



POWER OF SIMPLICITY

## **Implementation of Value Added Tax in Tally.ERP 9**

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# Introduction

## Lesson Objectives

On completion of this lesson you will learn

- ❑ The concept of VAT
- ❑ The General terminologies of VAT

## Value Added Tax in India

The Value Added Tax (VAT) is a type of indirect tax and is one of the major source of revenue to the state. The VAT system was introduced in India by replacing the General Sales Tax laws of each state. Presently in India, out of 28 States and 7 Union Territories, 33 are following this new system of Sales Taxation. The Union territories which are yet to implement the VAT system are Andaman and Nicobar Islands and Lakshadweep.

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

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

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

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

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

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

## General Terminologies of VAT

### Input Tax

This is the tax paid on purchases.

### Output Tax

This is the tax charged on sales.

### Input Credit

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

### TIN

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

### Tax Invoice

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

### Retail Invoice

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

### **Registered Dealer**

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

### **Unregistered Dealer**

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

### **Purchase Tax**

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

### **Reversal of Tax Credit**

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

### **Composite Dealers**

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

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

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

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

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

### **Difference between Regular and Composite Dealers**

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

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

### **Features of VAT in Tally.ERP 9**

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

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



# Lesson 1: Enabling VAT in Tally.ERP 9

## Lesson Objectives

On completion of this lesson, you will be able to

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

## 1.1 Creating a Company

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

### Example:

*M/s. National Traders is a company engaged in trading of goods both within and outside the state. On 1-4-2012, M/s. National Traders registers under the VAT Act as a dealer of goods.*

Step 1:

Let us create a company and enable VAT

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

In the **Company Creation** screen,

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

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

Company Creation		Ctrl + M	
Directory	: C:\Tally.ERP9\Data	<u>Company Details</u>	
Name	: National Traders	Currency Symbol	: ₹
<u>Mailing &amp; Contact Details</u>		Maintain	: Accounts with Inventory
Mailing Name	: National Traders	Financial Year from	: 1-4-2012
Address	: 14, Greams Road Anna Salai Chennai	Books beginning from	: 1-4-2012
		<u>Security Control</u>	
Statutory compliance for	: India	TallyVault Password (if any)	:
State	: Tamil Nadu	Repeat Password	:
PIN Code	: 600026	(WARNING: forgetting your TallyVault password will render your data unusable!!)	
Telephone No.	: 044-28523161	Use Security Control	: ? No
Mobile No.	: 92586574541	(Enable Security to avail Tally.NET Features)	
E-Mail	: sales@nationaltraders.com		
<u>Auto Backup Details</u>			
Enable Auto Backup	: No		
<u>Base Currency Information</u>			
Base Currency Symbol	: ₹	Show Amounts in Millions	: ? No
Formal Name	: INR	Put a SPACE between Amount and Symbol	: ? Yes
Number of Decimal Places	: 2	Decimal Places for Printing Amounts in W	:
Is Symbol SUFFIXED to Amounts ?	: No		
Symbol for Decimal Portion	: paise		
		Accept ?	
		Yes or No	

Figure 1.1 Company Creation screen

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



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

## 1.2 Enabling VAT

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

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

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

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

VAT Details	
State	: Tamil Nadu
Type of Dealer	? Regular
Regular VAT Applicable From	: 1-4-2012
Additional Information	
Assessment Circle	: 785R
Division	: D- III
Area Code	: 123
Import Export Code	: HWTS78B
Authorised by	: Thyagarajan
Authorised Person	: T. Selvam
Status / Designation	: Accounts Officer
Place	: Chennai

Figure 1.2 VAT Details screen



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

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

- Enter the **PAN/Income – Tax No**

Company: <b>National Traders</b>			
<u>Statutory &amp; Taxation</u>			
Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? No
Set/Alter Excise Details	? No	Set/Alter TDS Details	? No
(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)		Enable Tax Collected at Source (TCS)	? No
Follow Excise rules for Invoicing	? No	Set/Alter TCS Details	? No
Enable Value Added Tax (VAT)	? Yes	Enable Fringe Benefit Tax (FBT)	? No
Set/Alter VAT Details	? Yes	Set/Alter FBT Details	? No
Enable Service Tax	? No	Enable MCA Reports	? No
Set/Alter Service Tax Details	? No		
<u>Tax Information</u>			
VAT TIN (Composition) :			
VAT TIN (Regular) :		33201317891	
Local Sales Tax Number :			
Inter-state Sales Tax Number :		33201317891	
PAN / Income - Tax No. :		PEO21568KM	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>Accept ?</b>  Yes or No </div>			
<b>F1:</b> Accounts <b>F2:</b> Inventory <b>F3:</b> Statutory <b>F6:</b> Add-Ons			

Figure 1.3 F3: Statutory & Taxation Features

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

### 1.2.1 Quick Setup

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

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

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

## Lesson 2: Processing Purchases & Sales Entries

### Lesson Objectives

On completion of this lesson, you will be able to

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

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

## 2.1 Taxable Purchases and Sales

### 2.1.1 Purchase of Taxable Goods

#### Example 1:

On 2-4-2012, National Traders purchased the following items from Excel Traders vide invoice number 01:

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

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

Step 1:

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

### Creating Ledgers

#### i. Purchase Ledger

To create a Purchase ledger

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

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

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

VAT/Tax Class		National Traders																																														
Name	Purchases @ 1%																																															
(alias)																																																
Under	Purchase Accounts	Name	Mailing Details																																													
Inventory values are affected	? Yes	Address																																														
Used In VAT Returns	? Yes	State																																														
Use for Assessable Value Calculation ? No		PIN Code																																														
Statutory Information		VAT/Tax Class																																														
		Purchases @ 1%																																														
<table border="1"> <thead> <tr> <th colspan="3">VAT/TAX Class</th> </tr> <tr> <th>Particulars</th> <th>Activated From</th> <th>Deactivated From</th> </tr> </thead> <tbody> <tr> <td colspan="3">↑ ... 6 more</td> </tr> <tr> <td>Interstate Purchases @ 12.5%</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Interstate Purchases @ 13.5%</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Interstate Purchases @ 14.5%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Interstate Purchases @ 2% Against Form C</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Interstate Purchases @ 4%</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Interstate Purchases @ 5%</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 1%</td> <td></td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 12.5%</td> <td></td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 14.5%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 4%</td> <td></td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 5%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Purchases @ 1%</td> <td></td> <td></td> </tr> </tbody> </table>				VAT/TAX Class			Particulars	Activated From	Deactivated From	↑ ... 6 more			Interstate Purchases @ 12.5%	1-Apr-2010		Interstate Purchases @ 13.5%	1-Apr-2010		Interstate Purchases @ 14.5%	12-Jul-2011		Interstate Purchases @ 2% Against Form C	1-Apr-2010		Interstate Purchases @ 4%	1-Apr-2010		Interstate Purchases @ 5%	1-Apr-2010		Purchase From URDs - Taxable Goods @ 1%			Purchase From URDs - Taxable Goods @ 12.5%			Purchase From URDs - Taxable Goods @ 14.5%	12-Jul-2011		Purchase From URDs - Taxable Goods @ 4%			Purchase From URDs - Taxable Goods @ 5%	12-Jul-2011		Purchases @ 1%		
VAT/TAX Class																																																
Particulars	Activated From	Deactivated From																																														
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Interstate Purchases @ 12.5%	1-Apr-2010																																															
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Interstate Purchases @ 5%	1-Apr-2010																																															
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Purchase From URDs - Taxable Goods @ 5%	12-Jul-2011																																															
Purchases @ 1%																																																
		18 more ... ↓																																														

Figure 2.1 Purchase Ledger – Used In VAT Returns

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

Ledger Creation		National Traders	
Name	Purchase @ 1%	Total Op. Bal.	
(alias)			
Under	Purchase Accounts	Name	Mailing Details
Inventory values are affected	? Yes	Address	
Used In VAT Returns	? Yes	State	
Use for Assessable Value Calculation ? No		PIN Code	
Statutory Information		Tax Information	
		PAN / IT No.	
Opening Balance ( on 1-Apr-2012 ) :		Accept ?	
		Yes or No	

Figure 2.2 Purchase Ledger – Completed

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



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

Similarly, create the following purchase ledgers:

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

## ii. Input VAT on Purchase Ledger

To create an Input VAT ledger,

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

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



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



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

Ledger Creation		National Traders		Total Op. Bal.																																																												
Name	: Input VAT @ 1%																																																															
(alias)	:																																																															
Under	: Duties & Taxes (Current Liabilities)	Name	:																																																													
Type of Duty/Tax	: VAT	Address	:																																																													
VAT Sub Type	: Input VAT	State	:																																																													
VAT/Tax Class	: <b>Input VAT @ 1%</b>	PIN Code	:																																																													
Inventory values																																																																
Percentage of																																																																
Method of C																																																																
Rounding Met																																																																
<table border="1"> <thead> <tr> <th colspan="3">VAT/TAX Class</th> </tr> <tr> <th>Particulars</th> <th>Activated From</th> <th>Deactivated From</th> </tr> </thead> <tbody> <tr> <td colspan="3">Not Applicable</td> </tr> <tr> <td colspan="3"><b>Input VAT @ 1%</b></td> </tr> <tr> <td>Input VAT @ 12.5%</td> <td></td> <td></td> </tr> <tr> <td>Input VAT @ 12.5% - (JobWork)</td> <td>1-Apr-2010</td> <td></td> </tr> <tr> <td>Input VAT @ 14.5%</td> <td></td> <td>12-Jul-2011</td> </tr> <tr> <td>Input VAT @ 14.5% - (JobWork)</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Input VAT @ 2%</td> <td></td> <td></td> </tr> <tr> <td>Input VAT @ 20%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Input VAT @ 4%</td> <td></td> <td></td> </tr> <tr> <td>Input VAT @ 4% - (Industrial Input)</td> <td></td> <td></td> </tr> <tr> <td>Input VAT @ 4% - (JobWork)</td> <td>1-Apr-2009</td> <td></td> </tr> <tr> <td>Input VAT @ 5%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Input VAT @ 5% - (Industrial Input)</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Input VAT @ 5% - (JobWork)</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 1%</td> <td></td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 12.5%</td> <td></td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 14.5%</td> <td>12-Jul-2011</td> <td></td> </tr> <tr> <td>Purchase From URDs - Taxable Goods @ 4%</td> <td></td> <td></td> </tr> </tbody> </table>					VAT/TAX Class			Particulars	Activated From	Deactivated From	Not Applicable			<b>Input VAT @ 1%</b>			Input VAT @ 12.5%			Input VAT @ 12.5% - (JobWork)	1-Apr-2010		Input VAT @ 14.5%		12-Jul-2011	Input VAT @ 14.5% - (JobWork)	12-Jul-2011		Input VAT @ 2%			Input VAT @ 20%	12-Jul-2011		Input VAT @ 4%			Input VAT @ 4% - (Industrial Input)			Input VAT @ 4% - (JobWork)	1-Apr-2009		Input VAT @ 5%	12-Jul-2011		Input VAT @ 5% - (Industrial Input)	12-Jul-2011		Input VAT @ 5% - (JobWork)	12-Jul-2011		Purchase From URDs - Taxable Goods @ 1%			Purchase From URDs - Taxable Goods @ 12.5%			Purchase From URDs - Taxable Goods @ 14.5%	12-Jul-2011		Purchase From URDs - Taxable Goods @ 4%		
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Figure 2.3 Input VAT – VAT/Tax Class Selection

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

Similarly, create the following Input VAT ledgers:

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

### iii. Packing Charges

To create a ledger for packing charges,

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

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

Ledger Creation		National
Name : Packing Charges		Total Op. Bal.
(alias) :		
Under : Indirect Expenses		
<p style="text-align: center;"><u>Statutory Information</u></p> <p>Used In VAT Returns ? No</p> <p>Use for Assessable Value Calculation ? Yes</p> <p>Apportion for ? VAT</p> <p>Method of Apportion : Based on Quantity</p>		
Opening Balance ( on 1-Apr-2012 ) :		Accept ?
		Yes or No

Figure 2.4 Packing Charges Ledger

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



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

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

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

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

#### iv. Creating a Sundry Creditor Ledger

To create a Sundry Creditor (Supplier) ledger,

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

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

In Ledger Creation screen,

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

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

Ledger Creation		National Traders		Total Op. Bal.
Name	: Excel Traders			
(alias)	:			
Under : <b>Sundry Creditors</b> (Current Liabilities)		<b>Mailing Details</b> Name : Excel Traders Address : # 56, Anna Salai Chennai  State : Tamil Nadu PIN Code : 600002		
Maintain balances bill-by-bill	? Yes			
Default Credit Period	:			
Inventory values are affected	? No	<b>Tax Information</b> PAN / IT No. : HJSYE9023B  Set/Alter VAT Details ? <b>Yes</b>		
Opening Balance ( on 1-Apr-2012 ) :				

Figure 2.5 Sundry Creditor – Excel Traders

6. In **VAT Details** screen, enter **TIN/Sales Tax Number** as shown:

VAT Details	
TIN/Sales Tax No.	: 33258710200
CST No.	: 33258710200

Figure 2.6 VAT Details – Sundry Creditor Ledger

7. Accept **VAT Details** screen
8. Accept **Sundry Creditor Ledger Creation** screen.

#### v. Creating VAT Commodity

To create a VAT Commodity

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

1. Enter **Name of VAT Commodity** as Jewellery

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

VAT Commodity Creation		National Trade				
Name	: Jewellery					
(alias)	:					
Used for	: VAT	<table border="1"> <thead> <tr> <th>Tax Type</th> </tr> </thead> <tbody> <tr> <td>Both</td> </tr> <tr> <td>Excise</td> </tr> <tr> <td>VAT</td> </tr> </tbody> </table>	Tax Type	Both	Excise	VAT
Tax Type						
Both						
Excise						
VAT						
HSN Code	:					
<b>VAT</b>						
Commodity Code	:					
Schedule Number	:					
Schedule Serial Number	:					
Notes	:					

Figure 2.7 VAT Commodity Creation – VAT

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

VAT Commodity Creation		National Trade
Name	: Jewellery	
(alias)	:	
Used for	: VAT	
HSN Code	:	
<b>VAT</b>		
Commodity Code	: 102	
Schedule Number	: First Schedule - Part A	
Schedule Serial Number	: 2	
Notes	:	

Figure 2.8 VAT Commodity Creation screen

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



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

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

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

Similarly, create the following VAT Commodities:

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

#### vi. Stock Items

To create a stock item,

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

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

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

Stock Item Creation		National Traders	Ctrl + M
Name : <b>Gold Jewellery</b>		List of VAT Commodities	
(alias) :		J Not Applicable G I Pipes 2100 Insulators 2069 <b>Jewellery 102</b> Silk Fabrics 2127 Vacuum Cleaners 329	
Under : J Primary	Tax Information		
Units : Nos	Tariff Classification : J Not Applicable Rate of Duty (eg 5) : 0		
		VAT Details	
		Commodity : <b>Jewellery</b>	
		Rate of VAT (%) :	
Opening Balance :		Quantity	Rate per Value
			Quit

Figure 2.9 Stock Item Creation – Selection of VAT Commodity

5. Enter **Rate of VAT** as **1%**. The completed Stock Item Creation screen displays as shown:

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

Figure 2.10 Stock Item Creation screen

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

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

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



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

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

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

*The HSN code will not be captured in the Annexures.*

Step 2:

Let us now record purchase transaction in Tally.ERP 9

To create Purchase Voucher,

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

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

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



16. Set the field **Show Statutory Details** to **Yes**

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 1			2-Apr-2012
Supplier Invoice No. : 01	Date : 2-Apr-2012			Monday
Party's A/c Name : Excel Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	9 Nos	20,000.00 Nos	1,80,000.00	
G I Pipes	160 Nos	150.00 Nos	24,000.00	
Silk Fabrics	10 Nos	5,000.00 Nos	50,000.00	
Vacuum Cleaner	8 Nos	15,000.00 Nos	1,20,000.00	
			3,74,000.00	
Packing Charges			5,000.00	
Input VAT @ 1%		1 %	1,802.41	
Input VAT @ 2%		2 %	565.56	
Input VAT @ 4%		4 %	2,010.70	
Input VAT @ 12.5%		12.50 %	15,026.74	
Show Statutory Details ? <b>Yes</b>		Yes / No		
Narration:		No		
		Yes		
		187 Nos		3,98,405.41

Figure 2.11 Purchase Invoice – Show Statutory Details

17. Press **Enter** to view **Statutory Details** screen

Statutory Details		National Traders		Ctrl + M
Purchase	Supplier Invoice No	Statutory Details		2-Apr-2012 Monday
Party's A/c Name	Current Balance	Particulars	VAT	
Name of Item		Assessable Value	3,79,000.00	
Gold Jewellery		Gold Jewellery	1,80,240.64	
		Item Value	1,80,000.00	
		Packing Charges	240.64	1,80,000.00
G I Pipes		G I Pipes	28,278.07	24,000.00
		Item Value	24,000.00	
		Packing Charges	4,278.07	50,000.00
Silk Fabrics		Silk Fabrics	50,267.38	1,20,000.00
		Item Value	50,000.00	
		Packing Charges	267.38	3,74,000.00
Vacuum Cleaner		Vacuum Cleaner	1,20,213.91	5,000.00
		Item Value	1,20,000.00	
		Packing Charges	213.91	1,802.41
Packing Charges				565.56
Input VAT @ 1%				2,010.70
Input VAT @ 2%				15,026.74
Input VAT @ 4%				
Input VAT @ 12.5%				
VAT Amount			19,405.41	
Input VAT @ 1%			1,802.41	
Gold Jewellery @ 1 % On	1,80,240.64		1,802.41	
Input VAT @ 2%			565.56	
G I Pipes @ 2 % On	28,278.07		565.56	
Input VAT @ 4%			2,010.70	
Silk Fabrics @ 4 % On	50,267.38		2,010.70	
Input VAT @ 12.5%			15,026.74	
Vacuum Cleaner @ 12.50 % On	1,20,213.91		15,026.74	
Show Statutory De				3,98,405.41
Narration:				

Figure 2.12 Purchase Invoice – Statutory Details screen

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



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

**Example 2:**

On 3-4-2012, National Traders purchased the following items from Excel Traders vide invoice number 02:

Item Description	Quantity (in Nos)	Rate	Amount	VAT	Commodity Code
Insulators	150	320	48,000	5%	69
Fax Machine	3	16,000	45,000	14.5%	333
Tobacco Products	45	300	13,500	20%	519

*An amount of ₹ 1,000 was paid as packing charges which was included in the invoice. Fax Machines were purchased at an MRP of ₹ 15,000.*

Step 1:

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

### Creating Ledgers

#### i. Purchase Ledger

Create the following purchase ledgers by following the steps shown in Example 1.

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases @ 5%	Purchase Accounts	Yes	Yes	Purchases @ 5%	No
Purchases @ 14.5%	Purchase Accounts	Yes	Yes	Purchases @ 14.5%	No
Purchases @ 20%	Purchase Accounts	Yes	Yes	Purchases @ 20%	No

#### ii. Input VAT on Purchase Ledger

Create the following input VAT ledgers by following the steps shown in Example 1.

Name	Under Group	Type of Duty/ Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Input VAT @ 5%	Duties & Taxes	VAT	Input VAT	Input VAT @ 5%	No	5%	On VAT Rate
Input VAT @ 14.5%	Duties & Taxes	VAT	Input VAT	Input VAT @ 14.5%	No	14.5%	On VAT Rate
Input VAT @ 20%	Duties & Taxes	VAT	Input VAT	Input VAT @ 20%	No	20%	On VAT Rate

### iii. Creating VAT Commodity

Create the following VAT Commodities by following the steps shown in Example 1.

Sl. No.	Name	Used For	VAT		
			Commodity Code	Schedule Number	Schedule Serial Number
1	Insulators	VAT	2069	First Schedule – Part B	69
2	Fax Machine	VAT	333	First Schedule – Part C	32
3	Tobacco	VAT	519	Second Schedule	13

### iv. Stock Items

Create the other stock items as per the details given below by following the steps shown in Example 1.

Sl. No	Name	Under	Units	VAT Details	
				Commodity	Rate of VAT
1	Insulators	Primary	Nos	Insulators	5%
2	Fax Machines	Primary	Nos	Fax Machine	14.5%
3	Tobacco Products	Primary	Nos	Tobacco	20%

In the stock item master, click **F12: Configure** and set **Calculate VAT on MRP/Marginal** to **Yes**. Accept the stock item master.

Step 2:

Let us now record purchase transaction in Tally.ERP 9

To create Purchase Voucher,

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

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

1. Select **As Invoice** mode (use key combination **Ctrl+V** if the screen is displayed in voucher mode. The invoice mode will be displayed)
2. Enter **Supplier Invoice number** and **Date**
3. Select **Excel Traders** in **Party's A/c Name** field from the **List of Ledger Accounts**
4. In **Party Details** screen, enter/modify the required details
5. Select **Name of Item** as **Insulators** from the **List of Items**.
6. Enter **Quantity** as **150** and **Rate** as **320**. Value is automatically displayed in **Amount** field.
7. Do not enter the MRP/Marginal value.
8. In **Accounting Details** screen, select **Purchases @ 5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases @ 5%**
9. Select next stock item as **Fax Machines**. Enter **Quantity** as **3** and **Rate** as **16,000**.
10. In **MRP/Marginal** field enter **15,000**.

11. In **Accounting Details** screen, select **Purchases @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases @ 14.5%**
12. Select next stock item as **Tobacco Products**. Enter **Quantity** as **45** and **Rate** as **300**
13. In **Accounting Details** screen, select **Purchases @ 20%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases @ 20%**
14. Select **Packing Charges** ledger and enter the amount as **1,000**
15. Select ledgers; **Input VAT @ 5%**, **Input VAT @ 14.5%**, and **Input VAT @ 20%** and the respective values will be automatically calculated
16. Set the field **Show Statutory Details** to **Yes**

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase No. 2		Date : 3-Apr-2012		3-Apr-2012 Tuesday
Supplier Invoice No. : 02				
Party's A/c Name : Excel Traders				
Current Balance : 3,96,875.41 Cr				
Name of Item	Quantity	Rate per	Amount	
Insulators MRP / Marginal:	150 Nos	320.00 Nos	48,000.00	
Fax Machines MRP / Marginal: 15,000.00/Nos	3 Nos	16,000.00 Nos	48,000.00	
Tobacco Products MRP / Marginal:	45 Nos	300.00 Nos	13,500.00	
			1,09,500.00	
Packing Charges			1,000.00	
Input VAT @ 5%		5 %	2,437.88	
Input VAT @ 14.5%		14.50 %	6,527.20	
Input VAT @ 20%		20 %	2,745.45	
			198 Nos	
			1,22,210.53	
Show Statutory Details ? Yes		<div>Yes / No</div> <div>No</div> <div>Yes</div>		
Narration:				

Figure 2.13 Purchase Invoice – Show Statutory Details

17. Press **Enter** to view **Statutory Details** screen

Statutory Details		National Traders		Ctrl + M	
Purchase		Statutory Details		3-Apr-2012	
Supplier Invoice No.				Tuesday	
Party's A/c Name		Particulars		VAT	
Current Balance					
Name of Item		Assessable Value		1,10,500.00	
Insulators		Insulators		48,757.58	
MRP / Marginal:		Item Value		48,000.00	
Fax Machines		Packing Charges		757.58	
MRP / Marginal: 15		Fax Machines	MRP: 45,000.00	48,015.15	
Tobacco Products		Item Value		48,000.00	
MRP / Marginal:		Packing Charges		15.15	
Packing Charges		Tobacco Products		13,727.27	
Input VAT @ 5%		Item Value		13,500.00	
Input VAT @ 14.5%		Packing Charges		227.27	
Input VAT @ 20%		VAT Amount		11,710.53	
		Input VAT @ 5%		2,437.88	
		Insulators @ 5 % On	48,757.58	2,437.88	
		Input VAT @ 14.5%		6,527.20	
		Fax Machines @ 14.50 % On	45,015.15	6,527.20	
		Input VAT @ 20%		2,745.45	
		Tobacco Products @ 20 % On	13,727.27	2,745.45	
Show Statutory De					
Narration:				1,22,210.53	

Figure 2.14 Purchase Invoice – Statutory Details screen

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

## 2.1.2 Purchase Returns

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

### Example 3:

*On 5-4-2012, M/s National Traders returned 10 damaged G I Pipes worth ₹ 150 each to Excel Traders against the purchase dated 2-4-2012 vide invoice number 01.*

Step 1:

Let us record the transaction in Tally.ERP 9

To create a Debit Note for purchase returns,

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

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

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M	
<b>Debit Note</b> No. 1				5-Apr-2012 Thursday	
Ref. : 01		Used for: Purchase Returns Or Rejected			
Party's A/c Name : Excel Traders Current Balance : 5,16,085.94 Cr Purchase Ledger : Purchase @ 2% VAT/Tax Class : Purchases @ 2%					
Name of Item	Quantity	Rate per	Amount		
G I Pipes	10 Nos	150.00 Nos	1,500.00		
Input VAT @ 2%		2 %	30.00		
Show Statutory Details ? Yes Narration:					
			10 Nos <div style="float: right; border: 1px solid black; padding: 5px;"> <b>Accept ?</b>              Yes or No           </div>		

Figure 2.15 Debit Note – Purchase Returns

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

### 2.1.3 Sale of Taxable Goods

#### Example 4:

*On 6-4-2012, National Traders sold the following items to Marvel Traders vide invoice number S01:*

<i>Item Description</i>	<i>Quantity (in Nos)</i>	<i>Rate</i>	<i>Amount</i>	<i>VAT</i>	<i>Commodity Code</i>
<i>Gold Jewellery</i>	<i>4</i>	<i>22,500</i>	<i>90,000</i>	<i>1%</i>	<i>102</i>
<i>GI Pipes</i>	<i>70</i>	<i>400</i>	<i>28,000</i>	<i>2%</i>	<i>2100</i>
<i>Silk Fabrics</i>	<i>4</i>	<i>8,000</i>	<i>32,000</i>	<i>4%</i>	<i>2127</i>
<i>Vacuum Cleaner</i>	<i>5</i>	<i>17,500</i>	<i>1,40,000</i>	<i>12.5%</i>	<i>329</i>

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

Step 1:

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

#### Creating Ledgers

##### i. Sales Ledger

To create a sales Ledger

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

1. Enter **Name** as **Sales @ 1%**
2. Select **Sales Accounts** as the account group in **Under** field
3. Set **Inventory values are affected** to **Yes**



4. Set the option **Used In VAT Returns** to **Yes** to display **VAT/Tax Class** sub-screen

Ledger Creation		National
Name : Sales @ 1%		Total Op. Bal.
(alias) :		
Under : Sales Accounts		
Inventory values are affected	? Yes	
<u>Statutory Information</u>		
Used In VAT Returns	? <b>Yes</b>	
Use for Assessable Value Calculation	? No	
Opening Balance ( on 1-Apr-2012 ) :		

Figure 2.16 Sales Ledger – Used In VAT Returns

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

The screenshot shows the 'Sales Ledger' creation screen in Tally. The 'VAT/Tax Class' dropdown is open, displaying a list of VAT/Tax classes. The selected class is 'Sales @ 1%'. The background shows the following fields:

- Name:** Sales @ 1%
- Under:** Sales Accounts
- Inventory values are affected:** ? Yes
- Used in VAT Returns:** ? Yes
- Use for Assessable Value Calculation:** ? No

The 'VAT/Tax Class' dropdown list includes the following items:

Particulars	Activated From	Deactivated From
↑ ... 9 more		
Interstate Sales @ 4%	1-Apr-2010	
Interstate Sales @ 5%	12-Jul-2011	
Inter State Sales Against Form - E1		
Inter State Sales Against Form - E2		
Inter- State Sales - Exempted		
Inter-State Sales - Spl. Category Goods		
Inter- State Sales - Tax Free		
Interstate Sales - Works Contract @ 1%	1-Apr-2012	
Interstate Sales - Works Contract @ 14.5%	1-Apr-2012	
Interstate Sales - Works Contract @ 2%	1-Apr-2012	
Interstate Sales - Works Contract @ 5%	1-Apr-2012	
<b>Sales @ 1%</b>		

Figure 2.17 Sales Ledger – VAT/Tax Class Selection

- Press **Enter** to return to **Sales @ 1%** Ledger Creation screen
- Set option **Use for Assessable Value Calculation** to **No**
- Accept to save the sales ledger.

Similarly, create the following Sales ledgers:

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

**ii. Output VAT on Sales Ledger**

To create an Output VAT ledger,

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

- Enter **Name** as **Output VAT @ 1%**
- Select **Duties & Taxes** as group name in **Under** field

3. Select **VAT** from **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select **VAT Sub Type** as **Output VAT**
5. Select **Output VAT @ 1%** in **VAT/Tax Class** field from the VAT/Tax Class list displayed

Ledger Creation		National Traders	
Name	: Output VAT @ 1%	Total Op. Bal.	
(alias)	:		
Under	: Duties & Taxes (Current Liabilities)		
Type of Duty/Tax	: VAT		
VAT Sub Type	: Output VAT		
VAT/Tax Class	: Output VAT @ 1%		
Inventory values are affected			
Percentage of Calculation			
Method of Calculation			
Rounding Method			
VAT/Tax Class			
Particulars	Activated From	Deactivated From	
Not Applicable			
Output VAT @ 12.5%			
Output VAT @ 14.5%	12-Jul-2011		
Output VAT @ 2%			
Output VAT @ 20%	12-Jul-2011		
Output VAT @ 4%			
Output VAT @ 5%	12-Jul-2011		
Output VAT - Works Contract @ 12.5%	1-Apr-2010		
Output VAT - Works Contract @ 14.5%	12-Jul-2011		
Output VAT - Works Contract @ 4%	1-Apr-2009		
Output VAT - Works Contract @ 5%	12-Jul-2011		

Figure 2.18 Output VAT – VAT/Tax Class Selection

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

Similarly, create the following output VAT ledgers:

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

### iii. Creating Tax Invoice

To create a Tax Invoice,

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

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

### iv. Creating a Sundry Debtor Ledger

To create a Sundry Debtor (Customer) ledger,

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

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

In Ledger Creation screen,

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

<b>Ledger Creation</b>		<b>National Traders</b>	<b>Total Op. Bal.</b>
Name : Marvel Traders (alias) :			
Under : Sundry Debtors (Current Assets)		<b>Mailing Details</b> Name : Marvel Traders Address : 14, 2nd Cross Ashok Nagar Chennai  State : Tamil Nadu PIN Code : 600025	
Maintain balances bill-by-bill ? Yes Default Credit Period : Inventory values are affected ? No		<b>Tax Information</b> PAN / IT No. : TAEFG8934B  Set/Alter VAT Details ? Yes	
Opening Balance ( on 1-Apr-2012 ) :			

## 6. Enter TIN/Sales Tax Number

<u>VAT Details</u>	
TIN/Sales Tax No.	: 33259874547
CST No.	: 33259874547

7. Accept **VAT Details** screen
8. Accept Sundry Debtor ledger.

Let us record transaction in Tally.ERP 9.

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Tax Invoice</b> No. 1				6-Apr-2012
Ref. : S01				Friday
Party's A/c Name : Marvel Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	4 Nos	22,500.00 Nos	90,000.00	
G I Pipes	70 Nos	400.00 Nos	28,000.00	
Silk Fabrics	4 Nos	8,000.00 Nos	32,000.00	
Vacuum Cleaner	5 Nos	17,500.00 Nos	87,500.00	
			2,37,500.00	
Packing Charges			10,000.00	
Output VAT @ 1%		1 %	904.82	
Output VAT @ 2%		2 %	728.67	
Output VAT @ 4%		4 %	1,299.28	
Output VAT @ 12.5%		12.50 %	11,012.80	
			83 Nos	
			2,61,445.57	
<div> Show Statutory Details ? <b>Yes</b> <div> Yes / No <div> No Yes </div> </div> </div>				
Narration:				

Figure 2.21 Sales Invoice – Show Statutory Details Field

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

Statutory Details		National Traders		Ctrl + M	
Tax Invoice Ref.: S01	Statutory Details				6-Apr-2012 Friday
Party's A/c Name Current Balance	Particulars		VAT		
Name of Item	Assessable Value		2,47,500.00		Amount
	Gold Jewellery		90,481.93		
	Item Value		90,000.00		
Gold Jewellery	Packing Charges		481.93		90,000.00
G I Pipes	G I Pipes		36,433.73		28,000.00
	Item Value		28,000.00		
Silk Fabrics	Packing Charges		8,433.73		32,000.00
Vacuum Cleaner	Silk Fabrics		32,481.93		87,500.00
	Item Value		32,000.00		2,37,500.00
	Packing Charges		481.93		10,000.00
Packing Charges	Vacuum Cleaner		88,102.41		904.82
Output VAT @ 1%	Item Value		87,500.00		728.67
Output VAT @ 2%	Packing Charges		602.41		1,299.28
Output VAT @ 4%					11,012.80
Output VAT @ 12.5%					
VAT Amount				13,945.57	
Output VAT @ 1%		1 %		904.82	
Gold Jewellery @ 1 % On				90,481.93	904.82
Output VAT @ 2%		2 %		728.67	
G I Pipes @ 2 % On				36,433.73	728.67
Output VAT @ 4%		4 %		1,299.28	
Silk Fabrics @ 4 % On				32,481.93	1,299.28
Output VAT @ 12.5%		12.50 %		11,012.80	
Vacuum Cleaner @ 12.50 % On				88,102.41	11,012.80
Show Statutory De Narration:					2,61,445.57

Figure 2.22 Sales Invoice – Statutory Details screen

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

Print preview of taxable sales invoice displays as shown:

INVOICE																																															
<b>National Traders</b> 14, Grems Road Anna Salai Chennai E-Mail : sales@nationaltraders.com				Invoice No.		Dated																																									
				1		6-Apr-2012																																									
				Delivery Note		Mode/Terms of Payment																																									
				D/34																																											
				Supplier's Ref.		Other Reference(s)																																									
				S01																																											
Buyer <b>Marvel Traders</b> 14, 2nd Cross Ashok Nagar Chennai				Buyer's Order No.		Dated																																									
				S/01		5-Apr-2012																																									
				Despatch Document No.		Dated																																									
				DDN/2541		6-Apr-2012																																									
				Despatched through		Destination																																									
				LR Transports		Ashok Nagar																																									
				Terms of Delivery																																											
Sl No.	Description of Goods	MRP/ Marginal	VAT %	Quantity	Rate	per	Amount																																								
1	Gold Jewellery		1	4 Nos	22,500.00	Nos	90,000.00																																								
2	G I Pipes		1	70 Nos	400.00	Nos	28,000.00																																								
3	Silk Fabrics		1	4 Nos	8,000.00	Nos	32,000.00																																								
4	Vacuum Cleaner		1	5 Nos	17,500.00	Nos	87,500.00																																								
							2,37,500.00																																								
Packing Charges							10,000.00																																								
Output VAT @ 1%							2,475.00																																								
Output VAT @ 2%							2,475.00																																								
Output VAT @ 4%							2,475.00																																								
Output VAT @ 12.5%							2,475.00																																								
<b>Total</b>							<b>₹ 2,57,400.00</b>																																								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3">Amount Chargeable (in words)</td> <td colspan="2" style="text-align: right;">E &amp; O.E</td> </tr> <tr> <td colspan="3">INR Two Lakh Fifty Seven Thousand Four Hundred Only</td> <td>VAT %</td> <td>Assessable Value</td> </tr> <tr> <td colspan="3">VAT Amount (in words)</td> <td>1 %</td> <td>90,481.93</td> </tr> <tr> <td colspan="3">INR Thirteen Thousand Nine Hundred Forty Five and Fifty</td> <td>2 %</td> <td>36,433.73</td> </tr> <tr> <td colspan="3">Seven paise Only (₹ 13,945.57)</td> <td>4 %</td> <td>32,481.93</td> </tr> <tr> <td colspan="3"></td> <td>12.50 %</td> <td>88,102.41</td> </tr> <tr> <td colspan="3"></td> <td><b>Total</b></td> <td><b>2,47,500.00</b></td> </tr> <tr> <td colspan="3"></td> <td></td> <td><b>13,945.57</b></td> </tr> </table>								Amount Chargeable (in words)			E & O.E		INR Two Lakh Fifty Seven Thousand Four Hundred Only			VAT %	Assessable Value	VAT Amount (in words)			1 %	90,481.93	INR Thirteen Thousand Nine Hundred Forty Five and Fifty			2 %	36,433.73	Seven paise Only (₹ 13,945.57)			4 %	32,481.93				12.50 %	88,102.41				<b>Total</b>	<b>2,47,500.00</b>					<b>13,945.57</b>
Amount Chargeable (in words)			E & O.E																																												
INR Two Lakh Fifty Seven Thousand Four Hundred Only			VAT %	Assessable Value																																											
VAT Amount (in words)			1 %	90,481.93																																											
INR Thirteen Thousand Nine Hundred Forty Five and Fifty			2 %	36,433.73																																											
Seven paise Only (₹ 13,945.57)			4 %	32,481.93																																											
			12.50 %	88,102.41																																											
			<b>Total</b>	<b>2,47,500.00</b>																																											
				<b>13,945.57</b>																																											
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">           Company's VAT TIN : 33201317891            Company's CST No. : 33201317891            Buyer's VAT TIN : 33259874547            Buyer's CST No. : 33259874547            Company's PAN : PEO21568KM         </td> <td style="width: 50%; text-align: right;"> <b>for National Traders</b>             Authorised Signatory         </td> </tr> </table>								Company's VAT TIN : 33201317891 Company's CST No. : 33201317891 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547 Company's PAN : PEO21568KM	<b>for National Traders</b>  Authorised Signatory																																						
Company's VAT TIN : 33201317891 Company's CST No. : 33201317891 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547 Company's PAN : PEO21568KM	<b>for National Traders</b>  Authorised Signatory																																														
This is a Computer Generated Invoice																																															

Figure 2.23 Print Preview of Sales Invoice



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



### Example 5:

On 7-4-2012, National Traders sold the following items to Marvel Traders vide invoice number S02:

Item Description	Quantity (in Nos)	Rate	Amount	VAT	Commodity Code
Insulators	85	500	42,500	5%	69
Fax Machine	2	17,500	35,000	14.5%	333
Tobacco Products	45	350	15,750	20%	519

An amount of ₹ 2,000 was charged as packing charges which was included in the invoice.

Step 1:

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

### Creating Ledgers

#### i. Sales Ledger

Create the following Sales ledgers by following the steps shown in Example 4:

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Sales @ 5%	Sales Accounts	Yes	Yes	Sales @ 5%	No
Sales @ 14.5%	Sales Accounts	Yes	Yes	Sales @ 14.5%	No
Sales @ 20%	Sales Accounts	Yes	Yes	Sales @ 20%	No

#### ii. Output VAT on Sales Ledger

Create the following Output VAT ledgers by following the steps shown in Example 4:

Name	Under Group	Type of Duty/Tax	VAT Sub Type	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
Output VAT @ 5%	Duties & Taxes	VAT	Output VAT	Output VAT @ 5%	No	5%	On VAT Rate
Output VAT @ 14.5%	Duties & Taxes	VAT	Output VAT	Output VAT @ 14.5%	No	14.5%	On VAT Rate
Output VAT @ 20%	Duties & Taxes	VAT	Output VAT	Output VAT @ 20%	No	20%	On VAT Rate

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

- Accounting Voucher Creation

National Traders

Ctrl + M

Tax Invoice

No. 2

7-Apr-2012

Ref. : S02

Saturday

Party's A/c Name : Marvel Traders

Current Balance : 2,61,445.57 Dr

Name of Item	Quantity	Rate	per	Amount
Insulators	85 Nos	500.00	Nos	42,500.00
Fax Machines	2 Nos	17,500.00	Nos	35,000.00
Tobacco Products	45 Nos	350.00	Nos	15,750.00
				93,250.00
Packing Charges				2,000.00
Output VAT @ 5%		5	%	2,189.39
Output VAT @ 14.5%		14.50	%	5,079.39
Output VAT @ 20%		20	%	3,286.36

Yes / No

No

Yes

Show Statutory Details ? Yes

Narration:

132 Nos

1,05,805.14

38

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

Statutory Details		National Traders		Ctrl + M	
Tax Invoice Ref : S02	Statutory Details				7-Apr-2012 Saturday
Party's A/c Name Current Balance	Particulars		VAT		
Name of Item	Assessable Value		95,250.00		
Insulators	Insulators		43,787.88		
	Item Value		42,500.00		
Insulators	Packing Charges		1,287.88		
Fax Machines	Fax Machines		35,030.30		
	Item Value		35,000.00		
Tobacco Products	Packing Charges		30.30		
	Tobacco Products		16,431.82		
	Item Value		15,750.00		
Packing Charges	Packing Charges		681.82		
Output VAT @ 5%					
Output VAT @ 14.5%					
Output VAT @ 20%					
	VAT Amount		10,555.14		
	Output VAT @ 5%		5 %		
	Insulators @ 5 % On		43,787.88		
			2,189.39		
	Output VAT @ 14.5%		14.50 %		
	Fax Machines @ 14.50 % On		35,030.30		
			5,079.39		
	Output VAT @ 20%		20 %		
	Tobacco Products @ 20 % On		16,431.82		
			3,286.36		
Show Statutory De Narration:					1,05,805.14

Figure 2.25 Sales Invoice – Statutory Details screen

14. Accept **Statutory Details** screen
15. Accept default Bill Allocations in **Bill-wise Details** screen
16. Enter **Narration** if required and accept Sales invoice.
17. Press **Pg Up** key to view the sales invoice in alteration mode
18. Press **Alt+P** to print the invoice.
19. Click **F12: Configure**. In the **Invoice Print Configuration**, set the options as given below:
  - ❑ **Print Company Logo** to **Yes** to print company logo in tax invoice. **Location of Logo** field will display the logo path entered in **F1: Accounting Features** screen so accept the same.
  - ❑ **Print VAT/CST Analysis of Items** to **Yes** to display VAT Amount charged in words.
  - ❑ **Print VAT/CST % Column** to **Yes** to display percentage-wise breakup of VAT rate and amount columns along with Assessable value
  - ❑ **Print Base Currency Symbol for Total** to **Yes** to display the ₹ symbol before the total amount.
20. Remaining fields can be configured as per requirement.

Print preview of the taxable sales invoice displays as shown:

INVOICE																															
<b>National Traders</b> 14, Grems Road Anna Salai Chennai E-Mail : sales@nationaltraders.com		Invoice No. <b>2</b>		Dated <b>7-Apr-2012</b>																											
		Delivery Note <b>D/78</b>		Mode/Terms of Payment																											
		Supplier's Ref. <b>S02</b>		Other Reference(s)																											
Buyer <b>Marvel Traders</b> 14, 2nd Cross Ashok Nagar Chennai		Buyer's Order No. <b>S/02</b>		Dated <b>6-Apr-2012</b>																											
		Despatch Document No. <b>DDN/7845</b>		Dated <b>7-Apr-2012</b>																											
		Despatched through <b>LR Transports</b>		Destination <b>Ashok Nagar</b>																											
		Terms of Delivery																													
Sl No.	Description of Goods	MRP/ Marginal	VAT %	Quantity	Rate	per	Amount																								
1	Insulators		5	85 Nos	500.00	Nos	42,500.00																								
2	Fax Machines		5	2 Nos	17,500.00	Nos	35,000.00																								
3	Tobacco Products		5	45 Nos	350.00	Nos	15,750.00																								
							93,250.00																								
	<i>Packing Charges</i>						2,000.00																								
	<i>Output VAT @ 5%</i>				5 %		2,189.39																								
	<i>Output VAT @ 14.5%</i>				14.50 %		5,079.39																								
	<i>Output VAT @ 20%</i>				20 %		3,286.36																								
Total				132 Nos			₹ 1,05,805.14																								
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Amount Chargeable (in words)</td> <td colspan="2" style="text-align: right;">E. &amp; O.E</td> </tr> <tr> <td colspan="2">INR One Lakh Five Thousand Eight Hundred Five and Fourteen paise Only</td> <td style="text-align: center;">VAT %</td> <td style="text-align: right;">Assessable Value VAT Amount</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">5 %</td> <td style="text-align: right;">43,787.88 2,189.39</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">14.50 %</td> <td style="text-align: right;">35,030.30 5,079.39</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">20 %</td> <td style="text-align: right;">16,431.82 3,286.36</td> </tr> <tr> <td colspan="2"></td> <td style="text-align: center;">Total</td> <td style="text-align: right;">95,250.00 10,555.14</td> </tr> </table>								Amount Chargeable (in words)		E. & O.E		INR One Lakh Five Thousand Eight Hundred Five and Fourteen paise Only		VAT %	Assessable Value VAT Amount			5 %	43,787.88 2,189.39			14.50 %	35,030.30 5,079.39			20 %	16,431.82 3,286.36			Total	95,250.00 10,555.14
Amount Chargeable (in words)		E. & O.E																													
INR One Lakh Five Thousand Eight Hundred Five and Fourteen paise Only		VAT %	Assessable Value VAT Amount																												
		5 %	43,787.88 2,189.39																												
		14.50 %	35,030.30 5,079.39																												
		20 %	16,431.82 3,286.36																												
		Total	95,250.00 10,555.14																												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">           Company's VAT TIN : 33201317891            Company's CST No. : 33201317891            Buyer's VAT TIN : 33259874547            Buyer's CST No. : 33259874547            Company's PAN : PEO21568KM         </td> <td style="width: 50%; vertical-align: bottom;"> <div style="text-align: right;">for National Traders</div> <div style="text-align: right;">Authorised Signatory</div> </td> </tr> </table>								Company's VAT TIN : 33201317891 Company's CST No. : 33201317891 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547 Company's PAN : PEO21568KM	<div style="text-align: right;">for National Traders</div> <div style="text-align: right;">Authorised Signatory</div>																						
Company's VAT TIN : 33201317891 Company's CST No. : 33201317891 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547 Company's PAN : PEO21568KM	<div style="text-align: right;">for National Traders</div> <div style="text-align: right;">Authorised Signatory</div>																														
Declaration We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.																															
This is a Computer Generated Invoice																															

Figure 2.26 Print Preview of Sales Invoice

### 2.1.4 MRP Based Sales

#### Example 6:

*On 9-4-2012, National Traders sold 66 nos of G I Pipes (priced at ₹ 400) to Marvel Traders vide invoice number S03 for MRP rate of ₹ 350.*

Step 1:

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

#### Stock Item - G I Pipes

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

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

Step 2:

Let us record transaction in Tally.ERP 9.

To create a tax invoice,

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

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

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

11. Enter **Narration** if required.

Accounting Voucher Creation		National Traders		Ctrl + M
Tax Invoice No. 3				9-Apr-2012
Ref. : S03				Monday
Party's A/c Name : Marvel Traders Current Balance : 3,95,255.71 Dr Sales Ledger : Sales @ 2% VAT/Tax Class : Sales @ 2%				
Name of Item	Quantity	Rate per	Amount	
G I Pipes	66 Nos	400.00 Nos	26,400.00	
MRP / Marginal: 350.00/Nos				
Output VAT @ 2%		2 %	462.00	
Show Statutory Details ? No Narration:				
66 Nos				Accept ? Yes or No

Figure 2.27 Sales – MRP Based

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

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

### 2.1.5 Sale on Item Rate with Display of MRP In Invoice

#### Example 7:

*On 10-4-2012, National Traders sold 65 nos of Insulators at ₹ 500/nos to Marvel Traders vide invoice number S04 by showing the MRP rate of ₹ 450 in the invoice.*

Step 1:

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

#### Stock Item - Insulators

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

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

The stock item displays as shown:

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

Figure 2.28 Stock Item – Use MRP to Print

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

Step 2:

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

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

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

1. Enter reference in the **Ref.** field, if required.
2. Select **Marvel Traders** in **Party's A/c Name** field from the **List of Ledger Accounts**.
3. Enter **Despatch Details** in **Party Details** screen.
4. Select **Sales @ 5%** ledger from the **List of Ledger Accounts**.
5. On selecting **Sales @ 5%** ledger, VAT/Tax Class appears as **Sales @ 5%**
6. Select **Name of Item** as **Insulators** from **List of Items**. Enter **Quantity** as **65**, **Rate** appears as **500** and **Amount** will be displayed automatically.
7. In **MRP/Marginal** field, enter ₹ **450**.
8. Select **Output VAT @ 5%** and value will be automatically calculated based on item rate and not the MRP rate ( $32,500 \times 5/100 = 1,625$ ).
9. The field **Show Statutory Details** will be set to **No**
10. Accept default **Bill Allocations** in **Bill-wise Details** screen



11. Enter **Narration** if required.

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Tax Invoice</b> No. 4				10-Apr-2012 Tuesday
Ref. : S04				
Party's A/c Name : Marvel Traders				
Current Balance : 3,94,112.71 Dr				
Name of Item	Quantity	Rate per	Amount	
Insulators	65 Nos	500.00 Nos	32,500.00	
MRP / Marginal: 450.00/Nos				
Output VAT @ 5%		5 %	1,625.00	
Show Statutory Details ? No				
Narration:		65 Nos		Accept ? Yes or No

Figure 2.29 MRP Based Sales – Completed

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

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



Print preview of tax invoice with Output VAT calculated on Item rate with display of MRP rate appears as shown:

INVOICE							
<b>National Traders</b> 14, Grems Road Anna Salai Chennai E-Mail : sales@nationaltraders.com				Invoice No. <b>4</b>		Dated <b>10-Apr-2012</b>	
				Delivery Note <b>DN/38</b>		Mode/Terms of Payment	
				Supplier's Ref. <b>S04</b>		Other Reference(s)	
Buyer <b>Marvel Traders</b> 14, 2nd Cross Ashok Nagar Chennai				Buyer's Order No. <b>S/04</b>		Dated <b>9-Apr-2012</b>	
				Despatch Document No. <b>DDN/1236</b>		Dated <b>10-Apr-2012</b>	
				Despatched through <b>LR Transports</b>		Destination <b>Ashok Nagar</b>	
				Terms of Delivery			
Sl No.	Description of Goods	MRP/ Marginal	VAT %	Quantity	Rate	per	Amount
1	Insulators	450.00/Nos	5	65 Nos	500.00	Nos	32,500.00
	Output VAT @ 5%					5 %	1,625.00
Total				65 Nos			₹ 34,125.00
Amount Chargeable (in words) <span style="float: right;">E. &amp; O.E</span> <b>INR Thirty Four Thousand One Hundred Twenty Five Only</b>							
VAT Amount (in words) <span style="float: right;">VAT % Assessable Value VAT Amount</span> 5 % 32,500.00 1,625.00							
<b>INR One Thousand Six Hundred Twenty Five Only (₹ 1,625.00)</b>							
Company's VAT TIN : 33201317891 Company's CST No. : 33201317891 Buyer's VAT TIN : 33259874547 Buyer's CST No. : 33259874547 Company's PAN : PEO21568KM							
Declaration We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.				<b>for National Traders</b>  Authorised Signatory			
This is a Computer Generated Invoice							

Figure 2.30 Tax Invoice - Output VAT Calculation on Item Rate with Display of MRP

### 2.1.6 Sales Returns

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

#### Example 8:

*On 7-4-2012, M/s National Traders received 15 nos of G I Pipes returned by Marvel Traders against the sales dated 6-4-2012 vide invoice number S01.*

Step 1:

Let us record the transaction in Tally.ERP 9

To create a credit note for sales returns,

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

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

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

12. Enter **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Credit Note</b> No. 1				7-Apr-2012
Ref. : S01		Used for: Goods Sold Returned		Saturday
Party's A/c Name : Marvel Traders Current Balance : 4,28,237.71 Dr Sales Ledger : Sales @ 2% VAT/Tax Class : Sales @ 2%				
Name of Item	Quantity	Rate per	Amount	
G I Pipes	15 Nos	400.00 Nos	6,000.00	
Output VAT @ 2%		2 %	120.00	
Show Statutory Details ? No Narration:				
			15 Nos	<b>Accept ?</b> Yes or No

Figure 2.31 Credit Note – Sales Returns

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

## 2.2 Purchase and Sale of Exempt Goods

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

### 2.2.1 Exempted Purchases

**Example 9:**

*On 3-4-2012, National Traders purchased 200 nos of the periodical – The IT Journal for ₹ 150 each from M/s. Swasthik Associates, Chennai vide invoice number 02.*

Step 1:

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

#### Creating Ledgers

##### i. Purchases – Exempt Ledger

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

Create Purchases – Exempt ledger with the following details:

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

## ii. Creating a Sundry Creditor Ledger

Create the Sundry Creditor ledger – **Swasthik Associates** by following the steps given in Example 1.

## iii. VAT Commodity

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

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

## iv. Stock Item – The IT Journal

Create Stock Item with the details as given in the following table:

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

Step 2:

Let us record the transaction in Tally.ERP 9

To create a purchase exempt voucher,

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

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

1. Enter **Supplier Invoice number** and **Date**
2. Select **Party's A/c Name** as **Swasthik Associates** from the **List of Ledger Accounts**.
3. Select **Purchases – Exempt** ledger from the **List of Ledger Accounts**.
4. On selecting **Purchase – Exempt** ledger, VAT/Tax Class appears as **Purchases – Exempt** automatically
5. Select **Name of Item** as **The IT Journal** from the **List of Items**

6. Enter **Quantity** as **200** and **Rate** as **150**. Amount is automatically displayed in **Amount** field
7. The field **Show Statutory Details** will be set to **No**
8. Accept default **Bill Allocations** in **Bill-wise Details** screen
9. Enter **Narration** if required
10. The completed **Purchases Voucher** screen is displayed as shown:

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 3			3-Apr-2012
Supplier Invoice No. : 02	Date : 3-Apr-2012			Tuesday
Party's A/c Name : Swasthik Associates Current Balance : Purchase Ledger : Purchase - Exempt VAT/Tax Class : Purchases - Exempt				
Name of Item	Quantity	Rate per	Amount	
The IT Journal	200 Nos	150.00 Nos	30,000.00	
J End of List				
Show Statutory Details ? No Narration: Purchase of exempt commodity accounted for.				
<div style="border: 1px solid black; padding: 2px;">             200 Nos           </div>				<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>Accept ?</b>              Yes or No           </div>

Figure 2.32 Purchase – Exempt Invoice

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

## 2.2.2 Exempted Sales

### Example 10:

*On 7-4-2012, National Traders sold 180 nos of The IT Journal for ₹ 200 to Supreme Book Stores, Chennai vide invoice number SN01.*

Step 1:

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

### Creating Ledgers

#### i. Sales – Exempt

To create a Sales – Exempt Ledger

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

Create the Sales – Exempt ledger with the following details:

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

#### ii. Sundry Debtor Ledger

Create the Sundry Debtor ledger - Supreme Book Stores by following the steps given in Example 4.

Step 2:

Let us record the transaction in Tally.ERP 9

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 1				7-Apr-2012
Ref. : SN01				Saturday
Party's A/c Name : Supreme Book Stores Current Balance : Sales Ledger : Sales - Exempt VAT/Tax Class : Sales - Exempt				
Name of Item	Quantity	Rate per	Amount	
The IT Journal	180 Nos	200.00 Nos	36,000.00	
J End of List				
Show Statutory Details ? No Narration: Being sale of exempt commodity accounted for.				
			180 Nos	Accept ? Yes or No

Figure 2.33 Sales – Exempt Invoice

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

### 2.2.3 Sales Returns

#### Example 11:

*On 9-4-2012, M/s National Traders received 10 nos of The IT Journal sold to Supreme Book Stores on 7-4-2012 vide invoice number SN01.*

Step 1:

Let us record the transaction in Tally.ERP 9

To create a credit note for sales returns,

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

1. Enter reference number in **Ref.** field.
2. Select **Goods Sold Returned** flag from list of **VAT Adjustments** in **Used For** field
3. Select **Supreme Book Stores** in **Party's A/c Name** field from the **List of Ledger Accounts**
4. In **Party Details** screen, enter/modify required details
5. Select **Name of Item** as **The IT Journal** from the **List of Items**. Enter **Quantity** as **10**, **Rate** and **Amount** will be displayed automatically

6. In **Accounting Details** screen, select **Sales – Exempt** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Sales – Exempt**
7. The field **Show Statutory Details** will be set to **No**
8. Accept default **Bill Allocations** in **Bill-wise Details** screen
9. Enter **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M	
Credit Note No. 2				9-Apr-2012 Monday	
Ref.: SN01		Used for: Goods Sold Returned			
Party's A/c Name : Supreme Book Stores Current Balance : 36,000.00 Dr Sales Ledger : Sales - Exempt VAT/Tax Class : Sales - Exempt					
Name of Item	Quantity	Rate per	Amount		
The IT Journal	10 Nos	200.00 Nos	2,000.00		
J End of List					
Show Statutory Details ? No Narration: Being sales returns accounted for.					
			10 Nos <div>             Accept ?              Yes or No           </div>		

Figure 2.34 Credit Note – Exempt Sales Returns

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

## 2.3 Inter-State Purchases and Sales

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

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



### 2.3.1 Inter-State Purchases Against Form C

#### Example 12:

*On 9-4-2012, M/s National Traders purchased 15 nos of Air Conditioners from Sunlite Enterprises, Mumbai for ₹ 25,000 each vide Invoice No. 03, by issuing C Form. CST @ 2% was charged while invoicing.*

Step 1:

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

#### i. Inter-State Purchases Ledger

Create the Inter-State Purchase ledger with the details as given in the following table:

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

#### ii. CST on Purchase Ledger

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

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

#### iii. Sundry Creditor Ledger

Create Sundry Creditor ledger – Sunlite Enterprises by following the steps given in Example 1.

#### iv. VAT Commodity Creation

Create the VAT Commodity with the following details:

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

#### v. Stock Item – Air Conditioner

Create the Stock Item with the details as given in the following table:

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

Step 2:

Let us enter the purchase transaction in Tally.ERP 9

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

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

12. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 4			9-Apr-2012
Supplier Invoice No. : 03	Date : 9-Apr-2012			Monday
Party's A/c Name : Sunlite Enterprises Current Balance : Purchase Ledger : Interstate Purchases @ 2% VAT/Tax Class : Interstate Purchases @ 2% Against Form C				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	15 Nos	25,000.00 Nos	3,75,000.00	
CST-2% (Purchase)		2 %	7,500.00	
Form to Issue : C Form      Form Series No : MH5214V      Form No : 587454      Date : 9-Apr-2012				
Show Statutory Details ? No Narration:				
				<b>Accept ?</b> Yes or No

Figure 2.35 Interstate Purchases against Form C

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

### 2.3.2 Interstate Purchases at Multiple CST Rates

**Example 13:**

On 10-4-2012, National Traders purchased the following items from Universal Enterprises vide invoice number 04:

Item Description	Quantity (in Nos)	Rate	Amount	CST
Gold Jewellery	5	16,000	80,000	1%
Insulators	200	320	64,000	5%
Fax Machine	5	15,000	75,000	14.5%

Step 1:

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

### i. Inter-State Purchase Ledgers

Create the Interstate Purchase ledgers with the following details

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Interstate Purchases @ 1%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 1%	No
Interstate Purchases @ 5%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 5%	No
Interstate Purchases @ 14.5%	Purchase Accounts	Yes	Yes	Interstate Purchases @ 14.5%	No

### ii. CST on Purchase Ledgers

Create the CST on Purchase Ledgers with the following details

Name	Under Group	Type of Duty/Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST-1% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 1%	No	1%	On VAT Rate
CST-5% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 5%	No	5%	On VAT Rate
CST-14.5% (Purchase)	Duties & Taxes	CST	Interstate Purchases @ 14.5%	No	14.5%	On VAT Rate

### iii. Sundry Creditor Ledger

Create the Sundry Creditor ledger – Universal Enterprises by following the steps given in Example 1.

Step 2:

Let us enter the purchase transaction in Tally.ERP 9

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

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

3. In **Party Details** screen, enter/modify required details
4. Select **Name of Item** as **Gold Jewellery** from the **List of Items**
5. Enter **Quantity** as **5** and **Rate** as **16,000**. Value is automatically displayed in **Amount** field
6. In **Accounting Details** screen, select **Interstate Purchases @ 1%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 1%**
7. Select next stock item as **Insulators**. Enter **Quantity** as **200** and **Rate** as **320**
8. In **Accounting Details** screen, select **Interstate Purchases @ 5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 5%**
9. Select next stock item as **Fax Machine**. Enter **Quantity** as **5** and **Rate** as **15,000**
10. In **Accounting Details** screen, select **Interstate Purchases @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 14.5%**
11. Select ledgers **CST-1%(Purchase)**, **CST-5%(Purchase)** and **CST-14.5%(Purchase)** and respective values will be automatically calculated
12. The field **Show Statutory Details** to **No**. Retain the same setting.
13. Accept default **Bill Allocations** in **Bill-wise Details** screen
14. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 5			10-Apr-2012
Supplier Invoice No. : 04	Date : 10-Apr-2012			Tuesday
Party's A/c Name : Universal Enterprises				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	5 Nos	16,000.00 Nos	80,000.00	
Insulators	200 Nos	320.00 Nos	64,000.00	
Fax Machines	5 Nos	15,000.00 Nos	75,000.00	
			2,19,000.00	
CST - 1% (Purchase)		1 %	800.00	
CST - 5% (Purchase)		5 %	3,200.00	
CST - 14.5% (Purchase)		14.50 %	10,875.00	
Form to Issue : Not Applicable				
Show Statutory Details ? No				
Narration:				
210 Nos				Accept ?
				Yes or No

Figure 2.36 Interstate Purchases at Multiple CST Rates

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

### 2.3.3 Inter-State Sales Against Form C

#### Example 14:

*On 10-4-2012, M/s National Traders sold 5 Nos. of Air Conditioners to Digilink Electronics, Hyderabad for ₹ 28,000 each vide Invoice No. SN03 against Form C. Packing charges amounted to ₹ 4,500. CST @ 2% was charged while invoicing.*

Step 1:

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

#### i. Inter-State Sales Ledger

Create the Inter-State Sales ledger with the details as given in the following table:

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

#### ii. CST @ 2% Ledger

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

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

#### iii. Sundry Debtor Ledger

Create the Sundry Debtor ledger – Digilink Electronics by following the steps given in Example 4.

Step 2:

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

To create an Interstate Sale Voucher,

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

1. Enter reference in the **Ref.** field
2. Select **Digilink Electronics** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter required details
4. Select **Interstate Sales @ 2%** ledger in **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting **Interstate Sales @ 2%**, VAT/Tax Class appears as **Interstate Sales @ 2% Against Form C**
6. Select **Name of Item** as **Air Conditioner** from the **List of Items**
7. Enter **Quantity** as **5** and **Rate** as **28,000**. Value is automatically displayed in **Amount** field.

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

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 2				10-Apr-2012 Tuesday
Ref. : SN03				
Party's A/c Name : Digilink Electronics				
Current Balance :				
Sales Ledger : Interstate Sales @ 2%				
VAT/Tax Class : Interstate Sales @ 2% Against Form C				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	5 Nos	28,000.00	1,40,000.00	
Packing Charges			4,500.00	
CST @ 2%		2 %	2,890.00	
Is Declared Goods Sales ? No				
Form to Receive : C Form      Form Series No. : AP5143Y      Form No. : 214785      Date : 10-Apr-2012				
Show Statutory Details ? No				
Narration:				
Being inter-state sales accounted for.				
5 Nos				Accept ? Yes or No

Figure 2.37 Sales Invoice – Sales Against C Form

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

### 2.3.4 Inter-State Sales at Multiple CST Rates

#### Example 15:

On 11-4-2012, National Traders sold the following items to Verona Traders vide invoice number SN04:

Item Description	Quantity (in Nos)	Rate	Amount	CST
Gold Jewellery	2	22,500	45,000	1%
Insulators	30	500	15,000	5%
Fax Machine	2	17,500	35,000	14.5%

Step 1:

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

#### i. Inter-State Sales Ledgers

Create the Interstate Sales ledgers with the following details

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Interstate Sales @ 1%	Sales Accounts	Yes	Yes	Interstate Sales @ 1%	No
Interstate Sales @ 5%	Sales Accounts	Yes	Yes	Interstate Sales @ 5%	No
Interstate Sales @ 14.5%	Sales Accounts	Yes	Yes	Interstate Sales @ 14.5%	No

#### ii. CST on Sales Ledgers

Create the CST on Sales ledgers with the following details

Name	Under Group	Type of Duty/ Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST @ 1%	Duties & Taxes	CST	CST @ 1%	No	1%	On VAT Rate
CST @ 5%	Duties & Taxes	CST	CST @ 5%	No	5%	On VAT Rate
CST @ 14.5%	Duties & Taxes	CST	CST @ 14.5%	No	14.5%	On VAT Rate



### iii. Sundry Debtor Ledger

Create the Sundry Debtor ledger – Verona Traders by following the steps given in Example 4.

Step 2:

Let us enter the sales transaction in Tally.ERP 9

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

1. Enter reference number in the **Ref.** field
2. Select **Verona Traders** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter/modify required details
4. Select **Name of Item** as **Gold Jewellery** from the **List of Items**
5. Enter **Quantity** as **2** and **Rate** as **20,000**. Value is automatically displayed in **Amount** field
6. In **Accounting Details** screen, select **Interstate Sales @ 1%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 1%**
7. Select next stock item as **Insulators**. Enter **Quantity** as **30** and **Rate** as **320**
8. In **Accounting Details** screen, select **Interstate Sales @ 5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 5%**
9. Select next stock item as **Fax Machine**. Enter **Quantity** as **2** and **Rate** as **15,000**
10. In **Accounting Details** screen, select **Interstate Sales @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Sales @ 14.5%**
11. Select ledgers; **CST @ 1**, **CST @ 5%** and **CST @ 14.5%** and respective values will be automatically calculated
12. Set **Is Declared Goods Sale** to **No**.
13. The field **Show Statutory Details** to **No**. Retain the same setting.
14. Accept default **Bill Allocations** in **Bill-wise Details** screen

15. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 3				11-Apr-2012
Ref. : SN04				Wednesday
Party's A/c Name : Verona Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	2 Nos	22,500.00 Nos	45,000.00	
Insulators	30 Nos	500.00 Nos	15,000.00	
Fax Machines	2 Nos	17,500.00 Nos	35,000.00	
			<hr/> 95,000.00	
CST @ 1%		1 %	450.00	
CST @ 5%		5 %	750.00	
CST @ 14.5%		14.50 %	5,075.00	
Is Declared Goods Sales ? No				
Form to Receive : Not Applicable				
Show Statutory Details ? No				
Narration:				
Inter-state sale of goods at multiple CST rates accounted for.		34 Nos	Accept ?	
			Yes or No	

Figure 2.38 Inter-State Sales at Multiple CST Rates

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

### 2.3.5 Inter-state Sales under Sec. 10

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

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

**Example 16:**

*On 12-4-2012, M/s National Traders sold 6 Nos. of Silk Fabrics to Fortune Agencies, Ahmedabad for ₹ 8,000 each vide invoice number SN05.*

Step 1:

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

### i. Inter-State Sales Ledger for Special Category Goods

Create the Inter-State Sales ledger for special category goods with the details as given in the following table:

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

### ii. Sundry Debtor Ledger

Create the Sundry Debtor ledger – Fortune Agencies by following the steps given in Example 4.

Step 2:

Let us enter the transaction in Tally.ERP 9

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

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 4				12-Apr-2012
Ref : SN05				Thursday
Party's A/c Name : Fortune Agencies Current Balance : Sales Ledger : Interstate Sales - Spl. Category VAT/Tax Class : Inter-State Sales - Spl. Category Goods				
Name of Item	Quantity	Rate per	Amount	
Silk Fabrics	6 Nos	8,000.00 Nos	48,000.00	
CST @ 2%		2 %	960.00	
Is Declared Goods Sales ? Yes				
Form to Receive : Not Applicable				
Show Statutory Details ? No				
Narration:				
Being inter-state sale of special category goods accounted for.				
				Accept ? Yes or No

Figure 2.39 Sales Invoice – Sale of Special Category Goods

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

## 2.4 Purchase from Unregistered Dealers

### Example 17:

On 13-4-2012, M/s National Traders purchased the goods from Gizmo Traders, an unregistered dealer vide invoice number 05, the details of which are as given below:

Item Description	Quantity (in Nos)	Rate	Amount	VAT
Gold Jewellery	2	20,000	40,000	1%
Insulators	5	320	1,600	5%
Fax Machine	3	15,000	45,000	14.5%

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

Step 1:

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

### Creating Ledgers

#### i. Ledgers for Purchases From URDs

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Purchases from URDs @ 1%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 1%	No
Purchases from URDs @ 5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 5%	No
Purchases from URDs @ 14.5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 14.5%	No

#### ii. Ledger for Tax Paid on Purchases made from URDs

Name	Under Group	Inventory values are affected	Used in VAT Returns	VAT/Tax Class	Use for Assessable Value Calculation
Tax Paid on URD Purchases @ 1%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 1%	No
Tax Paid on URD Purchases @ 5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 5%	No
Tax Paid on URD Purchases @ 14.5%	Purchase Accounts	Yes	Yes	Purchases From URDs – Taxable Goods @ 14.5%	No

#### iii. Sundry Creditor Ledger

Create the Sundry Creditor ledger – Gizmo Traders by following the steps given in Example 1.

#### iv. Enabling VAT Adjustments in Journal Voucher Type

To create a VAT Adjustment class for journal vouchers,

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

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

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

Figure 2.40 Journal Voucher Type – Voucher Class

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

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

Figure 2.41 Voucher Type Class screen

4. Accept **Voucher Type Class** screen and return to **Voucher Type Alteration** screen
5. Accept to save the journal voucher type.

Step 2:

Let us record the transaction in Tally.ERP 9.

#### i. Purchase voucher for Taxable Goods purchased from URDs

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

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

1. Enter **Supplier Invoice number** and **Date**
2. Select **Party's A/c Name** as **Gizmo Traders** from the **List of Ledger Accounts**
3. Select **Name of Item** as **Gold Jewellery** from the **List of Items**
4. Enter **Quantity** as **2** and **Rate** as **20,000**. Value is automatically displayed in the **Amount** field.

5. In **Accounting Details** screen, select **Purchases from URDs @ 1%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 1%**
6. Select next stock item as **Insulators**. Enter **Quantity** as **5** and **Rate** as **320**
7. In **Accounting Details** screen, select **Purchases from URDs @ 5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 5%**
8. Select next stock item as **Fax Machine**. Enter **Quantity** as **3** and **Rate** as **15,000**
9. In **Accounting Details** screen, select **Purchases from URDs @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases From URDs – Taxable Goods @ 14.5%**
10. The field **Show Statutory Details** will be set to **No**
11. Accept default **Bill Allocations** in **Bill-wise Details** screen
12. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 6			13-Apr-2012
Supplier Invoice No. : 05	Date : 13-Apr-2012			Friday
Party's A/c Name : Gizmo Traders				
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Gold Jewellery	2 Nos	20,000.00 Nos	40,000.00	
Insulators	5 Nos	320.00 Nos	1,600.00	
Fax Machines	3 Nos	15,000.00 Nos	45,000.00	
			<b>86,600.00</b>	
J End of List				
Show Statutory Details ? No				
Narration:				
Being goods purchased from Unregistered dealer.				
10 Nos				Accept ?
				Yes or No

Figure 2.42 Purchase Invoice – Purchase from URDs

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

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

Let us record the transaction in Tally.ERP 9.

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

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

1. Select **Tax on URD Purchase** as **VAT Adjustment Class** in **Used for** field

2. Debit the ledger – **Tax Paid on URD Purchases @ 1%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 1%**
3. Enter **Amount** as **400** (i.e.,  $40,000 \times 1\%$  VAT) in the debit field
4. Similarly, debit the ledger – **Tax Paid on URD Purchases @ 5%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 5%**
5. Enter **Amount** as **80** (i.e.,  $1,600 \times 5\%$  VAT)
6. Debit the ledger – **Tax Paid on URD Purchases @ 14.5%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 14.5%**
7. Enter **Amount** as **6,525** (i.e.,  $45,000 \times 14.5\%$  VAT)
8. Credit **Output VAT @ 1%** ledger.
9. In **VAT Class Details** screen, **Output VAT @ 1%** will be displayed in **VAT/Tax Class** field. Enter **Assessable Value** as **40,000**.
10. Select required commodity. Any number of Commodities can be selected in **Commodity Name** field and assessable value can be specified for each, such that the total tax value matches with the amount debited.
11. Here select **Commodity** as **Jewellery** with **Assessable Value** of **40,000**. **Tax amount** will be automatically calculated and displayed.

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

Figure 2.43 VAT Class Details screen

12. Enter credit amount as **400**
13. Similarly, credit **Output VAT @ 5%** ledger.
14. In **VAT Class Details** screen, **Output VAT @ 5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable value** as **1,600**.
15. Select **Commodity** as **Insulators** with **Assessable Value** of **1,600**. **Tax amount** will be automatically calculated and displayed
16. Enter credit amount as **80**
17. Credit **Output VAT @ 14.5%** ledger.
18. In **VAT Class Details** screen, **Output VAT @ 14.5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable value** as **45,000**.
19. Select **Commodity** as **Fax Machines** with **Assessable Value** of **45,000**. **Tax amount** will be automatically calculated and displayed
20. Credit amount will be automatically displayed



21. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 1	Voucher Class : VAT Adjustment Class	13-Apr-2012 Friday
Used for: Tax on URD Purchase			
Particulars	Debit	Credit	
Dr Tax Paid on URD Purchases @ 1%	400.00		
Cur Bal: 400.00 Dr			
Dr Tax Paid on URD Purchases @ 5%	80.00		
Cur Bal: 80.00 Dr			
Dr Tax Paid on URD Purchases @ 14.5%	6,525.00		
Cur Bal: 6,525.00 Dr			
Cr Output VAT @ 1%		400.00	
Cur Bal: 1,304.82 Cr			
Cr Output VAT @ 5%		80.00	
Cur Bal: 3,894.39 Cr			
Cr Output VAT @ 14.5%		6,525.00	
Cur Bal: 11,604.39 Cr			
	7,005.00	7,005.00	
Narration: Being Purchase tax accounted for purchases from Unregistered dealers.			
			Accept ? Yes or No

Figure 2.44 Journal Voucher – Tax on URD Purchase

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

## 2.5 Exports

### Example 18:

On 13-4-2012, M/s National Traders sold the following items to Zeta Inc., New York vide invoice number SN06.

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

The conversion factor per \$ is “1 \$ = ₹ 48”

On 14-4-2012, M/s National Traders recorded an adjustment entry to account for refund claimed on input VAT paid on exported goods.

Step 1:

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

### Creating Ledgers

#### i. Exports Ledger

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

#### ii. Refund on Exports Ledger

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

#### iii. Sundry Debtor Ledger

Create the Sundry Debtor ledger – Zeta Inc. by following the steps given in Example 4.

#### iv. Foreign Currency Creation

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

To create a foreign currency,

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

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

Step 2:

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

#### i. Sales Invoice for Export of Goods

To create the Sales voucher for Export of goods,

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

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

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

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

Figure 2.45 Forex Rate of Exchange screen

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

Purchase Details		National Traders		Ctrl + M					
Sales	No. 5			13-Apr-2012 Friday					
Ref :	SN06								
Party's A/c Name :	Zeta Inc.								
Current Balance :									
Sales Ledger :	Exports								
VAT/Tax Class :	Exports								
Name of Item	Quantity	Rate per	Amount						
Gold Jewellery	3 Nos	740.00 \$ Nos	2,220.00 \$						
Vacuum Cleaner	2 Nos	530.00 \$ Nos	1,060.00 \$						
			3,280.00 \$						
Supplier	Purchase Inv.No	Date	Item	Qty	Purchase Value	Assessable Value	Rate of Tax	Input Tax Paid	Eligible Credit
Excel Traders	01	2-Apr-2012	Gold Jewellery	3 Nos	60,000.00	60,000.00	1 %	600.00	500.00

Figure 2.46 Exports – Input Tax Details sub-screen for Gold Jewellery

11. Similarly, select stock item **Vacuum Cleaners** from the **List of Items**
12. Enter **Quantity** as **2** and **Rate** as **\$530**. Accept exchange rate as ₹ 48 per \$
13. Value is automatically displayed in **Amount** field.
14. Press **Enter** key to view **VAT TamilnaduExportINV** screen

15. Specify details as shown:

Supplier	Purchase Inv.No	Date	Item	Qty	Purchase Value	Assessable Value	Rate of Tax	Input Tax Paid	Eligible Credit
Excel Traders 01		2-Apr-2012	Vacuum Cleaner	2 Nos	30,000.00	30,000.00	12.50 %	3,750.00	3,750.00

Figure 2.47 Exports – Input Tax Details sub-screen for Vacuum Cleaners

16. The field **Show Statutory Details** will be set to **No**

17. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Sales</b>	No. 5			13-Apr-2012
Ref. : SN06				Friday
Party's A/c Name : Zeta Inc. Current Balance : Sales Ledger : Exports VAT/Tax Class : Exports				
Name of Item	Quantity	Rate	per	Amount
Gold Jewellery	3 Nos	740.00 \$	Nos	2,220.00 \$
Vacuum Cleaner	2 Nos	530.00 \$	Nos	1,060.00 \$
				<b>3,280.00 \$</b>
J End of List				
Show Statutory Details ? No Narration:				
Being exports account for _				
5 Nos 3,280.00 \$ @ ₹ 48/ \$ = ₹ 1,57,440.00				

Figure 2.48 Sales – Exports

18. Accept sales invoice.

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

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

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

1. Select **Refund Claimed on Zero Rated Sales** as **VAT Adjustment Class** in **Used for** field
2. Debit the ledger – **Refund on Exports** and enter **4,350** in debit field
3. Credit **Input VAT @ 1%** ledger.
4. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Input VAT @ 1%**, enter **Assessable Value** as **60,000**

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

Accounting Voucher - Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 2	Voucher Class : VAT Adjustment Class	14-Apr-2012 Saturday
Used for: Refund Claimed on Zero Rated Sales			
Particulars	Debit	Credit	
Dr Refund on Exports Cur Bal: 4,350.00 Dr	4,350.00		
Cr Input VAT @ 1% Cur Bal: 1,202.41 Dr		600.00	
Cr Input VAT @ 12.5% Cur Bal: 11,276.74 Dr		3,750.00	
Narration: Being Refund claimed on Input VAT paid on purchase of goods exported.		4,350.00	4,350.00
		Accept ? Yes or No	

Figure 2.49 Journal Voucher – Refund Claimed on Zero Rated Sales

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

## 2.6 Import

### Example 19:

On 16-4-2012, M/s National Traders imported 25 nos of Insulators for \$30 each from Glamour Appliances, New York vide invoice number 06. The conversion factor per \$ is "1 \$ = ₹ 45"

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

On 17-4-2012, an amount of ₹ 2,500 was paid as entry tax on the goods imported.

Step 1:

Let us create the necessary ledgers to account for Imports.

### Creating Ledgers

#### i. Imports Ledger

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

#### ii. Entry Tax Ledger

Ledger	Under	Inventory values are affected
Entry Tax	Current Assets	No

#### iii. Sundry Creditor Ledger

Create Sundry Creditor ledger – Glamour Appliances by following the steps given in Example 1.

Step 2:

Let us enter the transactions in Tally.ERP 9.

#### i. Creating a purchase invoice for Import of goods

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

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

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

Figure 2.50 Imports – Forex Rate of Exchange

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 7			16-Apr-2012
Supplier Invoice No. : 06	Date : 16-Apr-2012			Monday
Party's A/c Name : Glamour Appliances				
Current Balance :				
Purchase Ledger : Imports				
VAT/Tax Class : Imports				
Name of Item	Quantity	Rate per	Amount	
Fax Machines	10 Nos	360.00 \$ Nos	3,600.00 \$	
Insulators	25 Nos	30.00 \$ Nos	750.00 \$	
			4,350.00 \$	
J End of List				
Show Statutory Details ? No				
Narration:				
Being import of goods accounted for.				
35 Nos 4,350.00 \$ @ ₹ 45/ \$ = ₹ 1,95,750.00				

Figure 2.51 Purchase Invoice – Imports

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

### ii. Creating a Voucher for Payment of Entry Tax

To create an entry for payment of entry tax,

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

1. Select bank ledger as **Bank of India** in **Account** field (create a bank ledger with the name National Bank by using **Alt+C** key combination)
2. Debit **Entry Tax** ledger
3. Enter amount as **2,480**

4. Enter details in field **Narration**, if required

Accounting Voucher Creation National Traders Ctrl + M

**Payment** No. 1 17-Apr-2012 Tuesday

Account : Bank of India  
Cur Bal: 42,870.00 Dr

Particulars	Amount
Entry Tax Cur Bal: 2,480.00 Dr	2,480.00
<b>Total</b> 2,480.00	

Narration:

Accept ?  
Yes or No

Figure 2.52 Payment Voucher – Payment of Entry Tax

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

## 2.7 Works Contract and Job Work

### Example 20:

On 18-4-2012, M/s National Traders got ₹ 35,000 worth of graphic designing done from Sunbeam Designers vide invoice number 011. Deduction amounted to 50% of the job work value. Input VAT was paid @ 12.5%.

Step 1:

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

### Creating Ledgers

#### i. Job work Ledger

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



## ii. Input VAT Ledger

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

## iii. Sundry Creditor Ledger

Create the Sundry Creditor ledger – Sunbeam Designers by following the steps given in Example 1.

## iv. Stock Item – Graphic Designing

Create the Stock Item with the details as given in the following table:

Name	Under	Units
Graphic Designing	Primary	Not Applicable

Step 2:

Let us enter the transactions in Tally.ERP 9.

### i. Creating a purchase invoice for Job work

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

1. Enter **Supplier Invoice number** and **Date**
2. Select **Sunbeam Designers** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter/modify required details
4. Select **Purchase @ 12.5% (Job Work)** ledger in **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting **Purchase @ 12.5% (Job Work)** ledger, VAT/Tax Class appears as **Purchases @ 12.5% (Job Work)**
6. Select **Name of Item** as **Graphic Designing** from the **List of Items**

7. Enter **Amount** as ₹ 35,000 and press **Enter** key to view **Deduction Claimed for Tax Calculation** screen. Enter **Deduction** as 50%. **Amount** and **Taxable Value** will be automatically calculated and displayed

Deduction Claimed for Tax Calculation		National Traders		Ctrl + M	
Purchase No. 8		Supplier Invoice No. : 011		Date : 18-Apr-2012	
Party's A/c Name : Sunbeam Designers		Current Balance :		18-Apr-2012 Wednesday	
Purchase Ledger : Purchase @12.5% (Job Work)		VAT/Tax Class : Purchases @ 12.5% (JobWork)			
Name of Item		Quantity	Rate per	Amount	
Graphic Designing				35,000.00	
<b>Deduction Claimed for Tax Calculation</b>					
<b>Particulars</b>		<b>Sale Value</b>	<b>Deductions</b>		<b>Taxable Value</b>
			<b>%</b>	<b>Amount</b>	
Purchase @12.5% (Job Work) Purchases @ 12.5% (JobWork)		35,000.00	50 %	17,500.00	17,500.00
		35,000.00		17,500.00	17,500.00
Show Statutory Details ? No					
Narration:		35,000.00			

Figure 2.53 Deduction Claimed for Tax Calculation - Job Work

8. Accept **Deduction Claimed for Tax Calculation** screen
9. Select ledger - **Input VAT - Job Work @ 12.5%**. Input VAT amount will be automatically calculated and displayed
10. The field **Show Statutory Details** will be set to **No** which can be enabled to view the break-up of assessable value, deduction claimed and input VAT

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 8			18-Apr-2012
Supplier Invoice No. : 011	Date : 18-Apr-2012			Wednesday
Party's A/c Name : Sunbeam Designers Current Balance : Purchase Ledger : Purchase @12.5% (Job Work) VAT/Tax Class : Purchases @ 12.5% (JobWork)				
Name of Item	Quantity	Rate per	Amount	
Graphic Designing			35,000.00	
Input VAT - Job Work @ 12.5%		12.50 %	2,187.50	
Show Statutory Details ? No Narration: Being job work accounted for.				
				<b>Accept ?</b> Yes or No

Figure 2.54 Purchase Invoice - Job Work

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

#### Example 21:

On 18-4-2012, M/s National Traders raised a sales invoice in favour of Swasthik Associates for the contract of Painting & Polishing taken up. Deduction amounted to 50% of the Works contract value. Output VAT was charged @ 12.5% on the Contract value of ₹ 60,000.

#### Step 1:

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

#### Creating Ledgers

##### i. Works Contract Ledger

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

## ii. Output VAT Ledger

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

## iii. Stock Item – Painting & Polishing

Create the Stock Item with the details as given in the following table:

Name	Under	Units
Painting & Polishing	Primary	Not Applicable

Step 2:

Let us enter the transactions in Tally.ERP 9.

### i. Creating a sales invoice for Works contract

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

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

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

Deduction Claimed for Tax Calculation		National Traders		Ctrl + M	
Sales No. 6				18-Apr-2012	
Ref. : SN07				Wednesday	
Party's A/c Name : Swasthik Associates Current Balance : 30,000.00 Cr Sales Ledger : Sales @ 12.5% (Works Contract) VAT/Tax Class : Sales - Works Contract @ 12.5%					
Name of Item		Quantity	Rate per	Amount	
Painting & Polishing				60,000.00	
<b>Deduction Claimed for Tax Calculation</b>					
Particulars		Sale Value	Deductions		Taxable Value
			%	Amount	
Sales @ 12.5% (Works Contract) Sales - Works Contract @ 12.5%		60,000.00	50 %	30,000.00	30,000.00
		60,000.00		30,000.00	30,000.00
Show Statutory Details ? No					
Narration:		60,000.00			

Figure 2.55 Deduction Claimed for Tax Calculation - Works Contract

8. Accept **Deduction Claimed for Tax Calculation** screen
9. Select ledger - **Output VAT - Works Contract @ 12.5%**. Input VAT amount will be automatically calculated and displayed

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

Statutory Details		National Traders		Ctrl + M	
Sales Ref : SN07		Statutory Details			18-Apr-2012 Wednesday
		Particulars		VAT	
Party's A/c Name		Assessable Value			30,000.00
Current Balance		Painting & Polishing			30,000.00
Sales Ledger		Item Value			60,000.00
VAT/Tax Class		Deduction Claimed 50 %			(-)30,000.00
Name of Item					
Painting & Polish					60,000.00
		VAT Amount			3,750.00
Output VAT - Work		Output VAT - Works Contract @ 12.5%			12.50 % 3,750.00
		Painting & Polishing @ 12.50 % On 30,000.00			3,750.00
Show Statutory Det					
Narration:					63,750.00

Figure 2.56 Statutory Details screen - Works Contract

11. Accept **Statutory Details** screen

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

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 6				18-Apr-2012
Ref. : SN07				Wednesday
Party's A/c Name : Swasthik Associates Current Balance : 30,000.00 Cr Sales Ledger : Sales @ 12.5% (Works Contract) VAT/Tax Class : Sales - Works Contract @ 12.5%				
Name of Item	Quantity	Rate per	Amount	
Painting & Polishing			60,000.00	
Output VAT - Works Contract @ 12.5%		12.50 %	3,750.00	
Show Statutory Details ? Yes Narration: Being works contract accounted for.				
				<b>Accept ?</b> Yes or No

Figure 2.57 Purchase Invoice – Job Work

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



*Job Work @ 12.5% and Works Contract @12.5% have been mentioned in the above examples. Tally.ERP 9 has the capability to capture Job Work and Works Contract transactions @ 4%, 5%, and 14.5% also.*

## Lesson 3: Reversal of Input Tax Credit

### Lesson Objectives

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

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

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

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



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

### 3.1 Goods used for Civil Structures

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

#### Example 22:

*On 18-4-2012, M/s National Traders purchased Equipment worth ₹ 1,50,000 taxable @ 4% from Equipment Agencies vide invoice number 08. On 19-4-2012, M/s National Traders utilised the machinery purchased for civil structures.*

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

Step 1:

Let us create the necessary masters to record the transaction.

#### i. Equipment Ledger

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

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

#### ii. Repairs & Maintenance Ledger

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

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

#### iii. Tax Paid on Capital Goods

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

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

#### iv. Eligible Input Tax Credit

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

#### v. Sundry Creditor Ledger

Create Sundry Creditor ledger – Equipment Agencies by following the steps given in Example 1.

Step 2:

##### i. Create a Purchase Voucher for purchase of capital goods

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b> No. 9				18-Apr-2012
Supplier Invoice No. : 08		Date : 18-Apr-2012		Wednesday
Particulars	Debit	Credit		
Cr <b>Equipment Agencies</b>		1,56,000.00		
Cur Bal: 1,56,000.00 Cr				
New Ref 08	1,56,000.00 Cr			
Dr <b>Equipment</b>	1,50,000.00			
Cur Bal: 1,50,000.00 Dr				
Dr <b>Tax Paid on Capital Goods</b>	6,000.00			
Cur Bal: 6,000.00 Dr				
Narration:		1,56,000.00	1,56,000.00	
Being purchase of capital goods accounted for.				
		Accept ?		
		Yes or No		

Figure 3.1 Purchase Voucher – Capital Goods

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

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

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

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

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

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

8. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 3	Voucher Class : VAT Adjustment Class	19-Apr-2012 Thursday
Used for: Input Tax Credit Admitted On Capital Goods			
Particulars	Debit	Credit	
Dr <b>Eligible Input Tax Credit</b> Cur Bal: 3,000.00 Dr	3,000.00		
Cr <b>Tax Paid on Capital Goods</b> Cur Bal: 3,000.00 Dr		3,000.00	
Narration: Being eligible amount to the extent of 50% claimed as input tax credit on purchase of capital goods.		3,000.00	3,000.00
		Accept ? Yes or No	

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

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

**iii. Reverse Credit on Goods used for Civil Structures**

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

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

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

6. Credit Amount will be automatically entered

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 4	Voucher Class : VAT Adjustment Class	19-Apr-2012 Thursday
Used for: Reverse Credit - Goods Used for Civil Structures			
Particulars	Debit	Credit	
By <b>Repairs &amp; Maintenance</b> Cur Bal: 11,812.50 Dr	3,000.00		
To <b>Eligible Input Tax Credit</b> Cur Bal: 0.00 Cr		3,000.00	
Narration: Being Eligible Input VAT @ 4% (50% of the Input VAT paid on capital goods) on Capital Goods used for Civil Structures reversed.		3,000.00	3,000.00
		Accept ? Yes or No	

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

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

### 3.2 Goods used for Consumption

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

**Example 23:**

*On 20-4-2012, 1 No. of Gold Jewellery was taken by the director of the organisation for his personal use. This gold jewellery was purchased from Excel Traders on 2-4-2012 for ₹ 20,000. VAT was paid @ 1%.*

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

Step 1:

Let us create the necessary masters to record the transaction.

### i. Expenses on Goods used for Self-Use

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

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

Step 2:

Let us enter the transaction in Tally.ERP 9

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

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

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

The completed journal voucher displays as shown:

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 5	Voucher Class : VAT Adjustment Class	20-Apr-2012 Friday
Used for: Reverse Credit - Goods Utilised for Self Use			
Particulars	Debit	Credit	
Dr <b>Expenses on Goods for Self Use</b>	20,200.00		
<i>Cur Bal: 20,200.00 Dr</i>			
Cr <b>Purchase @ 1%</b>		20,000.00	
<i>Cur Bal: 1,60,000.00 Dr</i>			
Cr <b>Input VAT @ 1%</b>		200.00	
<i>Cur Bal: 1,002.41 Dr</i>			
Narration:		20,200.00	20,200.00
Reversal of Input VAT @ 1% on goods used for own use.			
		Accept ?	
		Yes or No	

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

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

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

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

#### Example 24:

*On 21-4-2012, National Traders purchased 10 Nos. of Automobile spares parts for ₹1,250 each from Swasthik Associates, a non-dealer of Automobile spare parts vide invoice number 09. The goods are subject to 12.5% VAT.*

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

Step 1:

#### i. VAT Commodity Creation

Create the VAT Commodity with the following details:

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

#### ii. Stock Item – Automobile Spare Parts

Create the Stock Item with the details as given in the following table:

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

Step 2:

Let us record the transaction in Tally.ERP 9

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

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

1. Enter reference number in **Ref.** field
2. Select **Swasthik Associates** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter/modify required details
4. Select **Name of Item** as **Automobile Spare Parts** from the **List of Items**
5. Enter **Quantity** as **10** and **Rate** as **1,250**. Value is automatically displayed in **Amount** field
6. In **Accounting Details** screen, select **Purchases @ 12.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases @ 12.5%**



7. Select ledger **Input VAT @ 12.5%** and values will be automatically calculated and displayed
8. The field **Show Statutory Details** will be set to **No**
9. Accept default **Bill Allocations** in **Bill-wise Details** screen
10. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 10			21-Apr-2012
Supplier Invoice No. : 09	Date : 21-Apr-2012			Saturday
Party's A/c Name : Swasthik Associates Current Balance : 33,750.00 Dr Purchase Ledger : Purchase @ 12.5% VAT/Tax Class : Purchases @ 12.5%				
Name of Item	Quantity	Rate	per	Amount
Automobile Spare Parts	10 Nos	1,250.00	Nos	12,500.00
Input VAT @ 12.5%		12.50	%	1,562.50
Show Statutory Details ? No Narration: Being Automobile spare parts purchased @ 12.5% VAT from Swasthik Associates (Non-dealer of Automobile spare parts)				
				10 Nos <b>Accept ?</b> Yes or No

Figure 3.5 Purchase Invoice – Automobile Spare Parts

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

Step 2:

### Create Journal Voucher

To create an adjustment entry for reversal of credit availed on purchase of automobile spare parts from a non-dealer of automobile,

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

1. Select **Reverse Credit – Purchase of Automobiles, Spare Parts** as **VAT Adjustment Class** in **Used for** field
2. Debit the ledger – **Repairs & Maintenance** and enter amount as **1562.50**

3. Credit **Input VAT @ 12.5%** ledger. In **VAT Class Details** screen, enter details as shown:

VAT/Tax Class		Assessable Value	
Input VAT @ 12.5%		12,500.00	
SupplierName	CommodityName	AssessableValue	Taxamount
Swasthik Associates	Locomotives	12,500.00	1,562.50

Figure 3.6 VAT Class Details screen

4. Credit Amount will be automatically displayed

5. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 6	Voucher Class : VAT Adjustment Class	21-Apr-2012 Saturday
Used for: Reverse Credit - Purchase of Automobiles, Spare Parts			
Particulars	Debit	Credit	
Dr <b>Repairs &amp; Maintenance</b>	1,562.50		
Cur Bal: 4,562.50 Dr			
Cr <b>Input VAT @ 12.5%</b>		1,562.50	
Cur Bal: 11,276.74 Dr			
Narration:		1,562.50	1,562.50
Being Input VAT @ 12.5% paid on purchase of Automobile spare parts from Swasthik Associates reversed.			
		<div>Accept ?</div> <div>Yes or No</div>	

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

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

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

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

#### Example 25:

*On 23-4-2012, National Traders purchased 2 Nos. of Air conditioners for ₹ 25,000 each from Dewpoint Traders, a non-dealer of Air conditioners vide invoice number 10. The goods are subject to 14.5% VAT.*

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

Step 1:

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

Step 2:

Let us record the transaction in Tally.ERP 9

#### i. Purchase Invoice

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

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

1. Enter reference number in **Ref.** field
2. Select **Dewpoint Traders** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter/modify required details
4. Select **Name of Item** as **Air Conditioners** from the **List of Items**
5. Enter **Quantity** as **2** and **Rate** as **25,000**. Value is automatically displayed in **Amount** field
6. In **Accounting Details** screen, select **Purchases @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Purchases @ 14.5%**
7. Select ledger **Input VAT @ 14.5%** and values will be automatically calculated and displayed
8. The field **Show Statutory Details** will be set to **No**

9. Accept default **Bill Allocations** in **Bill-wise Details** screen and enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 11			23-Apr-2012
Supplier Invoice No. : 10	Date : 23-Apr-2012			Monday
Party's A/c Name : Dewpoint Traders Current Balance : Purchase Ledger : Purchase @ 14.5% VAT/Tax Class : Purchases @ 14.5%				
Name of Item	Quantity	Rate per	Amount	
Air Conditioner	2 Nos	25,000.00 Nos	50,000.00	
Input VAT @ 14.5%		14.50 %	7,250.00	
Show Statutory Details ? No Narration: Beinf air conditioners purchased from a non-dealer of air conditioners				
				2 Nos <b>Accept ?</b> Yes or No

Figure 3.8 Purchase Invoice – Air Conditioners

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

## ii. Journal Voucher

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

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

1. Select **Reverse Credit – Purchase of Air Conditioners** as **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Repairs & Maintenance** and enter amount as **7,250**
3. Credit **Input VAT @ 14.5%** ledger.
4. In **VAT Class Details** screen, enter details as shown:

VAT/Tax Class		Assessable Value	
Input VAT @ 14.5%		50,000.00	
SupplierName	CommodityName	AssessableValue	Taxamount
Dewpoint Traders	Air Conditioners	50,000.00	7,250.00

Figure 3.9 VAT Class Details

5. Amount will be automatically displayed

6. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 7	Voucher Class : VAT Adjustment Class	23-Apr-2012 Monday
Used for: Reverse Credit - Purchase of Air Conditioners			
Particulars	Debit	Credit	
Dr <b>Repairs &amp; Maintenance</b>	7,250.00		
Cur Bal: 11,812.50 Dr			
Cr <b>Input VAT @ 14.5%</b>		7,250.00	
Cur Bal: 6,527.20 Dr			
Narration:		7,250.00	7,250.00
Being Input VAT @ 14 % paid on purchase of Air Conditioners for trading from Dewpoint Traders reversed.			
		Accept ? Yes or No	

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

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

### 3.5 Goods Distributed as Free Samples & Gifts

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

**Example 26:**

*On 24-4-2012, 5 Nos. of Insulators were given as free sample to Marvel Traders as promotional offer. The Insulators were purchased for ₹ 320 from Excel Traders.*

Step 1:

Let us create the required masters to record the transaction

## Creating Ledgers

### i. Expenses on Free Samples & Gifts

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

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

Step 2:

Let us record the transaction in Tally.ERP 9.

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

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

1. Select **Reverse Credit – Goods Given as Gift, Free Sample** as **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **Expenses on Free Samples & Gifts** and enter amount as **1,680** (i.e., 1,600 + 5% VAT)
3. Credit **Purchases @ 5%** ledger. **Inventory Allocations** sub-screen is displayed
4. Select **Insulators** in **Name of Item** field, enter **Quantity** as **5** and **Rate** as **320**
5. In **Accounting Details** screen, **VAT/Tax Class** will be displayed as **Purchases @ 5%**
6. Credit **Input VAT @ 5%** ledger.
7. In **VAT Class Details** screen, **Input VAT @ 5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable Value** as **1,600**.
8. Select **Commodity** as **Insulators** and enter **Assessable Value** of **1,600**. **Tax amount** will be automatically calculated and displayed
9. Amount will be automatically displayed

10. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 8	Voucher Class : VAT Adjustment Class		24-Apr-2012 Tuesday
Used for: Reverse Credit - Goods Given As Gift, Free Sample				
Particulars	Debit	Credit		
Dr Expenses on Free Samples & Gifts Cur Bal: 1,680.00 Dr	1,680.00			
Cr Purchase @ 5% Cur Bal: 46,400.00 Dr		1,600.00		
Insulators 5 Nos 320.00/Nos 1,600.00				
Cr Input VAT @ 5% Cur Bal: 2,357.88 Dr		80.00		
Narration: Being Input VAT @ 5% on goods distributed as samples.		1,680.00	1,680.00	
		Accept ? Yes or No		

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

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

### 3.6 Goods Lost on Theft, Loss Etc.

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

#### Example 27:

*On 25-4-2012, 5 nos. of G I Pipes were lost in godown of M/s. National Traders. The G I Pipes were purchased for ₹ 150 each. The goods were subject to 2% VAT.*

Step 1:

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

#### i. Goods Damaged/Lost

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

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

Step 2:

Let us record the transaction in Tally.ERP 9.

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 9	Voucher Class : <b>VAT Adjustment Class</b>		25-Apr-2012 Wednesday
Used for: Reverse Credit - Goods Lost on Theft, Loss, Etc.				
Particulars	Debit	Credit		
Dr <b>Goods Damaged/ Lost</b> Cur Bal: 765.00 Dr	765.00			
Cr <b>Purchase @ 2%</b> Cur Bal: 21,750.00 Dr		750.00		
G I Pipes      5 Nos 150.00/Nos      750.00				
Cr <b>Input VAT @ 2%</b> Cur Bal: 520.56 Dr		15.00		
Narration: Being Input VAT @ 2% on Goods lost by theft reversed.		765.00	765.00	
		<div>Accept ?</div> <div>Yes or No</div>		

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

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



### 3.7 Inputs Damaged in Transit or Destroyed before Manufacture

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

#### Example 28:

*On 25-4-2012, M/s National Traders purchased 100 ltrs of industrial fuel at ₹ 50/Ltr for its plant from Sterling Industries vide invoice number 11 and stored the same in its factory godown. On 26-4-2012, while taking delivery of Industrial fuel from Sterling Industries, it was discovered that 25 ltrs of fuel was lost in transit*

Step 1:

Let us create the necessary masters to record the transaction.

#### i. Purchases – Inputs @ 4% Ledger

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

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

#### ii. Input VAT – Industrial Fuel Ledger

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

#### iii. Loss of Inputs in Transit Ledger

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

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

#### iv. Sundry Creditor Ledger

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

#### v. VAT Commodity Creation

Create the VAT Commodity with the following details:

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

#### vi. Stock Item – Industrial Fuel

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

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

Step 2:

Let us record the transaction in Tally.ERP 9

#### i. Purchase Invoice

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

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

## 10. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Purchase</b>	No. 12			25-Apr-2012
Supplier Invoice No. : 11	Date : 25-Apr-2012			Wednesday
Party's A/c Name : Sterling Industries Current Balance : Purchase Ledger : Purchases - Inputs @ 4% VAT/Tax Class : Purchases @ 4% (Industrial Input)				
Name of Item	Quantity	Rate per	Amount	
Industrial Fuel	100 Lts	50.00 Lts	5,000.00	
ITC - Industrial Fuel		4 %	200.00	
Show Statutory Details ? No Narration: Being Industrial inputs purchased				
100 Lts				Accept ? Yes or No

Figure 3.13 Purchases Invoice – Industrial Fuel

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

### ii. Journal Voucher

To create a journal voucher for reversing the input tax paid on goods destroyed during transit,

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

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

10. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 10	Voucher Class : VAT Adjustment Class	26-Apr-2012 Thursday
Used for: Reverse Credit - Inputs Damaged in Transit Or Destroyed Before Mfg.			
Particulars	Debit	Credit	
Dr <b>Loss of Inputs in Transit</b>	1,300.00		
Cur Bal: 1,300.00 Dr			
Cr <b>Purchases - Inputs @ 4%</b>		1,250.00	
Cur Bal: 3,750.00 Dr			
Industrial Fuel    25 Ltrs 50.00/Ltrs    1,250.00			
Cr <b>ITC - Industrial Fuel</b>		50.00	
Cur Bal: 150.00 Dr			
Narration:		1,300.00	1,250.00
Being Input VAT paid on Inputs damaged in transit, reversed.			
			Accept ? Yes or No

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

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

### 3.8 Loss of Inputs by Fire or Accident

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

**Example 29:**

*On 27-4-2012, 10 ltrs of fuel were destroyed due to fire in the godown of M/s National Traders.*

Step 1:

Let us create the necessary masters to record the transaction.

**i. Loss of Goods by Fire Ledger**

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

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

Step 2:

Let us record the transaction in Tally.ERP 9.

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 11	Voucher Class : <b>VAT Adjustment Class</b>		27-Apr-2012 Friday
Used for: Reverse Credit - Inputs Destroyed in Fire Or Lost				
Particulars	Debit	Credit		
Dr <b>Loss of Goods by Fire</b> Cur Bal: 520.00 Dr	520.00			
Cr <b>Purchases - Inputs @ 4%</b> Cur Bal: 3,250.00 Dr		500.00		
Industrial Fuel 10 Lts 50.00/Lts 500.00				
Cr <b>ITC - Industrial Fuel</b> Cur Bal: 130.00 Dr		20.00		
Narration: Input VAT @ 4% on inputs destroyed by fire, reversed.		520.00	520.00	
		<div>Accept ?</div> <div>Yes or No</div>		

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

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

### 3.9 Unavailed Credit on Capital goods (Time Barred)

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

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

#### i. Accounting the availability of Input Tax Credit

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

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

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

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

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

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

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

### 3.10 Consignment/Branch Transfers without Form F

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

#### 3.10.1 Consignment Transfers without Form F

##### Example 30:

*On 18-4-2012, M/s National Traders despatched 15 nos of Insulators for ₹ 320 each as consignment sales to National Enterprises, Mumbai vide invoice number SN08. The goods were purchased by paying 5% VAT.*

Step 1:

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

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

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

### i. Stock Transfer Outward Group

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

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

The Stock Transfer Outward group appears as shown:

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

Figure 3.16 Stock Transfer Outward Group

### ii. Consignment/Branch Transfer Ledger

1. Enter **Name** as **Consignment/Branch Transfer**
2. Select **Stock Transfer Outward** as account group in **Under** field
3. Set **Inventory values are affected** to **Yes**

Ledger Creation		National
Name	: Consignment/Branch Transfer	Total Op. Bal.
(alias)	:	50,000.00 Dr
		<u>Difference</u>
		50,000.00 Dr
Under : Stock Transfer Outward		
Currency of Ledger	: ₹	
Inventory values are affected	? Yes	
Used In VAT Returns	? <b>Yes</b>	
Opening Balance ( on 1-Apr-2012 ) :		

Figure 3.17 Consignment/Branch Transfer Outward Ledger



## 5. Select VAT/Tax Class - Consignment/Branch Transfer Outward

VAT/Tax Class		National Traders	
Name (alias)	Consignment/Branch Transfer	Total Op. Bal.	
		50,000.00 Dr	
		Difference	
		50,000.00 Dr	
Under	Stock Transfer Outward		
Currency of Ledger	₹		
Inventory values are affected	? Yes		
Used in VAT Returns	? Yes		
		VAT/Tax Class	
		Consignment/Branch Transfer Outward	
VAT/TAX Class			
Particulars	Activated From	Deactivated From	
Not Applicable			
Consignment/Branch Transfer Outward			
Consignment/Branch Transfer Outward (Within State)			
Exports			
Inter-State Sales			
Interstate Sales @ 1%	1-Apr-2010		
Interstate Sales @ 12.5%	1-Apr-2010		
Interstate Sales @ 14.5%	12-Jul-2011		
Interstate Sales @ 2% Against Form C	1-Apr-2010		
Interstate Sales @ 4%	1-Apr-2010		
Interstate Sales @ 5%	12-Jul-2011		
Inter State Sales Against Form - E1			
Opening Balance ( on 1-Apr-2012)			24 more ...

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

## 6. Accept Consignment/Branch Transfer ledger.

### ii. Branch Ledger

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

Step 2:

Let us enter the sales transaction in Tally.ERP 9

To record the Consignment transfer of goods,

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

Press **Ctrl+V** or click on **V: Voucher** to view it in Voucher mode. In **F12: Sales Voucher Configuration**, set **Allow Income Accounts in Sales Vouchers** to **Yes**.

Press **Ctrl+V** to come back to Invoice mode.

In **F12: Sales Invoice Configuration**, set **Allow Separate Buyer and Consignee Names** to **Yes**

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 7				18-Apr-2012
Ref. : SN08				Wednesday
Party's A/c Name : National Enterprises Current Balance : Sales Ledger : Consignment/Branch Transfer VAT/Tax Class : Consignment/Branch Transfer Outward				
Name of Item	Quantity	Rate per	Amount	
Insulators	15 Nos	320.00 Nos	4,800.00	
J End of List				
Is Sale in Principal's A/c ? No				
Form to Receive : F Form		Form Series No :	Form No :	Date :
Show Statutory Details ? No				
Narration:		15 Nos		
Being goods despatched as consignment transfer outwards.		Accept ? Yes or No		

Figure 3.19 Sales Invoice – Consignment Transfer Outwards

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



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

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

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

#### Example 31:

*On 27-4-2012, on account of non-availability of Form F, the input VAT claimable on the consignment despatched on 18-4-2012 was reversed.*

Step 1:

#### i. Tax Paid on Goods Transferred Ledger

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

Step 2:

Let us record the transaction in Tally.ERP 9

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

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

1. Select **Reverse Credit – Consignment Sales Without Form 'F'** as **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger - **Tax Paid on Goods Transferred** and enter amount as **240**
3. Credit **Input VAT @ 5%** ledger.
4. In **VAT Class Details** screen, **Input VAT @ 5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable Value** as **4,800**.
5. Select **Commodity** as **Insulators** and enter **Assessable Value** of **4,800**. **Tax amount** will be automatically calculated and displayed
6. Credit amount will be automatically displayed

7. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 12	Voucher Class : VAT Adjustment Class	27-Apr-2012 Friday
Used for: Reverse Credit - Consignment Sales Without 'F' Form			
Particulars	Debit	Credit	
Dr Tax Paid on Goods Transferred	240.00		
Cur Bal: 240.00 Dr			
Cr Input VAT @ 5%		240.00	
Cur Bal: 2,117.88 Dr			
Narration:		240.00	240.00
Being Input VAT @ 5% paid on Insulators sent on Consignment Sales without 'F' Form, reversed.			
		Accept ?	
		Yes or No	

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

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



*In case of Consignment Sales made outside the state other than by way of sales without Form 'F', the Input VAT should be reversed to the extent of 5%, where the goods are purchased at 12.5%, 14.5% or 20% VAT. The balance VAT is available as Input Tax Credit. However, where the Input VAT paid on purchases made @ 1%, 2%, 4%, 5% or any other rate less than 5%, the entire amount is reversed.*

### 3.10.3 Sales – Branch Transfers

**Example 32:**

*On 23-4-2012, M/s National Traders despatched 20 nos of G I Pipes for ₹ 150 each to its branch office – Parijata Traders, Karnataka against Form F vide invoice number SN09. The goods were purchased by paying 2% VAT.*

Step 1:

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

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M	
Sales		No. 8		23-Apr-2012 Monday	
Ref. : SN09					
Party's A/c Name : Parijata Traders					
Current Balance :					
Sales Ledger : Consignment/Branch Transfer					
VAT/Tax Class : Consignment/Branch Transfer Outward					
Name of Item	Quantity	Rate per	Amount		
G I Pipes	20 Nos	150.00 Nos	3,000.00		
↓ End of List					
Is Sale in Principal's A/c		? Yes			
Form to Receive : F Form		Form Series No :		Form No :      Date :	
Show Statutory Details ? No					
Narration:		20 Nos		Accept ?	
Being goods despatched as branch transfers.				Yes or No	

Figure 3.21 Sales – Branch Transfer of Goods

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

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

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

#### Example 33:

*On 28-4-2012, on account of non-availability of Form F, the input VAT claimable on the stock despatched to branch office on 23-4-2012 was reversed.*

Step 1:

To create a journal voucher for reversing the input tax paid on goods transferred without Form F, Go to **Gateway of Tally > Accounting Vouchers > F7: Journal > Select Voucher Class - VAT Adjustment Class**

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 13	Voucher Class : VAT Adjustment Class		28-Apr-2012 Saturday
Used for: Reverse Credit - Stock Transfer Without 'F' Form				
Particulars	Debit	Credit		
Dr <b>Tax Paid on Goods Transferred</b> Cur Bal: 300.00 Dr	60.00			
Cr <b>Input VAT @ 2%</b> Cur Bal: 460.56 Dr		60.00		
Narration:				
Being Input VAT to the extent of 2% on branch transfers made outside the state without 'F' Form, reversed.				
	60.00	60.00		
		Accept ? Yes or No		

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

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



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

### 3.11 Purchases for Production of Exempted Goods (Finished)

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

The entries to be made are as follows:

Step 1:

#### **Purchase Entry**

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

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

**Credit: Sundry Creditor** ledger

Step 2

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

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

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

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

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

### 3.12 Interstate Sale without 'C' form

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

#### Example 34:

*On 25-4-2012, M/s National Traders sold 1 Nos. of Vacuum Cleaners to Fortune Agencies, Ahmedabad without selecting 'C' Form vide invoice number SN09. CST @ 12.5% was charged.*

*The Vacuum Cleaners were purchased from Excel Traders for ₹ 15,000 each by paying VAT @ 12.5%. The input tax paid was reversed on 28-4-2012.*

Step 1:

#### i. Reversal of Input Tax Paid

##### CST – Inter-State Sales Ledger

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

Step 2:

Let us record the transactions in Tally.ERP 9.

#### i. Inter-State Sales

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

1. Enter reference in **Ref.** field
2. Select **Fortune Agencies** in **Party's A/c Name** field from the **List of Ledger Accounts**
3. In **Party Details** screen, enter required details
4. Select **Interstate Sales @ 12.5%** ledger in **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting **Interstate Sales @ 12.5%** ledger, VAT/Tax Class appears as **Interstate Sales @ 12.5%**
6. Select **Name of Item** as **Vacuum Cleaners** from the **List of Items**
7. Enter **Quantity** as **1** and **Rate** as **17,500**. Amount is automatically displayed in **Amount** field.
8. Select **CST @ 12.5%** and amount is automatically calculated
9. Set the option **Is Declared Goods Sales** to **No**
10. Select **Form C** as **Not Applicable**
11. The field **Show Statutory Details** will be set to **No**
12. Accept default **Bill Allocations** in **Bill-wise Details** screen



13. Enter **Narration** if required

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Sales</b>	No. 9			25-Apr-2012 Wednesday
Ref. : SN10				
Party's A/c Name : Fortune Agencies				
Current Balance : 48,960.00 Dr				
Sales Ledger : Interstate Sales @ 12.5%				
VAT/Tax Class : Interstate Sales @ 12.5%				
Name of Item	Quantity	Rate per	Amount	
Vacuum Cleaner	1 Nos	17,500.00	17,500.00	
CST @ 12.5%		12.50 %	2,187.50	
Is Declared Goods Sales ? No				
Form to Receive : Not Applicable				
Show Statutory Details ? No				
Narration:				
Being goods sold to Fortune Agencies, Ahmedabad without 'C' Form.				
1 Nos				Accept ? Yes or No

Figure 3.23 Sales Invoice – Sales Without C Form

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

**ii. Journal Voucher**

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

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

1. Select **Reverse Credit – Interstate Sale Without 'C' Form** as **VAT Adjustment Class** in the **Used for** field
2. Debit the ledger – **CST on Interstate Sales** and enter amount as **1,875**
3. Credit **Input VAT @ 12.5%** ledger.
4. In **VAT Class Details** screen, **Input VAT @ 12.5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable Value** as **17,500**.
5. Select **Commodity** as **Vacuum Cleaners** and enter **Assessable Value** of **17,500**. **Tax amount** will be automatically calculated and displayed
6. Credit amount will be automatically displayed

7. Enter **Narration** if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 14	Voucher Class : VAT Adjustment Class	28-Apr-2012 Saturday
Used for: Reverse Credit - Interstate Sale Without 'C' Form			
Particulars	Debit	Credit	
Dr <b>CST on Interstate Sales</b>	1,875.00		
Cur Bal: 1,875.00 Dr			
Cr <b>Input VAT @ 12.5%</b>		1,875.00	
Cur Bal: 9,401.74 Dr			
Narration:		1,875.00	1,875.00
Being entire amount of Input VAT on Goods sold in interstate sales without 'C' Form, reversed.			
		Accept ? Yes or No	

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

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



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

### 3.13 Input Tax Credit Availed for Finished Goods Subsequently Exempt

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

The entries to be made are as follows:

Step 1:

**Purchase Entry**

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

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

**Credit: Sundry Creditor** ledger

Step 2:

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

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

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

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

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

### **3.14 Others (specify)**

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

## Lesson 4: Payment of VAT Liability

### Lesson Objectives

On completion of this lesson, you will be able to

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

### 4.1 Advance Tax, Entry Tax and TDS Adjustment Entries

#### 4.1.1 Adjustment Towards Advance Tax or Refund

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

#### Example 35:

*On 17-4-2012, M/s National Traders paid ₹ 4,650 as advance payment towards VAT. On 30-4-2012, the advance amount paid was adjusted as follows:*

- ₹ 2,000 against a portion of output VAT
- ₹ 2,650 against CST dues.

Step 1:

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

#### i. Advance Tax ledger

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

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

Step 2:

Let us record the transaction in Tally.ERP 9

### i. Advance VAT Payment voucher

To create an advance VAT payment voucher,

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

1. Select bank ledger as **Bank of India** in the **Account** field
2. Debit **Advance Tax** ledger
3. Enter amount as **4,650**
4. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Payment</b>	No. 2		17-Apr-2012 Tuesday
Account : <b>Bank of India</b> Cur Bal: 42,850.00 Dr			
Particulars		Amount	
<b>Advance Tax</b> Cur Bal: 4,650.00 Dr		4,650.00	
Narration: Ch. No. 052146			
		4,650.00	
			Accept ? Yes or No

Figure 4.1 Advance VAT Payment Voucher

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

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

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

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

1. Select **Voucher Class** as **VAT Adjustment Class**
2. Select **Advance Tax Paid** as **VAT Adjustment** in **Used for** field.
3. Debit **Output VAT @ 20%** ledger. In **VAT Class Details** screen, **VAT/Tax Class** appears as **Output VAT @ 20%**. Do not enter Assessable Value
4. Enter amount as **2,000** in **Debit** field

5. Credit **Advance Tax** ledger grouped under **Current Assets**
6. **Credit** amount is automatically entered
7. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 15	Voucher Class : VAT Adjustment Class	30-Apr-2012 Monday
Used for: Advance Tax Paid			
Particulars	Debit	Credit	
Dr <b>Output VAT @ 20%</b> Cur Bal: 1,286.36 Cr	2,000.00		
Cr <b>Advance Tax</b> Cur Bal: 2,650.00 Dr		2,000.00	
		2,000.00	2,000.00
Narration: Being Advance tax paid adjusted against Output VAT payable for the month of April '12.			
		Accept ? Yes or No	

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

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

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

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

1. Select **Voucher Class** as **VAT Adjustment Class**
2. Select **Advance Tax Paid** as **VAT Adjustment** in **Used for** field.
3. Debit **CST @ 2%** ledger. Select the **VAT/Tax Class** as **Inter-State Sales - Spl. Category Goods** and do not enter Assessable Value
4. Enter amount as **300** in **Debit** field
5. Debit **CST @ 1%** with VAT/Tax Class - **CST @ 1%**. Enter amount as 450 in Debit field
6. Debit **CST @ 5%** with VAT/Tax Class - **CST @ 5%**. Enter amount as 750 in Debit field
7. Debit **CST @ 14.5%** with VAT/Tax Class - **CST @ 14.5%**. Enter amount as 1,150 in Debit field
8. Credit **Advance Tax** ledger grouped under **Current Assets**
9. **Credit** amount is automatically entered

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

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 16	Voucher Class : VAT Adjustment Class	30-Apr-2012 Monday
Used for: Advance Tax Paid			
Particulars	Debit	Credit	
Dr CST @ 2%	300.00		
Cur Bal: 3,550.00 Cr			
Dr CST @ 1%	450.00		
Cur Bal: 0.00 Dr			
Dr CST @ 5%	750.00		
Cur Bal: 0.00 Dr			
Dr CST @ 14.5%	1,150.00		
Cur Bal: 3,925.00 Cr			
Cr Advance Tax		2,650.00	
Cur Bal: 0.00 Cr			
		2,650.00	2,650.00
Narration:			
Being advance tax paid adjusted against CST payable for the month of April '12.			
		Accept ?	
		Yes or No	

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

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

#### 4.1.2 Adjustment Towards Entry Tax Paid

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

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

#### Example 36:

The entry tax was paid for goods imported on 17-4-2012. On 30-4-2012, M/s National Traders recorded the adjustment entries to set-off the entry tax paid as follows:

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

Let us record the transaction in Tally.ERP 9

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

- | <b>Accounting Voucher Creation</b>   |        | <b>National Traders</b>                            |        | <b>Ctrl + M</b>              |          |
|--|--------|--|--------|------------------------------|----------|
| <b>Journal</b>   | No. 17 | <i>Voucher Class :</i> <b>VAT Adjustment Class</b> |        | <b>30-Apr-2012</b><br>Monday |          |
| <i>Used for:</i> <b>Adjustment Towards Entry Tax Paid</b>                            |        |  |        |                              |          |
| Particulars  |        | Debit  | Credit |                              |          |
| Dr <b>Output VAT @ 4%</b>  |        | 1,299.28   |        |                              |          |
| <i>Cur Bal: 0.00 Dr</i>  |        |  |        |                              |          |
| Dr <b>Output VAT @ 2%</b>  |        | 220.72   |        |                              |          |
| <i>Cur Bal: 849.95 Cr</i>  |        |  |        |                              |          |
| Cr <b>Entry Tax</b>  |        |  |        | 1,520.00                     |          |
| <i>Cur Bal: 980.00 Dr</i>  |        |  |        |                              |          |
|  |        |  |        |                              |          |
| Narration:   |        |  |        | 1,520.00                     | 1,520.00 |
| Being Entry tax paid adjusted against Output VAT payable for the month on April '12. |        |  |        |                              |          |

**Accept ?**

Yes or No

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

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



1. Select **Voucher Class** as **VAT Adjustment Class**
2. Select **Adjustment Towards Entry Tax Paid** as **VAT Adjustment** in **Used for** field.
3. Debit **CST @ 2%** ledger. Select **VAT/Tax Class** as **Inter-State Sales - Spl. Category Goods**
4. Enter amount as **960** in **Debit** field
5. Credit **Entry Tax** ledger grouped under **Current Assets**
6. **Credit** amount is automatically entered
7. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Journal</b>	No. 18	Voucher Class : VAT Adjustment Class	30-Apr-2012 Monday
Used for: Adjustment Towards Entry Tax Paid			
Particulars	Debit	Credit	
By <b>CST @ 2%</b> Cur Bal: 2,590.00 Cr	960.00		
To <b>Entry Tax</b> Cur Bal: 0.00 Cr		960.00	
Narration: Being Entry Tax paid adjusted against CST payable for the Month of April '12.		960.00	960.00
		<div>Accept ?</div> <div>Yes or No</div>	

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

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

### 4.1.3 Adjustment Towards TDS

#### Example 37:

On 19-4-2012, M/s National Traders received ₹ 50,000 from Pratham Agencies towards advertising services provided for the month of April 2012. The TDS amount was deducted from the amount received. On 30-4-2012, the TDS amount was adjusted towards output tax liability.

Step 1:

#### Creating Ledgers

##### i. Tax Deducted at Source

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

## ii. Sundry Debtor Ledger

Create the Sundry Debtor ledger - Pratham Agencies by following the steps given in Example 4.

Step 2:

Let us record the transaction in Tally.ERP 9

### i. Receipt Voucher

To create a receipt voucher,

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

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

Accounting Voucher Creation		National Traders		Ctrl + M	
<b>Receipt</b> No. 1				19-Apr-2012 Thursday	
Particulars	Debit	Credit			
Cr <b>Pratham Agencies</b> Cur Bal: 50,000.00 Cr New Ref 1	50,000.00 Cr	50,000.00			
Dr <b>Tax Deducted at Source</b> Cur Bal: 515.00 Dr	515.00				
Dr <b>Bank of India</b> Cur Bal: 92,335.00 Dr Pratham Agencies Inst. No. : 258745	49,485.00				
	Cheque/DD Inst. Date : 19-Apr-2012	49,485.00	Bank Name: Bank of India Branch: Chennai		
Narration:					
		50,000.00	50,000.00		
			Accept ? Yes or No		

Figure 4.6 Receipt Voucher

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

## ii. Journal voucher for TDS Adjustment

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

1. Select **TDS Adjustment** in **Used for** field.
2. Debit **Output VAT @ 1%** ledger. In **VAT Class Details** screen, VAT/Tax class will be displayed as **Output VAT @ 1%**. Do not enter Assessable Value.

3. Enter ₹ 515 in **Amount** field

4. Credit **Tax Deducted at Source** ledger and amount will be automatically displayed

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 19	Voucher Class : VAT Adjustment Class		30-Apr-2012 Monday
Used for: TDS Adjustment				
Particulars	Debit	Credit		
Dr Output VAT @ 1% Cur Bal: 789.82 Cr	515.00			
Cr Tax Deducted at Source Cur Bal: 0.00 Cr		515.00		
Narration:		515.00	515.00	
Being Tax Deducted at Source on payment received from Pratham Agencies adjusted against Output Tax liability.				
				Accept ? Yes or No

Figure 4.7 Journal Voucher - TDS Adjustment

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

## 4.2 Adjustment of Input Tax Credit against Tax Payable

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

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

### Example 38:

On 30-4-2012, M/s National Traders recorded an adjustment entry to set-off the input tax credit against the VAT liability.

Step 1:

### Creating a VAT Payable Ledger

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

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

Step 2:

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

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

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

Accounting Voucher Creation		National Traders		Ctrl + M
<b>Journal</b>	No. 20	Voucher Class : J Not Applicable		30-Apr-2012 Monday
Particulars	Debit	Credit		
Dr <b>Output VAT @ 1%</b> Cur Bal: 0.00 Dr	789.82			
Dr <b>Output VAT @ 2%</b> Cur Bal: 0.00 Dr	849.95			
Cr <b>Input VAT @ 2%</b> Cur Bal: 0.00 Cr		460.56		
Cr <b>VAT Payable</b> Cur Bal: 1,179.21 Cr		1,179.21		
Narration:	1,639.77	1,639.77		
			Accept ? Yes or No	

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

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



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

### 4.3 Adjustment Towards CST Dues

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

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

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

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

### 4.4 Payment of VAT

#### **Example 39:**

*On 4-5-2012, M/s National Traders paid ₹ 1179.21 towards VAT dues.*

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

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

#### **Scenario 1: Recording Payment Entry using VAT Payment Button**

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

1. In Payment voucher screen, click **VAT Payment** button or press **Alt + V** to display **VAT Payment Details** sub-screen
2. In **Period From** field, enter dates as **1-4-2012** to **30-4-2012**, as the period for which payment is being made
3. Select **VAT** as type of payment in **Payment Towards** field
4. Select **Type of Payment** as **Not Applicable**
5. Enter date as **4-5-2012** in **Deposit Date** field

6. Enter **Name of Bank & Branch (remittance)** as **Bank of India**, **Branch code (remittance)** as **03252** and **Instrument No.** as **051230**

VAT Payment Details	
Period From	: 1-Apr-2012 To 30-Apr-2012
Payment towards	: VAT
Type of Payment	: J Not Applicable
Deposit Date	: 4-May-2012
Name of the Bank & Branch(remittance):	Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051230

Figure 4.9 VAT Payment Details

7. Accept **VAT Payment Details** screen and **Payment voucher** screen will be displayed.  
 8. Debit the ledger **VAT Payable** and enter **1179.21** in **Amount** field  
 9. Credit **Bank of India** ledger and amount will be displayed automatically.  
 10. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders		Ctrl + M	
<b>Payment</b> No. 3				4-May-2012 Friday	
Particulars	Debit	Credit			
Dr <b>VAT Payable</b> Cur Bal: 0.00 Dr	1,179.21				
Cr <b>Bank of India</b> Cur Bal: 91,155.79 Dr		1,179.21			
VAT Office	Cheque	1,179.21			
Cheque Range : J Not Applicable	Inst. No.: 051230	Inst. Date : 4-May-2012	Cross Using : A/c Payee		
Bank Date :					
Narration:					
	1,179.21	1,179.21			
			Accept ? Yes or No		

Figure 4.10 VAT Payment Voucher

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

## Scenario 2: Recording Payment Entry using Stat Payment button

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

### Setup:

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

In Payment voucher screen,

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

Figure 4.11 VAT Payment - Statutory Payment

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

- **Period From:** Enter the return period in **From** and **To** fields.

Statutory Payment	
Type of Duty/Tax	: VAT
Auto Fill Statutory Payment	? Yes
Adjust Input VAT for Payment	? Yes
Period From	: 1-Apr-2012 To 30-Apr-2012

Figure 4.12 Statutory Payment



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

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

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

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



- | Accounting Voucher Creation                                    |       | National Traders            |  | Ctrl + M             |
|--|-------|-----------------------------|--|----------------------|
| <b>Payment</b>   | No. 4 |                             |  | 4-May-2012<br>Friday |
| Account : <b>Bank of India</b><br><i>Cur Bal: 85,730.73 Dr</i> |       | Statutory Payment for : VAT |  |                      |
| Particulars  |       | Amount                      |  |                      |
| <b>Output VAT @ 12.5%</b>                                      |       | 11,012.80                   |  |                      |
| <i>Cur Bal: 0.00 Dr</i>  |       |                             |  |                      |
| <b>Output VAT @ 14.5%</b>                                      |       | 11,604.39                   |  |                      |
| <i>Cur Bal: 0.00 Dr</i>  |       |                             |  |                      |
| <b>Output VAT @ 20%</b>  |       | 1,286.36                    |  |                      |
| <i>Cur Bal: 0.00 Dr</i>  |       |                             |  |                      |
| <b>Output VAT @ 5%</b>   |       | 3,894.39                    |  |                      |
| <i>Cur Bal: 0.00 Dr</i>  |       |                             |  |                      |
| <b>Output VAT - Works Contract @ 12.5%</b>                     |       | 3,750.00                    |  |                      |
| <i>Cur Bal: 0.00 Dr</i>  |       |                             |  |                      |
| <b>Input VAT @ 1%</b>  |       | (-)1,002.41                 |  |                      |
| <i>Cur Bal: 0.00 Cr</i>  |       |                             |  |                      |
| <b>Input VAT @ 12.5%</b>                                       |       | (-)9,401.74                 |  |                      |
| <i>Cur Bal: 0.00 Cr</i>  |       |                             |  |                      |
| <b>Input VAT @ 14.5%</b>                                       |       | (-)6,527.20                 |  |                      |
| <i>Cur Bal: 0.00 Cr</i>  |       |                             |  |                      |
| <b>Input VAT @ 20%</b>   |       | (-)2,745.45                 |  |                      |
| <i>Cur Bal: 0.00 Cr</i>  |       |                             |  |                      |
| <b>Input VAT @ 4%</b>  |       | (-)2,010.70                 |  |                      |
|  |       | 7 more ... ↓                |  |                      |
| Provide Details : No   |       |                             |  |                      |
| Narration:   |       | 5,425.06                    |  |                      |

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Accounting Voucher Creation		National Traders	Ctrl + M
<b>Payment</b> No. 4		4-May-2012 Friday	
Account : <b>Bank of India</b> Cur Bal: 85,730.73 Dr		Statutory Payment for : VAT	
Particulars	Amount		
↑ ... 8 more			
Output VAT - Works Contract @ 12.5%	3,750.00		
Cur Bal: 0.00 Dr			
Input VAT @ 1%	(-)1,002.41		
Cur Bal: 0.00 Cr			
Input VAT @ 12.5%	(-)9,401.74		
Cur Bal: 0.00 Cr			
Input VAT @ 14.5%	(-)6,527.20		
Cur Bal: 0.00 Cr			
Input VAT @ 20%	(-)2,745.45		
Cur Bal: 0.00 Cr			
Input VAT @ 4%	(-)2,010.70		
Cur Bal: 0.00 Cr			
Input VAT @ 5%	(-)2,117.88		
Cur Bal: 0.00 Cr			
Input VAT - Job Work @ 12.5%	(-)2,187.50		
Cur Bal: 0.00 Cr			
ITC - Industrial Fuel	(-)130.00		
Cur Bal: 0.00 Cr			
Provide Details	<b>Yes</b>		
Narration:			
		<b>5,425.06</b>	

Figure 4.14 Payment Voucher using Stat Payment

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

VAT Payment Details	
Period From	: 1-Apr-2012 To 30-Apr-2012
Type of Payment	: J Not Applicable
Deposit Date	: 4-May-2012
Name of the Bank & Branch(remittance)	: Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051240

Figure 4.15 VAT Payment sub-screen

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

## 4.5 Payment of CST

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

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

**Example 40:**

*On 4-5-2012, M/s National Traders paid ₹ 6,622 as CST dues.*

Step 1:

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

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

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

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

Figure 4.16 Statutory Payment - CST

4. In Payment voucher, Set **Provide Details** to **Yes** to display **VAT Payment Details** sub-screen
5. In **VAT Payment Details** screen, enter details as shown:

VAT Payment Details	
Period From	: 1-Apr-2012 To 30-Apr-2012
Type of Payment	: J Not Applicable
Deposit Date	: 4-May-2012
Name of the Bank & Branch(remittance)	: Bank of India, Chennai
Branch code(remittance)	: 03252
Instrument No.	: 051244

Figure 4.17 CST Payment Details

6. Accept **VAT Payment Details** screen and **Payment voucher** screen will be displayed.
7. Debit the ledger **CST @ 2%** and **CST @14.5%**. Enter corresponding ledger balances for each ledger.

8. Enter details in field **Narration**, if required

Accounting Voucher Creation		National Traders	Ctrl + M
<b>Payment</b>	No. 5		4-May-2012 Friday
Account : <b>Bank of India</b> Cur Bal: 79,208.73 Dr		Statutory Payment for : CST	
Particulars		Amount	
<b>CST @ 2%</b> Cur Bal: 0.00 Dr		2,570.00	
<b>CST @ 14.5%</b> Cur Bal: 27.00 Dr		3,952.00	
Provide Details : <b>Yes</b>			
Narration: Ch. No. 051244		6,522.00	
		<div>Accept ?</div> <div>Yes or No</div>	

Figure 4.18 CST payment Voucher

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

## Lesson 5: VAT Reports

### Lesson Objectives

On completion of this lesson, you will be able to

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

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

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

### 5.1 VAT Computation Report

To view the VAT Computation Report,

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

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

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

VAT Computation		National Traders		Ctrl + M
Particulars		National Traders		
		TIN : 33201317891 1-Apr-2012 to 30-Apr-2012		
		Assessable Value	Tax Amount	
<b>Sales</b>				
<b>A. Output Tax</b>				
CST @ 1%		45,000.00		
CST @ 12.5%		17,500.00	2,187.50	
CST @ 14.5%		35,000.00	3,925.00	
CST @ 2% Against Form C		1,44,500.00	2,590.00	
CST @ 5%		15,000.00		
Inter-State Sales - Spl. Category Goods		48,000.00		
Output VAT @ 1%		1,30,481.93	789.82	
Output VAT @ 12.5%		88,102.41	11,012.80	
Output VAT @ 14.5%		80,030.30	11,604.39	
Output VAT @ 2%		56,833.73	849.95	
Output VAT @ 20%		16,431.82	1,286.36	
Output VAT @ 4%		32,481.93		
Output VAT @ 5%		77,887.88	3,894.39	
<b>Works Contract</b>				
Output VAT - Works Contract @ 12.5%		60,000.00	3,750.00	
<b>Total Output Tax</b>		<b>8,47,250.00</b>	<b>41,890.21</b>	
<b>Purchases</b>				
<b>C. Input Tax</b>				
Excess Input Credit Brought Forward				
Input VAT @ 1%		1,00,240.64	1,002.41	
Input VAT @ 12.5%		75,213.91	9,401.74	
			12 more ...	
<b>VAT Payable</b>			<b>15,306.77</b>	

Figure 5.1 VAT Computation Report

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

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

## Assessable Value

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

## Tax Amount

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

## Show All VAT Classifications

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

Configuration	
Show All VAT Classifications	? <b>Yes</b>
Show CST Details	? <b>No</b>
Show VAT Analysis	? <b>No</b>

Figure 5.2 VAT Computation Configuration – VAT Classifications

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

VAT Computation		National Traders		Ctrl + M
Particulars		National Traders		
		TIN : 33201317891 1-Apr-2012 to 30-Apr-2012		
		Assessable Value	Tax Amount	
<b>Sales</b>				
<b>A. Output Tax</b>				
CST @ 1%		45,000.00		
CST @ 12.5%		17,500.00	2,187.50	
CST @ 14.5%		35,000.00	3,925.00	
CST @ 2% Against Form C		1,44,500.00	2,590.00	
CST @ 5%		15,000.00		
Inter-State Sales - Spl. Category Goods		48,000.00		
Output VAT @ 1%		1,30,481.93	789.82	
Output VAT @ 12.5%		88,102.41	11,012.80	
Output VAT @ 14.5%		80,030.30	11,604.39	
Output VAT @ 2%		56,833.73	849.95	
Output VAT @ 20%		16,431.82	1,286.36	
Output VAT @ 4%		32,481.93		
Output VAT @ 5%		77,887.88	3,894.39	
<b>Others (VAT Not Applicable)</b>				
Consignment/Branch Transfer Outward		7,800.00		
Exports		1,57,440.00		
Sales - Exempt		34,000.00		
<b>Works Contract</b>				
Output VAT - Works Contract @ 12.5%		60,000.00	3,750.00	
<b>Total Output Tax</b>		<b>10,46,490.00</b>	<b>41,890.21</b>	
<b>Purchases</b>				
VAT Payable				23 more ... ↓
				15,306.77

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

VAT Computation		National Traders		Ctrl + M
Particulars		National Traders		
		TIN : 33201317891		
		1-Apr-2012 to 4-May-2012		
		Assessable Value	Tax Amount	
↑ ... 22 more				
<b>Purchases</b>				
<b>C. Input Tax</b>				
Excess Input Credit Brought Forward				
Input VAT @ 1%		1,00,240.64	1,002.41	
Input VAT @ 12.5%		75,213.91	9,401.74	
Input VAT @ 12.5% - (JobWork)		35,000.00	2,187.50	
Input VAT @ 14.5%		48,015.15	6,527.20	
Input VAT @ 2%		23,028.07	460.56	
Input VAT @ 20%		13,727.27	2,745.45	
Input VAT @ 4%		50,267.38	2,010.70	
Input VAT @ 4% - (Industrial Input)		3,250.00	130.00	
Input VAT @ 5%		42,357.58	2,117.88	
Purchase From URDs - Taxable Goods @ 1%		40,400.00		
Purchase From URDs - Taxable Goods @ 14.5%		51,525.00		
Purchase From URDs - Taxable Goods @ 5%		1,680.00		
Purchases - Capital Goods @ 4%		1,50,000.00		
<b>Others (VAT Not Applicable)</b>				
Imports		1,95,750.00		
Interstate Purchases @ 1%		80,800.00		
Interstate Purchases @ 14.5%		85,875.00		
Interstate Purchases @ 2% Against Form C		3,82,500.00		
Interstate Purchases @ 5%		67,200.00		
Purchases - Exempt		30,000.00		
<b>Total Input Credit</b>		<b>14,76,830.00</b>	<b>26,583.44</b>	
<b>VAT Payable</b>			<b>15,306.77</b>	

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



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

VAT Computation		National Traders		Ctrl + M	
Particulars			National Traders		
			TIN : 33201317891 1-Apr-2012 to 30-Apr-2012		
			Assessable Value	Tax Amount	
Sales					
A. Output Tax					
CST @ 1%			45,000.00		
Gross value			45,000.00	450.00	
Advance Tax Paid				(-)450.00	
CST @ 12.5%				17,500.00	2,187.50
CST @ 14.5%				35,000.00	3,925.00
Gross value			35,000.00	5,075.00	
Advance Tax Paid				(-)1,150.00	
CST @ 2% Against Form C				1,44,500.00	2,590.00
Gross value			1,44,500.00	2,890.00	
Advance Tax Paid				(-)300.00	
CST @ 5%				15,000.00	
Gross value			15,000.00	750.00	
Advance Tax Paid				(-)750.00	
Inter-State Sales - Spl. Category Goods				48,000.00	
Gross value			48,000.00	960.00	
Adjustment Towards Entry Tax Paid				(-)960.00	
Output VAT @ 1%				1,30,481.93	789.82
Gross value			90,481.93	904.82	
Tax on URD Purchase			40,000.00	400.00	
TDS Adjustment				(-)515.00	
Output VAT @ 12.5%				88,102.41	11,012.80
Output VAT @ 14.5%				80,030.30	11,604.39
Gross value			35,030.30	5,079.39	
Tax on URD Purchase			45,000.00	6,525.00	

Figure 5.5 VAT Computation – Detailed

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

### VAT Classification Vouchers

To view VAT Classification vouchers, select any one the VAT Classifications from the VAT Computation report and press **Enter**. In the Stock Item master, if the option - **Calculate VAT on MRP/Marginal** is set to **Yes**, the column - **MRP Value** will appear and the MRP entered in the invoice gets captured here.

The **VAT Classification Vouchers** report is displayed as shown:

VAT Classification Vouchers								
National Traders					Ctrl + M			
VAT Classification		: Output VAT @ 2%			1-Apr-2012 to 30-Apr-2012			
Voucher Date	Particulars	VAT TIN	Voucher Type	Voucher Number	Supplier Inv/Ref. No./Date	MRP Value	Assessable Value	VAT Amount
6-4-2012	Marvel Traders	33259874547	Tax Invoice	1	S01		36,433.73	728.67
7-4-2012	Marvel Traders	33259874547	Credit Note	1	S01		(-)6,000.00	(-)120.00
9-4-2012	Marvel Traders	33259874547	Tax Invoice	3	S03	23,100.00	26,400.00	462.00
30-4-2012	Adjustment Towards Entry Tax Paid		Journal	17				(-)220.72
Grand Total						23,100.00	56,833.73	849.95

Figure 5.6 VAT Classification Vouchers screen

## 5.2 VAT Commodity Report

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

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

## Commodity-wise Purchase

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

Commodity wise Purchase			National Traders					Ctrl + M	
Commodity wise Purchase			1-Apr-2012 to 30-Apr-2012						
Description	Code	Rate	Total Value	Inventory Value	Additions / Deductions	Assessable Value	Tax Amount	Additional Tax	
<b>Imports</b>			<b>1,95,750.00</b>	<b>1,95,750.00</b>		<b>1,95,750.00</b>			
Fax Machine	333		1,62,000.00	1,62,000.00		1,62,000.00			
Fax Machines			1,62,000.00	1,62,000.00		1,62,000.00			
Insulators	2069		33,750.00	33,750.00		33,750.00			
Insulators			33,750.00	33,750.00		33,750.00			
<b>Input VAT @ 1%</b>			<b>1,82,043.05</b>	<b>1,80,000.00</b>	<b>240.64</b>	<b>1,80,240.64</b>	<b>1,802.41</b>		
Jewellery	102	1%	1,82,043.05	1,80,000.00	240.64	1,80,240.64	1,802.41		
Gold Jewellery			1,82,043.05	1,80,000.00	240.64	1,80,240.64	1,802.41		
<b>Input VAT @ 12.5%</b>			<b>1,49,303.15</b>	<b>1,32,500.00</b>	<b>213.91</b>	<b>1,32,713.91</b>	<b>16,589.24</b>		
Locomotives	324	12.50%	14,062.50	12,500.00		12,500.00	1,562.50		
Automobile Spare Parts			14,062.50	12,500.00		12,500.00	1,562.50		
Vacuum Cleaners	329	12.50%	1,35,240.65	1,20,000.00	213.91	1,20,213.91	15,026.74		
Vacuum Cleaner			1,35,240.65	1,20,000.00	213.91	1,20,213.91	15,026.74		
<b>Input VAT @ 14.5%</b>			<b>1,11,792.35</b>	<b>98,000.00</b>	<b>15.15</b>	<b>98,015.15</b>	<b>13,777.20</b>		
Air Conditioners	304	14.50%	57,250.00	50,000.00		50,000.00	7,250.00		
Air Conditioner			57,250.00	50,000.00		50,000.00	7,250.00		
Fax Machine	333	14.50%	54,542.35	48,000.00	15.15	48,015.15	6,527.20		
Fax Machines			54,542.35	48,000.00	15.15	48,015.15	6,527.20		
<b>Input VAT @ 2%</b>			<b>26,548.63</b>	<b>21,750.00</b>	<b>4,278.07</b>	<b>26,028.07</b>	<b>520.56</b>		
G I Pipes	2100	2%	26,548.63	21,750.00	4,278.07	26,028.07	520.56		
G I Pipes			26,548.63	21,750.00	4,278.07	26,028.07	520.56		
<b>Input VAT @ 20%</b>			<b>16,472.72</b>	<b>13,500.00</b>	<b>227.27</b>	<b>13,727.27</b>	<b>2,745.45</b>		
Tobacco	519	20%	16,472.72	13,500.00	227.27	13,727.27	2,745.45		
Tobacco Products			16,472.72	13,500.00	227.27	13,727.27	2,745.45		
<b>Input VAT @ 4%</b>			<b>52,278.08</b>	<b>50,000.00</b>	<b>267.38</b>	<b>50,267.38</b>	<b>2,010.70</b>		
Silk Fabrics	2127	4%	52,278.08	50,000.00	267.38	50,267.38	2,010.70		
Silk Fabrics			52,278.08	50,000.00	267.38	50,267.38	2,010.70		
<b>Input VAT @ 4% - (Industrial Input)</b>			<b>3,380.00</b>	<b>3,250.00</b>		<b>3,250.00</b>	<b>130.00</b>		
Industrial Inputs	2067	4%	3,380.00	3,250.00		3,250.00	130.00		
Industrial Fuel			3,380.00	3,250.00		3,250.00	130.00		
									27 more ... ↓

Figure 5.7 VAT Commodity Report - Purchase

## Commodity-wise Sales

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

Commodity wise Sales			National Traders				Ctrl + M X	
Commodity wise Sales			1-Apr-2012 to 30-Apr-2012					
Description	Code	Rate	Total Value	Inventory Value	Additions / Deductions	Assessable Value	Tax Amount	Additional Tax
Consignment/Branch Transfer Outward			7,800.00	7,800.00		7,800.00		
G I Pipes	2100		3,000.00	3,000.00		3,000.00		
G I Pipes			3,000.00	3,000.00		3,000.00		
Insulators	2069		4,800.00	4,800.00		4,800.00		
Insulators			4,800.00	4,800.00		4,800.00		
CST @ 1%			45,450.00	45,000.00		45,000.00	450.00	
Jewellery	102	1%	45,450.00	45,000.00		45,000.00	450.00	
Gold Jewellery			45,450.00	45,000.00		45,000.00	450.00	
CST @ 12.5%			19,687.50	17,500.00		17,500.00	2,187.50	
Vacuum Cleaners	329	12.50%	19,687.50	17,500.00		17,500.00	2,187.50	
Vacuum Cleaner			19,687.50	17,500.00		17,500.00	2,187.50	
CST @ 14.5%			40,075.00	35,000.00		35,000.00	5,075.00	
Fax Machine	333	14.50%	40,075.00	35,000.00		35,000.00	5,075.00	
Fax Machines			40,075.00	35,000.00		35,000.00	5,075.00	
CST @ 2% Against Form C			1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
Air Conditioners	304	2%	1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
Air Conditioner			1,47,390.00	1,40,000.00	4,500.00	1,44,500.00	2,890.00	
CST @ 5%			15,750.00	15,000.00		15,000.00	750.00	
Insulators	2069	5%	15,750.00	15,000.00		15,000.00	750.00	
Insulators			15,750.00	15,000.00		15,000.00	750.00	
Exports			1,57,440.00	1,57,440.00		1,57,440.00		
Jewellery	102		1,06,560.00	1,06,560.00		1,06,560.00		
Gold Jewellery			1,06,560.00	1,06,560.00		1,06,560.00		
Vacuum Cleaners	329		50,880.00	50,880.00		50,880.00		
Vacuum Cleaner			50,880.00	50,880.00		50,880.00		
Inter-State Sales - Spl. Category Goods			48,960.00	48,000.00		48,000.00	960.00	
Silk Fabrics	2127		48,960.00	48,000.00		48,000.00	960.00	
Silk Fabrics			48,960.00	48,000.00		48,000.00	960.00	
Output VAT @ 1%			91,386.75	90,000.00	481.93	90,481.93	904.82	
Jewellery	102	1%	91,386.75	90,000.00	481.93	90,481.93	904.82	
22 more ... ↓								

22 more ... ↓

Figure 5.8 VAT Commodity Report - Sales

## 5.3 VAT Registers

### VAT Purchase Register

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

To view the VAT Purchase Register,

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

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

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

Figure 5.9 Purchase Register Configuration

The options shown in the Configuration screen are:

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

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

VAT Purchase Register								
National Traders								
List of Purchase Vouchers								
1-Apr-2012 to 30-Apr-2012								
Date	Particulars	Supplier Invoice No. & Dt.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
2-Apr-2012	Excel Traders	01 / 2-4-2012	1	33258710200	33258710200			6 more ... → 3,74,000.00
	Gold Jewellery					9 Nos	20,000.00/Nos	1,80,000.00
	Packing Charges							
	G I Pipes					160 Nos	150.00/Nos	24,000.00
	Packing Charges							
	Silk Fabrics					10 Nos	5,000.00/Nos	50,000.00
	Packing Charges							
	Vacuum Cleaner					8 Nos	15,000.00/Nos	1,20,000.00
	Packing Charges							
3-Apr-2012	Excel Traders	02 / 3-4-2012	2	33258710200	33258710200			1,09,500.00
	Insulators					150 Nos	320.00/Nos	48,000.00
	Packing Charges							
	Fax Machines					3 Nos	16,000.00/Nos	48,000.00
	Packing Charges							
	Tobacco Products					45 Nos	300.00/Nos	13,500.00
	Packing Charges							
3-Apr-2012	Swasthik Associates	02 / 3-4-2012	3	33254852014	33254852014			30,000.00
	The IT Journal					200 Nos	150.00/Nos	30,000.00
13-Apr-2012	Gizmo Traders	05 / 13-4-2012	6	33025485652	33025485652			86,600.00
	Gold Jewellery					2 Nos	20,000.00/Nos	40,000.00
	Insulators					5 Nos	320.00/Nos	1,600.00
	Fax Machines					3 Nos	15,000.00/Nos	45,000.00
18-Apr-2012	Sunbeam Designers	011 / 18-4-2012	8	33250120147	33250120147			35,000.00
	Graphic Designing							35,000.00
18-Apr-2012	Equipment Agencies	08 / 18-4-2012	9	33256001241	33256001241			6 more ... ↓ 7,02,600.00
	Grand Total							

Figure 5.10 VAT Purchase Register - Screen 1

Scroll horizontally to view the columnar details.

VAT Purchase Register		National Traders				Ctrl + M	
List of Purchase Vouchers		1-Apr-2012 to 30-Apr-2012					
Date	Particulars	Gross Total	Assessable Value	MRP Value	Addl. Cost	VAT/TAX Class	Tax Amount
		← ... 7 more					
2-Apr-2012	Excel Traders	3,98,405.41	3,79,000.00		5,000.00		19,405.41
	Gold Jewellery		1,80,240.64			Input VAT @ 1%	1,802.41
	Packing Charges				240.64		
	G I Pipes		28,278.07			Input VAT @ 2%	565.56
	Packing Charges				4,278.07		
	Silk Fabrics		50,267.38			Input VAT @ 4%	2,010.70
	Packing Charges				267.38		
	Vacuum Cleaner		1,20,213.91			Input VAT @ 12.5%	15,026.74
	Packing Charges				213.91		
3-Apr-2012	Excel Traders	1,22,210.53	1,10,500.00	45,000.00	1,000.00		11,710.53
	Insulators		48,757.58			Input VAT @ 5%	2,437.88
	Packing Charges				757.58		
	Fax Machines		48,015.15	45,000.00		Input VAT @ 14.5%	
	Packing Charges			45,000.00	15.15		
	Tobacco Products		13,727.27			Input VAT @ 20%	2,745.45
	Packing Charges				227.27		
3-Apr-2012	Swasthik Associates	30,000.00	30,000.00				
	The IT Journal		30,000.00			Purchases - Exempt	
13-Apr-2012	Gizmo Traders	86,600.00	86,600.00				
	Gold Jewellery		40,000.00			Purchase From URDs - Taxable Goods @ 1%	
	Insulators		1,600.00			Purchase From URDs - Taxable Goods @ 5%	
	Fax Machines		45,000.00			Purchase From URDs - Taxable Goods @ 14.5%	
18-Apr-2012	Sunbeam Designers	37,187.50	35,000.00				2,187.50
	Graphic Designing		35,000.00			Input VAT @ 12.5% - (Job Work)	2,187.50
18-Apr-2012	Equipment Agencies	1,56,000.00					
							6 more ... ↓
	Grand Total	9,06,915.94	7,08,600.00		6,000.00		42,315.94

Figure 5.11 VAT Purchase Register - Screen 2

## VAT Sales Register

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

To view the VAT Sales Register,

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

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

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

Figure 5.12 Sales Register - Configuration

The options shown in the Configuration screen are:

- ❑ **Show Voucher Number:** This field will be set to Yes to display the voucher number.
- ❑ **Show Voucher Ref:** Set it to Yes to display the voucher reference number entered in Ref field of sales/tax invoice.
- ❑ **Show CST No.:** Set it to Yes to capture the CST number entered in the party ledger master or the party details screen.
- ❑ **Show Quantity Details:** This field will be set to Yes to display the quantity sold.
- ❑ **Show Rate Details:** Set it to Yes to display the rate at which the stock items were sold.
- ❑ **Show Item Value:** Set it to Yes to display the assessable value of stock item sold.
- ❑ **Show Party from supplementary:** This field will be set to **Yes** to display the Party name entered in the Buyer's Details of Supplementary Details screen during voucher entry.

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

VAT Sales Register		National Traders					Ctrl + M	
List of Sales Vouchers							1-Apr-2012 to 30-Apr-2012	
Date	Particulars	Voucher Ref.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
								6 more ... →
6-Apr-2012	Marvel Traders	S01	1	33259874547	33259874547			2,37,500.00
	Gold Jewellery					4 Nos	22,500.00/Nos	90,000.00
	Packing Charges							
	G I Pipes					70 Nos	400.00/Nos	28,000.00
	Packing Charges							
	Silk Fabrics					4 Nos	8,000.00/Nos	32,000.00
	Packing Charges							
	Vacuum Cleaner					5 Nos	17,500.00/Nos	87,500.00
	Packing Charges							
7-Apr-2012	Supreme Book Stores	SN01	1	33254125852	33254125852			36,000.00
	The IT Journal					180 Nos	200.00/Nos	36,000.00
7-Apr-2012	Marvel Traders	S02	2	33259874547	33259874547			93,250.00
	Insulators					85 Nos	500.00/Nos	42,500.00
	Packing Charges							
	Fax Machines					2 Nos	17,500.00/Nos	35,000.00
	Packing Charges							
	Tobacco Products					45 Nos	350.00/Nos	15,750.00
	Packing Charges							
9-Apr-2012	Marvel Traders	S03	3	33259874547	33259874547			26,400.00
	G I Pipes					66 Nos	400.00/Nos	26,400.00
10-Apr-2012	Marvel Traders	S04	4	33259874547	33259874547			32,500.00
	Insulators					65 Nos	500.00/Nos	32,500.00
18-Apr-2012	Swasthik Associates	SN07	6	33254852014	33254852014			60,000.00
	Painting & Polishing							60,000.00
	Grand Total							4,85,650.00

Figure 5.13 VAT Sales Register - Screen 1



Scroll horizontally to view columnar details.

VAT Sales Register		National Traders				Ctrl + M	
List of Sales Vouchers		1-Apr-2012 to 30-Apr-2012					
Date	Particulars	Gross Total	Assessable Value	MRP Value	Addl. Cost	VAT/TAX Class	Tax Amount
		← ... 7 more					
6-Apr-2012	Marvel Traders	2,61,445.57	2,47,500.00		10,000.00		13,945.57
	Gold Jewellery		90,481.93			Output VAT @ 1%	904.82
	Packing Charges				481.93		
	G I Pipes		36,433.73			Output VAT @ 2%	728.67
	Packing Charges				8,433.73		
	Silk Fabrics		32,481.93			Output VAT @ 4%	1,299.28
	Packing Charges				481.93		
	Vacuum Cleaner		88,102.41			Output VAT @ 12.5%	11,012.80
	Packing Charges				602.41		
7-Apr-2012	Supreme Book Stores	36,000.00	36,000.00				
	The IT Journal		36,000.00			Sales - Exempt	
7-Apr-2012	Marvel Traders	1,05,805.14	95,250.00		2,000.00		10,555.14
	Insulators		43,787.88			Output VAT @ 5%	2,189.39
	Packing Charges				1,287.88		
	Fax Machines		35,030.30			Output VAT @ 14.5%	5,079.39
	Packing Charges				30.30		
	Tobacco Products		16,431.82			Output VAT @ 20%	3,286.36
	Packing Charges				681.82		
9-Apr-2012	Marvel Traders	26,862.00	26,400.00	23,100.00			462.00
	G I Pipes		26,400.00	23,100.00		Output VAT @ 2%	462.00
10-Apr-2012	Marvel Traders	34,125.00	32,500.00	29,250.00			1,625.00
	Insulators		32,500.00	29,250.00		Output VAT @ 5%	1,625.00
18-Apr-2012	Swasthik Associates	63,750.00	60,000.00				3,750.00
	Painting & Polishing		60,000.00			Output VAT - Works Contract @ 12.5%	3,750.00
	Grand Total	5,27,987.71	4,97,650.00		12,000.00		30,337.71

Figure 5.14 VAT Sales Register - Screen 2

## 5.4 Statutory Returns and Annexures

### 5.4.1 VAT Return Form I

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

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

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

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

FORM I																	
[see Rule 7(1) (a), 7(2) & 7(3)]																	
<b>VALUE ADDED TAX MONTHLY RETURN</b>																	
Name and address of the dealer:			<b>National Traders, 14, Greams Road, Anna Salai, Chennai</b>														
The Assessing Authority , <b>785R</b>			Circle		TIN [ 3 ] [ 3 ] [ 2 ] [ 0 ] [ 1 ] [ 3 ] [ 1 ] [ 7 ] [ 8 ] [ 9 ] [ 1 ]			Month [ 04 ] Year [ 2012 ]									
<b>INPUT TAX CREDIT</b>					<b>TAX PAYABLE</b>												
1 Input Tax Credit carry-forward (Rs.) 0 (A)				Nil		1 Purchase turnover under Sec 12 (Rs.)											
(No Input tax credit of capital goods to be included here)								86,600	Tax due Rs. (A1)	7,005							
<b>INPUT ITEMS</b>						<b>OUTPUT ITEMS</b>											
<b>(First schedule goods)</b>		<b>Purchase value during the month(Rs.)</b>				<b>Input Tax credit (VAT paid)(Rs.)</b>						<b>(Input Tax Credit allowable)</b>		<b>Sales turnover / value inside the State(Rs.)</b>		<b>VAT due(Rs.)</b>	
(a)Goods taxable at 1%		1,80,241				1,802						(a)Local sales at 1%		90,482		905	
(b)Goods taxable at 2%		28,278				566						(b)Local sales at 2%		62,834		1,191	
(c)Goods taxable at 4%		55,267				2,211						(c)Local sales at 4%		32,482		1,299	
Goods taxable at 5%		48,758				2,438						Local sales at 5%		76,288		3,814	
(d)Goods taxable at 12.5%		1,50,214				18,777						(d)Local sales at 12.5%		1,18,102		14,763	
Goods taxable at 14.5%		98,015				13,777						Local sales at 14.5%		35,030		5,079	
Goods taxable at 20%		13,727				2,745						Local sales at 20%		16,432		3,286	
(e)Purchase under Sec. 12		86,600				Nil						<b>Total= (a)+(b)+(c)</b>		4,31,650		30,337	
Total= (a)+(b)+(c)+(d)+(e)				6,61,100		42,316		Less: Sales return/Unfructified sales		6,000							
2 Less: Reverse Credit*				1,10,900		11,383		<b>Total(F)</b>		4,25,650 (F1)							
<b>TOTAL (NET) (B)</b>				5,50,200 (B1)		30,933		Zero rate sales (G)		1,57,440							
Goods exempted (C)				30,000 (C1)				1.Adjustment of advance tax		2,000.00							
								2 Entry tax paid, if any		1,520.00							
								Less: Total(H2)		(H1)							
								Net tax payable		(T1) = (F1)-(H1)							
										(T2) = (A1)+T1							
<b>CAPITAL GOODS</b>						<b>OUTPUT ITEMS</b>											
		<b>Eligible Input/Tax Credit (Rs.)</b>				<b>(Input Tax Credit not allowable)</b>											
(a)Upto previous month		Nil				Exempted sales						36,000					
(b)During the month		1,50,000				Less: Sales return/Unfructified sales						2,000					
Total		1,50,000				Total (J)						34,000					
Less: Reverse Credit*		1,50,000															
Less: Claimed upto previous month		Nil				Sales under Sec 11						(S)					
TOTAL (NET) (D)		Nil (D1)										48,000 (S1)					
								1.Adjustment of advance tax									
								2.Entry tax paid,TDS, refund,if any		1,475							
								1,50,000		4							
<b>4 Total Input Tax Credit(E)= (A + B1 + D1)</b>				30,933				<b>TOTAL TURNOVER (F) + (J) + (S)</b>		5,07,650 (T3)							
*vide Sec 19								Net tax payable (T4) = (T2+S1)-(T3)		32,227							

Figure 5.15 VAT Monthly Return in Form I Page 1

<b>A. Payment details:</b>						
Amount Payable, if (T4) is excess of (E)					(T4 - E) (Rs.)	1,294
Amount Paid					(Rs.)	6,604
Sl.No.	Amount(Rs.)	Crossed cheque/Crossed DD/ Crossed Banker's cheque No.	Date	Bank	Bank code	
1	1,179.21	051230	4-May-2012	Bank of India, Chennai	03252	
2	5,425.06	051240	4-May-2012	Bank of India, Chennai	03252	
<b>Total</b>	<b>6,604.27</b>	(In words) NR Six Thousand Six Hundred Four and Twenty Seven paise				
<b>B. Amount of Input Tax Credit excess available, if (E) is excess of (T4)</b>						
					(E - T4) (Rs.)	Nil
<b>LESS:</b>						
1. If refund is claimed for input tax related to Zero rate sales, the amount					4,350	
2. If tax payable under the CST Act for this month has to be adjusted, the amount					Nil	
					<b>Total (1+2)</b>	4,350
<b>Input Tax Credit, if any, carried forward to next month:</b>					(Rs.)	(-)/4,350
<b>DECLARATION</b>						
1. I / We T. Selvam declare that to the best of my/our knowledge and belief the information furnished in the above statement is true, correct and complete.						
2. I / We T. Selvam declare that I am/We are authorised by Thyagarajan (Proprietor/Partner/Board of directors) to sign the returns.						
Place: Chennai				Signature : _____		
Date : 4-May-2012      Seal				Name : T. Selvam		
				Status & relationship to the dealer: Accounts Officer		

Figure 5.16 VAT Monthly Return in Form I page 2

## 5.4.2 VAT Return Form I-1

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

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

FORM I - 1 [see Rule 7(7)] VALUE ADDED TAX ANNUAL RETURN					
Name and address of the dealer: <b>National Traders, 14, Greams Road, Anna Salai, Chennai</b>					
To The Assessing Authority, 785R		TIN <b>3 3 2 0 1 3 1 7 8 9 1</b>		Year <b>2012-2013</b>	
Circle					
PURCHASES			SALES		
	Purchase turnover value inside the State during the Year (Rs.)	(VAT paid)(Rs.)		Sales turnover/ value inside the State(Rs.)	VAT collected if any(Rs.)
(a)Goods taxable at 1%	1,80,241	1,802	(a)Local sales at 1%	90,482	905
(b)Goods taxable at 2%	28,278	566	(b)Local sales at 2%	62,834	1,191
(c)Goods taxable at 4%	55,267	2,211	(c)Local sales at 4%	32,482	1,299
Goods taxable at 5%	48,768	2,438	Local sales at 5%	76,288	3,814
(d)Goods taxable at 12.5%	1,50,214	18,777	(d)Local sales at 12.5%	1,18,102	14,763
Goods taxable at 14.5%	98,015	13,777	Local sales at 14.5%	35,030	5,079
Goods taxable at 20%	13,727	2,745	Local sales at 20%	16,432	3,286
Total= (a)+(b)+(c)+(d)	5,74,500 (A)	42,316	Total= (a)+(b)+(c)+(d)	4,31,650	30,337
1. (e) Goods exempted	30,000		1. Less: Sales return/Unfrudified sales	6,000	120
			Total (C)	4,25,650	30,217
			Zero rate sales	1,57,440	
			1. Adjustment of advance tax		2,000.00
			2. Entry tax paid, if any		1,520.00
			Total (1+2)		3,520
CAPITAL GOODS			OUTPUT ITEMS		
		Tax Paid (Rs.)		Exempted sales	36,000
2. During the Year	1,50,000 (B)	3,000	2. Less: Sales return/Unfrudified sales	2,000	
			Total	(D)	34,000
			1,50,000 4 6,000.00		
3 Total (A + B)		45,316	TOTAL SALES (C+D)		4,59,650 26,697
DECLARATION					
1. I / We T. Selvam declare that to the best of my/our knowledge and belief the information furnished in the above statement is true, correct and complete.					
2. I / We T. Selvam declare that I am/We are authorised by Thyagarajan (Proprietor/Partner/Board of directors) to sign the returns.					
Place : Chennai		Signature :		Name : T. Selvam	
Date : 31-Mar-2013		Seal		Status & relationship to the dealer : Accounts Officer	

Figure 5.17 Form I-1

### 5.4.3 Form W

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

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

Form W [See rule 11 (2)]																									
TIN	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>3</td><td>3</td><td>2</td><td>0</td><td>1</td><td>3</td><td>1</td><td>7</td><td>8</td><td>9</td><td>1</td> </tr> </table>	3	3	2	0	1	3	1	7	8	9	1													
3	3	2	0	1	3	1	7	8	9	1															
Assessment Year	2012-2013																								
<p>To</p> <p>The Assessing Authority,</p> <p>785R - Assessment Circle</p> <p>Sir ,</p> <p>I/We National Traders have exported / sold to -----under mentioned quantity and description of the goods to -----</p> <p>--Bill of Lading is attached .I/We am / are not in position to adjust the input tax credit during the year -----I/We request that refund of this credit may be granted.</p>																									
<p><b>1 Particulars of the goods exported.</b></p> <p>(i) Description :</p> <p>(ii) Quantity :</p> <p>(iii) value Rs. : 1,57,440.00</p> <p>(iv) Purchase order No. and date : AS PER LIST ENCLOSED</p> <p>(v) Export invoice No. and date :</p> <p>(vi) Shipping Bill/ Airway Bill No. and date :</p> <p>(vii) Bill of Lading No. and date :</p> <p>(viii) Letter of Credit No. and date :</p> <p>(ix) Importer - Exporter Code (IEC) No. :</p>																									
<p><b>2 Particulars of Input tax paid</b></p> <p>(i) Name and address of the seller with TIN :</p> <p>(ii) Invoice Number and date :</p> <p>(iii) Description of goods purchased within the state :</p> <p>(iv) Quantity : AS PER LIST ENCLOSED</p> <p>(v) value and rate of tax Rs. % :</p> <p>(vi) Input tax paid :</p> <p>(vii) value</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>1 %</th> <th>4 %</th> <th>5 %</th> <th>12.5 %</th> <th>14.5 %</th> </tr> </thead> <tbody> <tr> <td>(a) Quantity of inputs, relatable to export</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(b) Value</td> <td>60,000.00</td> <td></td> <td></td> <td>30,000.00</td> <td></td> </tr> <tr> <td>(c) Input Tax on (b)</td> <td>600.00</td> <td></td> <td></td> <td>3,750.00</td> <td></td> </tr> </tbody> </table>			1 %	4 %	5 %	12.5 %	14.5 %	(a) Quantity of inputs, relatable to export						(b) Value	60,000.00			30,000.00		(c) Input Tax on (b)	600.00			3,750.00	
	1 %	4 %	5 %	12.5 %	14.5 %																				
(a) Quantity of inputs, relatable to export																									
(b) Value	60,000.00			30,000.00																					
(c) Input Tax on (b)	600.00			3,750.00																					
<p><b>3 Amount of refund claimed</b></p> <p>I / we certify that the aforesaid particulars are correct and I am / We are the rightful claimant(s) to the refund of tax due thereon which may be allowed in my / our favour.</p> <p>I / we undertake to refund, on demand being made, any refund erroneously paid to me / us.</p> <p>I / we declare that I / We have not filed / will not file any other claim for refund under rule 11(2) for the year to which this claim relates.</p> <p style="text-align: right;">Signature and full address of the claimant(s)</p>																									

Figure 5.18 Form W - Page 1

Export Particulars										
Sl. No	Buyer's Name	Description	Qty	Value in INR	PO No. and Date	Export Invoice No. and Date	Shipping bill / Airway bill No. and Date	Bill of Lading No. and Date	Letter of Credit No. and Date	Import - Export Code (IEC) No.
1	Zeta Inc.	Gold Jewellery	3 Nos	1,06,560.00	PO875 10-Apr-2012	5 13-Apr-2012	DDN1565	C41 13-Apr-2012	Cargo Flight	HWTS78B
2	Zeta Inc.	Vacuum Cleaner	2 Nos	50,880.00	PO875 10-Apr-2012	5 13-Apr-2012	DDN1565	C41 13-Apr-2012	Cargo Flight	HWTS78B
		Total		1,57,440.00						

Figure 5.19 Form W - Page 2

Input Particulars										
S-I. No	Name of the Seller	TIN	Purchase Inv. No & Date	Description	Qty	Value	Assessable Value	Rate of VAT	Input Tax Paid	Input tax credit relatable to the export
1	Excel Traders	33258710200	01.2-Apr-2012	Gold Jewellery	3 Nos	60,000.00	60,000.00	1%	600.00	600.00
2	Excel Traders	33258710200	01.2-Apr-2012	Vacuum Cleaner	2 Nos	30,000.00	30,000.00	12.50%	3,750.00	3,750.00
				Total		90,000.00	90,000.00		4,350.00	4,350.00

Figure 5.20 Form W - Page 3

PURCHASE DETAIL SHEET				
SLNO	DESCRIPTION	PURCHASE VALUE	RATE OF TAX	INPUT TAX PAID
1	Gold Jewellery	60,000.00	1%	600.00
2	Vacuum Cleaner	30,000.00	12.50%	3,750.00
	Total	90,000.00		4,350.00

Figure 5.21 Form W - Page 4

#### 5.4.4 VAT Annexures

As discussed earlier, the details of purchases, sales and transfers in/out are required to be enclosed in the respective annexures to the monthly Return. There are basically four annexures, which are prescribed in the TN VAT Act.

##### Monthly Annexures – Annexure I

Annexure I contains the details of purchases, Imports and Branch transfer inwards made during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – I**

The **Annexure I** of M/s. National Traders displays as shown:

<b>ANNEXURE I</b>								
Details of purchases/receipts during the month <u>APRIL, 12</u>								
Sl. No.	Name of the seller	Seller's TIN	Commodity Code	Invoice/Delivery note no. and date	Purchase /Receipt value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Excel Traders	33258710200	102	01,2-Apr-2012	1,80,241	1	1,802	R
2	Excel Traders	33258710200	2100	01,2-Apr-2012	28,278	2	566	R
3	Excel Traders	33258710200	2127	01,2-Apr-2012	50,267	4	2,011	R
4	Excel Traders	33258710200	329	01,2-Apr-2012	1,20,214	12.50	15,027	R
5	Excel Traders	33258710200	2069	02,3-Apr-2012	48,758	5	2,438	R
6	Excel Traders	33258710200	333	02,3-Apr-2012	45,015	14.50	6,527	R
7	Excel Traders	33258710200	519	02,3-Apr-2012	13,727	20	2,745	R
8	Swasthik Associates	33254852014	711	02,3-Apr-2012	30,000	0		E
9	Universal Enterprises	29587458521	102	04,10-Apr-2012	80,000	1	800	O
10	Universal Enterprises	29587458521	2069	04,10-Apr-2012	64,000	5	3,200	O
11	Universal Enterprises	29587458521	333	04,10-Apr-2012	75,000	14.50	10,875	O
12	Glamour Appliances		333	06,16-Apr-2012	1,62,000	0		I
13	Glamour Appliances		2069	06,16-Apr-2012	33,750	0		I
14	Sunbeam Designers	33250120147		011,18-Apr-2012	17,500	12.50	2,188	R
15	Equipment Agencies	33256001241		08,18-Apr-2012	1,50,000	0		C
16	Swasthik Associates	33254852014	324	09,21-Apr-2012	12,500	12.50	1,563	R
17	Dewpoint Traders	33250025850	304	10,23-Apr-2012	50,000	14.50	7,250	R
18	Sterling Industries	33206501450	2067	11,25-Apr-2012	5,000	4	200	B
<b>Category:</b> C-Capital goods, E-Exempted, I-Import, O-Inter-state purchases requiring no Form C, R-Local-purchase input(First schedule), A-Purchases effected through agents/Branches, B-Industrial Input								

Figure 5.22 Annexure I

### Monthly Annexures – Annexure I–A

Annexure I–A contains the details of Inter-State purchases and Stock transfer inwards made during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – I–A**

The **Annexure I-A** of M/s. National Traders displays as shown:

ANNEXURE I-A																		
Details of Inter-State purchases / Stock Transfer Inward during the month															APRIL, 12			
Sl. No.	Name of Seller / Transferor	Address of the Selling Dealer / Transferor	Seller's / Transferor's TIN	Commodity Code	Invoice / Delivery Note No.	Invoice / Delivery Note Date	Purchase Order No. *	Purchase Order Date *	Purchase Receipt Value (Net of Tax)	Rate of Tax	CST Paid	Total Purchase Value (10+12)	Quantity or Weight **	Unit **	Name of the Transport Carrier from where goods were dispatched * or any other document **	No. and Date of the Receipt with trip sheet of lorry or other document **	Date on which delivery was taken by transferee **	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1	Sunlite Enterprises	145, IV Sector, Lokh-anwa-la, Mumbai	2788-3723-209	304	03	9-Apr-2012	P-O-03	4-Apr-2012	3,75,000.00	2	7,500.00	3,82,500.00	15	Nos	Chennai	96	7-Apr-2012	J
<p>Category : J- Inter-State purchase against Form C</p> <p>S- Stock receipts from Head Office / branches / principals outside the State.</p> <p>** for Form F prescribed under the Central Sales Tax(Registration and Turnover) Rules, 1957 only</p> <p>* for Form C prescribed under the Central Sales Tax(Registration and Turnover) Rules, 1957 only</p>																		

Figure 5.23 Annexure I-A

## Monthly Annexures – Annexure II

Annexure II contains the details of Sales, zero rated sales, exempt goods and Branch transfer Outwards made during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – II**



In the **Print Report** screen set the option - **Show Inter-state sales** to **Yes**.

Printing			
Printer	: NPI9F3EB3 (HP LaserJet P4015) (Ne02.)	Paper Type :	Letter
No. of Copies	: 1		
Print Language	: English		(Printing Dimensions)
Method	: Neat Mode	Paper Size :	(8.50" x 10.98") or (216 mm x 279 mm)
Page Range	: All	Print Area :	(8.03" x 10.71") or (204 mm x 272 mm)
Report Titles			
VAT Annexure			
(with Print Preview)			
Without Company Phone No.			
From (blank for beginning) :		1-4-2012	
To (blank for end) :		30-4-2012	
Show Inter-state sales		? Yes ←	
			<b>Print ?</b> <b>Yes or No</b>

Figure 5.24 Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

ANNEXURE II								
Details of sales/transfer value during the month <u>APRIL, 12</u>								
Sl. No.	Name of the buyer	Buyer's TIN	Commodity Code	Invoice/Delivery note no. and date	Sale value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Marvel Traders	33259874547	102	1,6-Apr-2012	90,482	1	905	F
2	Marvel Traders	33259874547	329	1,6-Apr-2012	88,102	12.50	11,013	F
3	Marvel Traders	33259874547	2100	1,6-Apr-2012	36,434	2	729	F
4	Marvel Traders	33259874547	2127	1,6-Apr-2012	32,482	4	1,299	F
5	Marvel Traders	33259874547	2100	1,7-Apr-2012	(-)6,000	2	(-)120	R
6	Supreme Book Stores	33254125852	711	1,7-Apr-2012	36,000	0		E
7	Marvel Traders	33259874547	333	2,7-Apr-2012	35,030	14.50	5,079	F
8	Marvel Traders	33259874547	519	2,7-Apr-2012	16,432	20	3,286	F
9	Marvel Traders	33259874547	2069	2,7-Apr-2012	43,788	5	2,189	F
10	Supreme Book Stores	33254125852	711	2,9-Apr-2012	(-)2,000	0		E
11	Digilink Electronics	28587452140	304	2,10-Apr-2012	1,44,500	2	2,890	F
12	Marvel Traders	33259874547	2100	3,9-Apr-2012	26,400	2	462	F
13	Verona Traders	29856521458	102	3,11-Apr-2012	45,000	1	450	F
14	Verona Traders	29856521458	333	3,11-Apr-2012	35,000	14.50	5,075	F
15	Verona Traders	29856521458	2069	3,11-Apr-2012	15,000	5	750	F
16	Marvel Traders	33259874547	2069	4,10-Apr-2012	32,500	5	1,625	F
17	Fortune Agencies	24589564125	2127	4,12-Apr-2012	48,000	2	960	F
18	Zeta Inc.		102	5,13-Apr-2012	1,06,560	0		Z
19	Zeta Inc.		329	5,13-Apr-2012	50,880	0		Z
20	Swasthik Associates	33254852014		6,18-Apr-2012	30,000	12.50	3,750	F
21	National Enterprises	27569854125	2069	7,18-Apr-2012	4,800	0		S
22	Parijata Traders	29857412563	2100	8,23-Apr-2012	3,000	0		S
23	Fortune Agencies	24589564125	329	9,25-Apr-2012	17,500	12.50	2,188	F
<b>Category:</b> E-Exempt, F-First schedule, R-Sales return, S-Stock transfer outside the State, Z-Zero rate sale, A-Sales effected through agents/branches in the State								

Figure 5.25 Annexure II

## Monthly Annexures – Annexure III

Annexure III contains the details of reversal of Input Tax Credit already claimed or availed.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – III**

Enter the details in the **Print Report** screen as shown:

Printing	
Printer	: Microsoft XPS Document Writer (Ne03:)
No. of Copies	: 1
Print Language	: English
Method	: Neat Mode
Page Range	: All
Paper Type	: A4
Paper Size	: (8.27" x 11.69") or (210 mm x 297 mm)
Print Area	: (8.27" x 11.69") or (210 mm x 297 mm)
Report Titles	
Annexure-III	
(with Print Preview)	
Without Company Phone No.	
From (blank for beginning)	: 1-4-2012
To (blank for end)	: 30-4-2012
Print with Commodity Details?	Yes
Name	: T. Selvam
Status/Designation	: Accounts Officer
Place	: Chennai
Date	: 4-5-2012
<div>Print ?</div> <div>Yes or No</div>	

Figure 5.26 Print Report screen

The **Annexure III** of M/s. National Traders displays as shown:

ANNEXURE III							
Details of reversal of Input Tax Credit during the month <b>APRIL, 12</b>							
Sl.No	Nature of transactions	Section/Rule relevant	Commodity Code	Value (Rs.)	Rate of tax	TIN	Reversal of Input tax Credit (Rs.)
			(1)	(2)	(3)	(4)	(5)
1	Goods used for civil structures	Sec.2(11)		1,50,000			3,000
				1,50,000	4		6,000.00
2	Goods utilised for self use	Sec.19(7)(a)		20,000			200
			102	20,000	1		200.00
3	Purchase of automobiles, spare parts and accessories other than dealer in Automobiles	Sec.19(7)(b)		12,500			1,563
			324	12,500	12.50	33254852014	1,562.50
4	Purchase of Airconditioners other than dealer in Airconditioners	Sec.19(7)(c)		50,000			7,250
			304	50,000	14.50	33250025850	7,250.00
5	Goods given as gift, free sample	Sec.19(8)		1,600			80
6	Goods lost on theft, loss, etc.,	Sec.19(9)(i)		750			15
7	Inputs destroyed in fire or lost	Sec.19(9)(ii)		500			20
8	Inputs damaged in transit or destroyed before manufacture	Sec.19(9)(iii)		1,250			50
9	Unavailed credit on Capital goods (time barred)	Sec.19(3)(b)					
10	Consignment Sales without 'F' form	Sec.19(4)(i) & (ii)		4,800			240
			2069	4,800	5		240.00
11	Stock transfer without 'F' form	Sec.19(4)(i) & (ii)		3,000			60
			2100	3,000	2		60.00
12	Purchases for production of Exempted goods (Finished)	Sec.19(5)(a)					
13	Interstate sale without 'C' form	Sec.19(5)(c)		15,000			1,875
			329	15,000	12.50	33258710200	1,875.00
14	Purchase return	Sec.14(i)		1,500			30
			2100	1,500	2	33258710200	30.00
15	ITC availed for Finished goods subsequently exempt	Sec.19(12)					
16	Others (specify)						
Total							14,383

Figure 5.27 Annexure III



*The various transactions relating to reversal of Input Tax Credit are discussed in detail in Lesson 3 – Reversal of Input Tax Credit.*

### Monthly Annexures – Annexure IV

Annexure IV contains the details of zero rated sales and other export information during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – IV**

The **Annexure IV** of M/s. National Traders displays as shown:

ANNEXURE IV							
Import Export code:		HWTS78B		Zero Rated Sale			
Sl.No.	Seller's TIN	Description of goods	Commodity Code	Purchase value (Rs.)	Rate of tax	Input tax paid (Rs.)	Eligible Credit (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	33258710200	Gold Jewellery	102	60000	1 %	600	600
2	33258710200	Vacuum Cleaner	329	30000	12.50 %	3750	3750

Figure 5.28 Annexure IV – Zero Rated Sales Details

ANNEXURE IV				
Sl.No.	Export			
	Description of Goods	Commodity Code	Value (Rs.)	Details of Bill of lading / Air / Road / Railway Bill No. & date
(1)	(2)	(3)	(4)	(5)
1	Gold Jewellery	102	1,06,560	C41, 13-Apr-2012
2	Vacuum Cleaner	329	50,880	C41, 13-Apr-2012

  

Place : Chennai	Signature :
Date : 4-May-2012	Name : T. Selvam
Seal	Status & relationship to the dealer: Accounts Officer

Figure 5.29 Annexure IV – Export Details

Similarly generate annexures of Annual Return by navigating to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual**

## Annual Annexures – Annexure I

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure I**

The **Annexure I** of M/s. National Traders displays as shown:

ANNEXURE I								
Details of purchases/receipts during the Year <u>2012 - 2013</u>								
Sl. No.	Name of the seller	Seller's TIN	Commodity Code	Invoice/Delivery note no. and date	Purchase /Receipt value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Excel Traders	33258710200	102	01.2-Apr-2012	1,80,241	1	1,802	R
2	Excel Traders	33258710200	2100	01.2-Apr-2012	28,278	2	566	R
3	Excel Traders	33258710200	2127	01.2-Apr-2012	50,267	4	2,011	R
4	Excel Traders	33258710200	329	01.2-Apr-2012	1,20,214	12.50	15,027	R
5	Excel Traders	33258710200	2069	02.3-Apr-2012	48,758	5	2,438	R
6	Excel Traders	33258710200	333	02.3-Apr-2012	45,015	14.50	6,527	R
7	Excel Traders	33258710200	519	02.3-Apr-2012	13,727	20	2,745	R
8	Swasthik Associates	33254852014	711	02.3-Apr-2012	30,000	0		E
9	Universal Enterprises	29587458521	102	04.10-Apr-2012	80,000	1	800	O
10	Universal Enterprises	29587458521	2069	04.10-Apr-2012	64,000	5	3,200	O
11	Universal Enterprises	29587458521	333	04.10-Apr-2012	75,000	14.50	10,875	O
12	Glamour Appliances		333	06.16-Apr-2012	1,62,000	0		I
13	Glamour Appliances		2069	06.16-Apr-2012	33,750	0		I
14	Sunbeam Designers	33250120147		011.18-Apr-2012	17,500	12.50	2,188	R
15	Equipment Agencies	33256001241		08.18-Apr-2012	1,50,000	0		C
16	Swasthik Associates	33254852014	324	09.21-Apr-2012	12,500	12.50	1,563	R
17	Dewpoint Traders	33250025850	304	10.23-Apr-2012	50,000	14.50	7,250	R
18	Sterling Industries	33206501450	2067	11.25-Apr-2012	5,000	4	200	B
Category: C-Capital goods, E-Exempted, I-Import, O-Inter-state purchases requiring no Form C, R-Local-purchase input(First schedule), A-Purchases effected through agents/Branches, B-Industrial Input								

Figure 5.30 Annual Annexures - Annexure I

## Annual Annexures – Annexure II

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure II**

In the **Print Report** screen set the option - **Show Inter-state sales to Yes**.

Printing	
Printer : NPI9F3EB3 (HP LaserJet P4015) (No02)	Paper Type : Letter
No. of Copies : 1	
Print Language : English	(Printing Dimensions)
Method : Neat Mode	Paper Size : (8.50" x 10.98") or (216 mm x 279 mm)
Page Range : All	Print Area : (8.03" x 10.71") or (204 mm x 272 mm)
Report Titles	
VAT Annexure	
(with Print Preview)	
Without Company Phone No.	
From (blank for beginning) : 1-4-2012	Print ? Yes or No
To (blank for end) : 31-3-2013	
Show Inter-state sales ? Yes ←	

Figure 5.31 Annual Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

ANNEXURE II								
Details of sales/transfer value during the Year 2012 - 2013								
Sl. No.	Name of the buyer	Buyer's TIN	Commodity Code	Invoice/Delivery note no. and date	Sale value(Rs.)	Rate of tax	VAT/CST paid(Rs.)	Category
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Marvel Traders	33259874547	102	1,6-Apr-2012	90,482	1	905	F
2	Marvel Traders	33259874547	329	1,6-Apr-2012	88,102	12.50	11,013	F
3	Marvel Traders	33259874547	2100	1,6-Apr-2012	36,434	2	729	F
4	Marvel Traders	33259874547	2127	1,6-Apr-2012	32,482	4	1,299	F
5	Marvel Traders	33259874547	2100	1,7-Apr-2012	(-)6,000	2	(-)120	R
6	Supreme Book Stores	33254125852	711	1,7-Apr-2012	36,000	0		E
7	Marvel Traders	33259874547	333	2,7-Apr-2012	35,030	14.50	5,079	F
8	Marvel Traders	33259874547	519	2,7-Apr-2012	16,432	20	3,286	F
9	Marvel Traders	33259874547	2069	2,7-Apr-2012	43,788	5	2,189	F
10	Supreme Book Stores	33254125852	711	2,9-Apr-2012	(-)2,000	0		E
11	Digilink Electronics	28587452140	304	2,10-Apr-2012	1,44,500	2	2,890	F
12	Marvel Traders	33259874547	2100	3,9-Apr-2012	23,100	2	462	F
13	Verona Traders	29856521458	102	3,11-Apr-2012	45,000	1	450	F
14	Verona Traders	29856521458	333	3,11-Apr-2012	35,000	14.50	5,075	F
15	Verona Traders	29856521458	2069	3,11-Apr-2012	15,000	5	750	F
16	Marvel Traders	33259874547	2069	4,10-Apr-2012	32,500	5	1,625	F
17	Fortune Agencies	24589564125	2127	4,12-Apr-2012	48,000	2	960	F
18	Zeta Inc.		102	5,13-Apr-2012	1,06,560	0		Z
19	Zeta Inc.		329	5,13-Apr-2012	50,880	0		Z
20	Swasthik Associates	33254852014		6,18-Apr-2012	30,000	12.50	3,750	F
21	National Enterprises	27569854125	2069	7,18-Apr-2012	4,800	0		S
22	Parijata Traders	29857412563	2100	8,23-Apr-2012	3,000	0		S
23	Fortune Agencies	24589564125	329	9,25-Apr-2012	17,500	12.50	2,188	F

**Category:** E-Exempt, F-First schedule, R-Sales return, S-Stock transfer outside the State, Z-Zero rate sale, A-Sales effected through agents/branches in the State

Figure 5.32 Annual Annexures - Annexure II

### Annual Annexures – Annexure III

Go to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure III**

The **Annexure III** of M/s. National Traders displays as shown:

ANNEXURE III							
Import Export code:		HWTS78B		Zero Rated Sale			
Sl.No.	Seller's TIN	Description of goods	Commodity Code	Purchase value (Rs.)	Rate of tax	Input tax paid (Rs.)	Eligible Credit (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	33258710200	Gold Jewellery	102	60000	1 %	600	600
2	33258710200	Vacuum Cleaner	329	30000	12.50 %	3750	3750

Figure 5.33 Annual Annexures - Annexure III

ANNEXURE III				
Sl.No.	Export			
	Description of Goods	Commodity Code	Value (Rs.)	Details of Bill of lading / Air / Road / Railway Bill No. & date
(1)	(2)	(3)	(4)	(5)
1	Gold Jewellery	102	1,06,560	C41, 13-Apr-2012
2	Vacuum Cleaner	329	50,880	C41, 13-Apr-2012

  

Place : Chennai	Signature :
Date : 31-Mar-2013	Name : T. Selvam
Seal	Status & relationship to the dealer: Accounts Officer

Figure 5.34 Annual Annexures - Annexure III

## Lesson 6: E–VAT

### Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Export the Annexures I, I-A, II, III and IV in Excel Spreadsheet format.
- ❑ Understand the procedure of validating and data exported to excel files
- ❑ Understand the procedure of uploading the validated excel sheets to the website.

### 6.1 Online Filing

In the official website of Tamil Nadu, the Dealers need to login with their user name, i.e., TIN and the respective password allotted to them by the department. The annexures can be filed online for the required period by clicking on the Monthly Returns tab and submitting the required details for filing annexure – I, I-A, II, III and IV.

A proforma of Annexures is made available to the dealer. The dealer has to take a printout of the filled in Annexure I, I-A, II, III and IV from Tally.ERP 9. The values can also be filled manually in the respective columns of the proforma annexures and uploaded online to the department.

### 6.2 Uploading in Excel Format

The dealer needs to upload the Excel file in the format as prescribed by the department. The excel files in the prescribed format can be generated directly from Tally.ERP 9 and uploaded to the department website. While filing the VAT Form I the dealer can upload the Annexures in Excel Spreadsheet format to the Tamil Nadu VAT official site [www.tnvat.gov.in](http://www.tnvat.gov.in).

### Exporting the Data from Tally.ERP 9 for E–Filing

The E-VAT feature provided in Tally.ERP 9 facilitates the e-filing of Annexures in the excel spreadsheet format.



For dealers' convenience, the facility is provided to generate:

- ❑ A **single excel** file with all worksheets for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import
- ❑ **Separate Excel files** for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import

Using the options – **Annexure-I, Annexure 1-A, Annexure-II, Annexure-III, Annexure-IV Import** and **Annexure-V Export**, separate excel files can be generated for each of the annexures.

On selecting **e-VAT Annexures** option, a single excel sheet can be generated with separate worksheets for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import.

To view the **E-VAT menu** for filing e-returns from Tally.ERP 9,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > E-VAT Annexures > Select e-VAT Annexures**

In the Print Report screen, press **Backspace** key to make necessary changes.

- ❑ **Language: Default (All Languages)** appears by default and is not editable.
- ❑ **Format: Excel (Spreadsheet)** appears by default and is not editable.
- ❑ **Export Location:** The location of Tally.ERP 9 installed folder will be displayed in the here. The export location can be changed as per requirement.
- ❑ **Output File Name:** The Excel file should have the naming pattern as eleven digits **TIN** Number followed by **Return month** and **year** in **mmyyyy** format. The **VAT TIN (Regular)** as entered in **F11: Features > F3: Statutory & Taxation** is captured in the **Output File Name** field and the month and year is captured from Print Report screen.
- ❑ **Update existing file:** Set it to **Yes** to overwrite the existing file.
- ❑ **Excel (spreadsheet) Formatting:** set to **Yes**, to export the report with formatting.
- ❑ **with Colour:** set to **Yes**, to export the report with background colour for the header.
- ❑ **Open Exported File:** Set this to **Yes** to open the file immediately after the export process.
- ❑ Enter the Return period in the **From** and **To** fields.
- ❑ Set **Show Inter-state sales in Annexure -II** to **Yes**.

Exporting	
Language	: Default (All Languages)
Format	: Excel (Spreadsheet)
Export Location	: C:\Tally.ERP 9
Output File Name	: 33201317891042012.xls
Output Sheet Name	:
Update existing file	: Yes
Excel (Spreadsheet) Formatting	: Yes
with Colour	: No
Open Exported File	: ? Yes
From (blank for beginning)	: 1-4-2012
To (blank for end)	: 30-4-2012
Show Inter-state sales in Annexure-II?	: Yes ←

**Export ?**  
 Yes or No

Figure 6.1 E-VAT Annexure – Print Report screen

- Press **Enter** to export the details. The file will be saved in Microsoft Excel format.

The exported file will be saved in Tally.ERP 9 folder by default. However, you can save the file in any other folder as per your requirements, by specifying the path in the **Output File Name** field.

The Excel spreadsheet appears as shown:

33201317891042012 - Microsoft Excel

FileHomeInsertPage LayoutFormulasDataReviewViewAdd-InsAcrobat

Paste

Arial10

**B***I*U

Font

Alignment

Number

Custom

Conditional Formatting

Format as Table

Cell Styles

Insert

Delete

Format

Cells

Sort & Filter

Find & Select

Editing

G1433750

	A	B	C	D	E	F	G	H	I	J	K	L
	serial_no	Name_of_seller	Seller_TIN	commodity_code	Invoice_No	Invoice_Date	Purchase_Value	Tax_rate	VAT_CST_paid	Category		
1	1	Excel Traders	33258710200	102	01	02/04/2012	180241	1	1802	R		
2	2	Excel Traders	33258710200	2100	01	02/04/2012	28278	2	566	R		
3	3	Excel Traders	33258710200	2127	01	02/04/2012	50267	4	2011	R		
4	4	Excel Traders	33258710200	329	01	02/04/2012	120214	12.50	15027	R		
5	5	Excel Traders	33258710200	2069	02	03/04/2012	48758	5	2438	R		
6	6	Excel Traders	33258710200	333	02	03/04/2012	45015	14.50	6527	R		
7	7	Excel Traders	33258710200	519	02	03/04/2012	13727	20	2745	R		
8	8	Swasthik Associates	33254852014	711	02	03/04/2012	30000	0	0	E		
9	9	Universal Enterprises	29587458521	102	04	10/04/2012	80000	1	800	O		
10	10	Universal Enterprises	29587458521	2069	04	10/04/2012	64000	5	3200	O		
11	11	Universal Enterprises	29587458521	333	04	10/04/2012	75000	14.50	10875	O		
12	12	Glamour Appliances	0	333	06	16/04/2012	162000	0	0	I		
13	13	Glamour Appliances	0	2069	06	16/04/2012	33750	0	0	I		
14	14	Sunbeam Designers	33250120147	011	18/04/2012	17500	12.50	2188	R			
15	15	Equipment Agencies	33256001241	08	18/04/2012	150000	0	0	C			
16	16	Swasthik Associates	33254852014	324	09	21/04/2012	12500	12.50	1563	R		
17	17	Dewpoint Traders	33250025850	304	10	23/04/2012	50000	14.50	7250	R		

Annex I

Figure 6.2 Excel File Containing Exported Details

### Instructions to be Followed for Validating the Information in the Exported Excel Sheets

1. Do not Change the Output File Name. (The file Name should have the naming pattern as eleven digit TIN Number followed by Return month and year as (mmyyyy).  
Example: If the TIN number is 33201317891 and Return month is April 2012, then the Excel File sheet should be named as 33201317891042012.xls
2. The **Output Sheet Name** fields in the excel File will be as given below:
  - Sheet1 – Annex\_I
  - Sheet2 – Annex\_IA
  - Sheet3 – Annex\_II
  - Sheet4 – Annex\_III
  - Sheet5 – Annex\_IV\_Export
  - Sheet6 – Annex\_IV\_Import
3. The cells in the Annexure should contain text without any spelling mistakes.
4. Columns **D1, E1, F1, G1, and H1** are to be **Numeric**.

### Procedure for Uploading the Validated Excel Sheets

The dealers need to login to the website with their user name (TIN number) and the respective password given to them by the department and submit the details.

In the website:

- ❑ Click on **Form-I annexure Upload** link to view the option to **Upload Form I Annexures** in Excel Format
- ❑ Click on **Browse** and select the exported excel file from **Tally.ERP 9 folder**
- ❑ Click on **Upload** for e-filing of annexures.