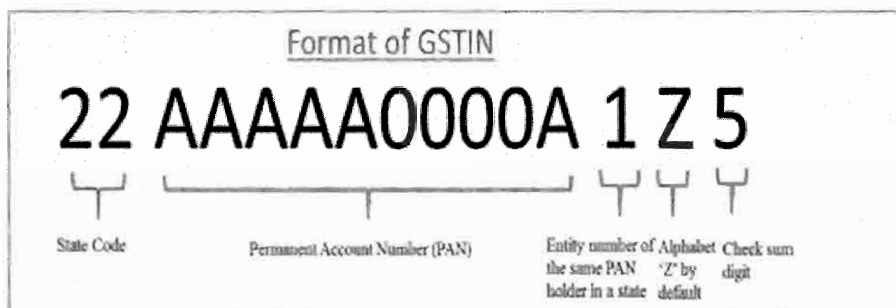


Figure 4 Format of GSTIN

The Assessee Master shall be provided by the Tax Authorities to the Accounting Authorities. This Master will contain all the details of the Assessee.

2. **Refund e-Bill:** The digitally signed electronic refund bill will be provided by the tax authorities to the Accounting Authorities for payments.
3. **Refund Status:** All payments will be made electronically. The status updates will be provided by the Accounting Authorities.
4. **Accounting Confirmation:** The Accounting authorities will also be providing the details of the CINs which have been accounted by them. This will help the Tax authorities to reconcile the data provided by GSTN with the Accounted data.

Accredited Bank (SBI):

1. **Payment File for refund to Tax Payer:** The payment that has to be made to the tax payers towards refund is provided electronically to SBI which is the accredited bank for payments. The payments are made to the beneficiaries accordingly.
2. **Payment Scroll (after Payment to Tax Payer):** On payment of the refund to the beneficiaries the Bank will provide an electronic payment scroll with details of all the payments made.

1.2 Accounting of Goods and Services Tax (GST)

1.2.1 The taxpayer fills the details of the payment as per challan format at the GST portal and a CPIN is created. The tax payer can make payment under multiple Major Heads and Minor heads in a single challan. **The digitally signed CPIN data containing the complete challan details (CPIN No., GSTIN, complete classification etc.) are shared by the GSTN with Central Accounting Authorities almost on real time basis.** However, the GSTN shares only Major Head wise amounts with the authorized Banks for each CPIN.

1.2.2 The CPIN creation shows only the intent of the taxpayer to pay the tax. This CPIN is valid only for 15 days.

1.2.3 The tax payer can make payment through any of the modes through an Authorized bank. However payments can be made even through other banks through NEFT/RTGS mode of payment for which RBI will be providing the CIN. Once the challans are processed for payment through any of the modes (OTC, NEFT/RTGS, Net-banking, CC/DC), the CPIN is converted into CIN (fund loaded CPINs) by the Payee Banks/RBI. The Banks and RBI will share the digitally signed CINs with GSTN immediately.

1.2.4 The GSTN shall forward the digitally signed CIN information to the Central Accounting Authority on almost real-time basis and simultaneously credit the respective Cash Ledger of the taxpayer.

1.2.5 The CPIN information (Containing complete classification details) already available with the Central Accounting Authority (as detailed in para 1.2.1) is matched with the CIN data (Containing Major head-wise details of the CPIN).

1.2.6 The CPIN and CIN will contain more than one Major Head. While matching the CIN data with CPIN data, the IT system of the Accounting Authorities ensures that corresponding details of the CIN match. The IT System of Accounting Authority looks for the CPIN number in the CIN file received and retrieves the information from the corresponding CPIN details received earlier from the GSTN. In case of mismatch of data, the CIN file is rejected by the Central Accounting Authority for rectification.

1.2.7 The SGST/UTGST component will be accounted by the Accounting Authorities of the States/UTs who will also be receiving the CPIN and CIN details from GSTN.

1.3 Sharing of DSEODCIN file and Luggage file by banks with RBI and Accounting Authorities

1.3.1 After the End of the day (EOD) which is 8:00pm the banks will consolidate all the CINs received from 8:00 pm of previous day to 8:00 pm of the current day and prepare a consolidate file known as the Luggage file. The luggage file contains transaction wise (CIN-wise) data of collections. The digitally signed Luggage file will be sent to RBI on T+1 day basis for settlement to Government Accounts.

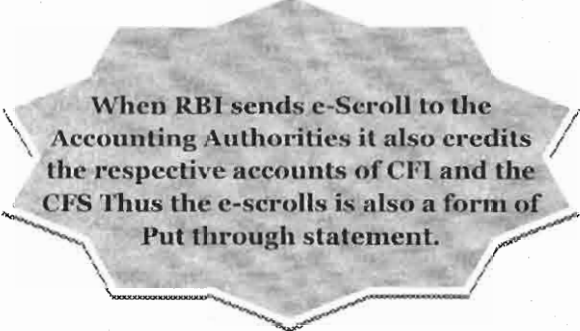
1.3.2 The DSEODCIN (Digitally signed EOD CIN) will be also be shared by the concerned authorised bank and should contain identical information as in Luggage File.

1.3.3 The Banks also shares the digitally signed luggage file mandatorily to the Central Accounting Authority and with the State /UT Accounting Authorities who ask for the same.

1.4 Accounting of e-Scroll received from RBI

1.4.1 On receipt of Luggage file from the bank on T+1 day, RBI prepares the Major Head-wise e-Scroll. The Banks' Account is debited based on the amount in the luggage file and the respective Government account is credited.

1.4.2 RBI shares the CIN level Major head-wise e-Scroll on T+1 day with the Accounting Authorities on hourly basis. (From 9:00 am to 8:00 pm).



When RBI sends e-Scroll to the Accounting Authorities it also credits the respective accounts of CFI and the CFS Thus the e-scrolls is also a form of Put through statement.

1.4.3 Here it may be noted that as RBI while sending the e-scroll data to the Accounting Authorities, also credits the CFI and the CFS of the concerned State. This e-scroll also plays the role of the put through statement which is shared by RBI for the Excise duty and Service Tax collections.

Accounting entries relating to accounting of indirect taxes subsumed in GST under the GST regime

Consequent upon receipt of the CINs digitally signed by the authorised banks and digitally signed End of the Day Consolidated file of all CINs (DSEODCIN) generated during the day, through which the settlement will be done by the bank with RBI, from the bank following accounting entries will be passed in the books of the Pr. CCA, CBEC.

Debit

8658- Suspense Accounts
 108- PSB Suspense
 Or
 138- Other Nominated Bank Suspense

To

Concerned receipt head under the GST regime * **Credit**

The Luggage file containing consolidation of all the CINs generated during the day and identical in respect of classification and amount with DSEODCIN, will be sent to RBI for settlement of daily receipts in by the banks. RBI will then generate e-Scroll containing the CINs reported through the Luggage file and receipts realised through NEFT/RTGS and send the same to GSTN and Pr. CCA, CBEC simultaneously. On receipt of the e-Scrolls Pr. CCA, CBEC will get the following accounting entries posted in his books.

Debit

8675- Deposits with Reserve Bank
 01-Civil
 101- Reserve Bank Deposits
 - Reserve Bank Deposits (HQrs) (A)
 - Reserve Bank Deposits (PSB) (B)
(-) 8658- Suspense Accounts
 108- PSB Suspense
 Or
 138- Other Nominated Bank Suspense (B)

To

Concerned receipt head under the GST regime * (A) **Credit**

Where:

- (A) is the amount of receipts received through NEFT/RTGS
- (B) is the amount of receipts received through Luggage File

* Heads of Accounts for accounting of receipts under GST regime will be as approved by CGA with advice of C&AG of India

In the course of inter-state/UT trade or services Integrated Goods and Service Tax will be levied. Assessee will be allowed to avail cross utilization of the input tax credit of IGST for discharging his liabilities towards CGST or SGST and vice-versa. Amounts under the IGST will be apportioned among the Centre and the States. Apportionment of IGST will be as per the Heads for apportionment as under by per contra credit to the concerned head under GST regime viz. CGST or SGST.

Major Head	Sub Major Head	Minor head	Sub Head	Detailed Head
0008-IGST		950-Appportionment of IGST-Transfer out of Tax Component to CGST (see Note 3)(minus entry)		
		951-Appportionment of IGST-Transfer out of Interest Component to CGST (see Note 3) (minus entry)		
		952-Appportionment of IGST-Transfer out of Penalty Component to CGST (see Note 3) (minus entry)		
		953-Appportionment of IGST-Transfer out of Tax Component to SGST (see Note 3) (minus entry)	xx-31 Codes for States/ UTs with legislature as per Appendix 'A'	
		954-Appportionment of IGST-Transfer out of Interest Component to SGST (see Note 3) (minus entry)	xx-31 Codes for States/ UTs with legislature as per Appendix 'A'	
		955-Appportionment of IGST-Transfer out of Penalty Component to SGST (see Note 3) (minus entry)	xx-31 Codes for States/ UTs with legislature as per Appendix 'A'	
		956-Appportionment of IGST-Transfer out of Tax Component to UTGST (see Note 3) (minus entry)	xx-5 Codes for UTs without legislature as per Appendix 'A'	
		957-Appportionment of IGST-Transfer out of Interest Component to UTGST (see Note 3) (minus entry)	xx-5 Codes for UTs without legislature as per Appendix 'A'	
		958-Appportionment of IGST-Transfer out of Penalty Component to UTGST (see Note 3) (minus entry)	xx-5 Codes for UTs without legislature as per Appendix 'A'	

Pr. CCA, CBEC will reconcile the CINs as provided in the End of the Day Consolidated File by GSTN and the digitally signed End of the Day Consolidated file of all CINs (DSEODCIN) generated during the day received from the bank. Any discrepancy noticed will be taken with the GSTN and RBI for resolution.

In the electronic environment ideally there should not be any discrepancies. However, following types of errors could take place:

1. When amount reported by the bank is more than amount reported by RBI.
2. When the amount reported by the bank is less than amount reported by RBI.

Amount reported by the bank is more:

This could happen due to omission of a CIN by the RBI or less settlement (put-through) by the bank

The Accounting Authority (Pr. CCA, CBEC) will generate a Memorandum of Error and send the same to RBI for resolution. In case of omission of a CIN by RBI the same will be resolved through inclusion of the same in the e-Scroll. In case of less put through by the bank the issue will be resolved by the bank by remitting the amount less settled (put through) to RBI.

On receipt of the settlement file from RBI the outstanding amount will be cleared from the PSB/ Other Nominated Bank Suspense

Amount reported by the bank is less:

This could be due to omission of a CIN by the Bank in the Consolidated File of CINs sent by the Bank to Pr. CCA, CBEC or excess reporting by RBI

The Accounting Authority (Pr. CCA, CBEC) will generate a Memorandum of Error and send the same to RBI for resolution. In case of omission of a CIN by Bank the same will be resolved through inclusion of the same in the Consolidated File of CINs sent by the Bank to Pr. CCA, CBEC. In case of excess put through by the bank or excess reporting by RBI the issue will be resolved through refund of the excess amount settled/ reported on issue of Bank Reversal payment Advice by the Accounting Authority by following due process.