

GST clean up Drive : Impact of Stock Taking Mismatch in GST & Income Tax



Vivek Jalan

[FCA, LL.M (Constitutional Law), LL.B, B.Com (H)]

E-Mail - vivek.jalan@taxconnect.co.in

Call - +91 98315 94980

[MUMBAI BANGALORE KOLKATA DELHI]



GST proceedings, may result in stock taking at the premises. Income Tax proceedings u/s 142 may also result in stock taking by the dept.

Regarding stocks, taxpayers make some general mistakes due to which they have to face the wrath of the GST Departments when they invoke Proceedings of accessing the place of business or investigations.

It has to be understood that incase a shortage or excess is found by the department at the time of stock taking, then in both these cases GST would be applicable on the value of mismatched stock.

1. **For All** - Do not store stock at a place which is not added in the GST Registration APOB/PPOB.
2. **For Manufacturers** - Do have a record of not only purchase of Raw Material and closing Stock, but also have records of WIP.
3. **For Downstream Products like Scrap** - Do not load vehicles on the road or any unauthorized place other than APOB/PPOB.
4. **For All** - Generate E-Waybill Part-B only after the vehicle is ready for movement.
5. **For All** - Try to stock lots of material as per your ERP. For example incase one is stocking the same material at different place in different lots, then it is better incase the ERP Stock is also maintained in lots.
6. **Ensure Sales Orders are serial numbered** - It is seen that many small businesses maintain Customer/Sales Orders on pieces of paper and have no record of serial numbers or orders cancelled or a linking to final invoices made.

THANK YOU



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