

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 assessees 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:

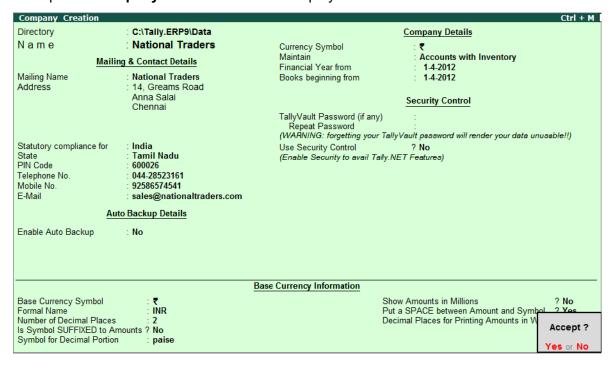


Figure 1.1 Company Creation screen

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.

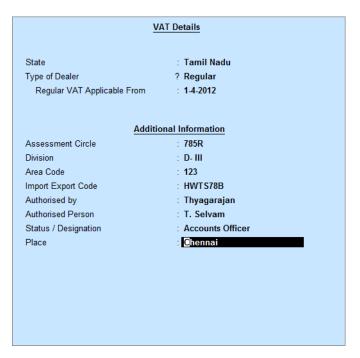


Figure 1.2 VAT Details screen



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.

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



Enter the PAN/Income – Tax No

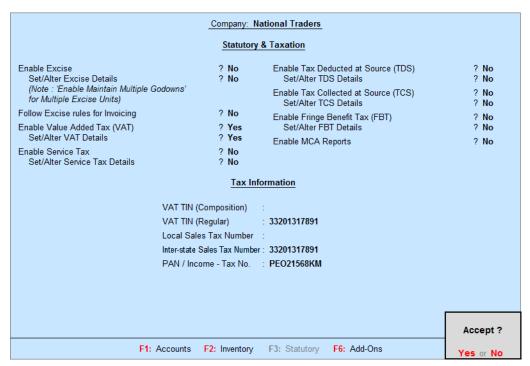


Figure 1.3 F3: Statutory & Taxation Features

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

1.2.1 Quick Setup

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

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

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



Lesson 2: Processing Purchases & Sales Entries

Lesson Objectives

On completion of this lesson, you will be able to

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

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



2.1 Taxable Purchases and Sales

2.1.1 Purchase of Taxable Goods

Example 1:

On 2-4-2012, 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:

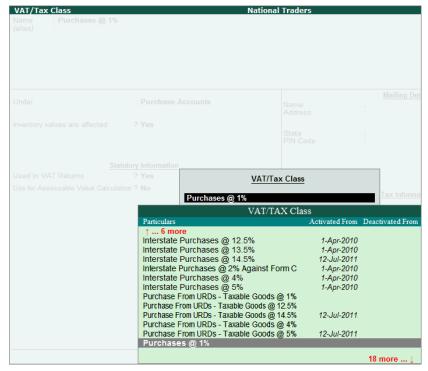


Figure 2.1 Purchase Ledger – Used In VAT Returns

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

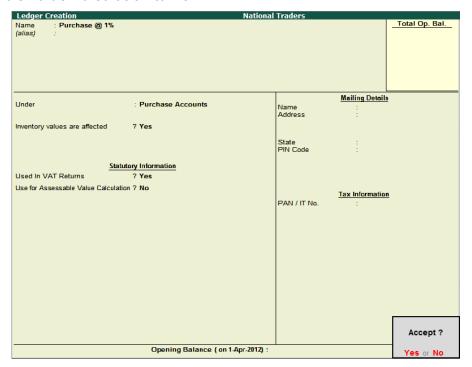


Figure 2.2 Purchase Ledger - Completed



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.





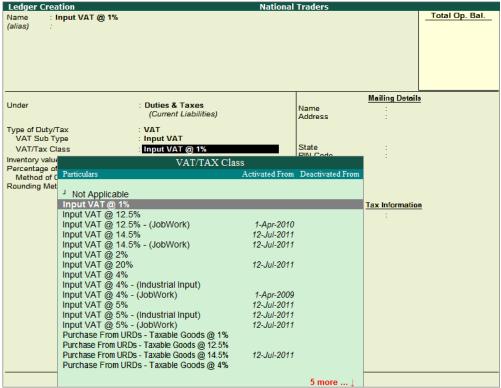


Figure 2.3 Input VAT – VAT/Tax Class Selection

- 6. The 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 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 Calcula- tion	Method of Calcula- tion
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

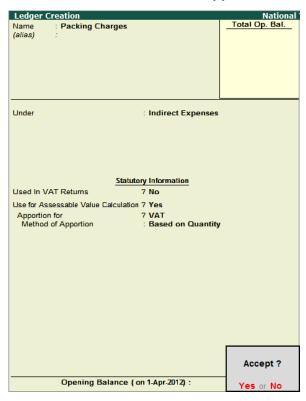


Figure 2.4 Packing Charges Ledger

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:

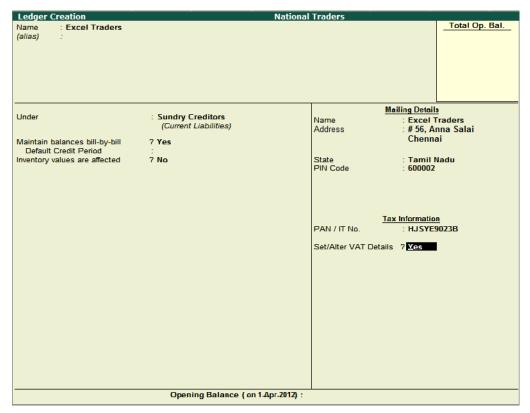


Figure 2.5 Sundry Creditor – Excel Traders

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

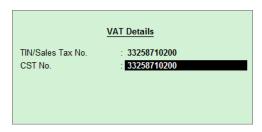


Figure 2.6 VAT Details – Sundry Creditor Ledger

- 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**

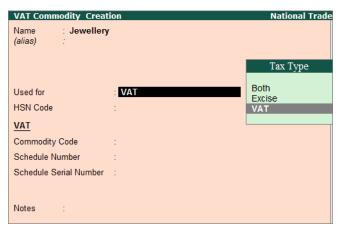


Figure 2.7 VAT Commodity Creation - VAT

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

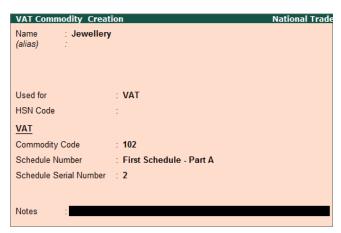


Figure 2.8 VAT Commodity Creation screen

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:

SI.				VAT	
No.	Name	Used For	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:

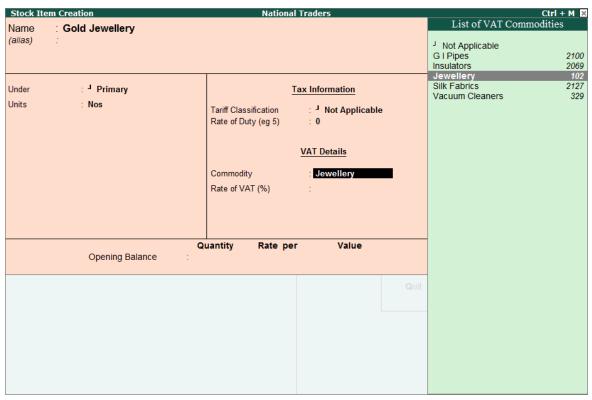


Figure 2.9 Stock Item Creation - Selection of VAT Commodity



National Traders Gold Jewellery Name (alias) J Primary Under Tax Information Units Nos : J Not Applicable Tariff Classification Rate of Duty (eg 5) VAT Details Commodity : Jewellery Rate of VAT (%) Value Quantity Rate per Accept? Opening Balance Yes or No

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

Figure 2.10 Stock Item Creation screen

6. Press Y or Enter to accept and save.

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

SI. No	Name	Under	Units	VAT Details	
SI. NO	Name	Onder	Ullits	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

- 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

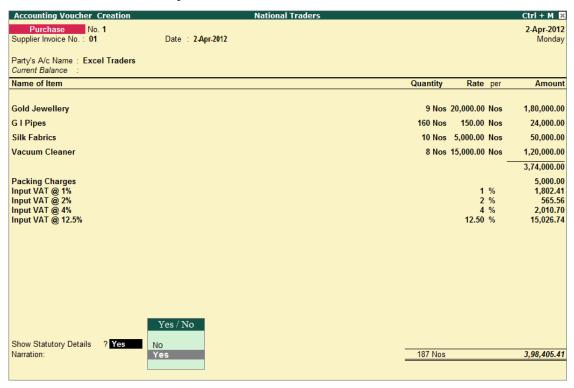


Figure 2.11 Purchase Invoice – Show Statutory Details



Statutory Details National Traders Ctrl + M × **Statutory Details Particulars** VAT Assessable Value 3,79,000.00 **Gold Jewellery** 1,80,240.64 Item Value 1.80,000.00 240.64 Packing Charges G I Pipes 28,278.07 Item Value Packing Charges 4.278.07 50,267.38 Silk Fabrics Item Value 50,000.00 Packing Charges 267.38 Vacuum Cleaner 1,20,213.91 Item Value 1,20,000.00 Packing Charges 213.91 19,405.41 **VAT Amount** Input VAT @ 1% 1 % 1,802.41 Gold Jewellery @ 1% 1,80,240.64 1,802.41 565.56 Input VAT @ 2% 2 % G I Pipes @ 2% 28,278.07 565.56 2,010.70 Input VAT @ 4% Silk Fabrics 50,267.38 2,010.70 Input VAT @ 12.5% 15,026.74 12.50 % Vacuum Cleaner @ 12.50 % On 1,20,213,91 15.026.74

17. Press Enter to view Statutory Details screen

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 Calcula- tion	Method of Calcula- tion
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.

SI.				VAT	
No.	Name Used For		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.

SI. No	Name	Under	Units	VAT Details	
SI. NO	Name	Under	Units	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

- 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

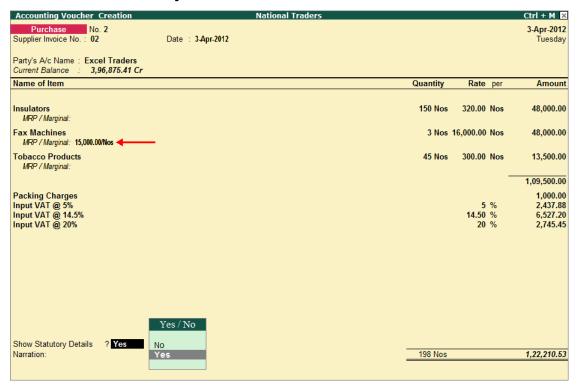


Figure 2.13 Purchase Invoice – Show Statutory Details



Statutory Details **National Traders** Ctrl + M × **Statutory Details** Particulars VAT Assessable Value 1,10,500.00 Insulators 48,757.58 48,000.00 757.58 Item Value Packing Charges Fax Machines MRP:45,000.00 -48,015.15 48,000.00 Packing Charges 15.15 13,727.27 **Tobacco Products** 13,500.00 227.27 Item Value Packing Charges 11,710.53 **VAT Amount** Input VAT @ 5% 2,437.88 @ 5% On 48,757.58 2,437.88 Insulators Input VAT @ 14.5% 14.50 % 6,527.20 6,527.20 Fax Machines 45,015.15 2,745.45 Input VAT @ 20% Tobacco Products @ 20 % On 13,727.27 2,745.45

17. Press Enter to view Statutory Details screen

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

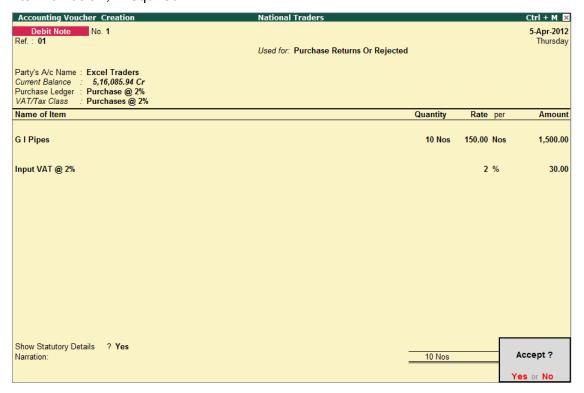


Figure 2.15 Debit Note - Purchase Returns



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:

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

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

Step 1:

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

Creating Ledgers

i. Sales Ledger

To create a sales Ledger

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

- 1. Enter 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

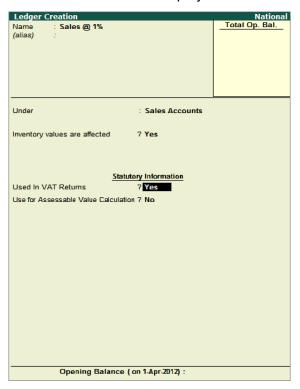
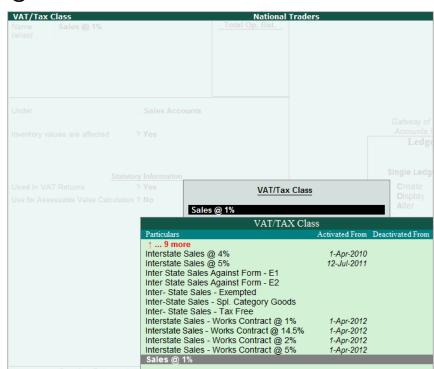


Figure 2.16 Sales Ledger – Used In VAT Returns

15 more ...





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

Figure 2.17 Sales Ledger - VAT/Tax Class Selection

- 6. Press Enter to return to Sales @ 1% Ledger Creation screen
- 7. Set option Use for Assessable Value Calculation to No
- 8. 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 Assess- able Value Cal- culation
Sales @ 2%	Sales Accounts	Yes	Yes	Sales @ 2%	No
Sales @ 4%	Sales Accounts	Yes	Yes	Sales @ 4%	No
Sales @ 12.5%	Sales Accounts	Yes	Yes	Sales @ 12.5%	No

ii. Output VAT on Sales Ledger

To create an Output VAT ledger,

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

- 1. Enter Name as Output VAT @ 1%
- 2. 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

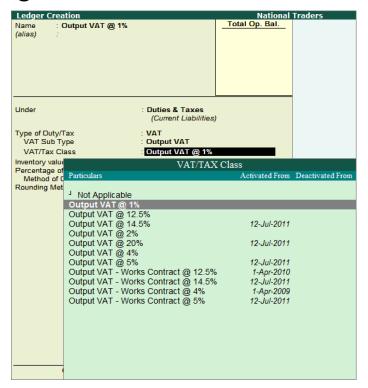


Figure 2.18 Output VAT – VAT/Tax Class Selection

- 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	Percent- age of Cal- culation	Method of Cal- culation
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



5. In Tax Information section enter PAN number and enable Set/Alter VAT Details Ledger Creation National Traders



Figure 2.19 Sundry Debtor – Marvel Traders

6. Enter TIN/Sales Tax Number



Figure 2.20 Marvel Traders - VAT Details

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

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

- 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

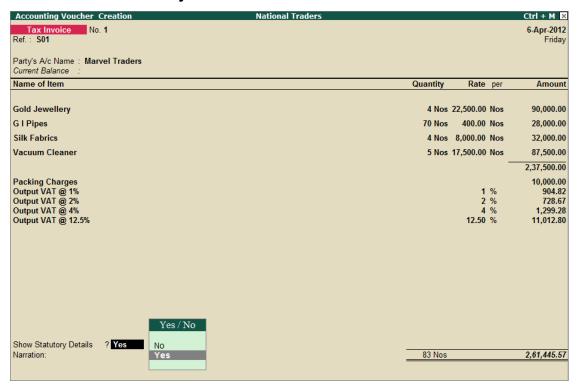


Figure 2.21 Sales Invoice - Show Statutory Details Field



Statutory Details National Traders Ctrl + M × Statutory Details **Particulars** VAT Assessable Value 2,47,500.00 **Gold Jewellery** 90.481.93 Item Value 90 000 00 Packing Charges G I Pipes 36,433.73 Item Value Packing Charges 8.433.73 Silk Fabrics 32.481.93 Item Value 32,000.00 Packing Charges 481.93 88,102.41 Vacuum Cleaner Item Value 87,500.00 Packing Charges 602.41 **VAT Amount** 13,945.57 Output VAT @ 1% 1 % 904.82 Gold Jewellery @ 1% 90.481.93 904.82 728.67 Output VAT @ 2% 2 % G I Pipes @ 2% 36, 433, 73 728.67 Output VAT @ 4% 1.299.28 Silk Fabrics @ 4% 32.481.93 1,299.28 11,012.80 Output VAT @ 12.5% 12.50 % Vacuum Cleaner @ 12.50 % On 88,102,41 11.012.80

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

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:

	IN'	VOICE					
Tall	National Traders	Invoice	No.		Dated		
1	14, Greams Road	1			6-Apr-2		
POWER OF SIMP	LICITY Anna Salai	Delivery	Note		Mode/T	erms	of Payment
	Chennai	D/34					
	E-Mail :sales@nationaltraders.com	Supplie	r's Ref.		Other R	efere	nce(s)
		S01					
Buyer		Buyer's	Order I	No.	Dated		
Marvel Tra	ders	S/01			5-Apr-2	2012	
14, 2nd Cro		Despate	ch Doc	ument No.	Dated		
Ashok Naga	ar	DDN/25			6-Apr-2		
Chennai		Despate	ched th	rough	Destina	ition	
		LR Tra	<u>nsport</u>	S	Ashok	Naga	ar
		Terms (or Deliv	ery			
SI No.	Description of Goods	MRP/ Marginal	VAT %	Quantity	Rate	per	Amount
-		marginal			00 500		00.005.55
1 Gold Je			1	4 Nos 70 Nos	22,500.00		90,000.00
2 G I Pipe			1	70 Nos 4 Nos		1	28,000.00
3 Silk Fat	rics Cleaner						32,000.00
4 vacuum	Cleaner		'	5 Nos	17,500.00	NOS	87,500.00
							2,37,500.00
	Packing Charges						10,000.00
	Output VAT @ 1%				1	%	2,475.00
	Output VAT @ 2%					%	2,475.00
	Output VAT @ 4%				1	%	2,475.00
	Output VAT @ 12.5%				1	%	2,475.00
	Tota			83 Nos			₹ 2,57,400.00
	geable (in words)			1/4	T 0/ Approx	able W	E. & O.E alue VAT Amount
	th Fifty Seven Thousand Four Hundred Only		_			30.48	
VAT Amount (•					36,433	
	Thousand Nine Hundred Forty Five and Fifty Only (₹ 13,945.57)				4 % 3	32,48	1.93 1,299.28
Seven paise	Only (13,845.57)		_				2.41 11,012.80
			-	T	otal 2,4	17,500	0.00 13,945.57
Company's ' Company's ' Buyer's VAT Buyer's CST Company's ' Declaration	CST No. : 33201317891 TIN : 33259874547 No. : 33259874547 PAN : PEO21568KM					for	National Traders
	hat this invoice shows the actual price of the ibed and that all particulars are true and					Aut	thorised Signatory

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	em Description Quantity (in Nos)		Rate Amount		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 Assess- able Value Cal- culation
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	Percent- age of Cal- culation	Method of Cal- culation
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



Step 2:

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

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

- 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 Insulator from the List of Items
- 5. Enter Quantity as 85 and Rate as 500. Value is automatically displayed in Amount field
- 6. In Accounting Details screen, select Sales @ 5% from the List of Ledger Accounts. VAT/ Tax Class will automatically be displayed as Sales @ 5%
- 7. Select next stock item as Fax Machines. Enter Quantity as 2 and Rate as 17,500
- 8. In Accounting Details screen, select Sales @ 14.5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Sales @ 14.5%
- 9. Select next stock item as Tobacco Products. Enter Quantity as 45 and Rate as 350
- 10. In Accounting Details screen, select Sales @ 20% from the List of Ledger Accounts. VAT/ Tax Class will automatically be displayed as Sales @ 20%
- 11. Select ledgers; Output VAT @ 5%, Output VAT @ 14.5% and Output VAT @ 20% and respective values will be automatically calculated and displayed.
- 12. Set the field **Show Statutory Details** as **Yes**

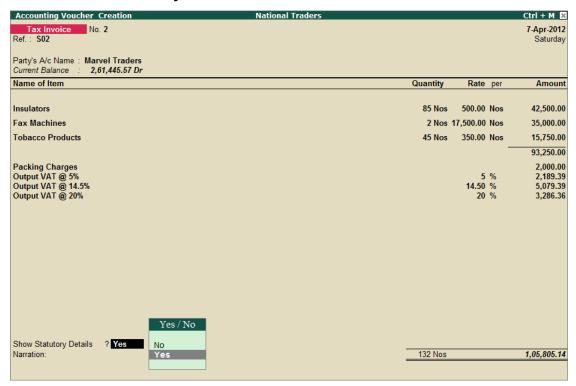


Figure 2.24 Sales Invoice - Show Statutory Details Field



Statutory Details National Traders Ctrl + M × **Statutory Details Particulars** VAT Assessable Value 95,250.00 Insulators 43.787.88 Item Value 42 500 00 Packing Charges 1,287.88 Fax Machines 35,030.30 35,000.00 Packing Charges 30.30 **Tobacco Products** 16,431.82 Item Value 15,750,00 Packing Charges 681.82 **VAT Amount** 10,555.14 Output VAT @ 5% 2,189.39 @ 5% 43,787.88 2,189.39 Insulators Output VAT @ 14.5% 14.50 % 5,079.39 Fax Machines 35.030.30 5,079.39 Output VAT @ 20% 3,286.36 Tobacco Products @ 20 % On 16,431.82 3,286.36

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

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:

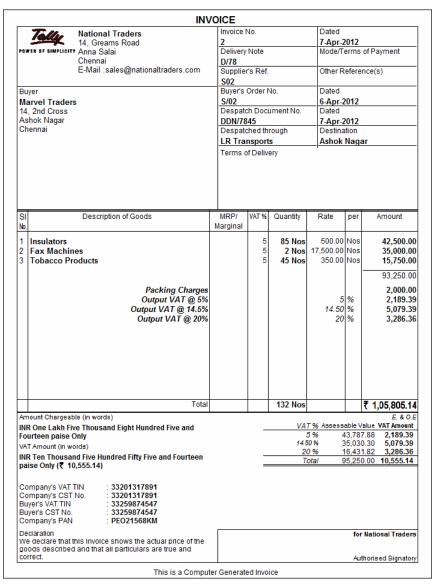


Figure 2.26 Print Preview of Sales Invoice



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.

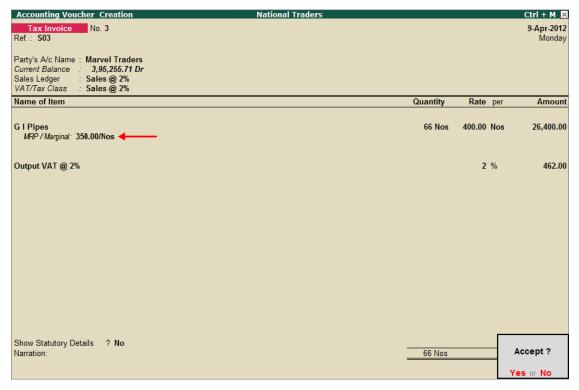


Figure 2.27 Sales – MRP Based

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 Ite	m Alteration	National Traders
Name (alias)	: Insulators :	
Under	: ^J Primary	Tax Information
Units	: Nos	Tariff Classification : J Not Applicable Rate of Duty (eg 5) : 0
		VAT Details
		Commodity : Insulators
		Rate of VAT (%) : 5
		MRP / Marginal : 0
		Use MRP to print : Yes
	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 * 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.

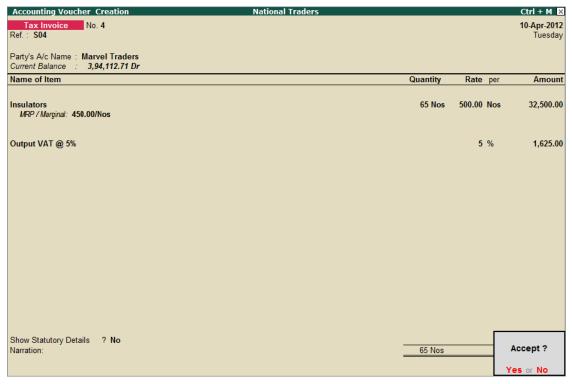


Figure 2.29 MRP Based Sales - Completed

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:

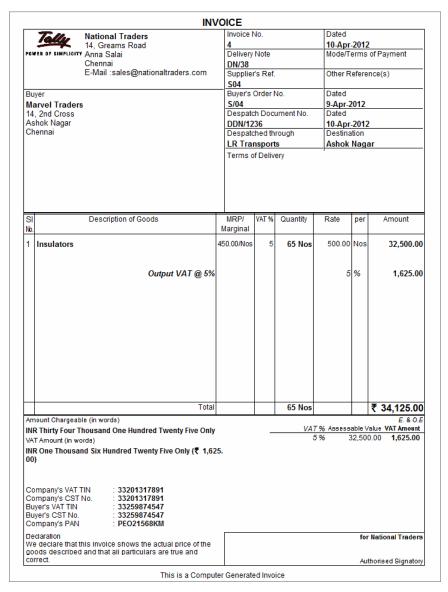


Figure 2.30 Tax Invoice - Output VAT Calculation on Item Rate with Display of MRP



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

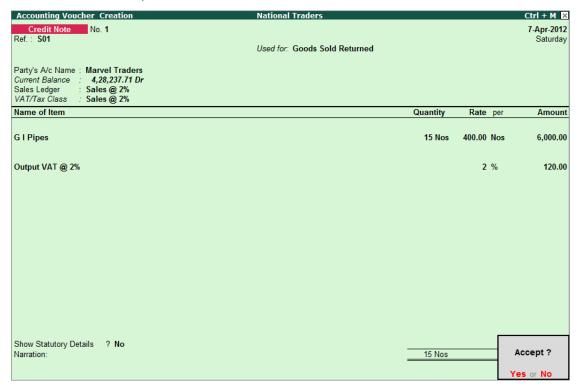


Figure 2.31 Credit Note – Sales Returns

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:

SI.			VAT				
No.	Name	Used For	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 Deta	ils
Name	Onder	Units	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:

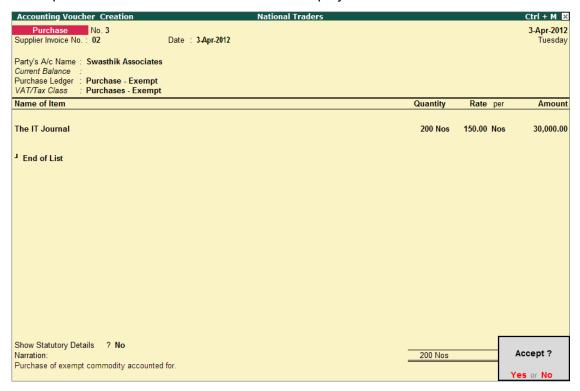


Figure 2.32 Purchase – Exempt Invoice

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

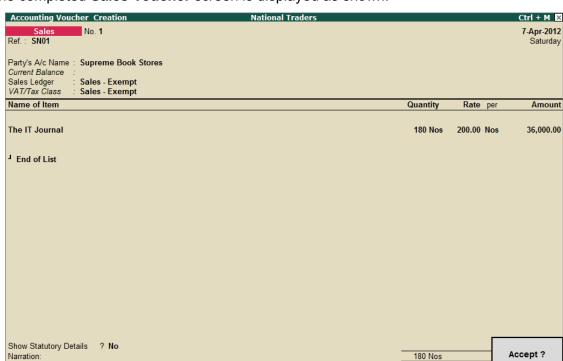
Create the Sundry Debtor ledger - Supreme Book Stores by following the steps given in Example 4.

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.
- 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:

Figure 2.33 Sales – Exempt Invoice

11. Press Y or Enter to accept.

Being sale of exempt commodity accounted for

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

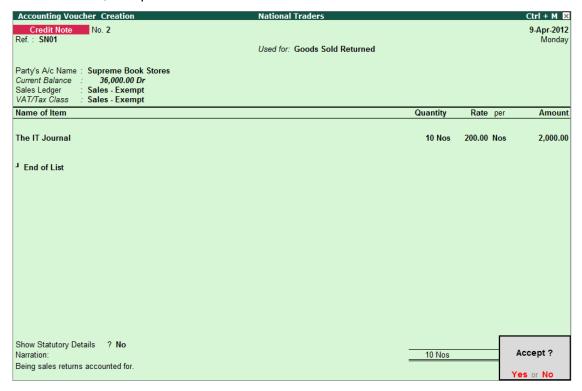


Figure 2.34 Credit Note – Exempt Sales Returns

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 Calcula- tion	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:

SI.				VAT	
No.	Name	Used For	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	
Name	Onder	Units	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

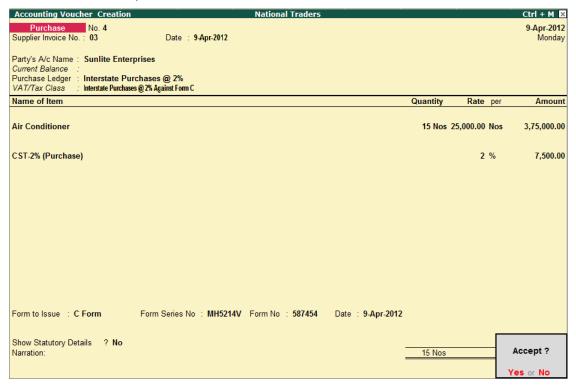


Figure 2.35 Interstate Purchases against Form C

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 Calcula- tion	Method of Calcula- tion
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

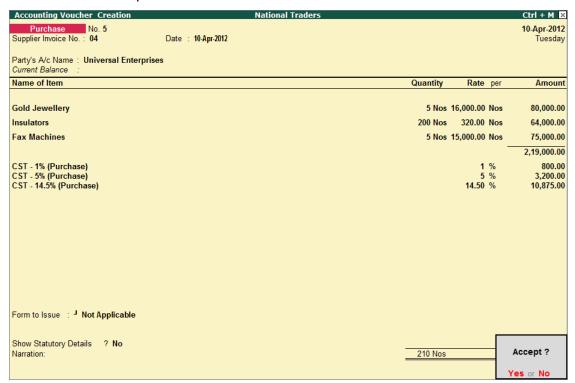


Figure 2.36 Interstate Purchases at Multiple CST Rates

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 calcula- tion	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

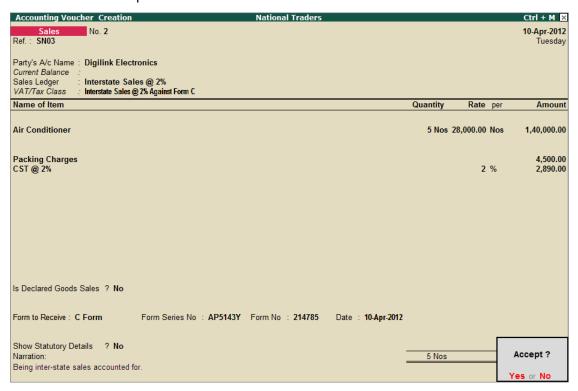


Figure 2.37 Sales Invoice – Sales Against C Form

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 Calcula- tion	Method of Calcula- tion
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

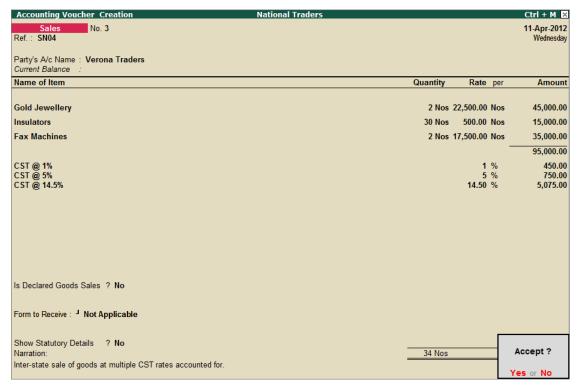


Figure 2.38 Inter-State Sales at Multiple CST Rates

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





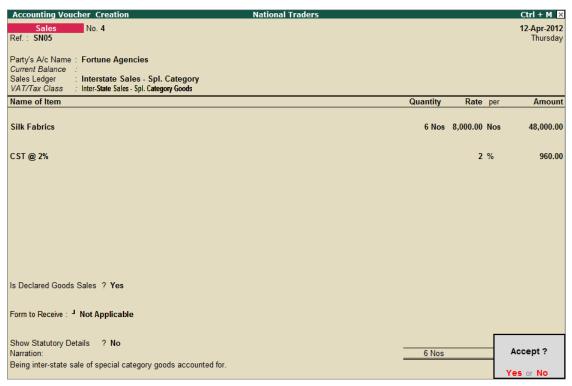


Figure 2.39 Sales Invoice – Sale of Special Category Goods

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 Assessa- ble Value Calcula- tion
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

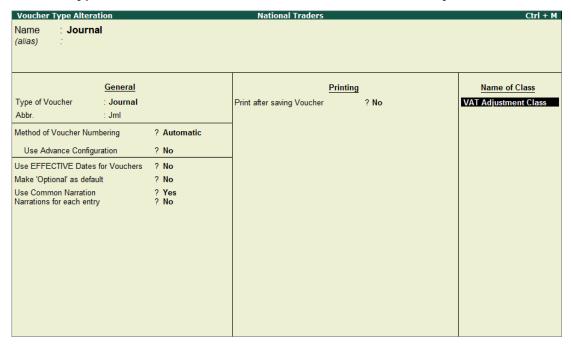


Figure 2.40 Journal Voucher Type – Voucher Class

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



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.



- 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
- 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
- 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

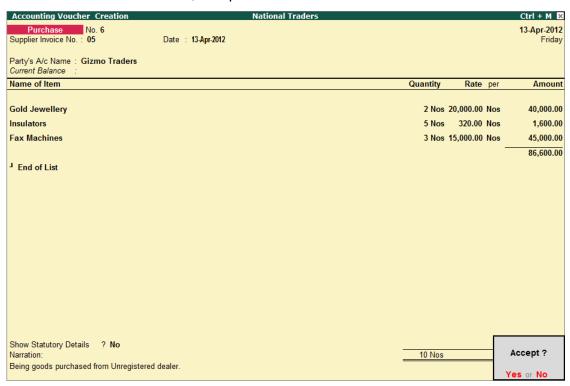


Figure 2.42 Purchase Invoice – Purchase from URDs

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*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*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*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.

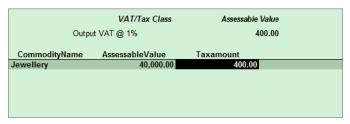


Figure 2.43 VAT Class Details screen

- 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

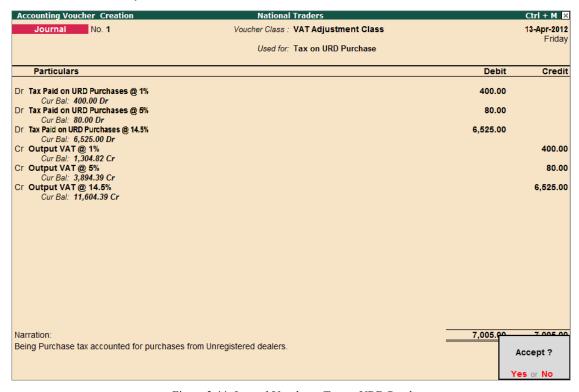


Figure 2.44 Journal Voucher – Tax on URD Purchase

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:



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:

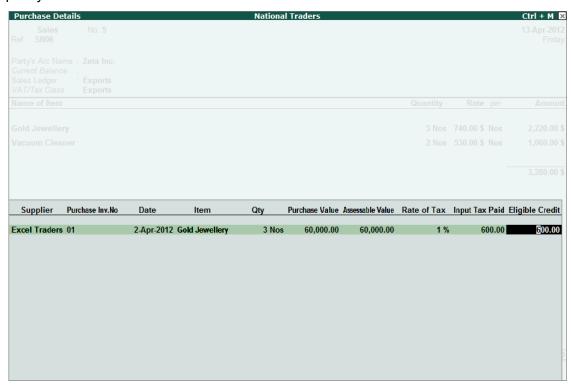


Figure 2.46 Exports – Input Tax Details sub-screen for Gold Jewellery

- 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

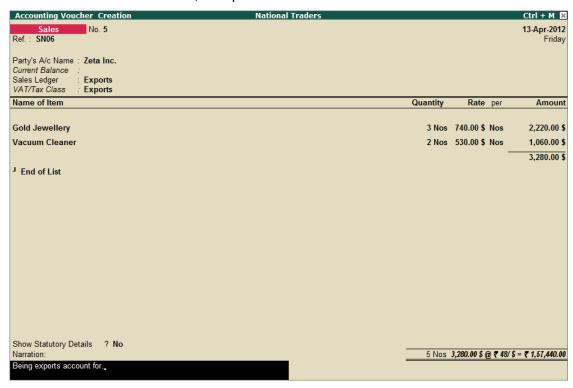


Figure 2.48 Sales - Exports

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

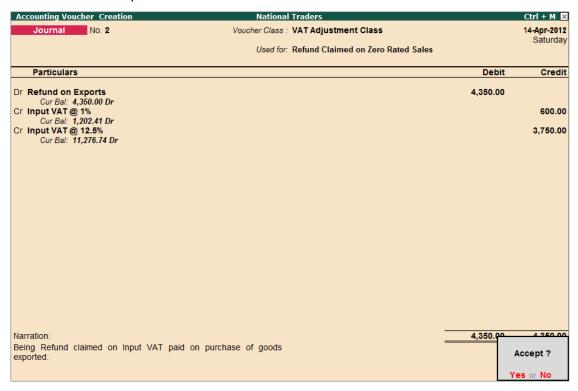


Figure 2.49 Journal Voucher - Refund Claimed on Zero Rated Sales

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:



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

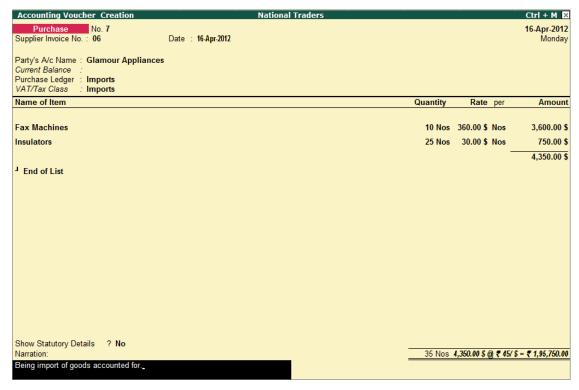


Figure 2.51 Purchase Invoice - Imports

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

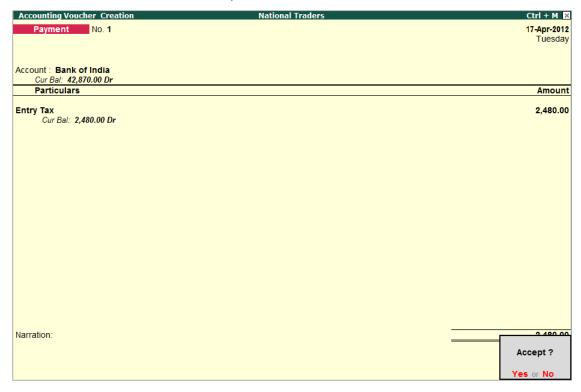


Figure 2.52 Payment Voucher – Payment of Entry Tax

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 Calcula- tion	Method of Calcu- lation
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

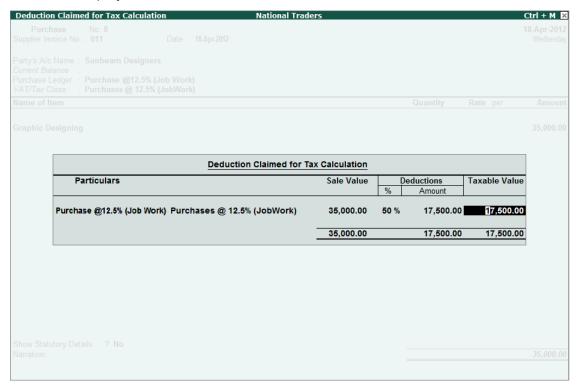


Figure 2.53 Deduction Claimed for Tax Calculation - Job Work

- 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

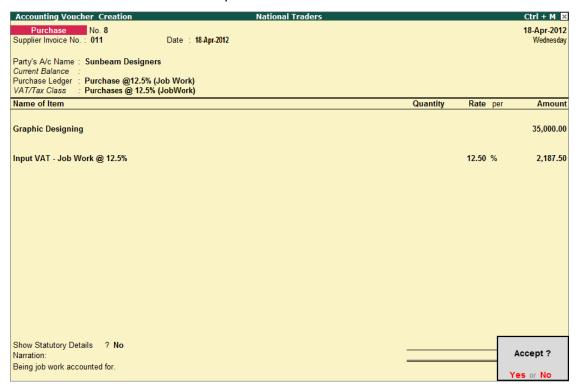


Figure 2.54 Purchase Invoice - Job Work

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	Percent- age of Cal- culation	Method of Calcu- lation
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

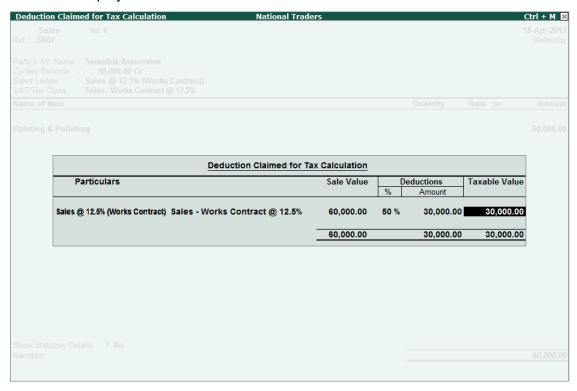


Figure 2.55 Deduction Claimed for Tax Calculation - Works Contract

- 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

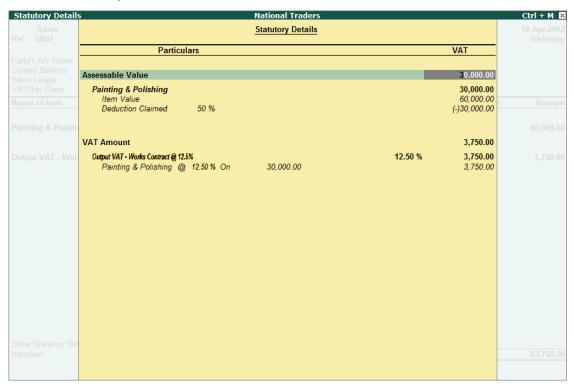


Figure 2.56 Statutory Details screen - Works Contract

11.Accept **Statutory Details** screen



12.Enter details in Narration field if required

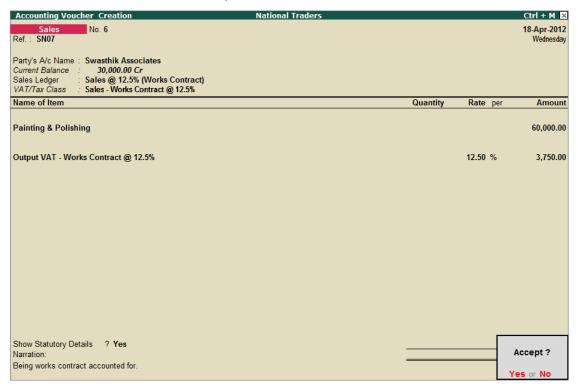


Figure 2.57 Purchase Invoice – Job Work

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	Ledger Under		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 Calcula- tion	Method of Cal- culation
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

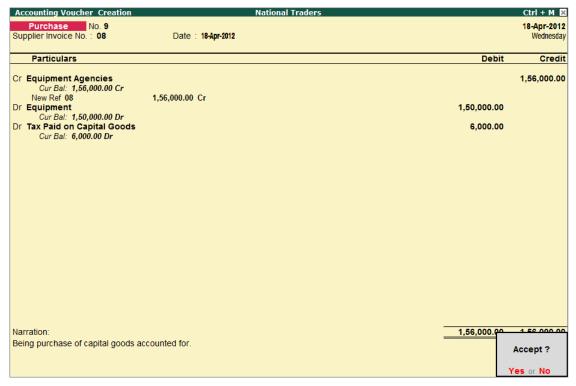


Figure 3.1 Purchase Voucher - Capital Goods

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

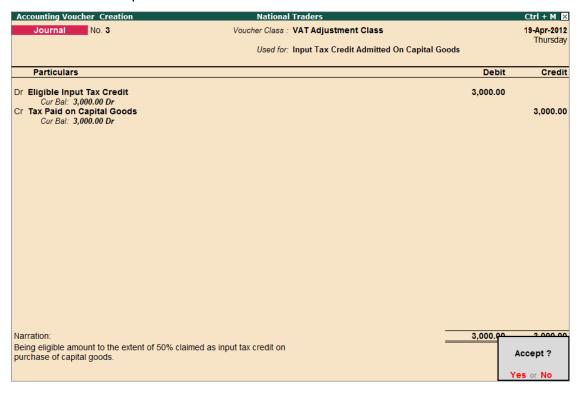


Figure 3.2 Journal Voucher - Input Tax Credit Admitted on Capital Goods

9. Press Y or Enter to accept and save.

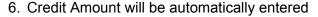
iii. Reverse Credit on Goods used for Civil Structures

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

- 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





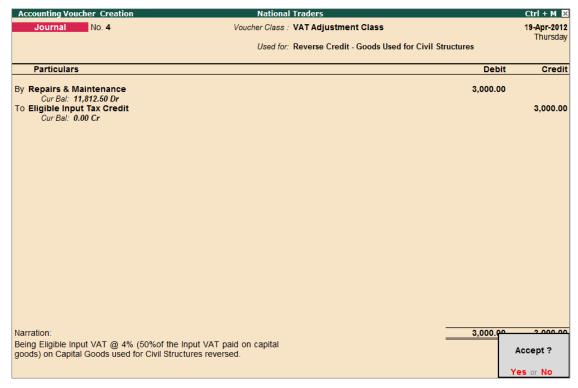


Figure 3.3 Journal Voucher – Reverse Credit – Goods Used for Civil Structures

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

- 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:

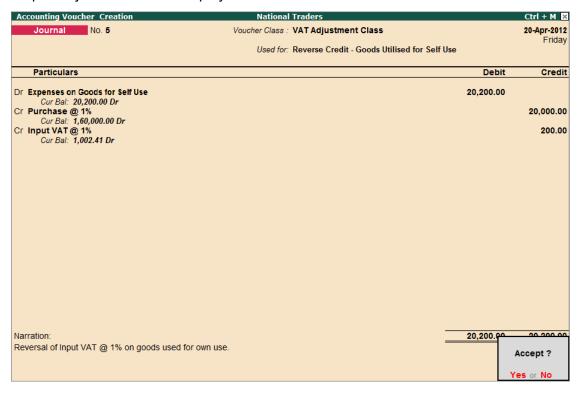


Figure 3.4 Journal Voucher - Reverse Credit - Goods Utilised for Self Use

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:

SI.	Name	Used	VAT			
No.		For	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		
Name	Onder		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

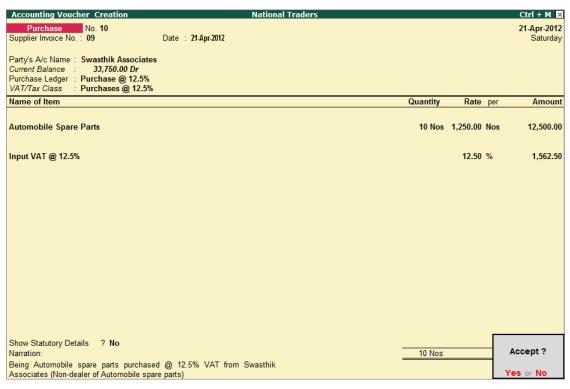


Figure 3.5 Purchase Invoice – Automobile Spare Parts

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

- 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:

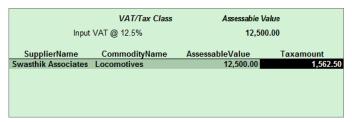


Figure 3.6 VAT Class Details screen

- 4. Credit Amount will be automatically displayed
- 5. Enter Narration if required

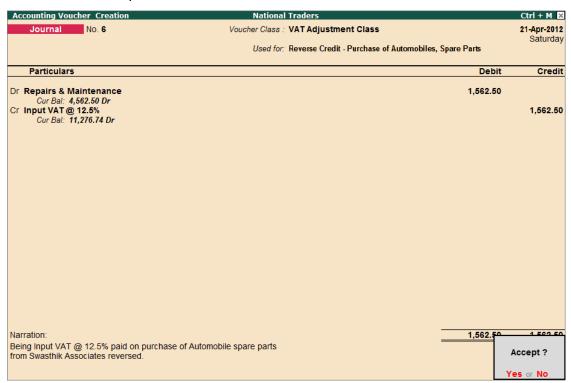


Figure 3.7 Journal Voucher – Reverse Credit – Purchase of Automobiles, Spare Parts

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

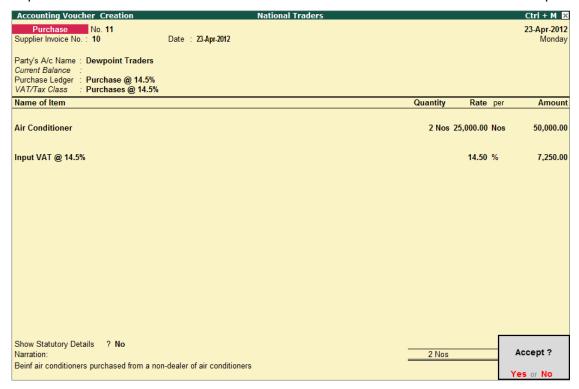


Figure 3.8 Purchase Invoice – Air Conditioners

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

- 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:

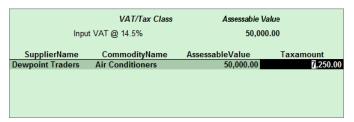


Figure 3.9 VAT Class Details

5. Amount will be automatically displayed



6. Enter Narration if required

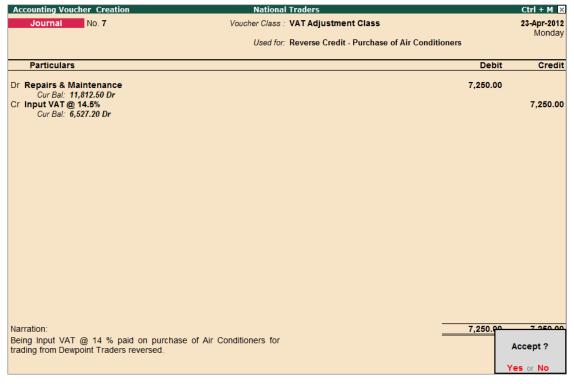


Figure 3.10 Journal Voucher - Reverse Credit - Purchase of Air Conditioners

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

- 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

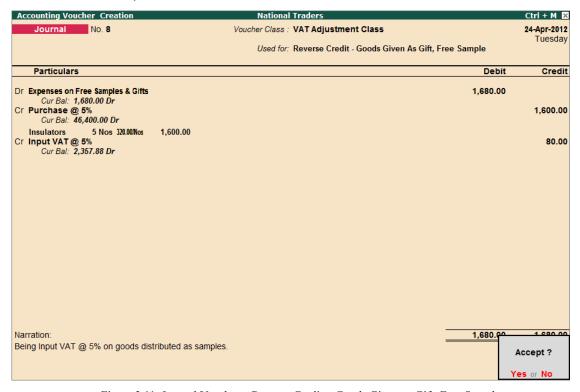


Figure 3.11 Journal Voucher – Reverse Credit – Goods Given as Gift, Free Sample

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

- 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

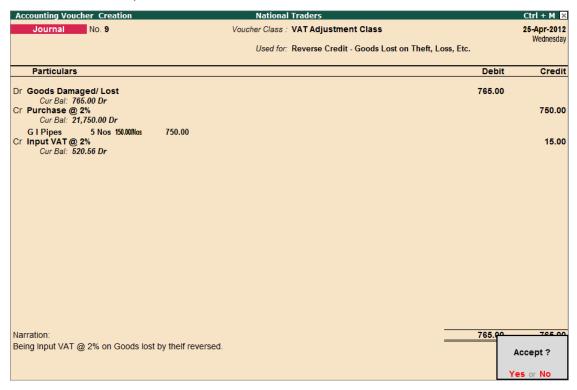


Figure 3.12 Journal Voucher – Reverse Credit – Goods Lost on Theft, Loss Etc.

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 Calcula- tion	Method of Cal- culation
ITC-Indus- trial Fuel	Duties & Taxes	VAT	Input VAT	Input VAT @ 4% – (Indus- trial 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:

SI.	Name		VAT			
No.		Used For	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
- 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

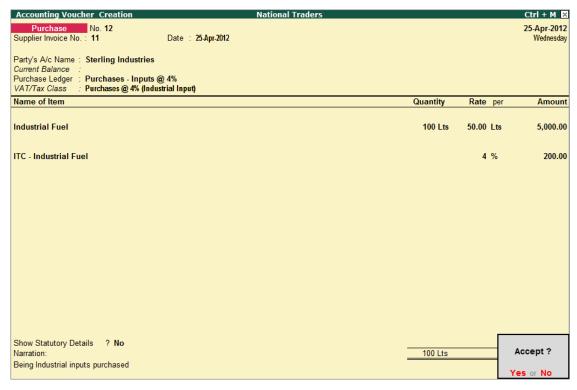


Figure 3.13 Purchases Invoice – Industrial Fuel

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

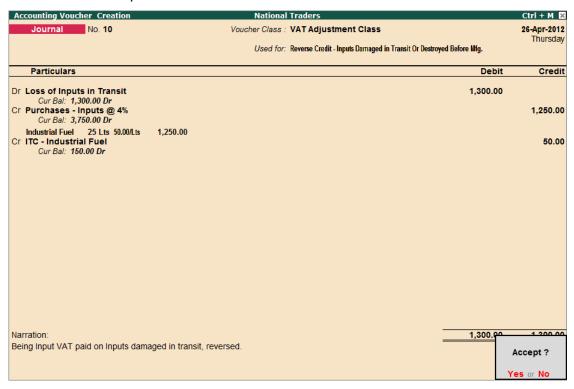


Figure 3.14 Journal Voucher - Reverse Credit - Inputs Damaged in Transit or Destroyed Before Manufacture

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

- 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

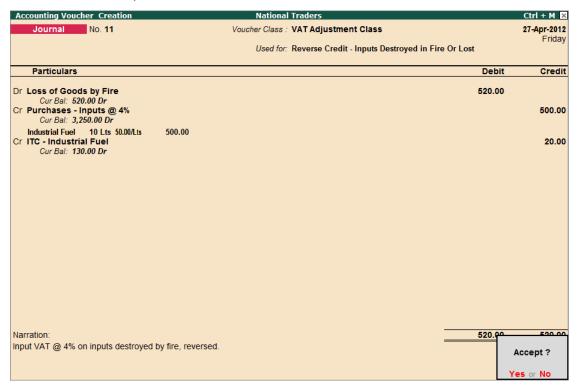


Figure 3.15 Journal Voucher - Reverse Credit - Inputs Destroyed in Fire or Lost

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 Cal- culation	Method to allocate when used in Purchcase Invoice
Stock Transfer Outward	Primary	Income	Yes	No	No	No	Not Applica- ble

The Stock Transfer Outward group appears as shown:



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



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

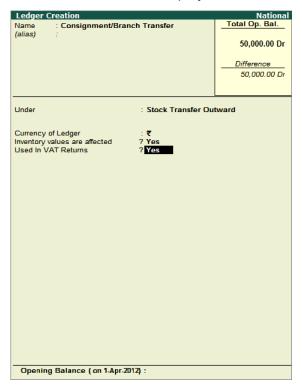
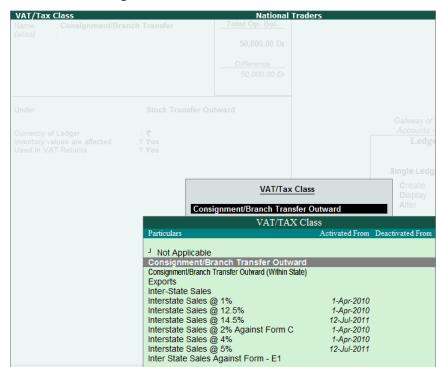


Figure 3.17 Consignment/Branch Transfer Outward Ledger

24 more .





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

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



- 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

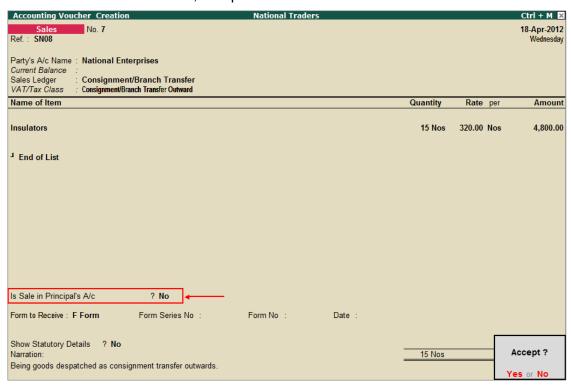


Figure 3.19 Sales Invoice - Consignment Transfer Outwards

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

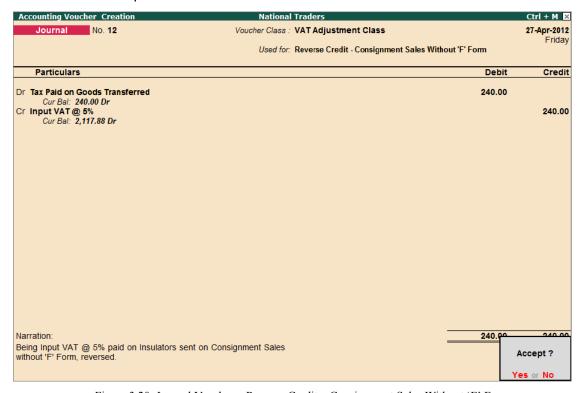
To create a journal voucher for reversing the input tax paid on goods destroyed by fire,

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



 $Figure\ 3.20\ \ Journal\ Voucher-Reverse\ Credit-Consignment\ Sales\ Without\ `F'\ Form$

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
- 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



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

- 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

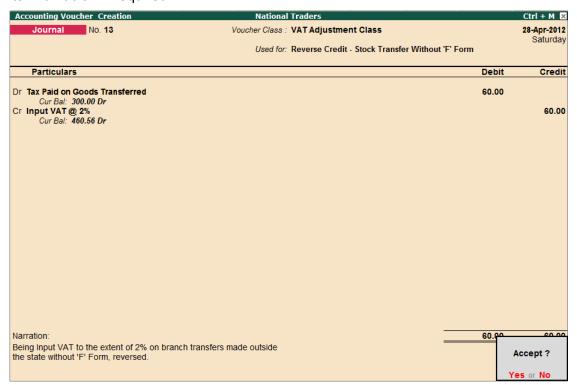


Figure 3.22 Journal Voucher - Reverse Credit - Stock Transfer Without 'F' Form



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

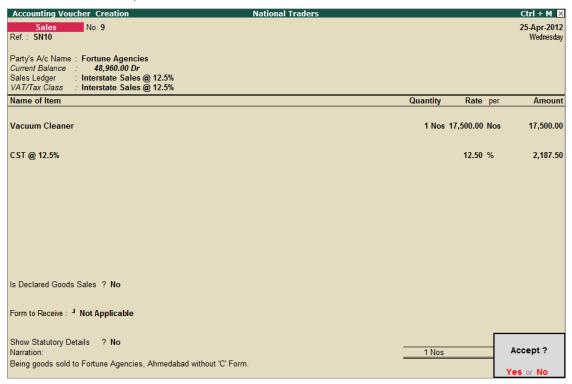


Figure 3.23 Sales Invoice - Sales Without C Form

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

- 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

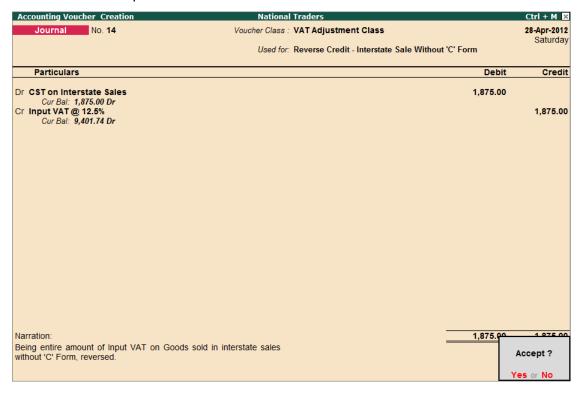


Figure 3.24 Journal Voucher - Reverse Credit - Interstate Sale Without 'C' Form

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 Availed for Finished Goods Subsequently Exempt as the VAT Adjustment Class in Used for field.

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

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

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

3.14 Others (specify)

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



Lesson 4: Payment of VAT Liability

Lesson Objectives

On completion of this lesson, you will be able to

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

4.1 Advance Tax, Entry Tax and TDS Adjustment Entries

4.1.1 Adjustment Towards Advance Tax or Refund

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

Example 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

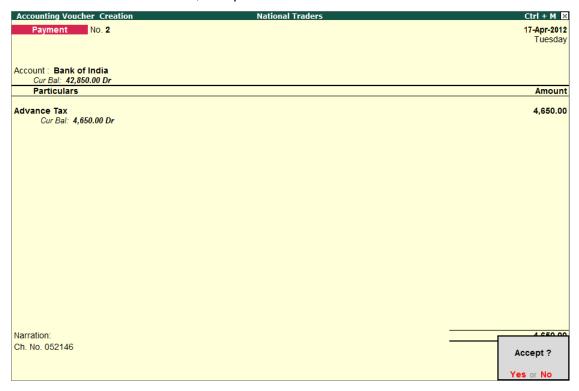


Figure 4.1 Advance VAT Payment Voucher

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

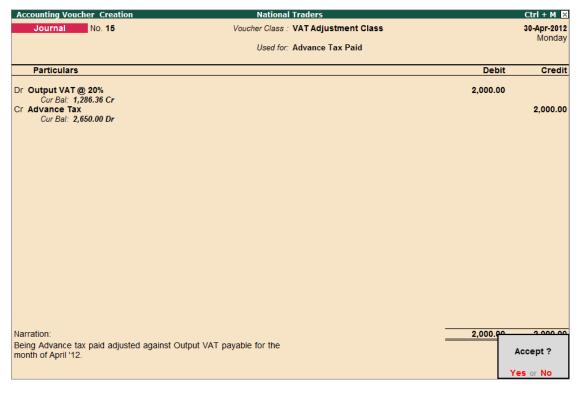


Figure 4.2 Journal Voucher - Adjustment of Output VAT Towards Advance Tax Paid

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

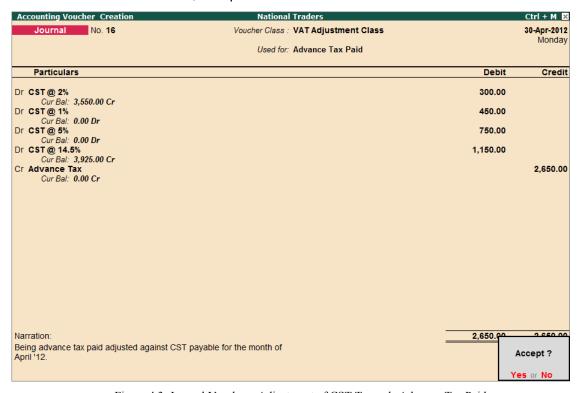


Figure 4.3 Journal Voucher - Adjustment of CST Towards Advance Tax Paid

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.



Step 1:

Let us record the transaction in Tally.ERP 9

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

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

- 1. Select Adjustment Towards Entry Tax Paid as the VAT Adjustment in the Used for field
- 2. Debit **Output VAT @ 4%** ledger and select **Output VAT @ 4%** as **VAT/Tax Class** from VAT/Tax Class list and do not enter Assessable Value.
- 3. Enter amount as 1299.28 in Debit field
- 4. Debit Output VAT @ 2% ledger and select Output VAT @ 2% as VAT/Tax Class from VAT/Tax Class list and do not enter Assessable Value
- 5. Enter amount as 220.72 in Debit field
- 6. Credit Entry Tax ledger grouped under Current Assets
- 7. Credit amount is automatically entered
- 8. Enter details in field Narration, if required

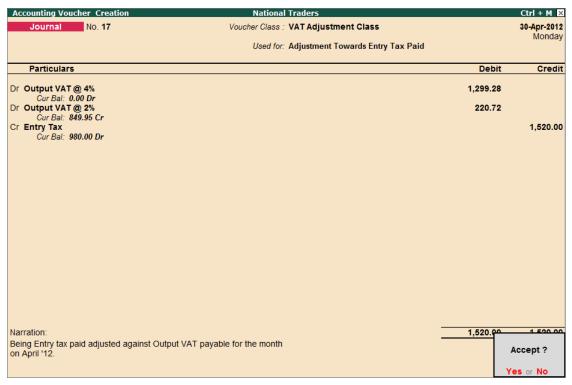


Figure 4.4 Journal Voucher - Output VAT Adjusted Towards Entry Tax Paid

9. Press Y or Enter to accept and save.

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

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

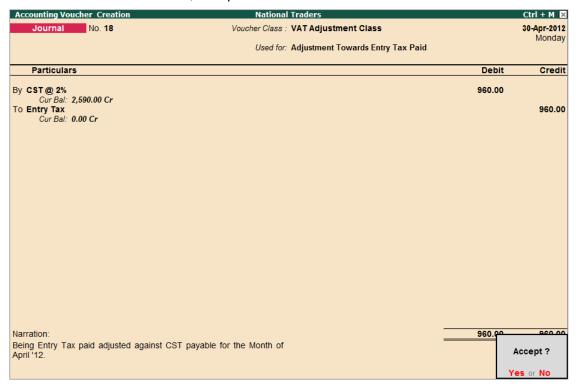


Figure 4.5 Journal Voucher - Partial Amount of CST Dues Adjusted Towards Entry Tax Paid

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

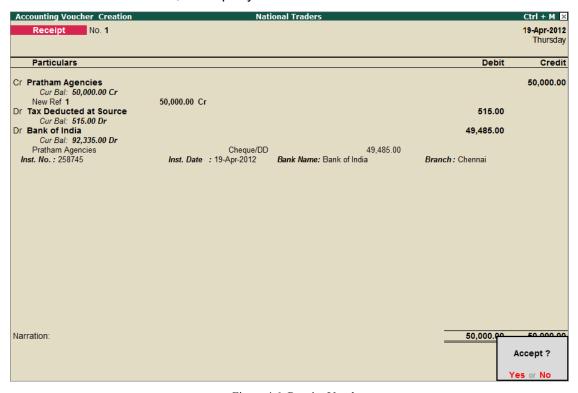


Figure 4.6 Receipt Voucher

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

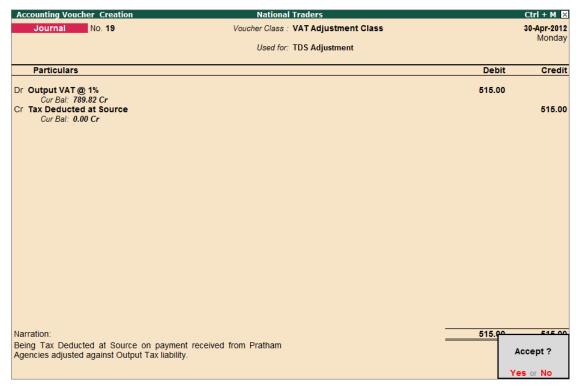


Figure 4.7 Journal Voucher - TDS Adjustment

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

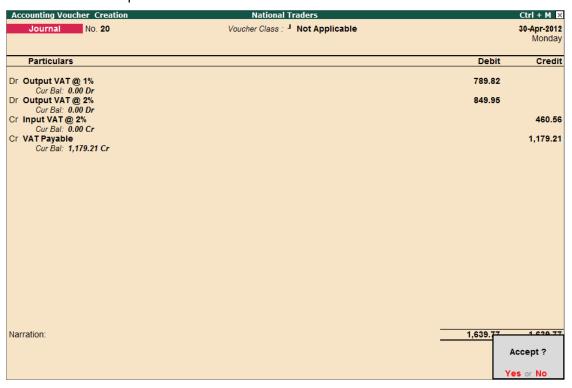


Figure 4.8 Journal Voucher - Entry to set-off the Output VAT dues against Available Input Tax Credit

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

- 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



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

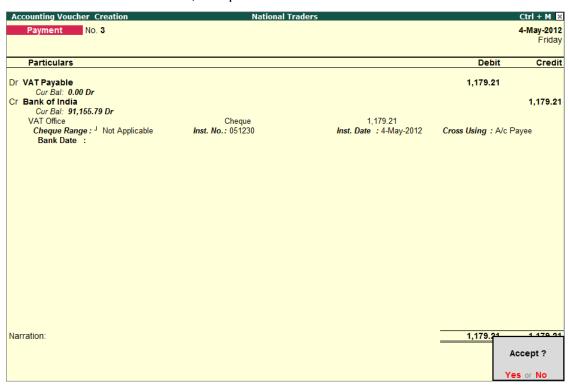


Figure 4.10 VAT Payment Voucher

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



Scenario 2: Recording Payment Entry using Stat Payment button

In Payment Voucher, the <u>S</u>: 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.

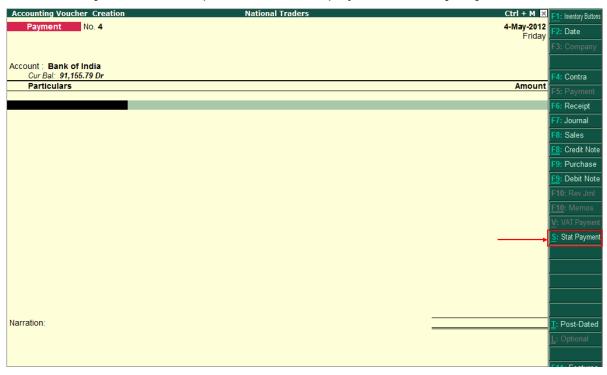


Figure 4.11 VAT Payment - Statutory Payment

- 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 predefiend 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.



Set Provide Details to Yes and enter bank details.

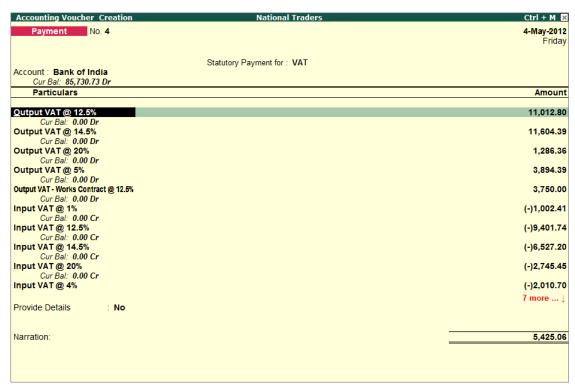


Figure 4.13 Payment Voucher using Stat Payment



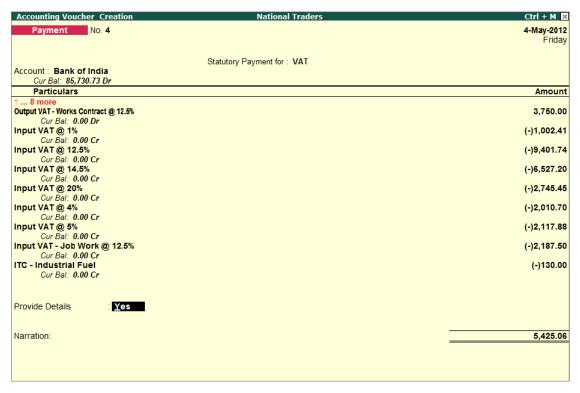


Figure 4.14 Payment Voucher using Stat Payment

In VAT Payment Details screen, enter details as shown:



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.

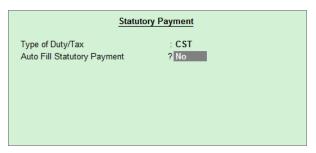


Figure 4.16 Statutory Payment - CST

- 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:



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

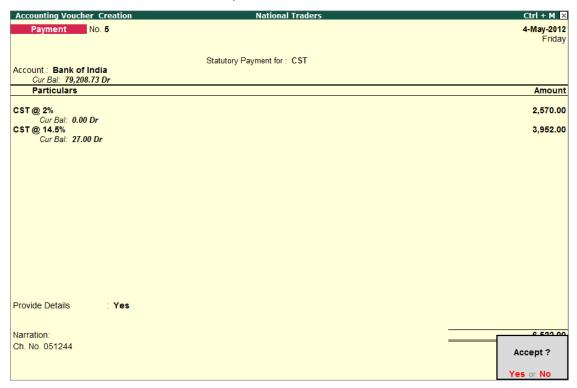


Figure 4.18 CST payment Voucher

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 statues. 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 🔀
		nal Traders
B		3201317891
Particulars		to 30-Apr-2012
	Assessable	
	Value	Amount
Sales		
A. Output Tax		
CST @ 1%	45,000.	00
CST @ 12.5%	17,500.	
CST @ 14.5%	35,000.	
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.	
Output VAT @ 1%	1,30,481.	
Output VAT @ 12.5%	88,102.	
Output VAT @ 14.5%	80,030.	
Output VAT @ 2%	56,833.	
Output VAT @ 20% Output VAT @ 4%	16,431. 32,481.	
Output VAT @ 4% Output VAT @ 5%	52,461. 77.887.	
Works Contract	11,001.	3,034.33
Output VAT - Works Contract @ 12.5%	60,000.	00 3,750.00
Total Out		
Total ou	U,41,230.	41,030.21
Purchases		
C. Input Tax		
		
Excess Input Credit Brought Forward		
Input VAT @ 1%	1,00,240.	
Input VAT @ 12.5%	75,213.	
		12 more ↓
VAT Payable		15,306.77

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**.

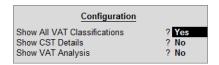


Figure 5.2 VAT Computation Configuration – VAT Classifications

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

VAT Computation National Trac	ders	Ctrl + M ×	
		tional Traders	
	TIN: 3320		
Particulars	1-Apr-2012 to		
	Assessable	Tax	
	Value	Amount	
Sales			
A. Output Tax			
CST @ 1%	45,000.00		
CST @ 1%	45,000.00 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	2,000.00	
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	
Others (VAT Not Applicable)			
Consignment/Branch Transfer Outward	7.800.00		
Exports	1,57,440.00		
Sales - Exempt	34,000.00		
Works Contract			
Output VAT - Works Contract @ 12.5%	60.000.00	3.750.00	
Total Output Tax	10,46,490.00	41,890.21	
Purchases			
		23 more ↓	
VAT Payable		15,306.77	

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



VAT Computation	National Traders	Ctrl + M
		tional Traders
		: 33201317891
Particulars		012 to 4-May-2012
	Assessal	
	Value	Amount
↑ 22 more		
Purchases		
C. Input Tax		
Excess Input Credit Brought Forward		
Input VAT @ 1%	1,00,24	40.64 1,002.41
Input VAT @ 12.5%	75,2	13.91 9,401.74
Input VAT @ 12.5% - (JobWork)	35,0	00.00 2,187.50
Input VAT @ 14.5%	48,0°	15.15 6,527.20
Input VAT @ 2%	23,00	28.07 460.56
Input VAT @ 20%		27.27 2,745.45
Input VAT @ 4%		67.38 2,010.70
Input VAT @ 4% - (Industrial Input)		50.00 130.00
Input VAT @ 5%		57.58 2,117.88
Purchase From URDs - Taxable Goods @ 1%		00.00
Purchase From URDs - Taxable Goods @ 14.5%		25.00
Purchase From URDs - Taxable Goods @ 5%		80.00
Purchases - Capital Goods @ 4%	1,50,0	00.00
Others (VAT Not Applicable)		
Imports	1,95,79	50.00
Interstate Purchases @ 1%	80,81	00.00
Interstate Purchases @ 14.5%	85,8	75.00
Interstate Purchases @ 2% Against Form C	3,82,5	00.00
Interstate Purchases @ 5%	67,21	00.00
Purchases - Exempt		00.00
Total Inp	ut Credit14,76,8	30.00 26,583.44
VAT Payable		15,306.77

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 TIN: 3320 1-Apr-2012 to)1317891 30-Apr-2012
			Assessable	Tax
			Value	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 Good	ds		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		
				76 more ↓
VAT Payable				15,306.77

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 Cla	ssification Vouchers		Natio	nal Traders				Ctrl + M ×
VAT Clas	sification : Output VAT @	2%					1-Apr-201	2 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 9-4-2012	Marvel Traders Marvel Traders Marvel Traders Adjustment Towards Entry Tax Paid	33259874547 33259874547	Credit Note Tax Invoice Journal	1 3 17	S01 S03	23,100.00	(-)6,000.00 26,400.00	(-)120.00 462.00 (-)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			Nati	onal Traders				Ctrl + M
Commodity wise Purchase							1-Apr-2012 to	o 30-Apr-201
Description	Code	Rate	Total Value	Inventory Value	Additions / Deductions	Assessable Value	Tax Amount	Additiona Tax
Imports			1,95,750.00	1,95,750.00		1,95,750.00		
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		
Input VAT @ 1%			1,82,043.05	1,80,000.00	240.64	1,80,240.64	1,802.41	
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	
Input VAT @ 12.5%			1,49,303.15	1,32,500.00	213.91	1,32,713.91	16,589.24	
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	
Input VAT @ 14.5%			1,11,792.35	98,000.00		98,015.15		
Air Conditioners	304	14.50%	57.250.00	50,000.00		50,000.00		
Air Conditioner			57,250.00	50,000.00		50,000.00		
Fax Machine	333	14.50%	54,542,35	48,000.00				
Fax Machines			54,542.35	48,000.00				
Input VAT @ 2%			26,548.63	21,750.00		26,028.07		
G I Pipes	2100	2%	26,548.63	21,750.00		26,028.07		
G I Pipes			26,548,63	21,750.00		26,028.07		
Input VAT @ 20%			16,472,72	13,500.00		13,727.27		
Tobacco	519	20%	16,472.72	13,500.00		13,727.27		
Tobacco Products	0.0	2070	16,472.72	13,500.00		13,727.27		
Input VAT @ 4%			52,278.08	50,000.00		50,267.38		
Silk Fabrics	2127	4%	52,278.08	50.000.00		50,267.38		
Silk Fabrics			52,278.08	50,000.00		50,267.38		
Input VAT @ 4% - (Industrial Input			3,380.00	3,250.00	237.00	3,250.00		
Industrial Inputs	2067	4%	3,380.00	3,250.00		3,250.00		
Industrial Fuel	2001	. 70	3,380.00	3,250.00		3,250.00		
masoliui i doi			0,000.00	0,200.00		0,200.00	700.00	
								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			Nati	onal Traders				Ctrl + M
Commodity wise Sales							1-Apr-2012 to	o 30-Apr-201
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		
G I Pipes			3,000.00			3,000.00		
Insulators	2069		4,800.00			4,800.00		
Insulators			4,800.00	4,800.00		4,800.00		
CST @ 1%			45,450.00			45,000.00		
Jewellery	102	1%	45,450.00			45,000.00		
Gold Jewellery			45, 450.00			45,000.00		
CST @ 12.5%			19,687.50			17,500.00	2,187.50	
Vacuum Cleaners	329	12.50%	19,687.50			17,500.00	2,187.50	
Vacuum Cleaner			19,687.50			17,500.00		
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		1,44,500.00		
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			90,481.93	904.82	
Jewellery	102	1%	91,386.75			90,481.93		
,			, , , , , ,					
								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:

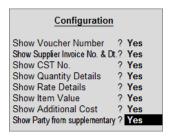


Figure 5.9 Purchase Register Configuration

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 $\underline{\textbf{F1}}$: **Detailed** button (Alt+F1) to display the inventory details and VAT/Tax classifications. The **VAT Purchase Register** displays as shown:

VAT Purc	chase Register		National	Traders				Ctrl + M ×
List of Pu	rchase Vouchers						1-Apr-2012	to 30-Apr-2012
Date	Particulars	Supplier Invoice No. & Dt.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
								6 more →
2-Apr-2012	Excel Traders	01 / 2-4-2012	1	33258710200	33258710200			3,74,000.00
27412012	Gold Jewellerv	017242012		002007 10200	002007 10200	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							40.000.00
	Fax Machines Packing Charges					3 Nos	16,000.00/Nos	48,000.00
	Tobacco Products					45 Nos	300.00/Nos	13,500.00
	Packing Charges					45 1008	300.00/108	13,500.00
2 Apr 2012	Swasthik Associates	02 / 3-4-2012	3	33254852014	33254852014			30.000.00
J-Apr-2012	The IT Journal	02 / 3-4-2012	3	33234032014	33234032014	200 Nos	150.00/Nos	30,000.00
13 Apr 2012	Gizmo Traders	05 / 13-4-2012	6	33025485652	33025485652	200 1100	700.0071100	86,600.00
13741-2012	Gold Jewellery	037 13-4-2012		33023403032	33023403032	2 Nos	20.000.00/Nos	
	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 1
	Grand Total							7,02,600.00

Figure 5.10 VAT Purchase Register - Screen 1



Scroll horizontally to view the columnar details.

VAT Pur	chase Register	Na	ational Trader	5			Ctrl + M ×
List of Pu	rchase 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 Packing Charges	3,50,70000	1,80,240.64		240.64	Input VAT @ 1%	1,802.41
	G I Pipes Packing Charges		28,278.07		4,278.07	Input VAT @ 2%	565.56
	Silk Fabrics Packing Charges		50,267.38		267.38	Input VAT @ 4%	2,010.70
	Vacuum Cleaner Packing Charges		1,20,213.91		213.91	Input VAT @ 12.5%	15,026.74
3-Apr-2012	Excel Traders Insulators Packing Charges	1,22,210.53	1,10,500.00 48,757.58	45,000.00	1,000.00 757.58	Input VAT @ 5%	11,710.5 3 2,437.88
	Fax Machines Packing Charges		48,015.15	45,000.00 45,000.00	15.15	Input VAT @ 14.5%	
	Tobacco Products Packing Charges		13,727.27		227.27	Input VAT @ 20%	2,745.45
3-Apr-2012	Swasthik Associates The IT Journal	30,000.00	30,000.00 30,000.00			Purchases - Exempt	
13-Apr-2012	Gizmo Traders Gold Jewellery Insulators Fax Machines	86,600.00	86,600.00 40,000.00 1,600.00 45,000.00			Purchase From URDs - Tarable Goods @ 1% Purchase From URDs - Tarable Goods @ 5% Purchase From URDs - Tarable Goods @ 14.5%	
18-Apr-2012	Sunbeam Designers Graphic Designing	37,187.50	35,000.00 35,000.00			Input VAT @ 12.5% - (JobWork)	2,187.5 0 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:

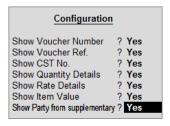


Figure 5.12 Sales Register - Configuration



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 <u>F1</u>: **Detailed** button (Alt+F1) to display the inventory details and VAT/Tax classifications. **VAT Sales Register** displays as shown:

VAT Sale	es Register		National	Traders				Ctrl + M ×
List of Sa	les Vouchers						1-Apr-2012	to 30-Apr-2012
Date	Particulars	Voucher Ref.	Vch No.	TIN No.	CST No.	Quantity	Rate	Value
6-Apr-2012	Marvel Traders	S01	1	33259874547	33259874547			6 more → 2,37,500.00
07412012	Gold Jewellery			00200011011	00200011011	4 Nos	22,500.00/Nos	90,000.00
	Packing Charges G I Pipes Packing Charges					70 Nos	400.00/Nos	28,000.00
	Silk Fabrics Packing Charges					4 Nos	8,000.00/Nos	32,000.00
	Vacuum Cleaner Packing Charges					5 Nos	17,500.00/Nos	87,500.00
7-Apr-2012	Supreme Book Stores The IT Journal	SN01	1	33254125852	33254125852	180 Nos	200.00/Nos	36,000.00 36,000.00
7-Apr-2012	Marvel Traders Insulators Packing Charges	S02	2	33259874547	33259874547	85 Nos	500.00/Nos	93,250.00 42,500.00
	Fax Machines Packing Charges					2 Nos	17,500.00/Nos	35,000.00
	Tobacco Products Packing Charges					45 Nos	350.00/Nos	15,750.00
9-Apr-2012	Marvel Traders G / Pipes	S03	3	33259874547	33259874547	66 Nos	400.00/Nos	26,400.00 26,400.00
10-Apr-2012	Marvel Traders Insulators	S04	4	33259874547	33259874547	65 Nos	500.00/Nos	32,500.00 32,500.00
18-Apr-2012	Swasthik Associates Painting & Polishing	SN07	6	33254852014	33254852014			60,000.00 60,000.00
	Grand Total							4,85,650.00

Figure 5.13 VAT Sales Register - Screen 1



Scroll horizontally to view columnar details.

VAT Sale	es Register	Na	ational Traders	5			Ctrl + M ×
List of Sa	les 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 Packing Charges		90,481.93		481.93	Output VAT @ 1%	904.82
	G I Pipes Packing Charges		36,433.73		8,433.73	Output VAT @ 2%	728.67
	Silk Fabrics Packing Charges		32,481.93		481.93	Output VAT @ 4%	1,299.28
	Vacuum Cleaner Packing Charges		88, 102. 41		602.41	Output VAT @ 12.5%	11,012.80
7-Apr-2012	Supreme Book Stores The IT Journal	36,000.00	36,000.00 36,000.00			Sales - Exempt	
7-Apr-2012	Marvel Traders Insulators	1,05,805.14	95,250.00 43,787.88		2,000.00	Output VAT @ 5%	10,555.14 2,189.39
	Packing Charges Fax Machines		35,030.30		1,287.88 30.30	Output VAT @ 14.5%	5,079.39
	Packing Charges Tobacco Products Packing Charges		16,431.82		681.82	Output VAT @ 20%	3, 286. 36
9-Apr-2012	Marvel Traders	26,862.00	26,400.00	23,100.00	007.02	Out-14 VAT O 00/	462.00
	G I Pipes		26,400.00	23,100.00		Output VAT @ 2%	462.00
10-Apr-2012	Marvel Traders Insulators	34,125.00	32,500.00 32,500.00	29,250.00 29,250.00		Output VAT @ 5%	1,625.00 1,625.00
18-Apr-2012	Swasthik Associates Painting & Polishing	63,750.00	60,000.00 60,000.00			Output VAT - Works Contract @ 12.5%	3,750.00 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 sumbitted by the exporters.

The monthly returns are required to 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**.



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

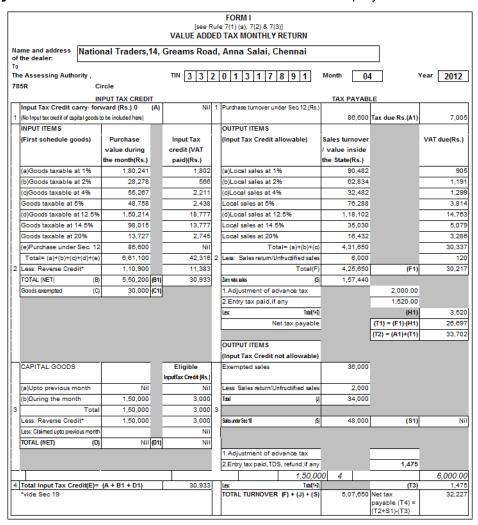


Figure 5.15 VAT Monthly Return in Form I Page 1



A. Paym	ent details:	-						
Amount	Payable,if (T4)	is excess of (E)			(T4 -	E)	(Rs.)	1,294
					Amo	ount Paid	(Rs.)	6,604
SI.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, Cl	hennai			03252
2	5,425.06	051240	4-May-2012	Bank of India, Cl	hennai			03252
Total	6,604.27	(in words)JMR Six Thousand Six Hundred Four and	Twenty Seven paise					
B. Amou	int of Input Tax	Credit excess available, if (E	E) is excess of	(T4)	(E -	T4)	(Rs.)	Nil
		or input tax related to Zero ra he CST Act for this month h					4,350 Nil	
						Total	V	4,350
Input Tax	x Credit,if any,	carried forward to next mo	nth:				(Rs.)	(-)4,350
2. 1/	ntement is tru	ie, correct and complet	te.	DECLARATION ur knowledge and belief the inf rised by Thyagarajan (Proprieto				
Place: 0		Seal		Sign. Nam Status			: T. Se : Acco	

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:

				٧	[see	e R	MI-1 Jule 7(7)] X ANNUAL RETURN				
	ame and address f the dealer:	National	Traders,14,	Gre	eams Road,	Ar	nna Salai, Chennai				
To	1					_					
	he Assessing Autho				TIN 3 3	1	2 0 1 3 1 7 8 9	1	Year	20	012-2013
<i>'</i>	85R	Circle									
	_	PUR	CHASES					SALES			
			Purchase		(VAT paid)(Rs.)			Sales tur-			VAT collected
			turnover					nover/ va-			if any(Rs.)
			value inside					lue inside			
			the State during the					the State(Rs.)			
			Year (Rs).								
ľ	(a)Goods taxable a	t 1%	1,80,241		1,802		(a)Local sales at 1%	90,482			905
li	(b)Goods taxable a	t 2%	28,278		566		(b)Local sales at 2%	62,834		ľ	1,191
l	(c)Goods taxable at	t 4%	55,267		2,211		(c)Local sales at 4%	32,482			1,299
ĺ	Goods taxable at 5	96	48,758		2,438		Local sales at 5%	76,288		Î	3,814
	(d)Goods taxable a	t 12.5%	1,50,214		18,777		(d)Local sales at 12.5%	1,18,102			14,763
	Goods taxable at 1		98,015	5	13,777		Local sales at 14.5%	35,030			5,079
ļ	Goods taxable at 2		13,727	-	2,745		Local sales at 20%	16,432			3,286
ļ		a)+(b)+(c)+(d)	5,74,500	_	42,316		Total= (a)+(b)+(c)+(d)	4,31,650			30,337
1.	(e) Goods exempte	ed	30,000	2		1.		6,000			120
ļ							Total (C)	4,25,650			30,217
ļ							Zero rate sales	1,57,440			
ļ							1.Adjustment of advance tax			000.00	
							2.Entry tax paid,if any		1,	520.00	0.500
							Total(1+2)			l	3,520
ļ.											
l							OUTPUT ITEMS				
l	CAPITAL GOODS			7	Tax Paid (Rs.)		Exempted sales	36,000			
	0711 11712 00000				iax i ala (its.)		Exemples sales	50,000			
li							Less: Sales return/Unfructified sales	2,000			
2.	During the Year		1,50,000	(B)	3,000	2.	Total (D)	34,000			
ĺ											
Ĺ							1,50,000	4			6,000.00
3	Total		(A + B)		45,316		TOTAL SALES (C+D)	4,59,650			26,697
					DEC	CL	ARATION				
1	I/WaT Sak	am doctar	a that to the	hac	t of my/our kn	יחי	wledge and belief the inform	ation furnis	shad in	the al	oove
Ι.	statement is					ıυ۱	meuge and benefine me mon	iadon iums	oneu III	uie al	JOVE
2						b	y Thyagarajan (Proprietor/P	artner/Boa	rd of di	rectors	s) to sign the
	returns.					_	,,g, (,
Р	lace : Cher	nnai					Signature		:	T 0	
D	ate : 31-N	Mar-2013	Sea	ı			Name Status & relatio	onship to the		T. Selv Accou	
_											

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:

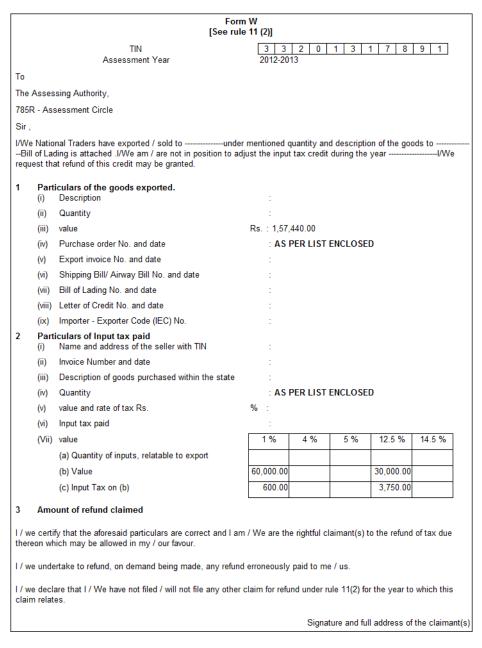


Figure 5.18 Form W - Page 1



	Export Par	ticulars								
SI.	Buyer's	Descripti-	Qty	Value in	PO No.	Export	Shipping	Bill of	Letter of	Import -
No	Name	on	_	INR	and Date	Invoice	bill /	Lading	Credit No.	Export
						No. and	Airway bill	No. and	and Date	Code (IEC)
						Date	No. and	Date		No.
							Date			
1	Zeta Inc.	Gold Jewellery	3 Nos	1,06,560.00	PO8175 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	PO8175 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 P	articulars								
S- I. N	Name of the Seller	TIN	Purchase Inv.No & Date	Descripti- on	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

PUR	CHASE DETAIL SHEET			
SL.NO	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 Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure - I



The **Annexure I** of M/s. National Traders displays as shown:

	ANNEXURE I										
	Details of purchases/receipts during the month APRIL, 12										
SI. 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.)	Cat- ego- ry			
(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	0			
10	Universal Enterprises	29587458521	2069	04,10-Apr-2012	64,000	5	3,200	0			
11	Universal Enterprises	29587458521	333	04,10-Apr-2012	75,000	14.50	10,875	0			
12	Glamour Applian- ces		333	06,16-Apr-2012	1,62,000	0		-			
13	Glamour Applian- ces		2069	06,16-Apr-2012	33,750	0		_			
14	Sunbeam Designers	33250120147		011,18-Apr-2012	17,500	12.50	2,188	R			
15	Equipment Agenc- ies	33256001241		08,18-Apr-2012	1,50,000	0		С			
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			
	Sterling Industries	33206501450	2067	11,25-Apr-2012	5,000	4	200	В			
Cate				nter-state purchase gh agents/Branche			_ocal-purchase	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 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:

							ΑN	NEXU	RE I-	4								
	Det	tails of	Inter-S	tate r	ourch	ases / Stock	Trar	sfer Inw	ard du	ırina	the m	onth	,	APRIL	. 12			
SI. No.	Na- me of Seller / Tran- sferor		Seller- 's /Trans- feror's TIN	0-	Invo- ice /Del- ivery No- te No.	/Delivery	Pu- rc- h- a- se O- rd- er No. *	Purch- ase Order Date *	Pur- cha- see /Re- ceipt Value (Net of Tax)	Ra- te of Tax	CST Paid	Total Purch- ase Value (10+12)		Unit **	N- ame of the Tra- ns- port Car- rier from wh- ere go- ods we- re dis- pat- ch- ed *	Da- te of Rai- lway /P- ost- al/ Go- ods Re- cei- pt with trip sh-	Da- te on whii- ch deli- very was tak- en by tra- nsf- eree **	Ca- teg- ory
(1)	(2) Sunli-	(3)	(4) 2788-	(5) 304	(6)	(7) 9-Apr-2012	(8) P-	(9) 4-Apr	(10)	(11)	(12) 7.	(13) 3.82.		(15) Nos	(16) Ch-	(17) 96	(18) 7	(19) J
	te	I45, IV Secto- r, Lokh- anwa- la, Mum- bai	3723- 209	304	03	3-Apr-2012	O- 03	-2012	000. 00	2	500. 00	5,02, 500.00		INUS	en- nai	30	-Apr -20- 12	J
Cat	Category: J- Inter-State purchase against Form C ** for Form F prescribed under the Central Sales Tax(Registration and Turnover) Rules, 1957 only S- Stock receipts from Head Office / branches / principals outside the State. ** for Form F prescribed under the Central Sales Tax(Registration and Turnover) Rules, 1957 only																	

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.

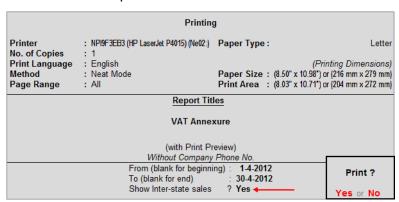


Figure 5.24 Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

SI.	Name of the buyer	Buyer's TIN	Commodity	Invoice/Delivery	Sale value(Rs.)	Rate	VAT/CST	Cat-
No.	realise of the bayer	Buyers mv	Code	note no.and date	Care variae(143.)	of tax	paid(Rs.)	ego
								ry
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Marvel Traders	33259874547	102	1,6-Apr-2012	90,482	1	905	-
	Marvel Traders	33259874547	329	1,6-Apr-2012	88,102	12.50	11,013	
	Marvel Traders	33259874547	2100	1,6-Apr-2012	36,434	2	729	_
	Marvel Traders	33259874547	2127	1,6-Apr-2012	32,482	4	1,299	
_	Marvel Traders	33259874547	2100	1,7-Apr-2012	(-)6,000	2	(-)120	
	Supreme Book S- tores	33254125852	711	1,7-Apr-2012	36,000	0		E
	Marvel Traders	33259874547	333	2,7-Apr-2012	35,030	14.50	5,079	
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	
10	Supreme Book S- tores	33254125852	711	2,9-Apr-2012	(-)2,000	0		E
11	Digilink Electroni- cs	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	
	Verona Traders	29856521458	2069	3,11-Apr-2012	15,000	5	750	
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
	Fortune Agencies	24589564125	329	9,25-Apr-2012	17,500	12.50	2,188	F

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:

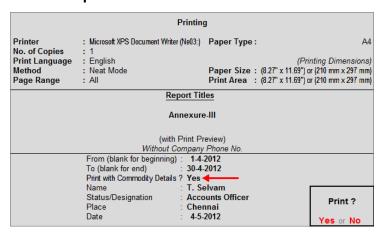


Figure 5.26 Print Report screen



The **Annexure III** of M/s. National Traders displays as shown:

		,	NNEXUR	RE III			·
	Details of reversal of Input Tax	Credit during the I	month APR	IL, 12			
			Commodity		Rate		Reversal of Inp
SI.No.	Nature of transactions	Section/Rule relevant		Value (Rs.)	of tax	TIN	tax Credit (R
			(1)	(2)	(3)	(4)	(5)
1	Goods used for civil structures	Sec.2(11)		1,50,000			3,0
_				1,50,000			6,000.
2	Goods utilised for self use	Sec.19(7)(a)		20,000			2
			102	20,000			200.0
3	Purchase of automobiles, spare parts and accesories other than dealer in Automobiles	Sec.19(7)(b)		12,500			1,56
			324	12,500	12.50	33254852014	1,562.5
4	Purchase of Airconditioners other than dealer in Airconditioners	Sec.19(7)(c)		50,000			7,2
			304	50,000	14.50	33250025850	7,250.0
5	Goods given as gift, free sample	Sec.19(8)		1,600			1
6	Goods lost on theft,loss,etc.,	Sec.19(9)(i)		750			1
7	Inputs destroyed in fire or lost	Sec.19(9)(ii)		500			
	Inputs damaged in transit or destroyed before manufacture	Sec.19(9)(iii)		1,250			:
	Unavailed credit on Capital goods (time barred)	Sec.19(3)(b)					
10	Consignment Sales without 'F' form	Sec.19(4)(i) & (ii)		4,800			24
			2069	4,800	-		240.0
11	Stock transfer without 'F'form	Sec.19(4)(i) & (ii)		3,000			
			2100	3,000	2		60.
	Purchases for production of Exempted goods (Finished)	Sec.19(5)(a)					
13	Interstate sale without 'C' form	Sec.19(5)(c)		15,000			1,8
			329		12.50	33258710200	1,875.
14	Purchase return	Sec.14(i)		1,500	-		
			2100	1,500	2	33258710200	30.
	ITC availed for Finished goods subsequently exempt	Sec.19(12)					
16	Others (specify)						
						Total	14,3

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								
Impo	rt Export code:	HWTS78	B Zero	Rated Sale					
				INPUT TAX PAID					
SI.No.	Seller's TIN	Description of	Commodity Code	Purchase value (Rate of	Input tax paid	Eligible Credit		
		goods		Rs.)	tax	(Rs.)	(Rs.)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
1	33258710200	Gold Jewellery	102	60000	1 %	600	60		
2	33258710200	Vacuum Cleaner	329	30000	12.50 %	3750	375		

Figure 5.28 Annexure IV – Zero Rated Sales Details

	ANNEXURE IV									
			Export							
SI.No.	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 Se	al	Name Status & relationship	: T. Selvam o to the dealer: Accounts Officer						

Figure 5.29 Annexure IV – Export Details

Similarly generate annuxures 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:

SI. Name of the seller Seller's TIN Commodity Code Invoice/Delivery note no.and date Rate /Receipt value(Rs.)		Details of purchases/receipts during the Year 2012 - 2013									
1 Excel Traders 33258710200 102 01,2-Apr-2012 1,80,241 1 1,802 2 Excel Traders 33258710200 2100 01,2-Apr-2012 28,278 2 566 3 Excel Traders 33258710200 2127 01,2-Apr-2012 50,267 4 2,011 4 Excel Traders 33258710200 329 01,2-Apr-2012 1,20,214 12.50 15,027 5 Excel Traders 33258710200 2069 02,3-Apr-2012 48,758 5 2,438 6 Excel Traders 33258710200 333 02,3-Apr-2012 45,015 14.50 6,527 7 Excel Traders 33258710200 519 02,3-Apr-2012 13,727 20 2,745 8 Swasthik Associatis 33254852014 711 02,3-Apr-2012 30,000 0 3 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 75,000 14.50 10,875		Name of the seller	Seller's TIN	,	,	/Receipt value(Cat- ego- rv		
Excel Traders 33258710200 2100 01,2-Apr-2012 28,278 2 566	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Second Fig.	1	Excel Traders	33258710200	102	01,2-Apr-2012	1,80,241	1	1,802	R		
4 Excel Traders 33258710200 329 01,2-Apr-2012 1,20,214 12.50 15,027 5 Excel Traders 33258710200 2069 02,3-Apr-2012 48,758 5 2,438 6 Excel Traders 33258710200 333 02,3-Apr-2012 45,015 14.50 6,527 7 Excel Traders 33258710200 519 02,3-Apr-2012 13,727 20 2,745 8 Swasthik Associates 33254852014 711 02,3-Apr-2012 30,000 0 0 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 33,750 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,	2	Excel Traders	33258710200	2100	01,2-Apr-2012	28,278	2	566	R		
Excel Traders 33258710200 2069 02,3-Apr-2012 48,758 5 2,438 6 Excel Traders 33258710200 333 02,3-Apr-2012 45,015 14.50 6,527 7 Excel Traders 33258710200 519 02,3-Apr-2012 13,727 20 2,745 8 Swasthik Associates 33254852014 711 02,3-Apr-2012 30,000 0 0 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 75,000 0 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc- 33256001241 08,18-Apr-2012 <td>3</td> <td>Excel Traders</td> <td>33258710200</td> <td>2127</td> <td>01,2-Apr-2012</td> <td>50,267</td> <td>4</td> <td>2,011</td> <td>R</td>	3	Excel Traders	33258710200	2127	01,2-Apr-2012	50,267	4	2,011	R		
6 Excel Traders 33258710200 333 02,3-Apr-2012 45,015 14.50 6,527 7 Excel Traders 33258710200 519 02,3-Apr-2012 13,727 20 2,745 8 Swasthik Associates 33254852014 711 02,3-Apr-2012 30,000 0 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 29587458521 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	4	Excel Traders	33258710200	329	01,2-Apr-2012	1,20,214	12.50	15,027	R		
7 Excel Traders 33258710200 519 02,3-Apr-2012 13,727 20 2,745 8 Swasthik Associates 33254852014 711 02,3-Apr-2012 30,000 0 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 29587458521 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	5	Excel Traders	33258710200	2069	02,3-Apr-2012	48,758	5	2,438	R		
8 Swasthik Associates 33254852014 711 02,3-Apr-2012 30,000 0 9 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc-size 08,18-Apr-2012 1,50,000 0	6	Excel Traders	33258710200	333	02,3-Apr-2012	45,015	14.50	6,527	R		
ates 29 Universal Enterprises 29587458521 102 04,10-Apr-2012 80,000 1 800 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 11 Universal Enterprises 29587458521 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	7	Excel Traders	33258710200	519	02,3-Apr-2012	13,727	20	2,745	R		
ises 10 Universal Enterprises 29587458521 2069 04,10-Apr-2012 64,000 5 3,200 ises 11 Universal Enterprises 29587458521 333 04,10-Apr-2012 75,000 14.50 10,875 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	8		33254852014	711	02,3-Apr-2012	30,000	0		Ε		
ises 11 Universal Enterprises 29587458521 333 04,10-Apr-2012 75,000 14.50 10,875 ises 12 Glamour Appliances 333 06,16-Apr-2012 1,62,000 0 ces 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 ces 14 Sunbeam Designers 33250120147 ers 15 Equipment Agence 33256001241 08,18-Apr-2012 1,50,000 0	9		29587458521	102	04,10-Apr-2012	80,000	1	800	0		
ises 333 06,16-Apr-2012 1,62,000 0 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 14 Sunbeam Designers 33250120147 011,18-Apr-2012 17,500 12.50 2,188 15 Equipment Agences 332500120141 08,18-Apr-2012 1,50,000 0	10		29587458521	2069	04,10-Apr-2012	64,000	5	3,200	0		
ces 13 Glamour Appliances 2069 06,16-Apr-2012 33,750 0 ces 011,18-Apr-2012 17,500 12.50 2,188 ers 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	11		29587458521	333	04,10-Apr-2012	75,000	14.50	10,875	0		
Ces Ces	12			333	06,16-Apr-2012	1,62,000	0		I		
ers 15 Equipment Agenc- 33256001241 08,18-Apr-2012 1,50,000 0	13			2069	06,16-Apr-2012	33,750	0		I		
	14		33250120147		011,18-Apr-2012	17,500	12.50	2,188	R		
	15		33256001241		08,18-Apr-2012	1,50,000	0		С		
16 Swasthik Associates 33254852014 324 09,21-Apr-2012 12,500 12.50 1,563	16		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	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	18	Sterling Industries	33206501450	2067	11,25-Apr-2012	5,000	4	200	В		

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	g				
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	Report Tit	les				
	VAT Annexure					
(with Print Preview)						
	Without Company Phone No.					
	From (blank for beginning): 1.4-2012 Print?					
	Show Inter-state sales		Yes or No			

Figure 5.31 Annual Annexure II - Print Report

The **Annexure II** of M/s. National Traders displays as shown:

SI. 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.)	Cat ego
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9
	Marvel Traders	33259874547	102	1,6-Apr-2012	90,482	1	905	F
_		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 S- tores	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
	Supreme Book S- tores	33254125852	711	2,9-Apr-2012	(-)2,000	0		E
11	Digilink Electroni- cs	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
	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
	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

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							
Impo	rt Export code:	HWTS78	B Zero	Rated Sale				
				INPUT TAX PAID				
SI.No.	Seller's TIN	Description of	Commodity Code	Purchase value (Rate of	Input tax paid	Eligible Credit	
		goods		Rs.)	tax	(Rs.)	(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									
			Export							
SI.No.	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	1						
Name : T. Selvam Date : 31-Mar-2013 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.

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-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 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.

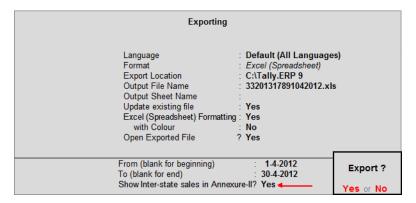


Figure 6.1 E-VAT Annexure – Print Report screen



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:

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	serial_no	Name_of_selle		commodity_co	Invoice_No	Ir	voice_Date	Purchase_	Val	Tax_rate	VAT_CST_pa	i Category		
1		r Excel Traders	33258710200	de 102	04		2/04/2012	ue	0044		d	02 R		
2	2	Excel Traders	33258710200	2100			2/04/2012	180241 28278		1		66 R		
3	3	Excel Traders	33258710200	2100			2/04/2012	50267		2		11 R		
4	4	Excel Traders	33258710200				2/04/2012	120214		12.50				
5	5	Excel Traders	33258710200	2069			3/04/2012		8758	12.50		38 R		
7	6	Excel Traders	33258710200	333		_	3/04/2012		5015	14.50		27 R		
8	7	Excel Traders	33258710200	519		_	3/04/2012		3727	20		15 R		
9	8	Swasthik Associates	33254852014	711			3/04/2012		0000	0		0 E		
10	9	Universal Enterprises	29587458521	102	04	1	0/04/2012	8	0000	1	80	00 O		
11	10	Universal Enterprises	29587458521	2069	04	1	0/04/2012	6	4000	5	320	00 O		
2	11	Universal Enterprises	29587458521	333	04	1	0/04/2012	7	5000	14.50	1087	75 O		
.3	12	Glamour Appliances	0	333			6/04/2012		2000	0		0 1		
4	13	Glamour Appliances	0	2069			6/04/2012		3750	0		0 1		
15	14	Sunbeam Designers					8/04/2012	17500		12.50	218	88 R		
6	15	Equipment Agencies	33256001241		08	1	8/04/2012	15	0000	0		0 C		
7	16	Swasthik Associates	33254852014	324	09	2	1/04/2012	1	2500	12.50		33 R		
R		Dewpoint Tradere nex_I Annex_I	33250025850				3/04/2012		0000	14.50	725	50 R		

Figure 6.2 Excel File Containing Exported Details

Instructions to be Followed for Validating the Information in the Exported Excel Sheets

- 1. Do not Change the Output File Name. (The file Name should have the naming pattern as eleven digit TIN Number followed by Return month and year as (mmyyyy).
 - Example: If the TIN number is 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.