



POWER OF SIMPLICITY

Implementation of Value Added Tax in Tally.ERP 9

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Introduction

Lesson Objectives

On completion of this lesson you will learn

- The concept of VAT
- The General terminologies of VAT

Value Added Tax in India

The Value Added Tax (VAT) is a type of indirect tax and is one of major source of revenue to the state. The VAT system was introduced in India by replacing the General Sales Tax laws of each state. Presently in India, out of 35 States and Union Territories, 33 are following this new system of Sales Taxation. The States/Union territories which are yet to implement the VAT system are Andaman and Nicobar Islands, Nagaland and Lakshadweep.

The VAT system of taxation was adopted by Indian States and Union Territories in the Year 2005 by replacing the General Sales Tax Laws with New Value Added Tax Acts and the supporting Value Added Tax Rules for proper administration and collection of Tax. Each state or union territory is having its own methods to assess the tax liability and collection methods from the dealers who fall under the purview of VAT.

The Administration of VAT system was undertaken by the Commercial Taxes Department of each state along with the Excise and other indirect taxes. For easy and quick assessment of taxation and prevention of tax evasion, the department has introduced the **Registration System**. This Registration system of VAT helps in identifying the assesseees who come under the purview of VAT and are liable to collect and pay VAT. For encouraging the Registration process some benefits or concessions are given to the dealers.

The Registered dealers are allowed to collect VAT payable by them from the immediate buyer. They can claim the VAT paid on purchases made only from a registered dealer. The unregistered dealer cannot charge VAT on the invoices, so the buying dealer cannot claim the VAT amount

paid as ITC. Also, the unregistered dealers are not eligible for availing concessions, for e.g., exemptions, which are given by the government.

The commercial tax department introduced a new method of levying tax called as the **Composition Scheme** especially after considering the small dealers whose turnover was low and were unable to maintain the records as per the requirements of VAT Act. These dealers have to pay a lump sum as VAT on the sale value of goods. The VAT paid will not be shown in the invoices. They can account for the total turnover and pay VAT on the same at the end of their return period.

For Assessing the VAT liability of dealers, each state has introduced the system of Filing Returns for different tax periods. The tax periods could be Monthly, Quarterly, Half-yearly and Annual. Each dealer has to file the Return by specifying the total turnover which is exempted as well as liable for VAT along with the purchases made and tax paid on it with the amount of VAT payable or Input tax credit carried forward within the stipulated period.

General Terminologies of VAT

Input Tax

This is the tax paid on purchases

Output Tax

This is the tax charged on sales

Input Credit

The excess amount of Input tax over output tax for the current period which is permitted to be set off against Output tax of subsequent periods is termed as **Input Credit**.

TIN

Tax Identification Number (TIN) is the Registration Number given by the department to the dealer at the time of Registration. This needs to be quoted at all required places where the registration details are to be provided.

Tax Invoice

This is the Sales invoice format issued by one Registered Dealer to another. Based on this Invoice, ITC can be claimed by the purchasing dealer.

Retail Invoice

The Sales invoice format used for invoicing the Exempted Sales and the Sales made to Unregistered dealers is termed as **Retail Invoice**.

Registered Dealer

This term is used to identify a dealer who is registered either under Voluntary Registration or Compulsory Registration under the VAT Act. Such dealer can issue tax invoice and also claim the tax paid on purchases made from other registered dealers as Input tax credit.

Unregistered Dealer

Dealers who are not registered under the VAT Act are called as Unregistered Dealers (URD). Such dealers cannot issue tax invoice. They can neither Charge Tax nor Claim Input Tax Credit.

Purchase Tax

The Tax paid on goods purchased from unregistered dealers is liable to Purchase Tax. The purchase tax is treated as Output VAT payable by the dealer as it is a liability. It has to be paid while making the payment towards VAT liability. Based on the Rules and Regulations, the Input Tax Credit can be claimed on the payment made towards Purchase Tax.

Reversal of Tax Credit

It refers to the reversal of input tax credit already claimed and availed.

Composite Dealers

The State Government may, by a notification in the Official Gazette, provide for a scheme of composition, subject to the tax, conditions and restrictions as may be provided therein, of tax payable by the dealers who are engaged in the business, as prescribed, of re-selling at retail, any goods or merchandise. Different types of schemes may be notified for different classes of retailers.

The composition scheme depends on the type of business covered by the Act. The dealers engaged in trading of goods can get the business registered under composition scheme only if the total annual turnover is not exceeding the specified Threshold turnover limits. The tax rates are decided at pre-defined flat rates (for e.g., 8% on Gross Turnover). These rates differ depending on the type of business.

The Composition dealers also have the option of voluntary registration. Unlike registered dealers, the composite dealers need not maintain books of accounts and documents. They are also not required to follow rules and procedures for issuing tax invoices, maintaining stocks etc.

The composition dealers cannot collect the tax amounts from their immediate registered/unregistered dealers. The tax amounts also are not to be shown in the invoice. Such tax amount is treated as the expenditure incurred for the business and allowed as business expenditure.

For example, the Karnataka Value added Tax, provides that a dealer whose turnover does exceed fifteen Lakhs for four consecutive quarters, for e.g., works contractors, hoteliers, crushing units of granites etc., can opt for composition scheme. According to this composition scheme, the rate of tax applicable for other than crushing units is five percent and for crushing units, the tax is to be paid on the basis of crushing machines ranging from Rupees one lakh to two Lakhs as applicable from time to time.

Difference between Regular and Composite Dealers

The following are the cases how the composition dealers are different from Regular Dealers:

- The Composition dealers cannot collect tax separately from the buyers as it is considered as business expenditure, but the Regular dealer can collect tax.
- The Composition dealers cannot claim the tax paid on their purchases as Input tax credit whereas the regular dealer can claim ITC.
- The composition scheme, is generally not applicable to the dealers who are engaged in Inter-state trade or commerce. The Regular dealers can be engaged in inter-state trade.
- The dealers registered under Composition Scheme need not maintain books of accounts and documents when compared to Regular dealer.

Features of VAT in Tally.ERP 9

The salient features provided for VAT in Tally.ERP 9 are as follows:

- Quick, easy to setup and use.
- Pre-defined VAT/Tax Classifications for Purchase and Sale of goods
- Facility to create separate VAT ledgers with VAT/Tax Classifications for input as well as output VAT
- Facility to print tax invoice
- Complete tracking of each transaction till generation of returns
- Better VAT-returns management
- Generating of VAT Computation report with details pertaining to
 - The value of transactions recorded using the classifications available for VAT
 - Increase/decrease in input/output VAT on account of adjustment entries made using the VAT Adjustments available on using the voucher class created for journal voucher.
 - VAT Payable or refundable
- Generating of “VAT Classification Vouchers” report for each of the VAT/Tax classifications
- Facility to Drill-down the various VAT classifications from VAT Computation report till the last level of voucher entry
- Generating VAT Returns and Annexure
- Greater tax compliance

Lesson 1: Enabling VAT in Tally.ERP 9

Lesson Objectives

On completion of this lesson, you will be able to

- Enable VAT in Tally.ERP 9
- Create Ledgers with VAT Classifications

1.1 Creating a Company

It takes a one-time configuration in Tally.ERP 9, to enable VAT. Let us take an example of the following dealer to illustrate the same.

Example:

M/s. National Traders is a company engaged in trading of goods both within and outside the state. On 1-4-2011, M/s. National Traders registers under the VAT Act as a dealer of goods.

Step 1:

Let us create a company and enable VAT

Go to **Gateway of Tally > F3: Company Info. > Create Company**

In the **Company Creation** screen,

1. Specify **National traders** as the **Company Name**
2. Enter the **Address** details
3. Select **India** in the **Statutory Compliance for** field
4. Select **Tamil Nadu** in the **State** field
5. Enter the **Pin code, Telephone No., Mobile No.** and **E-Mail** details
6. Set **Enable Auto Backup** to **Yes** if required.

7. Select **Accounts with Inventory** in the **Maintain** field
 8. Enter the other required information in the **Company Creation** screen
- The completed **Company Creation** screen is displayed as shown:

Figure 1.1 Company Creation screen

- Press **Y** or **Enter** to accept and save.



*The **List of States** appear for selection only when **India** is selected in the **Statutory compliance for** field. The state-specific VAT Compliance is dependent upon the **State** selected. However, in the case of companies already existing in Tally.ERP 9, VAT can be enabled in **F11: Statutory & Taxation** features as explained in the next session.*

1.2 Enabling VAT

Go to **Gateway of Tally > F11: Features > F3: Statutory & Taxation**

In the **F3: Statutory & Taxation** features,

1. Set **Enable Value Added Tax (VAT)** to **Yes**
2. Set **Set/Alter VAT Details** to **Yes**
3. The **Company VAT Details** screen will be displayed.
4. In the **Company VAT Details** screen, select the **State** where the business of the dealer is registered. Here select the **State** as **Tamil Nadu**. Select the **Type of Dealer** as **Regular** and enter the **Date** in **Regular VAT Applicable From** field.

5. Under Additional Information section, new fields have been introduced to specify the details pertaining to **Assessment Circle, Division, Area Code, Import Export Code, Authorised by, Authorised person, Status/Designation** and **Place**. The details entered in these fields will be captured in the **Print Report** screen of **Return Form** and **Annexures** as per requirement.

<u>VAT Details</u>	
State	: Tamil Nadu
Type of Dealer	? Regular
Regular VAT Applicable From	: 1.4.2011
<u>Additional Information</u>	
Assessment Circle	: 785R
Division	: D-III
Area Code	: 125
Import Export Code	: HWTS78B
Authorised by	: Thyagarajan
Authorised Person	: T. Selvam
Status / Designation	: Accounts Officer
Place	: Chennai

Figure 1.2 VAT Details screen



*The details entered/modified manually in the fields of Print Report screen of Return Form and Annexures will be captured in the forms as a one-time measure. On exiting the screen, the temporarily modified details will not be saved. Every time the report is generated, the information entered in the **Company VAT Details** screen of **F3: Statutory & Taxation Features** will be displayed.*

6. Specify the details in **VAT TIN (Regular), Inter-state Sales Tax Number** and **PAN / Income - Tax Number**.

□ Enter the **PAN/Income – Tax No**

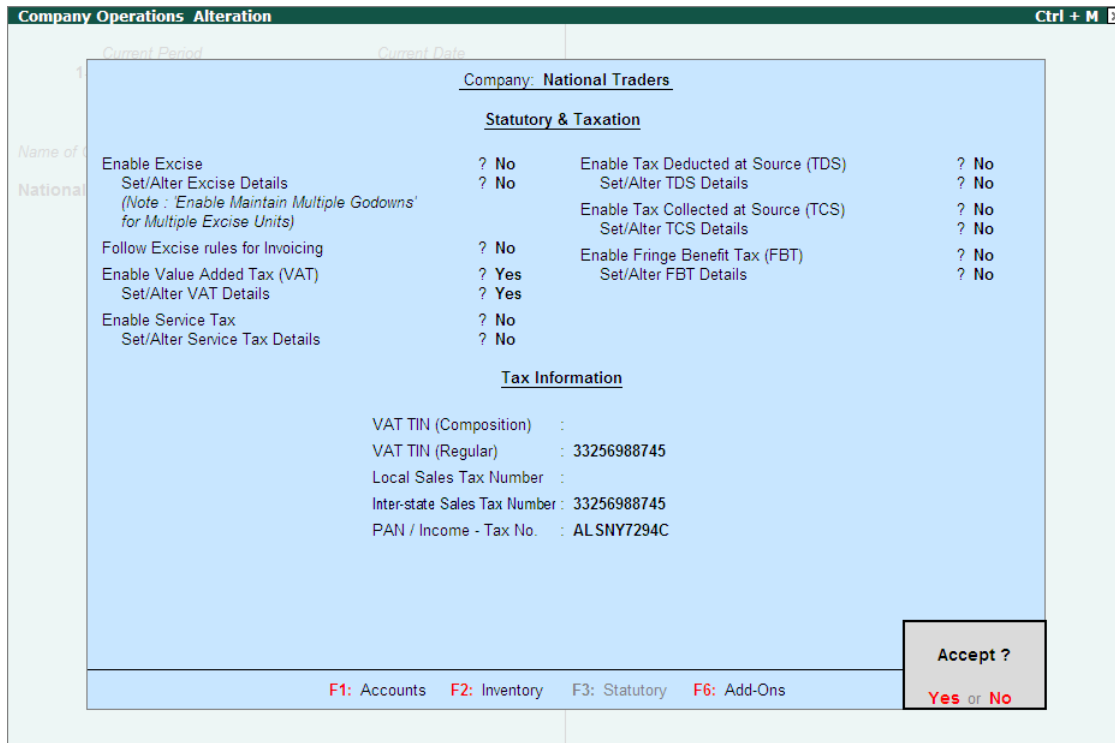


Figure 1.3 F3: Statutory & Taxation Features

7. Press **Enter** to accept and save.

1.2.1 Quick Setup

Quick Setup is a new feature being introduced with Tally.ERP 9. This is a Single Window Statutory Masters Configuration screen which guides in configuring all the statutory masters (Accounts/ Inventory/Voucher Types) required for the effective use of Value Added Tax.

Click on **Quick Setup** option in **Gateway of Tally**. Select **Value Added Tax** to setup the masters required for Value Added Tax. It consists of Company Setup to select the State, Type of Dealer and enter the VAT Form specific information of the selected State in Additional Information section. The masters specific to VAT provided in this setup is given below:

- Ledgers for Sales and Direct/Indirect Incomes
- Ledger for Purchases, Indirect/Direct Expenses and fixed asset treated as Capital Goods
- Tax Ledger for VAT and CST.
- VAT Commodity for tagging to stock item and reflecting in Forms.
- Party ledgers for providing VAT and Interstate Sales Tax Numbers
- Additional ledgers for apportioned and separately charged expenses.
- Stock Item to be used while recording transactions attracting VAT
- Voucher Class for Journal Voucher and configuring Sales Voucher Type as Tax Invoice.

Lesson 2: Processing Purchases & Sales Entries

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Record Purchase and Sales transactions at different VAT rates
- ❑ Record transactions with additional expenses
- ❑ Record transactions using Credit Note and Debit Note
- ❑ Generate Tax Invoice

A VAT registered dealer, while purchasing goods within the state pays Input VAT and charges Output VAT at the time of sales on the assessable value of taxable goods. At the end of each month they are required to compute Input VAT paid on purchases made during the month and Output VAT payable on sales during the month. If the VAT payable is more than the Input VAT paid on purchases, the difference is payable to the government or in case where the Input VAT paid on purchases is in excess of Output VAT payable during the month, the excess VAT paid is carried forward to the next month.

2.1 Taxable Purchases and Sales

2.1.1 Purchase of Taxable Goods

Example 1:

On 2-4-2011, National Traders purchased the following items from Excel Traders vide invoice number 01:

Item Description	Quantity (in Nos)	Rate	Amount	VAT	Commodity Code
Gold Jewellery	9	20,000	1,80,000	1%	102
GI Pipes	160	150	24,000	2%	2100
Insulators	150	320	48,000	4%	2069
Silk Fabrics	10	5,000	50,000	4%	2127
Vacuum Cleaner	8	15,000	1,20,000	12.5%	329

An amount of ₹ 5,000 was paid as packing charges which was included in the invoice.

Step 1:

Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Purchase Ledger

To create a Purchase Ledger

Go to **Gateway of Tally > Accounts Info > Ledgers > Create**

1. Enter the **Name** as **Purchases @ 1%**
2. Select **Purchase Accounts** as the account group in the **Under** field
3. Set **Inventory values are affected** to **Yes**
4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub-screen.

5. Select **Purchases @ 1%** as the **VAT/Tax Class** from the list of VAT/Tax Class as shown:

VAT/Tax Class		National Traders
Name	Purchases @ 1%	Total Op. Bal.
(alias)		
Under	Purchase Accounts	
Inventory values are affected	? Yes	
Used In VAT Returns	? Yes	
Use for Assessable Value Calculation ?	No	

VAT/TAX Class		
Particulars	Activated From	Deactivated From
↑ ... 3 more		
Imports		
Inter-State Purchases		
Interstate Purchases @ 1%	1-Apr-2010	
Interstate Purchases @ 12.5%	1-Apr-2010	
Interstate Purchases @ 13.5%	1-Apr-2010	
Interstate Purchases @ 2% Against Form C	1-Apr-2010	
Interstate Purchases @ 4%	1-Apr-2010	
Interstate Purchases @ 5%	1-Apr-2010	
Purchase From URDs - Taxable Goods @ 1%		
Purchase From URDs - Taxable Goods @ 12.5%		
Purchase From URDs - Taxable Goods @ 4%		
Purchases @ 1%		

Figure 2.1 Purchase Ledger – Used In VAT Returns

6. Press **Enter** to return to the **Purchases @ 1%** ledger creation screen and set the option **Use for Assessable Value Calculation** to **No**

Ledger Creation		National
Name	Purchases @ 1%	Total Op. Bal.
(alias)		
Under	Purchase Accounts	
Inventory values are affected	? Yes	
<u>Statutory Information</u>		
Used In VAT Returns	? Yes	
Use for Assessable Value Calculation	? No	
Opening Balance (on 1-Apr-2011) :		Accept ?
		Yes or No

Figure 2.2 Purchase Ledger – Completed

7. Press **Y** or **Enter** to accept and save.



- In the VAT/Tax class screen, the **Activated From** column will display the date of activation of particular classification in the current financial year. The **Deactivated From** column will show the date of deactivation irrespective of the financial year.
- In order to use the same purchase ledger as additional ledger, the option **Use for Assessable Value Calculation** needs to be set to **Yes** after disabling **Inventory values are affected** to apportion the additional amount towards assessable value and tax amount.

Similarly, create the following purchase ledgers:

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases @ 2%	Purchase Accounts	Yes	Yes	Purchases @ 2%	No
Purchases @ 4%	Purchase Accounts	Yes	Yes	Purchases @ 4%	No
Purchases @ 12.5%	Purchase Accounts	Yes	Yes	Purchases @ 12.5%	No

ii. Input VAT on Purchase Ledger

To create an Input VAT ledger,

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**

1. Enter the **Name** as **Input VAT @ 1%**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **VAT** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Set the **VAT Sub Type** as **Input VAT**



*The field - **VAT Sub Type** is introduced in ledger masters grouped under **Duties & Taxes** with **Type of Duty/Tax** as **VAT**. Based on selection of **VAT Sub Type** as **Input VAT** or **Output VAT**, the VAT/Tax classifications are listed in **VAT/Tax Class** field. Also the VAT payable amount gets auto calculated in **Payment voucher** on using **Stat Payment** based on the **VAT Sub Type** selected in ledger master.*

5. Select **Input VAT @ 1%** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed

Ledger Creation		National Traders	
Name	: Input VAT @ 1%	Total Op. Bal.	
(alias)	:		
Under	: Duties & Taxes (Current Liabilities)		
Type of Duty/Tax	: VAT		
VAT Sub Type	: Input VAT		
VAT/Tax Class	: Input VAT @ 1%		
Inventory values are affected			
Percentage of Calculation			
Method of Calculation			
Rounding Method			

VAT/TAX Class		
Particulars	Activated From	Deactivated From
Not Applicable		
Input VAT @ 1%		
Input VAT @ 12.5%		
Input VAT @ 12.5% - (JobWork)	1-Apr-2010	
Input VAT @ 2%		
Input VAT @ 4%		
Input VAT @ 4% - (Industrial Input)		
Input VAT @ 4% - (JobWork)	1-Apr-2009	
Purchase From URDs - Taxable Goods @ 1%		
Purchase From URDs - Taxable Goods @ 12.5%		
Purchase From URDs - Taxable Goods @ 4%		
Purchases - Capital Goods @ 12.5%		
Purchases - Capital Goods @ 4%		

Figure 2.3 Input VAT – VAT/Tax Class Selection

- The option **Inventory values are affected** is set to **No** by default
- The **Percentage of Calculation** and **Method of Calculation** will be displayed based on the VAT/Tax Class selected
- Select the required **Rounding Method** from the list displayed
- Press **Y** or **Enter** to accept and save.

Similarly, create the following input VAT ledgers:

Name	Under Group	Type of Duty/Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Input VAT @ 2%	Duties & Taxes	VAT	Input VAT	Input VAT @ 2%	No	2%	On VAT Rate
Input VAT @ 4%	Duties & Taxes	VAT	Input VAT	Input VAT @ 4%	No	4%	On VAT Rate
Input VAT @ 12.5%	Duties & Taxes	VAT	Input VAT	Input VAT @ 12.5%	No	12.5%	On VAT Rate

iii. Packing Charges

To create a ledger for packing charges,

Go to **Gateway of Tally > Accounts Info > Ledgers > Create**

1. Enter the **Name** as **Packing Charges**
2. Select **Direct Expenses** as the group name in the **Under** field
3. The option **Inventory values are affected** is set to **No** by default
4. Set the option **Use for Assessable Value Calculation** to **Yes**
5. In the **Apportion for** field select **VAT** and set the **Method of Apportion** to **Based on Quantity**

Ledger Creation		National
Name	: Packing Charges	Total Op. Bal.
(alias)	:	
Under	: Indirect Expenses	
Inventory values are affected	? No	
<u>Statutory Information</u>		
Used In VAT Returns	? No	
Use for Assessable Value Calculation	? Yes	
Apportion for	? VAT	
Method of Apportion	: Based on Quantity	
Opening Balance (on 1-Apr-2011) :		Accept ?
		Yes or No

Figure 2.4 Packing Charges Ledger

6. Press **Y** or **Enter** to accept and save.



In the ledgers grouped under **Direct/Indirect Expenses, Direct/Indirect Incomes, Purchase Accounts and Sales Accounts**, the fields **Use for Assessable Value Calculation** will be displayed. On enabling this field, the options **Apportion for** and **Method of Apportion** will be displayed. In the **Apportion for** field:

- The option **VAT** will be displayed when only **VAT** feature is enabled.
- **Excise & VAT** and **VAT** will be displayed on enabling both **Excise** and **VAT** features.

On selecting the **Method of Apportion** as **VAT**, the value of these ledgers apportioned towards assessable value will be considered for VAT calculation.

On selecting the **Method of Apportion** as **Excise & VAT**, the value of these ledgers apportioned towards assessable value will be used for Excise and VAT calculation.

iv. Creating a Sundry Creditor Ledger

To create a Sundry Creditor (Supplier) ledger,

Go to **Gateway of Tally > Accounts Info. > Ledger > Create**

Click on **F12: Configure** button and set the field **Use ADDRESSES for Ledger Accounts** to **Yes**.

In the Ledger creation screen,

1. Enter the **Name** as **Excel Traders**
2. Select **Sundry Creditors** in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes** and enter the **Default Credit Period** if any
4. In the **Mailing Details** section
 - The **Name** will be displayed as **Excel Traders**
 - Enter the **Address** details
 - Select the **State** as **Tamil Nadu** and enter the **PIN Code**

- In the **Tax Information** section enter the **PAN / IT number** and enable **Set/Alter VAT Details** field as shown:

Ledger Creation		National Traders		Total Op. Bal.
Name : Excel Traders (alias) :				
Under : Sundry Creditors (Current Liabilities)	Mailing Details	Name : Excel Traders		
Maintain balances bill-by-bill : ? Yes	Address : # 56, Anna Salai Chennai	State : Tamil Nadu		
Default Credit Period :	PIN Code : 600002			
Inventory values are affected : ? No	Tax Information			
		PAN / IT No. : HJSYE9023B		
		Set/Alter VAT Details : ? Yes		
Opening Balance (on 1-Apr-2011) :				

Figure 2.5 Sundry Creditor – Excel Traders

- In the **VAT Details** screen, enter the **TIN/Sales Tax Number** as shown:

VAT Details	
TIN/Sales Tax No. :	33589845121
CST No. :	33589845121

Figure 2.6 VAT Details – Sundry Creditor Ledger

- Accept the **VAT Details** screen
- Accept the **Sundry Creditor Ledger Creation** screen.

v. Creating VAT Commodity

To create a VAT Commodity

Go to **Gateway of Tally > Inventory Info. > VAT Commodity > Create**

- Enter the **Name of VAT Commodity** as Jewellery

2. In the **Used for** field, select **VAT**

The screenshot shows the 'VAT Commodity Creation' window. The 'Name' field is 'Jewellery'. The 'Used for' field is set to 'VAT'. A dropdown menu for 'Tax Type' is open, showing options: 'Both', 'Excise', and 'VAT'. The 'VAT' option is highlighted. Other fields like 'HSN Code', 'Commodity Code', 'Schedule Number', and 'Schedule Serial Number' are empty. The 'Notes' field is also empty.

Figure 2.7 VAT Commodity Creation – VAT

3. In the **VAT** section, enter the **Commodity Code**, **Schedule Number** and **Schedule Serial Number** as shown:

The screenshot shows the 'VAT Commodity Creation' window. The 'Name' field is 'Jewellery'. The 'Used for' field is 'VAT'. The 'VAT' section is filled with: 'Commodity Code' : 102, 'Schedule Number' : First Schedule - Part A, and 'Schedule Serial Number' : 2. The 'Notes' field is empty.

Figure 2.8 VAT Commodity Creation screen

4. Enter the **Notes** if required and accept the **VAT Commodity Creation** screen.



*In the **Inventory Info.** menu, the commodity code or tariff classification can be created from:*

- ❑ **VAT Commodity** sub-menu for VAT enabled companies
- ❑ **Tariff/VAT Commodity** sub-menu for companies in which both VAT and Excise feature/excise rules for invoicing is enabled.

*In Commodity Creation screen, the HSN code can be entered only when the **Used for** option is selected as **Both** or **Excise** only. If **VAT** is selected, the cursor will skip the HSN Code and prompt for information under **VAT** details section.*

Similarly, create the following VAT Commodities:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	G I Pipes	VAT	2100	First Schedule – Part B	100
2	Insulators	VAT	2069	First Schedule – Part B	69
3	Vacuum Cleaners	VAT	329	First Schedule – Part C	28
4	Silk Fabrics	VAT	2127	First Schedule – Part B	127

vi. Stock Items

To create a stock item,

Go to **Gateway of Tally > Inventory Info. > Stock Items > Create**

1. Enter the **Name** as **Gold Jewellery**
2. Select the group as **Primary** in the **Under** field
3. Select the unit of measurement as **Nos** in the **Units** field. (The **Unit of Measure** can be created by using the key combination **Alt+C** in the **Units** field)
4. In the **Commodity** field, select the **VAT Commodity** as **Gold Jewellery**.

The VAT Commodity Code will also be displayed along with the Commodity Name in the **List of VAT Commodities** as shown:

The screenshot shows the 'Stock Item Creation' window for 'National Traders'. The 'Name' field is set to 'Gold Jewellery'. The 'Under' field is set to 'Primary' and 'Units' is set to 'Nos'. The 'Tax Information' section shows 'Tariff Classification' as 'Not Applicable' and 'Rate of Duty' as '0'. The 'VAT Details' section shows 'Commodity' as 'Jewellery' and 'Rate of VAT (%)' as blank. On the right, a 'List of VAT Commodities' window is open, showing a list of commodities with their codes. 'Jewellery' with code '102' is highlighted. Other commodities listed include 'Not Applicable', 'G I Pipes' (2100), 'Insulators' (2069), 'Silk Fabrics' (2127), and 'Vacuum Cleaners' (329). At the bottom of the main window, there is a table for 'Opening Balance' with columns for 'Quantity', 'Rate per', and 'Value', and a 'Quit' button.

Figure 2.9 Stock Item Creation – Selection of VAT Commodity

5. Enter the **Rate of VAT** as 1%. The completed stock item creation screen displays as shown:

Stock Item Creation		National Traders	
Name	: Gold Jewellery		
(alias)	:		
Under	: Primary	<u>Tax Information</u>	
Units	: Nos	Tariff Classification	: Not Applicable
		Rate of Duty (eg 5)	: 0
		<u>VAT Details</u>	
		Commodity	: Jewellery
		Rate of VAT (%)	: 1
Opening Balance	:	Quantity	Rate per
			Value
			Accept ?
			Yes or No

Figure 2.10 Stock Item Creation screen

6. Press **Y** or **Enter** to accept and save.

Similarly, create the other stock items as per the details given below:

SI. No	Name	Under	Units	VAT Details	
				Commodity	Rate of VAT
1	G I Pipes	Primary	Nos	G I Pipes	2%
2	Insulators	Primary	Nos	Insulators	4%
3	Silk Fabrics	Primary	Nos	Silk Fabrics	4%
4	Vacuum Cleaners	Primary	Nos	Vacuum Cleaners	12.5%



*In the Stock Item master of a company enabled only for VAT, the cursor will skip the **Tariff Classification** field and prompt for entering the **Rate of Duty** and selection of Commodity under **VAT Details** section.*

*The commodity code will be captured in the **VAT Annexures** based on the selection made from the:*

- ❑ **List of Tariff Classifications** (on enabling Excise and VAT) of **Tariff/VAT Commodity** screen
- ❑ **List of VAT Commodities** of **VAT Commodity** screen

The HSN code will not be captured in the Annexures.

Step 2:

Let us now enter the purchase transaction in Tally.ERP 9

To create Purchase Voucher,

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

In **F12: Purchase Invoice Configuration**, set **Use Common Ledger A/c for Item Allocation** to **No**

1. Select **As Invoice** mode (use key combination **Ctrl+V** if the screen is displayed in voucher mode. The invoice mode will be displayed)
2. Enter the **Supplier Invoice number** and **Date**
3. Select **Excel Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
4. In the **Party Details** screen, enter/modify the required details
5. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**
6. Enter the **Quantity** as **9** and **Rate** as **20,000**. The value is automatically displayed in the **Amount** field
7. In the **Accounting Details** screen, select **Purchases @ 1%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 1%**
8. Select the next stock item as **G I Pipes**. Enter the **Quantity** as **160** and **Rate** as **150**
9. In the **Accounting Details** screen, select **Purchases @ 2%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 2%**
10. Select the next stock item as **Insulators**. Enter the **Quantity** as **150** and **Rate** as **320**
11. In the **Accounting Details** screen, select **Purchases @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 4%**
12. Select the next stock item as **Silk Fabrics**. Enter the **Quantity** as **10** and **Rate** as **5,000**
13. In the **Accounting Details** screen, select **Purchases @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 4%**
14. Select the next stock item as **Vacuum Cleaner**. Enter the **Quantity** as **8** and **Rate** as **15,000**
15. In the **Accounting Details** screen, select **Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 12.5%**
16. Select **Packing Charges** ledger and enter the amount as **5,000**
17. Select the ledgers **Input VAT @ 1%**, **Input VAT @ 2%**, **Input VAT @ 4%** and **Input VAT @ 12.5%** and the respective values will be automatically calculated



18. Set the field Show Statutory Details to Yes

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 1			1-Apr-2011
Supplier Invoice No. : 01	Date : 1-Apr-2011			Friday
Party's A/c Name : Excel Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	9 Nos	20,000.00 Nos	1,80,000.00	
G I Pipes	160 Nos	150.00 Nos	24,000.00	
Insulators	150 Nos	320.00 Nos	48,000.00	
Silk Fabrics	10 Nos	5,000.00 Nos	50,000.00	
Vacuum Cleaners	8 Nos	15,000.00 Nos	1,20,000.00	
			<hr/> 4,22,000.00	
Packing Charges			5,000.00	
Input VAT @ 1%		1 %	1,801.34	
Input VAT @ 2%		2 %	527.48	
Input VAT @ 4%		4 %	4,014.96	
Input VAT @ 12.5%		12.50 %	15,014.84	
Show Statutory Details ? Yes				
Narration:				
			337 Nos	<hr/> 4,48,358.62 <hr/>

Figure 2.11 Purchase Invoice – Show Statutory Details

19. Press **Enter** to view the **Statutory Details** screen

Statutory Details		National Traders		Ctrl + M	
Purchase Supplier Invoice No		Statutory Details		1-Apr-2011 Friday	
Party's A/c Name		Particulars		VAT	
Current Balance		Assessable Value		4,27,000.00	
Name of Item				Amount	
Gold Jewellery		Gold Jewellery			
Item Value		1,80,133.53		1,80,000.00	
Packing Charges		133.53		133.53	
G I Pipes		G I Pipes			
Item Value		26,373.89		24,000.00	
Packing Charges		2,000.00		2,373.89	
Insulators		Insulators			
Item Value		50,225.52		50,000.00	
Packing Charges		2,225.52		2,225.52	
Silk Fabrics		Silk Fabrics			
Item Value		50,148.37		50,000.00	
Packing Charges		148.37		148.37	
Vacuum Cleaners		Vacuum Cleaners			
Item Value		1,20,118.69		1,20,000.00	
Packing Charges		118.69		118.69	
VAT Amount				21,358.62	
Input VAT @ 1%				1,801.34	
Gold Jewellery @ 1% On		1,80,133.53		1,801.34	
Input VAT @ 2%				527.48	
G I Pipes @ 2% On		26,373.89		527.48	
Input VAT @ 4%				4,014.96	
Insulators @ 4% On		50,225.52		2,009.02	
Silk Fabrics @ 4% On		50,148.37		2,005.93	
Total				4,48,358.62	
				3 more ...	

Figure 2.12 Purchase Invoice – Statutory Details screen

20. Accept the **Statutory Details** screen
21. Accept the default Bill allocations in the **Bill-wise Details** screen
22. Enter the **Narration** if required
23. Accept the Purchase Invoice.



*In a transaction where **Cash Ledger** is selected in the **Party's A/c Name** field, the required party ledger can be selected in the **Supplementary Details** screen by using the **Alt+M: Party List** button. On selecting the party ledger, the **Address** and the **TIN/Sales Tax Number** will be captured from the ledger master and displayed. The **TIN** and **address** will be displayed in **Annexure I and II**.*

2.1.2 Purchase Returns

In cases where the purchasing dealer has returned the goods to the seller for any reason, the input tax credit already claimed on the purchase by the dealer shall be liable to reversal of tax credit on such goods returned, in the manner as may be prescribed.

Example 2:

On 4-4-2011, M/s National Traders returned 10 damaged insulators worth ₹ 320 each to Excel Traders against the purchase dated 1-4-2011 vide invoice number 01.

Step 1:

Let us record the transaction in Tally.ERP 9

To create a debit note for purchase returns,

In **F11: Features > F1: Accounting Features**, enable the following options:

- Use Debit/Credit Notes
- Use Invoice mode for Debit Notes

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F9: Debit Note**

In **F12: Debit Note Configuration**, set **Use Common Ledger A/c for Item Allocation** to **Yes**

1. Press the toggle key **Ctrl+V** to select the option **As Invoice**.
2. Enter the reference number in the **Ref.** field.
3. Select the **Purchase Returns Or Rejected** flag from list of **VAT Adjustments** in the field **Used For**
4. Select **Excel Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
5. In the **Party Details** screen, enter/modify the required details
6. Select **Purchases @ 4%** ledger from the List of Ledger Accounts.
7. On selecting the **Purchases @ 4%** Ledger, the VAT/Tax Class appears as **Purchases @ 4%**
8. Select the **Name of Item** as **Insulators** from the **List of Items**. Enter the **Quantity** as **10**, the **Rate** and **Amount** will be displayed automatically
9. Select **Input VAT @ 4%** and the value will be automatically calculated and displayed
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default **Bill allocations** in the **Bill-wise Details** screen

12. Enter the **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Debit Note No. 1				4-Apr-2011 Monday
Ref : 01		Used for: Purchase Returns Or Rejected		
Party's A/c Name : Excel Traders Current Balance : 4,48,358.62 Cr Purchase Ledger : Purchases @ 4% VAT/Tax Class : Purchases @ 4%				
Name of Item	Quantity	Rate per	Amount	
Insulators	10 Nos	320.00 Nos	3,200.00	
Input VAT @ 4%		4 %	128.00	
Show Statutory Details ? No Narration:				<input type="text" value="10 Nos"/>
				<input type="button" value="Accept ?"/>
				<input type="text" value="Yes or No"/>

Figure 2.13 Debit Note – Purchase Returns

13. Press **Y** or **Enter** to accept the voucher.

2.1.3 Sale of Taxable Goods

Example 3:

On 5-4-2011, National Traders sold the following items to Marvel Traders vide invoice number S01:

Item Description	Quantity (in Nos)	Rate	Amount	VAT	Commodity Code
Gold Jewellery	4	22,500	90,000	1%	102
GI Pipes	70	400	28,000	2%	2100
Insulators	65	500	32,500	4%	2069
Vacuum Cleaner	5	17,500	1,40,000	12.5%	329

An amount of ₹ 10,000 was charged as packing charges which was included in the invoice.

Step 1:

Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Sales Ledger

To create a sales Ledger

Go to **Gateway of Tally > Accounts Info > Ledgers > Create**

1. Enter the **Name** as **Sales @ 1%**
2. Select **Sales Accounts** as the account group in the **Under** field
3. Set **Inventory values are affected** to **Yes**
4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub-screen

Ledger Creation		National
Name	: Sales @ 1%	Total Op. Bal.
(alias)	:	
Under	: Sales Accounts	
Inventory values are affected	? Yes	
<u>Statutory Information</u>		
Used In VAT Returns	? Yes	
Use for Assessable Value Calculation	? No	
Opening Balance (on 1-Apr-2011) :		

Figure 2.14 Sales Ledger – Used In VAT Returns

5. Select **Sales @ 1%** as the **VAT/Tax Class** from the list of VAT/Tax Class

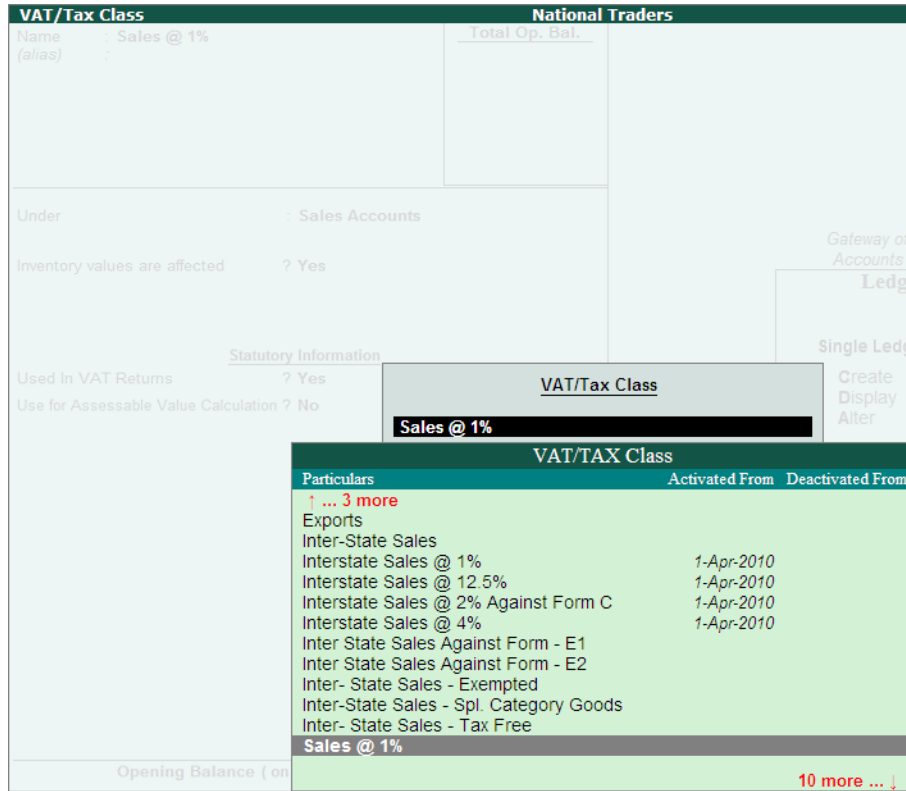


Figure 2.15 Sales Ledger – VAT/Tax Class Selection

6. Press **Enter** to return to the Sales @ 1% ledger creation screen
7. Set the option **Use for Assessable Value Calculation** to **No**
8. Press **Y** or **Enter** to accept and save.

Similarly, create the following purchase ledgers:

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Sales @ 2%	Sales Accounts	Yes	Yes	Sales @ 2%	No
Sales @ 4%	Sales Accounts	Yes	Yes	Sales @ 4%	No
Sales @ 12.5%	Sales Accounts	Yes	Yes	Sales @ 12.5%	No

ii. Output VAT on Sales Ledger

To create an Output VAT ledger,

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**

1. Enter the **Name** as **Output VAT @ 1%**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **VAT** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select the **VAT Sub Type** as **Output VAT**
5. Select **Output VAT @ 1%** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed

Ledger Creation		National Traders	
Name (alias)	: Output VAT @ 1%	Total Op. Bal.	
Under	: Duties & Taxes (Current Liabilities)		
Type of Duty/Tax	: VAT		
VAT Sub Type	: Output VAT		
VAT/Tax Class	: Output VAT @ 1%		
Inventory value		VAT/TAX Class	
Percentage of		Particulars	Activated From Deactivated From
Method of C			
Rounding Met			
		↓ Not Applicable	
		Output VAT @ 1%	
		Output VAT @ 12.5%	
		Output VAT @ 2%	
		Output VAT @ 4%	
		Output VAT - Works Contract @ 12.5%	1-Apr-2010
		Output VAT - Works Contract @ 4%	1-Apr-2009

Figure 2.16 Output VAT – VAT/Tax Class Selection

6. The option **Inventory values are affected** is set to **No** by default
7. The **Percentage of Calculation** and **Method of Calculation** will be displayed based on the VAT/Tax Class selected
8. Select the required **Rounding Method** from the list displayed
9. Accept to save the output VAT Ledger.

Similarly, create the following output VAT ledgers:

Name	Under Group	Type of Duty/ Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Output VAT @ 2%	Duties & Taxes	VAT	Output VAT	Output VAT @ 2%	No	2%	On VAT Rate
Output VAT @ 4%	Duties & Taxes	VAT	Output VAT	Output VAT @ 4%	No	4%	On VAT Rate
Output VAT @ 12.5%	Duties & Taxes	VAT	Output VAT	Output VAT @ 12.5%	No	12.5%	On VAT Rate

iii. Creating Tax Invoice

To create a Tax Invoice,

Go to **Gateway of Tally > Account Info. > Vouher Types > Create**

1. Enter the **Name** as **Tax Invoice**.
2. Select **Type of Voucher** as **Sales** and enter the **Abbreviation** for it as per requirement.
3. Set **Is Tax Invoice** to **Yes**.
4. Retain the other default fields.
5. Accept the Tax Invoice Voucher Type.

iv. Creating a Sundry Debtor Ledger

To create a Sundry Debtor (Customer) ledger,

Go to **Gateway of Tally > Accounts Info. > Ledger > Create**

Click on **F12: Configure** button and set the field **Use ADDRESSES for Ledger Accounts** to **Yes**.

In the Ledger creation screen,

1. Enter the **Name** as **Marvel Traders**
2. Select **Sundry Debtors** in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes** and enter the **Default Credit Period** if any
4. In the **Mailing Details** section
 - The **Name** will be displayed as **Marvel Traders**
 - Enter the **Address** details
 - Select the **State** as **Tamil Nadu** and enter the **PIN Code**

5. In the **Tax Information** section enter the **PAN number** and enable **Set/Alter VAT Details**

Ledger Creation		National Traders		Total Op. Bal.
Name	: Marvel Traders			
(alias)	:			
Under		Mailing Details		
	: Sundry Debtors	Name	: Marvel Traders	
	(Current Assets)	Address	: 14, 2nd Cross	
Maintain balances bill-by-bill	? Yes		Ashok Nagar	
Default Credit Period	:		Chennai	
Inventory values are affected	? No	State	: Tamil Nadu	
		PIN Code	: 600025	
		Tax Information		
		PAN / IT No.	: TAEFG8934B	
		Set/Alter VAT Details	? Yes	
Opening Balance (on 1-Apr-2011) :				

Figure 2.17 Sundry Debtor – Marvel Traders

6. Enter the **TIN/Sales Tax Number**

VAT Details	
TIN/Sales Tax No.	: 33259874547
CST No.	: 33259874547

Figure 2.18 Marvel Traders – VAT Details

- Accept the **VAT Details** screen
- Accept the Sundry Debtor ledger.

Step 2:

Let us enter the transaction in Tally.ERP 9. To create a tax invoice,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales > Select Tax Invoice** as the **Voucher Type**

- Enter the reference in the **Ref.** field, if required.
- Select **Marvel Traders** in the **Party's A/c Name** field from the List of Ledger Accounts.

3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**
5. Enter the **Quantity** as **4** and **Rate** as **22,500**. The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Sales @ 1%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Sales @ 1%**
7. Select the next stock item as **G I Pipes**. Enter the **Quantity** as **70** and **Rate** as **400**
8. In the **Accounting Details** screen, select **Sales @ 2%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Sales @ 2%**
9. Select the next stock item as **Insulators**. Enter the **Quantity** as **65** and **Rate** as **500**
10. In the **Accounting Details** screen, select **Sales @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Sales @ 4%**
11. Select the next stock item as **Vacuum Cleaner**. Enter the **Quantity** as **8** and **Rate** as **17,500**
12. In the **Accounting Details** screen, select **Sales @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Sales @ 12.5%**
13. Select **Packing Charges** ledger and enter the amount as **10,000**
14. Select the ledgers **Output VAT @ 1%**, **Output VAT @ 2%**, **Output VAT @ 4%** and **Output VAT @ 12.5%** and the respective values will be automatically calculated and displayed
15. Set the field **Show Statutory Details** as **Yes**

Accounting Voucher Creation		National Traders		Ctrl + M
Tax Invoice No. 1				5-Apr-2011
Ref : S01				Tuesday
Party's A/c Name : Marvel Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	4 Nos	22,500.00 Nos	90,000.00	
G I Pipes	70 Nos	400.00 Nos	28,000.00	
Insulators	65 Nos	500.00 Nos	32,500.00	
Vacuum Cleaners	5 Nos	17,500.00 Nos	87,500.00	
			<hr/> 2,38,000.00	
Packing Charges			10,000.00	
Output VAT @ 1%		1 %	902.78	
Output VAT @ 2%		2 %	657.22	
Output VAT @ 4%		4 %	1,480.56	
Output VAT @ 12.5%		12.50 %	10,980.90	
Show Statutory Details ? Yes				
Narration:				
			<hr/> 144 Nos	
			<hr/> 2,62,021.46	

Figure 2.19 Sales Invoice – Show Statutory Details Field

16. In the **Statutory Details** click on **Alt+F1: Detailed** mode and the screen displays as shown:

Statutory Details		National Traders		Ctrl + M	
Tax Invoice Ref : S01		Statutory Details		5-Apr-2011 Tuesday	
Particulars			VAT		
Assessable Value			2,48,000.00		
Name of Item					Amount
	Gold Jewellery			90,277.78	
	Item Value			90,000.00	
Gold Jewellery	Packing Charges			277.78	90,000.00
	G I Pipes			32,861.11	28,000.00
	Item Value			28,000.00	
Insulators	Packing Charges			4,861.11	32,500.00
	Insulators			37,013.89	87,500.00
	Item Value			32,500.00	2,38,000.00
	Packing Charges			4,513.89	
	Vacuum Cleaners			87,847.22	10,000.00
	Item Value			87,500.00	902.78
	Packing Charges			347.22	657.22
	Output VAT @ 1%				1,480.56
	Gold Jewellery @ 1% On			902.78	10,980.90
	Output VAT @ 2%				
	G I Pipes @ 2% On			657.22	
	Output VAT @ 4%				
	Insulators @ 4% On			1,480.56	
	Output VAT @ 12.5%				
	Vacuum Cleaners @ 12.50% On			10,980.90	
VAT Amount				14,021.46	
Output VAT @ 1%			1%	902.78	
Output VAT @ 2%			2%	657.22	
Output VAT @ 4%			4%	1,480.56	
Output VAT @ 12.5%			12.50%	10,980.90	
Show Statutory Details Narration:					2,62,021.46

Figure 2.20 Sales Invoice – Statutory Details screen

17. Accept the **Statutory Details** screen
18. Accept the default Bill allocations in the **Bill-wise Details** screen
19. Enter the **Narration** if required and accept the sales invoice.
20. Press **Pg Up** key to view the sales invoice in alteration mode
21. Press **F11: Features > F1: Accounting Features** and set **Enable Company Logo** to **Yes**. In the **CMP CompanyLogo Path** screen, enter the path of the company logo in Location of Logo field with the name of the image and file extension, for e.g., **C:\Tally.ERP9\Logo.jpg**
22. Accept the **F1: Accounting Features** and press **Alt+P** to print the invoice.
23. Click **F12: Configure**. In the **Invoice Print Configuration**, set the options as given below:
 - ❑ **Print Company Logo** to **Yes** to print the company logo in the tax invoice. The **Location of Logo** field will display the logo path entered in the F1: Accounting Features screen so accept the same.
 - ❑ **Print VAT/CST Analysis of Items** to **Yes** to display the VAT Amount charged in words.
 - ❑ **Print VAT/CST % Column** to **Yes** to display the percentage-wise breakup of VAT rate and amount columns along with Assessable value
 - ❑ **Print Base Currency Symbol for Total** to **Yes** to display the ₹ symbol before the total amount.
24. The remaining fields can be configured as per requirement.

The print preview of the taxable sales invoice displays as shown:

TAX INVOICE																																	
National Traders 56, Anna Building G.S.T Road, Guindy Chennai E-Mail : sales@nationaltraders.com		Invoice No.	Dated																														
		Delivery Note	Mode/Terms of Payment																														
		Supplier's Ref.	Other Reference(s)																														
Buyer Marvel Traders 14, 2nd Cross Ashok Nagar Chennai		Buyer's Order No.	Dated																														
		Despatch Document No.	Dated																														
		Despatched through	Destination																														
		Terms of Delivery																															
		1	4 Nos	22,500.00	Nos	90,000.00																											
		2	70 Nos	400.00	Nos	28,000.00																											
		3	65 Nos	500.00	Nos	32,500.00																											
		4	5 Nos	17,500.00	Nos	87,500.00																											
						2,38,000.00																											
						10,000.00																											
					1%	902.78																											
					2%	657.22																											
					4%	1,480.56																											
					12.50%	10,980.90																											
Total			144 Nos			₹ 2,62,021.46																											
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Amount Chargeable (in words)</td> <td style="width: 10%; text-align: center;">E & O E</td> <td style="width: 30%;"></td> </tr> <tr> <td>INR Two Lakh Sixty Two Thousand Twenty One and Forty Six paise Only</td> <td style="text-align: center;">VAT %</td> <td style="text-align: center;">Assesable Value</td> </tr> <tr> <td></td> <td style="text-align: center;">1 %</td> <td style="text-align: right;">90,277.78</td> </tr> <tr> <td></td> <td style="text-align: center;">2 %</td> <td style="text-align: right;">32,861.11</td> </tr> <tr> <td></td> <td style="text-align: center;">4 %</td> <td style="text-align: right;">37,013.89</td> </tr> <tr> <td></td> <td style="text-align: center;">12.50 %</td> <td style="text-align: right;">87,847.22</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">2,48,000.00</td> </tr> <tr> <td>VAT Amount (in words)</td> <td></td> <td style="text-align: right;">14,021.46</td> </tr> <tr> <td>INR Fourteen Thousand Twenty One and Forty Six paise Only (₹ 14,021.46)</td> <td></td> <td></td> </tr> </table>							Amount Chargeable (in words)	E & O E		INR Two Lakh Sixty Two Thousand Twenty One and Forty Six paise Only	VAT %	Assesable Value		1 %	90,277.78		2 %	32,861.11		4 %	37,013.89		12.50 %	87,847.22		Total	2,48,000.00	VAT Amount (in words)		14,021.46	INR Fourteen Thousand Twenty One and Forty Six paise Only (₹ 14,021.46)		
Amount Chargeable (in words)	E & O E																																
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	Total	2,48,000.00																															
VAT Amount (in words)		14,021.46																															
INR Fourteen Thousand Twenty One and Forty Six paise Only (₹ 14,021.46)																																	
Company's VAT TIN : 33256988745 Company's CST No. : 33256988745 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547		Declaration for National Traders We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct. Authorised Signatory																															
This is a Computer Generated Invoice																																	

Figure 2.21 Print Preview of Sales Invoice



For printing the Company logo ensure that the logo size is of **96 x 80 pixels**. If it is not of this dimension, open the logo in **MS Paint** application, click on **Home > Resize**. In the resize window, select pixels, uncheck **Maintain Aspect Ratio** and enter the pixels for **Horizontal** as **96** and **Vertical** as **80**. Click on **OK** to accept. Copy the resized logo in the Logo file path and then print the invoice.

2.1.4 MRP Based Sales

Example 4:

On 6-4-2011, National Traders sold 66 nos of G I Pipes (priced at ₹ 400) to Marvel Traders vide invoice number S02 for MRP rate of ₹ 350.

Step 1:

Let us modify the required Masters to record the above transaction.

Stock Item - G I Pipes

Go to **Gateway of Tally > Inventory Info. > Stock Items > Alter > G I Pipes**

Press **F12: Configure** and set **Calculate VAT on MRP/Marginal** to **Yes**. Accept the **F12: Stock Item Configuration** and stock item alteration screen.

Step 2:

Let us enter the transaction in Tally.ERP 9. To create a tax invoice,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales > Select Tax Invoice** as the **Voucher Type**

In **F12: Sales Invoice Configuration**, set **Use Common Ledger A/c for Item Allocation** to **Yes**

1. Enter the reference in the **Ref.** field, if required.
2. Select **Marvel Traders** in the **Party's A/c Name** field from the List of Ledger Accounts.
3. Enter the **Despatch Details** in the **Party Details** screen.
4. Select **Sales @ 2%** ledger from the List of Ledger Accounts.
5. On selecting the **Sales @ 2%** Ledger, the VAT/Tax Class appears as **Sales @ 2%**
6. Select the **Name of Item** as **G I Pipes** from the **List of Items**. Enter the **Quantity** as **66**, the **Rate** appears as **400** and **Amount** will be displayed automatically.
7. In **MRP/Marginal** field, enter ₹ **350**.
8. Select **Output VAT @ 2%** and the value will be automatically calculated based on MRP rate ($66 * 35 = 23,100 * 2/100 = 462$).
9. The field **Show Statutory Details** will be set to **No**
10. Accept the default **Bill allocations** in the **Bill-wise Details** screen

11. Enter the **Narration** if required.

Accounting Voucher Creation		National Traders		Ctrl + M
Tax Invoice No. 2				5-Apr-2011
Ref : S02				Tuesday
Party's A/c Name : Marvel Traders				
Current Balance : 2,62,021.46 Dr				
Sales Ledger : Sales @ 2%				
VAT/Tax Class : Sales @ 2%				
Name of Item	Quantity	Rate per	Amount	
G I Pipes <i>MRP / Marginal: 350.00/Nos</i>	66 Nos	400.00 Nos	26,400.00	
Output VAT @ 2%		2 %	462.00	
Show Statutory Details ? No				
Narration:				
				66 Nos
				Accept ?
				Yes or No

Figure 2.22 Sales – MRP Based

12. Press **Y** or **Enter** to accept the voucher.

While printing the invoice press **F12: Configure** and set **Print MRP/Marginal Column** to **Yes**. The **MRP rate** entered in the invoice will be printed.

2.1.5 Sale on Item Rate with Display of MRP In Invoice

Example 5:

On 6-4-2011, National Traders sold 65 nos of G I Pipes at ₹ 500/nos to Marvel Traders vide invoice number S03 by showing the MRP rate of ₹ 450 in the invoice.

Step 1:

Let us modify the required Masters to record the above transaction.

Stock Item - Insulators

Go to **Gateway of Tally > Inventory Info. > Stock Items > Alter > G I Pipes**

Press **F12: Configure** and set **Calculate VAT on MRP/Marginal** to **Yes**. Set **Use MRP to Print** to **Yes**.

The stock item displays as shown:

Stock Item Alteration		National Traders	
Name : Insulators (alias) :			
Under : Primary	<u>Tax Information</u>		
Units : Nos	Tariff Classification : Not Applicable		
	Rate of Duty (eg 5) : 0		
	<u>VAT Details</u>		
	Commodity : Insulators		
	Rate of VAT (%) : 4		
	MRP / Marginal : 0		
	Use MRP to print : Yes ←		
Opening Balance :	Quantity	Rate per	Value
			Accept ?
			Yes or No

Figure 2.23 Stock Item – Use MRP to Print

Press **Y** or **Enter** to accept and save.

Step 2:

Let us enter the transaction in Tally.ERP 9. To create a tax invoice,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales > Select Tax Invoice** as the **Voucher Type**

In **F12: Sales Invoice Configuration**, set **Use Common Ledger A/c for Item Allocation** to **Yes**

1. Enter the reference in the **Ref.** field, if required.
2. Select **Marvel Traders** in the **Party's A/c Name** field from the List of Ledger Accounts.
3. Enter the **Despatch Details** in the **Party Details** screen.
4. Select **Sales @ 4%** ledger from the List of Ledger Accounts.
5. On selecting the **Sales @ 4%** Ledger, the VAT/Tax Class appears as **Sales @ 4%**
6. Select the **Name of Item** as **Insulators** from the **List of Items**. Enter the **Quantity** as **65**, the **Rate** appears as **500** and **Amount** will be displayed automatically.
7. In **MRP/Marginal** field, enter ₹ **450**.
8. Select **Output VAT @ 4%** and the value will be automatically calculated based on item rate and not the MRP rate ($32,500 * 4/100 = 1,300$).
9. The field **Show Statutory Details** will be set to **No**
10. Accept the default **Bill allocations** in the **Bill-wise Details** screen



11. Enter the **Narration** if required.

Accounting Voucher Creation		National Traders		Ctrl + M
Tax Invoice No. 3				6-Apr-2011
Ref : S03				Wednesday
Party's A/c Name : Marvel Traders				
Current Balance : 2,88,883.46 Dr				
Sales Ledger : Sales @ 4%				
VAT/Tax Class : Sales @ 4%				
Name of Item	Quantity	Rate per	Amount	
Insulators <i>MRP / Marginal: 450.00/Nos</i>	65 Nos	500.00 Nos	32,500.00	
Output VAT @ 4%		4 %	1,300.00	
Show Statutory Details ? No				
Narration:		65 Nos		Accept ? Yes or No

Figure 2.24 MRP Based Sales – Completed

12. Press **Y** or **Enter** to accept the voucher.

In the **F12: Configure** of Voucher printing screen, set **Print MRP/Marginal Column** to **Yes**.



The print preview of tax invoice with output VAT calculated on Item rate with display of MRP rate appears as shown:

TAX INVOICE							
National Traders 56, Anna Building G.S.T Road, Guindy Chennai E-Mail : sales@nationaltraders.com		Invoice No. 3		Dated 6-Apr-2011			
		Delivery Note DN/38		Mode/Terms of Payment			
		Supplier's Ref. S03		Other Reference(s)			
Buyer Marvel Traders 14, 2nd Cross Ashok Nagar Chennai		Buyer's Order No. S/03		Dated 5-Apr-2011			
		Despatch Document No. DDN/1236		Dated 6-Apr-2011			
		Despatched through LR Transports		Destination Ashok Nagar			
		Terms of Delivery					
Sl No.	Description of Goods	MRP/Marginal	VAT %	Quantity	Rate	per	Amount
1	Insulators	450.00/Nos	4	65 Nos	500.00	Nos	32,500.00
	Output VAT @ 4%					4 %	1,300.00
Total				65 Nos			₹ 33,800.00
Amount Chargeable (in words) E & O/E INR Thirty Three Thousand Eight Hundred Only VAT % Assessable Value VAT Amount VAT Amount (in words) 4 % 32,500.00 1,300.00 INR One Thousand Three Hundred Only (₹ 1,300.00)							
Company's VAT TIN : 33256988745 Company's CST No. : 33256988745 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547		Declaration for National Traders We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct. Authorized Signatory					
This is a Computer Generated Invoice							

Figure 2.25 Tax Invoice - Output VAT Calculation on Item Rate with Display of MRP

2.1.6 Sales Returns

Where a selling dealer has received back the goods as a result of sales return or unfructified sale, the output tax paid or payable thereon will be reduced, adjusted or refunded in the manner as may be prescribed.

Example 6:

On 6-4-2011, M/s National Traders received 15 nos of G I Pipes returned by Marvel Traders against the sales dated 5-4-2011 vide invoice number S01.

Step 1:

Let us record the transaction in Tally.ERP 9

To create a credit note for sales returns,

In **F11: Features > F1: Accounting Features**, enable the option **Use Invoice mode for Credit Notes**

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F8: Credit Note**

1. Press the toggle key **Ctrl+V** to select the option **As Invoice**.
2. Enter the reference number in the **Ref.** field.
3. Select the **Goods Sold Returned** flag from list of **VAT Adjustments** in the field **Used For**
4. Select **Marvel Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
5. In the **Party Details** screen, enter/modify the required details
6. Select **Sales @ 2%** ledger from the List of Ledger Accounts.
7. On selecting the **Sales @ 2%** Ledger, the VAT/Tax Class appears as **Sales @ 2%**
8. Select the **Name of Item** as **G I Pipes** from the **List of Items** (In the stock item master, press F12; Configure and set Calculate VAT on MRP/Marginal to No). Enter the **Quantity** as **15**, the **Rate** and **Amount** will be displayed automatically
9. Select **Output VAT @ 2%** and the value will be automatically calculated and displayed
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default **Bill allocations** in the **Bill-wise Details** screen

12. Enter the **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Credit Note No. 1				6-Apr-2011
Ref. : S01		Used for: Goods Sold Returned		Wednesday
Party's A/c Name : Marvel Traders Current Balance : 3,22,683.46 Dr Sales Ledger : Sales @ 2% VAT/Tax Class : Sales @ 2%				
Name of Item	Quantity	Rate per	Amount	
G I Pipes	15 Nos	400.00 Nos	6,000.00	
Output VAT @ 2%		2 %	120.00	
Show Statutory Details ? No Narration:				
			15 Nos	<input type="button" value="Accept ?"/> <input type="button" value="Yes or No"/>

Figure 2.26 Credit Note – Sales Returns

13. Press **Y** or **Enter** to accept the voucher.

2.2 Purchase and Sale of Exempt Goods

Exempted Sales refers to the sale of goods which are exempted from VAT by notification, from time to time.

2.2.1 Exempted Purchases

Example 7:

On 3-4-2011, National Traders purchased 200 nos of the periodical – The IT Journal for ₹ 150 each from M/s. Swasthik Associates, Chennai vide invoice number 02.

Step 1:

Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Purchases – Exempt Ledger

Go to **Gateway of Tally > Accounts Info > Ledgers > Create**

Create the Purchases – Exempt Ledger with the following details:

Name	Under	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases – Exempt	Purchases Accounts	Yes	Yes	Purchases – Exempt	No

ii. Creating a Sundry Creditor Ledger

Create the sundry creditor ledger – **Swasthik Associates** by following the steps given in Example 1.

iii. VAT Commodity

Create the VAT Commodity with the details given in the following table:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Periodicals	VAT	711	Fourth Schedule – Part B	11

iv. Stock Item – The IT Journal

Create the stock item with the details as given in the following table:

Name	Under	Units	VAT Details	
			Commodity	Rate of VAT
The IT Journal	Primary	Nos	Periodicals	0%

Step 2:

Let us record the transaction in Tally.ERP 9

To create a purchase exempt voucher,

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

In the **F12: Purchase Invoice Configuration**, set the option **Use Common Ledger A/c for Item Allocation** to **Yes**

1. Enter the **Supplier Invoice number** and **Date**
2. Select the **Party's A/c Name** as **Swasthik Associates** from the List of Ledger Accounts.

3. Select **Purchases – Exempt** ledger from the List of Ledger Accounts.
4. On selecting the **Purchase – Exempt** Ledger, the VAT/Tax Class appears as **Purchases – Exempt** automatically
5. Select the **Name of Item** as **The IT Journal** from the **List of Items**
6. Enter the **Quantity** as **200** and **Rate** as **150**. The amount is automatically displayed in the **Amount** field
7. The field **Show Statutory Details** will be set to **No**
8. Accept the default **Bill allocations** in the **Bill-wise Details** screen
9. Enter the **Narration** if required
10. The completed **Purchases Voucher** screen is displayed as shown:

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 2			2-Apr-2011
Supplier Invoice No. : 02		Date : 2-Apr-2011		Saturday
Party's A/c Name : Swasthik Associates				
Current Balance :				
Purchase Ledger : Purchases - Exempt				
VAT/Tax Class : Purchases - Exempt				
Name of Item	Quantity	Rate per	Amount	
The IT Journal	200 Nos	150.00 Nos	30,000.00	
↓ End of List				
Show Statutory Details ? No				
Narration:				
Purchase of exempt commodity accounted for.				200 Nos
				Accept ?
				Yes or No

Figure 2.27 Purchase – Exempt Invoice

11. Press **Y** or **Enter** to accept.

2.2.2 Exempted Sales

Example 8:

On 7-4-2011, National Traders sold 180 nos of The IT Journal for ₹ 200 to Supreme Book Stores, Chennai vide invoice number SN01.

Step 1:

Let us create the necessary masters to record the above transaction.

Creating Ledgers

i. Sales – Exempt

To create a Sales – Exempt Ledger

Go to **Gateway of Tally > Accounts Info > Ledgers > Create**

Create the Sales – Exempt Ledger with the following details:

Name	Under	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Sales – Exempt	Sales Accounts	Yes	Yes	Sales – Exempt	No

ii. Sundry Debtor Ledger

Create the sundry debtor ledger - Supreme Book Stores by following the steps given in Example 3.

Step 2:

Let us record the transaction in Tally.ERP 9

1. Enter the reference number in the **Ref** field
2. Select the **Party's A/c Name** as **Supreme Books Store** from the List of Ledger Accounts.
3. Select **Sales – Exempt** ledger from the List of Ledger Accounts.
4. On selecting the **Sales – Exempt** Ledger, the VAT/Tax Class appears as **Sales – Exempt** automatically
5. Select the **Name of Item** as **The IT Journal** from the **List of Items**
6. Enter the **Quantity** as **180** and **Rate** as **200**. The amount is automatically displayed in the **Amount** field
7. The field **Show Statutory Details** will be set to **No**
8. Accept the default bill allocations in the **Bill-wise Details** screen
9. Enter the **Narration** if required

10. The completed **Sales Voucher** screen is displayed as shown:

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 1				7-Apr-2011
Ref. : SN01				Thursday
Party's A/c Name : Supreme Book Stores				
Current Balance :				
Sales Ledger : Sales - Exempt				
VAT/Tax Class : Sales - Exempt				
Name of Item	Quantity	Rate per	Amount	
The IT Journal	180 Nos	200.00 Nos	36,000.00	
↓ End of List				
Show Statutory Details ? No				<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>
Narration:				
Being sale of exempt commodity accounted for.				

Figure 2.28 Sales – Exempt Invoice

11. Press **Y** or **Enter** to accept.

2.2.3 Sales Returns

Example 9:

On 8-4-2011, M/s National Traders received 10 nos of The IT Journal sold to Supreme Book Stores on 7-4-2011 vide invoice number SN01.

Step 1:

Let us record the transaction in Tally.ERP 9

To create a credit note for sales returns,

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F8: Credit Note**

1. Enter the reference number in the **Ref.** field.
2. Select the **Goods Sold Returned** flag from list of **VAT Adjustments** in the field **Used For**
3. Select **Supreme Book House** in the **Party's A/c Name** field from the **List of Ledger Accounts**
4. In the **Party Details** screen, enter/modify the required details

5. Select the **Name of Item** as **The IT Journal** from the **List of Items**. Enter the **Quantity** as **10**, the **Rate** and **Amount** will be displayed automatically
6. In the **Accounting Details** screen, select **Sales – Exempt** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Sales – Exempt**
7. The field **Show Statutory Details** will be set to **No**
8. Accept the default **Bill allocations** in the **Bill-wise Details** screen
9. Enter the **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Credit Note No. 2				8-Apr-2011
Ref. : SN01				Friday
<i>Used for: Goods Sold Returned</i>				
Party's A/c Name : Supreme Book Stores				
Current Balance : 36,000.00 Dr				
Sales Ledger : Sales - Exempt				
VAT/Tax Class : Sales - Exempt				
Name of Item	Quantity	Rate per	Amount	
The IT Journal	10 Nos	200.00 Nos	2,000.00	
↓ End of List				
Show Statutory Details ? No				
Narration:				
Being sales returns accounted for.				
				<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>

Figure 2.29 Credit Note – Exempt Sales Returns

10. Press **Y** or **Enter** to accept the voucher.

2.3 Inter-State Purchases and Sales

A registered CST dealer purchases and sells goods outside the state and pays the CST (Central Sales Tax). Generally, the CST paid on purchases from outside the state (i.e., Inter-state Purchases) is neither allowed to set-off against Output VAT (VAT collected on Sales within the state) payable nor against Output CST (CST collected on Inter-state Sales) payable. Thus, the CST paid on Inter-state purchases is treated as part of procurement cost or the cost of purchases. However, in case of Inter-state Sales, 'Input VAT' can be adjusted against 'Output CST' payable during the month.

The assessable value of inter-state purchases and sales turnover, CST paid and collected on the inter-state transactions are captured and reported separately in Annexures and CST Returns.

2.3.1 Inter-State Purchases Against Form C

Example 10:

On 8-4-2011, M/s National Traders purchased 15 nos of Air Conditioners from Sunlite Enterprises, Mumbai for ₹ 25,000 each vide Invoice No. 03, by issuing C Form. CST @ 2% was charged while invoicing.

Step 1:

Let us create the necessary masters to record the above transaction:

i. Inter-State Purchases Ledger

Create the inter-state purchase ledger with the details as given in the following table:

Ledger	Under Group	Inventory Values are affected	Used in VAT Returns	VAT/Tax Class
Interstate Purchases @ 2%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 2% Against Form C

ii. CST on Purchase Ledger

Create the input CST ledger with the details as given in the following table:

Name	Under Group	Type of Duty/Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST-2% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 2% Against Form C	No	2%	On VAT Rate

iii. Sundry Creditor Ledger

Create the sundry creditor ledger – Sunlite Enterprises by following the steps given in Example 1.

iv. VAT Commodity Creation

Create the VAT Commodity with the following details:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Air Conditioners	VAT	304	First Schedule – Part C	3

v. Stock Item – Air Conditioner

Create the stock item with the details as given in the following table:

Name	Under	Units	VAT Details	
			Commodity	Rate of VAT
Air Conditioner	Primary	Nos	Air Conditioners	12.5%

Step 2:

Let us enter the purchase transaction in Tally.ERP 9

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

1. Enter the **Supplier Invoice number** and **Date**
2. Select **Sunlite Enterprises** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select **Interstate Purchases @ 2%** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Interstate Purchase @ 2%** ledger, the VAT/Tax Class appears as **Interstate Purchases @ 2% Against Form C**
6. Select the **Name of Item** as **Air Conditioner** from the **List of Items**
7. Enter the **Quantity** as **15** and **Rate** as **25,000**. The value is automatically displayed in the **Amount** field
8. Select **CST-2% (Purchase)** ledger from the **List of Ledger Accounts** and the rate appears as 2%. The amount of CST will get calculated automatically and will form part of the purchase cost.
9. Select **Form C** as **Form to Issue**. Enter the **Form Series Number**, **Form number** and **Date**
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default Bill Allocation in the **Bill-wise Details** screen

12. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 3			8-Apr-2011
Supplier Invoice No. :	03	Date :	8-Apr-2011	Friday
Party's A/c Name : Sunlite Enterprises				
Current Balance :				
Purchase Ledger : Interstate Purchases @ 2%				
VAT/Tax Class : Interstate Purchases @ 2% Against Form C				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	15 Nos	25,000.00 Nos	3,75,000.00	
CST-2% (Purchase)		2 %	7,500.00	
Form to Issue : C Form Form Series No. : MH5214V Form No. : 587454 Date : 8-Apr-2011				
Show Statutory Details ? No				
Narration:				15 Nos
				Accept ?
				Yes or No

Figure 2.30 Interstate Purchases against Form C

13. Press **Y** or **Enter** to accept and save.

2.3.2 Interstate Purchases at Multiple CST Rates

Example 11:

On 9-4-2011, National Traders purchased the following items from Sunlite Enterprises vide invoice number 04:

Item Description	Quantity (in Nos)	Rate	Amount	CST
Gold Jewellery	2	20,000	40,000	1%
Insulators	30	320	9,600	4%
Vacuum Cleaner	2	15,000	30,000	12.5%

Step 1:

Let us create the required Masters to record the above transaction.

i. Inter-State Purchase Ledgers

Create the Interstate Purchase Ledgers with the following details

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Interstate Purchases @ 1%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 1%	No
Interstate Purchases @ 4%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 4%	No
Interstate Purchases @ 12.5%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 12.5%	No

ii. CST on Purchase Ledgers

Create the CST on Purchase Ledgers with the following details

Name	Under Group	Type of Duty/Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST-1% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 1%	No	1%	On VAT Rate
CST-4% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 4%	No	4%	On VAT Rate
CST-12.5% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 12.5%	No	12.5%	On VAT Rate

iii. Sundry Debtor Ledger

Create the sundry creditor ledger – Universal Enterprises by following the steps given in Example 1.

Step 2:

Let us enter the purchase transaction in Tally.ERP 9

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

1. Enter the **Supplier Invoice number** and **Date**
2. Select **Sunlite Enterprises** in the **Party's A/c Name** field from the **List of Ledger Accounts**

3. In the **Party Details** screen, enter/modify the required details
4. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**
5. Enter the **Quantity** as **2** and **Rate** as **20,000**. The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Interstate Purchases @ 1%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 1%**
7. Select the next stock item as **Insulators**. Enter the **Quantity** as **30** and **Rate** as **320**
8. In the **Accounting Details** screen, select **Interstate Purchases @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 4%**
9. Select the next stock item as **Vacuum Cleaner**. Enter the **Quantity** as **2** and **Rate** as **15,000**
10. In the **Accounting Details** screen, select **Interstate Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 12.5%**
11. Select the ledgers **CST-1%(Purchase)**, **CST-4%(Purchase)** and **CST-12.5%(Purchase)** and the respective values will be automatically calculated
12. The field **Show Statutory Details** to **No**. Retain the same setting.
13. Accept the default Bill allocations in the **Bill-wise Details** screen
14. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 4			9-Apr-2011
Supplier Invoice No. : 04	Date : 9-Apr-2011			Saturday
Party's A/c Name : Universal Enterprises				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	2 Nos	20,000.00 Nos	40,000.00	
Insulators	30 Nos	320.00 Nos	9,600.00	
Vacuum Cleaners	2 Nos	15,000.00 Nos	30,000.00	
			<hr/>	
			79,600.00	
CST-1% (Purchase)		1 %	400.00	
CST-4% (Purchases)		4 %	384.00	
CST-12.5% (Purchase)		12.50 %	3,750.00	
Form to Issue : <input type="checkbox"/> Not Applicable				
Show Statutory Details ? No				
Narration:				
				34 Nos
				Accept ?
				Yes or No

Figure 2.31 Interstate Purchases at Multiple CST Rates

15. Press **Y** or **Enter** to accept and save.

2.3.3 Inter-State Sales Against Form C

Example 12:

On 9-4-2011, M/s National Traders sold 5 Nos. of Air Conditioners to Digilink Traders, Hyderabad for ₹ 28,000 each vide Invoice No. SN03 against Form C. Packing charges amounted to ₹ 4,500. CST @ 2% was charged while invoicing.

Step 1:

Let us create the necessary masters to record the above transaction:

i. Inter-State Sales Ledger

Create the inter-state sales ledger with the details as given in the following table:

Ledger	Under	Inventory Values are affected	Used in VAT Returns	VAT/Tax Class
Interstate Sales @ 2%	Sales Accounts	Yes	Yes	Interstate Sales @ 2% Against Form C

ii. CST @ 2% Ledger

Create the CST @ 2% ledger with the details as given in the following table:

Ledger	Under	Type of Duty / Tax	VAT/Tax Class	Inventory Values are affected	Percentage of calculation	Method of Calculation
CST @ 2%	Duties & Taxes	CST	CST @ 2% Against Form C	No	2%	On VAT Rate

iii. Sundry Debtor Ledger

Create the sundry debtor ledger – Digilink Traders by following the steps given in Example 3.

Step 2:

Let us now enter the sales transaction in Tally.ERP 9

To create an Interstate Sale Voucher,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Enter the reference in the **Ref.** field
2. Select **Digilink Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter the required details
4. Select **Interstate Sales @ 2%** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Interstate Sales @ 2%**, the VAT/Tax Class appears as **Interstate Sales @ 2% Against Form C**

6. Select the **Name of Item** as **Air Conditioner** from the List of Items
7. Enter the **Quantity** as **5** and **Rate** as **28,000**. The amount is automatically displayed in the **Amount** field.
8. Select **Packing Charges** from the **List of Ledger Accounts** and enter the amount as **4,500**
9. Select **CST @ 2%** and the amount is automatically calculated
10. Set the option **Is Declared Goods Sales** to **No**
11. Select **Form C** as **Form to Receive**
12. The **Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the Form Types list
13. Enter the **Form number** and **Date**
14. The field **Show Statutory Details** will be set to **No**
15. Accept the default Bill allocations in the **Bill-wise Details** screen
16. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 2				9-Apr-2011
Ref : S02				Saturday
Party's A/c Name : Digilink Traders				
Current Balance :				
Sales Ledger : Interstate Sales @ 2%				
VAT/Tax Class : Interstate Sales @ 2% Against Form C				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	5 Nos	28,000.00 Nos	1,40,000.00	
Packing Charges			4,500.00	
CST @ 2%		2 %	2,890.00	
Is Declared Goods Sales ? No				
Form to Receive : C Form		Form Series No : AP5143Y	Form No : 214785	Date : 9-Apr-2011
Show Statutory Details ? No				
Narration:		5 Nos		<div style="border: 1px solid black; padding: 5px; text-align: center;"> Accept ? Yes or No </div>
Being inter-state sales accounted for.				

Figure 2.32 Sales Invoice – Sales Against C Form

17. Press **Y** or **Enter** to accept and save.

2.3.4 Inter-State Sales at Multiple CST Rates

Example 13:

On 11-4-2011, National Traders sold the following items to Verona Traders vide invoice number SN03:

Item Description	Quantity (in Nos)	Rate	Amount	CST
Gold Jewellery	2	22,500	45,000	1%
Insulators	30	500	15,000	4%
Vacuum Cleaner	2	17,500	35,000	12.5%

Step 1:

Let us create the required Masters to record the above transaction.

i. Inter-State Sales Ledgers

Create the Interstate Sales Ledgers with the following details

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Interstate Sales @ 1%	Sales Accounts	Yes	Yes	Interstate Sales @ 1%	No
Interstate Sales @ 4%	Sales Accounts	Yes	Yes	Interstate Sales @ 4%	No
Interstate Sales @ 12.5%	Sales Accounts	Yes	Yes	Interstate Sales @ 12.5%	No

ii. CST on Sales Ledgers

Create the CST on Sales Ledgers with the following details

Name	Under Group	Type of Duty/Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST @ 1%	Duties & Taxes	CST	CST @ 1%	No	1%	On VAT Rate
CST @ 4%	Duties & Taxes	CST	CST @ 4%	No	4%	On VAT Rate
CST @ 12.5%	Duties & Taxes	CST	CST @ 12.5%	No	12.5%	On VAT Rate

iii. Sundry Debtor Ledger

Create the sundry debtor ledger – Verona Traders by following the steps given in Example 3.

Step 2:

Let us enter the sales transaction in Tally.ERP 9

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Enter the reference number in the **Ref.** field
2. Select **Digilink Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**
5. Enter the **Quantity** as **2** and **Rate** as **20,000**. The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Interstate Sales @ 1%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 1%**
7. Select the next stock item as **Insulators**. Enter the **Quantity** as **30** and **Rate** as **320**
8. In the **Accounting Details** screen, select **Interstate Sales @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 4%**
9. Select the next stock item as **Vacuum Cleaner**. Enter the **Quantity** as **2** and **Rate** as **15,000**
10. In the **Accounting Details** screen, select **Interstate Sales @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 12.5%**
11. Select the ledgers **CST @ 1**, **CST @ 4%** and **CST @ 12.5%** and the respective values will be automatically calculated
12. Set **Is Declared Goods Sale** to **No**.
13. The field **Show Statutory Details** to **No**. Retain the same setting.
14. Accept the default Bill allocations in the **Bill-wise Details** screen

15. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 3				11-Apr-2011
Ref. : SN03				Monday
Party's A/c Name : Verona Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	2 Nos	22,500.00 Nos	45,000.00	
Insulators	30 Nos	500.00 Nos	15,000.00	
Vacuum Cleaners	2 Nos	17,500.00 Nos	35,000.00	
			<hr/>	
			95,000.00	
CST @ 1%		1 %	450.00	
CST @ 4%		4 %	600.00	
CST @ 12.5%		12.50 %	4,375.00	
Is Declared Goods Sales ? No				
Form to Receive : <input type="checkbox"/> Not Applicable				
Show Statutory Details ? No				
Narration:		34 Nos		<div style="border: 1px solid black; padding: 5px; text-align: center;"> Accept ? Yes or No </div>
Interstate sale of goods at multiple CST rates accounted for.				

Figure 2.33 Inter-State Sales at Multiple CST Rates

16. Press **Y** or **Enter** to accept and save.

2.3.5 Inter-state Sales under Sec. 10

As per TN VAT Act, the sales turnover made by a dealer in the course of inter-state trade or commerce to the government or a registered dealer other than the government, in respect of the following goods, are required to be reported separately in the box provided in the Form – I.

- ❑ Goods intended for re-sale or notified by the Central Government, for use by the dealer in the manufacture or processing of goods for sale or the telecommunications network or in mining or in the generation or distribution of electricity or any other form of power
- ❑ Containers or other materials intended for use in packing of goods for sale

Example 14:

On 11-4-2011, M/s National Traders sold 8 Nos. of Silk Fabrics to Fortune Agencies, Ahmedabad for ₹ 8,000 each vide invoice number SN04.

Step 1:

Let us create the necessary masters to record the above transaction:

i. Inter-State Sales Ledger for Special Category Goods

Create the inter-state sales ledger for special category goods with the details as given in the following table:

Ledger	Under	Inventory Values are affected	Used in VAT Returns	VAT/Tax Class
Interstate Sales – Spl Category	Sales Accounts	Yes	Yes	Inter-State Sales – Spl. Category Goods

ii. Sundry Debtor Ledger

Create the sundry debtor ledger – Fortune Agencies by following the steps given in Example 3.

Step 2:

Let us enter the transaction in Tally.ERP 9

To create an entry for Inter-State Sale of Special Category goods,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Enter the reference in the **Ref.** field
2. Select the **Party's A/c Name** as **Fortune Agencies** from the List of Ledger Accounts
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select **Inter-State Sales – Spl Category** ledger in the **Sales Ledger** field from the List of Ledger Accounts
5. On selecting the **Inter-State Sales – Spl Category**, the VAT/Tax Class appears as **Inter-State Sales–Spl. Category Goods** from the VAT/Tax Class list
6. Select the **Name of Item** as **Silk Fabrics**
7. Enter the **Quantity** as **8** and **Rate** as **8,000**. The value is automatically displayed in the **Amount** field
8. Select **CST @ 2%** ledger and the amount will be automatically displayed
9. Set the option **Is Declared Goods Sales** to **Yes**
10. Set **Forms to Receive** as **Not Applicable**
11. The field **Show Statutory Details** will be set to **No**
12. Accept the default Bill allocations in the **Bill-wise Details** screen

13. Enter the details in the **Narration** field, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 4				11-Apr-2011
Ref : SN04				Monday
Party's A/c Name : Fortune Agencies				
Current Balance :				
Sales Ledger : Interstate Sales - Spl Category				
VAT/Tax Class : Inter-State Sales - Spl. Category Goods				
Name of Item	Quantity	Rate per	Amount	
Silk Fabrics	8 Nos	8,000.00 Nos	64,000.00	
CST @ 2%		2 %	1,280.00	
Is Declared Goods Sales ? Yes				
Form to Receive : Not Applicable				
Show Statutory Details ? No				
Narration:			8 Nos	
Being inter-state sale of special category goods accounted for.			Accept ?	
			Yes or No	

Figure 2.34 Sales Invoice – Sale of Special Category Goods

14. Press **Y** or **Enter** to accept and save.

2.4 Purchase from Un-registered Dealers

Example 15:

On 12-4-2011, M/s National Traders purchased the goods from Gizmo Traders, an unregistered dealer vide invoice number 05, the details of which are as given below:

Item Description	Quantity (in Nos)	Rate	Amount	VAT
Gold Jewellery	2	20,000	40,000	1%
Insulators	5	320	1,600	4%
Vacuum Cleaner	3	15,000	45,000	12.5%

On the same day, M/s National Traders recorded a journal adjustment entry to account for the input tax credit on purchase from URD.

Step 1:

Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Ledgers for Purchases From URDs

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases from URDs @ 1%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 1%	No
Purchases from URDs @ 4%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 4%	No
Purchases from URDs @ 12.5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 12.5%	No

ii. Ledger for Tax Paid on Purchases made from URDs

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Tax Paid on URD Purchases @ 1%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 1%	No
Tax Paid on URD Purchases @ 4%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 4%	No
Tax Paid on URD Purchases @ 12.5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 12.5%	No

iii. Sundry Creditor Ledger

Create the sundry creditor ledger – Gizmo Traders by following the steps given in example 1.

iv. Enabling VAT Adjustments in Journal Voucher Type

To create a VAT Adjustment class for journal vouchers,

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter > Journal**

1. In the **Voucher Type Alteration** screen, enter the **Name of Class** as **VAT Adjustment Class**

Voucher Type Alteration		National Traders	Ctrl + M
Name : Journal			
(alias) :			
<u>General</u>		<u>Printing</u>	<u>Name of Class</u>
Type of Voucher	: Journal	Print after saving Voucher	? No
Abbr.	: Jml		VAT Adjustment Class
Method of Voucher Numbering	? Automatic		
Use Advance Configuration	? No		
Use EFFECTIVE Dates for Vouchers	? No		
Make 'Optional' as default	? No		
Use Common Narration	? Yes		
Narrations for each entry	? No		

Figure 2.35 Journal Voucher Type – Voucher Class

2. Press **Enter** to view the **Voucher Type Class** screen
3. Set **Use Class for VAT Adjustments** to **Yes**

Voucher Type Class		National Traders	Ctrl + M
Name : Jou		Class : VAT Adjustment Class	
(alias) :	Use Class for VAT Adjustments	? Yes	
	Ledger account to use		
	Ledger Name		

Figure 2.36 Voucher Type Class screen

4. Accept the **Voucher Type Class** screen and return to the **Voucher Type Alteration** screen
5. Press **Y** or **Enter** to accept and save.

Step 2:

Let us record the transaction in Tally.ERP 9.

i. Purchase voucher for Taxable Goods purchased from URDs

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

In **F12: Purchase Invoice Configuration** set **Use Common Ledger A/c for Item Allocation** to **No**

1. Enter the **Supplier Invoice number** and **Date**
2. Select the **Party's A/c Name** as **Gizmo Traders** from the **List of Ledger Accounts**
3. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**

4. Enter the **Quantity** as **2** and **Rate** as **20,000**. The amount is automatically displayed in the Amount field.
5. In the **Accounting Details** screen, select **Purchases from URDs @ 1%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 1%**
6. Select the next stock item as **Insulators**. Enter the **Quantity** as **5** and **Rate** as **320**
7. In the **Accounting Details** screen, select **Purchases from URDs @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 4%**
8. Select the next stock item as **Vacuum Cleaner**. Enter the **Quantity** as **3** and **Rate** as **15,000**
9. In the **Accounting Details** screen, select **Purchases from URDs @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 12.5%**
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default Bill allocations in the **Bill-wise Details** screen
12. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase No. 5				12-Apr-2011
Supplier Invoice No. : 05	Date : 12-Apr-2011			Tuesday
Party's A/c Name : Gizmo Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	2 Nos	20,000.00 Nos	40,000.00	
Insulators	5 Nos	320.00 Nos	1,600.00	
Vacuum Cleaners	3 Nos	15,000.00 Nos	45,000.00	
			<hr/>	
			86,600.00	
J End of List				
Show Statutory Details ? No				
Narration:				
Being goods purchased from Unregistered dealer.				
				Accept ?
				Yes or No

Figure 2.37 Purchase Invoice – Purchase from URDs

13. Press **Y** or **Enter** to accept and save.

ii. Journal Adjustment Entry to Account for Tax on Purchase from URDs

Let us record the transaction in Tally.ERP 9.

To create a journal adjustment entry to account for tax on purchase from URDs,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select **Tax on URD Purchase** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Tax Paid on URD Purchases @ 1%**. In the **VAT Class Details** screen, the **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 1%**
3. Enter the amount as **400** (i.e., 40,000*1% VAT) in the debit field
4. Similarly, debit the ledger – **Tax Paid on URD Purchases @ 4%**. In the **VAT Class Details** screen, the **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 4**
5. Enter the amount as **64** (i.e., 1,600*4% VAT)
6. Debit the ledger – **Tax Paid on URD Purchases @ 12.5%**. In the **VAT Class Details** screen, the **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 12.5%**
7. Enter the amount as **5,625** (i.e., 45,000*12.5% VAT)
8. Credit **Output VAT @ 1%** ledger.
9. In the **VAT Class Details** screen, **Output VAT @ 1%** will be displayed in the **VAT/Tax Class** field. Enter the **Assessable value** as 40,000.
10. Select the required commodity. Any number of Commodities can be selected in the **Commodity Name** field and assessable value can be specified for each such that the total tax value matches with the amount debited.
11. Here select the **Commodity** as **Jewellery** with **Assessable Value** of **40,000**. Tax amount will be automatically calculated and displayed.

VAT/Tax Class		Assessable Value
Output VAT @ 1%		40,000.00
CommodityName	AssessableValue	Taxamount
Jewellery	40,000.00	400.00

Figure 2.38 VAT Class Details screen

12. Enter the credit amount as 400
13. Similarly, credit **Output VAT @ 4%** ledger.
14. In the **VAT Class Details** screen, **Output VAT @ 4%** will be displayed in the **VAT/Tax Class** field. Enter the **Assessable value** as 1,600.
15. Select the **Commodity** as **Insulators** with **Assessable Value** of **1,600**. The **Tax amount** will be automatically calculated and displayed
16. Enter the credit amount as 64
17. Credit **Output VAT @ 12.5%** ledger.
18. In the **VAT Class Details** screen, **Output VAT @ 12.5%** will be displayed in the **VAT/Tax Class** field. Enter the **Assessable value** as 45,000.
19. Select the **Commodity** as **Vacuum Cleaners** with **Assessable Value** of **45,000**. The **Tax amount** will be automatically calculated and displayed

20. The credit amount will be automatically displayed

21. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 1	Voucher Class : VAT Adjustment Class		12-Apr-2011 Tuesday
Used for: Tax on URD Purchase				
Particulars		Debit		Credit
Dr Tax Paid on URD Purchases @ 1%		400.00		
<i>Cur Bal: 400.00 Dr</i>				
Dr Tax Paid on URD Purchases @ 4%		64.00		
<i>Cur Bal: 64.00 Dr</i>				
Dr Tax Paid on URD Purchases @ 12.5%		5,625.00		
<i>Cur Bal: 5,625.00 Dr</i>				
Cr Output VAT @ 1%				400.00
<i>Cur Bal: 1,302.78 Cr</i>				
Cr Output VAT @ 4%				64.00
<i>Cur Bal: 2,844.56 Cr</i>				
Cr Output VAT @ 12.5%				5,625.00
<i>Cur Bal: 16,605.90 Cr</i>				
Narration:			6,089.00	6,089.00
Being Purchase tax accounted for purchases from Unregistered dealers.				

Accept ?
 Yes or No

Figure 2.39 Journal Voucher – Tax on URD Purchase

22. Press **Y** or **Enter** to accept and save.

2.5 Exports

Example 16:

On 12-4-2011, M/s National Traders sold the following items to Zeta Inc., New York vide invoice number SN05.

Item Description	Quantity (in Nos)	Rate (in '\$')	Amount (in '\$')
Gold Jewellery	3	740	2,220
Vacuum Cleaners	2	530	1,060

The conversion factor per \$ is "1 \$ = ₹ 48"

On 13-4-2011, M/s National Traders recorded an adjustment entry to account for refund claimed on input VAT paid on exported goods.

Step 1:

Let us create the necessary ledgers to account for export sales.

Creating Ledgers

i. Exports Ledger

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Exports	Sales Accounts	Yes	Yes	Exports	No

ii. Refund on Exports Ledger

Ledger	Under	Inventory values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Refund on Exports	Indirect Incomes	No	No	No

iii. Sundry Debtor Ledger

Create the sundry debtor ledger – Zeta Inc. by following the steps given in example 3.

iv. Foreign Currency Creation

In **F11: Features > F1: Accounting Features** set **Allow Multi-Currency** to **Yes**

To create a foreign currency,

Go to **Gateway of Tally > Accounts Info. > Currencies > Create**

Symbol	Formal Name	Number of Decimal Places	Show Amounts in Million	Is Symbol SUFFIXED to Amount	Put a SPACE between Amount and Symbol	Decimal Places for Printing Amounts in Words
\$	US Dollars	2	No	Yes	Yes	2

Step 2:

Let us enter the sales transaction and the adjustment entry in Tally.ERP 9.

i. Sales Invoice for Export of Goods

To create the Sales voucher for Export of goods,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

In **F12: Sales Invoice Configuration**, set **Use Common Ledger A/c for Item Allocation** to **Yes**

1. Enter the reference number in the **Ref.** field
2. Select **Zeta Electronics** in the **Party's A/c Name** field from the List of Ledger Accounts
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the **Exports** ledger in the **Sales Ledger** field from the List of Ledger Accounts
5. On selecting the **Sales Ledger**, the VAT/Tax Class appears as **Exports** from the **VAT/Tax Class** list
6. Select the **Name of Item** as **Gold Jewellery** from the **List of Items**
7. Enter the **Quantity** as **5** and Rate as **\$740**. The **Forex Rate of Exchange** screen will be displayed for entering the conversion factor. Enter the details as shown:

Rate in Forex	Rate of Exchange	Rate in ₹
740.00 \$/Nos	@ ₹ 48/ \$	₹ 35,520.00/Nos

Figure 2.40 Forex Rate of Exchange screen

8. The value is automatically displayed in the **Amount** field.
9. Press **Enter** key to view the **VAT TamilnaduExportINV** screen
10. Specify the details as shown:

VAT TamilnaduExportINV		National Traders				Ctrl + M			
Sales	No. 5					12-Apr-2011 Tuesday			
Ref. :	SN05								
Party's A/c Name :	Zeta Inc.								
Current Balance :									
Sales Ledger :	Exports								
VAT/Tax Class :	Exports								
Name of Item	Quantity	Rate per	Amount						
Gold Jewellery	3 Nos	740.00 \$ Nos	2,220.00 \$						
Supplier	Purchase Inv.No	Date	Item	Qty	Purchase Value	Assessable Value	Rate of Tax	Input Tax Paid	Eligible Credit
Excel Traders	01	1-Apr-2011	Gold Jewellery	3 Nos	60,000.00	60,000.00	1 %	600.00	600.00

Figure 2.41 Exports – Input Tax Details sub-screen for Gold Jewellery

11. Similarly, select the stock item **Vacuum Cleaners** from the **List of Items**
12. Enter the **Quantity** as **2** and **Rate** as **\$530**. Accept the exchange rate as ₹ 48 per \$
13. The value is automatically displayed in the **Amount** field.

14. Press **Enter** key to view the **VAT TamilnaduExportINV** screen
15. Specify the details as shown:

Supplier	Purchase Inv.No	Date	Item	Qty	Purchase Value	Assessable Value	Rate of Tax	Input Tax Paid	Eligible Credit
Excel Traders	01	1-Apr-2011	Vacuum Cleaners	2 Nos	30,000.00	30,000.00	12.50 %	3,750.00	3,750.00

Figure 2.42 Exports – Input Tax Details sub-screen for Vacuum Cleaners

16. The field **Show Statutory Details** will be set to **No**
17. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales	No. 5			12-Apr-2011 Tuesday
Ref. : SN05				
Party's A/c Name : Zeta Inc.				
Current Balance :				
Sales Ledger : Exports				
VAT/Tax Class : Exports				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	3 Nos	740.00 \$	2,220.00 \$	
Vacuum Cleaners	2 Nos	530.00 \$	1,060.00 \$	
			<hr/>	
			3,280.00 \$	
↓ End of List				
Show Statutory Details ? No				
Narration:				
Being exports accounted for.			5 Nos 3,280.00 \$ @ ₹ 48/ \$ = ₹ 1,57,440.00	

Figure 2.43 Sales – Exports

18. Accept the sales invoice.

ii. Journal Adjustment Entry to claim the Refund of Input VAT paid on exported goods

To create a journal adjustment entry to account for refund of input tax paid on exported goods,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select **Refund Claimed on Zero Rated Sales** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Refund on Exports** and enter **4,350** in the debit field

3. Credit **Input VAT @ 1%** ledger.
4. In the **VAT Class Details** screen, the **VAT/Tax Class** will be displayed as **Input VAT @ 1%**, enter the Assessable value as 60,000
5. Enter the amount as **600** (i.e., 60,000*1% VAT)
6. Debit the ledger – **Input VAT @ 12.5%**. In the **VAT Class Details** screen, the **VAT/Tax Class** will be displayed as **Input VAT @ 12.5%**, enter the Assessable value as 30,000
7. The amount will be automatically displayed as **3,750** (i.e., 30,000*12.5% VAT)
8. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 2	Voucher Class : VAT Adjustment Class		13-Apr-2011 Wednesday
Used for: Refund Claimed on Zero Rated Sales				
Particulars		Debit	Credit	
Dr Refund on Exports Cur Bal: 4,350.00 Dr		4,350.00		
Cr Input VAT @ 1% Cur Bal: 1,201.34 Dr			600.00	
Cr Input VAT @ 12.5% Cur Bal: 11,264.84 Dr			3,750.00	
Narration: Being Refund claimed on Input VAT paid on purchase of goods exported.				
		4,350.00	4,350.00	
		Accept ?		
		Yes or No		

Figure 2.44 Journal Voucher – Refund Claimed on Zero Rated Sales

9. Press **Y** or **Enter** to accept and save.

2.6 Import

Example 17:

On 14-4-2011, M/s National Traders imported 25 nos of Insulators for \$30 each from Glamour Appliances, New York vide invoice number 06. The conversion factor per \$ is "1 \$ = ₹ 45"

Item Description	Quantity (in Nos)	Rate (in '\$')	Commodity Code
Fax Machines	10	360	333
Insulators	25	30	2069

On 15-4-2011, an amount of ₹ 2,500 was paid as entry tax on the goods imported.

Step 1:

Let us create the necessary ledgers to account for Imports.

Creating Ledgers

i. Imports Ledger

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Imports	Purchases Accounts	Yes	Yes	Imports	No

ii. Entry Tax Ledger

Ledger	Under	Inventory values are affected
Entry Tax	Current Assets	No

iii. Sundry Creditor Ledger

Create sundry creditor ledger – Glamour Appliances by following the steps given in example 1.

iv. VAT Commodity Creation

Create the VAT Commodity with the following details:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Fax Machine	VAT	333	First Schedule – Part C	32

v. Stock Item – Fax Machines

Create the stock item with the details as given in the following table:

Name	Under	Units	VAT Details	
			Commodity	Rate of VAT
Fax Machines	Primary	Nos	Fax Machine	12.5%

Step 2:

Let us enter the transactions in Tally.ERP 9.

i. Creating a purchase invoice for Import of goods

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

1. Enter the **Supplier Invoice number** and **Date**
2. Select **Glamour Appliances** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select **Imports** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Imports** ledger, the VAT/Tax Class appears as **Imports**
6. Select the **Name of Item** as **Fax Machines** from the **List of Items**
7. Enter the **Quantity** as **10** and **Rate** as **\$360**. The **Forex Rate of Exchange** screen will be displayed for entering the conversion factor. Enter the details as shown:

Rate in Forex	Rate of Exchange	Rate in ₹
360.00 \$/Nos	@ ₹ 45/\$	₹ 16,200.00/Nos

Figure 2.45 Imports – Forex Rate of Exchange

8. The value is automatically displayed in the **Amount** field
9. Select the **Name of Item** as **Insulators** from the **List of Items**
10. Enter the **Quantity** as **25** and **Rate** as **\$30**. Based on the conversion factor, the value is automatically displayed in the **Amount** field
11. The field **Show Statutory Details** will be set to **No**
12. Enter the details in the **Narration** field if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 6			14-Apr-2011
Supplier Invoice No. :	06	Date :	14-Apr-2011	Thursday
Party's A/c Name :	Glamour Appliances			
Current Balance :				
Purchase Ledger :	Imports			
VAT/Tax Class :	Imports			
Name of Item	Quantity	Rate per	Amount	
Fax Machines	4 Nos	360.00 \$ Nos	1,440.00 \$	
Insulators	10 Nos	30.00 \$ Nos	300.00 \$	
			<hr/>	
			1,740.00 \$	
↓ End of List				
Show Statutory Details ? No				
Narration:				
Being import of goods accounted for.			<hr/>	
			14 Nos 1,740.00 \$ @ ₹ 45/\$ = ₹ 78,300.00	

Figure 2.46 Purchase Invoice – Imports

13. Press **Y** or **Enter** to accept and save.

ii. Creating a Voucher for Payment of Entry Tax

To create an entry for payment of entry tax,

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

1. Select the Bank ledger as **Bank of India** in the **Account** field (create a bank ledger with the name National Bank by using **Alt+C** key combination)
2. Debit the **Entry Tax** ledger
3. Enter the amount as **2,500**
4. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
Payment No. 1			15-Apr-2011 Friday
Account : Bank of India Cur Bal: 15,425.00 Dr			
Particulars	Amount		
Entry Tax Cur Bal: 2,500.00 Dr	2,500.00		
Narration: Ch. No. 052145			
			2,500.00
			<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>

Figure 2.47 Payment Voucher – Payment of Entry Tax

5. Press **Y** or **Enter** to accept and save.

2.7 Works Contract and Job Work

Example 18:

On 16-4-2011, M/s National Traders got ₹ 35,000 worth of graphic designing done from Sunbeam Designers vide invoice number 011. Deduction amounted to 50% of the job work value. Input VAT was paid @ 12.5%.

Step 1:

Let us create the necessary ledgers to account for job work.

Creating Ledgers

i. Job work Ledger

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchase @ 12.5% (Job Work)	Purchases Accounts	Yes	Yes	Purchase @ 12.5% (Job Work)	No

ii. Input VAT Ledger

Name	Under Group	Type of Duty/Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Input VAT-Job Work	Duties & Taxes	VAT	Input VAT	Input VAT @ 12.5% - (Job Work)	No	12.5%	On VAT Rate

iii. Sundry Creditor Ledger

Create the sundry creditor ledger – Sunbeam Designer by following the steps given in example 1.

iv. Stock Item – Graphic Designing

Create the stock item with the details as given in the following table:

Name	Under	Units
Graphic Designing	Primary	Not Applicable

Step 2:

Let us enter the transactions in Tally.ERP 9.

i. Creating a purchase invoice for Job work

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

1. Enter the **Supplier Invoice number** and **Date**
2. Select **Universal Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select **Purchase @ 4% (Job Work)** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Purchase @ 4% (Job Work)** ledger, the VAT/Tax Class appears as **Purchases @ 4% (Job Work)**
6. Select the **Name of Item** as **Graphic Designing** from the **List of Items**
7. Enter the **Amount** as ₹ 45,000 and press **Enter** key to view the **Deduction Claimed for Tax Calculation** screen. Enter the **Deduction** as 50%. The **Amount** and **Taxable Value** will be automatically calculated and displayed

Deduction Claimed for Tax Calculation		National Traders		Ctrl + M
Purchase No. : 7	Date : 16-Apr-2011			16-Apr-2011 Saturday
Supplier Invoice No. : 07				
Party's A/c Name : Sunbeam Designers				
Current Balance :				
Purchase Ledger : Purchase @ 12.5% (Job Work)				
VAT/Tax Class : Purchases @ 12.5% (JobWork)				
Name of Item	Quantity	Rate per	Amount	
Graphic Designing			35,000.00	
Deduction Claimed for Tax Calculation				
Particulars	Sale Value	Deductions		Taxable Value
		%	Amount	
Purchase @ 12.5% (Job Work) Purchases @ 12.5% (JobWork)	35,000.00	50 %	17,500.00	17,500.00
	35,000.00		17,500.00	17,500.00
Show Statutory Details ? No				
Narration:				35,000.00

Figure 2.48 Deduction Claimed for Tax Calculation - Job Work

8. Accept the **Deduction Claimed for Tax Calculation** screen
9. Select the ledger - **Input VAT - Job Work**. The input VAT amount will be automatically calculated and displayed
10. The field **Show Statutory Details** will be set to **No** which can be enabled to view the break-up of assessable value, deduction claimed and input VAT

11. Enter the details in the **Narration** field if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase No. 7		Date : 16-Apr-2011		16-Apr-2011 Saturday
Supplier Invoice No. : 07				
Party's A/c Name : Sunbeam Designers				
Current Balance :				
Purchase Ledger : Purchase @ 12.5% (Job Work)				
VAT/Tax Class : Purchases @ 12.5% (JobWork)				
Name of Item	Quantity	Rate per	Amount	
Graphic Designing				35,000.00
Input VAT - Job Work		12.50 %		2,187.50
Show Statutory Details ? No				<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>
Narration:				
Being job work accounted for.				

Figure 2.49 Purchase Invoice - Job Work

12. Press **Y** or **Enter** to accept and save.

Example 19:

On 16-4-2011, M/s National Traders raised a sales invoice in favour of Swasthik Associates for the contract of Painting & Polishing taken up. Deduction amounted to 50% of the Works contract value. Output VAT was charged @ 12.5% on the Contract value of ₹ 60,000.

Step 1:

Let us create the necessary ledgers to account for works contract.

Creating Ledgers

i. Works Contract Ledger

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Sales - Works Contract @ 12.5%	Sales Accounts	Yes	Yes	Sales - Works Contract @ 12.5%	No

ii. Output VAT Ledger

Name	Under Group	Type of Duty/ Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Output VAT @ 12.5%-WC	Duties & Taxes	VAT	Output VAT	Output VAT - Works Contract @ 12.5%	No	4%	On VAT Rate

iii. Stock Item – Painting & Polishing

Create the stock item with the details as given in the following table:

Name	Under	Units
Painting & Polishing	Primary	Not Applicable

Step 2:

Let us enter the transactions in Tally.ERP 9.

i. Creating a sales invoice for Works contract

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Enter the reference number in the **Ref** field
2. Select **Swasthik Associates** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select **Sales - Works Contract @ 12.5%** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Sales - Works Contract @ 12.5%** ledger, the VAT/Tax Class appears as **Sales - Works Contract @ 12.5%**
6. Select the **Name of Item** as **Painting & Polishing** from the **List of Items**

- Enter the **Amount** as ₹ 60,000 and press **Enter** key to view the **Deduction Claimed for Tax Calculation** screen. Enter the **Deduction** as 50%. The **Amount** and **Taxable Value** will be automatically calculated and displayed

Deduction Claimed for Tax Calculation		National Traders		Ctrl + M	
Sales	No. 6	16-Apr-2011			
Ref. : SN06		Saturday			
Party's A/c Name : Swasthik Associates					
Current Balance : 30,000.00 Cr					
Sales Ledger : Sales - Works Contract @ 12.5%					
VAT/Tax Class : Sales - Works Contract @ 12.5%					
Name of Item	Quantity	Rate per	Amount		
Painting & Polishing			60,000.00		
Deduction Claimed for Tax Calculation					
Particulars	Sale Value	Deductions		Taxable Value	
		%	Amount		
Sales - Works Contract @ 12.5% Sales - Works Contract @ 12.5%	60,000.00	50 %	30,000.00	30,000.00	
	60,000.00		30,000.00	30,000.00	
Show Statutory Details ? No					
Narration:					
60,000.00					

Figure 2.50 Deduction Claimed for Tax Calculation - Works Contract

- Accept the **Deduction Claimed for Tax Calculation** screen
- Select the ledger - **Output VAT @ 12.5% - WC**. The input VAT amount will be automatically calculated and displayed



10. Set the field **Show Statutory Details** to **Yes** to view the break-up of assessable value, deduction claimed and input VAT

Statutory Details		National Traders		Ctrl + M
Sales Ref : SN06	<u>Statutory Details</u>			16-Apr-2011 Saturday
	Particulars		VAT	
Party's A/c Name	Assessable Value			
Current Balance			30,000.00	
Sales Ledger	Painting & Polishing		30,000.00	
VAT/Tax Class	Item Value		60,000.00	Amount
Name of Item	Deduction Claimed 50 %		(-)30,000.00	
Painting & Polish				60,000.00
	VAT Amount		3,750.00	
Output VAT @ 12.5%	Output VAT @ 12.5% - WC		3,750.00	3,750.00
	Painting & Polishing @ 12.50 % On 30,000.00		3,750.00	
Show Statutory Det				63,750.00
Narration:				

Figure 2.51 Statutory Details screen - Works Contract

11. Accept the **Statutory Details** screen

12. Enter the details in the **Narration** field if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 6				16-Apr-2011
Ref.: SN06				Saturday
Party's A/c Name : Swasthik Associates				
Current Balance : 30,000.00 Cr				
Sales Ledger : Sales - Works Contract @ 12.5%				
VAT/Tax Class : Sales - Works Contract @ 12.5%				
Name of Item	Quantity	Rate per	Amount	
Painting & Polishing			60,000.00	
Output VAT @ 12.5% - WC		12.50 %	3,750.00	
Show Statutory Details ? Yes Narration: Being works contract accounted for.				
				Accept ? Yes or No

Figure 2.52 Purchase Invoice – Job Work

13. Press **Y** or **Enter** to accept and save.

Lesson 3: Reversal of Input Tax Credit

Lesson Objectives

On completion of this lesson, you will be able to account for

- ❑ Purchase of capital goods
- ❑ Purchase of automobiles and air conditioners from non-dealers of automobiles and air conditioners
- ❑ Consignment/branch transfer of goods
- ❑ Purchase of Industrial Inputs
- ❑ Reversal of Input Tax Credit in journal voucher using VAT Adjustments

In the following cases, the Input Tax Credit is reversed, which is already claimed and availed in the previous month/ period:

- ❑ Capital goods used for civil structures
- ❑ Goods used for the purpose of providing facility to the proprietor or partner or director or employees
- ❑ Purchase of Air-conditioner if the dealers are not the regular dealers of Air-conditioner
- ❑ Purchase of all automobiles including all vehicles, if the dealers are not dealing in automobile goods
- ❑ Purchase of goods for free samples or gifts
- ❑ Goods stolen, or lost
- ❑ Inputs destroyed due to fire accident or lost in storage
- ❑ Goods damaged in transit
- ❑ Goods destroyed at the intermediary stage in the process of manufacture
- ❑ Sale of Goods in the course of inter-state trade and commerce without Form C
- ❑ Transfer of goods to outside the State for sale either by branch or agent without Form-F (i.e., Consignment Sales or Branch Transfers)
- ❑ Purchases Returns

- ❑ Purchases for production of Exempted Goods (Finished)
- ❑ Input Tax Credit availed for finished goods subsequently exempt
- ❑ Unavailed credit on Capital goods (after the 3rd financial year of commencement of commercial production)
- ❑ Others, if any

3.1 Goods used for Civil Structures

The value of capital goods purchased during the month, which is used for civil structures. The Input Tax paid on such capital goods used for civil structures has to be reversed during the same month.

Example 14:

On 18-4-2011, M/s National Traders purchased Equipment worth ₹ 1,50,000 taxable @ 4% from Equipment Agencies vide invoice number 08. On 19-4-2011, M/s National Traders utilised the machinery purchased for civil structures.

The amount of input tax availed was reversed and transferred to repairs & maintenance account.

Step 1:

Let us create the necessary masters to record the transaction.

i. Equipment Ledger

Create the ledger **Equipment** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Used in VAT Returns	VAT/Tax Class
Equipment	Fixed Assets	No	Yes	Purchases – Capital Goods @ 4%

ii. Repairs & Maintenance Ledger

Create the ledger **Repairs & Maintenance** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation
Repairs & Maintenance	Indirect Expenses	No	No

iii. Tax Paid on Capital Goods

Create the ledger **Tax Paid on Capital Goods** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation
Tax Paid on Capital Goods	Current Assets	No	No

iv. Eligible Input Tax Credit

Name	Under Group	Type of Duty/ Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Eligible Input Tax Credit	Duties & Taxes	VAT	Input VAT	Purchases – Capital Goods @ 4%	No	4%	On VAT Rate

v. Sundry Creditor Ledger

Create sundry creditor ledger – Equipment Agencies by following the steps given in example 1.

Step 2:

i. Create a Purchase Voucher for purchase of capital goods

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

1. Press the toggle key **Ctrl+V** to select **As Voucher**
2. Press **F12: Purchase Configure** and set **Allow Expenses/Fixed Assets in Purchase Vouchers** to **Yes**
3. Enter the reference number in the **Ref.** field
4. Credit the ledger **Equipment Agencies** from the **List of Ledger Accounts** and enter the amount as **1,56,000**
5. Accept the default **Bill allocations** in the **Bill-wise Details** screen
6. Debit **Equipment** ledger and VAT/Tax Class appears as **Purchases – Capital Goods @ 4%**
7. Enter the value as **1,50,000** which is excluding the VAT amount
8. Debit the **Tax Paid on Capital goods** ledger and enter the **6,000** in the debit field

9. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase No. 8				18-Apr-2011
Supplier Invoice No.: 08		Date : 18-Apr-2011		Monday
Particulars		Debit	Credit	
Cr Equipment Agencies			1,56,000.00	
<i>Cur Bal: 1,56,000.00 Cr</i>				
New Ref 08	1,56,000.00 Cr			
Dr Equipment		1,50,000.00		
<i>Cur Bal: 1,50,000.00 Dr</i>				
Dr Tax Paid on Capital Goods		6,000.00		
<i>Cur Bal: 6,000.00 Dr</i>				
Narration:		1,56,000.00	1,56,000.00	
Being purchase of capital goods accounted for.				

Accept ?
 Yes or No

Figure 3.1 Purchase Voucher – Capital Goods

10. Press **Y** or **Enter** to accept and save.

ii. Adjustment Entry to Claim Input Tax Credit on Capital Goods

The tax paid on purchase of capital goods can be claimed to the extent of 50% as input tax credit. In order to claim the eligible Input Tax Credit on tax paid on purchase of Capital goods (i.e, 50%), a journal adjustment entry needs to be recorded.

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

To create a journal adjustment entry for claiming the input tax credit on purchase of capital goods,

1. Select **VAT Adjustment Class** as the **Voucher Class**
2. Select **Input Tax Credit Admitted on Capital Goods** in **Used for** field
3. Debit **Eligible Input Tax Credit** ledger from the List of Ledger Accounts
4. The VAT/Tax Class appears as **Purchase – Capital Goods @ 4%**. Enter the **Assessable Value** as **1,50,000**
5. Enter the debit amount as **3,000** (here only 50% of the actual tax paid on purchase of capital goods i.e., 6,000*50% is being availed as Input Tax Credit)
6. Credit the **Tax Paid on Capital Goods** ledger from the List of Ledger Accounts to be credited.
7. The Amount is automatically entered

8. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M	
Journal No. 3		Voucher Class : VAT Adjustment Class		19-Apr-2011 Tuesday	
Used for: Input Tax Credit Admitted On Capital Goods					
Particulars	Debit	Credit			
Dr Eligible Input Tax Credit <i>Cur Bal: 3,000.00 Dr</i>	3,000.00				
Cr Tax Paid on Capital Goods <i>Cur Bal: 3,000.00 Dr</i>		3,000.00			
		3,000.00	3,000.00		
Narration: Being eligible amount to the extent of 50% claimed as input tax credit on purchase of capital goods.		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>			

Figure 3.2 Journal Voucher – Input Tax Credit Admitted on Capital Goods

9. Press **Y** or **Enter** to accept and save.

iii. Reverse Credit on Goods used for Civil Structures

For reversing the Input Tax Credit already availed on capital goods, pass a journal voucher with VAT Adjustment Class as shown:

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Goods used for Civil Structures** as the **VAT Adjustment Class** in the **Used for** field.
2. Debit **Repairs & Maintenance** ledger and enter the amount as **3,000** in the **Debit** column
3. Credit **Eligible Input Tax Credit** ledger
4. In the **VAT Class Details** screen, **Purchases – Capital Goods @ 4%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 1,50,000.
5. Select the **Commodity** as **Not Applicable** and enter the **Assessable Value** of **1,50,000**. The **Tax amount** will be automatically calculated and displayed

6. The credit Amount will be automatically entered

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 4	Voucher Class : VAT Adjustment Class		19-Apr-2011 Tuesday
<i>Used for: Reverse Credit - Goods Used for Civil Structures</i>				
Particulars		Debit	Credit	
Dr Repairs & Maintenance <i>Cur Bal: 3,000.00 Dr</i>		3,000.00		
Cr Eligible Input Tax Credit <i>Cur Bal: 0.00 Cr</i>			3,000.00	
Narration:				
Being Eligible Input VAT @ 4% (50% of Input VAT paid on Capital goods) on Capital Goods used for Civil Structures reversed.				
		3,000.00	3,000.00	

Accept ?
 Yes or No

Figure 3.3 Journal Voucher – Reverse Credit – Goods Used for Civil Structures

7. Press **Y** or **Enter** to accept and save.

3.2 Goods used for Consumption

The value of goods may be purchased during the normal course of business for trading purpose but disposed off other than by way of sale or Goods used for the purpose of providing facility to the proprietor or partner or director or employees i.e., self-consumption or own use. The Input Tax paid on goods put to own use has to be reversed during the month.

Example 15:

On 20-4-2011, 1 No. of Gold Jewellery was taken by the director of the organisation for his personal use. This gold jewellery was purchased from Excel Traders on 1-4-2011 for ₹ 20,000. VAT was paid @ 1%.

The amount of input tax availed was reversed and transferred to repairs & maintenance account.

Step 1:

Let us create the necessary masters to record the transaction.

i. Expenses on Goods used for Self-Use

Create the ledger **Expenses on Goods for Self-Use** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Expenses on Goods for Self-Use	Direct Expenses	No	No	No

Step 2:

Let us enter the transaction in Tally.ERP 9

To create an adjustment entry for reversal of credit availed on goods used for self-consumption,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Goods Utilised for Self-use** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Expenses on Goods for Self Use** and enter the amount as **20,200** (i.e., 20,000 + 1% VAT)
3. Credit **Purchases @ 1%** ledger. The **Inventory Allocations** sub-screen is displayed
4. Select **Gold Jewellery** in the **Name of Item** field, enter the **Quantity** as **1** and **Rate** as **20,000**
5. In the **Accounting Details** screen the **VAT/Tax Class** will be displayed as **Purchases @ 1%**
6. Credit **Input VAT @ 1%** ledger.
7. In the **VAT Class Details** screen, **Input VAT @ 1%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 20,000.
8. Select the **Commodity** as **Jewellery** and enter the **Assessable Value** of **20,000**. The **Tax amount** will be automatically calculated and displayed
9. The credit amount will be automatically displayed

The completed journal voucher displays as shown:

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 5	Voucher Class : VAT Adjustment Class		20-Apr-2011 Wednesday
Used for: Reverse Credit - Goods Utilised for Self Use				
Particulars		Debit	Credit	
Dr Expenses on Goods for Self Use		20,200.00		
<i>Cur Bal: 20,200.00 Dr</i>				
Cr Purchases @ 1%			20,000.00	
<i>Cur Bal: 1,60,000.00 Dr</i>				
Gold Jewellery 1 Nos 20,000.00	20,000.00			
Cr Input VAT @ 1%			200.00	
<i>Cur Bal: 1,001.34 Dr</i>				
Narration:				
Reversal of Input VAT @ 1% on goods used for own use reversed.				
		20,200.00	20,200.00	

Accept ?
 Yes or No

Figure 3.4 Journal Voucher – Reverse Credit – Goods Utilised for Self Use

10. Press **Y** or **Enter** to accept and save.

3.3 Purchase – Automobile Spare Parts from Non-Dealer of Automobile

In case of Automobiles, Spare parts & accessories purchased from a non-dealer of Automobiles & its spare parts the Input Tax paid on such goods has to be reversed during the month.

Example 16:

On 20-4-2011, National Traders purchased 5 Nos. of Automobile spares parts for ₹1,250 each from Swasthik Associates, a non-dealer of Automobile spare parts vide invoice number 09. The goods are subject to 12.5% VAT.

The amount of input tax availed was reversed and transferred to repairs & maintenance account.

Step 1:

i. VAT Commodity Creation

Create the VAT Commodity with the following details:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Locomotives	VAT	324	First Schedule – Part C	23

ii. Stock Item – Automobile Spare Parts

Create the stock item with the details as given in the following table:

Name	Under	Units	VAT Details	
			Commodity	Rate of VAT
Automobile Spare Parts	Primary	Nos	Locomotives	12.5%

Step 2:

Let us record the transaction in Tally.ERP 9

To create an entry for purchase of automobile spare parts from a non-dealer of automobiles,

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

1. Enter the reference number in the **Ref.** field
2. Select **Swasthik Associates** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select the **Name of Item** as **Automobile Spare Parts** from the **List of Items**
5. Enter the **Quantity** as **10** and **Rate** as **1,250**. The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 12.5%**
7. Select the ledger **Input VAT @ 12.5%** and the values will be automatically calculated and displayed
8. The field **Show Statutory Details** will be set to **No**
9. Accept the default Bill allocations in the **Bill-wise Details** screen

4. The credit amount will be automatically displayed
5. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 6	Voucher Class : VAT Adjustment Class		20-Apr-2011 Wednesday
Used for: Reverse Credit - Purchase of Automobiles, Spare Parts				
Particulars		Debit	Credit	
Dr Repairs & Maintenance <i>Cur Bal: 4,562.50 Dr</i>		1,562.50		
Cr Input VAT @ 12.5% <i>Cur Bal: 11,264.84 Dr</i>			1,562.50	
Narration:				
Being Input VAT @ 12.5% paid on purchase of automobile spares parts from Swasthik Associates reversed.				
		1,562.50	1,562.50	

Accept ?
 Yes or No

Figure 3.7 Journal Voucher – Reverse Credit – Purchase of Automobiles, Spare Parts

6. Press **Y** or **Enter** to accept.

3.4 Purchase of Air Conditioners from Non-Dealer of Air Conditioners

In case where the Air conditioners are purchased from a non-dealer of Air conditioners for the purpose of trading, the Input Tax paid needs to be reversed.

Example 17:

On 21-4-2011, National Traders purchased 2 Nos. of Air conditioners for ₹ 25,000 each from Dewpoint Traders, a non-dealer of Air conditioners vide invoice number 10. The goods are subject to 12.5% VAT.

The amount of input tax availed was reversed and transferred to repairs & maintenance account.

Step 1:

Create the Sundry Creditor ledger – Dewpoint Traders by following the steps given in example 1.

Step 2:

Let us record the transaction in Tally.ERP 9

i. Purchase Invoice

To create an entry for purchase of air conditioners from a non-dealer of air conditioners,

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

1. Enter the reference number in the **Ref.** field
2. Select **Dewpoint Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select the **Name of Item** as **Air Conditioners** from the **List of Items**
5. Enter the **Quantity** as **2** and **Rate** as **25,000**. The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 12.5%**
7. Select the ledger **Input VAT @ 12.5%** and the values will be automatically calculated and displayed
8. The field **Show Statutory Details** will be set to **No**
9. Accept the default Bill allocations in the **Bill-wise Details** screen and enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 10			21-Apr-2011
Supplier Invoice No. :	10	Date :	21-Apr-2011	Thursday
Party's A/c Name : Dewpoint Traders				
Current Balance :				
Purchase Ledger : Purchases @ 12.5%				
VAT/Tax Class : Purchases @ 12.5%				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	2 Nos	25,000.00 Nos	50,000.00	
Input VAT @ 12.5%		12.50 %	6,250.00	
Show Statutory Details ? No Narration: <u>2 Nos</u> Being air conditioners purchased from a non-dealer of air conditioners.				
				Accept ? Yes or No

Figure 3.8 Purchase Invoice – Air Conditioners

10. Press **Y** or **Enter** to accept and save.

ii. Journal Voucher

To create a journal adjustment entry for reversing the input tax credit,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Purchase of Air Conditioners** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Repairs & Maintenance** and enter the amount as **6,250**
3. Credit **Input VAT @ 12.5%** ledger.
4. In the VAT Class Details screen, enter the details as shown:

VAT/Tax Class		Assessable Value	
Input VAT @ 12.5%		50,000.00	
SupplierName	CommodityName	AssessableValue	Taxamount
Dewpoint Traders	Air Conditioners	50,000.00	6,250.00

Figure 3.9 VAT Class Details

5. The amount will be automatically displayed
6. Enter the **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
Journal	No. 7	Voucher Class : VAT Adjustment Class	21-Apr-2011 Thursday
Used for: Reverse Credit - Purchase of Air Conditioners			
Particulars	Debit	Credit	
Dr Repairs & Maintenance Cur Bal: 10,812.50 Dr	6,250.00		
Cr Input VAT @ 12.5% Cur Bal: 11,264.84 Dr		6,250.00	
Narration: Being Input VAT @ 12.5% paid on purchase of Air conditioners for Trading from Dewpoint Traders reversed.	6,250.00	6,250.00	
			Accept ? Yes or No

Figure 3.10 Journal Voucher – Reverse Credit – Purchase of Air Conditioners

7. Press **Y** or **Enter** to accept and save.

3.5 Goods Distributed as Free Samples & Gifts

In cases, where the goods are purchased during the normal course of business for trading purpose but disposed off other than by way of sale i.e., distribution of goods as free sample or gifts, the Input Tax paid on goods distributed as free samples and gifts has to be reversed during the month.

Example 18:

On 22-4-2011, 5 Nos. of Insulators were given as free sample to Marvel Traders as promotional offer. The Insulators was purchased for ₹ 320 from Excel Traders.

Step 1:

Let us create the required masters to record the transaction

Creating Ledgers

i. Expenses on Free Samples & Gifts

Create the ledger **Expenses on Free Samples & Gifts** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Expenses on Free Samples & Gifts	Direct Expenses	No	No	No

Step 2:

Let us record the transaction in Tally.ERP 9.

To create a journal adjustment entry for reversing the purchase value and input tax credit on goods given as free samples,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Goods Given as Gift, Free Sample** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Expenses on Free Samples & Gifts** and enter the amount as **1,664** (i.e., 1,600 + 4% VAT)
3. Credit **Purchases @ 4%** ledger. The **Inventory Allocations** sub-screen is displayed
4. Select **Insulators** in the **Name of Item** field, enter the **Quantity** as **5** and **Rate** as **320**
5. In the **Accounting Details** screen the **VAT/Tax Class** will be displayed as **Purchases @ 4%**
6. Credit **Input VAT @ 4%** ledger.
7. In the **VAT Class Details** screen, **Input VAT @ 4%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 1,600.
8. Select the **Commodity** as **Insulators** and enter the **Assessable Value** of **1,600**. The **Tax amount** will be automatically calculated and displayed

- 9. The amount will be automatically displayed
- 10. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 8	Voucher Class : VAT Adjustment Class		22-Apr-2011 Friday
Used for: Reverse Credit - Goods Given As Gift, Free Sample				
Particulars		Debit	Credit	
Dr Expenses on Free Samples & Gifts		1,664.00		
<i>Cur Bal: 1,664.00 Dr</i>				
Cr Purchases @ 4%			1,600.00	
<i>Cur Bal: 93,200.00 Dr</i>				
Insulators 5 Nos 320.00Nos 1,600.00				
Cr Input VAT @ 4%			64.00	
<i>Cur Bal: 3,822.96 Dr</i>				
Narration:				
Being Input VAT @ 4% on Goods distributed as samples reversed.				
		1,664.00	1,664.00	

Accept ?
 Yes or No

Figure 3.11 Journal Voucher – Reverse Credit – Goods Given as Gift, Free Sample

- 11. Press **Y** or **Enter** to accept and save.

3.6 Goods Lost on Theft, Loss Etc.

Any goods purchased during the normal course of business for trading purpose but if lost by theft, damaged or lost, the Input Tax paid on the same needs to be reversed during the month.

Example 19:

On 23-4-2011, 5 nos. of G I Pipes were lost in godown of M/s. National Traders. The G I Pipes were purchased for ₹ 150 each. The goods were subject to 2% VAT.

Step 1:

Let us create the expense ledger to record the above transaction.

i. Goods Damaged/Lost

Create the ledger **Goods Damaged/ Lost** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Goods Damaged/ Lost	Direct Expenses	No	No	No

Step 2:

Let us record the transaction in Tally.ERP 9.

To create a journal adjustment entry for reversing the purchase value and input tax credit on goods lost by theft, loss.

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal >** Select the **Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Goods Lost on Theft, Loss Etc.** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Goods Damaged/Lost** and enter the amount as **765** (i.e., 750 + 2% VAT)
3. Credit **Purchases @ 2%** ledger. The **Inventory Allocations** sub-screen is displayed
4. Select **G I Pipes** in the **Name of Item** field, enter the **Quantity** as **5** and **Rate** as **150**
5. In the **Accounting Details** screen the **VAT/Tax Class** will be displayed as **Purchases @ 2%**
6. Credit **Input VAT @ 2%** ledger.
7. In the **VAT Class Details** screen, **Input VAT @ 2%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 750.
8. Select the **Commodity** as **G I Pipes** and enter the **Assessable Value** of **750**. The **Tax amount** will be automatically calculated and displayed
9. The credit amount will be automatically displayed

10. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal No. 9		Voucher Class : VAT Adjustment Class		23-Apr-2011 Saturday
Used for: Reverse Credit - Goods Lost on Theft, Loss, Etc.				
Particulars		Debit	Credit	
Dr Goods Damaged/ Lost		765.00		
<i>Cur Bal: 765.00 Dr</i>				
Cr Purchases @ 2%			750.00	
<i>Cur Bal: 23,250.00 Dr</i>				
G I Pipes	5 Nos 150.00/Nos	750.00		
Cr Input VAT @ 2%			15.00	
<i>Cur Bal: 512.48 Dr</i>				
Narration:				
Being Input VAT @ 2% on Goods lost by theft reversed.				
		765.00	765.00	

Accept ?
 Yes or No

Figure 3.12 Journal Voucher – Reverse Credit – Goods Lost on Theft, Loss Etc.

11. Press **Y** or **Enter** to accept and save.

3.7 Inputs Damaged in Transit or Destroyed before Manufacture

Any inputs purchased for use in manufacturing, if damaged during transit (normal or abnormal loss) before being used in manufacturing, the Input Tax paid on damaged inputs has to be reversed during the month.

Example 20:

On 23-4-2011, M/s National Traders purchased 100 ltrs of industrial fuel at ₹ 50/Ltr for its plant from Sterling Industries vide invoice number 11 and stored the same in its factory godown. On 25-4-2011, while taking delivery of Industrial fuel from Sterling Industries, it was discovered that 25 ltrs of fuel was lost in transit

Step 1:

Let us create the necessary masters to record the transaction.

i. Purchases – Inputs @ 4% Ledger

Create the ledger **Purchases – Inputs @ 4%** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases– Inputs @ 4%	Purchase Accounts	Yes	Yes	Purchases @ 4% (Industrial Input)	No

ii. Input VAT – Industrial Fuel Ledger

Name	Under Group	Type of Duty/ Tax	VAT sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
ITC–Industrial Fuel	Duties & Taxes	VAT	Input VAT	Input VAT @ 4% – (Industrial Input)	No	4%	On VAT Rate

iii. Loss of Inputs in Transit Ledger

Create the ledger **Loss of Inputs in Transit** with the details as shown in the table:

Ledger	Under	Inventory values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Loss of Inputs in Transit	Direct Expenses	No	No	No

iv. Sundry Creditor Ledger

Create the Sundry Creditor ledger – Sterling Industries by following the steps given in example 1.

v. VAT Commodity Creation

Create the VAT Commodity with the following details:

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Industrial Inputs	VAT	2067	First Schedule – Part B	67

vi. Stock Item – Industrial Fuel

Create the stock item with the details as given in the following table:

Name	Under	Units	VAT Details	
			Commodity	Rate of VAT
Industrial Fuel	Primary	Lts	Industrial Inputs	4%

Step 2:

Let us record the transaction in Tally.ERP 9

i. Purchase Invoice

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchases**

1. Enter the reference number in the **Ref.** field
2. Select **Sterling Industries** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select the **Name of Item** as **Industrial Fuel** from the **List of Items**
5. Enter the **Quantity** as **100 lts** and **Rate** as **50/ltr.** The value is automatically displayed in the **Amount** field
6. In the **Accounting Details** screen, select **Purchases-Inputs @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Purchases @ 4% (Industrial Input)**
7. Select the ledger **ITC-Industrial Fuel** and the values will be automatically calculated and displayed
8. The field **Show Statutory Details** will be set to **No**
9. Accept the default Bill allocations in the **Bill-wise Details** screen
10. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase	No. 11			23-Apr-2011
Supplier Invoice No. : 11		Date : 23-Apr-2011		Saturday
Party's A/c Name : Sterling Industries				
Current Balance :				
Purchase Ledger : Purchases - Inputs @ 4%				
VAT/Tax Class : Purchases @ 4% (Industrial Input)				
Name of Item	Quantity	Rate per	Amount	
Industrial Fuel	100 Lts	50.00 Lts	5,000.00	
ITC - Industrial Fuel		4 %	200.00	
Show Statutory Details ? No Narration: 100 Lts Being industrial inputs purchased.				
				Accept ? Yes or No

Figure 3.13 Purchases Invoice – Industrial Fuel

11. Press **Y** or **Enter** to accept and save.

Step 2:

Let us record the transaction in Tally.ERP 9

To create a journal voucher for reversing the input tax paid on goods destroyed by fire,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Inputs Damaged in Transit or Destroyed Before Mfg.** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Loss of Inputs in Transit** and enter the amount as **1,300** (1,250 + 4% VAT)
3. Credit **Purchases – Inputs @ 4%** ledger. The **Inventory Allocations** sub-screen is displayed
4. Select **Industrial Fuel** in the **Name of Item** field, enter the **Quantity** as **25** and **Rate** as **50**
5. In the **Accounting Details** screen the **VAT/Tax Class** will be displayed as **Purchases @ 4% (Industrial Input)**
6. Credit **Input VAT – Industrial Fuel** ledger.
7. In the **VAT Class Details** screen, **Input VAT @ 4% – (Industrial Input)** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 1,250.
8. Select the **Commodity** as **Industrial Inputs** and enter the **Assessable Value** of **1,250**. The **Tax amount** will be automatically calculated and displayed
9. The credit amount will be automatically displayed
10. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 10	Voucher Class : VAT Adjustment Class		25-Apr-2011 Monday
Used for: Reverse Credit - Inputs Damaged in Transit Or Destroyed Before Mfg.				
Particulars		Debit	Credit	
Dr Loss of Inputs in Transit		1,300.00		
<i>Cur Bal: 1,300.00 Dr</i>				
Cr Purchases - Inputs @ 4%			1,250.00	
<i>Cur Bal: 3,750.00 Dr</i>				
Industrial Fuel 25 Lts 50.00/Lts	1,250.00			
Cr ITC - Industrial Fuel			50.00	
<i>Cur Bal: 150.00 Dr</i>				
Narration:				
Being Input VAT paid on Inputs damaged in transit reversed.				
		1,300.00	1,300.00	

Accept ?
 Yes or No

Figure 3.14 Journal Voucher – Reverse Credit – Inputs Damaged in Transit or Destroyed Before Manufacture

11. Press **Y** or **Enter** to accept and save.

3.8 Loss of Inputs by Fire or Accident

Any industrial inputs purchased for use in manufacturing, if lost by fire or accident, the Input Tax paid on goods lost by theft has to be reversed during the month.

Example 21:

On 26-4-2011, 10 ltrs of fuel were destroyed due to fire in the godown of M/s National Traders.

Step 1:

Let us create the necessary masters to record the transaction.

i. Loss of Goods by Fire Ledger

Create the ledger **Loss of Goods by Fire** with the details as shown in the table:

Ledger	Under	Inventory values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Loss of Goods by Fire	Direct Expenses	No	No	No

ii. Journal Voucher

To create a journal voucher for reversing the input tax paid on goods destroyed by fire,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Inputs Destroyed in Fire or Lost** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Loss of Goods by Fire** and enter the amount as **520** (i.e., 500 + 4% VAT)
3. Credit **Purchases – Inputs @ 4%** ledger. The **Inventory Allocations** sub-screen is displayed
4. Select **Industrial Fuel** in the **Name of Item** field, enter the **Quantity** as **10** and **Rate** as **50**
5. In the **Accounting Details** screen the **VAT/Tax Class** will be displayed as **Purchases @ 4% (Industrial Input)**
6. Credit **ITC-Industrial Fuel** ledger.
7. In the **VAT Class Details** screen, **Input VAT @ 4% – (Industrial Input)** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 500.
8. Select the **Commodity** as **Industrial Inputs** and enter the **Assessable Value** of **500**. The **Tax amount** will be automatically calculated and displayed
9. The amount will be automatically displayed

10. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal No. 11		Voucher Class : VAT Adjustment Class		26-Apr-2011 Tuesday
Used for: Reverse Credit - Inputs Destroyed in Fire Or Lost				
Particulars		Debit	Credit	
Dr Loss of Goods by Fire		520.00		
<i>Cur Bal: 520.00 Dr</i>				
Cr Purchases - Inputs @ 4%			500.00	
<i>Cur Bal: 3,250.00 Dr</i>				
Industrial Fuel 10 Lts 50.00/Lts	500.00			
Cr ITC - Industrial Fuel			20.00	
<i>Cur Bal: 130.00 Dr</i>				
Narration:				
Input VAT @ 4% on Inputs destroyed by Fire reversed.				
		520.00	500.00	

Accept ?
 Yes or No

Figure 3.15 Journal Voucher – Reverse Credit – Inputs Destroyed in Fire or Lost

11. Press **Y** or **Enter** to accept.

3.9 Unavailed Credit on Capital goods (Time Barred)

The lapsed value of unavailed Input Tax Credit (50% of Input tax paid) on capital goods purchased, after the prescribed period (i.e., three years from the date of commencement of commercial production of capital goods). The value of such input tax credit has to be reversed after 3 years.

The entries to account for the availability of input tax credit and then reversing the same on account after 3 years are as follows:

i. Accounting the availability of Input Tax Credit

In journal voucher select **Input Tax Credit Admitted on Capital Goods** in **Used for** field

Debit: Eligible Input Credit on Capital Goods ledger (with VAT/Tax class **Purchase – Capital Goods @ 4% or 12.5%**)

Credit: Tax Paid on Capital Goods ledger (grouped under **Current Assets**)

ii. Reversing the Input Tax Credit on non-usage of the same after 3 years

In journal voucher select **Reverse Credit – Unavailed Credit on Capital Goods (Time Barred)** as the **VAT Adjustment Class** in **Used for** field.

Debit: Expenses ledger (grouped under **Indirect Expenses**)

Credit: Eligible Input Tax Credit ledger (with VAT/Tax class **Purchase – Capital Goods @ 4% or 12.5%**)

3.10 Consignment/Branch Transfers without Form F

The dealer may have a Branch office outside the state and the goods transferred to that branch may be considered as Branch transfers and not termed as sales. In such case, the bifurcation needs to be made for the goods sent on principal account (branch transfer) and on Consignment Basis (transferred to agent). This bifurcation can be identified by selecting the YES or NO option against the field **Is Sales against Principle A/c**. This field is set to **YES** when the transfer is considered as **Branch Transfers** and **NO** in case of **consignment transfers**.

3.10.1 Consignment Transfers without Form F

Example 22:

On 18-4-2011, M/s National Traders despatched 15 nos of Insulators for ₹ 320 each as consignment sales to National Enterprises, Mumbai vide invoice number SN07. The goods were purchased by paying 4% VAT.

Step 1:

Let us create the required Masters to record the above transaction.

The consignment/branch transfer outward ledger can be created under sales accounts by selecting the VAT/Tax class - Consignment/Branch Transfer Outward. This value will be considered as a part of total sales.

To create a consignment/branch transfer ledger for showing the value of stock transfers separately in profit & loss account without including it in total sales, a user-defined account group needs to be created. Stock transfer outward and inward have to be grouped under income and expenses respectively by enabling it for reflecting as part of gross profit in account group master.

i. Stock Transfer Outward Group

Create the account group **Stock Transfer Outward** with the details as shown in the table:

Group	Under	Nature of Group	Does it affect Gross Profit	Group behaves like a Sub-Ledger	Nett Debit/ Credit Balance for Reporting	Used for Calculation	Method to allocate when used in Purchase Invoice
Stock Transfer Outward	Primary	Income	Yes	No	No	No	Not Applicable

The Stock Transfer Outward group appears as shown:

Group Creation		National Traders
Name	: Stock Transfer Outward	
(alias)	:	
Under	: Primary	
Nature of Group	: Income	? Yes
Does it affect Gross Profits		? Yes
Group behaves like a Sub-Ledger		? No
Nett Debit/Credit Balances for Reporting		? No
Used for Calculation (eg. Taxes, Discounts) (for Sales Invoice Entry)		? No
Method to Allocate when used in Purchase Invoice	: Not Appli	? Not Appli
		Accept ? Yes or No

Figure 3.16 Stock Transfer Outward Group

i. Consignment/Branch Transfer Ledger

1. Enter the **Name** as **Consignment/Branch Transfer**
2. Select **Stock Transfer Outward** as the account group in the **Under** field
3. Set **Inventory values are affected** to **Yes**
4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub-screen.

Ledger Creation		National
Name	: Consignment/Branch Transfer	Total Op. Bal.
(alias)	:	
Under	: Stock Transfer Outward	
Currency of Ledger	: ₹	
Inventory values are affected	: Yes	
Used In VAT Returns	: Yes	
Opening Balance (on 1-Apr-2011) :		

Figure 3.17 Consignment/Branch Transfer Outward Ledger

5. Select the VAT/tax class - **Consignment/Branch Transfer Outward**

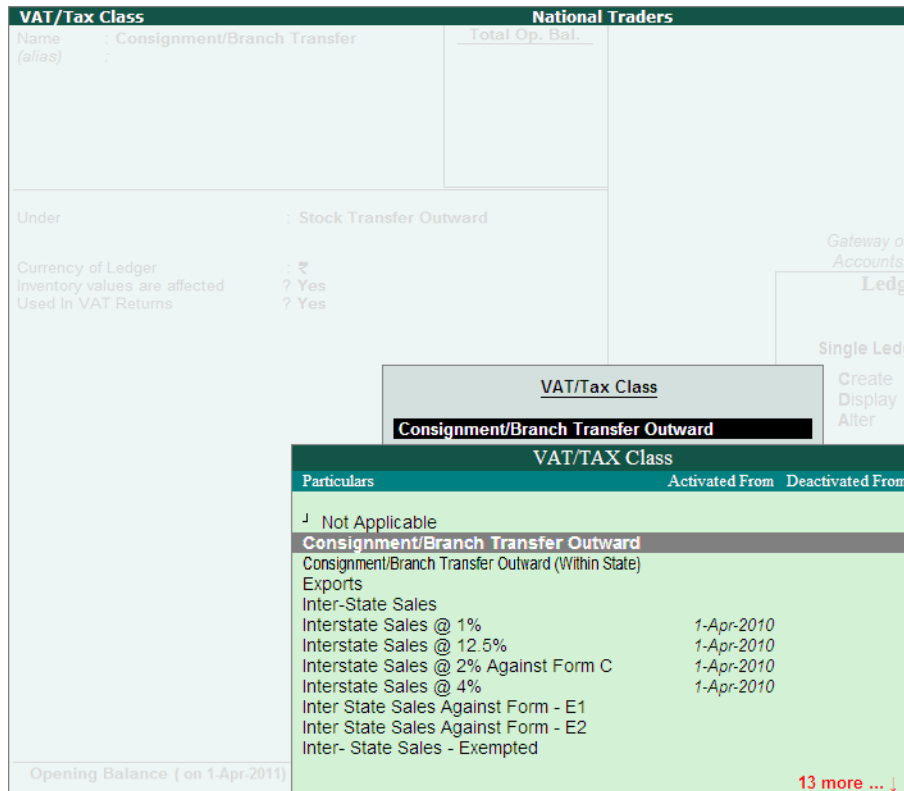


Figure 3.18 VAT/Class Selection for Consignment/Branch Transfer Outward

6. Accept the Consignment/Branch Transfer ledger.

ii. Branch Ledger

Create the Branch ledger – National Enterprises grouped under Branch/Division.

Step 2:

Let us enter the sales transaction in Tally.ERP 9

To record the Consignment transfer of goods,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

In **F12: Sales Invoice Configuration**, set **Allow Separate Buyer and Consignee Names** to **No**

1. Enter the reference number in the **Ref.** field
2. Select **National Enterprises** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. Enter the **Despatch Details**, **Buyer's Details** and **Consignee** details in **Party Details** screen
4. Select the **Consignment/Branch Transfer** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Consignment/Branch Transfer**, the VAT/Tax Class appears as **Consignment / Branch Transfer Outward** from the **VAT/Tax Class** list

6. Select the **Name of Item** as **Insulators** from the **List of Items**
7. Enter the **Quantity** as **15** and **Rate** as **320**. The amount is automatically displayed in the **Amount** field
8. Set the option **Is Sale in Principal's A/c** to **No** as the transfer of goods is being considered as consignment transfer
9. Select the **Form to Receive** as **Form F**
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default Bill allocations in the **Bill-wise Details** screen
12. Enter the details in the field **Narration**, if required

Name of Item	Quantity	Rate per	Amount
Insulators	15 Nos	320.00 Nos	4,800.00
↓ End of List			

Is Sale in Principal's A/c ? No

Form to Receive : F Form Form Series No : Form No : Date :

Show Statutory Details ? No

Narration: 15 Nos
Being goods despatched as consignment transfer outwards.

Accept ?
Yes or No

Figure 3.19 Sales Invoice – Consignment Transfer Outwards

13. Press **Y** or **Enter** to accept and save.



*On selecting any of the **Declaration Forms** (C, C with E1/E2, F etc.) in **Forms to Receive/Issue**, entering the **Form series number**, **Form number** and **date**, the same will be captured in the printed invoice/voucher.*

3.10.2 Reversal of Input Tax Credit on Consignment Sent without Form F

For the goods when sent on consignment to Agents outside the state for the purpose of trade without Form 'F', the Input tax paid has to be reversed during the month.

Example 23:

On 26-4-2011, on account of non-availability of Form F, the input VAT claimable on the consignment despatched on 18-4-2011 was reversed.

Step 1:

i. Tax Paid on Goods Transferred Ledger

Ledger	Under	Inventory values are affected	Use for Assessable Value Calculation	Used in VAT Returns
Tax Paid on Goods Transferred	Direct Expenses	No	No	No

Step 2:

Let us record the transaction in Tally.ERP 9

To create a journal voucher for reversing the input tax paid on goods destroyed by fire,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Consignment Sales Without Form 'F'** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger - **Tax Paid on Goods Transferred** and enter the amount as **192**
3. Credit **Input VAT @ 4%** ledger.
4. In the **VAT Class Details** screen, **Input VAT @ 4%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 4,800.
5. Select the **Commodity** as **Insulators** and enter the **Assessable Value** of **4,800**. The **Tax amount** will be automatically calculated and displayed
6. The credit amount will be automatically displayed

7. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal No. 12		Voucher Class : VAT Adjustment Class		26-Apr-2011 Tuesday
Used for: Reverse Credit - Consignment Sales Without 'F' Form				
Particulars	Debit	Credit		
Dr Tax Paid on Goods Transferred Cur Bal: 192.00 Dr	192.00			
Cr Input VAT @ 4% Cur Bal: 3,630.96 Dr		192.00		
Narration: Being Input VAT @ 4% paid on Insulators sent on Consignment Sales without 'F' Form reversed.		192.00	192.00	Accept ? Yes or No

Figure 3.20 Journal Voucher – Reverse Credit – Consignment Sales Without ‘F’ Form

8. Press **Y** or **Enter** to accept and save.



In case of Consignment Sales made outside the state other than by way of sales without Form ‘F’, the Input VAT should be reversed to the extent of 4%, where the goods are purchased at 12.5% VAT. The balance of 8.5% VAT is available as Input Tax Credit. However, where the Input VAT paid on purchases made @ 1%, 2%, 4% or any other rate less than 4%, the entire amount is reversed.

3.10.3 Sales – Branch Transfers

Example 24:

On 22-4-2011, M/s National Traders despatched 20 nos of G I Pipes for ₹ 150 each to its branch office – Parijata Enterprises, Karnataka against Form F vide invoice number SN08. The goods were purchased by paying 2% VAT.

Step 1:

Let us enter the sales transaction in Tally.ERP 9. To record the Branch transfer of goods,

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

Ensure that in **F12: Voucher Configuration**, the option **Allow Separate Buyer and Consignee Names** is set to **No**

1. Enter the reference number in the **Ref.** field
2. Select **Parijata Traders** in the **Party's A/c Name** field from the List of Ledger Accounts
3. Select the **Consignment/Branch Transfer** ledger in the **Sales Ledger** field from the List of Ledger Accounts
4. Enter the **Despatch Details** in the **Party Details** screen
5. On selecting the **Sales Ledger**, the VAT/Tax Class appears as **Consignment / Branch Transfer Outward** from the **VAT/Tax Class** list
6. Select the **Name of Item** as **G I Pipes** from the **List of Items**
7. Enter the **Quantity** as **20** and **Rate** as **150**. The amount is automatically displayed in the **Amount** field
8. Set the option **Is Sale in Principal's A/c** to **Yes** as the transfer of goods is being considered as branch transfer
9. Select the **Form to Receive** as **Form F**.
10. The field **Show Statutory Details** will be set to **No**
11. Accept the default Bill allocations in the **Bill-wise Details** screen
12. Enter the details in the field **Narration**, if required

Name of Item	Quantity	Rate per	Amount
G I Pipes	20 Nos	150.00 Nos	3,000.00
J End of List			

Is Sale in Principal's A/c ? Yes

Form to Receive : F Form Form Series No : Form No : Date :

Show Statutory Details ? No

Narration: 20 Nos **Accept ?**
Being goods despatched as branch transfers. Yes or No

Figure 3.21 Sales – Branch Transfer of Goods

13. Press **Y** or **Enter** to accept and save.

3.10.4 Reversal of Input Tax Credit for Stock Transferred without Form F

The goods when transferred to the branch office(s) situated outside the state without 'F' Form, the Input Tax paid on such goods has to be reversed during the month.

Example 25:

On 26-4-2011, on account of non-availability of Form F, the input VAT claimable on the stock despatched to branch office on 22-4-2011 was reversed.

Step 1:

To create a journal voucher for reversing the input tax paid on goods destroyed by fire,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Stock Transfer Without Form 'F'** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Tax Paid on Goods Transferred** and enter the amount as **60**
3. Credit **Input VAT @ 2%** ledger. In the **VAT Class Details** screen, **Input VAT @ 2%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 3,000.
4. Select the **Commodity** as **G I Pipes** and enter the **Assessable Value** of **3,000**. The **Tax amount** will be automatically calculated and displayed.
5. The credit amount will be automatically displayed
6. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 13	Voucher Class : VAT Adjustment Class		26-Apr-2011 Tuesday
Used for: Reverse Credit - Stock Transfer Without 'F' Form				
Particulars		Debit	Credit	
Dr Tax Paid on Goods Transferred		60.00		
Cur Bal: 252.00 Dr				
Cr Input VAT @ 4%			60.00	
Cur Bal: 3,570.96 Dr				
Narration:				
Being Input VAT to the extent of 2% on branch transfers made outside the state without 'F' Form reversed.				
		60.00	60.00	

Accept ?
 Yes or No

Figure 3.22 Journal Voucher – Reverse Credit – Stock Transfer Without 'F' Form

7. Press **Y** or **Enter** to accept and save.



In case of Branch Transfers made outside the state other than by way of sales without 'F' Form, the Input VAT should be reversed to the extent of 4%. The balance of 8.5% VAT is available as Input Tax Credit. However, where the Input VAT paid on purchases made @ 1%, 2%, 4% or any other rate less than 4%, the entire amount is reversed.

3.11 Purchases for Production of Exempted Goods (Finished)

The value of goods or raw materials purchased and utilised for the manufacture or production of finished goods, which are exempt as per TN VAT Act (i.e., Goods mentioned in Fourth Schedule), the Input tax paid on such goods has to be reversed during the month.

The entries to be made are as follows:

Step 1:

Purchase Entry

Debit: Purchase ledger (grouped under **Purchase Account** with taxable VAT/Tax Classification)

Debit: Input VAT ledger (grouped under **Duties & Taxes, Type of Duty** as **VAT** with taxable VAT/Tax Classification)

Credit: Sundry Creditor ledger

Step 2

Reversing the Input Tax Credit on Goods used for Production of Exempt Goods

In journal voucher select **Reverse Credit – Production of Exempted Goods (Finished)** as the **VAT Adjustment Class** in **Used for** field.

Debit: Purchase ledger and enter the input VAT amount as per Step 1

Credit: Input VAT ledger used in Step 1 to reverse the input tax amount

The reversal entry will be made to transfer the input VAT amount to purchase value.

3.12 Interstate Sale without 'C' form

Sales made in course of interstate trade and commerce to CST registered dealers or any other person outside the state without 'C' Form, the entire amount of Input tax paid on such goods has to be reversed during the month.

Example 26:

On 25-4-2011, M/s National Traders sold 2 Nos. of Vacuum Cleaners to Fortune Agencies, Ahmedabad without selecting 'C' Form vide invoice number SN09. CST @ 12.5% was charged.

The Vacuum Cleaners were purchased from Excel Traders for ₹ 15,000 each by paying VAT @ 12.5%. The input tax paid was reversed on 27-4-2011.

Step 1:

Let us record the transactions in Tally.ERP 9.

i. Inter-State Sales

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Enter the reference in the **Ref.** field
2. Select **Fortune Agencies** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter the required details
4. Select **Interstate Sales @ 12.5%** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Interstate Sales @ 12.5%** ledger, the VAT/Tax Class appears as **Interstate Sales @ 2% Against Form C**
6. Select the **Name of Item** as **Vacuum Cleaners** from the List of Items
7. Enter the **Quantity** as **2** and **Rate** as **15,000**. The amount is automatically displayed in the **Amount** field.
8. Select **CST @ 12.5%** and the amount is automatically calculated
9. Set the option **Is Declared Goods Sales** to **No**
10. Select **Form C** as **Not Applicable**
11. The field **Show Statutory Details** will be set to **No**
12. Accept the default Bill allocations in the **Bill-wise Details** screen

13. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 9				25-Apr-2011
Ref.: SN09				Monday
Party's A/c Name : Fortune Agencies				
Current Balance : 65,280.00 Dr				
Sales Ledger : Interstate Sales @ 12.5%				
VAT/Tax Class : Interstate Sales @ 12.5%				
Name of Item	Quantity	Rate per	Amount	
Vacuum Cleaners	2 Nos	17,500.00 Nos	35,000.00	
CST @ 12.5%		12.50 %	4,375.00	
Is Declared Goods Sales ? No				
Form to Receive : Not Applicable				
Show Statutory Details ? No				
Narration:				Accept ?
Being goods sold to Fortune Agencies, Ahmedabad without 'C' Form.				Yes or No

Figure 3.23 Sales Invoice – Sales Without C Form

14. Press **Y** or **Enter** to accept and save.

ii. **Reversal of Input Tax Paid**

CST – Inter-State Sales Ledger

Ledger	Under	Inventory values are affected	Use for Assessable Value Calculation	Used in VAT Returns
CST on Interstate Sales	Direct Expenses	No	No	No

Journal Voucher

To create a journal voucher for reversing the input tax availed on goods sold during inter-state sales without Form C,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select **Reverse Credit – Interstate Sale Without ‘C’ Form** as the **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **CST on Interstate Sales** and enter the amount as **3,750**

3. Credit **Input VAT @ 12.5%** ledger.
4. In the **VAT Class Details** screen, **Input VAT @ 12.5%** will be displayed in the **VAT/Tax Class** field. Enter the Assessable value as 30,000.
5. Select the **Commodity** as **Vacuum Cleaners** and enter the **Assessable Value** of **30,000**. The **Tax amount** will be automatically calculated and displayed
6. The credit amount will be automatically displayed
7. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 14	Voucher Class : VAT Adjustment Class		27-Apr-2011 Wednesday
<i>Used for: Reverse Credit - Interstate Sale Without 'C' Form</i>				
Particulars		Debit	Credit	
Dr CST on Interstate Sales <i>Cur Bal: 3,750.00 Dr</i>		3,750.00		
Cr Input VAT @ 12.5% <i>Cur Bal: 7,514.84 Dr</i>			3,750.00	
Narration: Being entire amount of Input VAT on Goods sold in Interstate sales without 'C' Form reversed.				
		3,750.00	3,750.00	

Accept ?

Yes or No

Figure 3.24 Journal Voucher – Reverse Credit – Interstate Sale Without ‘C’ Form

8. Press **Y** or **Enter** to accept and save.



In case of Interstate sales without ‘C’ Form, the entire amount of input tax paid/payable on purchase of such goods should be reversed.

3.13 ITC Availed for Finished Goods Subsequently Exempt

The amount of Input tax paid on raw materials which are used for manufacture of finished goods, which were later exempt, the same has to be reversed to the extent of unused Raw materials for the applicable period.

The entries to be made are as follows:

Step 1:

Purchase Entry

Debit: Purchase ledger (grouped under **Purchase Account** with taxable VAT/Tax Classification)

Debit: Input VAT ledger (grouped under **Duties & Taxes, Type of Duty** as **VAT** with taxable VAT/Tax Classification)

Credit: Sundry Creditor ledger

Step 2:

Reversing the Input Tax Credit on Taxable Inputs Purchased for Manufacture of Exempt Goods

In journal voucher select **Reverse Credit – ITC Availed for Finished Goods Subsequently Exempt** as the **VAT Adjustment Class** in **Used for** field.

Debit: Purchase ledger and enter the input VAT amount as per Step 1

Credit: Input VAT ledger used in Step 1 to reverse the input tax amount

The reversal entry will be made to transfer the input VAT amount to purchase value.

3.14 Others (specify)

The Input tax paid on goods, reversed on account of any other reason other than as mentioned above.

Lesson 4: Payment of VAT Liability

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Arriving at the tax liability after setting-off input tax credit against tax payable
- ❑ Adjust the Advance Tax and Entry Tax paid against the tax liability
- ❑ Payment of VAT and CST Liability

4.1 Advance Tax, Entry Tax and TDS Adjustment Entries

4.1.1 Adjustment Towards Advance Tax or Refund

The advance VAT payments, if any, made by the dealer can be adjusted towards the actual output tax liability for the return period. For setting off the advance payments with the output tax liability of current period, a journal entry with VAT Adjustment - Advance Tax Paid needs to be made.

Example 27:

On 15-4-2011, M/s National Traders paid ₹ 4,500 as advance payment towards VAT. On 30-4-2011, the advance amount paid was adjusted as follows:

- ₹ 2,000 against a portion of output VAT
- ₹ 2,500 against CST dues.

Step 1:

Let us create the Advance Tax ledger to record the above transaction.

i. Advance Tax ledger

Create the ledger **Advance Tax** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation
Advance Tax	Current Assets	No	No

Step 2:

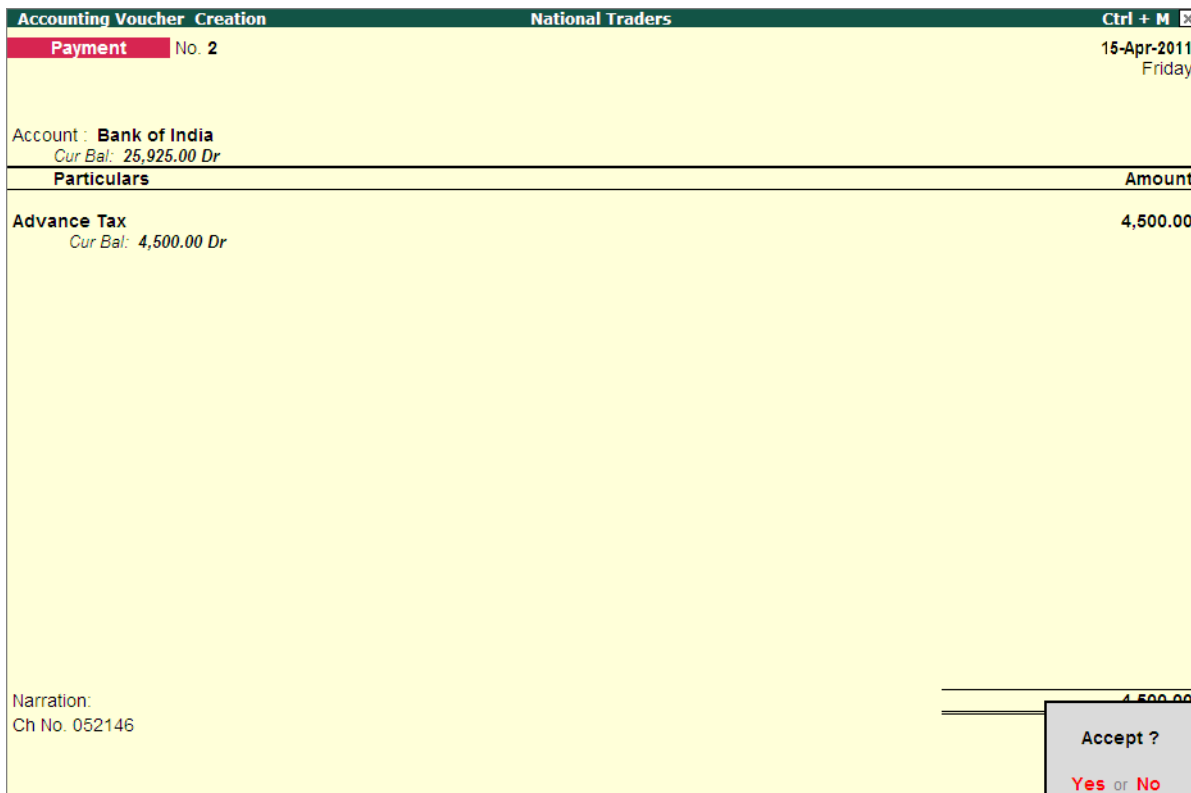
Let us record the transaction in Tally.ERP 9

i. Advance VAT Payment voucher

To create an advance VAT payment voucher,

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

1. Select the Bank ledger as **Bank of India** in the **Account** field
2. Debit the **Advance Tax** ledger
3. Enter the amount as **4,500**
4. Enter the details in the field **Narration**, if required



Accounting Voucher Creation		National Traders	Ctrl + M
Payment	No. 2		15-Apr-2011 Friday
Account : Bank of India Cur Bal: 25,925.00 Dr			
Particulars		Amount	
Advance Tax Cur Bal: 4,500.00 Dr		4,500.00	
Narration: Ch No. 052146		4,500.00	
		Accept ? Yes or No	

Figure 4.1 Advance VAT Payment Voucher

5. Press **Y** or **Enter** to accept and save.

ii. Journal Entry for Adjusting the Advance Tax Paid towards Output VAT Liability

To create a journal voucher for adjusting advance tax paid towards Output VAT liability,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select the **Voucher Class** as **VAT Adjustment Class**
2. Select **Advance Tax Paid** as the **VAT Adjustment** in the **Used for** field.
3. Debit **Output VAT @ 4%** ledger. In the **VAT Class Details** screen, the **VAT/Tax Class** appears as **Output VAT @ 4%**. Do not enter the assessable value

4. Enter the amount as **2,000** in the **Debit** field
5. Credit the **Advance Tax** ledger grouped under **Current Assets**
6. The **Credit** amount is automatically entered
7. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 15	Voucher Class : VAT Adjustment Class		30-Apr-2011 Saturday
Used for: Advance Tax Paid				
Particulars	Debit	Credit		
Dr Output VAT @ 4% Cur Bal: 844.56 Cr	2,000.00			
Cr Advance Tax Cur Bal: 2,500.00 Dr		2,000.00		
Narration:		2,000.00	2,000.00	
Being Advance tax paid adjusted against Output VAT payable for the month of April '11.				Accept ? Yes or No

Figure 4.2 Journal Voucher - Adjustment of Output VAT Towards Advance Tax Paid

8. Press **Y** or **Enter** to accept and save.

Similarly make an entry to set-off a portion of CST amount against the advance tax paid.

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select the **Voucher Class** as **VAT Adjustment Class**
2. Select **Advance Tax Paid** as the **VAT Adjustment** in the **Used for** field.
3. Debit **CST @ 2%** ledger. Select the **VAT/Tax Class** as **Inter-State Sales - Spl. Category Goods** and do not enter the assessable value
4. Enter the amount as **300** in the **Debit** field
5. Debit the **CST @ 1%** with VAT/tax class - **CST @ 1%**. Enter the amount as 450 in the Debit field
6. Debit the **CST @ 4%** with VAT/tax class - **CST @ 4%**. Enter the amount as 600 in the Debit field
7. Debit the **CST @ 12.5%** with VAT/tax class - **CST @ 12.5%**. Enter the amount as 1,150 in the Debit field

8. Credit the **Advance Tax** ledger grouped under **Current Assets**
9. The **Credit** amount is automatically entered
10. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 16	Voucher Class : VAT Adjustment Class		30-Apr-2011
		Used for: Advance Tax Paid		Saturday
Particulars	Debit	Credit		
Dr CST @ 2%	300.00			
<i>Cur Bal: 2,890.00 Cr</i>				
Dr CST @ 1%	450.00			
<i>Cur Bal: 0.00 Dr</i>				
Dr CST @ 4%	600.00			
<i>Cur Bal: 0.00 Cr</i>				
Dr CST @ 12.5%	1,150.00			
<i>Cur Bal: 7,600.00 Cr</i>				
Cr Advance Tax		2,500.00		
<i>Cur Bal: 0.00 Cr</i>				
Narration:		2,500.00	2,500.00	
Being advance tax paid adjusted against CST payable for the month of April '11.				

Figure 4.3 Journal Voucher - Adjustment of CST Towards Advance Tax Paid

11. Press **Y** or **Enter** to accept and save.

4.1.2 Adjustment Towards Entry Tax Paid

Entry tax is levied and collected on the entry of scheduled goods into any local area from outside the State for consumption, use or sale therein. The importers or dealers of any scheduled goods liable to pay Entry tax are allowed to reduce their liability under VAT to the extent of Entry tax paid.

The entry tax paid, can be adjusted towards output tax liability in a journal voucher using the **VAT Adjustment – Adjustment Towards Entry Tax Paid**.

Example 28:

The entry tax was paid for goods imported on 14-4-2011. On 30-4-2011, M/s National Traders recorded the adjustment entries to set-off the entry tax paid as follows:

- ₹ 1,520 against a portion of output VAT
- ₹ 980 against CST dues.

Step 1:

Let us record the transaction in Tally.ERP 9

i. Journal Entry for Adjusting the Entry Tax Paid towards VAT Liability

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal >** Select the Voucher Class as **VAT Adjustment Class**

1. Select **Adjustment Towards Entry Tax Paid** as the **VAT Adjustment** in the **Used for** field
2. Debit the **Output VAT @ 4%** ledger and select **Output VAT @ 4%** as the **VAT/Tax Class** from the VAT/Tax Class list and do not enter the assessable value.
3. Enter the amount as **844.56** in the **Debit** field
4. Debit the **Output VAT @ 2%** ledger and select **Output VAT @ 2%** as the **VAT/Tax Class** from the VAT/Tax Class list and do not enter the assessable value
5. Enter the amount as **675.44** in the **Debit** field
6. Credit the **Entry Tax** ledger grouped under **Current Assets**
7. The **Credit** amount is automatically entered
8. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
Journal	No. 17	Voucher Class : VAT Adjustment Class	30-Apr-2011 Saturday
Used for: Adjustment Towards Entry Tax Paid			
Particulars	Debit	Credit	
Dr Output VAT @ 4% <i>Cur Bal: 0.00 Dr</i>	844.56		
Dr Output VAT @ 2% <i>Cur Bal: 323.78 Cr</i>	675.44		
Cr Entry Tax <i>Cur Bal: 980.00 Dr</i>		1,520.00	
		1,520.00	1,520.00
Narration: Being Advance tax paid adjusted against Output VAT payable for the month of April '11.			
			<div style="border: 1px solid gray; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>

Figure 4.4 Journal Voucher - Output VAT Adjusted Towards Entry Tax Paid

9. Press **Y** or **Enter** to accept and save.

ii. Entry to set-off a portion of CST amount against the entry tax paid

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class**

1. Select the **Voucher Class as VAT Adjustment Class**
2. Select **Adjustment Towards Entry Tax Paid** as the **VAT Adjustment** in the **Used for** field.
3. Debit **CST @ 2%** ledger. Select the **VAT/Tax Class as Inter-State Sales - Spl. Category Goods**
4. Enter the amount as **980** in the **Debit** field
5. Credit the **Entry Tax** ledger grouped under **Current Assets**
6. The **Credit** amount is automatically entered
7. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M X
Journal	No. 18	Voucher Class : VAT Adjustment Class		30-Apr-2011 Saturday
Used for: Adjustment Towards Entry Tax Paid				
Particulars		Debit	Credit	
Dr CST @ 2% <i>Cur Bal: 790.00 Cr</i>		980.00		
Cr Entry Tax <i>Cur Bal: 0.00 Cr</i>			980.00	
Narration: Being Entry tax paid adjusted against CST payable for the month of April '11.		980.00	980.00	

Figure 4.5 Journal Voucher - Partial Amount of CST Dues Adjusted Towards Entry Tax Paid

8. Press **Y** or **Enter** to accept and save.

4.1.3 Adjustment Towards TDS

Example 29:

On 19-4-2011, M/s National Traders received ₹ 50,000 from Pratham Agencies towards advertising services provided for the month of April 2011. The TDS amount was deducted from the amount received. On 30-4-2011, the TDS amount was adjusted towards output tax liability.

Step 1:

Creating Ledgers

i. Tax Deducted at Source

Ledger	Under	Inventory values are affected
Tax Deducted at Source	Current Assets	No

ii. Sundry Debtor Ledger

Create the Sundry Debtor ledger - Pratham Agencies by following the steps given in Example 3.

Step 2:

Let us record the transaction in Tally.ERP 9

i. Receipt Voucher

To create a receipt voucher,

Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**

1. Credit **Pratham Agencies** and enter ₹ 50,000 in the amount field
2. Debit **Tax Deducted at Source** ledger and enter the TDS amount as ₹ 515
3. Debit **Bank of India** ledger and the amount will be automatically displayed
4. In the Bank Allocations screen, enter the party and bank details

Accounting Voucher Creation		National Traders		Ctrl + M
Receipt No. 1				19-Apr-2011 Tuesday
Particulars	Debit	Credit		
Cr Pratham Agencies Cur Bal: 50,000.00 Cr New Ref 1	50,000.00 Cr			
Dr Tax Deducted at Source Cur Bal: 515.00 Dr		515.00		
Dr Bank of India Cur Bal: 92,485.00 Dr Pratham Agencies		49,485.00		
Instrument No.: 258745		Cheque/DD	49,485.00	
Instrument Date: 19-Apr-2011		Bank Name: Bank of India	Branch : Chennai	
Narration:			50,000.00	50,000.00

Accept ?
 Yes or No

Figure 4.6 Receipt Voucher

5. Press **Y** or **Enter** to accept and save.

ii. Journal voucher for TDS Adjustment

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select **TDS Adjustment** in **Used for** field.
2. Debit **Output VAT @ 1%** ledger. In the **VAT Class Details** screen, the VAT/Tax class will be displayed as **Output VAT @ 1%**. Do not enter the assessable value.
3. Enter **₹ 515** in the amount field
4. Credit **Tax Deducted at Source** ledger and the amount will be automatically displayed

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 19	Voucher Class : VAT Adjustment Class		30-Apr-2011 Saturday
Used for: TDS Adjustment				
Particulars		Debit	Credit	
Dr Output VAT @ 1% <i>Cur Bal: 787.78 Cr</i>		515.00		
Cr Tax Deducted at Source <i>Cur Bal: 0.00 Cr</i>			515.00	
Narration: Being Tax Deducted at Source on payment received from Pratham Agencies adjusted against output tax liability.		515.00	515.00	

Accept ?

Yes or No

Figure 4.7 Journal Voucher - TDS Adjustment

5. Press **Y** or **Enter** to accept and save.

4.2 Adjustment of ITC against Tax Payable

At the end of every tax period it is advisable to set off the output vat amount of output vat ledgers with Input VAT amount of input VAT ledgers created.

In case where the net output is in excess, the balance amount of VAT due is transferred to VAT Payable ledger. In case of for any tax period if input tax is in excess of output VAT, need to adjust input VAT only to the extent of output VAT liability and balance of ITC can remain in the respective ledgers.

Example 30:

On 30-4-2011, M/s National Traders recorded an adjustment entry to set-off the input tax credit against the VAT liability.

Step 1: Creating a VAT Payable Ledger

Create the ledger **VAT Payable** with the details as shown in the table:

Ledger	Under	Inventory Values are affected	Use for Assessable Value Calculation
VAT Payable	Current Liabilities	No	No

Step 2:

Let us record the transaction in Tally.ERP 9. To create a journal voucher for adjusting the output VAT against input VAT,

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

1. Select **Not Applicable** from the **Voucher Class List**
2. Debit **Output VAT @ 1%** ledger and enter the corresponding ledger balance to nullify the liability
3. Similarly, select **Output VAT @ 2%**
4. Enter the respective ledger balance for each of the output VAT ledgers
5. Credit the **Input VAT @ 2%** ledger and enter the amount of credit available
6. Credit **VAT Payable** ledger. The balance amount will be displayed automatically in credit field

7. Enter the **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Journal	No. 20	Voucher Class : J Not Applicable		30-Apr-2011 Saturday
Particulars		Debit	Credit	
Dr Output VAT @ 1%		787.78		
Cur Bal: 0.00 Dr				
Dr Output VAT @ 2%		323.78		
Cur Bal: 0.00 Dr				
Cr Input VAT @ 2%			512.48	
Cur Bal: 0.00 Cr				
Cr VAT Payable			599.08	
Cur Bal: 599.08 Cr				
Narration:		1,111.56	1,111.56	
				Accept ? Yes or No

Figure 4.8 Journal Voucher - Entry to set-off the Output VAT dues against Available Input Tax Credit

8. Press **Y** or **Enter** to accept and save.



*In case the aggregate of input vat ledgers is less than the debit values of output VAT values debited, transfer the balance amount to VAT Payable ledger by selecting it in the credit field. VAT Payable ledger can be grouped under **Duties & Taxes** with **Type of Duty/Tax** as **Others** or **Current Liabilities**.*

4.3 Adjustment Towards CST Dues

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal >** Select the Voucher Class as **VAT Adjustment Class**

Select **Adjustment Towards CST** as the **VAT Adjustment** in the **Used for** field

Debit: **CST** ledger with the applicable **VAT/Tax Class**

Credit: **Input VAT** ledgers with the relevant **VAT/Tax Class**

4.4 Payment of VAT

Example 31:

On 5-5-2011, M/s National Traders paid ₹ 599.08 towards VAT dues.

Let us record the transaction in Tally.ERP 9. To create a CST payment voucher,
Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

Scenario 1: Recording Payment Entry using VAT Payment Button

In the **F12: Payment Configuration** screen, set **Use Single Entry mode for Pymt/Rcpt/Contra** to **No**

1. In the Payment voucher screen, click the **VAT Payment** button or press **Alt + V** to display the **VAT Payment Details** sub-screen
2. In the **Period From** field, enter the dates as **1-4-2011** to **30-4-2011**, as the period for which payment is being made
3. Select **VAT** as the type of payment in the **Payment Towards** field
4. Select **Type of Payment** as **Not Applicable**
5. Enter the date as **5-5-2011** in **Deposit Date** field
6. Enter the **Name of Bank & Branch (remittance)** as **Bank of India, Chennai**, **Branch code (remittance)** as **03252** and **Instrument No.** as **051230**

VAT Payment Details	
Period From	: 1-Apr-2011 To 30-Apr-2011
Payment towards	: VAT
Type of Payment	: Not Applicable
Deposit Date	: 5-May-2011
Name of the Bank & Branch(remittance):	: Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051230

Figure 4.9 VAT Payment Details

7. Accept the **VAT Payment Details** screen and the **Payment voucher** screen will be displayed.
8. Debit the ledger **VAT Payable** and enter **599.08** in the amount field
9. Credit **National Bank** ledger and amount will be displayed automatically

10. Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
Payment No. 3				5-May-2011 Thursday
Particulars		Debit	Credit	
Dr VAT Payable		599.08		
<i>Cur Bal: 0.00 Dr</i>				
Cr Bank of India			599.08	
<i>Cur Bal: 91,885.92 Dr</i>				
VAT Office	Cheque	599.08		
<i>Instrument No.: 051230</i>	<i>Instrument Date : 5-May-2011</i>			
<i>Bank Date :</i>	<i>Cross Instrument Using: A/c Payee</i>			
Narration:				
		599.08	599.08	

Accept ?
 Yes or No

Figure 4.10 VAT Payment Voucher

11. Press **Y** or **Enter** to accept and save.

Scenario 2: Recording Payment Entry using Stat Payment button

In Payment Voucher, the **S: Stat Payment** button is introduced to automatically offset the output VAT dues against available tax credit and arrive at the payable value. The calculation will be automated only if the VAT ledgers are predefined with VAT Sub Type as Input VAT and Output VAT in ledger master. On using Stat Payment button, the option Provide Details gets displayed in Payment Voucher to enter the VAT Payment Details. The options in VAT Payment Details differ from one State to another depending on the State-specific Return Form requirements.

Setup:

In the **F12: Payment Configuration** screen, set **Use Single Entry mode for Pymt/Rcpt/Contra** to **Yes**

In the Payment voucher screen,

1. Select the Bank ledger in Account field.
2. Click the **Stat Payment** button or press **Alt + S** to display the VAT **Statutory Payment** sub-screen.

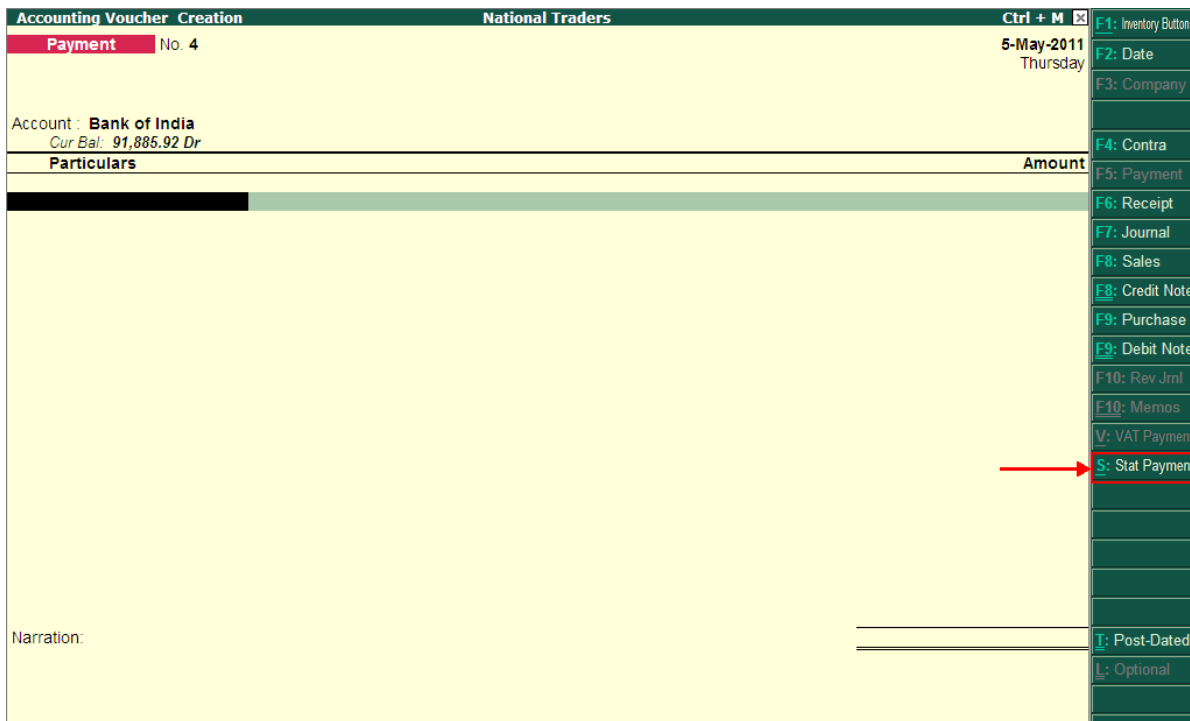


Figure 4.11 VAT Payment - Statutory Payment

3. In **Statutory Payment** sub-screen, provide the details given below:
 - **Type of Duty/Tax:** Select **VAT** as the payment is being made towards VAT dues.
 - **Auto Fill Statutory Payment:** Set it to **Yes** to automate display of VAT payable amount.
 - **Adjust Input VAT for Payment:** This field gets displayed only when - **Auto Fill Statutory Payment** is enabled. On setting this field to **Yes**, the VAT payable amount gets calculated by offsetting output VAT against the available tax credit.
 - **Period From:** Enter the return period in **From** and **To** fields.

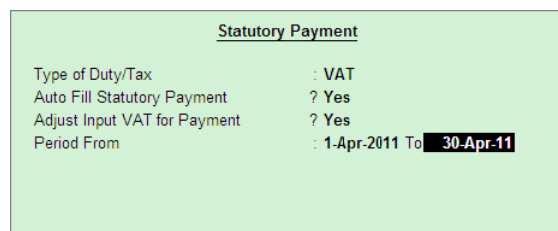


Figure 4.12 Statutory Payment



In case of VAT ledgers created in companies using versions lower than Tally.ERP 9 Release 2.0, all the input and output VAT ledgers will be pre-defiend with VAT sub Type as per the VAT/Tax class selected. However, to use the Statutory Payment facility these ledgers have to be re-accepted.

In absence of taxable sales entries or output VAT ledgers, if the option - **Auto Fill Statutory payment** is enabled, the Alert Message - **No VAT Ledger Exists for Adjustment** will be displayed.

The output VAT due is calculated and displayed in payment voucher on:

- Paying only the output VAT amount using **Statutory Payment** button by setting **Auto Fill Statutory Payment to Yes** and **Adjust Input VAT for Payment to No**
 - Setting options - **Auto Fill Statutory Payment** and **Adjust Input VAT for Payment to Yes** when there is balance amount remaining after offsetting tax credit.
- In the Payment Voucher, the output and Input VAT amount will be automatically set-off and the VAT payable amount gets calculated displayed. On using Stat Payment button, the **Provide Details** option is displayed.
- Set **Provide Details** to **Yes** and enter the bank details.

Accounting Voucher Creation		National Traders	Ctrl + M
Payment	No. 4		5-May-2011 Thursday
Account : Bank of India Cur Bal: 85,934.66 Dr		Statutory Payment for : VAT	
Particulars	Amount		
Output VAT @ 12.5%	16,605.90		
Cur Bal: 0.00 Dr			
Output VAT @ 12.5% - WC	3,750.00		
Cur Bal: 0.00 Dr			
Input VAT @ 1%	(-)1,001.34		
Cur Bal: 0.00 Cr			
Input VAT @ 12.5%	(-)7,514.84		
Cur Bal: 0.00 Cr			
Input VAT @ 4%	(-)3,570.96		
Cur Bal: 0.00 Cr			
Input VAT - Job Work	(-)2,187.50		
Cur Bal: 0.00 Cr			
ITC - Industrial Fuel	(-)130.00		
Cur Bal: 0.00 Cr			
Provide Details	: Yes		
Narration:	<hr/> <hr/> 5,951.26		

Figure 4.13 Payment Vouchyer using Stat Payment

- In the **VAT Payment Details** screen, enter the details as shown:

VAT Payment Details	
Period From	: 1-Apr-2011 To 30-Apr-2011
Type of Payment	: Not Applicable
Deposit Date	: 5-May-2011
Name of the Bank & Branch(remittance)	: Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051240

Figure 4.14 VAT Payment sub-screen

- Accept the **VAT Payment Details** screen and payment entry.

4.5 Payment of CST

Central Sales Tax is payable in the state from which goods are sold. The tax so collected is retained by the state in which it is collected. The State Government Sales Tax Officer who assesses and collects local state sales tax also assesses and collects Central Sales Tax.

The due date is same as for the period to submit returns under Value Added Tax (VAT) of the appropriate state. The CST payable amount should be rounded off to the nearest rupee.

Example 32:

On 5-5-2011, M/s National Traders paid ₹ 10,490 as CST dues.

Step 1:

Let us record the transaction in Tally.ERP 9. To create a CST payment voucher,

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

1. Select the **Bank** ledger in the **Account** field
2. Click the **VAT Payment** button or press **Alt + S** to display the **Statutory Payment** sub-screen
3. In **Statutory Payment** sub-screen, provide the details given below:
 - **Type of Duty/Tax:** Select **CST** as the payment is being made towards VAT dues.
 - **Auto Fill Statutory Payment:** Set it to **No** as the CST paid on purchases cannot be set-off against CST on sales.

Statutory Payment	
Type of Duty/Tax	: CST
Auto Fill Statutory Payment	: No

Figure 4.15 Statutory Payment - CST

- In the Payment Voucher, Set **Provide Details** to **Yes** to display the **VAT Payment Details** sub-screen
- In the **VAT Payment Details** screen, enter the details as shown:

VAT Payment Details	
Period From	: 1-Apr-2011 To 30-Apr-2011
Type of Payment	: Not Applicable
Deposit Date	: 5-May-2011
Name of the Bank & Branch(remittance)	: Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051244

Figure 4.16 CST Payment Details

- Accept the **VAT Payment Details** screen and the **Payment voucher** screen will be displayed.
- Debit the ledger **CST @ 2%** and **CST @12.5%**. Enter the corresponding ledger balances for each ledger.
- Enter the details in the field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
Payment	No. 5		5-May-2011 Thursday
Account : Bank of India		Statutory Payment for : CST	
Cur Bal: 75,444.66 Dr			
Particulars		Amount	
CST @ 2%		2,890.00	
Cur Bal: 0.00 Dr			
CST @ 12.5%		7,600.00	
Cur Bal: 0.00 Dr			
Provide Details : Yes			
Narration:		10,490.00	
Ch. No. 051244			

Accept ?
 Yes or No

Figure 4.17 CST payment Voucher

- Press **Y** or **Enter** to accept and save.

Lesson 5: VAT Reports

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Generate VAT Computation Report
- ❑ VAT Statutory Monthly and Annual Return Form
- ❑ Form W for Exporters
- ❑ VAT Annexures
- ❑ VAT Commodity Report
- ❑ VAT Registers

The VAT system is based on self-assessment and transparency at every stage of transaction. Hence, accurate record maintenance is of critical importance.

In Tally.ERP 9, you can generate statutory returns as prescribed in the statutes. In this lesson, we will discuss about the books of accounts, reports and registers that assists you in managing your business and compliance with VAT.

5.1 VAT Computation Report

To view the VAT Computation Report,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Computation**

The VAT Computation reports provide the Assessable Value and the Tax Amount of the sales and purchase transactions entered using different VAT/ Tax classifications.

The VAT Computation report displays as shown:

VAT Computation		National Traders		Ctrl + M
Particulars	National Traders			
	1-Apr-2011 to 30-Jun-2011			
	Assessable Value	Tax Amount		
Sales				
A. Output Tax				
CST @ 1%	45,000.00			
CST @ 12.5%	70,000.00	7,600.00		
CST @ 2% Against Form C	1,44,500.00	2,890.00		
CST @ 4%	15,000.00			
Inter-State Sales - Spl. Category Goods	64,000.00			
Output VAT @ 1%	1,30,277.78	787.78		
Output VAT @ 12.5%	1,32,847.22	16,605.90		
Output VAT @ 2%	53,261.11	323.78		
Output VAT @ 4%	71,113.89			
Works Contract				
Output VAT - Works Contract @ 12.5%	60,000.00	3,750.00		
Total Output Tax	7,86,000.00	31,957.46		
Purchases				
C. Input Tax				
<i>Excess Input Credit Brought Forward</i>				
Input VAT @ 1%	1,00,133.53	1,001.34		
Input VAT @ 12.5%	60,118.69	7,514.84		
Input VAT @ 12.5% - (JobWork)	35,000.00	2,187.50		
Input VAT @ 2%	22,623.89	452.48		
Input VAT @ 4%	90,773.89	3,630.96		
Input VAT @ 4% - (Industrial Input)	3,250.00	130.00		
Purchase From URDs - Taxable Goods @ 1%	40,400.00			
		4 more ...		
VAT Payable		17,040.34		

Figure 5.1 VAT Computation Report

The above screen displays the total of VAT payable on sales and input tax credit available on purchases made during the specified period.

The essence of VAT is the offsetting of Input VAT against Output VAT. The VAT computation report shown above precisely indicates the value of VAT Payable after offsetting the input VAT against the output VAT along with CST liability if any.

Assessable Value

The Assessable Value is the sum of total value of goods at which they are purchased and sold. This assessable value is the value on which VAT is calculated.

Tax Amount

The total Tax Amount calculated on Assessable value using the respective Tax percentage is the Tax Amount.

Show All VAT Classifications

From the VAT Computation screen, click on **F12: Configure** and set **Show All VAT Classifications** to **Yes**.

Configuration	
Show All VAT Classifications	? Yes
Show CST Details	? No
Show VAT Analysis	? No

Figure 5.2 VAT Computation Configuration – VAT Classifications

The **VAT Computation** screen displays as shown:

VAT Computation		National Traders		Ctrl + M
Particulars	National Traders			
	1-Apr-2011 to 30-Jun-2011			
	Assessable Value	Tax Amount		
Sales				
A. Output Tax				
CST @ 1%	45,000.00			
CST @ 12.5%	70,000.00		7,600.00	
CST @ 2% Against Form C	1,44,500.00		2,890.00	
CST @ 4%	15,000.00			
Inter-State Sales - Spl. Category Goods	64,000.00			
Output VAT @ 1%	1,30,277.78		787.78	
Output VAT @ 12.5%	1,32,847.22		16,605.90	
Output VAT @ 2%	53,261.11		323.78	
Output VAT @ 4%	71,113.89			
Others (VAT Not Applicable)				
Consignment/Branch Transfer Outward	7,800.00			
Exports	1,57,440.00			
Sales - Exempt	34,000.00			
Works Contract				
Output VAT - Works Contract @ 12.5%	60,000.00		3,750.00	
Total Output Tax	9,85,240.00		31,957.46	
Purchases				
C. Input Tax				
Excess Input Credit Brought Forward				
Input VAT @ 1%	1,00,133.53		1,001.34	
Input VAT @ 12.5%	60,118.69		7,514.84	
			16 more ... ↓	
VAT Payable			17,040.34	

Figure 5.3 VAT Computation – Break-up of All VAT Classifications

VAT Computation		National Traders		Ctrl + M
Particulars	National Traders 1-Apr-2011 to 30-Jun-2011			
	Assessable Value	Tax Amount		
↑ ... 15 more				
Works Contract				
Output VAT - Works Contract @ 12.5%	60,000.00	3,750.00		
Total Output Tax	9,85,240.00	31,957.46		
Purchases				
C. Input Tax				
<i>Excess Input Credit Brought Forward</i>				
Input VAT @ 1%	1,00,133.53	1,001.34		
Input VAT @ 12.5%	60,118.69	7,514.84		
Input VAT @ 12.5% - (JobWork)	35,000.00	2,187.50		
Input VAT @ 2%	22,623.89	452.48		
Input VAT @ 4%	90,773.89	3,630.96		
Input VAT @ 4% - (Industrial Input)	3,250.00	130.00		
Purchase From URDs - Taxable Goods @ 1%	40,400.00			
Purchase From URDs - Taxable Goods @ 12.5%	50,625.00			
Purchase From URDs - Taxable Goods @ 4%	1,664.00			
Purchases - Capital Goods @ 4%	1,50,000.00			
Others (VAT Not Applicable)				
Imports	78,300.00			
Interstate Purchases @ 1%	40,400.00			
Interstate Purchases @ 12.5%	33,750.00			
Interstate Purchases @ 2% Against Form C	3,82,500.00			
Interstate Purchases @ 4%	9,984.00			
Purchases - Exempt	30,000.00			
Total Input Credit	11,29,523.00	14,917.12		
VAT Payable		17,040.34		

Figure 5.4 VAT Computation – Break-up of All VAT Classifications

Click on **Alt+F1: Detailed** button to view the detailed **VAT Computation** report. A part of the detailed report displays as shown:

VAT Computation		National Traders		Ctrl + M	
Particulars	National Traders 1-Apr-2011 to 30-Jun-2011				
			Assessable Value	Tax Amount	
Sales					
A. Output Tax					
CST @ 1%			45,000.00		
Gross value	45,000.00	450.00			
Advance Tax Paid		(-)450.00			
CST @ 12.5%			70,000.00	7,600.00	
Gross value	70,000.00	8,750.00			
Advance Tax Paid		(-)1,150.00			
CST @ 2% Against Form C			1,44,500.00	2,890.00	
CST @ 4%			15,000.00		
Gross value	15,000.00	600.00			
Advance Tax Paid		(-)600.00			
Inter-State Sales - Spl. Category Goods			64,000.00		
Gross value	64,000.00	1,280.00			
Adjustment Towards Entry Tax Paid		(-)980.00			
Advance Tax Paid		(-)300.00			
Output VAT @ 1%			1,30,277.78	787.78	
Gross value	90,277.78	902.78			
Tax on URD Purchase	40,000.00	400.00			
TDS Adjustment		(-)515.00			
Output VAT @ 12.5%			1,32,847.22	16,605.90	
Gross value	87,847.22	10,980.90			
Tax on URD Purchase	45,000.00	5,625.00			
Output VAT @ 2%			53,261.11	323.78	
Gross value	59,261.11	1,119.22			
Adjustment Towards Entry Tax Paid		(-)675.44			
Goods Sold Returned	(-)6,000.00	(-)120.00			
			74 more ...		
VAT Payable					17,040.34

Figure 5.5 VAT Computation – Detailed

The report also provides drill down facility for each VAT classification listed in the report. To drill down, select the required classification and press **Enter**.

VAT Classification Vouchers

To view the VAT Classification vouchers, select any one the VAT Classifications from the VAT Computation report and press **Enter**.

The VAT Classification Vouchers report is displayed as shown:

VAT Classification Vouchers		National Traders				Ctrl + M	
VAT Classification : Input VAT @ 12.5%		1-Apr-2011 to 30-Apr-2011					
Voucher Date	Particulars	VAT TIN	Voucher Type	Voucher Number	Supplier Inv/ Ref. No.	Assessable Value	VAT Amount
1-4-2011	Excel Traders	33589845121	Purchase	1	01	1,20,118.69	15,014.84
13-4-2011	Refund Claimed on Zero Rated Sales	33025485652	Journal	2		(-)30,000.00	(-)3,750.00
20-4-2011	Swasthik Associates	33254785621	Purchase	9	09	12,500.00	1,562.50
20-4-2011	Reverse Credit - Purchase of Automobiles, Spare Parts		Journal	6		(-)12,500.00	(-)1,562.50
21-4-2011	Dewpoint Traders	33250025850	Purchase	10	10	50,000.00	6,250.00
21-4-2011	Reverse Credit - Purchase of Air Conditioners		Journal	7		(-)50,000.00	(-)6,250.00
27-4-2011	Reverse Credit - Interstate Sale Without 'C' Form		Journal	14		(-)30,000.00	(-)3,750.00
Grand Total						60,118.69	7,514.84

Figure 5.6 VAT Classification Vouchers screen

VAT Analysis

The VAT Analysis section is introduced in the VAT Computation report to provide information on VAT Payable, amount paid and refund amount for the current period along with the details of input tax credit and VAT liability carried forward to the next return period.

To view the VAT analysis press **F12: Configure** in **VAT Computation** screen and set **Show VAT Analysis** to **Yes**.

Press **F1: Detailed** button (Alt+F1) to view the breakup of VAT Liability and VAT Payments.

VAT Computation screen with **VAT Analysis** is displayed as shown.

VAT Computation		National Traders		Ctrl + M	
Particulars	National Traders 1-Apr-2011 to 30-Apr-2011				
	Assessable Value		Tax Amount		
↑ ... 63 more					
Input VAT @ 4% - (Industrial Input)			3,250.00	130.00	
Gross value	5,000.00	200.00			
Reverse Credit - Inputs Damaged in Transit Or Destroyed Before Mfg.	(-)1,250.00	(-)50.00			
Reverse Credit - Inputs Destroyed in Fire Or Lost	(-)500.00	(-)20.00			
Purchase From URDs - Taxable Goods @ 1%			40,400.00		
Gross value	40,000.00				
Tax on URD Purchase	400.00				
Purchase From URDs - Taxable Goods @ 12.5%			50,625.00		
Gross value	45,000.00				
Tax on URD Purchase	5,625.00				
Purchase From URDs - Taxable Goods @ 4%			1,664.00		
Gross value	1,600.00				
Tax on URD Purchase	64.00				
Purchases - Capital Goods @ 4%			1,50,000.00		
Gross value	1,50,000.00				
Input Tax Credit Admitted On Capital Goods	1,50,000.00	3,000.00			
Reverse Credit - Goods Used for Civil Structures	(-)1,50,000.00	(-)3,000.00			
	Total Input Credit		5,54,589.00	14,917.12	
VAT Analysis					
VAT Liability					
VAT Payable			17,040.34		17,040.34
Current Period VAT payable			17,040.34		
VAT Payments					
Paid through Challan			17,040.34		
VAT			17,040.34		
VAT Payable					17,040.34

Figure 5.7 VAT Computation with VAT Analysis

In the VAT Analysis displayed above, the VAT liability includes CST dues.

$$\text{VAT Payable} = \text{CST (7,600 + 2890)} + \text{VAT (6550.34)} = 17,040.34$$

5.2 VAT Commodity Report

In the VAT Commodity report, the commodity-wise break-up of assessable value and tax amount of stock items invoiced using the respective VAT/Tax classification will be displayed.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Commodity**

Commodity-wise Purchase

Select **Purchases** from **VAT Commodity** menu and press **Enter** key to view the Commodity-wise Purchase report as shown:

Commodity wise Purchase		National Traders						Ctrl + M	
Commodity wise Purchase		1-Apr-2011 to 30-Apr-2011							
Description	Code	Rate	Total Value	Inventory Value	Additions / Deductions	Assessable Value	Tax Amount	Additional Tax	
Imports			78,300.00	78,300.00		78,300.00			
Fax Machines	333		64,800.00	64,800.00		64,800.00			
<i>Fax Machines</i>			64,800.00	64,800.00		64,800.00			
Insulators	2069		13,500.00	13,500.00		13,500.00			
<i>Insulators</i>			13,500.00	13,500.00		13,500.00			
Input VAT @ 1%			1,61,734.87	1,60,000.00	133.53	1,60,133.53	1,601.34		
Jewellery	102	1%	1,61,734.87	1,60,000.00	133.53	1,60,133.53	1,601.34		
<i>Gold Jewellery</i>			1,61,734.87	1,60,000.00	133.53	1,60,133.53	1,601.34		
Input VAT @ 12.5%			2,05,446.03	1,82,500.00	118.69	1,82,618.69	22,827.34		
Air Conditioners	304	12.50%	56,250.00	50,000.00		50,000.00	6,250.00		
<i>Air Conditioner</i>			56,250.00	50,000.00		50,000.00	6,250.00		
Locomotives	324	12.50%	14,062.50	12,500.00		12,500.00	1,562.50		
<i>Automobile Spare Parts</i>			14,062.50	12,500.00		12,500.00	1,562.50		
Vacuum Cleaners	329	12.50%	1,35,133.53	1,20,000.00	118.69	1,20,118.69	15,014.84		
<i>Vacuum Cleaners</i>			1,35,133.53	1,20,000.00	118.69	1,20,118.69	15,014.84		
Input VAT @ 2%			26,136.37	23,250.00	2,373.89	25,623.89	512.48		
G I Pipes	2100	2%	26,136.37	23,250.00	2,373.89	25,623.89	512.48		
<i>G I Pipes</i>			26,136.37	23,250.00	2,373.89	25,623.89	512.48		
Input VAT @ 4%			99,396.84	93,200.00	2,373.89	95,573.89	3,822.95		
Insulators	2069	4%	47,242.54	43,200.00	2,225.52	45,425.52	1,817.02		
<i>Insulators</i>			47,242.54	43,200.00	2,225.52	45,425.52	1,817.02		
Silk Fabrics	2127	4%	52,154.30	50,000.00	148.37	50,148.37	2,005.93		
<i>Silk Fabrics</i>			52,154.30	50,000.00	148.37	50,148.37	2,005.93		
Input VAT @ 4% - (Industrial Input)			3,380.00	3,250.00		3,250.00	130.00		
Industrial Inputs	2067	4%	3,380.00	3,250.00		3,250.00	130.00		
<i>Industrial Fuel</i>			3,380.00	3,250.00		3,250.00	130.00		
Interstate Purchases @ 1%			40,800.00	40,000.00		40,400.00	400.00		
Jewellery	102	1%	40,800.00	40,000.00		40,400.00	400.00		
<i>Gold Jewellery</i>			40,800.00	40,000.00		40,400.00	400.00		
Interstate Purchases @ 12.5%			37,500.00	30,000.00		33,750.00	3,750.00		

20 more ... ↓

Figure 5.8 VAT Commodity Report - Purchase

Commodity-wise Sales

Select **Sales** from **VAT Commodity** menu and press **Enter** key to view the Commodity-wise Sales report as shown:

Commodity wise Sales		National Traders					Ctrl + M X	
Commodity wise Sales		1-Apr-2011 to 30-Apr-2011						
Description	Code	Rate	Total Value	Inventory Value	Additions / Deductions	Assessable Value	Tax Amount	Additional Tax
Consignments/Branch Transfer Outward			7,800.00	7,800.00		7,800.00		
G I Pipes	2100		3,000.00	3,000.00		3,000.00		
G I Pipes			3,000.00	3,000.00		3,000.00		
Insulators	2069		4,800.00	4,800.00		4,800.00		
Insulators			4,800.00	4,800.00		4,800.00		
CST @ 1%			45,450.00	45,000.00		45,000.00	450.00	
Jewellery	102	1%	45,450.00	45,000.00		45,000.00	450.00	
Gold Jewellery			45,450.00	45,000.00		45,000.00	450.00	
CST @ 12.5%			78,750.00	70,000.00		70,000.00	8,750.00	
Vacuum Cleaners	329	12.50%	78,750.00	70,000.00		70,000.00	8,750.00	
Vacuum Cleaners			78,750.00	70,000.00		70,000.00	8,750.00	
CST @ 2% Against Form C			1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
Air Conditioners	304	2%	1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
Air Conditioner			1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
CST @ 4%			15,600.00	15,000.00		15,000.00	600.00	
Insulators	2069	4%	15,600.00	15,000.00		15,000.00	600.00	
Insulators			15,600.00	15,000.00		15,000.00	600.00	
Exports			1,57,440.00	1,57,440.00		1,57,440.00		
Jewellery	102		1,06,560.00	1,06,560.00		1,06,560.00		
Gold Jewellery			1,06,560.00	1,06,560.00		1,06,560.00		
Vacuum Cleaners	329		50,880.00	50,880.00		50,880.00		
Vacuum Cleaners			50,880.00	50,880.00		50,880.00		
Inter-State Sales - Spl. Category Goods			65,280.00	64,000.00		64,000.00	1,280.00	
Silk Fabrics	2127		65,280.00	64,000.00		64,000.00	1,280.00	
Silk Fabrics			65,280.00	64,000.00		64,000.00	1,280.00	
Output VAT @ 1%			91,180.56	90,000.00	277.78	90,277.78	902.78	
Jewellery	102	1%	91,180.56	90,000.00	277.78	90,277.78	902.78	
Gold Jewellery			91,180.56	90,000.00	277.78	90,277.78	902.78	
Output VAT @ 12.5%			98,828.12	87,500.00	347.22	87,847.22	10,980.90	
Vacuum Cleaners	329	12.50%	98,828.12	87,500.00	347.22	87,847.22	10,980.90	

Figure 5.9 VAT Commodity Report - Sales

5.3 VAT Registers

VAT Purchase Register

The VAT Purchase Register provides complete details of all the purchases made in a particular tax period. This register captures the invoice-wise purchases with voucher number, VAT registration number, stock items invoiced, invoice value, assessable value, apportioned additional expenses, VAT/Tax classifications and tax amount.

To view the VAT Purchase Register,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Register > VAT Purchase**

By default, the fields - Show Voucher Number, Show Quantity Details and Show Additional Cost will be set to Yes. To view the supplier invoice number, CST number, rate and item value click on F12: Configure. Set the options as shown below:

Configuration	
Show Voucher Number	? Yes
Show Supplier Invoice No. & Dt.?	Yes
Show CST No.	? Yes
Show Quantity Details	? Yes
Show Rate Details	? Yes
Show Item Value	? Yes
Show Additional Cost	? Yes

Figure 5.10 Purchase Register Configuration

The options shown in the Configuration screen are:

- ❑ **Show Voucher Number:** This field will be set to **Yes** to display the voucher number.
- ❑ **Show Supplier Invoice No. & Date:** Set it to **Yes** to display the Supplier Invoice No. and date entered in the purchase invoice.
- ❑ **Show CST No.:** Set it to **Yes** to capture the CST number entered in the party ledger master or the party details screen.
- ❑ **Show Quantity Details:** This field will be set to **Yes** to display the quantity purchased.
- ❑ **Show Rate Details:** Set it to **Yes** to display the rate at which the stock items were purchased.
- ❑ **Show Item Value:** Set it to **Yes** to display the assessable value of stock item purchased.
- ❑ **Show Additional Cost:** This field will be set to **Yes** to display the value entered while invoicing for additional expense or income ledger enabled for apportionment.

In the VAT Purchase Register screen, press **F1: Detailed** button (Alt+F1) to display the inventory details and VAT/Tax classifications. The **VAT Purchase Register** displays as shown:

VAT Purchase Register		National Traders				Ctrl + M		
List of Purchase Vouchers		1-Apr-2011 to 30-Apr-2011						
Date	Particulars	Supplier Invoice No. & Dt.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
1-Apr-2011	Excel Traders	01 / 1-4-2011	1	33589845121	33589845121	337 Nos		4,22,000.00
	Gold Jewellery					9 Nos	20,000.00/Nos	1,80,000.00
	Packing Charges							
	G / Pipes					160 Nos	150.00/Nos	24,000.00
	Packing Charges							
	Insulators					150 Nos	320.00/Nos	48,000.00
	Packing Charges							
	Silk Fabrics					10 Nos	5,000.00/Nos	50,000.00
	Packing Charges							
	Vacuum Cleaners					8 Nos	15,000.00/Nos	1,20,000.00
	Packing Charges							
2-Apr-2011	Swasthik Associates	02 / 2-4-2011	2	33254785521	33254785521	200 Nos		30,000.00
	The IT Journal					200 Nos	150.00/Nos	30,000.00
12-Apr-2011	Gizmo Traders	05 / 12-4-2011	5	33025485652	33025485652	10 Nos		86,600.00
	Gold Jewellery					2 Nos	20,000.00/Nos	40,000.00
	Insulators					5 Nos	320.00/Nos	1,600.00
	Vacuum Cleaners					3 Nos	15,000.00/Nos	45,000.00
16-Apr-2011	Sunbeam Designers	07 / 16-4-2011	7	33250120147	33250120147			35,000.00
	Graphic Designing							35,000.00
18-Apr-2011	Equipment Agencies	08 / 18-4-2011	8	33256001241	33256001241			
20-Apr-2011	Swasthik Associates	09 / 20-4-2011	9	33254785521	33254785521	10 Nos		12,500.00
	Automobile Spare Parts					10 Nos	1,250.00/Nos	12,500.00
21-Apr-2011	Dewpoint Traders	10 / 21-4-2011	10	33250025850	33250025850	2 Nos		50,000.00
	Air Conditioner					2 Nos	25,000.00/Nos	50,000.00
23-Apr-2011	Sterling Industries	11 / 23-4-2011	11	33206501450	33206501450	100 Lts		5,000.00
								1 more ... ↓
								6,41,100.00

Figure 5.11 VAT Purchase Register - Screen 1

Scroll horizontally to view the columnar details.

VAT Purchase Register		National Traders				Ctrl + M	
List of Purchase Vouchers		1-Apr-2011 to 30-Apr-2011					
Date	Particulars	Value	Gross Total	Assessable Value	Addl. Cost	VAT/TAX Class	Tax Amount
		← ... 6 more					
1-Apr-2011	Excel Traders	4,22,000.00	4,48,358.62	4,27,000.00	5,000.00		21,358.62
	Gold Jewellery	1,80,000.00		1,80,133.53		Input VAT @ 1%	1,801.34
	Packing Charges				133.53		
	G I Pipes	24,000.00		26,373.89		Input VAT @ 2%	527.48
	Packing Charges				2,373.89		
	Insulators	48,000.00		50,225.52		Input VAT @ 4%	2,009.02
	Packing Charges				2,225.52		
	Silk Fabrics	50,000.00		50,148.37		Input VAT @ 4%	2,005.93
	Packing Charges				148.37		
	Vacuum Cleaners	1,20,000.00		1,20,118.69		Input VAT @ 12.5%	15,014.84
	Packing Charges				118.69		
2-Apr-2011	Swasthik Associates	30,000.00	30,000.00	30,000.00			
	The IT Journal	30,000.00		30,000.00		Purchases - Exempt	
12-Apr-2011	Gizmo Traders	86,600.00	86,600.00	86,600.00			
	Gold Jewellery	40,000.00		40,000.00		Purchase From URDs - Taxable Goods @ 1%	
	Insulators	1,600.00		1,600.00		Purchase From URDs - Taxable Goods @ 4%	
	Vacuum Cleaners	45,000.00		45,000.00		Purchase From URDs - Taxable Goods @ 12.5%	
16-Apr-2011	Sunbeam Designers	35,000.00	37,187.50	35,000.00			2,187.50
	Graphic Designing	35,000.00		35,000.00		Input VAT @ 12.5% - (JobWork)	2,187.50
18-Apr-2011	Equipment Agencies		1,56,000.00				
20-Apr-2011	Swasthik Associates	12,500.00	14,062.50	12,500.00			1,562.50
	Automobile Spare Parts	12,500.00		12,500.00		Input VAT @ 12.5%	1,562.50
21-Apr-2011	Dewpoint Traders	50,000.00	56,250.00	50,000.00			6,250.00
	Air Conditioner	50,000.00		50,000.00		Input VAT @ 12.5%	6,250.00
23-Apr-2011	Sterling Industries	5,000.00	5,200.00	5,000.00			200.00
							1 more ... ↓
		6,41,100.00	8,33,658.62	6,46,100.00	5,000.00		31,558.62

Figure 5.12 VAT Purchase Register - Screen 2

VAT Sales Register

The VAT Sales Register provides complete details of all the Sales made in a particular tax period. This register captures the invoice-wise Sales with voucher number, VAT registration number, stock items invoiced, invoice value, assessable value, apportioned additional incomes, VAT/Tax classifications, tax amount and additional tax/Cess/Surcharge if any depending on the state selected for VAT compliance.

To view the VAT Sales Register,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Register > Vat Sales**

Press **F12: Configure**. By default, the fields - **Show Voucher Number** and **Show Quantity Details** will be set to **Yes**. To view the Voucher Reference number, CST number, rate and item value set the options as shown below:

Configuration	
Show Voucher Number	? Yes
Show Voucher Ref.	? Yes
Show CST No.	? Yes
Show Quantity Details	? Yes
Show Rate Details	? Yes
Show Item Value	? Yes

Figure 5.13 Sales Register - Configuration

The options shown in the Configuration screen are:

Show Voucher Number: This field will be set to Yes to display the voucher number.

Show Voucher Ref: Set it to Yes to display the voucher reference number entered in Ref field of sales/tax invoice.

Show CST No.: Set it to Yes to capture the CST number entered in the party ledger master or the party details screen.

Show Quantity Details: This field will be set to Yes to display the quantity sold.

Show Rate Details: Set it to Yes to display the rate at which the stock items were sold.

Show Item Value: Set it to Yes to display the assessable value of stock item sold.

In the VAT Sales Register screen, press **F1: Detailed** button (Alt+F1) to display the inventory details and VAT/Tax classifications. The **VAT Sales Register** displays as shown:

VAT Sales Register		National Traders				Ctrl + M		
List of Sales Vouchers		1-Apr-2011 to 30-Apr-2011						
Date	Particulars	Voucher Ref.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
5-Apr-2011	Marvel Traders	S01	1	33259874547	33259874547	144 Nos		2,38,000.00
	Gold Jewellery					4 Nos	22,500.00/Nos	90,000.00
	Packing Charges							
	G I Pipes					70 Nos	400.00/Nos	28,000.00
	Packing Charges							
	Insulators					65 Nos	500.00/Nos	32,500.00
	Packing Charges							
	Vacuum Cleaners					5 Nos	17,500.00/Nos	87,500.00
	Packing Charges							
5-Apr-2011	Marvel Traders	S02	2	33259874547	33259874547	66 Nos		26,400.00
	G I Pipes					66 Nos	400.00/Nos	26,400.00
6-Apr-2011	Marvel Traders	S03	3	33259874547	33259874547	65 Nos		32,500.00
	Insulators					65 Nos	500.00/Nos	32,500.00
7-Apr-2011	Supreme Book Stores	SN01	1	33658987412	33658987412	180 Nos		36,000.00
	The IT Journal					180 Nos	200.00/Nos	36,000.00
16-Apr-2011	Swasthik Associates	SN06	6	33254785521	33254785521			60,000.00
	Painting & Polishing							60,000.00
						455 Nos		3,92,900.00

Figure 5.14 VAT Sales Register - Screen 1

Scroll horizontally to view the columnar details.

VAT Sales Register		National Traders				Ctrl + M	
List of Sales Vouchers		1-Apr-2011 to 30-Apr-2011					
Date	Particulars	Value	Gross Total	Assessable Value	Addl. Cost	VAT/TAX Class	Tax Amount
		← ... 6 more					
5-Apr-2011	Marvel Traders	2,38,000.00	2,62,021.46	2,48,000.00	10,000.00		14,021.46
	Gold Jewellery	90,000.00		90,277.78		Output VAT @ 1%	902.78
	Packing Charges				277.78		
	G I Pipes	28,000.00		32,861.11		Output VAT @ 2%	657.22
	Packing Charges				4,861.11		
	Insulators	32,500.00		37,013.89		Output VAT @ 4%	1,480.56
	Packing Charges				4,513.89		
	Vacuum Cleaners	87,500.00		87,847.22		Output VAT @ 12.5%	10,980.90
	Packing Charges				347.22		
5-Apr-2011	Marvel Traders	26,400.00	26,862.00	26,400.00			462.00
	G I Pipes	26,400.00		26,400.00		Output VAT @ 2%	462.00
6-Apr-2011	Marvel Traders	32,500.00	33,800.00	32,500.00			1,300.00
	Insulators	32,500.00		32,500.00		Output VAT @ 4%	1,300.00
7-Apr-2011	Supreme Book Stores	36,000.00	36,000.00	36,000.00			
	The IT Journal	36,000.00		36,000.00		Sales - Exempt	
16-Apr-2011	Swasthik Associates	60,000.00	63,750.00	60,000.00			3,750.00
	Painting & Polishing	60,000.00		60,000.00		Output VAT - Works Contract @ 12.5%	3,750.00
		3,92,900.00	4,22,433.46	4,02,900.00	10,000.00		19,533.46

Figure 5.15 VAT Sales Register - Screen 2

5.4 Statutory Returns and Annexures

5.4.1 VAT Return Form I

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form I**

Press **S**: **Select Printer** button (Alt+S), select the required printer and set the **Paper Type** as **A4**.

Every Dealer who is liable to pay tax under TN VAT, other than dealers who have opted for payment of tax at compounded rates, including agents / branch are required to file a monthly return in **Form I** and Annual Return in Form I-1. The Refund application form for exporters - Form W has to be submitted by the exporters.

The monthly returns are required to be filed on or before 20th of the succeeding month to the assessing authority. Along with the monthly returns, details of purchases and sales are required to be submitted in **Annexures I, II, III & IV**.



The Monthly VAT Returns in Form I for M/s. National Traders displays as shown:

FORM I [see Rule 7(1) (a), 7(2) & 7(3)] VALUE ADDED TAX MONTHLY RETURN						
Name and address of the dealer: National Traders,56, Anna Building, G.S.T Road, Guindy, Chennai						
To The Assessing Authority , TIN 33256988745 Month 04 Year 2011						
765R Circle						
INPUT TAX CREDIT			TAX PAYABLE			
1	Input Tax Credit carry-forward (Rs.) 0 (A)		Nil		1 Purchase turnover under Sec 12 (Rs.)	
1 (No Input tax credit of capital goods to be included here)					86,600 Tax due Rs. (A1) 6,089	
INPUT ITEMS			OUTPUT ITEMS			
(First schedule goods)	Purchase value during the month(Rs.)	Input Tax credit (VAT paid)(Rs.)	(Input Tax Credit allowable)	Sales turnover / value inside the State(Rs.)	VAT due(Rs.)	
(a)Goods taxable at 1%	1,80,134	1,801	(a)Local sales at 1%	90,278	803	
(b)Goods taxable at 2%	26,374	527	(b)Local sales at 2%	59,261	1,119	
(c)Goods taxable at 4%	1,05,374	4,215	(c)Local sales at 4%	69,514	2,781	
(d)Goods taxable at 12.5%	2,00,119	25,015	(d)Local sales at 12.5%	1,17,847	14,731	
(e)Purchase under Sec. 12	86,600	Nil	Total= (a)+(b)+(c)	3,36,900	19,534	
Total= (a)+(b)+(c)+(d)+(e)	5,98,601	31,558	2 Less: Sales return/Unfructified sales	6,000	120	
2 Less: Reverse Credit*	1,27,600	12,292	Total(F)	3,30,900	(F1) 19,414	
TOTAL (NET) (B)	4,71,001	19,266	Zero rate sales (G)	1,57,440		
Goods exempted (C)	30,000	(C1)	1.Adjustment of advance tax		2,000.00	
			2.Entry tax paid,if any		1,520.00	
			Less: Total(H2)		(H1) 3,520	
			Net tax payable		(T1) = (F1)-(H1) 15,894	
					(T2) = (A1)+(T1) 21,983	
CAPITAL GOODS			OUTPUT ITEMS			
		Eligible Input Tax Credit (Rs.)	(Input Tax Credit not allowable)			
(a)Upto previous month	Nil	Nil	Exempted sales	36,000		
(b)During the month	1,50,000	3,000	Less: Sales return/Unfructified sales	2,000		
Total	1,50,000	3,000	Total (J)	34,000		
3 Less: Reverse Credit*	1,50,000	3,000	3 Sales under Sec 11	(S)	64,000	(S1) 1,280
Less: Claimed upto previous month	Nil	Nil				
TOTAL (NET) (D)	Nil	(D1) Nil	1.Adjustment of advance tax	300		
			2.Entry tax paid,TDS, refund,if any	980		
			Less: Total(H2)	(T3) 1,280		
			TOTAL TURNOVER (F) + (J) + (S)	4,28,900	Net tax payable (T4) = (T2+S1)-(T3) 21,983	
4 Total Input Tax Credit(E)= (A + B1 + D1)			19,266			
*Vide Sec 19						

Figure 5.16 VAT Monthly Return in Form I Page 1

A. Payment details:							
Amount Payable, if (T4) is excess of (E)					(T4 - E)	(Rs.)	2,717
Amount Paid					(Rs.)	6,550	
Sl.No.	Amount(Rs.)	Crossed cheque/Crossed DD/ Crossed Banker's cheque No.	Date	Bank	Bank code		
1	599.08	051230	5-May-2011	Bank of India, Chennai	03252		
2	6,951.26	051240	5-May-2011	Bank of India, Chennai	03252		
Total	6,550.34	(in words) Six Thousand Five Hundred Fifty and Thirty Four paise					
B. Amount of Input Tax Credit excess available, if (E) is excess of (T4)					(E - T4)	(Rs.)	Nil
LESS:							
1. If refund is claimed for input tax related to Zero rate sales, the amount						4,350	
2. If tax payable under the CST Act for this month has to be adjusted, the amount						Nil	
						Total (1+2)	4,350
Input Tax Credit, if any, carried forward to next month:						(Rs.)	(-4,350)
DECLARATION							
1. I / We T. Selvam declare that to the best of my/our knowledge and belief the information furnished in the above statement is true, correct and complete.							
2. I / We T. Selvam declare that I am/We are authorised by Thyagarajan (Proprietor/Partner/Board of directors) to sign the returns.							
Place: Chennai				Signature : _____			
Date : 5-May-2011 Seal				Name : T. Selvam			
				Status & relationship to the dealer: Accounts Officer			

Figure 5.17 VAT Monthly Return in Form I page 2

5.4.2 VAT Return Form I-1

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form I-1**

The **Annual Return** in **Form I-1** for M/s. National Traders displays as shown:

FORM I - 1 [see Rule 7(7)] VALUE ADDED TAX ANNUAL RETURN					
Name and address of the dealer: National Traders,56, Anna Building, G.S.T Road, Guindy, Chennai					
To		The Assessing Authority ,		TIN	Year
785R		Circle		3 3 2 5 6 9 8 8 7 4 5	2011-2012
PURCHASES			SALES		
	Purchase turnover value inside the State during the Year (Rs.)	(VAT paid)(Rs.)		Sales turnover/ value inside the State(Rs.)	VAT collected if any(Rs.)
(a)	Goods taxable at 1%	1,80,134	(a)	Local sales at 1%	90,278
(b)	Goods taxable at 2%	26,374	(b)	Local sales at 2%	59,261
(c)	Goods taxable at 4%	1,05,374	(c)	Local sales at 4%	69,514
(d)	Goods taxable at 12.5%	2,00,119	(d)	Local sales at 12.5%	1,17,847
Total= (a)+(b)+(c)+(d)		5,12,001 (A)	Total= (a)+(b)+(c)+(d)		3,36,900
1	(e) Goods exempted	30,000	1	Less: Sales return/Unfudified sales	6,000
			Total (C)		3,30,900
			Zero rate sales		1,57,440
			1.Adjustment of advance tax		2,000.00
			2.Entry tax paid,if any		1,520.00
			Total(1+2)		3,520
CAPITAL GOODS			OUTPUT ITEMS		
		Tax Paid (Rs.)	Exempted sales		
2	During the Year	1,50,000 (B)	36,000		
			Less: Sales return/Unfudified sales		
			2,000		
			Total (D)		
			34,000		
3	Total	(A + B)	3	TOTAL SALES (C+D)	3,64,900
		34,558			15,884
DECLARATION					
1. I / We T. Selvam declare that to the best of my/our knowledge and belief the information furnished in the above statement is true, correct and complete.					
2. I / We T. Selvam declare that I am/We are authorised by Thyagarajan (Proprietor/Partner/Board of directors) to sign the returns.					
Place	: Chennai		Signature	:	
Date	: 31-Mar-2012		Name	: T. Selvam	
	Seal		Status & relationship to the dealer	: Accounts Officer	

Figure 5.18 Form I-1

5.4.3 Form W

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form W**

The Refund Application Form for Exporters in **Form W** for M/s. National Traders displays as shown:

Form W
[See rule 11 (2)]

TIN
Assessment Year

3	3	2	5	6	9	8	8	7	4	5
---	---	---	---	---	---	---	---	---	---	---

2011-2012

To
The Assessing Authority,
785R - Assessment Circle
Sir,

I/We National Traders have exported / sold to -----under mentioned quantity and description of the goods to -----
--Bill of Lading is attached .I/We am / are not in position to adjust the input tax credit during the year -----I/We request that refund of this credit may be granted.

1 Particulars of the goods exported.

(i) Description	:	
(ii) Quantity	:	
(iii) value	Rs. :	1,57,440.00
(iv) Purchase order No. and date	:	AS PER LIST ENCLOSED
(v) Export invoice No. and date	:	
(vi) Shipping Bill/ Airway Bill No. and date	:	
(vii) Bill of Lading No. and date	:	
(viii) Letter of Credit No. and date	:	
(ix) Importer - Exporter Code (IEC) No.	:	

2 Particulars of Input tax paid

(i) Name and address of the seller with TIN	:	
(ii) Invoice Number and date	:	
(iii) Description of goods purchased within the state	:	
(iv) Quantity	:	AS PER LIST ENCLOSED
(v) value and rate of tax Rs.	% :	
(vi) Input tax paid	:	
(vii) value		

	1 %	4 %	12.5 %
(a) Quantity of inputs, relatable to export			
(b) Value	60,000.00		30,000.00
(c) Input Tax on (b)	600.00		3,750.00

3 Amount of refund claimed

I / we certify that the aforesaid particulars are correct and I am / We are the rightful claimant(s) to the refund of tax due thereon which may be allowed in my / our favour.

I / we undertake to refund, on demand being made, any refund erroneously paid to me / us.

I / we declare that I / We have not filed / will not file any other claim for refund under rule 11(2) for the year to which this claim relates.

Signature and full address of the claimant(s)

Figure 5.19 Form W - Page 1

Export Particulars										
Sl. No	Buyer's Name	Description	Qty	Value in INR	PO No. and Date	Export Invoice No. and Date	Shipping bill / Airway bill No. and Date	Bill of Lading No. and Date	Letter of Credit No. and Date	Import - Export Code (IEC) No.
1	Zeta Inc.	Gold Jewellery	3 Nos	1,06,560.00	PO51 8-Apr-2011	5 12-Apr-2011	DDN/0956	C41 12-Apr-2011	Cargo Flight	HWTS78B
2	Zeta Inc.	Vacuum Cleaners	2 Nos	50,880.00	PO51 8-Apr-2011	5 12-Apr-2011	DDN/0956	C41 12-Apr-2011	Cargo Flight	HWTS78B
		Total		1,57,440.00						

Figure 5.20 Form W - Page 2

Input Particulars										
S. I. No	Name of the Seller	TIN	Purchase Inv. No & Date	Description	Qty	Value	Assessable Value	Rate of VAT	Input Tax Paid	Input tax credit relatable to the export
1	Excel Traders	33589845121	01,1-Apr-2011	Gold Jewellery	3 Nos	60,000.00	60,000.00	1%	600.00	600.00
2	Excel Traders	33589845121	01,1-Apr-2011	Vacuum Cleaners	2 Nos	30,000.00	30,000.00	12.50%	3,750.00	3,750.00
				Total		90,000.00	90,000.00		4,350.00	4,350.00

Figure 5.21 Form W - Page 3

PURCHASE DETAIL SHEET				
SLNO	DESCRIPTION	PURCHASE VALUE	RATE OF TAX	INPUT TAX PAID
1	Gold Jewellery	60,000.00	1%	600.00
2	Vacuum Cleaners	30,000.00	12.50%	3,750.00
	Total	90,000.00		4,350.00

Figure 5.22 Form W - Page 4

5.4.4 VAT Annexures

As discussed earlier, the details of purchases, sales and transfers in/out are required to be enclosed in the respective annexures to the monthly Return. There are basically four annexures, which are prescribed in the TN VAT Act.

Monthly Annexures – Annexure I

Annexure I contains the details of purchases, Imports and Branch transfer inwards made during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – I**

The **Annexure I** of M/s. National Traders displays as shown:

ANNEXURE I								
Details of purchases/receipts during the month <u>APRIL, 11</u>								
Sl. No.	Name of the seller	Seller's TIN	Commodity Code	Invoice/Delivery note no. and date	Purchase /Receipt value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Excel Traders	33589845121	102	01.1-Apr-2011	1,80,134	1	1,801	R
2	Excel Traders	33589845121	2100	01.1-Apr-2011	26,374	2	527	R
3	Excel Traders	33589845121	2069	01.1-Apr-2011	50,226	4	2,009	R
4	Excel Traders	33589845121	2127	01.1-Apr-2011	50,148	4	2,006	R
5	Excel Traders	33589845121	329	01.1-Apr-2011	1,20,119	12.50	15,015	R
6	Swasthik Associates	33254785521	711	02.2-Apr-2011	30,000	0		E
7	Sunlite Enterprises	27895621454	304	03.8-Apr-2011	3,75,000	2	7,500	O
8	Universal Enterprises	33025602585	102	04.9-Apr-2011	40,000	1	400	O
9	Universal Enterprises	33025602585	2069	04.9-Apr-2011	9,600	1	384	O
10	Universal Enterprises	33025602585	329	04.9-Apr-2011	30,000	1	3,750	O
11	Glamour Appliances		333	06.14-Apr-2011	64,800	0		I
12	Glamour Appliances		2069	06.14-Apr-2011	13,500	0		I
13	Sunbeam Designers	33250120147		07.16-Apr-2011	17,500	12.50	2,188	R
14	Equipment Agencies	33256001241		08.18-Apr-2011	1,50,000	4	6,000	C
15	Swasthik Associates	33254785521	324	09.20-Apr-2011	12,500	12.50	1,563	R
16	Dewpoint Traders	33250025850	304	10.21-Apr-2011	50,000	12.50	6,250	R
17	Sterling Industries	33206501450	2067	11.23-Apr-2011	5,000	4	200	B

Category: C-Capital goods, E-Exempted, I-Import, O-Inter-state purchases, R-Local-purchase input(First schedule), S-Stock receipts from the head Office/branches/principals outside the state, A-Purchases effected through agents/Branches, B-Industrial Input

Figure 5.23 Annexure I

Monthly Annexures – Annexure II

Annexure II contains the details of Sales, zero rated sales, exempt goods and Branch transfer Outwards made during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – II**

In the **Print Report** screen set the option - **Show Inter-state sales to Yes.**

Printing	
Printer	: Microsoft XPS Document Writer (Net3.1) Paper Type : A4
No. of Copies	: 1
Print Language	: English (Printing Dimensions)
Method	: Neat Mode Paper Size : (8.27" x 11.69") or (210 mm x 297 mm)
Page Range	: All Print Area : (8.27" x 11.69") or (210 mm x 297 mm)
Report Titles	
VAT Annexure	
(with Print Preview)	
Without Company Phone No.	
From (blank for beginning)	: 1-4-2011
To (blank for end)	: 30-4-2011
Show Inter-state sales	? Yes <input type="checkbox"/> No <input type="checkbox"/>
Print ?	
Yes or No	

Figure 5.24 Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

ANNEXURE II								
Details of sales/transfer value during the month <u>APRIL, 11</u>								
Sl. No.	Name of the buyer	Buyer's TIN	Commodity Code	Invoice/Delivery note no. and date	Sale value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Marvel Traders	33259874547	102	1,5-Apr-2011	90,278	1	903	F
2	Marvel Traders	33259874547	329	1,5-Apr-2011	87,847	12.50	10,981	F
3	Marvel Traders	33259874547	2100	1,5-Apr-2011	32,861	2	657	F
4	Marvel Traders	33259874547	2069	1,5-Apr-2011	37,014	4	1,481	F
5	Marvel Traders	33259874547	2100	1,6-Apr-2011	(-)6,000	2	(-)120	R
6	Supreme Book Stores	33658987412	711	1,7-Apr-2011	36,000	0		E
7	Marvel Traders	33259874547	2100	2,5-Apr-2011	23,100	2	462	F
8	Supreme Book Stores	33658987412	711	2,8-Apr-2011	(-)2,000	0		E
9	Digilink Traders	28569562145	304	2,9-Apr-2011	1,44,500	2	2,890	F
10	Marvel Traders	33259874547	2069	3,6-Apr-2011	32,500	4	1,300	F
11	Verona Traders	29856521458	102	3,11-Apr-2011	45,000	1	450	F
12	Verona Traders	29856521458	329	3,11-Apr-2011	35,000	12.50	4,375	F
13	Verona Traders	29856521458	2069	3,11-Apr-2011	15,000	4	600	F
14	Zeta Inc.		102	5,12-Apr-2011	1,06,560	0		Z
15	Zeta Inc.		329	5,12-Apr-2011	50,880	0		Z
16	Swasthik Associates	33254785521		6,16-Apr-2011	30,000	12.50	3,750	F
17	National Enterprises	27569854125	2069	7,18-Apr-2011	4,800	0		S
18	Parijata Traders	29562311475	2100	8,22-Apr-2011	3,000	0		S
19	Fortune Agencies	24589564125	329	9,25-Apr-2011	35,000	12.50	4,375	F
Category: E-Exempt, F-First schedule, R-Sales return, S-Stock transfer outside the State, Z-Zero rate sale, A-Sales effected through agents/branches in the State								

Figure 5.25 Annexure II

Monthly Annexures – Annexure III

Annexure III contains the details of reversal of Input Tax Credit already claimed or availed.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – III**

Enter the details in the **Print Report** screen as shown:

Printing	
Printer	: Microsoft XPS Document Writer (Net03) Paper Type : A4
No. of Copies	: 1
Print Language	: English (Printing Dimensions)
Method	: Neat Mode Paper Size : (8.27" x 11.69") or (210 mm x 297 mm)
Page Range	: All Print Area : (8.27" x 11.69") or (210 mm x 297 mm)
Report Titles	
Annexure-III	
(with Print Preview)	
<i>Without Company Phone No.</i>	
From (blank for beginning)	: 1-4-2011
To (blank for end)	: 30-4-2011
Print with Commodity Details ?	Yes ←
Name	: T. Selvam
Status/Designation	: Accounts Officer
Place	: Chennai
Date	: 5-5-2011
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Print ? Yes or No </div>	

Figure 5.26 Print Report screen

The Annexure III of M/s. National Traders displays as shown:

ANNEXURE III							
Details of reversal of Input Tax Credit during the month APRIL, 11							
Sl.No.	Nature of transactions	Section/Rule relevant	Commodity Code (1)	Value (Rs.) (2)	Rate of tax (3)	TIN (4)	Reversal of Input tax Credit (Rs.) (5)
1	Goods used for civil structures	Sec.2(11)		1,50,000			3,000
				1,50,000	4		6,000.00
2	Goods utilised for self use	Sec.19(7)(a)		20,000			200
3	Purchase of automobiles, spare parts and accessories other than dealer in Automobiles	Sec.19(7)(b)		12,500			1,563
			324	12,500	12.50	33254785521	1,562.50
4	Purchase of Airconditioners other than dealer in Airconditioners	Sec.19(7)(c)		50,000			6,250
			304	50,000	12.50	33250025850	6,250.00
5	Goods given as gift, free sample	Sec.19(8)		1,600			64
6	Goods lost on theft, loss, etc.,	Sec.19(9)(i)		750			15
7	Inputs destroyed in fire or lost	Sec.19(9)(ii)		500			20
8	Inputs damaged in transit or destroyed before manufacture	Sec.19(9)(iii)		1,250			50
9	Unavailed credit on Capital goods (time barred)	Sec.19(3)(b)					
10	Consignment Sales without F form	Sec.19(4)(i) & (ii)		4,800			192
			2069	4,800	4		192.00
11	Stock transfer without F form	Sec.19(4)(i) & (ii)		3,000			60
			2100	3,000	2		60.00
12	Purchases for production of Exempted goods (Finished)	Sec.19(5)(a)					
13	Interstate sale without 'C' form	Sec.19(5)(c)		30,000			3,750
			329	30,000	12.50	24589564125	3,750.00
14	Purchase return	Sec.14(i)		3,200			128
			2069	3,200	4	33589845121	128.00
15	ITC availed for Finished goods subsequently exempt	Sec.19(12)					
16	Others (specify)						
Total							15,292

Figure 5.27 Annexure III



The various transactions relating to reversal of Input Tax Credit are discussed in detail in Lesson 3 – Reversal of Input Tax Credit.

Monthly Annexures – Annexure IV

Annexure IV contains the details of zero rated sales and other export information during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – IV**

The **Annexure IV** of M/s. National Traders displays as shown:

ANNEXURE IV							
Import Export code:		HWTS78B		Zero Rated Sale			
Sl.No.	Seller's TIN	Description of goods	Commodity Code	INPUT TAX PAID			
				Purchase value (Rs.)	Rate of tax	Input tax paid (Rs.)	Eligible Credit (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	33589845121	Gold Jewellery	102	60000	1 %	600	600
2	33589845121	Vacuum Cleaners	329	30000	12.50 %	3750	3750

Figure 5.28 Annexure IV – Zero Rated Sales Details

ANNEXURE IV				
Sl.No.	Description of Goods	Commodity Code	Value (Rs.)	Export
				Details of Bill of lading / Air / Road / Railway Bill No. & date
(1)	(2)	(3)	(4)	(5)
1	Gold Jewellery	102	1,06,560	C41, 12-Apr-2011
2	Vacuum Cleaners	329	50,880	C41, 12-Apr-2011

Place : Chennai	Signature :
Date : 5-May-2011	Name : T. Selvam
Seal	Status & relationship to the dealer: Accounts Officer

Figure 5.29 Annexure IV – Export Details

Similarly generate annexures of Annual Return by navigating to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual**

Annual Annexures – Annexure I

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure I**

The **Annexure I** of M/s. National Traders displays as shown:

ANNEXURE I								
Details of purchases/receipts during the Year <u>2011 - 2012</u>								
Sl. No.	Name of the seller	Seller's TIN	Commodity Code	Invoice/Delivery note no. and date	Purchase /Receipt value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Excel Traders	33589845121	102	01.1-Apr-2011	1,80,134	1	1,801	R
2	Excel Traders	33589845121	2100	01.1-Apr-2011	26,374	2	527	R
3	Excel Traders	33589845121	2069	01.1-Apr-2011	50,226	4	2,009	R
4	Excel Traders	33589845121	2127	01.1-Apr-2011	50,148	4	2,006	R
5	Excel Traders	33589845121	329	01.1-Apr-2011	1,20,119	12.50	15,015	R
6	Swasthik Associates	33254785521	711	02.2-Apr-2011	30,000	0		E
7	Sunlite Enterprises	27895621454	304	03.8-Apr-2011	3,75,000	2	7,500	O
8	Universal Enterprises	33025602585	102	04.9-Apr-2011	40,000	1	400	O
9	Universal Enterprises	33025602585	2069	04.9-Apr-2011	9,600	1	384	O
10	Universal Enterprises	33025602585	329	04.9-Apr-2011	30,000	1	3,750	O
11	Glamour Appliances		333	06.14-Apr-2011	64,800	0		I
12	Glamour Appliances		2069	06.14-Apr-2011	13,500	0		I
13	Sunbeam Designers	33250120147		07.16-Apr-2011	17,500	12.50	2,188	R
14	Equipment Agencies	33256001241		08.18-Apr-2011	1,50,000	4	6,000	C
15	Swasthik Associates	33254785521	324	09.20-Apr-2011	12,500	12.50	1,563	R
16	Dewpoint Traders	33250025850	304	10.21-Apr-2011	50,000	12.50	6,250	R
17	Sterling Industries	33206501450	2067	11.23-Apr-2011	5,000	4	200	B

Category: C-Capital goods, E-Exempted, I-Import, O-Inter-state purchases, R-Local-purchase input(First schedule),S -Stock receipts from the head Office/branches/principals outside the state, A-Purchases effected through agents/Branches, B-Industrial Input

Figure 5.30 Annual Annexures - Annexure I

Annual Annexures – Annexure II

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure II**

In the **Print Report** screen set the option - **Show Inter-state sales to Yes.**

Printing			
Printer	: Microsoft XPS Document Writer (Net3)	Paper Type :	A4
No. of Copies	: 1		
Print Language	: English		(Printing Dimensions)
Method	: Neat Mode	Paper Size :	(8.27" x 11.69") or (210 mm x 297 mm)
Page Range	: All	Print Area :	(8.27" x 11.69") or (210 mm x 297 mm)
Report Titles			
VAT Annexure			
(with Print Preview)			
Without Company Phone No.			
From (blank for beginning)	:	1-4-2011	
To (blank for end)	:	30-4-2011	
Show Inter-state sales	:	? Yes	
			Print ? Yes or No

Figure 5.31 Annual Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

ANNEXURE II								
Details of sales/transfer value during the Year 2011 - 2012								
Sl. No.	Name of the buyer	Buyer's TIN	Commodity Code	Invoice/Delivery note no. and date	Sale value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Marvel Traders	33259874547	102	1.5-Apr-2011	90,278	1	903	F
2	Marvel Traders	33259874547	329	1.5-Apr-2011	87,847	12.50	10,981	F
3	Marvel Traders	33259874547	2100	1.5-Apr-2011	32,861	2	657	F
4	Marvel Traders	33259874547	2069	1.5-Apr-2011	37,014	4	1,481	F
5	Marvel Traders	33259874547	2100	1.6-Apr-2011	(-)6,000	2	(-)120	R
6	Supreme Book Stores	33658987412	711	1.7-Apr-2011	36,000	0		E
7	Marvel Traders	33259874547	2100	2.5-Apr-2011	23,100	2	462	F
8	Supreme Book Stores	33658987412	711	2.8-Apr-2011	(-)2,000	0		E
9	Digilink Traders	28669562145	304	2.9-Apr-2011	1,44,500	2	2,890	F
10	Marvel Traders	33259874547	2069	3.6-Apr-2011	32,500	4	1,300	F
11	Verona Traders	29856521458	102	3.11-Apr-2011	45,000	1	450	F
12	Verona Traders	29856521458	329	3.11-Apr-2011	35,000	12.50	4,375	F
13	Verona Traders	29856521458	2069	3.11-Apr-2011	15,000	4	600	F
14	Zeta Inc.		102	5.12-Apr-2011	1,06,560	0		Z
15	Zeta Inc.		329	5.12-Apr-2011	50,880	0		Z
16	Swasthik Associates	33254785521		6.16-Apr-2011	30,000	12.50	3,750	F
17	National Enterprises	27569854125	2069	7.18-Apr-2011	4,800	0		S
18	Parijata Traders	29562311475	2100	8.22-Apr-2011	3,000	0		S
19	Fortune Agencies	24589564125	329	9.25-Apr-2011	35,000	12.50	4,375	F
Category: E-Exempt, F-First schedule, R-Sales return, S-Stock transfer outside the State, Z-Zero rate sale, A-Sales effected through agents/branches in the State								

Figure 5.32 Annual Annexures - Annexure II

Annual Annexures – Annexure III

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure III**

The **Annexure III** of M/s. National Traders displays as shown:

ANNEXURE III							
Import Export code:		HWTS78B		Zero Rated Sale			
Sl.No.	Seller's TIN	Description of goods	Commodity Code	INPUT TAX PAID			
				Purchase value (Rs.)	Rate of tax	Input tax paid (Rs.)	Eligible Credit (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	33589845121	Gold Jewellery	102	60000	1 %	600	600
2	33589845121	Vacuum Cleaners	329	30000	12.50 %	3750	3750

Figure 5.33 Annual Annexures - Annexure III

ANNEXURE III				
Sl.No.	Description of Goods	Commodity Code	Export	
			Value (Rs.)	Details of Bill of lading / Air / Road / Railway Bill No. & date
(1)	(2)	(3)	(4)	(5)
1	Gold Jewellery	102	1,06,560	C41, 12-Apr-2011
2	Vacuum Cleaners	329	50,880	C41, 12-Apr-2011

Place : Chennai
 Date : 31-Mar-2012 Seal

Signature :
 Name : T. Selvam
 Status & relationship to the dealer: Accounts Officer

Figure 5.34 Annual Annexures - Annexure III

Lesson 6: E-VAT

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Export the Annexures I, II, III and IV in Text as well as Excel Spreadsheet format.
- ❑ Understand the procedure of validating and data exported to excel files
- ❑ Understand the procedure of uploading the validated excel sheets to the website.

6.1 Online Filing

In the official website of Tamil Nadu, the Dealers need to login with their user name, i.e., TIN and the respective password allotted to them by the department. The annexures can be filed online for the required period by clicking on the Monthly Returns tab and submitting the required details for filing annexure – I, II, III and IV.

A proforma of Annexures is made available to the dealer. The dealer has to take a printout of the filled in Annexure I, II, III and IV from Tally.ERP 9. The values can also be filled manually in the respective columns of the proforma annexures and uploaded online to the department.

6.2 Uploading in Excel Format

The dealer needs to upload the Excel file in the format as prescribed by the department. The excel files in the prescribed format can be generated directly from Tally.ERP 9 and uploaded to the department website. While filing the VAT Form I the dealer can upload the Annexures in Excel Spreadsheet format to the Tamil Nadu VAT official site www.tnvat.gov.in.

Exporting the Data from Tally.ERP 9 for E-Filing

The E-VAT feature provided in Tally.ERP 9 facilitates the e-filing of Annexures in the excel spreadsheet format.

For dealers' convenience, the facility is provided to generate:

- ❑ A **single excel** file with all worksheets for Annexure I, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import
- ❑ **Separate Excel files** for Annexure I, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import

Using the options - **Annexure-I, Annexure-II, Annexure-III, Annexure-IV Import and Annexure-V Export**, separate excel files can be generated for each of the annexures.

On selecting **e-VAT Annexures** option, a single excel sheet can be generated with separate worksheets for Annexure I, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import.

To view the **E-VAT menu** for filing e-returns from Tally.ERP 9,

Go to **Gateway of Tally > Display > Statutory Reports > VAT Reports > Select e-VAT Annexures**

In the Print Report screen, press **Backspace** key to make necessary changes.

- ❑ **Language: Default (All Languages)** appears by default and is not editable.
- ❑ **Format: Excel (Spreadsheet)** appears by default and is not editable.
- ❑ **Export Location:** The location of Tally.ERP 9 installed folder will be displayed in the here. The export location can be changed as per requirement.
- ❑ **Output File Name:** The Excel file should have the naming pattern as eleven digits **TIN** Number followed by **Return month** and **year** in **mmyyyy** format. The **VAT TIN (Regular)** as entered in **F11: Features > F3: Statutory & Taxation** is captured in the **Output File Name** field and the month and year is captured from Print Report screen.
- ❑ **Excel (spreadsheet) Formatting:** set to **Yes**, to export the report with all relevant formatting.
- ❑ **with Colour:** set to **Yes**, to export the report with background colour for the header.
- ❑ Enter the Return period in the **From** and **To** fields.
- ❑ Set **Show Inter-state sales in Annexure -II** to **Yes**.

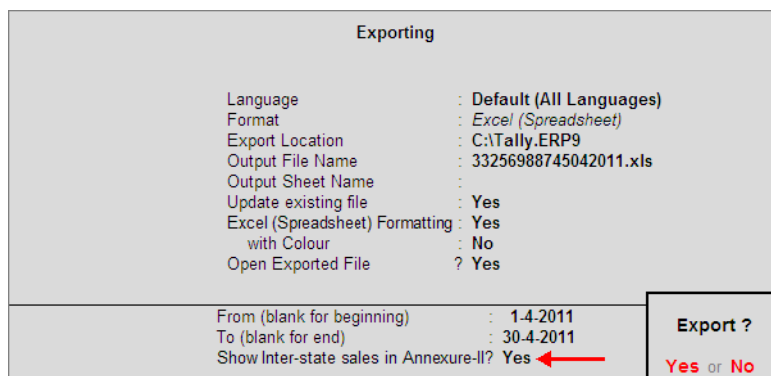


Figure 6.1 E-VAT Annexure – Print Report screen

- ❑ Press **Enter** to export the details. The file will be saved in Microsoft Excel format.

The exported file will be saved in Tally.ERP 9 folder by default. However, you can save the file in any other folder as per your requirements, by specifying the path in the **Output File Name** field.

The Excel spreadsheet appears as shown:

serial_no	Name_of_seller	Seller_TIN	commodity_code	Invoice_No	Invoice_Date	Purchase_Value	Tax_rate	VAT_CST_paid	Category
1	Excel Traders	33589845121	102	01	01/04/2011	180134	1	1801	R
2	Excel Traders	33589845121	2100	01	01/04/2011	26374	2	527	R
3	Excel Traders	33589845121	2069	01	01/04/2011	50226	4	2009	R
4	Excel Traders	33589845121	2127	01	01/04/2011	50148	4	2006	R
5	Excel Traders	33589845121	329	01	01/04/2011	120119	12.50	15015	R
6	Swasthik Associates	33254785521	711	02	02/04/2011	30000	0	0	E
7	Sunlite Enterprises	27895621454	304	03	08/04/2011	375000	2	7500	O
8	Universal Enterprises	33025602585	102	04	09/04/2011	40000	1	400	O
9	Universal Enterprises	33025602585	2069	04	09/04/2011	9600	1	384	O
10	Universal Enterprises	33025602585	329	04	09/04/2011	30000	1	3750	O
11	Glamour Appliances	0	333	06	14/04/2011	64800	0	0	I
12	Glamour Appliances	0	2069	06	14/04/2011	13500	0	0	I
13	Sunbeam Designers	33250120147		07	16/04/2011	17500	12.50	2188	R
14	Equipment Agencies	33256001241		08	18/04/2011	150000	4	6000	C
15	Swasthik Associates	33254785521	324	09	20/04/2011	12500	12.50	1563	R
16	Dewpoint Traders	33250025850	304	10	21/04/2011	50000	12.50	6250	R

Figure 6.2 Excel File Containing Exported Details

Instructions to be Followed for Validating the Information in the Exported Excel Sheets

1. Do not Change the Output File Name. (The file Name should have the naming pattern as eleven digit TIN Number followed by Return month and year as (mmyyyy). Example: If the TIN number is 11201317891 and Return month is March 2011, then the Excel File sheet should be named as 11201317891032011.xls
2. The **Output Sheet Name** fields in the excel File must be as stated below:
 - Sheet1 – Annex_I
 - Sheet2 – Annex_II
 - Sheet3 – Annex_III
 - Sheet4 – Annex_IV_export
 - Sheet5 – Annex_IV_import
3. The cells in the Annexure should contain text without any spelling mistakes.
4. Column **A1** is Mandatory. Columns **D1, E1, F1, G1, and H1** are to be **Numeric**.
5. The in-between blank rows / Columns to be avoided.

Procedure for Uploading the Validated Excel Sheets

The dealers need to login to the website with their user name (TIN number) and the respective password given to them by the department and submit the details.

In the website:

- Click on **Form-I annexure Upload** link to view the option to **Upload Form I Annexures** in Excel Format
- Click on **Browse** and select the exported excel file from **Tally.ERP 9 folder**
- Click on **Upload** for e-filing of annexures.