

Tax Invoices for VAT

What is a tax invoice?

A tax invoice is the document you must

- obtain when you purchase goods for your business and on which you have paid tax.
- give to your customers who are registered dealers and to whom you charge VAT.

Is the tax invoice in a prescribed format?

No. A tax invoice can be in any form to suit your business. All tax invoices must show:

- the words `Tax Invoice' in bold letters either at the top or at a prominent place
- a serial number
- the date of the transaction/sale/issue
- description of the goods
- the quantity or number of goods involved in the transaction
- the price of the goods
- the amount of VAT charged on the goods (this must be shown separately)
- a declaration certificate

In addition, when you obtain a tax invoice it must show

- your supplier's name, address and Registration Certificate number
- your name and address

And when you issue a tax invoice, it must show

- your name, address and Registration Certificate number
- your customer's name and address

What does the declaration certificate have to state?

The words of the certificate on the tax invoices you give should read

“ I / We hereby certify that my/our registration certificate under the Maharashtra Value Added Tax Act, 2002 is in force on the date on which the sale of the goods specified in this tax invoice is made by me / us and that the transaction of sale covered by this tax invoice has been effected by me / us and it shall be accounted for in the turnover of sales while filing of return and the due tax, if any, payable on the sale has been paid or shall be paid.”

There should be such a certificate on the tax invoices you receive from your suppliers.

Who may sign the certificate?

You yourself or your manager or agent as authorized by you may sign the tax invoice certificate.

When is a Bill or Cash Memorandum to be issued?

Bill or Cash memorandum can be issued by a registered dealer wherein the tax amount is not shown separately. All dealers paying tax under composition (other than works contractors) should also issue Bill or Cash Memorandum.

What information should the bill or cash memorandum show?

A bill or cash memorandum may be in any form to suit your business, but it must show all the following information: -

- name of the business, address and Registration Certificate number
- a serial number
- particulars of the goods sold
- sale price of the goods
- date of issue
- your signature - or that of your authorised representative
- a declaration certificate

What does the declaration certificate state?

The words on the certificate on the bill or cash memorandum you issue should read

“1/We, hereby certify that my / our registration certificate under the Maharashtra Value Added Tax Act, 2002 is in force on the date on which sale of goods specified in this bill/ cash memorandum is made by me / us and that the transaction of sale covered by this bill / cash memorandum has been effected by me and it shall be accounted for in the turnover of sales while filing my return”.

Why are there two different types of sale documents?

Under the VAT, a registered dealer can claim set-off for tax paid on most business purchases. In order to claim a set-off, a registered dealer must get a tax invoice from his supplier.

Unregistered dealers and consumers cannot claim set-off, so they do not need a tax invoice and a less detailed bill or cash memorandum is appropriate.

There is a new series of leaflets, written in simple language, to explain the value added tax system.

The range of leaflets will each cover a single topic, and the topics covered will gradually be expanded over the next few months.

You will be able to get copies of the leaflets from your local Sales Tax Office.

Other leaflets that you may find useful are:

- MVAT 101 - What is VAT?
- MVAT 102 - Should I be registered for VAT?
- MVAT 103 - How to register for VAT
- MVAT 104 - Keeping records for VAT
- MVAT 106 - VAT: Composition Schemes
- MVAT 107 - How to file a VAT Return
- MVAT 108 - Claiming set-off for VAT
- MVAT 109 - Accounting for VAT on Works Contracts
- MVAT 110 - Incentives under VAT
- MVAT 111 - VAT Advisory Visits

These notes are for guidance only. They reflect the tax position at the time of publication. They do not replace the legislation or affect your rights of appeal about your own tax position. If in doubt, contact your local Sales Tax Office for assistance.

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