# Debit Note in GST

**Introduction:**

A supplier of goods or services or both is mandatorily required to issue a tax invoice. However, during the course of trade or commerce, after the invoice has been issued there could be situations like:

* The supplier has erroneously declared a value which is less than the actual value of the goods or services or both provided.
* The supplier has erroneously declared a lower tax rate than what is applicable for the kind of the goods or services or both supplied.
* The quantity received by the recipient is more than what has been declared in the tax invoice.
* Any other similar reasons.

In order to regularize these kinds of situations the supplier is allowed to issue what is called as debit note to the recipient. The debit note also includes supplementary invoice.

**Meaning:**

When a tax invoice has been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient a debit note containing the prescribed particulars.

**Format:**

There is no prescribed format but debit note issued by a supplier must contain the following particulars, namely: -

1. name, address and Goods and Services Tax Identification Number of the supplier;
2. nature of the document;
3. a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolised as “-” and “/” respectively, and any combination thereof, unique for a financial year;
4. date of issue;
5. name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
6. name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
7. serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
8. value of taxable supply of goods or services, rate of tax and the amount of the tax debited to the recipient; and i) signature or digital signature of the supplier or his authorized representative.

**Tax liability:**

The issuance of a debit note or a supplementary invoice creates additional tax liability. The treatment of a debit note or a supplementary invoice would be identical to the treatment of a tax invoice as far as returns and payment are concerned.

**Records:**

The records of the debit note or a supplementary invoice have to be retained until the expiry of seventy-two months from the due date of furnishing of annual return for the year pertaining to such accounts and records. Where such accounts and documents are maintained manually, it should be kept at every related place of business mentioned in the certificate of registration and shall be accessible at every related place of business where such accounts and documents are maintained digitally.

**Conclusion:**

The debit note or a supplementary invoice is therefore a convenient and legal method by which the value of the goods or services in the original tax invoice can be enhanced. The issuance of the debit note will easily allow the supplier to pay his enhanced tax liability in his returns without requiring him to undertake any other tedious process.

### **Debit Note in GST**

#### **Introduction**

Under the Goods and Services Tax (GST) regime, a registered supplier is required to issue a tax invoice for every taxable supply of goods or services. However, certain situations may arise after the issuance of the tax invoice that necessitate an upward revision in the taxable value or tax amount. Such situations include:

* Incorrect declaration of a lower value than the actual value of the goods or services supplied.
* Application of a lower tax rate than what is actually applicable.
* Quantity received by the recipient is more than what was stated in the invoice.
* Any other reason resulting in an increase in the tax liability.

To regularize such discrepancies, the supplier is permitted to issue a **Debit Note** (which also includes a **Supplementary Invoice**) to the recipient.

#### **Meaning**

As per GST provisions, when the taxable value or tax charged in the original tax invoice is less than what is actually payable, the registered supplier must issue a **Debit Note** to the recipient. This document serves to increase the taxable value and/or tax amount originally charged, and must include all prescribed particulars as per GST rules.

#### **Prescribed Particulars**

Although there is no specific format mandated for a debit note, it must contain the following information:

a) Name, address, and GSTIN of the supplier  
b) Nature of the document (i.e., 'Debit Note')  
c) A unique consecutive serial number (maximum 16 characters), using alphabets, numerals, or permitted special characters (hyphen “-” or slash “/”), unique for each financial year  
d) Date of issue  
e) Name, address, and GSTIN or UIN of the recipient, if registered  
f) Name and address of the recipient and address of delivery along with State name and code, if unregistered  
g) Reference to the original tax invoice or bill of supply (serial number and date)  
h) Revised taxable value, applicable tax rate, and the tax amount debited  
i) Signature or digital signature of the supplier or their authorized representative

#### **Tax Liability**

The issuance of a debit note or supplementary invoice results in **additional tax liability** for the supplier. For compliance and return filing purposes, the treatment of a debit note is the same as a tax invoice. The supplier must declare the debit note in their GST returns and pay the increased tax liability accordingly.

#### **Record Maintenance**

The supplier is required to retain records of all debit notes and supplementary invoices for a period of **72 months** (six years) from the due date of filing the annual return for the financial year to which such documents relate. If maintained manually, records should be stored at the principal place of business and other declared places. If maintained digitally, they must be accessible from every declared place of business.

#### **Conclusion**

A debit note is an effective and compliant mechanism under GST for correcting undervaluation or under-reporting of tax in previously issued invoices. It allows the supplier to legally revise the taxable value and pay the corresponding tax without needing to amend the original invoice or follow a complex procedure.