



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
CENTRAL WAREHOUSING CORPORATION
(A Govt. of India Undertaking)
जन-जनकेलिएभण्डारण/*Warehousing for Everyone*



No. CWC/FD-Accounts Circular/20-21

27th October, 2020

ACCOUNTS CIRCULAR #37

Subject: Accounting of GST (Input Tax Credit)/TDS on GST while making Advance Payment to the Vendors/Suppliers

- 1.0 While reviewing the Half Yearly Accounts for the period ending 30th September 2020 and the Input Tax Credit (GST) & TDS Payable- GST Ledgers, it has been noticed that errors have been committed while booking Input Tax Credit (ITC) in case of Advance payments, regularization of advance /booking of expense and deduction of GST at source.
- 2.0 Following is hereby advised to ensure correct Accounting of Advance, Booking of Expense, Input Tax Credit (GST) and TDS on GST:
- (i) As per the provisions of Section 31(3)(d) of CGST Act, it is mandatory for the service supplier to issue a receipt voucher as per the prescribed format for release of advance payment and charge the GST on such document. A proforma invoice is not a valid document under GST law and GST cannot be charged on the basis of such a document. Accordingly, it is advised to ask the supplier for a receipt voucher before making the GST payment.
 - (ii) While making Advance payments on the basis of (i) above, Input Tax Credit of the GST charged is not to be booked in books. Same is to be kept as advance only. The Accounting entry is to be made by entering a payment voucher and Advance account (incl GST) is to be debited.
 - (iii) Out of advance released, TDS as per the provision of Income Tax Act and TDS under GST is required to be deducted at the time of making the payment or crediting the supplier, whichever is earlier This is in line with Section 51(1) of the CGST Act.

- (iv) As and when the Advance paid is regularized by way of issue of Sanction Order by the concerned Division, the expense is to be booked by entering the Purchase Voucher. At this stage only Input Tax credit (ITC) of GST is to be accounted for and later on availed based on the conditions of availing ITC as per GST Law.
- (v) Accordingly, the entries not made in accordance with above procedure be reversed and rectification entries be passed to reflect the correct status of ITC, Advance & Expense.

(Amit Puri)
General Manager (F&A)

Distribution to:

1. All Regional Managers of CWC.
2. All DGMs/AGMs/Managers/ (Sr.) Asstt. Managers in-charge of the Finance, Accounts & Internal Audit Wings of all ROs.

Copies for information to:

1. All DGM/AGMs/Managers/(Sr.) Asstt. Managers/Accountants in Finance, Accounts & Internal Audit Cadre at CWC, Corporate Office, New Delhi.
2. SAM to Director (Fin), CWC, CO, New Delhi.
3. PPS to GGM (F&A), CWC, Corp. Office, New Delhi.
4. PPS to GGM (Systems), CWC, CO, New Delhi with a request to place this Circular on CWC's Website.
5. Manager (Rajbhasha), CWC, CO, New Delhi with a request to arrange Hindi Version of this Circular.

निगमित कार्यालय :4/1, सीरी इंस्टीट्यूशनल एरिया,अगस्तक्रांतिमार्ग, हौज़ खास, नईदिल्ली-110016.

CO: 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016.

टेलिफोन/Landline:011-40810544, ईमेल-/Email: puri.amit@cewacor.nic.in