

As Per New Course Prescribed By Nagpur University

Computerise Accounting Using Tally

BCCA-SEM-II

By

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COURSE CODE:2CC5**COURSE NAME: PRACTICAL OF TALLY II (ERP 9)****UNIT I****Payroll & Compliances**

Configuration Payroll in Tally.ERP9, Creating Payroll Masters, Processing Payroll in, Tally.ERP9, Accounting for Employer PF Contribution, Accounting for Employer ESI Contribution, Payment of Professional Tax

UNIT II**Reports**

Financial Statements, Trading Account, Profit & Loss Account, Balance Sheet, Accounts Books and Reports, Inventory Books and Reports, Exception Reports, Statutory Reports, Payroll Reports, Trail balance, Day Book, List of Accounts, Stock Summary, Outstanding Statement

UNIT III**Fundamentals of Taxation**

Basic Concepts of TDS, Configuring TDS in Tally.ERP9, Creation Masters, Processing Transaction, TDS Reports

UNIT IV**Advanced Taxation**

Basics of GST, Configuring GST Features, Creating Masters, Entering Transactions, GST Report, GST Filing.

UNIT – I

What is Payroll?

Payroll is simply an aggregation of total amount of wages paid by the company to its employees. It is one of the most significant expenses for businesses; hence it is very complicated expense for companies to process. Processing payroll slips is a very time consuming task and can be prepared weekly, semi - monthly or monthly depending upon the resources which the company has in its reserve.

How do we process Payroll Accounts?

Companies usually hire payroll services from third parties by way of outsourcing which make the process of accounting for payroll an easy and effortless task. Payroll service provider manages multiple tasks such as tax obligations, employee's time calculation, preparing checks and salary report management. It eventually reduces the operating cost of the business.

What changes do we see today in processing of Payroll Services?

With the advent of [ERP systems](#) such as Tally.ERP 9 the process has made a shift. Today the 'Payroll Module' in the software is totally integrated with the [business management solution](#) and has been enabled to manage trouble-free payroll processing along with the accounting processes.

The software provides remote facility that can be relied upon and is now easy to access, process and manage the payroll information from anywhere and anytime in the world.

There is also no requirement of hiring specialised IT/ HR professionals to manage and organize the payroll module from the Tally software. As this module can be managed on its own and provides an impeccable solution, an accountant or any HR personnel of the company can install, organise and manage it.

Salient Payroll features in Tally.ERP 9

- Payroll accounting in Tally offers the benefits of simplified [Payroll processing](#) and accounting due to its added benefit of integration with accounts.
- The Payroll module in Tally.ERP 9 reports comprehensively as it has user-defined classifications and sub-classifications. This might be associated with the employees, employee groups, pay components, departments etc.
- The payroll module also lets flexible and user-defined criteria for users.
- It also offers the facility to create user-defined earnings and deductions pay heads.
- The module lets us use unlimited grouping of Payroll Masters.

- Supports production/attendance/time based remuneration units which are user defined production units.
- It offers all-inclusive cost centre as well as employee wise costing reports.
- Ensures timely and precise processing of salary along with employee statutory deductions and employer statutory contributions with the help of predefined processes.
- It helps generate Statutory forms and challans for EPF & ESI as prescribed.
- The payroll module helps in tracking the loan details of employees as well.

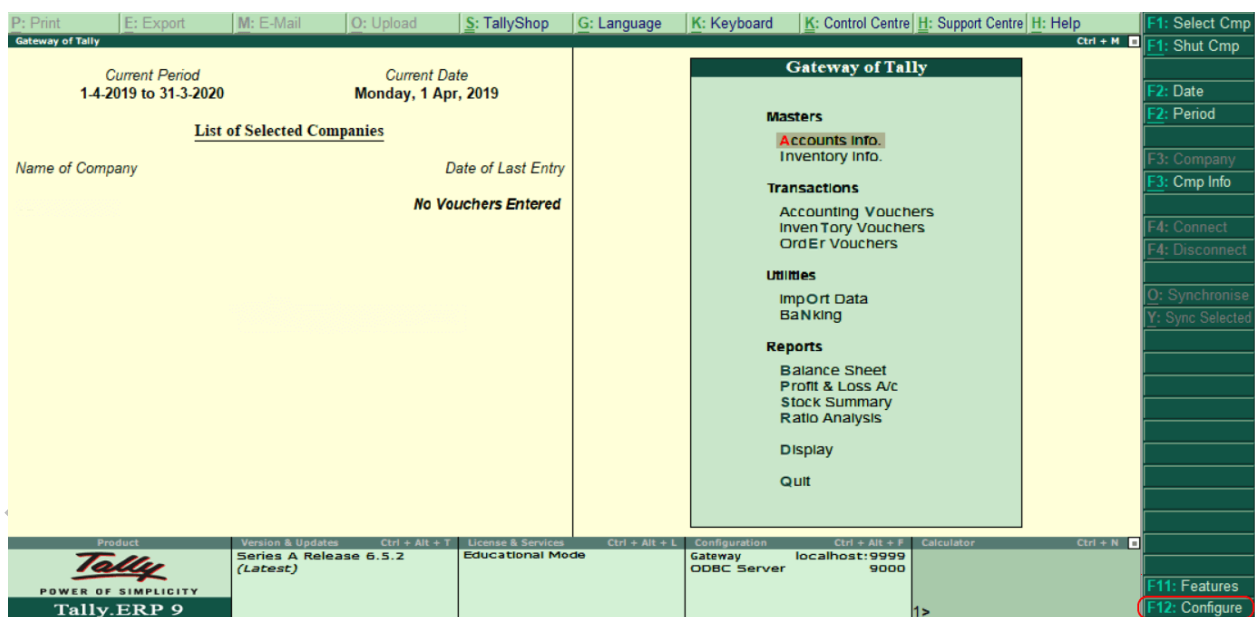
Payroll Configuration in Tally ERP 9

In this section, we will discuss the step by step process to enable payroll configuration in Tally ERP 9.

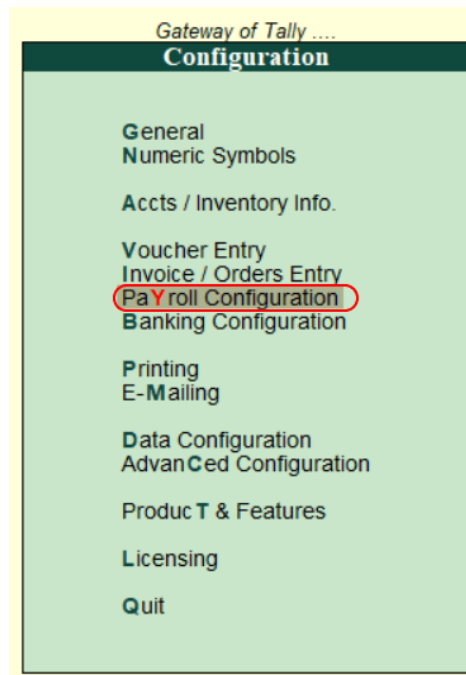
Step 1: Use the following path to enable payroll configuration.

Gateway of Tally → F12: Configure → Payroll Configurations

Step 2: Under Gateway of Tally screen, choose F12 function key or F12: Configuration option.



Step 3: Choose the option "Payroll Configurations" under the configurations menu.



Step 4: Update the following details in the next screen "Payroll Configuration".

Add notes for employees: To add notes for employees, choose "Yes".

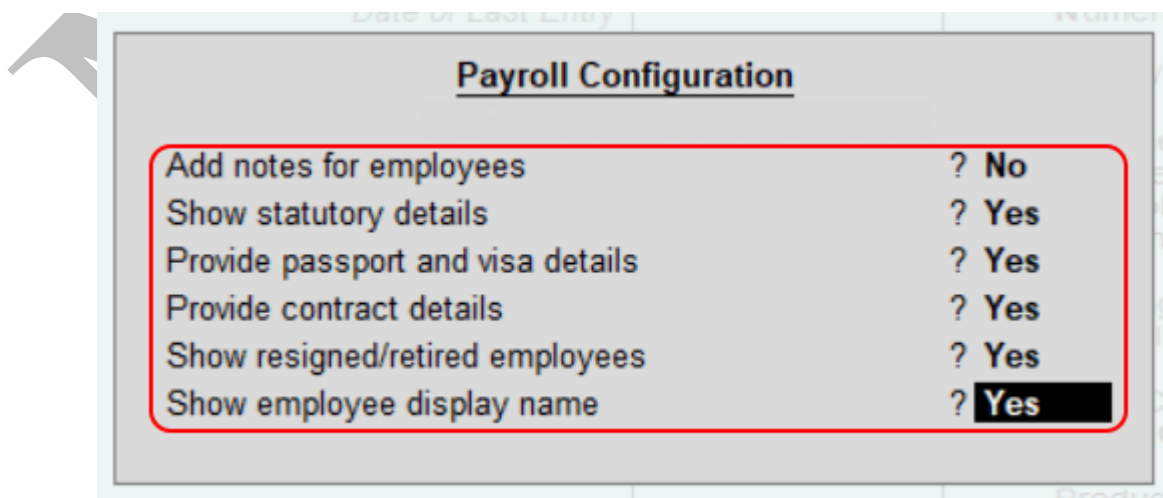
Show statutory details: To enter ESI, PF, and PF PAN details in the employee master record, choose "Yes".

Provide passport and visa details: To record the information regarding the passport and visa details of employees, choose "Yes".

Show contact details: To display contact details of employees, choose "Yes".

Show resigned/retired employees: To show the retired and resigned employees in payroll configuration, choose "Yes".

Show employee display name: To display an employee, choose "Yes".



In Tally ERP 9, we have successfully configured payroll.

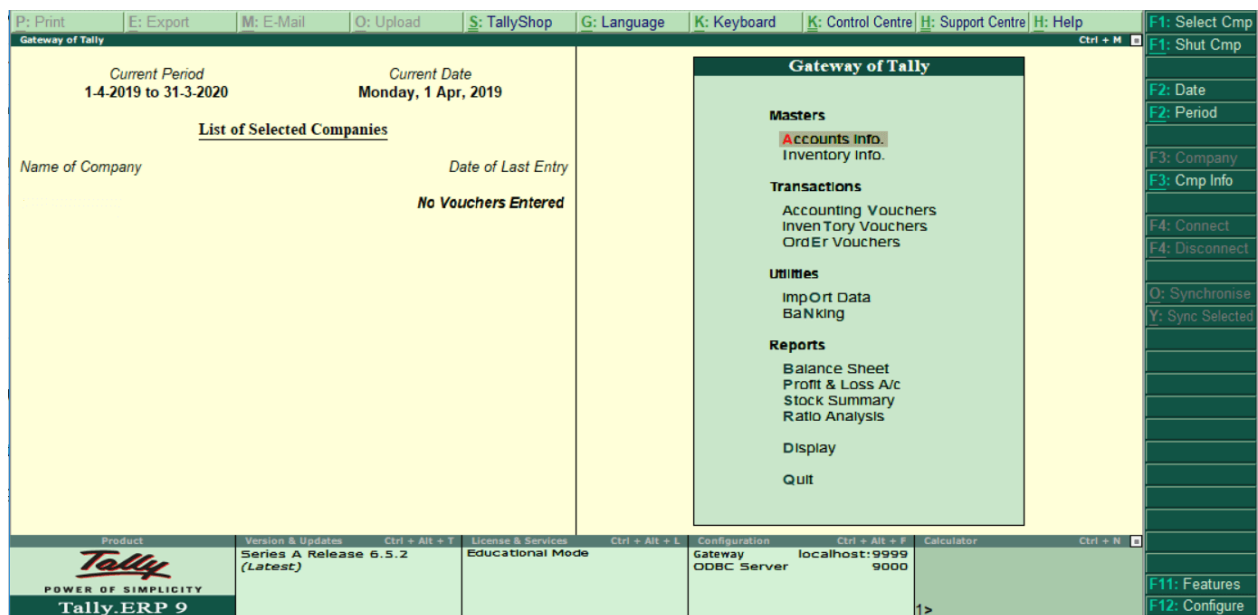
How to Enable Payroll in Tally

In Tally, the payroll activation is a one-time configuration setup. To enable payroll in Tally, use the following step by step procedure.

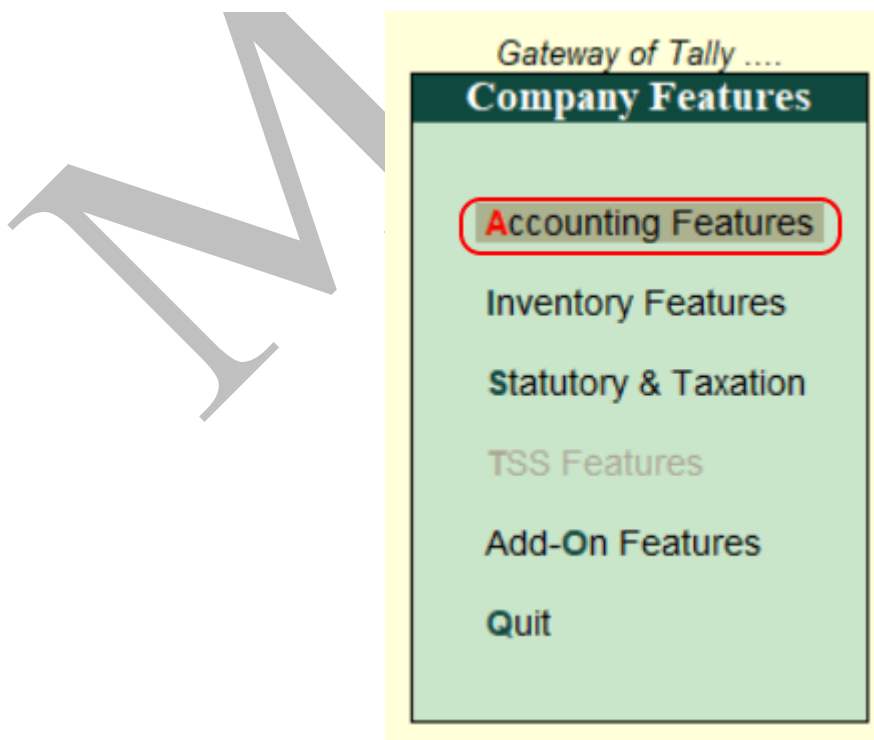
Step 1: Use the following path to enable payroll in Tally

Gateway of Tally → F11: Features → F1: Accounting Features

Step 2: Choose the option **Account Info** under Gateway of Tally.



Step 3: Choose the option "Accounting Features" or press function key "F1" under company features.



Step 4: Update the following details under accounting features options

To enable payroll in Tally.ERP 9, choose the option "**Maintain Payroll**" as Yes.

To maintain more than one payroll for a company and separate cost categories are created and allocated to the cost of an employee, choose the option "Maintain more than one payroll or cost category" as Yes.

General		Invoicing	
Maintain accounts only	? No	Enable invoicing	? Yes
Integrate accounts and inventory	? Yes	Record purchases in invoice mode	? Yes
Use Income and Expenses A/c instead of Profit and Loss A/c	? No	Use debit and credit notes	? No
Enable multi-currency	? No	Record credit notes in invoice mode	? No
		Record debit notes in invoice mode	? No
Outstanding Management		Budgets and Scenario Management	
Maintain bill-wise details	? Yes	Maintain budgets and controls	? No
For non-trading accounts also	? No	Use reversing journals and optional vouchers	? No
Activate interest calculation	? No		
Use advanced parameters	? No		
Cost/Profit Centres Management		Banking Features	
Maintain payroll	? Yes	Enable cheque printing	? Yes
Maintain cost centres	? Yes	Set/alter transaction types	? No
Use cost centre for job costing	? No	Set/alter banking features	? No
Maintain more than one payroll or cost category	? Yes	Set/alter post-dated transaction features	? No
Use pre-defined cost centre allocations in transactions	? No		
Show opening balance for revenue items in reports	? No	Other Features	
		Enable zero-valued transactions	? No
		Maintain multiple mailing details for company and ledgers	? No
		Set/alter company mailing details	? No
		Enable company logo	? No
		Mark changed vouchers	? No

F1: Accounts F2: Inventory F3: Statutory F6: Add-Ons

To save the details in Tally, choose A: Accept.

In Tally ERP 9, after activation of the Payroll feature, Payroll info will be activated under the master option.

Gateway of Tally

- Masters**
 - Accounts Info.
 - Payroll Info.**
 - Inventory Info.
- Transactions**
 - Accounting Vouchers
 - Inventory Vouchers
 - Order Vouchers
 - Payroll Vouchers
- Utilities**
 - Import Data
 - Banking
- Reports**
 - Balance Sheet
 - Profit & Loss A/c
 - Stock Summary
 - Ratio Analysis
 - Display
 - Quit

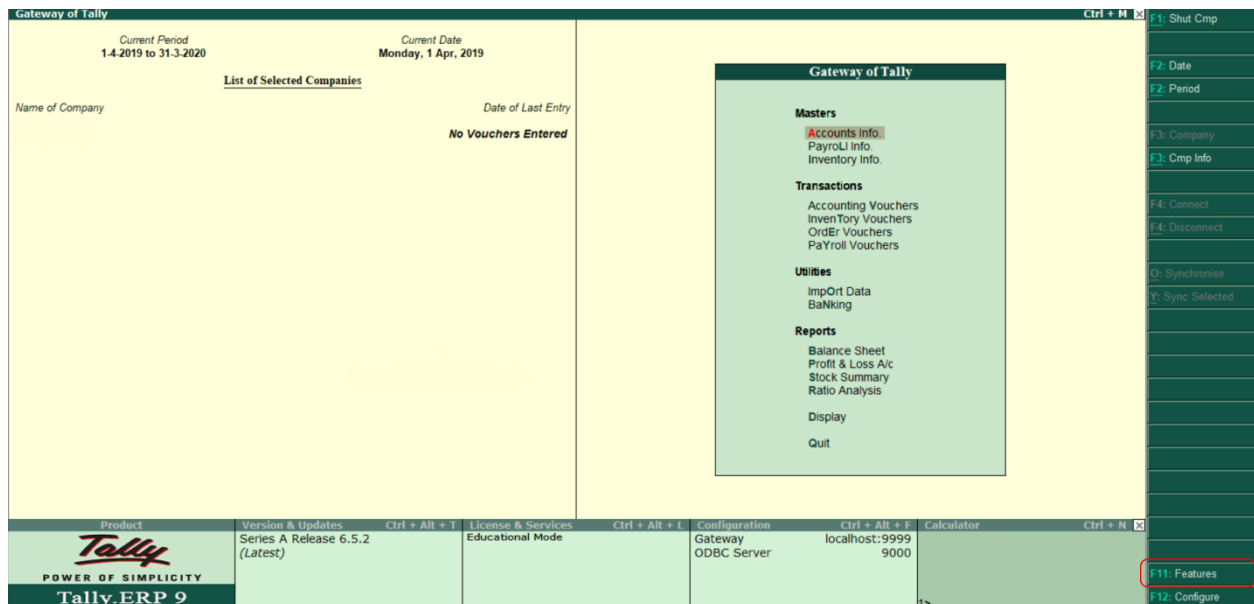
Enable Payroll Statutory Features in Tally

In this section, we will discuss the step by step process to enable payroll statutory features in Tally ERP 9. When we enable payroll in Tally, then the option of enabling payroll statutory will be enabled in statutory & taxation.

Step 1: Use the following path to enable payroll statutory features in Tally.

Gateway of Tally → F11: Features → F3: Statutory and Taxation

Step 2: Choose the option F11: Features, under Gateway of Tally.



Step 3: Choose the statutory & taxation option under company features.



Step 4: Active the following details under statutory and taxation.

Enable payroll statutory: Set the "Yes" option.

Set/alter payroll statutory details: Set the "Yes" option.

Statutory and Taxation

Enable Goods and Services Tax (GST)	? Yes	Enable Tax Deducted at Source (TDS)	? No
Set/alter GST details	? No	Set/alter TDS details	? No
Enable Value Added Tax (VAT)	? No	Enable Tax Collected at Source (TCS)	? No
Set/alter VAT details	? No	Set/alter TCS details	? No
Enable excise	? No	Enable payroll statutory	? Yes
Set/alter excise details	? No	Set/alter payroll statutory details	? Yes
Enable service tax	? No		
Set/alter service tax details	? No		

Tax Information

PAN/Income tax no. .

Corporate Identity No. (CIN):

F1: Accounts F2: Inventory F3: Statutory F6: Add-Ons

Q: Quit A: Accept

Press enter after enabling payroll statutory.

Step 5: Specify the details of provident fund, employee state insurance, national pension scheme, and income tax of company under Payroll statutory details.

Payroll Statutory Details

Provident Fund

Company code :
Company account group code :
Company security code :

Employee State Insurance

Company code :
ESI branch office : Amravathi
Standard working days per month : 22 Days

National Pension Scheme

Corporate registration number :
Corporate branch office number :

Income Tax

Tax deduction and collection Account Number (TAN):
TAN registration number :
Income tax circle or ward :
Deductor type : Government
Deductor branch/division :
Name of person responsible :
Son/daughter of :
Designation :
PAN : [Redacted]

(Note: All the above details will be used in Challan, Forms & Returns)

Press enter after entering the details to accept the screen and go back to the Statutory & Taxation screen. In Tally, press Ctrl+A to save the details.

Define Employee Category in Tally

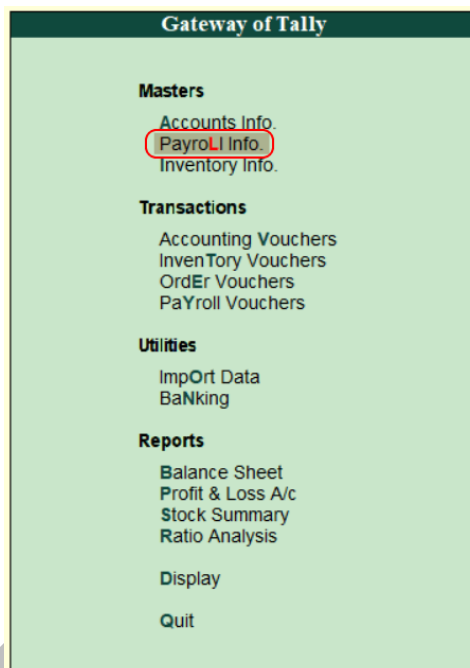
In Tally, an employee category classifies the company employees, which is based on the projects or its locations.

Create Single Employee Category

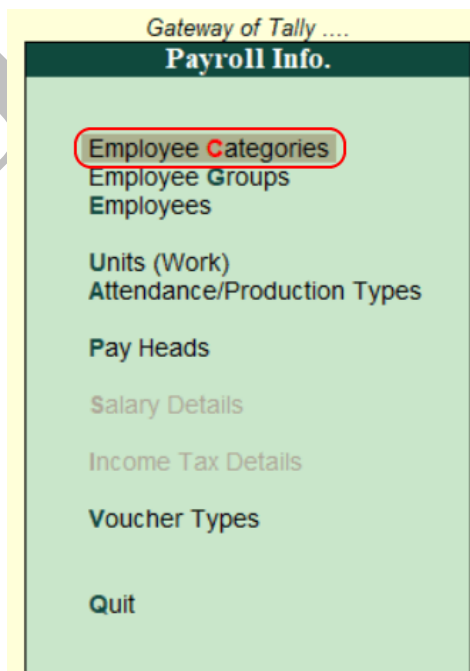
Use the following step by step process to create a single employee category.

Gateway of Tally → Payroll Info → Employee Categories → Single Category → Create

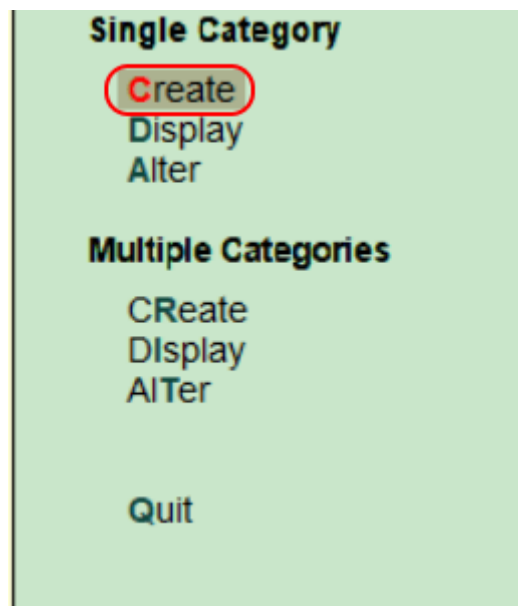
Step 2: Choose the option **Payroll Info** under the Gateway of Tally.



Step 3: Choose **employee categories** under payroll info features, as shown below.



Step 4: Choose the "Create" option under a single category to create a single employee in Tally.

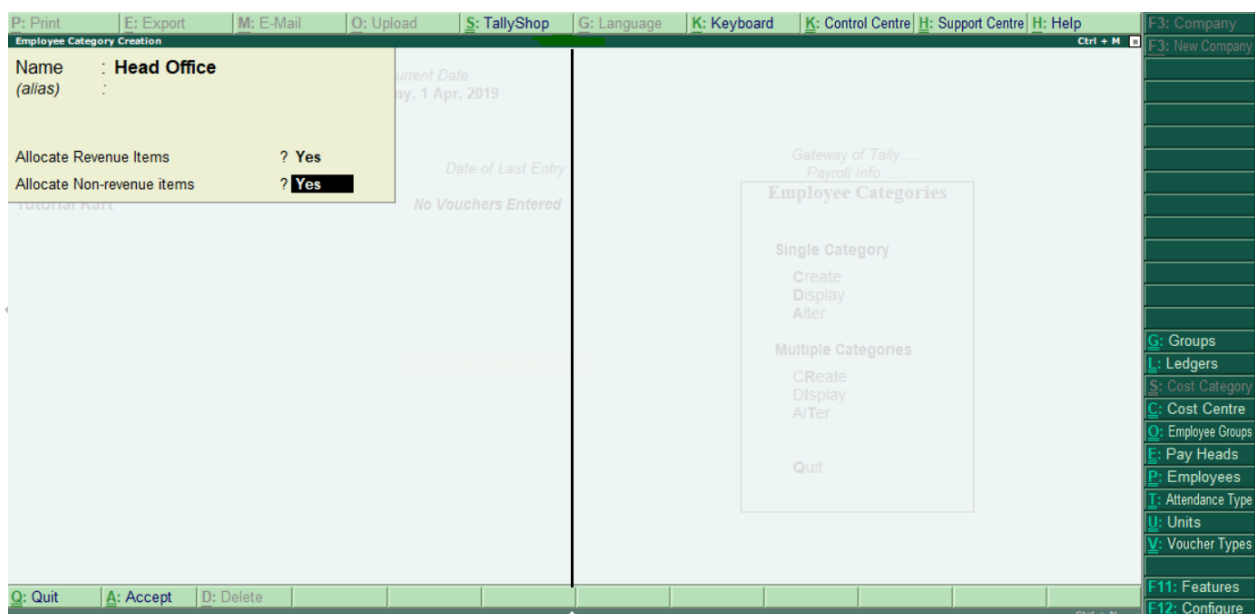


Step 5: Define the following details on employee category creation.

Name: Define the employee name category, which is to be created in Tally ERP 9.

Allocate revenue items: To assign the revenue related transaction values for the employee, choose the option as "Yes".

Allocate non-revenue items: To assign the non-revenue related transaction values for employees, choose the option as "Yes".



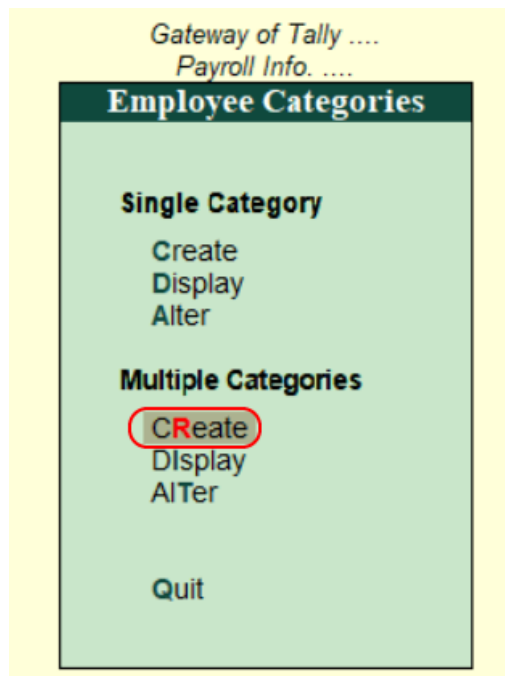
To save the details in Tally, choose A: Accept.

Create Multiple Employee Categories

Step 1: Use the following path to create multiple employee categories.

Gateway of Tally → Payroll Info → Employee Categories → Multiple Categories → Create

Step 2: Choose the "Create" option under multiple categories.



Step 3: Update the following details on multi employee's creation screen, as shown below:

Multi Employee Category Creation		Allocations for	
S.No.	Name of Category	Revenue Items	Non-Revenue Items
1.	Bangalore Office	Yes	Yes
2.	Hyderabad Office	Yes	Yes
3.	Delhi Office	Yes	Yes

Q: Quit A: Accept D: Delete R: Remove Line U: Restore Line U: Restore All

To save the details in Tally, choose A: Accept.

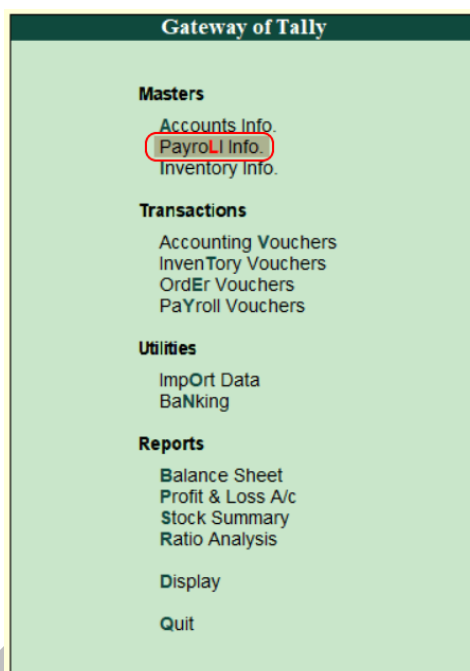
Create Employee Groups in Tally

In this section, we will discuss how to create, modify, and display employee groups in Tally. In Tally, using the single creation method and multiple creation methods, an employee group can be created. Use the step by step process to create employee groups in Tally.

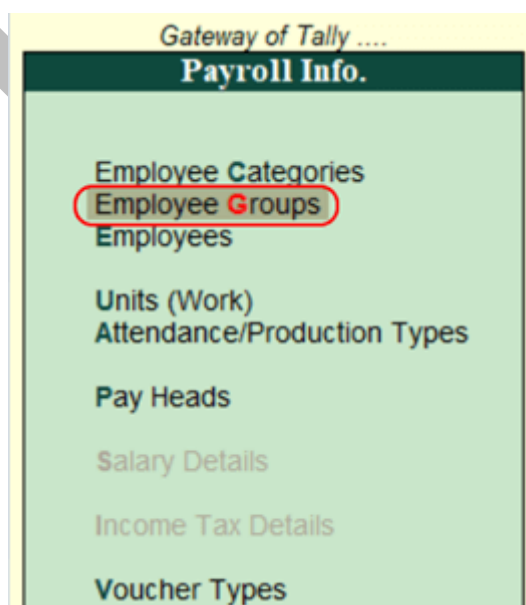
Step 1: Use the following path to create employee groups.

1. Gateway of Tally → Payroll Info → Employee groups → Single Group → Create

Step 2: Click on payroll info under Gateway of Tally screen.



Step 3: Click on the Employee Group option under payroll info.



Step 4: Click on the option 'create' on the employee group screen under single groups.

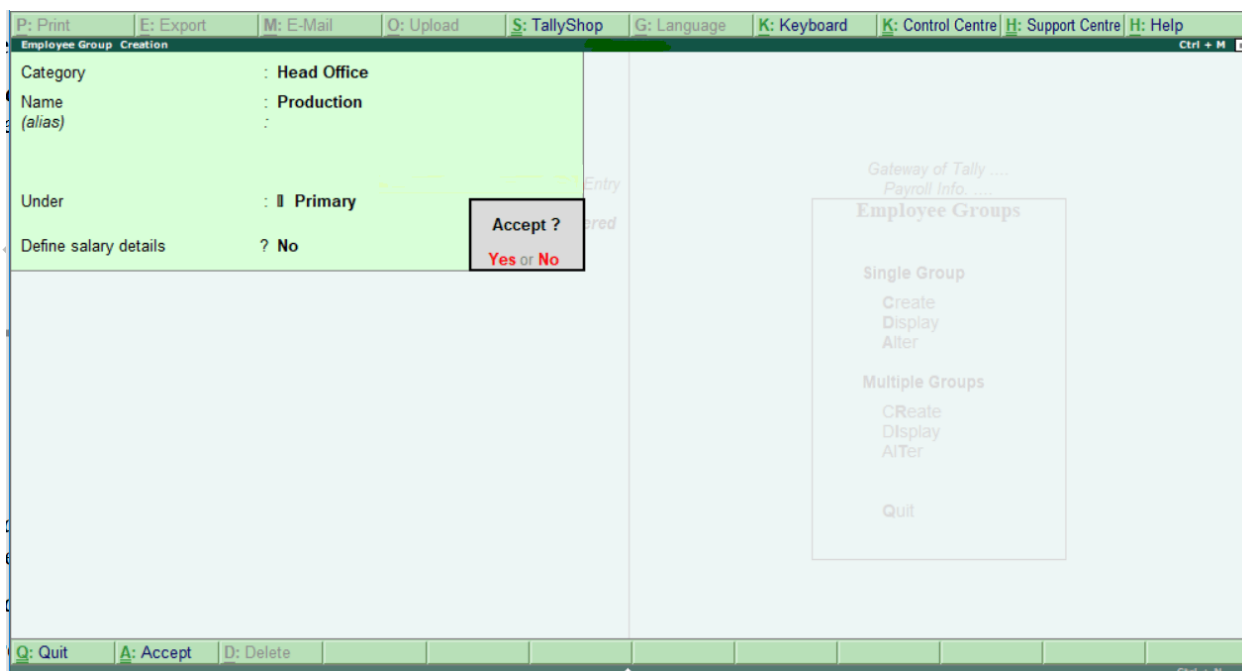


Step 5: Enter the following details under the employee group creation screen.

Category: Choose the employee category under the list.

Name: Specify the name of the employee group.

Under: Specify the group as a primary group.



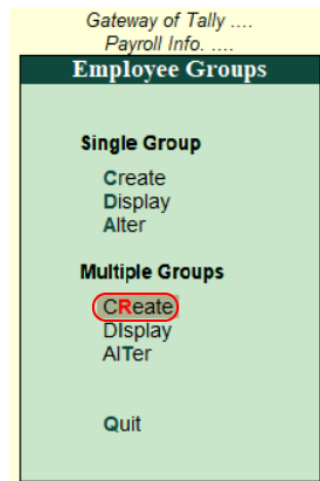
In Tally ERP 9, press enter and click on 'Yes' after maintaining all the required for employee group creation to save the data.

How to Create Multiple Employee Groups

Step 1: Use the following path to create multiple employee groups.

Gateway of Tally → Payroll Info → Employee groups → Multiple Groups → Create

Step 2: Click on 'create' option under multiple group options to create multiple employee groups in Tally.



Step 3: Enter the following details under multi employee group creation screen.

- Under Employee Group: To assign different employee categories for employee group, choose this option as "All items". We can only assign one employee group to one employee category.
- Specify all the details of the category of employee, name of the employee group, and under group.

S.No.	Category	Name of Employee Group	Under
1.	Hyderabad Office	Customer Services	Primary
2.	Bangalore Office	Sales Services	Primary
3.	Head Office	Software	Primary

Press enter and choose "Yes" after maintaining all the details of multi employee groups to save the details in Tally.

Create Employees Master Data in Tally

In Tally, after the successful creation of employee groups, we can create individual employees master data with groups or without grouping.

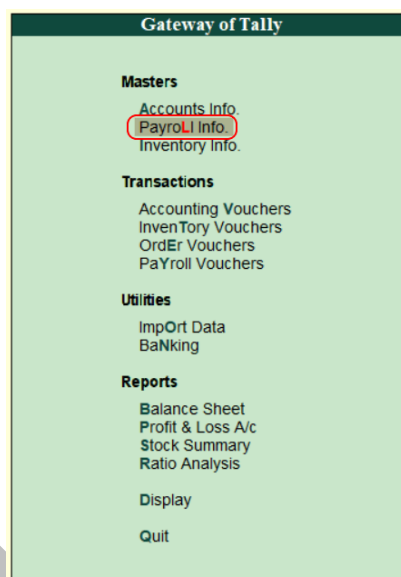
In employee master's data, all the activities of human resource management employee details can be maintained.

How to create a single employee

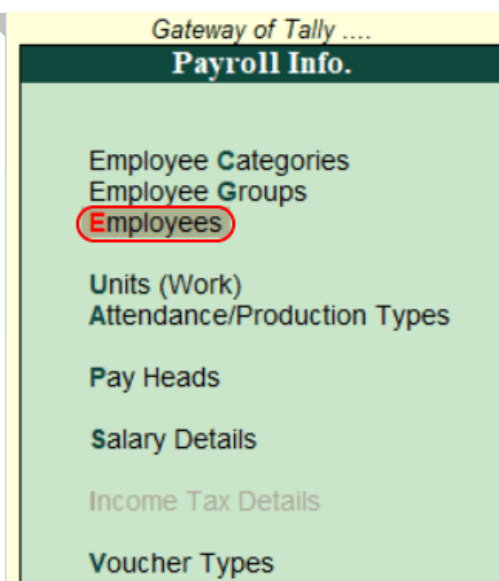
Step 1: Use the following path to create a single employee.

Gateway of Tally → Payroll Info → Employees → Single Employee → Create

Step 2: Click on the option Payroll Info under Gateway of Tally, as shown below.



Step 3: Click on the option "Employees" under Payroll info features to create new employees in Tally.



Step 4: Click on the Create option under the single employee option.



Step 5: Enter the following details on the next screen "employee creation".

Name: Specify the employee name, and this name will be displayed in reports.

Display name in report as: Enter here to display name in reports other than given in name field.

Under: Select the employee group under the field.

Date of Joining: Specify the joining data of an employee.

Define salary details: Choose this option as "Yes" to enter the salary details of an employee, and the salary details creation screen will be opened. We will enter all the details of an employee salary like PF, basic pay, allowance, tax, etc. under the salary details screen.

Salary Details Creation Ctrl + M

Category : Primary Cost Category

Name : Adarsh Kumar

(alias) : Adarsh

Display name in reports as : Adarsh Kumar

Under : Primary

Date of joining : 1-Apr-2019

Define salary details : ? Yes

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type
1-Apr-2019					

Phone no. :

E-Mail :

Q: Quit

Ctrl + N

Press enter to continue after entering the details of employee salary.

Step 6: Specify the required details of an employee like Employee number, designation, function, location, gender, date of birth, blood group, father's/mother's name, address, and contact details under general information.

Employee Creation Ctrl + M

Category : Primary Cost Category

Name : Adarsh Kumar

(alias) : Adarsh

Display name in reports as : Adarsh Kumar

Under : Primary

Date of joining : 1-Apr-2019

Define salary details : ? Yes

General Information

Employee Number : 001

Designation : Managing Director

Function :

Location : Hyderabad

Gender : Male

Date of birth :

Blood group : AB Positive

Father's/mother's name :

Spouse's name :

Address :

Phone no. :

E-Mail :

Provide bank details : ? No

Statutory Details

Income Tax Number (PAN) :

Aadhaar number :

Universal Account Number (UAN) :

PF account number :

EPS account number :

Date of joining for PF :

PR account number (PRAN) :

ESI number :

ESI dispensary name :

Passport and Visa Details

Passport number :

Country of issue :

Passport expiry date :

Visa number :

Visa expiry date :

Contract Details

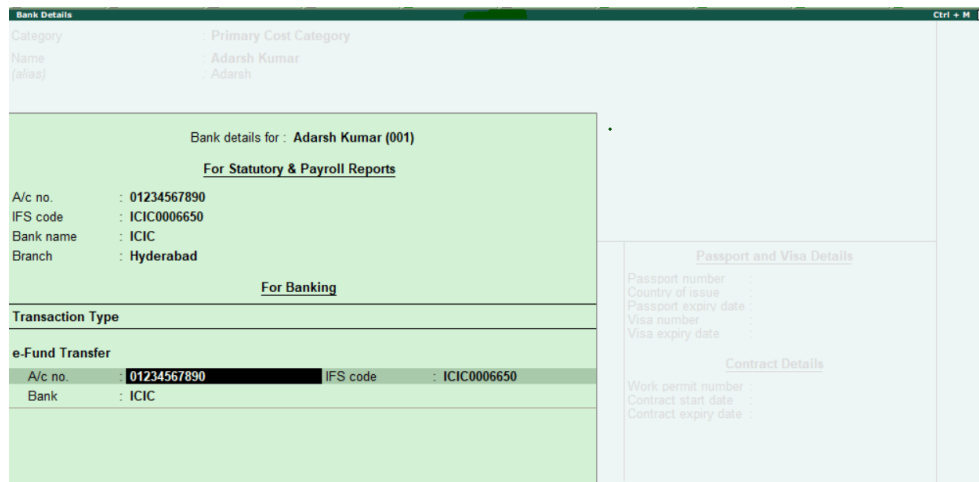
Work permit number :

Contract start date :

Contract expiry date :

Q: Quit A: Accept D: Delete

Step 7: Choose the option as "Yes" to enter the bank details of an employee. Now the bank details screen will be opened. Specify the required bank details like Account no, IFSC code, bank name, Branch, and transaction type.



Bank Details

Category : Primary Cost Category
 Name : Adarsh Kumar
 (alias) : Adarsh

Bank details for : Adarsh Kumar (001)

For Statutory & Payroll Reports

A/c no. : 01234567890
 IFS code : ICIC0006650
 Bank name : ICIC
 Branch : Hyderabad

For Banking

Transaction Type

e-Fund Transfer

A/c no. : 01234567890 IFS code : ICIC0006650
 Bank : ICIC

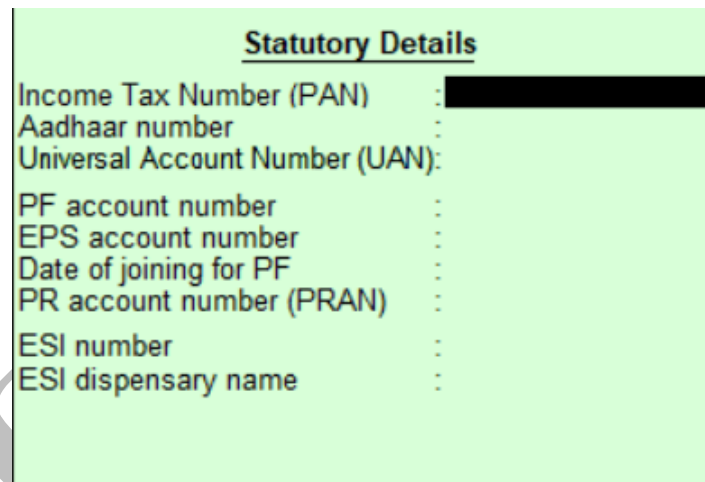
Passport and Visa Details

Passport number :
 Country of issue :
 Passport expiry date :
 Visa number :
 Visa expiry date :

Contract Details

Work permit number :
 Contract start date :
 Contract expiry date :

Step 8: Specify the statutory details of the employee like Income tax number, Aadhaar number, Universal account number, PF account number, EPS account number, Date of joining for PF, ESI number, ESI dispensary name.



Statutory Details

Income Tax Number (PAN) :
 Aadhaar number :
 Universal Account Number (UAN) :
 PF account number :
 EPS account number :
 Date of joining for PF :
 PR account number (PRAN) :
 ESI number :
 ESI dispensary name :

Step 9: Specify all the required details of employee password i.e., Passport number, country of issue, passport expiry date, Visa number, and Visa expiry date.

Step 10: Specify the contact details of an employee like work permit number, contract start date, and end date.



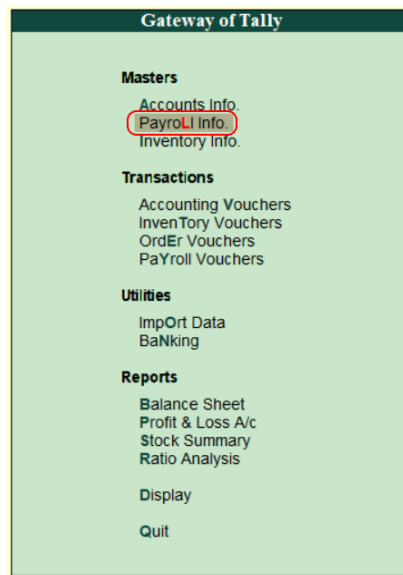
Passport and Visa Details

Passport number :
 Country of issue :
 Passport expiry date :
 Visa number :
 Visa expiry date :

Contract Details

Work permit number :
 Contract start date :
 Contract expiry date :

Step 11: Press enter and choose "Yes" after entering all the required details to accept the entered employee data in Tally ERP 9.



Create Simple Payroll Units in Tally

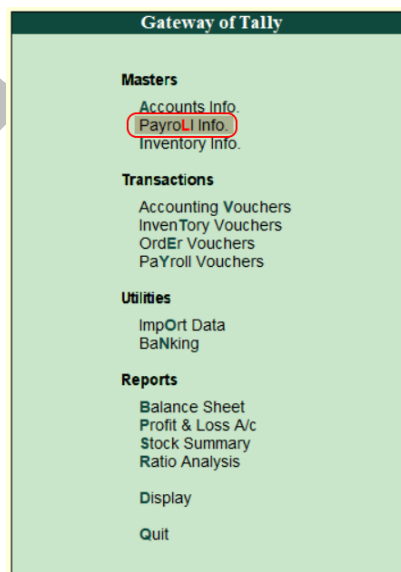
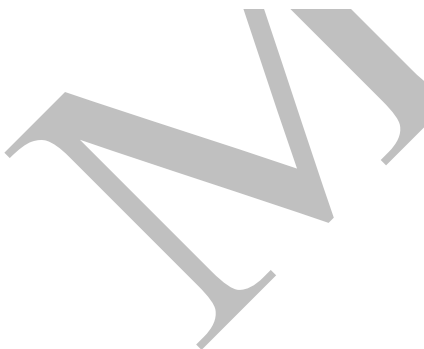
- Simple Payroll Units
- Compound Payroll Units

Payrolls can be calculated and computed based on the compound payroll units and simple payroll.

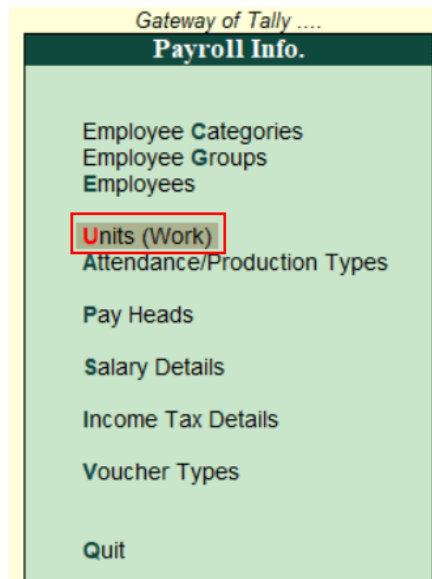
Creation of simple payroll unit in Tally

Simple payroll units refer to single or individual units like Hours, Day, Week, Box, Nos, etc. Use the following step to create a simple payroll unit in Tally.

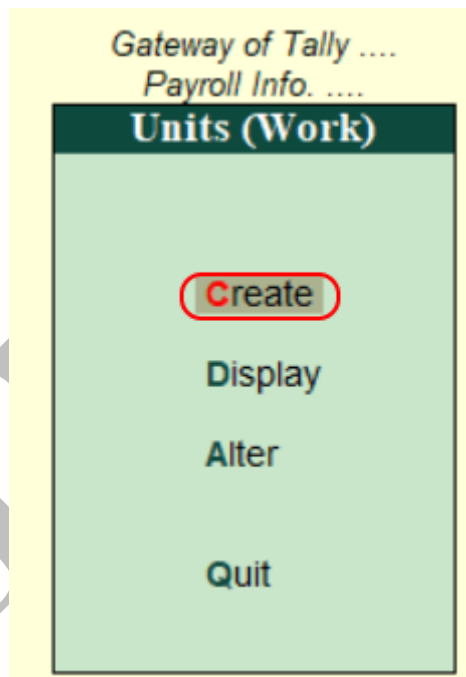
Step 1: Click on the option **Payroll info** under **Masters**.



Step 2: Click on the option Units under Payroll Info features.



Step 3: Click on the option Create under Units (Work) to create a new simple payroll unit in Tally ERP 9.



Step 4: Enter the following details on the next screen Unit Creation.

Type: Select the payroll unit type as Simple.

Symbol: Specify the symbol of the unit.

Formal Name: Specify the name of a payroll unit.

Name of decimal places: Specify the number of decimal places as 2.

The screenshot displays the 'Unit Creation' window in Tally ERP 9. The top menu bar includes options like Print, Export, E-Mail, Upload, TallyShop, Language, Keyboard, Control Centre, Support Centre, and Help. The main area is divided into two panes. The left pane contains the 'Unit Creation' form with the following details: Type: Simple, Symbol: Hrs, Formal name: Hours, Unit Quantity Code (UQC): Not Applicable, and Number of decimal places: 2. A small 'Accept?' dialog box is overlaid on the 'Number of decimal places' field, with 'Yes' and 'No' buttons. The right pane shows the 'Gateway of Tally' menu with options: Create, Display, Alter, and Quit. The status bar at the bottom indicates 'No Vouchers Entered'.

Press Enter and click on yes after entering all the required details of payroll units to save the data in Tally ERP 9.

Configure Payroll Settings

The other generic payroll related configurations can be set using the Payroll Configuration screen. To view the Payroll Configuration screen,

Go to **Gateway of Tally > F12: Configure > Payroll Configuration**

The screenshot shows the 'Payroll Configuration' screen. It has a title bar 'Payroll Configuration'. Below it, there is a list of configuration options with checkboxes: 'Add NOTES for Employees' (No), 'Show Statutory Details' (Yes), 'Show Passport & Visa Details' (No), 'Show Contract Details' (No), 'Show Resigned / Retired Employees' (No), and 'Show Employee Display Name' (No).

In the above screen,

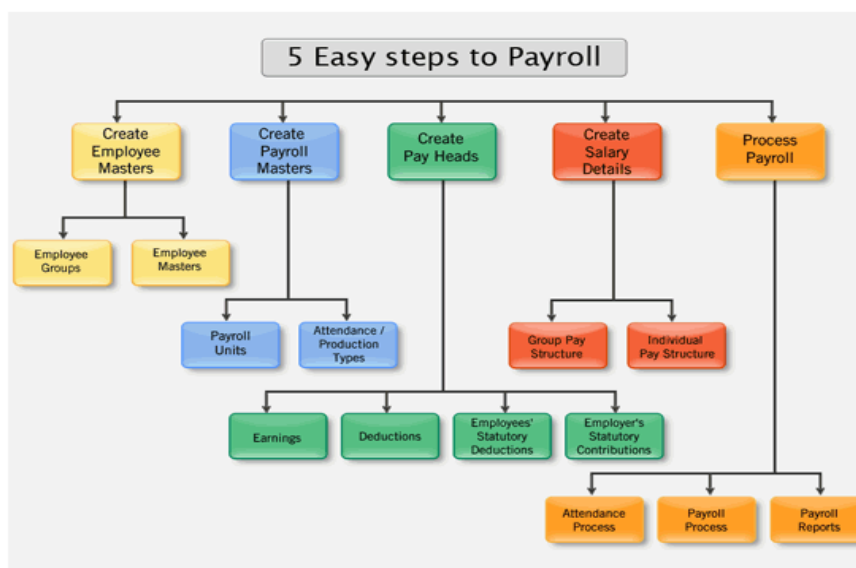
- Set the option Add Notes for Employees to Yes to enter any additional information about the employee in the Employee Creation/Alteration screen.
- Set the option Show Statutory Details (for India/ SAARC companies only) to Yes to enter the PF, ESI, NPS and Employee PAN details in the Employee Creation screen and print the same information in the Employee Pay Slip.
- Set the options, Show Passport & Visa Details and Show Contract Details, to Yes to capture the information regarding the Employee Passport Number, Passport Expiry date, Visa

Number, Visa Expiry date, Contract Start and Expiry dates in the Employee Master and to display the same in the Expat Reports.

- Set the option Show Resigned / Retired Employees to No, to avoid displaying the names of the resigned employees in the Attendance and Payroll Vouchers.
- Set the option Show Employee Display Name to Yes, if a different name for an employee has to be printed in the payroll reports. This option is useful, if there are multiple employees in the company with the same name.

Five Easy Steps to Generate a Pay Slip

The new enhanced payroll in Tally.ERP 9 requires minimal effort for accurate salary processing. It takes only five easy steps to process payroll and generate Pay Slip in Tally.ERP 9.



Step 1: Create Employee Masters

Create the Employee masters and enter the requisite employee details. Create Employee Groups by categorising employees under the function they perform; their department or designation.

Step 2: Create Payroll Masters

Create the Payroll Units and Attendance/Production Type to record the Attendance and Production details.

Step 3: Create Pay Heads

The components of a structured salary are created under Pay Heads.

Create the salary structure components in pay head. You can create any complex type of pay head with ease in Tally.ERP 9.

Step 4: Create Salary Details

Create the applicable salary structure for both employee groups as well as individual employees.

Step 5: Process Payroll and Generate Pay Slip

Record a Payroll Voucher to enter all earnings and deductions that is paid to the employees.

Generate the Pay Slip that provides attendance details, itemises each component of the employee's earnings and deductions, and displays the net amount paid to him for a given pay period. It also provides information to the employee as to how the net amount is arrived at.

Creating Pay Heads

The salary components constituting an employee's pay structure is called a Pay Head. A Pay Head may be an earning to the employee, or a deduction, which is recovered from his/her salary. The value of these pay heads could be either fixed or variable, for each payroll period.

For example: Basic Pay is a fixed pay component whereas Variable Pay, Bonus are variable components.

Pay Head Type

A Pay Head is categorised as Earnings, Deductions or Reimbursements.

The preset Pay Head Types in Tally.ERP 9 are as shown below:

- Earnings for Employees
- Deductions from Employees
- Employees' Statutory Deductions
- Employer's Statutory Contributions
- Employer's Other Charges
- Bonus
- Gratuity
- Loans and Advances
- Reimbursements to Employees

Statutory Pay Head Type

The Statutory Pay Head Type field is enabled when Employees' Statutory Deductions, Employer's Statutory Contributions and Employer's Other Charges Pay Head Types are selected in the Pay Head Type field.

The preset Statutory Pay Head Types in Tally.ERP 9 are as shown below:

- Employee State Insurance
- PF Account (A/c No. 1)
- EPS Account (A/c No. 10)
- Professional Tax
- Income Tax
- Voluntary PF (A/c No. 1)
- Admin Charges (A/c No. 2)

- EDLI Admin Charges (A/c No. 22)
- EDLI Contribution (A/c No. 21)
- National Pension Scheme (Tier – I)
- National Pension Scheme (Tier – II)

Note: Statutory Pay Head Type will appear only when the Payroll Statutory Features are enabled.

Use for Gratuity

This parameter should be set to Yes, for the Pay Head components that will be used for the Gratuity calculation (For example: Basic Pay and DA etc.)

Calculation Types

The method of calculation of the Pay Head is based on its Calculation Type.

Note: The formula defined in Calculation Type will be used for computation only while using Payroll Auto Fill feature in the Payroll Voucher, and not in manual entry mode of Payroll voucher.

The following computation modes are supported in Calculation Types of Tally.ERP 9.

Flat Rate

Flat Rate is used where the value of the Pay head is a fixed amount for a period. Pro-rata calculation will not happen if this calculation type is selected in the pay head.

Examples of Flat Rate Calculation Type:

- Conveyance Allowance of ₹ 800 per month
- Fixed Loan Installment deduction amount

On Attendance

On Attendance type is based on the attendance data where the component will get pro-rated based on the actual days the Employee is present/absent in office for the selected period. In Tally.ERP 9 the attendance can be recorded as positive days (Present) or loss of pay (Absent) type.

Example of On Attendance Calculation Type:

Basic Salary is calculated on Attendance

- **Attendance / Leave with pay:** If you want to calculate the Pay Head Value using the positive attendance (Present), then select the same against this field.
- **Leave without Pay:** If you want to calculate the Pay Head Value using the negative attendance (Absent), then select Not Applicable in the Attendance/Leave with Pay field and select Absent in the Leave without Pay field.

On Production

On Production Calculation Type is used to calculate the pay value based on the Production/Work done. The production data can be entered in Attendance voucher against the Production type.

Example of On Production Calculation Type:

Overtime**As Computed Value**

As Computed Value is used if the pay head value is dependent on another pay component. You will be able to define a pay component with this calculation type by specifying a formula/using current sub-total/on current earning/on deduction total. You can also define the slab either by percentage or value or a combination of both.

Example of As Computed Value:

- HRA as 40% of Basic Salary

As User defined Value

As User defined Value allows you to manually enter the value at the time of processing the salary. This Calculation Type is used when the value of the pay is not fixed and does not depend on any pay component.

Example of As User Defined Value:

- Incentives
- Variable Salary

Calculation Period

Calculation Period refers to the periodicity of Pay Head Calculation. There are four pre-defined calculation periods in Tally.ERP 9:

- Days
- Fortnights
- Months
- Weeks

Per day Calculation Basis

Per day Calculation Basis refers to the calculation of per day Pay Head value Computation.

As per Calendar Period.

As per Calendar Period refers to the perpetual calendar month, i.e. if the payroll process is carried out for the month of March, then the attendance records will be entered for 31 days.

For example:

Employee' Monthly Salary = Rs. 3000

Calculation Basis = As per Calendar Period

Per Day salary for Jan (31 days) = $3000/31 = 96.78$

Leave Taken = 3 days in Jan

Salary Deductible = $(3000/31)*3 = 290.32$

Salary Payable = $3000 - 290.23 = 2709.67$

User Defined

User Defined refers to the consistent payroll period irrespective of calendar month, i.e. if an employee's salary is based on a standard month of 30 days irrespective of the calendar month, then you can select User Defined as the Calculation Basis and define the periodicity of the specified period or month.

For example:

Employee' Monthly Salary = Rs. 3000

Calculation Basis = User Defined month of 30 Days

Per Day salary for Jan (30 days) = $3000/30 = 100$

Leave Taken = 3 days in Jan

Salary Deductible = $(3000/30)*3 = 300$

Salary Payable = $3000 - 300 = 2700$

User Defined Calendar Type

User Defined Calendar Type option will provide flexibility to the user to select user defined calendar days for every Calculation Period. Once this option is selected, the user can have different number of working days for every Calculation Period.

For example the user can enter the total number of working days after reducing the Saturdays or Sundays or even holidays, if any, as per requirement.

For example:

Employee' Monthly Salary = Rs. 3000

Calculation Basis = User Defined Calendar Type

Working Days in Jan = $31 - 4 \text{ (Sundays)} - 2 \text{ (Holidays)} = 25 \text{ Days}$

Per Day salary for Jan (30 days) = $3000/25 = 120$

Leave Taken = 3 days in Jan

Salary Deductible = $(3000/25)*3 = 360$

Salary Payable = $3000 - 360 = 2640$

Rounding Method

There are four methods of Rounding Off in Tally.ERP 9:

- Not Applicable – The decimal points will be taken into consideration and the amount will not be rounded off.
- Downward Rounding – The decimal points will not be taken into consideration and the amount will be rounded off to the lower value.
- Normal Rounding – The amount will be rounded off to the nearest currency value.
- Upward Rounding – The amount will be rounded off to the higher value.

Computation Info

If As Computed Value is selected as the Calculation Type, then you can select the Pay Head Computation as per one of the following options:

Compute On

- **On Current Deductions Total** – This Calculation Type is used when the value of a pay head depends upon the total of the deduction pay heads already defined.
- **On Current Earnings Total** – This Calculation Type is used when the value of a pay head depends upon the total earnings pay heads already defined.
- **On Current Sub Total** – This Calculation Type is used when the value of a pay head depends upon the net total of earnings and deductions already defined.
- **On Specified Formula** – This Calculation Type is used when the pay head value is computed on the basis of value of one or more pay heads already defined in the pay structure. (Tally.ERP 9 allows addition, subtraction, multiplication and also division of pay heads already defined in the pay structure For example: HRA is computed on 40% of the basic salary).

Effective From

The Effective From date is by default taken as the financial year start date during which the Pay Head is created. In case of revision in pay computation, then such revision for the given pay head can be defined by altering the Effective From date.

From Amount

In case there are multiple slabs for computation of pay head, then the start value for each slab should be provided in this field. By default, this field is skipped and assumed to be 0 for the first slab.

Amount Upto

The upper stratum value for each slab is provided in this field.

Slab Type

- **Percentage** – This slab rate is used when the amount is stated as a percentage of a whole
- **Value** – This slab rate is used when the amount is stated as absolute value.

Value Basis

Value Basis for each slab is provided in this field, which can be either an Amount or Percentage based on the Slab Type selected the previous field.

Employee Groups

Employees can be classified based on function, department, location, cadre/designation and various other parameters using Employee Groups.

In Tally.ERP 9, salary structures can be defined at the Employee Group level itself. For example, you can create the salary structure for a whole department i.e., Marketing, R&D, Sales, Accounts etc.

Creating Single Employee Group

To create a single **Employee Group** (e.g. Sales),

Go to **Gateway of Tally > Payroll Info. > Employee Groups > Create** (under **Single Group**)

- Select the required Employee Category from the List of Categories in the field Category
- Enter the Name of the Employee group
- Select the required group from the List of Employee Groups in the field Under
- Set the option Define Salary Details to Yes and press Enter to view Salary Details Creation screen. In this screen, specify the salary details of the Employee Group

Name	: Sales					
Under	: Primary					
Salary Details						
Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2013	Basic Pay	25,000.00	Months	Earnings for Employees	On Attendance	
	House Rent Allowance			Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	1,200.00	Months	Earnings for Employees	Fiat Rate	
	Bonus			Earnings for Employees	As User Defined Value	
	Canteen Deduction			Deductions From Employees	As User Defined Value	
	Overtime	120.00	Hrs	Earnings for Employees	On Production	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Reimbursement			Reimbursements to Employees	As User Defined Value	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Gratuity			Gratuity		
	Employees' EPF Deduction @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employees' ESI Deduction @ 1.75%			Employees' Statutory Deductions	As Computed Value	Basic Pay + House Rent Allowance + Conveyance + Overtime
	Employees' NPS Deduction @ 10% - Tier I			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Income Tax			Employees' Statutory Deductions	As Per Income Tax Slab	
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer's EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employees' EPF Deduction @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	Basic Pay + House Rent Allowance + Conveyance + Overtime
	Employer NPS @ 10%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employees' NPS Deduction @ 10% - Tier II			Employees' Statutory Deductions	As Computed Value	Basic Pay

3 more

After defining the salary structure, press **Enter** to navigate to the **Employee Group Creation** screen

Employee Group Creation		ABC Co
Category	: Primary Cost Category	
Name	: Sales	
(alias)	:	
Under	: Primary	
Define Salary Details	: Yes	
		Accept ? Yes or No

Press **Y** or **Ctrl+Y** to save the **Employee Group**

If the Salary Details are not defined while creation or alteration of an **Employee Group**, then the salary structure can be also be defined from Salary Details.

Employee Group Configuration

Press **F12** key or click **F12: Configure** to add/remove options in the **Employees Group Creation** screen.

Employee Group Configuration	
Allow ALIASES along with Names	? Yes
Allow Language ALIASES along with Names	? No

Allow ALIASES along with the Names: Set this option to Yes to add the Alias names

Allow Language ALIASES along with Names: Set this option to Yes to add the names in other languages as selected (only while using Multilingual feature)

Creating Multiple Employee Groups

Tally.ERP 9 allows creation of more than one Employee Group from a single screen. To create multiple Employee Groups:

Go to Gateway of Tally > Payroll Info.> Employees Groups> Create (under Multiple Groups)

- Select the Employee Group under which new Employee Groups should be created in the Under Employee Group field. If an independent group is to be created, select All Items in this field
- Under the Category field, select the Employee Category under which the group is to be created
- Specify the group name under the Name of Employee Group field
- In the Under field, select the Employee Group under which the newly created group is to be categorised

The completed **Multi Employee Group Creation** screen is displayed as shown:

Multi Employee Group Creation			
Under Employee Group : All Items		ABC Company	
S.No.	Category	Name of Employee Group	Under
1.	Primary Cost Category	Accounts	J Primary
2.	Primary Cost Category	Marketing	J Primary
3.	Primary Cost Category	R&D	J Primary
4.	Primary Cost Category	Sales	J Primary
5.	Primary Cost Category	Support	J Primary

Creating Employees

In Tally.ERP 9, all the necessary information of the employees can be recorded in the Employee Master. Apart from general information, you can also enter Payment, Statutory, Expat and Contract details of the employees. To enter Statutory related information in the Employee Master, enable the option **Show Statutory Details** in Payroll Configurations screen.

Creating Single Employee

To create an Employee under the Employee group, Sales,

Go to **Gateway of Tally > Payroll Info. > Employees > Create** (under Single Employee)

Employee Creation		ABC Company		Ctrl + M
Category	: Primary Cost Category			
Name (alias)	:			
Display Name in Reports Under	: Primary			
Date of Joining	: 1 Apr 2013			
Define Salary Details	: No			
General Info		Provide Bank Details ? No		Passport & Visa Details
Employee Number	:	Statutory Details		Passport Number :
Designation	:	Income Tax Number (PAN):		Country of Issue :
Function	:	PF Account Number		Passport Expiry Date:
Location	:	EPS Account Number		Visa Number :
Gender	:	PF Date of Joining		Visa Expiry Date :
Date of Birth	:	PR Account Number		
Blood Group	:	ESI Number		Contract Details
Father / Mother Name	:	ESI Dispensary Name		Work Permit Number:
Spouse Name	:			Contract Start Date :
Address	:			Contract Expiry Date:
Contact Numbers	:			
E-Mail	:			

- Enter the **Name** of the Employee
- In **Display Name in Reports** field, the same name will be automatically filled. Enter the required name, that has to be printed in the reports, in this field
- Select the **Employee Group** in the field **Under**
- Enter the **Date of Joining**
- Set the option **Define Salary Details** to **Yes** and press **Enter** to view **Salary Details Creation**. In this screen, specify the salary details of the employee.
- In the **Effective From** date field, the **Date of Joining** will be displayed by default and the system will not allow you to alter the **Effective From** date
- Under the Pay Head column, select the relevant Pay Heads from the List of Pay Heads and enter the values for the necessary pay heads, as per requirement

Salary Details Creation		ABC Company		Ctrl + M		
Category	: Primary Cost Category					
Name (alias)	: Employee A					
Name Under	: Employee A (0065)					
Display Name in Reports Under	: Sales (Primary)					
Date of Joining	: 1 Apr 2013					
Define Salary Details	: Yes					
Salary Details						
Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1 Apr 2013	Basic Pay	25,000.00	Months	Earnings for Employees	On Attendance	Basic Pay
	House Rent Allowance			Earnings for Employees	As Computed Value	
	Conveyance	1,200.00	Months	Earnings for Employees	Flat Rate	
	Bonus			Earnings for Employees	As User Defined Value	
	Canteen Deduction			Deductions From Employees	As User Defined Value	
	Overtime	120.00	Hrs	Earnings for Employees	On Production	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Reimbursement			Reimbursements to Employees	As User Defined Value	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Gratuity			Gratuity		
	Employees' EPF Deduction @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employees' ESI Deduction @ 1.75%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employees' NPS Deduction @ 10% - Tier I			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Income Tax			Employees' Statutory Deductions	As Per Income Tax Slab	
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer's EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer NPS @ 10%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employees' NPS Deduction @ 10% - Tier II			Employees' Statutory Deductions	As Computed Value	Basic Pay

After defining the salary structure, press **Enter** to navigate to **Employee Creation** screen

- Any remarks or notes about an employee can be entered in the **Notes** field
- Enter the employee **General Information**, employee's **Bank Details** for salary processing, **Payment Details**, **Statutory Details**, **Passport & Visa Details** and **Contract Details**

Employee Creation		ABC Company		Ctrl + M	
Category	: Primary Cost Category				
Name (alias)	: Employee A				
Display Name in Reports	: Employee A				
Under	: Sales (/ Primary)				
Date of Joining	: 10-Apr-2010				
Define Salary Details	: Yes				
Notes :					
General Info		Payment Details	Passport & Visa Details		
Employee Number	: 0065	Bank Name	: HDFC Bank	Passport Number	: ES69871
Designation	: Senior Executive	Branch	: J.P.Nagar	Country of Issue	: India
Function	: Sales	Bank A/c Number	: 0063784376665	Passport Expiry Date	: 12-Aug-2014
Location	: Bangalore	IFS Code	: HDFC0000133	Visa Number	: S085963321
Gender	: Male	MICR Code Number	: 086547	Visa Expiry Date	: 20-Jun-2014
Date of Birth	: 15-Dec-1976	Statutory Details		Contract Details	
Blood Group	: A Positive	Income Tax Number (PAN)	: ABCDE1234F	Work Permit Number	: SE005986
Father / Mother Name	: Mr. Ram Mohan	PF Account Number	: KA/BN/003456467	Contract Start Date	: 10-Apr-2012
Spouse Name	: Anjali	EPS Account Number	: KA/BN/003456467	Contract Expiry Date	: 10-Apr-2014
Address	: 23, 4th Cross, Balaji Layout, Subramani Colony, Bangalore - 56	PF Date of Joining	: 10-Apr-2010		
Contact Numbers	: 080-22323859	PR Account Number	: 500660287102		
E-Mail ID	: a@abc.com	ESI Number	: ESI 3456		
		ESI Dispensary Name	: Koramangala		
				Accept ?	
				Yes or No	

- Accept** to save

If the Salary Details is not defined while creation or alteration of an Employee Group, then the salary structure can be defined from **Salary Details**.

Employee Configuration

Press **F12** key or click **F12: Configure** to change the default display for the **Employee Creation** screen.

Employee Configuration	
Allow ALIASES along with Names	? Yes
Allow Language ALIASES along with Names	? Yes
Add NOTES for Employees	? Yes
Show Statutory Details	? Yes
Show Passport & Visa Details	? Yes
Show Contract Details	? Yes
Show Employee Display Name	? Yes

Creating Multiple Employees

To create multiple Employees,

Go to **Gateway of Tally > Payroll Info. > Employees > Create** (under **Multiple Employees**)

- Select the Employee Group under which all the employees should be created in the **Under Employee Group**. If an independent employee is to be created, select **All Items** in this field
- Under the **Category** field, select the Employee Category under which the group is to be created. By default, **Primary Cost Category** is selected in this field

- Specify the employee name under the **Employee Name** field
- In the **Under** field, select the Employee Group under which the newly created employee is to be categorized
- Enter the joining date in the **Date of Joining** field

The completed **Multi Employee Creation** screen appears as shown:

Multi Employee Creation ABC Company Ctrl + M				
Under Employee Group : All Items				
S.No.	Category	Employee Name	Under	Date of Joining
1.	Primary Cost Category	Employee B	Accounts	5-Apr-2010
2.	Primary Cost Category	Employee C	Marketing	1-Jun-2011
3.	Primary Cost Category	Employee D	R&D	1-Sep-2012
4.	Primary Cost Category	Employee Q	Support	6-Oct-2012

Salary Structure

To create **Salary Details** for an Employee,

Go to **Gateway of Tally > Payroll Info. > Salary Details > Define**

- Select the Employee in the **Name** field from the **List of Groups/Employees**
- Enter the **Effective From** date
- In the Pay Head field, the **Start Type** list displays three options namely, **Copy From Employee**, **Copy From Parent Value** and **Start Afresh**
 - If you select **Copy From Employee**, the Salary Details defined for any Employee, irrespective of Employee Group, can be selected.
 - If you select **Copy From Employee Group**, the **Salary Details** defined for the Employee Group will appear in the screen
 - If you select **Copy From Parent Value**, the **Salary Details** defined for the Employee Group to which the Employee belongs will appear in the screen
 - If you select **Start Afresh**, you have to select the Pay Heads from the List of Pay Heads and enter the values for the necessary Pay Heads, if required.

Salary Details Alteration ABC Company Ctrl + M				
Name : Employee B				
Under : Accounts (Primary)				
Salary Details				
Effective From	Pay Head	Start Type	Calculation Type	Computed On
1-Apr-2013		Copy from Employee Group Copy From Parent Value Start Afresh		

- Modify **values** for the necessary Pay Heads as per Employees eligibility

Salary Details Alteration ABC Company

Name : Employee B
Under : Accounts
(Primary)

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1.Apr.2013	Copy From Parent Value	10,000.00	Months	Earnings for Employees	On Attendance	Basic Pay
	Basic Pay			Earnings for Employees	As Computed Value	
	House Rent Allowance	800.00	Months	Earnings for Employees	Flat Rate	
	Conveyance			Earnings for Employees	As User Defined Value	
	Bonus			Earnings for Employees	As User Defined Value	
	Canteen Deduction			Deductions From Employees	As User Defined Value	
	Overtime	110.00	Hrs	Earnings for Employees	On Production	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Reimbursement			Reimbursements to Employees	As User Defined Value	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Gratuity			Gratuity	As User Defined Value	
	Salary Advance Deduction			Loans and Advances	As User Defined Value	
	Employees' EPF Deduction @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employees' ESI Deduction @ 1.75%			Employees' Statutory Deductions	As Computed Value	(Basic Pay + House Rent Allowance) + Conveyance + Overtime
	Employees' NPS Deduction @ 10% - Tier I			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Income Tax			Employees' Statutory Deductions	As Per Income Tax Slab	
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer's EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee EPF Deduction @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	(Basic Pay + House Rent Allowance) + Conveyance + Overtime
	Employer NPS @ 10%			Employer's Statutory Contributions	As Computed Value	Basic Pay

Accept ?
Yes or No

- Press **Enter** to Accept and save.

Salary Details Configuration

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

- Select the required **Employee/ Employee Group** from the **List of Groups/Employees**
- Press **F12: Configure**

Salary Details Configuration

Allow to Override Slab Percentage	? Yes
Allow Copy From Employee	? Yes
Show Pay Head Type	? Yes
Show Calculation Type	? Yes
Show Computed On	? Yes

- Allow to Override Slab Percentage:** Set **Allow to Override Slab Percentage** to **No** to prevent changes made to Slab Percentages. You can set it to **Yes**, to override the percentages already defined at the Pay Head Level
- Allow Copy From Employee:** If you want copy the **Salary Details** of an employee who belongs to a different Employee Group, set this option to **Yes**
- Show Pay Head Type:** Set **Show Pay Head Type** to **Yes** to display if the Pay Head is an Earning or a Deduction in the Salary Details screen
- Show Calculation Type:** Set **Show Calculation Type** to **Yes** to display the method of calculation adopted (**As Computed Value**, **As User Defined Value**, **Flat Rate**, **On Attendance** or **On Production**)

- **Show Computed On:** Set **Show Computed On** to **Yes** to display the **Computation Information** (On Current Deductions Total, On Current Earnings Total, On Current Sub Total, On Specified Formula)

Units (Work)

A Payroll Unit is similar to a Unit of Measure used in the Inventory module. In Tally.ERP 9, pay components are calculated for a given period depending on the payroll Units. You can create Simple as well as Compound Payroll Units measured on Attendance / Production Types such as Time, Work or Quantity.

Creating Payroll Simple Unit

Go to **Gateway of Tally > Payroll Info. > Units (Work)**

- Select **Type** as **Simple**
- Enter the **Symbol** for the Unit
- Enter the **Formal Name**
- Provide the **Number of Decimal Places** for the Unit if you want to use the Unit in fractions

Unit Creation	
Type	: Simple
Symbol	: Hrs
Formal Name	: Hours
Number of Decimal Places	
Accept ? Yes or No	

- **Accept** to Save

Similarly, you can create the other Payroll Units like **Minutes, Hours, Pieces** etc.

Creating Payroll Compound Unit

A Compound Payroll Unit involves a combination of two payroll Units. For example: Box of 10 Nos, Dozen of 12 Pcs, Hr of 60 Mins etc.

To create a compound payroll unit – Hrs of 60 mins

Go to **Gateway of Tally > Payroll Info. > Units (Work)**

- Select **Compound** in the field **Type** and press **Enter**

Unit Creation	
Type	: Simple
Symbol	:
Formal Name	:
Number of Decimal Places	: 0
<div>Types of Units</div> <div>Compound</div> <div>Simple</div>	

The **Conversion** field will be displayed for creating the compound payroll unit.

Unit Creation			ABC Company	
Type	: Compound		Current Date Wednesday, 30 Apr, 2008	
<u>Units with Multiplier Factors</u> (example: Kgs of 1000 gms)			Companies	
First Unit	Conversion	Second Unit	Units	
Hrs	of 60	Mins	Dys	(Days)
			Mins	(Minutes)

- Select the **First Unit** from the **Units** In the above example, Hrs will be the First Unit.
- Specify the conversion Factor in the **Conversion** In the above example, Conversion factor will be 60.
- Specify the **Second Unit** from the **Units** In the above example, Mins will be the Second Unit.

Press **CTRL + A** or **Enter** to save the compound payroll unit creation screen.

Attendance/Production Type

An Attendance/Production Type is used to record the attendance and production data. Based on the various components (Pay head), you may need to define multiple attendance / production types. Examples for attendance types are days present or absent and for production based types are hours worked, number of pieces produced.

An Attendance/Production Type is associated with a pay head in an employee's pay structure. Attendance/Production Types may also be defined in hierarchical groups whereby Attendance Types having a common Unit are combined under logical groups. e.g. Present Days can have Present and Leave with Pay as sub-groups.

The **Attendance/Production Type** may be:

- **Attendance/Leave with Pay:** should be used to record the positive attendance and leave with pay (For example: Present, Sick Leave etc.)
- **Leave without Pay:** should be used to record negative attendance (For example: Absent, Leave Without Pay etc.)
- **Production type:** should be used to record the Production details (For example: Piece Production, Overtime Hours, and so on)
- **User Defined Calendar Type:** should be used to create User Defined Calendar which can be later used to specify the variable number of days for each month. For example: 25 days in January, 24 days in February, 26 days in March and so on

To create the Attendance /Production Types, refer to:

- Creating an Attendance Type
- Creating a Production Type
- Creating User Defined Calendar Type

Creating Bonus Pay Head

To create a Bonus Pay Head,

- Go to Gateway of Tally > Payroll Info. > Pay Heads > Create Enter Pay Head name in the Name field
- Select Bonus as the Pay Head Type from the list of Pay Head Type
- Select the Income Type for the Pay Head

Pay Head Creation		ABC Company	Total Op. Bal.
Name	Bonus		
(alias)			
Pay Head Info			
Pay Head Type	Earnings for Employees	Income Type	
Income Type	Fixed	Fixed	
Under	Direct Expenses	Variable	
Affect Net Salary	? Yes		
Name to appear in Payslip	? Bonus		
Use for Gratuity	? No		
Set / Alter Income Tax Details	? No		
Calculation Type	As User Defined Value		
Opening Balance (on 1-Apr-2013) :			

- Select **Indirect Expenses** from the **List of Groups** in the **Under** field
- By default, **Affect Net Salary** is set to **Yes**. Type **No**, if you do not want this component to be included in the Pay Slip
- By default, the Pay Head component name entered in the **Name** field will appear in the Pay Slip, if you want to change the default Pay Head component name then alter it in **Name to appear in Payslip**
- By default, **Use for Gratuity** is set to **No**
- In the **Income Tax Details** screen,
 - Select **Other Earnings/Allowances (Fully Taxable)** as the **Income Tax Component**
 - In **Tax Calculation Basis** select **On Actual Value** for User Defined Pay Heads as the amount will be different in each month so the Tax should be rationalised accordingly and spread across the remaining period. If value of pay head is fixed in nature then select **On Projected Value**
 - Set **Deduct TDS across Period(s)** to **Yes** to deduct Tax across the remaining period. If set to **No**, entire tax will be deducted in the same month
 - Set **Exclude for ESI Eligibility** to **Yes**, if you want to this Pay Head to be considered for ESI Calculation but not for ESI Eligibility.
 - In the **Calculation Type** field select **As User Defined Value** from the **List of Calculation**.

PAY HEAD INFO		Total Op. Bal.
Name	: Bonus	
(alias)	:	
Pay Head Info		
Pay Head Type	: Earnings for Employees	
Income Type	: Variable	
Under	: Indirect Expenses	
Affect Net Salary	? Yes	
Name to appear in Payslip	: Bonus	
Use for Gratuity	? No	
Set / Alter Income Tax Details	? Yes	
Calculation Type	: As User Defined Value	
Opening Balance (on 1-Apr-2013) :		Accept ?
		Yes or No

Press Enter to accept.

UNIT – II

Reports in Tally.ERP 9

A report is an organized and formatted presentation of data in the form of text, graphics, and calculations. Tally allows users to collate different-types of data, such as, vouchers and invoices, and display them in the form of report. There are various categories of reports in Tally.ERP 9, such as balance sheet, Profit & Loss A/c, Stock Summary, and Ratio Analysis. The user interface of Tally.ERP 9 (Gateway of Tally screen) allows you to view all these reports.

Working with Balance Sheet

Balance sheet are the financial reporting tools that allow you to perform a quantitative analysis of the company's assets, liabilities, and net worth at a particular date, such as the end of a financial year. In other words, it reflects the quantitative and summarized form of financial position of a company in a particular period. Balance sheets display the owner's fund of a company, what a company owns, and its net worth in business. This information helps to analyze the capacity of a business to take risks as well as for future planning.

Let's perform these steps to learn how to configure a balance sheet:

1. Click **Starts All Programs->Tally.ERP 9->Tally.ERP 9**. The **Gateway of Tally** screen appears.
2. Select the **Balance Sheet** option under the **Reports** group in the **Gateway of Tally** menu. The **Balance Sheet** screen appears.
3. Click the **F12: Configure** button from the button bar in the **Balance Sheet** screen to set the configuration for displaying the balance sheet, according to your requirements. The **Configuration** screen appears, displaying many options. You can change and set the values of the options, according to your requirements, in the **Configuration** screen.
4. Press the **ENTER** key till the Balance Sheet screen appears.

Balance Sheet				Gokul Computers				Ctrl + M			
Liabilities				Assets							
Gokul Computers as at 1-Oct-2017				Gokul Computers as at 1-Oct-2017							
Capital Account				Current Assets							
Loans (Liability)				Profit & Loss A/c							
Current Liabilities				Opening Balance							
				Current Period							
				Diff. in Opening Balances							
Total				Total							
9,00,000.00				9,00,000.00							

Configuring Balance Sheet Options

Configuration	
Show Vertical Balance Sheet	? No
Profit or Loss, both as Liability	? No
Show Percentages	? No
Show Working Capital figures	? No
Method of showing Balance Sheet	? Liabilities / Assets
Appearance of Names	: Name Only
Scale Factor for Values	: Default

The **Configuration** screen of the balance sheet has a number of options. Settings these options without knowing their purpose could generate a wrong balance sheet. It is therefore important to understand the meaning and purpose of these options. The following are the options displayed in the Configuration screen:

- **Show Vertical Balance Sheet:** Generates your balance sheet in the vertical format. If you set the option to No, the balance sheet appears in the horizontal format.
- **Profit or Loss, both as Liability:** Displays Profit or Loss, both as liabilities. If you set No in the option, Profit and Loss will be displayed as assets in the balance sheet.
- **Show Percentages:** Displays balance sheet with percentage column.
- **Show Working Capital figures:** Allows you to show the value of working capital. Working capital the value obtained by subtracting Current Assets and Current Liability. The balance sheet shows the liabilities, **working capital** and assets of the company, Dreamtech Press, at a particular date.
- **Method of showing Balance Sheet:** Displays balance sheet in two formats--Assets/Liabilities and Liabilities/Assets.

- **Appearance of Names:** Displays the item name in balance sheet, such as Alias (Name), Alias Only, Name (Alias), and Name Only. Shows how you can select the appropriate option from the **Display Name Style** menu:
- **Scale Factor for Values:** Allows you to select the scale in order to display values. For example, we have selected **Hundreds** for the **Scale Factor for values** option from the Scale Factors menu.

Setting the Format of a Balance Sheet

The format of a balance sheet can be set from the **Show Vertical Balance Sheet** option in the **Configuration** screen. If you set this option to Yes, then the balance sheet will appear in the vertical format; otherwise it will appear in horizontal format. This means that in the India/SAARC configuration, the balance sheet will contain details about sources of funds and application of funds, one below the other, i.e. in a vertical format. However, if you select the British/European configuration, the vertical balance sheet displays assets and liabilities in a vertical format.

Balance Sheet		Gokul Computers	Ctrl + H
		Gokul Computers as at 1-Oct-2017	
Sources of Funds :			
Capital Account		9,00,000.00	
Loans (Liability)			
Current Liabilities			
Profit & Loss A/c			
Opening Balance			(-16,600.00)
Current Period		6,600.00	
Diff. in Opening Balances			(-14,80,000.00)
Total			4,13,400.00
Application of Funds :			
Current Assets			4,13,400.00
Total			4,13,400.00

However, if you leave this option unchanged, or keep it as No, the balance sheet appears in a horizontal format. This means that the balance sheet will contain details of liabilities and assets, one appearing beside the other option, that is in a horizontal format.

Balance Sheet				Gokul Computers				Ctrl + M			
Liabilities				Gokul Computers as at 1-Oct-2017				Assets			
Capital Account				9,00,000.00				Current Assets			
Loans (Liability)								Profit & Loss A/c			
Current Liabilities								Opening Balance			
								Current Period			
								Diff. in Opening Balances			
								6,600.00			
								4,80,000.00			
Total				9,00,000.00				Total			
9,00,000.00				9,00,000.00				9,00,000.00			
Q: Quit								R: Remove Line			
								U: Restore Line			
								U: Restore All			
								Space: Select			

In the horizontal balance sheet, source of funds and application of funds cannot be displayed.

Once you have made the required changes, the setting is automatically saved as you exit the **Configuration** screen after filling the last option that is **Scale Factor for Values**

Configuring Country Settings

Country settings enable a user to view the balance sheet in different configurations and displaying different details. It is therefore important to choose your country settings carefully depending on the kind of balance sheet configuration and details you want.

Selecting a country determines the accounting terminologies, such as currency, format of displaying values, and percentage value of different taxes. In Tally.ERP 9, you can choose from two types of country settings—India/SAARC and International. Your choice determines the format of the balance sheet. Let's look at both these types of settings in detail.

- **India/SAARC:** Displays the details of balance sheet in the form of source of funds and application of funds. If the balance sheet is in vertical format, then you can view the India/SAARC configuration only.
- **International:** Displays the details of balance sheet in the form of assets and liabilities in the balance sheet. You can view the International (British/European) configuration in both formats (horizontal as well as vertical) of the balance sheet.

Let's perform these steps to learn how to select the country:

1. Click the **F12: Configure** button in the button bar (Fig.TL-4.4). A **Configuration** menu appears.
2. Select the **General** option from the **Configuration** menu. The System **Configuration** screen appears displaying many options.

3. Select the desired option beside the **Use Accounting terminologies of** option from the **List of Countries** menu. In our case, we have selected the **India / SAARC** option. Similarly, fill up the other option
4. Press the **ENTER** key till the Configuration menu appears.

Comparing Balance Sheets

Tally.ERP 9 allows you to compare and know the balance of your account between any two given dates. Perform the following steps to find out your balance between any two given dates:

1. Click the **C: New Column** button in the button bar. The Column Details screen appears.
2. Enter 1-4-2010 date beside the From (blank for beginning) option.
3. Enter a date beside the To (blank for end) option. In our case, we have not entered any date.
4. Press the ENTER key. The Currencies menu appears.
5. Select the Rs option from the Currencies menu beside the Currency option.
6. Press the ENTER key. The All Valuation Methods menu appears.
7. Select the Default option beside the Method of Stock Valuation option from the All Valuation Methods menu.
8. Press the ENTER key to save your settings and exit from the Column Details screen.

A balance sheet of the company Gokul Computers appears, comparing its balance as it existed on 1-Apr- 2017 and 1-Apr-2018.

Balance Sheet		Gokul Computers		Ctrl + H	
		Gokul Computers as at 1-Oct-2017		Gokul Computers as at 1-Oct-2017	
Sources of Funds :					
Capital Account		9,00,000.00		9,00,000.00	
Loans (Liability)					
Current Liabilities					
Profit & Loss A/c		(-)-6,600.00		(-)-6,600.00	
Opening Balance					
Current Period	6,600.00		6,600.00		
Diff. in Opening Balances		(-)-4,80,000.00		(-)-4,80,000.00	
Total		4,13,400.00		4,13,400.00	
Application of Funds :					
Current Assets		4,13,400.00		4,13,400.00	
Total		4,13,400.00		4,13,400.00	

Adding a New Column and Changing the Currency Symbol in a Balance Sheet

The primary purpose of changing the currency is to view the information within a balance sheet in a different currency. To view the balance sheet in another currency, you have to change the currency symbol.

Perform the following steps to change the currency symbol:

1. Click the C: New Column button in the button bar. The Column Details screen appears.
2. Type the date, for example type 1-4-2017 beside the From (blank for beginning) option. Similarly, enter a date beside the To (blank for end) option.
3. Press the ENTER key twice to move on to the Currency option. A Currencies menu appears. Select the \$ (Dollar) option from the given options in this menu.
4. Press the ENTER key till the Balance Sheet screen appears.

Instantly, the numeric values in the appropriate column appear with the dollar symbol in the balance sheet.

Gokul Computers			
	Gokul Computers as at 1-Oct-2017	Gokul Computers as at 1-Oct-2017	Gokul Computers as at 1-Oct-2017
Sources of Funds :			
Capital Account	9,00,000.00	9,00,000.00	9,00,000.00
Loans (Liability)			
Current Liabilities			
Profit & Loss A/c	(-)6,600.00	(-)6,600.00	(-)6,600.00
Opening Balance			
Current Period	6,600.00	6,600.00	6,600.00
Diff. in Opening Balances			
Total	(-)4,80,000.00	(-)4,80,000.00	(-)4,80,000.00
	4,13,400.00	4,13,400.00	4,13,400.00
Application of Funds :			
Current Assets	4,13,400.00	4,13,400.00	4,13,400.00
Total	4,13,400.00	4,13,400.00	4,13,400.00

Tally.ERP 9 also allows you to view your balance sheet at various time intervals, such as fortnightly, half-yearly, monthly, and quarterly.

Displaying a Half Yearly Balance Sheet

Tally.ERP 9 allows you to view the information of your balance sheet according to the pre-defined the periods, such as weekly or monthly.

Let's perform the following steps to display the information in your balance sheet on a half yearly basis:

1. Click the N: Auto Column button on the button bar. The Auto Repeat Columns screen appears with a Column Details menu.
2. Select the Half Yearly option from the Column Details menu and press the ENTER key to save I setting. The Balance Sheet screen appears, giving the details in the selected half yearly basis. Shows the balance sheet of the company Gokul Computerson a half-yearly basis. Let's now learn how we can have a detailed view of a balance sheet.

Balance Sheet			Gokul Computers		Ctrl + M	
			Gokul Computers as at 30-Sep-2017		Gokul Computers as at 31-Mar-2018	
Sources of Funds :						
Capital Account			9,00,000.00		9,00,000.00	
Loans (Liability)						
Current Liabilities						
Profit & Loss A/c						
Opening Balance					(-)6,600.00	
Current Period					6,600.00	
Diff. in Opening Balances						
Total			(-)4,80,000.00		(-)4,80,000.00	
Application of Funds :			4,20,000.00		4,13,400.00	
Current Assets			4,20,000.00		4,13,400.00	
Total			4,20,000.00		4,13,400.00	

Displaying a Detailed Balance Sheet

Tally.ERP 9 also allows you to have a detailed view of balance sheets. To do so, click the F1: Detailed/Condensed button in the button bar. In this detailed balance sheet displays details of a Group and Ledger.

Balance Sheet			Gokul Computers		Ctrl + M	
			Gokul Computers as at 1-Oct-2017		Gokul Computers as at 1-Oct-2017	
Liabilities						
Capital Account			9,00,000.00			
Tally Solution			9,00,000.00			
Loans (Liability)						
Current Liabilities						
Sundry Creditors						
Total			9,00,000.00			
Assets						
Current Assets					4,13,400.00	
Closing Stock					3,95,000.00	
Sundry Debtors					3,400.00	
Cash-in-hand					(-)10,000.00	
Bank Accounts					25,000.00	
Profit & Loss A/c					6,600.00	
Opening Balance					6,600.00	
Current Period						
Diff. in Opening Balances					4,80,000.00	
Total			9,00,000.00		9,00,000.00	

The Liabilities section contains the Capital Account, Loans (Liability), and Current Liabilities subsection. Under the Capital Account subsection, you find three options—the Customer, General Maintenance, and Tally Solution option. Similarly, the Assets section contains the Current Assets and Profit & Loss A/c subsection. Under the Profit & Loss A/c, you find the Opening Balance and Current Period option. In the condensed view of the balance sheet, you will not see the Customer, General Maintenance, and Tally Solution option under the Capital Account subsection. You can also view the next level under the other options available in the report. To go back to the primary balance sheet, the F1: Condensed/Detailed button in the button bar.

ALTERing a Column from a Balance Sheet

You can select and make changes to any option in a column, such as changing the periods, currency, and methods of stock valuation in a balance sheet.

Let's follow these steps to alter a balance sheet:

1. Select the option in the balance sheet report that you want to alter or make changes to, and click the ALTER Column button on the button bar or use the ALT+A keys. The Column Details screen appears. The Column Details screen has various options.
2. ALTER the option as per your requirements. For example, change the dates and currency.
3. Press the ENTER key after you have made all the changes. A Balance Sheet appears with the modified values.

Balance Sheet			Gokul Computers		Ctrl + M
			Gokul Computers as at 1-Oct-2017		Gokul Computers as at 1-Oct-2017
Sources of Funds :					
Capital Account			9,00,000.00	9,00,000.00	9,00,000.00
Tally Solution					
Loans (Liability)					
Current Liabilities					
Sundry Creditors					
Profit & Loss A/c					
Opening Balance					
Current Period					
Diff. in Opening Balances					
Total					
Application of Funds :					
Current Assets					
Closing Stock					
Sundry Debtors					
Cash-in-hand					
Bank Accounts					
Total					

Deleting a Column from a Balance Sheet

Let's perform the following steps to delete a column from a balance sheet:

1. Select the column by clicking on it and then click the D: Del Column button on button bar. The selected column gets deleted.
2. Now, press the ESC key or click the Close option to close the balance sheet. The Gateway of Tally menu appears.

Working with Profit & Loss A/c Report

The Profit & Loss A/c. report displays the net profit and loss of a company along with the opening and closing stock. To view the Profit & Loss A/c report, click the Profit & Loss A/c option under Reports in the Gateway of Tally menu. A condensed Profit & Loss A/c screen appears.

Profit & Loss A/c		Gokul Computers		Ctrl + M	
Particulars		Gokul Computers 1-Apr-2017 to 1-Oct-2017		Gokul Computers 1-Apr-2017 to 1-Oct-2017	
Opening Stock		3,95,000.00		Sales Accounts	3,400.00
Purchase Accounts		10,000.00		Closing Stock	3,95,000.00
				Gross Loss c/o	6,600.00
		4,05,000.00			4,05,000.00
Gross Loss b/f		6,600.00		Nett Loss	6,600.00
Total		6,600.00		Total	6,600.00
Quit		Remove Line		Restore Line	
				Restore All	
				Space: Select	

From the Configuration screen, you can set the format of a report (vertical or horizontal). Let's now learn how to configure a Profit & Loss A/c report.

Configuring Profit & Loss A/c

You can configure Profit & Loss A/c by clicking the F: 12 Configure button in the button bar. - Configuration screen appears.

The Configuration screen contains of the following options:

- **Show Vertical Profit & Loss:** Displays information of profit and loss in a balance sheet from—vertically or horizontally. However, you can change this setting by choosing the Yes option. Doing will display information from top to bottom (vertically).
- **Show Percentages:** Displays each line as a percentage of sales accounts.
- **Show with Gross Profit:** Deducts indirect expenses from the gross profit. This splits Profit & Loss A/c into two sections. The first section displays the Opening Stock and the Purchase Accounts. The second section displays Sales Accounts, Closing Stock, and Nett Loss. You can see from that if there is a movement of Stock Items, then there are differences in values of the Opening and Closing Stock. You can also see the Profit & Loss A/c with the percentage symbol.
- **Appearance of Names:** Displays items with their original names and aliases, or vice versa, then select the appropriate option from the Display Name Style menu. Suppose we select the Name Only option, then the Profit & Loss A/c report name style will show the name only.
- **Scale Factor for Values:** Allows you to select the scale in order to display values. For example, if you select Hundreds as Scale Factor for Values, then all subtotals and grand totals in the balance sheet will appear in hundreds.

After setting the last option, Scale Factor for Values, the configuration setting is automatically saved and the Profit & Loss A/c screen appears with the Profit & Loss A/c as one of its options.

Displaying Profit & Loss A/c in a Different Currency

Perform the following steps to display the Profit & Loss A/c report in a different currency:

1. Click the C: New Column button in the button bar. The Column Details screen appears.
2. Enter the starting date beside the From (blank for beginning) option. In our case, we have entered 1-4-2017.
3. Enter the ending date beside the to (blank for end) option. In our case, we have entered 31-3-2018.
4. Set the currency symbol and the conversion rate (which converts Indian Rupees to \$ Dollar) besides the Currency option. In this figure, we have chosen \$ or Dollar as our currency and the conversion rate of 45.
5. Select the Default option beside the Method of Stock Valuation option from the All Valuation Methods menu.

Particulars	Gokul Computers 1-Apr-2017 to 1-Oct-2017	Gokul Computers 1-Apr-2017 to 1-Oct-2017
Trading Account :		
Sales Accounts	3,400.00	3,400.00
Cost of Sales :	10,000.00	10,000.00
Opening Stock	3,95,000.00	3,95,000.00
Add: Purchase Accounts	10,000.00	10,000.00
Less: Closing Stock	3,95,000.00	3,95,000.00
Gross Profit :	(-)6,600.00	(-)6,600.00
Income Statement :		
Nett Profit :	(-)6,600.00	(-)6,600.00

After setting the stock valuation method, the setting are saved and the Column Details screen is closed. The Profit & Loss A/c screen reappears with the column containing the profit and loss statement report for the company Gokul Computers in the currency we have just selected.

Selecting Methods of Valuation for Profit & Loss A/c

Stock Valuation is a technique to estimate the value of any raw material, consumable stores, component parts, and finished goods at the end of a specific time period. Several methods are used

to determine the value of a stock item, such as avg. cost, avg. price, last purchase price, and last sales cost. You can select a particular method depending on your requirements.

Perform the following steps to view or change different stock valuation methods:

1. Click the C: New Column button on the button bar. The Column Details screen appears. You have already learned how to set the first three options [From (blank for beginning), To (blank for end), and Currency] in the previous section, Displaying Profit & Loss A/c in a Different Currency. We will therefore focus only on method of stock valuation here.
2. Press the ENTER key to move to the Method of Stock Valuation option in the Column Details screen. The All Valuation Methods menu appears, displaying many options.
3. Select the desired option from the All Valuation Methods menu. In our case, we have selected Default option.

Displaying the Weekly Profit & Loss A/c

You can view profit and loss statements of a company for a period according to your requirement setting you want, be it daily, weekly, monthly, half yearly, or yearly. By default, the profit and loss statements appear for a financial year.

Perform the following steps to learn how to change the settings to weekly:

1. Click the N: Auto Column button in the button bar. The Auto Repeat Columns screen appears.
2. Press the ENTER key to move to the Repeat Using option. A Column Details menu appears, displaying a number of options.
3. Select the Weekly option from the Column Details menu.
4. Press the ENTER key to save the settings and close the Column Details menu.

The Profit & Loss A/c screen reappears, with a weekly breakup of the accounts of a company.

Profit & Loss A/c					
Gokul Computers					
Particulars	Gokul Computers 1-Apr-2017 to 2-Apr-2017	Gokul Computers 3-Apr-2017 to 9-Apr-2017	Gokul Computers 10-Apr-2017 to 16-Apr-2017	Gokul Computers 17-Apr-2017 to 23-Apr-2017	Gokul Computers 24-Apr-2017 to 30-Apr-2017
Trading Account :					48 more ... →
Sales Accounts					
Cost of Sales :					
Opening Stock	3,95,000.00	3,95,000.00	3,95,000.00	3,95,000.00	3,95,000.00
Add: Purchase Accounts					
Less: Closing Stock	3,95,000.00	3,95,000.00	3,95,000.00	3,95,000.00	3,95,000.00
Gross Profit :					
Income Statement :					
Nett Profit :					

ALtering a Column from Profit & Loss A/c

To change the date, currency symbol and stock valuation method in a column in the Profit & Loss A/c screen, click the A: ALTer Column button on the button bar, or the ALT+A keys. The Column Details screen appears, with a number of options. You can now alter or change these options as per your requirements. After you have saved the new setting, a Profit & Loss A/c screen appears, showing the changes you have made.

After altering a column from profit & Loss A/c, let's learn to delete a column from Profit & Loss A/c.

Deleting a Column from Profit & Loss A/c

To delete a particular column from the Profit & Loss A/c screen, select the column that you want to delete by clicking on it, and then click the D: Del Column button on the button bar, or press the ALT+D keys. The selected column gets deleted. You can now press the ESC key or the Close button in the Profit & Loss A/c report screen to go in the Gateway of Tally menu.

Now that we have a basic idea about what a Profit & Loss A/c report is, and how it is displayed and configured in the Tally.ERP 9, let's see another type of report-the Stock Summary.

Working with Stock Summary Report

The Stock Summary report displays the statements of stocks, which are in hand on a particular date. Whenever any transaction takes place, the Stock Summary is automatically updated. The Stock Summary report also gives the current stock position. To view the Stock Summary report, select the Stock Summary option under Reports in the Gateway of Tally menu.

A condensed Stock Summary screen of a company appears.

Stock Summary		Gopal Anna Bhandar		Ctrl + M	
Particulars		Gopal Anna Bhandar 1-Apr-2017 to 31-Mar-2018			
		Closing Balance			
		Quantity	Rate	Value	
Rice		44 Q	2,465.45	1,08,480.00	
Wheat		39 Q	1,608.46	62,730.00	

In the condensed view, the Stock Summary displays the stock items, their quantity, rate and value. But in the detailed view, the Stock Summary report displays the stock items, their quantity, rate and value with Godown location wise.

Configuring the Stock Summary Statement to Display the Flow of Goods

You can set your Stock Summary report to display the flow and status of your goods. Perform the following steps to display the inward and outward positions of goods:

1. Click the F12: Configure button on the button bar, while the Stock Summary screen is open. The Configuration screen appears, displaying different options.
2. Enable the Expand all levels in Detailed Format option to get a detailed view of your Stock Summary report.
3. Press the ENTER key to save your setting and exit the Configuration screen. The Stock Summary screen reappears showing the new setting.

By setting the Configuration screen, you can view the flow of goods in the Stock Summary screen. For example, you can see the inward and outward quantity, rate, and value for Computer, according to the options we have already set in the Configuration screen.

Configuration	
Show Quantities	? Yes
Show Rates	? Yes
Show Values	? Yes
Show Opening Balance	? Yes
Show goods inwards	? Yes
Show goods outwards	? Yes
Show Closing Balance	? Yes
Show All Items (incl. zero balance)	? No
Show Consumption & Gross Profits	? No
Show using Alternate Units	? No
Show Tail Units of Compound Units	? No
Appearance of Stock Item Names	: Name Only
Appearance of Names	: Name Only
Scale Factor for Values	: Default
Sorting Method	: Default
Expand all levels in Detailed Format	? YES

Stock Summary												Gopal Anna Bhandar		Ctrl + M	
Particulars	Gopal Anna Bhandar												1-Apr-2017 to 31-Mar-2018		
	Opening Balance			Inwards			Outwards			Closing Balance					
	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value			
Rice	45 Q	1,699.33	76,470.00	35 Q	2,485.71	87,000.00	36 Q	1,527.50	54,990.00	44 Q	2,465.45	1,08,480.00			
Wheat	40 Q	1,724.25	68,970.00	25 Q	1,494.00	37,350.00	26 Q	1,676.54	43,590.00	39 Q	1,608.46	62,730.00			
			</												

The Stock Summary screen also displays the consumption and gross profits of a company. Let's now learn how we can view these details.

If you want to include the details of consumption and gross profits in your Stock Summary report, set the Show Consumption & Gross Profit option as Yes in the Configuration screen, or click the F7: Show Profit button on the button bar. These details can be viewed in the Stock Summary screen.

Stock Summary															Gopal Anna Bhandar															Ctrl + M			✕
Particulars		Gopal Anna Bhandar																															
		1-Apr-2017 to 31-Mar-2018																															
		Opening Balance			Inwards			Outwards						Closing Balance																			
		Quantity	Rate	Value	Quantity	Rate	Value	Quantity	Rate	Value	Consumption	Gross Profit	Pec %	Quantity	Rate	Value																	
Rice		45 Q	1,699.33	76,470.00	35 Q	2,485.71	87,000.00	36 Q	1,527.50	54,990.00	54,990.00			44 Q	2,465.45	1,08,480.00																	
Wheat		40 Q	1,724.25	68,970.00	25 Q	1,494.00	37,350.00	26 Q	1,676.54	43,590.00	43,590.00			39 Q	1,608.46	62,730.00																	

There are different methods to view stock valuation in Tally.ERP 9. Let's perform these steps to learn how to select one of these methods:

1. Click beside the Method of Stock Valuation option in the Column Details screen, while the Column Details screen is open. The All Valuation Methods menu appears.
2. Select the stock valuation method from these options, according to your requirements. In our case, we have selected Default method of valuation. The various options in the Column Details screen reflect the changes you have just made in the Stock Summary screen.

- Press the ESC key or click the Close button of the Stock Summary screen to go back to the Gateway of Tally menu.

Opening Stock Summary

In order to view the Opening Stock Summary screen, you need to enable the Integrate Accounts and Inventory option by selecting Inventory Features option from the Company Features menu. You can access Inventory Features by clicking the F11: Features button in the button bar. The Stock Summary and the Opening Stock Summary reports display different figures because the Stock Summary report shows the opening and closing stock in place of inventory records.

Perform the following steps to view the Opening Stock Summary report:

- Click the Profit & Loss A/c option under Reports in the Gateway of Tally menu. The Profit & Loss A/c screen appears. The report displays the opening stock and closing stock.
- Double-Click the Opening Stock or Closing Stock in the Profit & Loss A/c screen. We have doubleclicked on Opening Stock to display the Opening Stock Summary screen.

Opening Stock Summary		Gopal Anna Bhandar			Ctrl + M
Particulars		Gopal Anna Bhandar 1-Apr-2017 to 31-Mar-2018 Opening Balance			
		Quantity	Rate	Value	
Rice		45 Q	1,699.33	76,470.00	
Wheat		40 Q	1,724.25	68,970.00	
Grand Total		85 Q		1,45,440.00	

Viewing the Stock Category Summary

Perform the following steps to view the **Stock Category Summary** screen:

- Click the **Display** option in the **Gateway of Tally**. The **Display Menu** menu appears.
- Click the **Stat Events of Inventory** option. The **Statements of Inventory** menu appears.
- Click the **Categories** option from the **Statements of Inventory** menu.
- Select a stock category from this list. For example, select **Primary** and press the **ENTER** key. The **Stock Category Summary** screen appears.
- Press the **ESC** key or click the **Close** button to move to the previous screen. Press the **ESC** key again until the **Gateway of Tally** menu appears.

You can access the **Stock Summary** screen by clicking the **Stock Summary** option under Reports in the **Gateway of Tally** menu.

We can make changes to, or delete, a column in a **Stock Summary** screen just as we had done in the case of balance sheets.

ALTERing a Column from the Stock Summary

You can make changes in a column of a **Stock Summary** screen, such as altering the finance period, currency, method of stock valuation, and name of group.

Perform the following steps to alter a column from the **Stock Summary** report:

1. Click the **A: ALTER Column** button on the button bar. The **Column Details** screen appears, displaying many options.
2. Select the options you want to change.
3. Save the setting. The **Stock Summary** screen with modified values appears.

Deleting a Column from the Stock Summary

Now, let's perform these steps to delete a particular column from the **Stock Summary** report:

1. Select the column you want to delete by clicking on it
2. Click the **D: Del Column** button on the button bar or press the **ALT+D** keys. The **Stock Summary** screen appears with the selected column deleted.
3. Press the **ESC** key or close the **Stock Summary** screen by clicking the **Close** button in the screen to move to the **Gateway of Tally** menu.

Understanding Ratio Analysis

Ratio Analysis report is a single sheet performance report for a specific period. This report is used by the top management to analyze the financial health of a company and where it is going to stand after a period of time.

This report is very useful as it allows individuals to instantly assess a company or industry by making two basic comparisons. The top management (the analyst) can compare a present ratio with the past ratio of an organization to determine if there has been an improvement in the performance of the organization over a period. Also, the ratio of one organization may be compared with similar organizations or with the industry average at the same point in time to determine how the organization is doing, whether it is average in performance or doing better or worse than others.

In Tally.ERP 9, you can view the **ratio analysis** by clicking the Ratio Analysis option under Reports in the Gateway of Tally menu.

Working with Trial Balance Report

The **Trial Balance** is a report in which the closing balances of each ledger over a particular date are classified into two columns, sorted by groups. The two columns are named as **Debit** and **Credit**. Trial Balance is prepared in each of the financial periods as a summary of the closing of the previous ledger. In the ledger, total debts of transactions should be equal to the total credits. This is called a **double-entry** system. Trial Balance supports double-entry system in which each transaction is other account being credited, with the total debits of the transaction equal to the total credits. The main purpose of a trial balance is to check the arithmetic accuracy of the accounts.

Let's perform these steps to view the Trial Balance report in Tally.ERP 9:

1. Select the **Display** option under **Reports** in the **Gateway of Tally** menu. The **Display Menu** appears.
2. Click the **Trial Balance** option in the **Display Menu**. The **Trial Balance** report for a particular company gets displayed. In our case, it is **Gokul Computers**.

Trial Balance		Gokul Computers		Ctrl + M	
Particulars		Gokul Computers		1-Apr-2017 to 1-Oct-2017	
		Closing Balance		Debit	Credit
Capital Account					9,00,000.00
Current Assets				4,23,400.00	10,000.00
Sales Accounts					3,400.00
Purchase Accounts				10,000.00	
Diff. in Opening Balances				4,80,000.00	
Grand Total				9,13,400.00	9,13,400.00

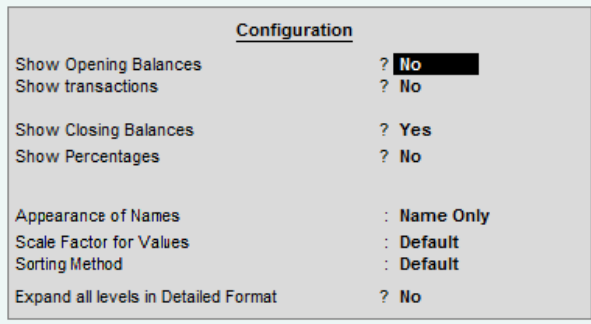
The Trial Balance report displays the closing balance (debit and credit) of the company against various accounting groups. You can also see that the total amount under the Debit column is equal to the total amount under the **Credit** column. On the right hand side of this Trial Balance report is a button bar with various buttons. Some of the most-commonly used buttons are as follows:

- **F12: Range**: Allows you to filter information on monetary values. It enables the reader to display only those lines that satisfy a given condition. For example, you can set a condition for displaying only groups/ledgers whose closing balance is greater than 20000 in a report. Press the ALT+F12 keys to use this button.

- **F12: Value:** Enables you to filter vouchers. Using this button, for example, you want to display only those vouchers that have employee attendance entries along with their designation. Press the **Ctrl+F12** keys to use this button.

Configuring a Trial Balance Report

To set the configuration of a Trial Balance report, click the **F12: Configure** button in the button bar. The **Configuration** screen appears.



Configuration	
Show Opening Balances	? No
Show transactions	? No
Show Closing Balances	? Yes
Show Percentages	? No
Appearance of Names	: Name Only
Scale Factor for Values	: Default
Sorting Method	: Default
Expand all levels in Detailed Format	? No

Trial Balance Configuration screen has the following options:

- **Show Opening Balances:** Displays the opening balance in the Trial Balance report.
- **Show transactions:** Displays the details of transactions (debit and credit) in the Trial Balance report. When you enable this option and press the **ENTER** key, a new option named **Nett transactions only** appears. If you set Yes beside the **Nett transactions only** option, then the Trial Balance report displays the Nett Transaction merged in one column instead of displaying the transaction in two columns under Debit and Credit.
- **Show Closing Balances:** Displays the closing balance in the Trial Balance report.
- **Show Percentages:** Displays each line in the Balance Sheet as a percentage of the total amount.
- **Appearance of Names:** Displays accounts in Trial Balance reports with their original names and aliases or vice versa.
- **Scale Factor for Values:** Allows you to select the scale in order to display values. For example, if we select Hundreds as scale factor from the Scale Factors menu, then all sub-totals and grand-totals will appear in hundreds.
- **Sorting Method:** Allows you to select the appropriate sorting method.
- **Expand all levels in Detailed Format:** Displays the Trial Balance report in a detailed format at all levels. Press the **ENTER** key. The configuration setting will be automatically saved and a Trial Balance report will be displayed.

Displaying Detailed View of a Trial Balance Report

Let's perform the following steps to get a detailed view of a Trial Balance report:

1. Select the **Display** option under **Reports** in the **Gateway of Tally** menu. The **Display Menu** appears.
2. Click the **Trial Balance** option from the **Display Menu**.
3. Click the **FI: Detailed** button present on the button bar of Trial Balance report. The detailed view of the Trial Balance report appears.

Trial Balance		Gokul Computers		Ctrl + M
Particulars		Gokul Computers 1-Apr-2017 to 1-Oct-2017 Closing Balance		
		Debit	Credit	
Capital Account			9,00,000.00	
Tally Solution			9,00,000.00	
Current Assets		4,23,400.00	10,000.00	
Opening Stock		3,95,000.00		
Sundry Debtors		3,400.00		
Cash-in-hand			10,000.00	
Cash			10,000.00	
Bank Accounts		25,000.00		
Hygen Pvt. Ltd		4,000.00		
Newtech Computers		20,000.00		
Tech Mahindra		1,000.00		
Sales Accounts			3,400.00	
Sales Account			3,400.00	
Purchase Accounts		10,000.00		
Purchase		10,000.00		
Diff. in Opening Balances		4,80,000.00		
Grand Total		9,13,400.00	9,13,400.00	

In the detailed view mode of the Balance report, you can view the debit and credit breakup of the closing balance against the account groups. For example, we can see the details of all the subgroups under the main account groups—, **Capital Account Sales Accounts, Purchase Accounts, and Current Assets**. On the other hand, in the condensed view of the Trial Balance report, the closing balance is displayed for the main account groups only.

After displaying the detailed view of the Trial Balance report in the previous section, let's now learn how to display the ledger-wise closing balance in the Trial Balance report.

Displaying the Ledger-wise Closing Balance in a Trial Balance Report

In the Ledger-wise display of a Trial Balance report, the closing balance is displayed Ledger-wise instead of being sorted according to the group. To display a Ledger-wise closing balance of a Trial Balance report, click the **F5:Led-wise** button in the button bar. A **Trial Balance** report with the Ledger-wise breakup appears.

Trial Balance		
Gokul Computers		
Particulars	Gokul Computers 1-Apr-2017 to 1-Oct-2017 Closing Balance	
	Debit	Credit
Opening Stock	3,95,000.00	
Cash		10,000.00
Hygen Pvt. Ltd	4,000.00	
Newtech Computers	20,000.00	
Omda Connect	3,400.00	
Purchase	10,000.00	
Sales Account		3,400.00
Tech Mahindra		9,00,000.00
Diff. in Opening Balances	1,000.00	
	4,80,000.00	
Grand Total	9,13,400.00	9,13,400.00

Displaying a Trial Balance Report for a Particular Date

You can also view the Trial Balance reports in a period of time according to your requirement. For example, the Trial Balance report in the period of 1-Apr-2017.

1. Click the **C: New Column** button in the button bar. The **Column Details** screen appears with a number of options.
2. Type a date beside the **from (blank for beginning)** option. In our case, we have typed **1-4-2017**.
3. Press the **ENTER** key to move to the next option.
4. Type date beside the **To (blank for end)** option. In our case, we have not entered any date.
5. Press the **ENTER** key to move to the next option.
6. Select the currency symbol beside the **Currency** option from the Currencies menu. In our case, we have selected the **Base Currency** option from the menu.
7. Press the **ENTER** key to move to next option.

Several methods are used to determine the value of a Stock Item, such as Avg. Cost, Avg. Price, Last Purchase Cost, and Last Sales Price. You can select a particular method depending on your requirements.

8. Select the desired option from the **All Valuation Methods** menu. In our case, we have selected **Default** option from the menu.

The **Default** valuation method calculates the difference between the opening balance transactions (debit or credit) and displays the closing balance for the specified date.

9. Press the **ENTER** key to move to next option. Now, the cursor reaches beside the Name of Groups option and a List of Groups menu appears.
10. Select the **Primary** option from the menu.
1. Press the **ENTER** key. The settings are saved and the **Column Details** screen is closed. A **Trial Balance** report appears.

Trial Balance		Gokul Computers		Ctrl + M	
Particulars	Gokul Computers 1-Apr-2017 to 1-Oct-2017		Gokul Computers 1-Apr-2017 to 1-Oct-2017		
	Closing Balance		Closing Balance		
	Debit	Credit	Debit	Credit	
Opening Stock	3,95,000.00		3,95,000.00		
Cash		10,000.00		10,000.00	
Hygen Pvt. Ltd	4,000.00		4,000.00		
Newtech Computers	20,000.00		20,000.00		
Omida Connect	3,400.00		3,400.00		
Purchase	10,000.00		10,000.00		
Sales Account		3,400.00		3,400.00	
Tally Solution		9,00,000.00		9,00,000.00	
Tech Mahindra	1,000.00		1,000.00		
Diff. in Opening Balances	4,80,000.00		4,80,000.00		
Grand Total	9,13,400.00	9,13,400.00	9,13,400.00	9,13,400.00	

Accounting Reconciliation Statement

The Accounting Reconciliation Statement displays the flow of accounts from the opening balance to the result of transaction on the closing balance. In other words, the Accounting Reconciliation Statement

Shows the opening balance against the Group/Ledger, how the amount has been debited or credited and what will be the remaining amount (closing balance) against each Group/Ledger. The Accounting Reconciliation Statement is not a report. These are statements that are displayed in the Trial Balance report.

To view the Accounting Reconciliation Statement in the Trial Balance report, you have to first set the appropriate options in the **Configuration** screen of a Trial Balance report, since the Accounting Reconciliation Statement is displayed on the Trial Balance report.

Perform the following steps to view the Accounting Reconciliation Statement in the Trial Balance report:

1. Select the **Display** option under **Reports** in the **Gateway of Tally** menu. A **Display Menu** appears. In the **Display Menu**, click the **Trial Balance** option. After opening the report, click the **F12: Configure** button in the button bar. The **Configuration** screen for Trial Balance report appears.
2. Set **Yes** beside the **Show Opening Balances** option in the **Configuration** screen.
3. Press the **ENTER** key to move to next option.
4. Set **Yes** beside the **Show transactions** option.
5. Press the **ENTER** key to move to next option. A new option, **Nett transactions** only, appears.
6. Set **No** beside the **Nett transactions only**. Disabling this option allows you to view the debit and credit columns separately under the **Transactions** column in the Trial Balance report, the other

hand, if you set **Yes** beside this option, then the Trial Balance report displays the **Nett Transactions** merged in one column instead of displaying the transaction in two columns under Debit and Credit.

7. Press the **ENTER** key to set the other options, as explained under the Configuring a Trial Balance Report.
8. Press the **ENTER** key. The configuration setting will be automatically saved and a Trial Balance report will be displayed.

The Trial Balance report displays the opening balance against the Group/Ledger, the amount that has been debited or credited, and the remaining amount (closing balance) against each Group/Ledger.

9. After viewing the Accounting Reconciliation Statement, keep pressing the **ESC** key until the **Gateway of Tally menu** appears.

Trial Balance				
Gokul Computers				
Particulars	Gokul Computers 1-Apr-2017 to 1-Oct-2017			
	Opening Balance	Transactions		Closing Balance
		Debit	Credit	
Capital Account	9,00,000.00 Cr			9,00,000.00 Cr
Current Assets	4,20,000.00 Dr	3,400.00	10,000.00	4,13,400.00 Dr
Sales Accounts			3,400.00	3,400.00 Cr
Purchase Accounts		10,000.00		10,000.00 Dr
Diff. in Opening Balances	4,80,000.00 Dr			4,80,000.00 Dr
Grand Total		13,400.00	13,400.00	

Working with Day Book Report

The Day Book report keeps the record of the day to day business transactions of a company. In Tally.ERP 9, by default, the Day Book report displays the last date—appearing on top right corner, as used for a Voucher entry. However, you can alter the date as per your requirement by clicking the **F2: Period** button present on the button bar.

Perform the following steps to display a Day Book report:

1. Click the Display option in the Gateway of Tally menu. The Display Menu appears.
2. Click the Day Book option in the Display Menu. The Day Book report appears.

Day Book		Gokul Computers		Ctrl + M	
Day Book				For 1-Oct-2017	
Date	Particulars	Vch Type	Vch No.	Debit Amount Inwards Qty	Credit Amount Outwards Qty
1-10-2017	Purchase	Payment	1	5,000.00	
1-10-2017	Purchase	Payment	2	5,000.00	
1-10-2017	Omlida Connect	Sales	1	3,400.00	
1-10-2017	Omlida Connect	Sales Order	1	1,000.00	
1-10-2017	NTPC Links	Purchase Order	1		1,000.00

The Day Book report displays a list of ledgers with their names under Particular and their Voucher details (**Vch Type, Vch No., Debit Amount and Credit Amount**) for a specified date 1- **Apr-2017**). The ledger contains the record of **Payment** type Voucher number 1 through which an amount of 8,000 is debited on the date **1-Apr-2017**.

Let's now describe how to set the configuration of a Day Book report.

Configuring a Day Book Report

Perform the following steps to configure a Day Book report:

1. Click the **F12: Configure** button on the button bar. The **Configuration** screen appears.

Let's now discuss briefly the various options in the **Configuration** screen, which will help us set the details we want to display in our Day Book report.

- **Format:** Displays a **Format** menu from which you can choose the **Detailed** or **Condensed** form; of your Day Book.
- **Show Narrations Also:** Allows you to include any comment in the Day Book.
- **Show Details also:** Displays the bill wise details in your Day Book.
- **Show Cost Centre Details also:** Displays the Cost Center details in your Day Book.
- **Show Inventory Details also:** Displays the inventory details in the Day Book.
- **Show ENTERed/ALTERed by:** Displays the system user who had entered the value in the Voucher.

- **Select vouchers to show:** Displays the Day Book Entries menu with three options—Accounting Entries Only, All Vouchers and Inventory Entries Only, from which you can choose the entry format of your Day Book.
 - **Show Forex Transactions:** Display the forex transactions in the Day Book.
 - **Appearance of Names:** Display items with their original names and aliases, or vice versa, then set the appropriate option from the Display Name Style menu.
 - **Sorting Methods:** Display the Sorting Methods menu from which you can select sorting option to sort your Day Book.
2. Press the **ENTER** key to save the setting and exit from the-**Configuration** screen. The **Day Book** report reappears.

Displaying the Detailed view of the Day Book Report

To display a detailed view of the Day Book report, click the **FI: Detailed** button in the button bar. A detailed Day Book report for a particular date with ledger-wise breakup appears.

Day Book					
Gokul Computers					
Day Book					
For 1-Oct-2017					
Date	Particulars	Vch Type	Vch No.	Debit Amount Inwards Qty	Credit Amount Outwards Qty
1-10-2017	Purchase				
	Cash	Payment	1	5,000.00	
1-10-2017	Purchase				
	Cash	Payment	2	5,000.00	
1-10-2017	Omida Connect				
	Sales Account	Sales	1	3,400.00	
1-10-2017	Omida Connect				
	Sales Account	Sales Order	1	1,000.00	
1-10-2017	ITPC Links				
	Purchase Account	Purchase Order	1		1,000.00

In the figure you can see that a Payment type Voucher of 8,000 has been transacted in the **Customer** on 1 Apr, 2017. Just below the **Customer** is **General Maintenance**, which contains the record of the debited amount (5,000) and **Bank of India**, which contains the record of the credited amount (13,000) on the same date (1 Apr, 2017).

After displaying the detailed view of the Day Book report, let's now see how to view the Day Book report for a particular period.

Display the Day Book Report for a Particular Period

Perform the following steps to display a Day Book report for a particular period:

1. Click the **F2: period** button in the button bar. The **Change Period** screen appears.
2. Type the starting date beside the **From** option in **Change Period** screen. In our case, we have entered the starting date as **1-4-2017**.
3. Press the **ENTER** key.
4. Type the end date beside the **To** option. In our case, we have entered the end date as **2-4-2017**.
5. Press the **ENTER** key after typing the end date.

The day **Book report** for the given period (1-4-2017 to 2-4-2017) appears.

Day Book					
Gokul Computers					
Day Book					
1-Apr-2017 to 1-Oct-2017					
Date	Particulars	Vch Type	Vch No.	Debit Amount Inwards Qty	Credit Amount Outwards Qty
1-10-2017	Purchase				
	Cash	Payment	1	5,000.00	
1-10-2017	Purchase				
	Cash	Payment	2	5,000.00	
1-10-2017	Omda Connect				
	Sales Account	Sales	1	3,400.00	
1-10-2017	Omda Connect				
	Sales Account	Sales Order	1	1,000.00	
1-10-2017	NTPC Links				
	Purchase Account	Purchase Order	1		1,000.00

The Day Book report of a particular date (2ndApr,2017), displays the vouchers which have been transacted on that particular date. On the other hand, the Day Book report of a particular period (1st-Apr to 2nd Apr, 2017) displays all the vouchers that have been transacted on 1-Apr-2017 to 2-Apr-2017).

After displaying a Day Book report for a given period, let's see how to view the Day Book report for a particular Voucher.

Displaying a Day Book Report for a Particular Voucher

Perform the following steps to display a Day Book report for a particular Voucher, for example, a Payment Voucher:

1. Click the **F4: Chg Vch** button bar The **Voucher Types** menu appears, displaying the various vouchers.
2. Select a Voucher from the **Voucher Types** menu. We have selected **Payment** Voucher.
3. Press the ENTER KEY. The Day book for the Payment Voucher appears.
4. Click the **Close** button or the ESC key to move to the **Display Menu**.
5. Press **ESC** key to go back to the **Gateway of Tally** menu.

Day Book		Gokul Computers		Ctrl + M	
List of Payment Vouchers			1-Apr-2017 to 1-Oct-2017		
Date	Particulars	Vch Type	Vch No.	Debit Amount	Credit Amount
1-10-2017	Purchase	Payment	1	5,000.00	
	Cash				5,000.00 Cr
1-10-2017	Purchase	Payment	2	5,000.00	
	Cash				5,000.00 Cr

UNIT - III

Fundamental of Taxation

- The act of practice of imposing taxes against any person, property, or activity for the support of government is called taxation.
- A tax is a financial charge imposed by a state or functional bodies governing a state.
- Funds are generated through taxation, and then, states or other governing bodies perform various functions using these funds.
- These functions include enforcement of law and order economic infrastructure, war expenditures, protection of historical properties, and many more Government uses these funds also to operate itself.
- The fund collected from the public is in the form of money that is invested in public welfare and services.
- These services include education in school, Colleges, health care system, public transport, and many other services consumed by the public.

Indian Tax Structure

- India is a well-developed country, which also has a well-developed tax structure.
- Taxation in India is done through two federal bodies, that is, the State Government and the Central Government.
- The authority of imposing taxes is distributed between these two bodies.
- These governing bodies implement taxes according to the provision laid by the Constitution of India.
- The main taxes that the Contra, Government imposes are income tax, customs duties, central excise, sales tax, and service tax.
- The taxes that the State Government imposes are stamp duty, state excise, land revenue, and entertainment tax.
- In India, since 1991, the tax system has been undergoing a radical change. The taxation structure is divided into two categories:
 1. Direct taxes
 2. Indirect taxes

Direct Taxes

- Direct taxes are the taxes that are levied on the income and resources of individuals or organizations.
- Normally, they are levied on wealth or income through income tax, corporate tax, capital gains tax, and inheritance tax.
- Personal income tax is imposed by the Central Government and governed by the Central Board of Direct Taxes under the Ministry of Finance.
- The income tax is charged by the government according to the individual's income. For example, if a person earns Rs. 2,00,000 per annum and the income tax on it is 1 percent, then the taxable amount is 20 percent of Rs. 2,00,000. The amount to be paid to the government is thus Rs. 40,000.

Indirect Taxes

- Indirect taxes are the taxes that are collected by an intermediary body from a person who put up with the ultimate economic burden of the tax, such as a consumer or a customer.
- This tax is not imposed on any person or organization. Rather, it is levied on goods or services.
- Indirect taxes include taxes such as sales tax, value-added tax, service tax, entertainment tax, fringe benefit tax, and food tax.

Sales Tax

- Sales tax is a tax charged at the point of purchase for certain goods and services.
- It is an important source of revenue of the states.
- It is levied on all sales of goods.
- It is the liability of the seller who recovers this from the buyers.
- Each state has its own sales tax act under which the sales tax is imposed at different rates.
- Retail organizations contend that such taxes discourage retail sales.
- The retailer generally sells the goods on fluctuating rates to gain the benefits and meet his liability. For example, if a retailer purchases a product of Rs. 100 and the government has imposed tax of 4% on it, then the retailer has to pay Rs. 104 in total.

Service Tax

- Service tax is an indirect tax imposed on specified services.
- It was introduced in India for the first time in 1994.
- It is imposed at an interest of 5 percent on commissions and brokerage fees charges by stockbrokers, the gross amount of telephone bills, and premiums for nonlife insurance.

Entertainment Tax

Entertainment tax is a tax that is imposed on entertainment. In India, this tax is levied on entertainment services like movie tickets, commercial shows in large scale, and some private festival celebrations.

Value-Added Tax

- VAT stands for value-added tax.
- It is a consumption tax that is assessed on the value added to goods and services.
- VAT is applied to all the commercial activities involved in the production and distribution of goods and the provision of services.
- We call it a consumption tax because it is borne by the consumer who is at the final stage of supply chain management system.
- It is a multistage tax, and is levied only on value added at each stage in supply chain management system.
- VAT is an indirect tax, in which the tax is collected from someone who is not the one that actually bears the cost of the tax.
- VAT is charged as a tax burden that is actually visible at each and every stage in the supply chain management system.

Tax Deducted at Source in Tally.ERP 9

- TDS in Tally provides an easy-to-use and flexible interface for users.
- It is a way of collecting income tax.
- You can generate different types of TDS reports in Tally, such as TDS modified with electronic tax deducted at source (e-TDS) capability, TDS challan reconciliation, TDS payable reports, TDS outstanding reports, and TDS not deducted reports. TDS helps you to handle complex cases and calculate the tax payable to the Income Tax Department.
- Tally calculates the tax of all parties or suppliers where TDS deduction is required.
- It appropriates the user to view and print various TDS reports, challans, and TDS outstanding statements.

Features of TDS

The TDS functionality in Tally has the following features:

- ☐ TDS is simple and user friendly for Tally users
- ☐ TDS is easy and quick to set up and use

- ❑ TDS made accounting for tax on partial/full payment of bills
- ❑ TDS is flexible for auto and manual calculation in Tally
- ❑ TDS is a complete tracking of each transaction from deduction to payment.
- ❑ Challan management and printing for prompt and accurate filling of tax
- ❑ The auto allocation feature prevents error-prone data entry and helps track the transactions faster
- ❑ TDS allows multiparty printing
- ❑ Data exports from Nippon Data Consulting Limited (NDCL) compliant to TDS file format.

Benefits of TDS

TDS provides various benefits, some of which are as follows:

- ❑ Allows you to configure TDS ledgers by specifying the nature of payment and access types, along with the rates of TDS.
- ❑ Determines user-defined expense/payment type with user-defined rates.
- ❑ Auto deduction of TDS is calculated based on predefined TDS rates when the transaction exceeds the threshold limit.
- ❑ Generates challans and Form 16 A certificate.
- ❑ Quarterly and annually returns are also generated.
- ❑ E-TDS files generate in NDCL compatible formats.

Enable TDS in Tally.ERP 9

You can enable TDS in Tally.ERP 9 by pressing the **F11: Features** button on the **button** bar. There are three features of the company here in Tally.ERP 9 - Accounts, Inventory, and Statutory and Taxation. Let's perform the following step to enable TDS in Tally.ERP 9:

1. Click the **F11: Features** button located in the **button** bar in the **Gateway of Tally** screen. A **Company Features** menu appears.
2. Click the **Statutory & Taxation** option from the **Company Features** menu. The **Company Operations Alteration** screen appears.
3. Set the **Enable Tax Deducted at Source (TDS)** option to **Yes** in the **Statutory & Taxation** feature.
4. Set the **Set/Alter TDS Details** option to **Yes** in the **Statutory & Taxation** feature.
5. Press the **ENTER** key. The **TDS Deductor Details** screen appears.
6. Enter the details in the **TDS Deductor Details** screen according to the requirement.

Let us understand the various options present in the **TDS Deductor Details** screen.

- ❑ **Tax Assessment Number (TAN):** Allows you to enter the 10-digit alphanumeric TAN number that is issued by the Income Tax Department to the deductors. Only one TAN is required for all types of deduction to one deductor. This TAN is quoted on all challans. The format of the 10-digit TAN number is like this: **BLRJ00123A**, which means the following:
 - **BLR:** Indicates the location code of the TAN allotment center.
 - **J:** Indicates the first alphabet of the deductor's name.
 - **00123:** Indicates the number within the location.
 - **A:** Indicates the check digit for security and verification.
- ❑ **Income Tax Circle/Ward (TDS):** Allows you to enter the Income Tax Circle/Ward (TDS) details, which you have to fill in this field.
- ❑ **Deductor Type:** Allows you to select the deductor type depending on the organization from the list whether it is Government or Other.
- ❑ **Name of person responsible:** Displays the name of the person responsible to file the TDS Returns of your company.
- ❑ **Designation:** Displays the designation of the person responsible for the filing of the TDS Returns.

Ledgers Pertaining to TDS

The information required to create TDS ledgers depends on the features opted by you in the Company: **Features** screen. If you select the **Enable TDS** option to **No**, you will not find any TDS-related information in the **Ledger Creation** screen. Hence, make sure that the TDS option is selected to Yes.

TDS ledger names can be created under different main group heads, such as duties and taxes, sundry creditors, sundry debtors, and all current assets groups. TDS ledgers can also be created depending on the type of TDS expense. You need to select the **Maintain Bill-wise Details for Non-Trading A/cs** option also to **Yes** in the **F11: Features** to get the **Is TDS Applicable** option. The TDS ledger master screen now contains a tax-related option to specify the Tax details.

Create a Tax Ledger

Tax ledgers have to be created using the **Duties and Taxes** group. This group is automatically used for the calculation of tax. The tax ledger holds the entire automatic calculation for TDS tax deductions at the vouchers entry level. It is internally enabled to calculate tax. The option to specify the tax type is available only for ledgers under the **Duties and Taxes** group. The tax ledger master screen can be created by undertaking the following steps:

1. Click the **Accounts Info**, option in the **Gateway of Tally** menu. The **Accounts Info**, menu appears.
2. Click the **Ledgers** options from the **Accounts Info**. menu. The **Ledgers** menu appears.
3. Click the **Create** option from the **Ledgers** menu. The **Ledger Creation** screen appears.
4. Type the name of the ledger beside the **Name** option.
5. Select the **Duties & Taxes** option from the **List of Group** menu beside the **Under** option. On selecting the **Duties and Taxes** option, you will get the options related to this type in the **Ledger Creation** screen.
6. Select the **TDS** type beside the **Type of Duty/Tax option** from the list **Type of Duty/Tax** menu.
7. Select the desired nature of TDS payment from the **List of TDS Nature Of Pymt** menu beside the **Nature of Payment** option. In our case, we have selected **Fees for Professional Or Technical Services**.
8. Set the Inventory **values are affected** option to Yes.
9. Set the **Cost centres are applicable** option to Yes.
10. Type the opening balance beside the Opening Balance (on I-Apr-2010) option. In our case, we have typed 200000.
11. Click the **Yes** option from the **Accept?** message box to save the ledger. The **Ledger Creation** screen appears.
12. Press the **ESC key** or click the **Close** button to go back to the Ledgers menu.

Creating Party Ledger

The party ledger is used for recording transactions related to parties. The party ledger can be created by undertaking the following steps:

1. Click the **Accounts Info**, option in the **Gateway of Tally** menu. The **Accounts Info**, menu appears.
2. Click the **Ledgers** option from the **Accounts Info** menu. The **Ledgers** menu appears.
3. Click the **Create** option from the **Ledgers** menu. The **Ledger Creation** screen appears.
4. Type the name of the Party beside the **Name** option whose ledger you want to create. In our case, we have typed **CNB Enterprises**.
5. Select the **Sundry Creditors** option from the **List of Group** menu beside the Under option.
6. Type the currency beside the **Currency of Ledger** option. In our case, we have typed Rs.
7. Set the **Maintain balances bill-by-bill?** option to Yes.
8. Enter the details in the **Default Credit Period** option. In our case, we have not entered any value.

9. Set the Inventory Values are affected? option to No.
10. Set the **Cost center are applicable?** option to No.
11. Set the **Is TDS Deductable?** option to **Yes**. Enabling this option will open the **Deductee type** and **Use Advance TDS Entries**.
12. Select the **Deductee Type** option from the **List of Deductee Types** menu. In our case, we have selected **Individual/HUF - Non Resident**.
13. Set the **Use Advance TDS Entries?** option to **Yes**. Enabling this option will open the **Advance TDS Entries** sub-form.
14. Select **Yes** in the **Ignore Surcharge Exemption Limit?** option to ignore the exemption limit for surcharge and calculate surcharge on the amount specified. If the **Ignore Surcharge Exemption Limit?** is selected **No**, then the surcharge is calculated only if the amount is above the exemption limit.
15. Set the **Alter Ignore Income Tax Exemption Limit?** option to **No** if the **Alter Ignore Income Tax Exemption Limit** details are not applicable.
16. Set the **Alter Zero/Lower Deduction IDTAA?** option to **No** if the **Alter Zero/Lower Deduction / DTAA** details are not applicable.
17. Set the **Deduct TDS in Same Voucher If applicable?** to **No** if the **Deduct TDS in Same Voucher If applicable** details are not applicable.
18. Press the **ENTER** key. The **Ledger Creation** screen appears.
19. Enter the **Mailing Details** and **Tax Information** like **Name, Address, PIN Code**, and select the **State** from the list, and enter the **Income Tax** and **Sales Tax** Number.
20. Click the **Yes** option from the Accept? message box to save the Ledger.

Similarly, you can create ledgers that provide services to your company under Sundry Creditors/Sundry Debtors. After accepting **Yes**, the **Ledger Creation** screen reappears. Press the **ESC** key to get back to the previous screen.

If the party is nonresident, then the postal index number (PIN) code, state, and sales tax number fields are not applicable. The options **Is TDS applicable?** and the **Deductee Type** are available only for ledgers under the group Sundry Creditors/Sundry Debtors, loans (liability), and all ledgers belonging to groups under Current assets except Bank and Cash in bank.

Creating a TDS Party Ledger

Let's perform the following steps to create a TDS Party Ledger:

1. Click the **Accounts Info**, option in the **Gateway of Tally** menu. The **Accounts Info**, menu appears.

2. Click the **Ledgers** options from the **Accounts Info.** menu. The **Ledgers** menu appears.
3. Click the **Create** option from the **Ledgers menu**. The **Ledger Creation** screen appears.
4. Enter the name of the party in the **Name** field. In our case, we have typed **KVP Creditors**.
5. Select the **Sundry Creditor** option from the **List of Group** menu beside the **Under** option.
6. Set the **Maintain balances bill-by-bill?** option to Yes.
7. Enter the details in the **Default Credit Period** option.
8. Set the Inventory Values are affected? option to No.
9. Set the **Cost centres are applicable?** option to **No**.
10. Set the Is TDS Deductable? option to Yes. Enabling this option will open the Deductee type and Use Advance TDS Entries.
11. Select the **Deductee Type** from the **List of Deductee Types** menu. In our case, we have selected **Individual/HUF - Non Resident**.
12. Set the **Use Advance TDS Entries?** option to **Yes**. Enabling this option will open the **Advance TDS Entries** sub-form.
13. Set the **Ignore Surcharge Exemption Limit?** option to **Yes** to ignore the exemption limit for surcharge and calculate surcharge on the amount specified. If the **Ignore Surcharge Exemption Limit?** is selected **No**, then the surcharge is calculated only if the amount is above the exemption limit.
14. Set **No** in the **Set Ignore Income Tax Exemption Limit?** option if the **Alter Ignore Income Tax Exemption Limit** option details are not applicable.
15. Select **Yes** in the **Set Zero/Lower Deduction / DTAA?** option. Enabling this option will open the **Zero/Lower Deduction Details** sub-form.
16. Select the Nature of payment from the List of Nature of Payment.
17. Select the Section Number from the List of Zero/Lower Rate I DTAA menu. In our case, we have selected **197**.
18. Enter 985/01-05-2010 in the Certificate No./Date field.
19. Enter 01-05-2010 in the Application From field.
20. Enter 01-06-2010 in the Application To field.
21. Enter 10% in the TDS field, 10% in the Surcharge field, 2% in the Ed Cess field, and 1% in the Sec Ed Cess field.
22. Press the Enter key. The Advance TDS Entries sub-form appears after completion of **this Zero/Lower Deduction Details** sub-form.
23. Select **Yes** for the Deduct TDS in Same Voucher If **applicable?** option. Enabling this option will open the **Deduct TDS in Same Voucher If applicable** window.

24. Select the **Nature of payment** from the **List of Nature of Payment**. The Advance TDS Entries sub-form appears after completion of this **Deduct TDS in Same Voucher If applicable** window.
25. Press the Enter key. The **Ledger Creation** screen appears after completion of this **Advance TDS Entries** sub-form.
26. Enter the **Mailing Details** and **Tax Information** like **Name, Address, PIN Code**, and select the **State** from the list, and enter the **PAN number** and **Sales Tax Number**.
27. Click the **Yes** option from the **Accept?** message box to save the ledger.

TDS Vouchers

TDS voucher helps you to compute TDS amount. By using the TDS voucher, user can book the expenses incurred or made on a particular type of service or product and directly deducts the amount. Thus, the net payable amount is conveyed to the party who is making the final payment as well as end-user who will receive the payment. At the time of creating TDS voucher, you should be aware of the nature of payment for which you are making TDS deduction. For example, in case of professional services or solution provider, the TDS voucher will be made on Fees for Professionals or Technical Services TDS Nature of Payment Details.

Let's perform the following steps to create a TDS Voucher:

1. Click the **Accounting Vouchers** option in the **Gateway of Tally** menu. The **Accounting Voucher Creation** screen appears.
2. Click the **F7: Journal** button located in the button bar to make the entries in the Journal vouchers. An Accounting Voucher Creation screen reappears.
3. Select the **Fees on Technical Professional** option from the **List of Ledgers** menu in the **Particulars** column and specify the amount in the **Debit** column.
4. Press the ENTER key. The TDS Nature of Payment Details screen appears.
5. Select the Fee for Professional or Technical services option from the **List of TDS Nature of Pymt** menu under the Nature of Payment option.
6. Select the **ledger** from the **List of Ledgers** menu. A **TDS Details** screen appears.
7. Enter the required information in the TDS Details screen. An **Bill-wise Details** screen appears.
8. Press the ENTER key to view the **Bill-wise Details** screen.
9. Enter the required information in the **Bill-wise Details** screen.
10. Press the ENTER key to save the **Bill-wise Details** sub-form. An Accounting Voucher Creation screen reappears.

11. Select the **TDS for Technical Services** ledger from the **List of Ledger Accounts**. The amount field is automatically filled.
12. Press the Enter key till the **Accept ?** message box appears.
13. Click the **Yes** option from the **Accept?** message box to create the journal voucher. The **Accounting Voucher Creation** screen reappears.
14. Press the **ESC** key to get back to the **Gateway of Tally** menu.

Creating Payment Vouchers in TDS

Payment vouchers are multifunction vouchers, which are used to enter/record all TDS-related transactions. All transactions related to payment (through bank) are recorded in the payment voucher. There are mainly two kinds of payment vouchers:

- ❑ **TDS challan payment:** Specifies the payment of TDS tax that is done through a government format paper known as challan. These challans are filled by the businessman to the bank to pay their TDS tax.
- ❑ **Payment to the party (while paying the advance):** Specifies that the payment to the third party is recorded in the payment vouchers. These payments can be in the form of advance.

You can enter the payment voucher by using the **TDS Helper** button and pay the TDS pending bills in one shot for the selected TDS ledger or you can also pay the TDS pending bills manually.

When a payment voucher entry is made for a TDS tax ledger, click the **TDS Helper** button located in the button bar or press the **ALT+S** keys on the **Accounting Voucher Creation** screen of payment. This option takes you to the TDS Filters sub-form and allows you to specify the criteria for auto-filling the voucher in association with the **TDS Ledger, Deductee Status and To Date**.

Let's perform the following steps to create a payment voucher in TDS:

1. Click the **Accounting Vouchers option** in the **Gateway of Tally** menu. The **Accounting Voucher Creation** screen appears.
2. Click the **TDS Helper** button located in the button bar to create the TDS challan payment voucher.
3. A TDS Helper screen appears.
4. Enter the date beside the **Deducted Till Date** option for which the TDS value is calculated.
5. Select the section from the **List of Sections** menu beside the **Section** option. In our case, we have selected 194J.
6. Select the **Nature of payment** option from the **Nature of Section** menu beside the **Nature of Payment** option. In our case, we have selected **Fee for Professional Or Technical Services**.

7. Select the deductee status option from the Deductee/Collectee Status menu beside the Deductee Status option. In our case, we have selected Non Company.
8. Select the mode of payment (cash or bank ledger) from the List of Ledgers Accounts menu beside the Cash/Bank option. In our case, we have selected Canara Bank.
9. Press the **ENTER** key. The Accounting Voucher Creation screen appears.
10. Press the **ENTER** key till the **Accept?** message box appears.
11. Click the **Yes** option from the **Accept?** message box.

Printing a TDS Challan

You can Print the TDS voucher, which is also known as TDS challan. Click the Print button located on the horizontal button bar on or press the ALT+P keys from the **Accounting voucher creation** screen. You can configure the payment voucher. You can also view the challan in the Preview mode. To do this, click the **Preview** button or press the ALT+I keys. Let's perform the following step to print a TDS challan:

1. Click the **Display** option from the **Gateway of Tally** menu. The **Display Menu** menu appear.
2. Click the Day Book option from the **Display Menu** menu. A **Day Book** screen appears.
3. Select the **Payment** voucher from the Day Book screen. An Accounting Voucher Alteration (Secondary) screen appears.
4. Click the **Print** button from the horizontal button bar of the Accounting Voucher Alteration (Secondary) screen. A **Voucher Printing** screen appears.
5. Click the Yes option from the **Print?** message box.

UNIT - IV

Advance Taxation

Calculating GST in Tally.ERP 9

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST Classification

There are currently three types of GST

- CGST – Central GST – Applies to sales within the state – goes to Central Government
- SGST – State GST – Applies to sales within the state – goes to State Government
- IGST – Integrated GST – Applies to sales outside the state – goes to Central Government

For example, if you sell something within the state, 50% of the GST will be CGST and 50% of the GST will be SGST. But when you sell something outside a state, 100% of it will be IGST which will go to the Central Government.

Now that you have a basic understanding of how GST works, we can go ahead to understand the working of GST in Tally along with its accounting and calculation.

How to begin Tally ERP 9?

In order to use Tally, following steps must be followed

To create a company in Tally

To enable GST Features

To create ledgers

To create a company in Tally

Step 1 :-	Go to Gateway of Tally > Alt + F3 > Create Company
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Step 2 :-	Enter the basic information, i.e., name, mailing name and address of the company, currency symbol etc.
Step 3 :-	In the 'maintain field', select Accounts Only or Accounts with Inventory as per the company requirements.
Step 4 :-	In the Financial Year from, the first day of the current financial year for e.g., 1-4-2018 will be displayed by default, which can be changed as per requirement.
Step 5 :-	Enter the Tally Vault Password if required.
Step 6 :-	Press Y or Enter to accept and save.

To enable GST features in Tally

Step 1 :-	Go to Gateway of Tally > F11: Features > F3 : Statutory & Taxation
Step 2 :-	<p>In the screen you will find following options :-</p> <ul style="list-style-type: none"> • Enable goods and service tax (GST) : Yes • Set/alter GST Details : Yes. <p>This will display another screen where you can set GST details of the company such as the state in which company is registered, registration type, GSTIN number etc.</p>
Step 3 :-	Press Y or Enter to accept and save.

To create ledgers

After creating a company and activating GST features, you need to create ledgers that will enable you to pass accounting entries in Tally ERP 9.

Step 1 :-	Go to Gateway of Tally > Accounts Info > Ledgers > Create
Step 2 :-	Create ledgers such as Purchase, Sales, State GST, Central , Integrated GST, Stock item names etc.
Step 3 :-	Select the appropriate group to which such ledger belongs for example state tax under duties and taxes group.
Step 4 :-	Enter the other related information required and press Y or Enter to accept and save.

After creating ledgers we can proceed with preparing Accounting entries in Tally ERP 9. For that we have to follow: -

Gateway of Tally > Accounting Vouchers

There are many accounting vouchers in Tally such as Payment, Receipt, Contra, Sales, Purchase, etc. After choosing the relevant voucher we start passing the accounting entries.

How will GST work in Tally.ERP 9?

The functionality of GST in Tally is almost same as prevalent during erstwhile taxation laws such as VAT or CST or Service Tax.

The first step before passing an Accounting Entry in Tally is to make GST Calculation. But first let's take an example for our understanding. For Ex : M/s ABC Ltd of Mumbai sold goods worth Rs. 50,000/- to M/s XYZ Inc. of Ahmedabad ; GST rate applicable for the given product is 18%

GST Calculation -	M/s ABC Ltd has to collect GST and say it is 18%. Then GST will come at Rs. 9,000/-.
Taxable Value -	This is the portion on which tax will be levied (i.e.,) Rs. 50,000/- in this case.
Type of Tax to select -	Since it is a transaction involving Inter State trade , the ledger to create and select while preparing Accounting entry is <u>IGST</u> ledger.
Rate of Tax to be fed during Tax Ledger creation screen -	18% IGST (Tax type : Integrated Tax) .
Tax rate to key while preparing Stock Item Ledger -	18% IGST and Tally will automatically bifurcate and distribute the tax rate to CGST and SGST as 9% each.
Other ledgers to create -	Create XYZ Inc., ledger along with GSTIN number.

Now we have to go to Accounting Voucher Screen and fit these details in Sales Voucher screen (F8). We are also not required to worry about tax calculation as Tally automatically calculates Tax amount portion based on the details fed in Stock Item Creation Screen and Tax ledger creation screen.

GST Reports in Tally.ERP 9

In GST, Tally.ERP 9 provides GSTR-1, GSTR-2, GSTR-3B and e-Way Bill related reports. The GSTR-1 report in Tally.ERP 9 is designed exactly as the form GSTR-1 to make life easy for users.

Business owners can see -

- Details of transactions participating in GSTR-1
- Transactions not relevant for returns
- Transactions not participating because of incomplete information or mismatches
- Serial number-wise details of values as mentioned in GSTR-1

A user can navigate from any value up to the actual transaction itself. Users can correct transactions under Incomplete/mismatch in Information section and allow these transactions to participate in GST returns. This way, Tally ensures that a user files the most accurate GST returns. Similar experience is given for GSTR-2 and GSTR-3B.

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