GOODS AND SERVICES TAX WITH TALLY

B.Com
Semester-V

Lesson Writers

Mr. B. Rama Rao
Lecturer in tally and tax procedures
Sri Baba Gurudev College
Sattenapalle

Mr. Eshwera Rao Maddi
Managing Director & Tally and Tax Instructor Tally Software Solutions, Balaji Ai Infotech Pvt Ltd
Brodipet, Guntur

Mr. Radhakrishna Vedam
Lecturer in tally and tax procedures
Sri Baba Gurudev College
Sattenapalle

Lesson Writer & Editor
Dr. Srihari Nizampatnam
Academic Counsellor in Commerce and Management
Centre for Distance Education
Acharya Nagarjuna University

Director

Dr. NAGARAJU BATTU
MBA., MHRM., LLM., M.Sc. (Psy).,MA (Soc)., M.Ed., M.Phil., Ph.D

CENTRE FOR DISTANCE EDUCATION

ACHARAYA NAGARJUNA UNIVERSITY

NAGARJUNA NAGAR – 522 510

Ph: 0863-2293299, 2293214,
Website: www.anucde.info
e-mail:anucdedirector@gmail.com

B.Com: GOODS AND SERVICES TAX WITH TALLY

First Edition: 2024

No. of Copies :

Published by:
Dr. NAGARAJU BATTU,
Director
Centre for Distance Education,
Acharya Nagarjuna University

Printed at:

FOREWORD

Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A' grade from the NAAC in the year 2016, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 443 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy ofthis distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities andin turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson- writers of the Centre who have helped in these endeavors.

Prof. Raja Sekhar Patteti
Vice-Chancellor
Acharya Nagarjuna University

A.P. State Council of Higher Education
Semester-wise Revised Syllabus under CBCS, 2020-21

Course Code:

Four-year B.Com. (Hons)
Domain Subject: **COMMERCE**
IV Year B. Com.(Hons) – Semester – V

Max Marks: 100 Time: 3Hrs

Course 19-C-GOODS AND SERVICES TAX WITH TALLY
(Skill Enhancement Course (Elective), 4 Credits)

I: Course Learning Outcomes

After completing the course, the student shall be able to:

1. Understand the concept of Liability and Payment of GST
2. Create a new company in Tally with GST components and establish environment for GST Voucher entry.
3. Comprehend the utilization of input tax credit, and the reverse charge mechanism in GST
4. Acquire Skills of preparation of GST Returns in accordance with GST Law and Tally
5. Acquire skill of online payment of GST through GST Portal.

II. Syllabus: Total 75hrs (Teaching 60, Training10, Others 05 including IE etc.)

Unit 1: GST- Liability and Payment
Output tax liability - Input tax credit utilization-- Schedule for payment of GST- Interest/penalty for late/non-filing of return-Payment of GST- GST Network

Unit-II: GST – Accounting Masters and Inventory Masters in Tally
Company Creation- General Ledgers & GST Ledgers Creation - Stock Groups , Stock Items and Unit of Measure - GST Rate Allocation to Stocks

Unit-III: GST Voucher Entry
GST Vouchers - Customizing the Existing Voucher types with applicable GST Rates –Mapping of Input Tax Credit on Purchase Vouchers - Output Tax on Sales Vouchers- Purchase and Sales Voucher Entries with Single Rated GST and Multiple Rated GST Goods.

Unit-IV: GST Returns
Regular Monthly returns and Annual Return- Returns for Composition Scheme- Generation of Returns - GSTR-1, GSTR-2, GSTR-3, GSTR-4, GSTR-9, GSTR-3B

Unit-V: Payment of GST online
Payment of GST- Electronic Filing of GST Returns – Refunds – Penalties- Administrative structure of GST Officers- Powers- Jurisdiction.

III: References:

1. Ahuja, Girish, Gupta Ravi, GST & Customs Law.
2. Babbar, Sonal, Kaur, Rasleen and Khurana, Kritika. Goods and Service Tax (GST) and Customs Law. Scholar Tech Press.
3. Bansal, K. M., GST & Customs Law, Taxmann Publication.
4. Singhania,Vinod K. and Singhania Monica. Students' guide to Income Tax. University Edition. Taxmann Publications Pvt Ltd.,New Delhi.
5. Sisodia Pushpendra, GST Law, Bharat Law House.
6. ***Web resources***:https://cbic-gst.gov.in
7. Web resources suggested by the Teacher concerned and the College Librarian including reading material

IV. Co-Curricular Activities

A. Mandatory *(Student training by teacher in field related skills: 10 hrs.):*

1. For Teachers: Training of students by the teacher (using actual field material) in classroom/ field for not less than 10 hours on techniques in computation of and online submission of GST. On Tally ERP 9 for entering entries of a selected firm.

a. Calculation of output tax liability and input Tax Credit through voucher entries (ref. unit-1)

b. Creation of Company and working with Masters in Tally ERP9 (ref. unit-2)

c. Voucher entry along with Input tax and output taxed entries (ref. unit-3)

d. Preparation of GST Returns for regular dealer and composite dealer in tally (Ref. unit 4)

e. Online Payment of GST using Tally (ref. unit.5)

2. For Students: Students shall take up individual field study on Entry of GST Voucher, Calculation of Input Tax and Output Tax including single rated /multi rated GST with a selected organizations. Submission of online GST Returns for a selected business firm. Each student has to submit his/her observations as a handwritten Fieldwork/Project work Report not exceeding 10 pages in the given format to the teacher.

3. Max marks for Fieldwork/Project work Report: 05.

4. Suggested Format for Fieldwork/Project work Report (not more than 10 pages**):** Title page, student details, contents, objective, step-wise work done, findings, conclusions and acknowledgements.

5. Unit tests (IE).

B. Suggested Co-Curricular Activities

1. Training of students by a related field expert.
2. Assignments including technical assignments like Working with Tally for Observation of real-time entries for transaction of accounting with inventory
3. Seminars, Conferences, discussions by inviting concerned institutions
4. Field Visit
5. Invited lectures and presentations on related topics.

V. Suggested Question Paper Pattern:

Max. Marks 75 Time: 3 hrs

SECTION - A (Total 25 marks)
Answer any FIVE Questions (5×5 Marks).
OUT OF EIGHT COVERIBG ALL UNITS
SECTION - B (Total 50 marks)
Answer any FIVE Questions (5×10 Marks)
OUT OF EIGHT COVERIBG ALL UNITS

(504BCE21)

MODEL QUESTION PAPER

B.Com. (General) DEGREE EXAMINATION,

Third Year – Fifth Semester

Part II – Commerce

Paper VI – GOODS AND SERVICES TAX WITH TALLY

Time : Three hours **Max. Marks: 70**

SECTION A–(5 x 4 = 20 marks)

Write a short answer for any FIVE of the following.

Each question carries 4 marks.

1. Schedule for payment of GST.
   GST చెల్లింపు కోసం షెడ్యూల్.

2. How to create a GST ledger?
   GST లెడ్జర్ను ఎలా సృష్టించాలి?

3. Output tax on sales vouchers.
   సేల్స్ వోచర్లపై అవుట్పుట్ పన్ను.

4. Annual Returns GSTR–9.
   GSTR–9 వార్షిక రిటర్ను.

5. What is electronic filing of GST forms?
   GST ఫారమ్ ఎలక్ట్రానిక్ ఫైలింగ్ అంటే ఏమిటి?

6. What is mapping of ITC on purchase vouchers?
   కొనుగోలు వోచర్లపై ITC మ్యాపింగ్ అంటే ఏమిటి?

7. GST rate allocation to stocks.
   స్టాక్ ను GST రేటు కేటాయింపు.

8. GST Network.
   GST నెట్వర్క్.

SECTION B – (5 x 10 = 50 marks)

Answer the following questions.

Each question carries 10 marks.

9. (a) What is an input tax credit? Explain about input tax credit utilization.

ఇన్పుట్ ట్యాక్స్ క్రెడిట్ అంటే ఏమిటి? ఇన్పుట్ ట్యాక్స్ క్రెడిట్ వినియోగం గురించి వివరించండి.

Or

(b) Briefly explain the Interest/Penalties for late/non-filing of returns.

రిటర్న్స్ ను ఆలస్యంగా/ఫైలింగ్ చేయనందుకు వడ్డీ/పెనాల్టీలను క్లుప్తంగా వివరించండి.

10. (a) Explain about Company creation in Tally.

ట్యాలీలో కంపెనీ సృష్టి గురించి వివరించండి.

Or

(b) Explain about stock groups, stock items and unit of measure in Tally.

ట్యాలీలో స్టాక్ గ్రూపులు, స్టాక్ అంశాలు మరియు కొలత యూనిట్ గురించి వివరించండి.

11. (a) Discuss various types of GST vouchers.

వివిధ రకాల GST వోచర్ల గురించి చర్చించండి.

Or

(b) Explain the purchase and sales voucher entries with single rated GST and multiple rated GST goods.

Single రెటెడ్ GST మరియు బహుళ రేట్ చేయబడిన GST వస్తువులతో కొనుగోలు మరియు విక్రయాల వోచర్ నమోదులను వివరించండి.

12. (a) What is GST Return? Explain different types of monthly and annual GST Returns.

GST రిటర్న్లు అంటే ఏమిటి? వివిధ రకాల నెలవారీ మరియు వార్షిక GST రిటర్న్లను వివరించండి.

Or

(b) What is the composition scheme? How the composite dealers file quarterly Returns?

సమూహ పథకం అనగా నేమిటి? సమూహ డీలర్లు త్రైమాసిక రిటర్న్లు ఏ విధంగా ఫైల్ చేస్తారు?

13. (a) Explain about Administrative structure of GST officers, Jurisdiction and their powers.

GST అధికారుల పరిపాలనా నిర్మాణం, అధికార పరిధి మరియు వారి అధికారాల గురించి వివరించండి.

Or

(b) Discuss various methods of process of payment in GST.

GST లో చెల్లింపు ప్రక్రియ యొక్క వివిధ పద్ధతులను చర్చించండి.

CONTENTS

Lesson - 1
INTRODUCTION TO TAX LIABILITY

Objective:
1. Understanding Tax Liability: Define tax liability and explain its significance in the financial ecosystem.
2.Components of Tax Liability: Identify and describe the key components that contribute to tax liability.
3.Computation of Tax Liability: Illustrate the basic methods used to calculate tax liability for individuals and businesses.
4. Taxpayer Responsibilities: Outline the responsibilities of taxpayers concerning the declaration and payment of tax liabilities.
5. Legal Framework: Provide an overview of the legal framework governing tax liabilities, including relevant laws and regulations.

Structure:

1.1 Output Tax Liability:
Definition and Overview:
Output tax liability refers to the total GST a business owes on the sale of goods or services it provides. This is the tax collected from customers which must be paid to the government. It is a critical component of the GST framework and represents the tax on the value addition made by the business.

Calculation of Output Tax Liability:
To calculate the output tax liability, you need to apply the applicable GST rate to the value of the taxable supplies made. GST rates in India can vary based on the nature of the goods or services, ranging from 0% (for exempt items) to28%.
Formula:
Output Tax Liability = Value of Taxable Supplies x Applicable GST Rate
Example:
Suppose a manufacturer sells a product for ₹10,000 and the applicable GST rate is 18%.
Output Tax Liability = ₹10,000 x18% = ₹1,800
Thus, the output tax liability is ₹1,800.

Components of Output Tax Liability:
- **CGST (Central Goods and Services Tax):** For intra-state supplies, a part of the GST collected goes to the central government.

-**SGST (State Goods and Services Tax):** For intra-state supplies, a part of the GST collected goes to the state government.
- **IGST (Integrated Goods and Services Tax)**: For inter-state supplies, the GST collected goes to the central government, which later distributes it between the center and the state where consumption occurs.

Example:
If the GST rate is 18% for a product sold within a state, it comprises 9% CGST and 9% SGST.
For a sale of ₹10,000:
CGST = ₹10,000 x 9% = ₹900
SGST = ₹10,000 x 9% = ₹900
Total Output Tax Liability = ₹1,800

For an inter-state sale at the same rate:
IGST = ₹10,000 x 18% = ₹1,800

Reporting Output Tax Liability:
Output tax liability must be reported in various GST returns, primarily in GSTR-1 and GSTR-3B:

- **GSTR-1:** This return details all outward supplies (sales) made during a month or quarter. It includes information such as invoice details, GSTIN of the recipient, taxable value, and GST amount.
- **GSTR-3B:** This is a summary return filed monthly. It consolidates total outward supplies, input tax credit (ITC) claimed, tax payable, and tax paid.

Example of Reporting in GSTR-1:
A business sells products worth ₹50,000 in a month at an 18% GST rate. The GSTR-1 would include:
- Invoice details
- Recipient's GSTIN
- Taxable value: ₹50,000
- GST amount: ₹9,000 (₹4,500 CGST + ₹4,500 SGST for intra-state or ₹9,000 IGST for inter-state)

Payment of Output Tax Liability:
The liability must be paid by the 20th of the subsequent month for regular taxpayers. For those under the composition scheme, the due date is the 18th of the month following the quarter. Payment can be made through the GST portal using various modes like internet banking, credit/debit cards, NEFT, or RTGS.

Adjustments and Adjustments in Output Tax Liability:
- **Credit Notes:** Issued if goods are returned or services are not fully provided. It reduces the output tax liability.
- **Debit Notes**: Issued for undercharged invoices. It increases the output tax liability.

Example:
A business issues a credit note of ₹5,000 plus 18% GST (₹900) for returned goods. The output tax liability reduces by ₹900.

Examples and Case Studies:
Case Study 1:
A retailer sells electronics worth ₹1,00,000 in a month. The applicable GST rate is 18%.
- Output Tax Liability: ₹1,00,000 x 18% = ₹18,000
- For intra-state sales: ₹9,000 CGST + ₹9,000 SGST
- For inter-state sales: ₹18,000 IGST

Case Study 2:
A service provider issues an invoice of ₹50,000 for consulting services with a GST rate of 18%.

- Output Tax Liability: ₹50,000 x 18% = ₹9,000
- This amount is reported in GSTR-1 and paid via GSTR-3B.

Conclusion:
Understanding and managing output tax liability is crucial for GST compliance. Proper calculation, timely reporting, and accurate payment are essential to avoid penalties and ensure smooth business operations. Businesses should maintain detailed records and regularly reconcile their accounts to manage their GST liabilities effectively.

1.2 Input Tax Credit Utilization:
Definition and Overview:
Input Tax Credit (ITC) refers to the credit that a business can claim for the GST paid on purchases of goods or services used in the course of its business. The ITC mechanism allows businesses to reduce their tax liability by claiming credit for the GST paid on inputs against the GST collected on outputs, thus preventing the cascading effect of taxes.

Eligibility for Claiming ITC:
To claim ITC, certain conditions must be met:
- The claimant must be a registered taxpayer under GST.
- The goods or services must have been received.
- The tax invoice or debit note should be in possession.
- The supplier must have paid the tax to the government.
- The claimant must have filed the relevant returns.

Example:
A manufacturer buys raw materials worth ₹100,000 plus 18% GST (₹18,000). The manufacturer can claim ITC of ₹18,000, provided all eligibility conditions are met.

Conditions for Utilization of ITC:
- Goods and Services Must Be Used for Business: ITC can only be claimed on goods and services used for business purposes.

- **No ITC on Exempt Supplies**: ITC cannot be claimed on goods and services used to make exempt supplies.
-Time Limit for Claiming ITC: ITC must be claimed within the due date for filing the return for September following the end of the financial year or the date of filing the annual return, whichever is earlier.

Utilization Hierarchy:
The utilization of ITC follows a specific order:
1. IGST Credit:
   - Can be utilized for payment of IGST, CGST, and SGST in that order.
2. CGST Credit:
   - Can be utilized for payment of CGST and IGST in that order, but not SGST.
3. SGST Credit:
   - Can be utilized for payment of SGST and IGST in that order, but not CGST.

Example:
A business has the following tax liabilities and credits:
- IGST payable: ₹10,000
- CGST payable: ₹5,000
- SGST payable: ₹5,000
- Available ITC: IGST: ₹8,000, CGST: ₹4,000, SGST: ₹6,000

Utilization:
- Use IGST credit for IGST payable: ₹8,000 (IGST payable becomes ₹2,000)
- Use remaining IGST credit for CGST payable: ₹2,000 (CGST payable becomes ₹3,000)
- Use CGST credit for CGST payable: ₹3,000 (CGST payable becomes ₹0)
- Use SGST credit for SGST payable: ₹5,000 (SGST payable becomes ₹0)

Remaining credits: IGST: ₹0, CGST: ₹1,000, SGST: ₹1,000

Calculation of ITC:
Formula: ITC = GST Paid on Inputs - GST Payable on Outputs

Example Calculation:
- GST on purchases (inputs): ₹50,000
- GST on sales (outputs): ₹70,000

ITC = ₹50,000 - ₹70,000 = -₹20,000
This means the business needs to pay ₹20,000 as GST.

Reporting ITC in GST Returns:
ITC is reported in:
- GSTR-2: Details of inward supplies where ITC is claimed.
- GSTR-3B: Monthly summary return where the total ITC claimed is reported.

Example Reporting:

A business claims ITC of ₹30,000 in a month. This will be reported in the relevant sections of GSTR-2 and GSTR-3B.

ITC on Capital Goods:
Capital goods used for business purposes are also eligible for ITC. However, ITC on capital goods is claimed over time, and the rules for utilization may vary.
Example:
A business purchases machinery worth ₹1,000,000 plus 18% GST (₹180,000). The business can claim ITC of ₹180,000 on this machinery.

Reversal of ITC:
In certain situations, ITC needs to be reversed, such as:
- If the goods are subsequently used for non-business purposes.
- If the recipient fails to pay the supplier within 180 days from the date of the invoice.
- When goods are lost, stolen, or destroyed.

Example:
If goods worth ₹50,000 plus 18% GST (₹9,000) are destroyed, the ITC of ₹9,000 needs to be reversed.

ITC on Mixed Supplies:
When goods or services are used for both taxable and exempt supplies, ITC needs to be apportioned based on the proportion of taxable supplies to total supplies.
Example:
A business makes taxable supplies worth ₹500,000 and exempt supplies worth ₹100,000. The total ITC available is ₹60,000. The proportionate ITC for taxable supplies is:

$$\text{Proportionate ITC} = \frac{\text{Taxable Supplies}}{\text{Total supplies}} \times \text{Total ITC}$$

$$\mathbf{= 5{,}00{,}000/6{,}00{,}000*60{,}000 = 50{,}000}$$

Conclusion:
Effective utilization of ITC is crucial for reducing GST liability and ensuring compliance. Businesses must maintain accurate records, adhere to the conditions for claiming ITC, and follow the correct utilization hierarchy to optimize their tax payments and avoid penalties.

1.3 Schedule for Payment of GST
Overview of GST Payment Schedule:
The payment schedule for GST varies based on the type of taxpayer, the return filing frequency, and the specific GST return forms applicable. Timely payment of GST is crucial to avoid interest, penalties, and compliance issues.

Monthly Payment Schedule:
Regular Taxpayers:
- GSTR-3B: This is a monthly summary return that consolidates total outward supplies, input tax credit (ITC) claimed, tax payable, and tax paid.
  - Due Date: 20th of the following month.
  - Example: For the tax period of June, GSTR-3B must be filed and the GST paid by July 20th.

GSTR-1 Filers:

- Monthly GSTR-1: Applicable for taxpayers with an annual turnover exceeding ₹5 crore or those who opt for monthly filing.
  - Due Date: 11th of the following month.
  - Example: For the tax period of June, GSTR-1 must be filed by July 11th.

Quarterly Payment Schedule:

Small Taxpayers (Turnover up to ₹5 crore):

- QRMP Scheme: Quarterly Return Monthly Payment scheme where taxpayers file GSTR-3B quarterly but make monthly payments through Form PMT-06.
  - Form PMT-06: Used to make monthly tax payments.
    - Due Date: 25th of the following month.
    - Example: For the tax period of June, payment via PMT-06 is due by July 25th.

Quarterly GSTR-1:

- Applicable for taxpayers opting for quarterly filing under the QRMP scheme.
  - Due Date: 13th of the month following the quarter.
  - Example: For the quarter April-June, GSTR-1 is due by July 13th.

Annual Payment Schedule:

Composition Scheme Taxpayers:

- CMP-08: Statement-cum-challan for making tax payments under the composition scheme.
  - Due Date: 18th of the month following the quarter.
  - Example: For the quarter April-June, CMP-08 is due by July 18th.
- GSTR-4: Annual return for composition scheme taxpayers.
  - Due Date: 30th April of the following financial year.
  - Example: For FY 2023-24, GSTR-4 is due by 30th April 2024.

GSTR-9:

- Annual return for regular taxpayers, summarizing the financial year's GST activities.
  - Due Date: 31st December of the following financial year.
  - Example: For FY 2023-24, GSTR-9 is due by 31st December 2024.

Payment Modes:

GST payments can be made through various modes:

- Online Payment: Internet banking, debit/credit cards, UPI, and other e-payment methods.
- Over-the-Counter (OTC): Cash, cheque, or demand draft for amounts up to ₹10,000.
- NEFT/RTGS: National Electronic Funds Transfer or Real-Time Gross Settlement.

Example:

A business with a monthly GST liability can pay ₹20,000 using internet banking on or before the 20th of the following month to meet the GSTR-3B due date.

3.6 Late Payment and Interest/Penalty:

Failing to pay GST on time incurs interest and penalties:

- Interest: 18% per annum on the outstanding tax amount.

- Penalty: Late filing fee of ₹50 per day (₹25 CGST + ₹25 SGST) for regular returns and ₹20 per day (₹10 CGST + ₹10 SGST) for nil returns.

Example:
If a business delays paying ₹10,000 GST by 30 days, the interest would be:
Interest = ₹10,000 x 18/100 x 30/365 = ₹148

Filing and Payment Workflow:
Monthly/Quarterly Workflow:
- GSTR-1 Filing: Report sales data.
- GSTR-3B/CMP-08 Filing: Summary return/payment statement.
- Payment of GST: Make the payment via the preferred mode by the due date.

Example:
For a business filing monthly:
1. File GSTR-1 by 11th July.
2. File GSTR-3B and pay GST by 20th July.

For a business under the QRMP scheme:
1. Make monthly payments via PMT-06 by 25th July.
2. File GSTR-1 for the quarter by 13th July.
3. File GSTR-3B for the quarter by 20th July.

Summary and Importance:
Adhering to the GST payment schedule is crucial for:
- Compliance: Avoiding interest and penalties.
- Cash Flow Management: Ensuring timely tax payments to maintain financial health.

Reputation: Maintaining a good compliance record with tax authorities.

1.4 Payment of GST:

Overview:
The payment of Goods and Services Tax (GST) involves the systematic process of calculating, reporting, and remitting the tax due on supplies of goods and services. Businesses are required to pay GST to the government within the stipulated time frame to avoid penalties and interest.

Methods of GST Payment:
There are several methods available for the payment of GST, each suited to different business needs and transaction volumes:

Online Payment:
- Internet Banking: Using net banking facilities provided by authorized banks.
- Debit/Credit Cards: Payments can be made using bank cards.
- Unified Payments Interface (UPI): A real-time payment system that allows instant transfer of funds.
- Example: A business with a GST liability of ₹50,000 can use internet banking to transfer the amount directly from their bank account.

Over-the-Counter (OTC) Payment:
- Eligibility: Available for payments up to ₹10,000 per challan.

- Mode: Payments can be made in cash, cheque, or demand draft at authorized bank branches.
- Example: A small business with a GST liability of ₹8,000 can visit the nearest authorized bank and make the payment in cash.

NEFT/RTGS:
- National Electronic Funds Transfer (NEFT): A nation-wide payment system that facilitates one-to-one funds transfer.
- Real-Time Gross Settlement (RTGS): An online system for transferring funds without any waiting period.
- Example: A large business making a high-value payment of ₹200,000 can use RTGS to ensure immediate transfer of funds.

Steps for GST Payment:
Generating a Challan:
- Access GST Portal: Log in to the GST portal (www.gst.gov.in).
- Generate Challan: Navigate to 'Services' > 'Payments' > 'Create Challan'.
- Fill Details: Enter the necessary details like the amount of tax, interest, penalty, and others.
- Example: A company needs to pay ₹10,000 CGST, ₹10,000 SGST, and ₹5,000 IGST. These amounts are entered into the respective fields.

Selecting the Payment Mode:
- Choose from online banking, OTC, or NEFT/RTGS as per the business's preference and eligibility.

Making the Payment:
- Online Banking/Debit/Credit Card/UPI: Complete the payment process through the selected banking channel.
- OTC: Print the generated challan and visit the selected bank branch to make the payment.
- NEFT/RTGS: Use the generated challan to make the payment via NEFT/RTGS from your bank.

Confirmation and Receipt:
- After successful payment, a CIN (Challan Identification Number) is generated.
- The payment receipt can be downloaded from the GST portal.

Filing Returns and Reflecting Payments:
Filing GSTR-3B:
- Report the total tax liability and the amount paid using the challan.
- Ensure that the payment details are accurately reflected in the return to avoid discrepancies.

GSTR-1:
- Report details of outward supplies and ensure that tax liability aligns with the payments made.

Annual Returns (GSTR-9):
- Summarize all monthly or quarterly payments made throughout the financial year.

Example: For a financial year, a business files monthly GSTR-3B returns reflecting payments made each month. At the year-end, GSTR-9 is filed summarizing all these payments.

Reconciliation of Payments:
Regular reconciliation of payments ensures that there are no discrepancies between the tax paid and the tax reported in returns. This includes:
- Matching CIN with the payment receipts.
- Ensuring that the ITC claimed is accurately reflected against the output tax liability.

Example: A business reconciles its books every month, ensuring that the payments made via challan match the amounts reported in GSTR-3B and GSTR1.

1.5 Interest and Penalties for Late Payment:
Interest:
- Rate:18% per annum on the unpaid tax amount.
- Calculation: Interest is calculated from the due date till the actual payment date.

Example:If a business delays a payment of ₹20,000 by 30 days, the interest would be:
Interest= ₹20,000 X 18/100 X 30/365 =₹295

Penalty:
- Late Filing Fee: ₹50 per day (₹25 CGST + ₹25 SGST) for regular returns; ₹20 per day (₹10 CGST + ₹10 SGST) for nil returns.
- Maximum Cap: Up to 0.25% of the taxpayer's turnover in the relevant state or union territory.

Example: A business filing GSTR-3B 10 days late incurs a penalty of ₹500 (₹25 x 10 x 2).

Input Tax Credit (ITC) and Payment Adjustments:
Businesses can adjust their output tax liability with available ITC before making the payment. Proper documentation and accurate reporting in GST returns are essential to claim ITC.
Example: A business has an output tax liability of ₹50,000 and available ITC of ₹30,000. The net GST payable would be:
Net GST Payable = Output Tax Liability - ITC
Net GST Payable= ₹50,000 - ₹30,000 = ₹20,000

Conclusion:
Effective management of GST payments is crucial for compliance and financial health. Businesses must adhere to the prescribed payment schedules, utilize ITC wisely, and ensure accurate reporting to avoid penalties and interest. Regular reconciliation and proper record-keeping are key practices for maintaining smooth GST operations.

1.6 GST Network:

Introduction to GST Network (GSTN):
The Goods and Services Tax Network (GSTN) is a non-profit, non-government organization responsible for managing the entire IT system of the GST portal. This network facilitates the registration, filing of returns, tax payment, and other related functions under the GST regime.

Structure and Ownership:

GSTN is a private company with the following ownership structure:
- Government of India: 24.5%
- State Governments: 24.5%
- Non-Governmental Institutions: 51%

Objectives of GSTN:
- Implementing a Uniform Interface: Provide a shared IT infrastructure and services to central and state governments, taxpayers, and other stakeholders.
- Facilitating Taxpayer Services: Enable efficient and smooth taxpayer registration, return filing, tax payment, and refund processing.
- Data Analytics and Business Intelligence: Use data to generate insights and aid in decision-making for tax administration.

Key Functions and Services of GSTN:
Registration:
- Online Registration: GSTN provides an online platform for new taxpayers to register under GST.
- Unique GST Identification Number (GSTIN): Each registered taxpayer receives a unique GSTIN.
- Example: A business registering for GST through the GST portal completes the necessary forms and documentation online and receives their GSTIN upon successful verification.

Return Filing:
- GSTR-1, GSTR-3B, GSTR-4, etc.: Various returns for different types of taxpayers are filed through the GSTN portal.
- Auto-Populated Returns: Certain details are auto-populated to reduce manual errors and improve accuracy.
- Example: A taxpayer logs in to the GST portal, fills in the required details in GSTR-3B, and submits the return.

Payment of Taxes:
- Challan Generation: Taxpayers can generate challans for tax payment.
- Multiple Payment Modes: Supports multiple payment modes including net banking, debit/credit cards, NEFT/RTGS, and OTC.
- Example: A business generates a challan for ₹50,000 and pays using internet banking through the GST portal.

Refund Processing:
- Online Refund Applications: Taxpayers can apply for refunds through the GSTN portal.
- Track Refund Status: The status of refund applications can be tracked online.
- Example: An exporter applies for a GST refund on zero-rated supplies and tracks the status through the portal.

Invoice Uploading and Matching:
- Invoice Uploading: Taxpayers can upload invoices on the portal.

- Invoice Matching: The system matches the uploaded invoices with the counterparty's returns to ensure accuracy.
- Example: A supplier uploads an invoice, and the buyer verifies and matches it with their purchase records.

E-Way Bill Generation:
- E-Way Bill System: GSTN facilitates the generation of e-way bills for the movement of goods.
- Integration with GST Portal: Ensures seamless compliance with transport regulations.
- Example: A transporter generates an e-way bill for the movement of goods from one state to another.

IT Infrastructure and Security:
Robust IT Backbone:
- GSTN uses a robust IT infrastructure to handle large volumes of data and transactions securely and efficiently.
- Example: During peak filing periods, GSTN can handle millions of return filings simultaneously.

Data Security:
- Implements high-level data security measures to protect taxpayer information.
- Regular audits and updates to safeguard against cyber threats.

Disaster Recovery:
- GSTN has disaster recovery systems in place to ensure data integrity and availability in case of any disruptions.
- Example: Data backups and secondary servers to ensure continuity in service.

Challenges and Solutions:
Initial Technical Glitches:
- Challenges: Initial phases saw technical glitches and system slowdowns.
- Solutions: Upgraded infrastructure, increased bandwidth, and enhanced user support.

User Adaptability:
- **Challenges:** Adapting to a new digital system posed difficulties for many users.
- **Solutions:** Extensive training programs, webinars, and support centers.

Data Volume Management:
- Challenges: Managing and processing large volumes of data.
- Solutions: Advanced data analytics, cloud computing, and scalable IT resources.

Future Developments:
Enhanced User Interface:
- Continuous improvement of the portal's user interface to make it more user-friendly.
- Example: Simplified forms, intuitive dashboards, and better navigation.

Advanced Analytics:
- Implementation of advanced analytics to provide insights and detect tax evasion.

- Example: Using machine learning algorithms to analyze transaction patterns.

Integration with Other Government Systems:
- Integration with other government systems like Income Tax, Customs, and others for comprehensive tax administration.
-Example: Seamless data sharing between GSTN and the Income Tax Department for better compliance monitoring.

Real-World Examples and Case Studies:
Case Study 1: Successful Implementation of GSTN for Large Enterprises:
- Scenario: A large manufacturing company transitions to GST.
- Outcome: Smooth registration, efficient return filing, and reduced compliance burden due to GSTN's streamlined processes.

Case Study 2: Challenges Faced by SMEs:
- Scenario: An SME faces initial challenges with GSTN's online system.
- Outcome: Through training and support, the business adapts to the system, leading to improved compliance and operational efficiency.

Common Issues and Resolutions:
Common Issues:
- Technical glitches during peak filing times.
- Difficulties in matching invoices.
- Delays in refund processing.

Resolutions:
- Regular system upgrades and maintenance.
- Enhanced support services and troubleshooting guides.
- Streamlined refund procedures and faster processing times.

Example:
A small retailer experiencing issues with invoice matching contacts GSTN support and resolves the problem with guided assistance.

Conclusion:
The GST Network is the backbone of the GST regime in India, facilitating efficient tax administration and compliance. With its robust IT infrastructure, secure data handling, and user-friendly interface, GSTN has significantly streamlined the process of GST compliance for businesses. Continuous improvements and future developments promise to further enhance its capabilities and address emerging challenges.
Under the Goods and Services Tax (GST) system in many countries, including India, Input Tax Credit (ITC) is a mechanism that allows businesses to reduce the tax they have paid on inputs from the tax they need to pay on their outputs. This helps to avoid the cascading effect of taxes and reduces the overall tax burden on businesses. Here are the methods and key provisions for claiming Input Tax Credit under the GST system

1.7 Keywords :
1. Input Tax Credit (ITC): Offset GST paid on purchases against GST liability.

2. Taxable Turnover: Basis for calculating GST liability.
3. GST Rates: Determine tax liability based on goods or services.
4. Annual Aggregate Turnover:Threshold for GST registration and compliance.

1.8 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including "GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And "GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.

B. Rama Rao

Lesson - 2
TAX LIABILITY (INPUT TAX CREDIT)

Objective:
1. Definition of Input Tax Credit (ITC): Explain what ITC is and how it operates within the tax system.
2. Eligibility for ITC: Identify who can claim ITC and under what conditions.
3. ITC Mechanism: Describe the mechanism by which ITC is claimed and utilized to offset tax liabilities.
4. Documentation for ITC: Highlight the necessary documentation required to claim ITC.
5. Compliance and Reporting: Discuss the compliance requirements and reporting standards for ITC claims.

Structure:
2.1 Eligibility for Input Tax Credit
2.2 Method of Claiming ITC
2.3 Matching, Reversal, and Reclaiming ITC
2.4 Input Service Distributor (ISD) Mechanism
2.5 SECTION 18: CREDIT IN SPECIAL CIRCUMSTANCES
2.6 SECTION 18(2): No ITC for invoices older than 1 year
2.7 How to avail Input Credit
2.8 Order of Utilization of Input Tax Credit (ITC)
2.9 Keywords
2.10 Reference

2.1 Eligibility for Input Tax Credit:
To claim ITC, a taxpayer must satisfy the following conditions:
- The taxpayer must be registered under GST.
- The taxpayer must have received the goods or services.
- The supplier must have paid the tax charged to the government.
- The taxpayer must have a tax invoice or other prescribed tax-paying document.
- The goods or services must be used or intended to be used in the course of or furtherance of the taxpayer's business.

Documents Required for Claiming ITC
The following documents are necessary to claim ITC:
- A tax invoice issued by the supplier of goods or services.
- A debit note issued by the supplier, if applicable.
- A bill of entry or similar document prescribed under the Customs Act, 1962, for the import of goods.
- An invoice issued by the recipient along with proof of payment of tax, for services under the reverse charge mechanism.
- A credit note issued by the Input Service Distributor (ISD) where applicable.

2.2 Method of Claiming ITC:
The process to claim ITC involves the following steps:
Step 1: Receipt of Goods or Services

Ensure the goods or services are received, as ITC can only be claimed after the receipt of goods or services.

Step 2: Possession of Invoice or Other Documents

Possess the necessary invoice or other prescribed document issued by the supplier.

Step 3: Supplier's Tax Payment

Ensure the supplier has paid the applicable GST to the government.

Step 4: Filing of GST Returns

Claim ITC in the GST returns (Form GSTR-3B) filed by the taxpayer. The taxpayer must declare the eligible ITC in the relevant column of the return.

2.3 Matching, Reversal, and Reclaiming ITC:

Matching Process:

- The details of inward supplies (purchases) furnished by the recipient in their GSTR-2B must match with the outward supplies (sales) furnished by the supplier in their GSTR-1.
- Any discrepancies between the supplier’s and recipient’s returns can lead to ITC being blocked until the mismatch is resolved.

Reversal of ITC:

- ITC may need to be reversed in certain cases, such as if the recipient fails to pay the supplier within 180 days from the date of the invoice.
- ITC must also be reversed if goods are used for non-business purposes or for making exempt supplies.
- The reversal is done by adding the ITC amount back to the output tax liability in the GSTR-3B.

Reclaiming ITC:

- Once the issues causing the reversal are resolved, such as payment to the supplier being made, the recipient can reclaim the ITC.
- The reclaim is done by reducing the output tax liability by the ITC amount in the subsequent return.

2.4 Input Service Distributor (ISD) Mechanism:

- An Input Service Distributor (ISD) is an office of the business that receives invoices for services used by its branches and distributes the ITC to the respective branches proportionally.
- The ISD issues an ISD invoice to distribute the credit.
- Branches can utilize the ITC as distributed by the ISD in their GST returns.

Special Cases of ITC:

Blocked Credits

Certain ITC claims are specifically disallowed under GST law, such as:

- Motor vehicles and conveyances (with certain exceptions).
- Goods and services used for personal consumption.
- Membership of clubs, health, and fitness centers.
- Goods and services used for construction of an immovable property (with certain exceptions).

Capital Goods:

- ITC on capital goods can be claimed, but it may be subject to specific conditions and must be capitalized in the books of accounts.

Utilization of ITC:

ITC can be utilized in a specific order to set off against output tax liabilities:

- ITC on Integrated GST (IGST) can be used first against IGST, then CGST (Central GST), and finally SGST/UTGST (State/Union Territory GST).
- ITC on CGST can be used against CGST and then IGST.

- ITC on SGST/UTGST can be used against SGST/UTGST and then IGST.
- ITC on SGST/UTGST cannot be used against CGST and vice versa.

Annual Reconciliation and Filing:

- Annual reconciliation of ITC is done through the annual return (GSTR-9) and audited annual accounts (GSTR-9C) if applicable.
- Discrepancies found during the reconciliation process should be corrected and reported in the annual return.

ITC on Imports and Reverse Charge Mechanism:

- ITC on imports can be claimed on the basis of the Bill of Entry.
- For supplies under the reverse charge mechanism (where the recipient pays the tax), ITC can be claimed once the tax is paid to the government.

Conclusion:

The GST system provides a robust framework for claiming Input Tax Credit, ensuring that businesses can efficiently offset their tax liabilities. However, compliance with documentation, timely filing of returns, and adherence to eligibility conditions are crucial to fully leverage ITC benefits.

2.5 SECTION 18: CREDIT IN SPECIAL CIRCUMSTANCES:

SECTION 18(1):

Subject to such conditions and restrictions as may be prescribed:

a.**New registration:** A person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act;

Example: 'Z' becomes liable to pay tax on 1st August and has obtained registration on 15th August. 'Z' is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 31st July. 'Z' cannot take ITC on capital goods.

b. Voluntary registration: A person who takes registration under sub-section (3) of section 25 shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration;

Example: 'A' applies for voluntary registration on 5th June and obtains registration on 22nd June. 'A' is eligible for ITC on inputs held in stock and as part of semi-finished goods or finished goods held in stock as on 21st June. 'A' cannot take ITC on capital goods.

c. Composition scheme to regular: Where any registered person ceases to pay tax under section 10,

he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods

on the day immediately preceding the date from which he becomes liable to pay tax under section 9.

Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed [As per Rule 40 – 5% per quarter/part there of].

Example: ‘B’, a registered taxable person, was paying tax under composition scheme upto 30th July. However, w.e.f. 31st July, ‘B’ becomes liable to pay tax under regular scheme. ‘B’ will be eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as on 30th July. ITC on capital goods will be reduced by 5% per quarter from the date of the invoice.

d. Exempt supply to taxable supply:

Where an exempt supply of goods or services or both by a registered person becomes a taxable supply, such person

• shall be entitled to take credit of input tax in respect of

• inputs held in stock and inputs contained in semi-finished or finished goods held in stock relatable to such exempt supply and

• on capital goods exclusively used for such exempt supply

• on the day immediately preceding the date from which such supply becomes taxable. Provided that the credit on capital goods shall be reduced by such percentage points as may be prescribed [As per Rule 40 – 5% per quarter/part there of].

➢ **Rule 40 - Manner of claiming credit in special circumstances:**

(1) The input tax credit claimed in accordance with the provisions of section 18(1) on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely –

a. **Reducing the ITC on Capital goods by 5% per quarter or part thereof:**

The input tax credit on capital goods, in terms of section 18(1)(c) and 18(1)(d), shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice or such other documents on which the capital goods were received by the taxable person.

b. Submission of Form GST ITC – 01:

The registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf,

• shall make a declaration, electronically, on the common portal

• in FORM GST ITC - 01 to the effect that he is eligible to avail the input tax credit as aforesaid.

Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

c. Declaration should clearly specify the details:

The declaration under clause (b) shall clearly specify the details relating to the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or as the case may be, capital goods– i. on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of the Act, in the case of a claim under clause (a) of subsection (1) of section 18;

ii. on the day immediately preceding the date of the grant of registration, in the case of a claim under clause (b) of sub-section (1) of section 18;

iii. on the day immediately preceding the date from which he becomes liable to pay tax under section 9, in the case of a claim under clause (c) of sub-section (1) of section 18;

iv. on the day immediately preceding the date from which the supplies made by the registered person becomes taxable, in the case of a claim under clause (d) of subsection (1) of section 18;

d. Declaration to be certified by practicing CA/CMA:

The details furnished in the declaration under clause (b) shall be duly certified by a practicing chartered accountant or a cost accountant if the aggregate value of the claim on account of central tax, State tax, Union territory tax and integrated tax exceeds two lakh rupees.

e. The input tax credit claimed in accordance with the provisions of clauses (c) and (d) of sub-section (1) of section 18 shall be verified with the corresponding details furnished by the corresponding supplier in FORM GSTR-1 or as the case may be, in FORM GSTR4, on the common portal.

(2) The amount of credit in the case of supply of capital goods or plant and machinery, for the purposes of section 18(6), shall be calculated by reducing the input tax on the said goods at the rate of five percentage points for every quarter or part thereof from the date of the issue of the invoice for such goods.

2.6 SECTION 18(2):No ITC for invoices older than 1 year:

A registered person shall not be entitled to take input tax credit under sub-section (1) in respect of any supply of goods or services or both to him after the expiry of one year from the date of issue of tax invoice relating to such supply.

Condition to Claim Input Tax Credit:

To Claim Input Tax Credit:-

1. One must have a tax invoice (of purchase) or debit note issued by registered dealer

Note: Where goods are received in lot /installments, credit will be available against the tax invoice upon receipt of last lot or installment.

2. You should have received the goods/services

Note: Where recipient does not pay the value of service or tax thereon within 6 months of invoice and he has already availed input credit based on invoice, the said credit will be added to his output tax liability along with interest.

3. The tax charged on your purchases has been deposited /paid to the government by the supplier in cash or via claiming input credit.

4. Supplier has filed GST returns.

Other Important points on ITC:

1. Input tax credit cannot be taken on purchase invoices which are more than one year old from the date of the tax invoice.
2. Since GST is charged on both goods and services. input credit can be availed on both goods and services (Except those which are on the exempted /negative list).
3. Input Tax Credit is allowed on capital goods as well.
4. Input tax is not allowed for goods and services for personal use.
5. No input tax credit shall be allowed after GST returns has been filed for November following the end of the financial year to which such invoice pertains or filing or relevant annual return, whichever is earlier.

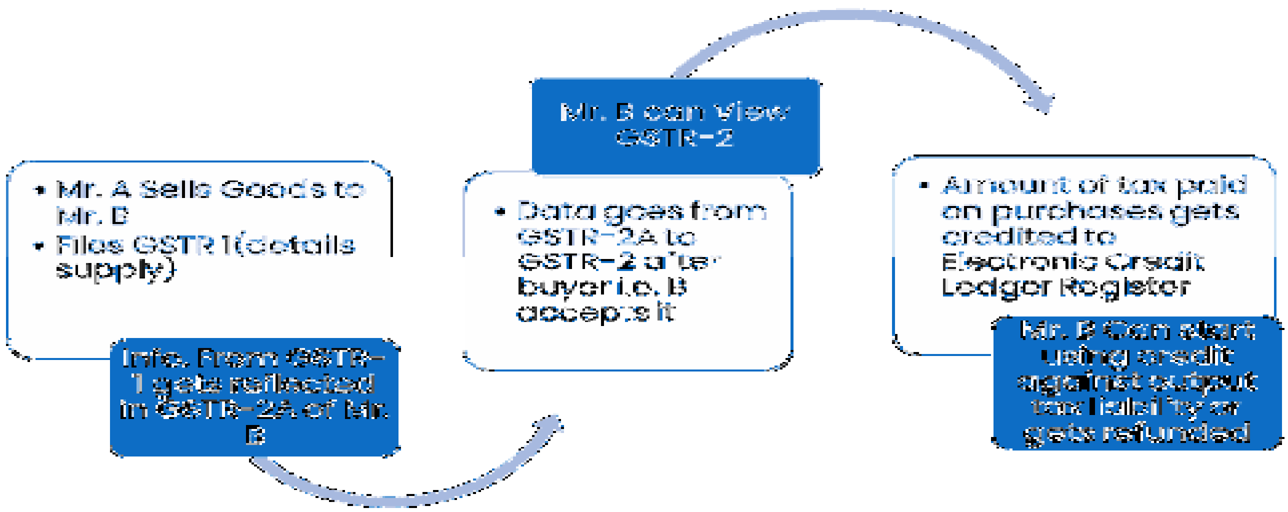
2.7 How to avail Input Credit:

All regular taxpayers must report the amount of input tax credit (ITC) in their monthly GST returns of Form GSTR-38. The table 4 requires the summary figure of eligible ITC, Ineligible ITC and ITC reversed during the tax period.

Suppose there is a seller Mr. A and he sells his goods to Mr. B. Here Mr. B the buyer will be eligible to claim the credit on purchase based on the invoices. Let's understand how:

Note:
In GST Portal there are two types of register – Electronic Cash Ledger and Electronic Credit Ledger. Cash Ledger reflects the amounts that the tax payer deposit in cash/ pays through bank while credit ledger reflects the ITC available from the Purchase mode.

2.8 Order of Utilization of Input Tax Credit (ITC):



The ITC in the electronic credit ledger can be utilized in a stored particular order only. The same is summarized in the table below.

Input tax credit on account of	Output Liability on account of Integrated tax	Output Liability on account of Central tax	Output Liability on account of State tax/ Union Territory Tax
Integrated Tax	(i)	(ii) – In any order and in any proportion	
(iii) Input Tax Credit on account of Integrated tax to be completely exhausted Mandatorily			
Central Tax	(v)	(iv)	Not Permitted
State Tax/ Union Territory Tax	(vii)	Not Permitted	(vi)

(1) The IGST input first need to be setoff with Output of IGST first and then with
(II) CGST or SGST in any order.
(III) The IGST Input need to be completely exhausted first before moving to CGST or SGST Input.
(IV) Thereafter, CGST Output need to be set off with CGST first and then with (V) IGST
(VI) Thereafter, SGST Output need to be set off with SGST first and then with (VII) IGST
Please note CGST and SGST cannot be setoff with each other in any case.

Blocked Credits / Credit Reversal:
Generally if a registered person is supplying goods and services of both exempt and taxable supplies, a proportion of Input Tax credit with respect to exempt output supply is not allowed to be claimed, which needs to be reversed.
Further, there are certain specified goods/ Services on which ITC is blocked Completely, which are follows:

1. Motor Vehicles unless the supplier is a dealer or in transport business or motor training.
2. Food & beverages. Outdoor catering. Beauty treatment. Health Services, cosmetic surgery. Motor vehicle hiring. Club membership. Health & fitness centre, travel benefit to employees. 3. Rent a cab and Life or Health insurance except when mandatory by law.
4. Construction of Immovable property except when taken by a promoter for selling the real estate.

2.9 Keywords:
1. GST Liability: Taxable Turnover, Output Tax, Reverse Charge, Composition Scheme.
2. GST Payments: Electronic Cash Ledger, Electronic Credit Ledger, Payment Challan, Interest and Penalties.
3. Filing Returns: GSTR-3B, GSTR-1, Annual Return (GSTR-9), Input Tax Credit (ITC) Reconciliation.
4. Compliance: Due Dates, Late Fees, ITC Matching, Tax Payment Deadline.

2.10 Reference:
1. V.S. Datey, Known for his Comprehensive books on GST, Including “GST Ready Reckoner”.
2. Monish Bhalla, Author of books like “ GST – The Game Changer” And “GST Laws Manual”.
3. Ca Rajat Mohan, Author of “Handbook on GST” And other Works.
4. Bimal Jain,Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

B. Rama Rao

Lesson - 3
INTRODUCTION TO TALLY PRIME

Objective:
1. Overview of Tally Prime: Introduce Tally Prime and its purpose as an accounting software.
2. Key Features: Outline the key features and functionalities of Tally Prime.
3. User Interface: Describe the user interface and navigation of Tally Prime.
4. System Requirements: Provide information on the system requirements for installing and running Tally Prime.
5. Benefits of Using Tally Prime: Discuss the benefits of using Tally Prime for accounting and financial management.

Structure:

3.1 Introduction:
What is Tally Prime?
Tally Prime is an accounting software that makes recording and organizing accounting information so simple that in no time, you will be in greater control of your business, business (whether small. medium or large enterprises), right from invoicing to insights that matter to business growth.

3.2 History of Tally Prime:
Tally Solutions Pvt. Ltd. is an Indian multinational technology company, that provides enterprise resource planning software. It is headquartered in Bangalore, Karnataka.
Tally Solutions was co-founded in 1986 by Shyam Sunder Goenka and his son Bharat Goenka after the family's cotton business was destroyed by fire. It began as Peutronics Financial Accountant, an accounting software application. The company was incorporated in 1991 and was renamed Tally Solutions in 1999.
The first version of the accounting software was launched as an MS-DOS application. It had only basic accounting functions, and was named Peutronics Financial Accountant.
• In 2006, Tally launched Tally 8.1, a concurrent multi-lingual version, and also Tally 9
In 2009, the company released Tally Prime, a business management solution
• In 2015, the company launched a program called Vriddhi to certify and classify its business partners. Also in 2015. Tally Solutions announced the launch of Tally ERP 9 Release 5.0 with taxation and compliance features.

• In 2016, Tally Solutions was shortlisted as a GST Suvidha Provider to provide interface between the new Goods and Services Tax (GST) server and taxpayers, and in 2017, the company launched its updated GST compliance software.
• In 2020, the company released Tally Prime.
•In 2022. they introduced Tally Prime Edit Log.

3.3 Key Features or Core Modules of Tally Prime:

Tally Prime, a complete accounting software, helps you manage several functions of the business, starting from recording business transaction to generating complex reports in an integrated manner.

- Accounts receivable, for all money the business receives.
- Accounts payable, for all Money the business owes.
- Pre-defined chart of accounts.
- Invoicing and billing
- Flexible inventory management
- Insightful business reports
- Sales and purchase management
- Record and Book keeping
- Transact in multiple currencies
- Online business reports
- Employee Payroll Management
- Multi-company Support
- Cost tracking and analysis
- Complete solutions for GST, TDS and TCS

3.4 Uses of Tally Prime:

Simple and as per modern software standards:

Tally Prime is the latest version of Tally and the main and most evident difference in the latest version when compared with the older version is the look of the software. The new version i.e Tally Prime looks very classy and is also soothing to the eyes of the user.

It is also simpler to use. Understanding the user, the software is made in such a way that every screen of Tally can be accessed with a simple search bar called the 'Go To search' switch. Type out the screen name for example if I wish to check my Balance sheet. I can simply type 'Balance sheet and it will display suggestions and I can click the one I want to see. It has the same functionality as the Google search engine you type and get whatever you want.

More Flexibility:

Tally Prime provides you with the flexibility to access your Tally data in the form of reports from any device and at any time. You can log in to your account from the Tally Solutions website and view your Tally data reports.

Future Ready:

When a business grows over some time, it's expected that new features and functions will be added to its existing ERP software. Tally prime is constantly being updated to accommodate new features to suit business needs. This software has the potential to grow with your business.

More Secure:

Tally prime understands the importance of a company's data and information. Tally Prime has come up with built-in security at many levels so that, with tally prime, your data will always be secure. User-level security controls, as well as user activity overview, are some of the features Tally provides to keep its company data safe.

Remote Access:

With tally prime, you can access your important business reports from anywhere outside your business premises. Tally Prime brings the ability to access your data from a web browser, or any device at anytime from anywhere. Accessing Bills Receivable & Payable. Stock Summary, Sales/Purchase Register. Profit & Loss A/C. Balance Sheet, and many such reports securely is now possible with the aid of Tally Prime.

Data Synchronization:

Tally Solutions understand that gathering and organizing data from multiple branches is a tedious task. To consolidate all your data in one place and provide you with more ease in analysing your data, tally has a synchronization feature in tally prime. This feature consolidates all your data from different locations and provides it to you in one place.

Always Stay Compliant:

Stay compliant with new rules and regulations as introduced by the government. Every new compliance rule is made available for Tally users in the latest update. Thus you need to keep your software up-to-date.

Takeaway:

Tally Prime is one of that software that is a complete business management software package. It is a one-time investment that provides you with return throughout your business life-cycle. Keeping in mind the requirement of small and medium businesses.

Tally Prime is being improved every once in a while. One of the biggest advantages of Tally is its ability to adapt to every type of business. It has hundreds of features that can be enabled or disabled as per the requirement. Due to this reason, more and more businesses in the African countries and worldwide are using Tally to maintain their books of accounts.

3.5 Introduction to Tally Prime

Tally Prime is one of the most widely used financial software. Tally Prime reports can help a business owner make informed decisions to increase efficiency, reduce costs, and organize business operations.

With Tally Prime, accurate, up-to-date business information is available at the click of a button anytime. It provides a comprehensive solution for the accounting and inventory needs of a business.

It provides the capability to generate fully accurate tax returns in a matter of minutes, extracting, interpreting and presenting financial data.

3.6 Salient Features of Tally Prime:

A leading accounting package:

The first version of Tally was released in 1988. Today it is recognised as one of the leading accounting packages across the world, with over a million customers.

No accounting codes:

Unlike other computerised accounting packages which require numeric codes, Tally Prime pioneered the 'no accounting codes' concept. Tally Prime users have the freedom to allocate meaningful names in plain English to their data items in the system.

Complete business solution:

Tally Prime provides a comprehensive solution to the accounting and inventory needs of a business. The package comprises financial accounting, book-keeping and inventory accounting. It also has various tools to extract, interpret and present data.

Flexible and easy to use:

Tally Prime is very flexible. It mimics the human thought process, which means that Tally. ERP 9 can adapt itself to any business need. Tally Prime users need not change the way their business is run to adapt themselves to the package.

Speed:

Tally Prime provides the capability to generate instant and accurate reports, which assist the management to take timely and correct decisions for the overall productivity and growth of the company.

Power:

Tally Prime allows the user to maintain multiple companies, with unlimited levels of classification and grouping capabilities. It also allows drill down facility from report level to transaction level.

Flexibility:

Tally Prime provides the flexibility to generate instant reports for any given period (month/year) or at any point of time besides providing the facility to toggle between Accounting & Inventory reports of the same company or between companies.

Real time processing:

Tally Prime updates books of accounts, as soon as the transactions are entered, thereby facilitating instant report generation. It also facilitates a real-time multi-user environment.

Versatility:

Tally Prime is suitable for a range of organisations, from small grocery stores to large corporations with international locations and operations.

Tally Help:

The Tally Prime Online Help (Alt+H) provides instant assistance on basic and advanced features or any other relevant topic of Tally Prime.

Remote Access:

Tally Prime provides remote capabilities to access data from anywhere and anytime.

Control Centre:

The Control Centre works as an interface between the user and Tally Prime installed at different sites and enables the user to centrally configure and administer Site/User belonging to an account.

Support Centre:

The Support Centre allows a user to directly post his/her support queries on the functional and technical aspects of the Product.

Auditor's Edition: Tally Prime provides auditing and compliance capabilities for Chartered Accountants. Statutory Compliance: Tally Prime helps generating 100% accurate tax returns within a few minutes. Moreover, it provides the experience of a hand-prepared return to ensure that taxation becomes a hassle-free task. It is compatible across Indian tax regimes such as VAT, Excise, TDS and Service tax.

Intelligent Set up Manager:

- Setup tool can interact with all the components of the operating system
- It guide’s you in troubleshooting the licensing run-time issues

Concurrent Multi-Lingual:

- Viewing them in another language and printing them in yet another Indian language.
- Capability of maintaining many languages and few international languages.

Multi- Tasking:

Viewed and printed from anywhere of the Tally screen without disturbing the current work.

3.7 Requirements to be statisfied to Install Tally Prime:

Particulars	System Recommended Configuration
Operating system (OS)	Microsoft **Windows 7** or above.
System type	**64-bit** operating system (for the OS and other applications such as MS Excel, Adobe Acrobat, and so on).
Memory (RAM)	A minimum of **4 GB** or more.
Hard disk	**45 MB** of free space to install the application.
Processor	**Intel Core2Duo** and above or equivalent.
Connectivity	Continuous connection to the internet.
Monitor resolution	**1024 x 768** or higher.

3.8 How to Create a Company in Tally Prime?

Introduction:

Maintaining accounts under the manual system of accounting is a tedious and time-consuming activity. Under this system, transactions are first recorded in journals, then the entries are posted into the respective ledger accounts and then a trial balance is prepared, to verify whether, the ledger summaries of all account transactions are accurate. If the totals of the debit and credit side of the trial balance are not equal, then to rectify the same, adjusting entries are passed and ledger entries are corrected. Finally, the transactions data is used to prepare the accounting reports for each accounting period. With the increase in scale of business and volume of business transactions, the difficulties and complexities of maintaining accounts also increases.

Computerized accounting puts an end to the above tedious and time-consuming process. It involves the simple cycle of one-time creation of the ledgers, followed by the recording of day-to-day transactions. The rest of the accounting process including generation of financial reports is automated.

Among accounting software, Tally Prime stands out for its simplicity and efficiency. It is one of the fastest and most powerful concurrent multi-lingual Business Accounting and Inventory Management software available in the market. It is a fully integrated, affordable and highly reliable software. Tally Prime is easy to buy, quick to install, and easy to learn and use. Tally Prime is designed to automate and integrate all business operations, such as sales, finance, purchasing, inventory,
and manufacturing.

Let us understand how to get started with Tally Prime, before moving on to recording transactions.

Mouse and Keyboard Conventions:

Mouse and keyboard Convention

Action	Particulars
Fn	Press the Function key
Fn	Press Alt+ Function key
Fn	Press Ctrl+ Function key

Switching between Screen Areas:

When Tally Prime first loads, the Gateway of Tally screen is displayed. To switch between the main screen area and calculator at the bottom of the screen, press Ctrl+N or Ctrl+M. Press Ctrl+Alt+T to navigate to Product and Features screen, press Ctrl+Alt+L to navigate to the License and Services detail screen, press Ctrl+Alt+F to navigate to Configuration Information screen.

Quitting Tally

You can exit the program from any Tally screen, but Tally requires all screens to be closed before it shuts down.

To quit working on Tally:

Press Esc until you see the message Quit? Yes or No. Press Y or Enter, or click on Yes to quit Tally

Alternatively, to Exit without confirmation, press Ctrl+Q from Gateway of Tally

You can also press Enter or Quit in the Gateway of Tally

Now that you are familiar with Gateway of Tally and keyboard conventions, let us use a business scenario to illustrate the creation of a company in Tally Prime before recording business transactions in its books of account.

3.9 Advantages of Tally Prime:

Tally Prime offers several advantages that make it a preferred choice for businesses:

1. User Interface: Modern and intuitive interface designed for ease of use and efficiency in navigation.
2. Enhanced Performance: Faster processing speeds and improved stability for handling large volumes of data.
3. Remote Access: Facilitates remote access and collaboration, crucial for modern businesses with distributed operations.
4. Customization: Flexible and customizable features to suit various business needs and industry requirements.

3.10 Keywords related to the introduction of Tally Prime:

1. User-Friendly Interface: Modern, intuitive design for ease of use.
2. Enhanced Performance: Improved speed and stability for managing large data volumes.
3. Comprehensive Features: Covers accounting, inventory management, and compliance.
4. Remote Access: Facilitates access and collaboration from anywhere.

3.11 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

B. Rama Rao

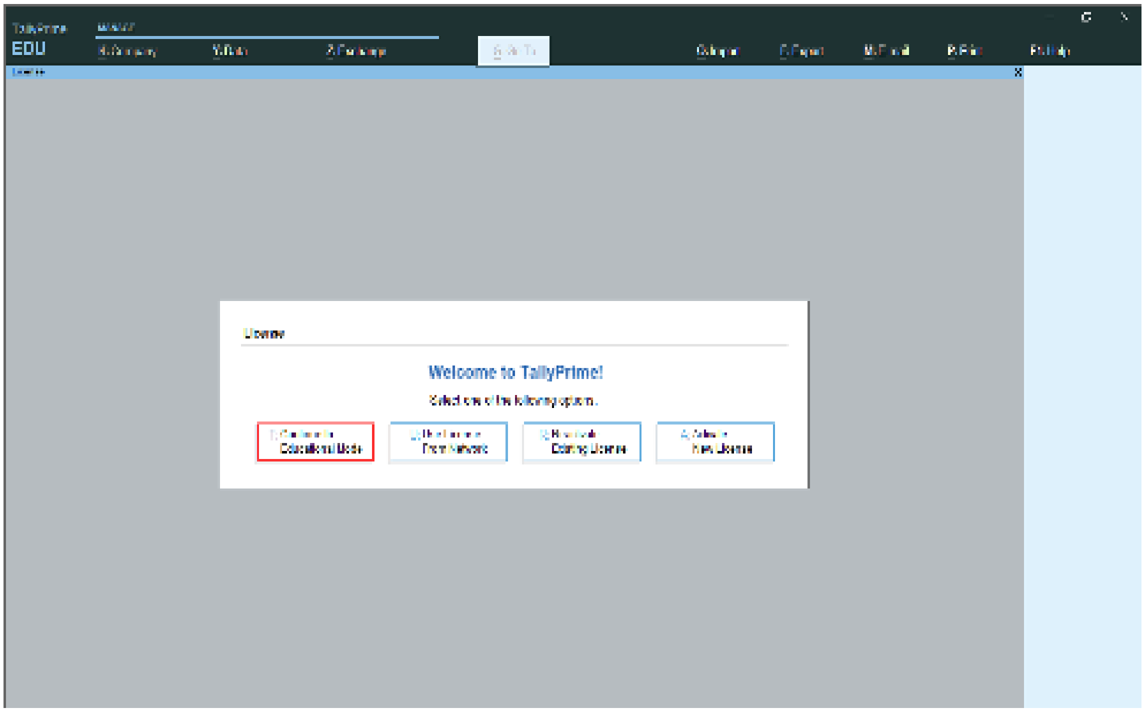
Lesson - 4
COMPANY CREATION

Objective:
1. Steps to Create a Company: Detail the step-by-step process for creating a new company in Tally Prime.
2. Essential Information: Identify the essential information required during the company creation process.
3. Configuration Options: Explain the various configuration options available when setting up a new company.
4. Data Security: Discuss the importance of data security and how to secure company information in Tally Prime.
5. Customization: Explore the customization options available for tailoring the company setup to specific business needs.

Structure:
4.1 Business Scenario
4.2 Procedure to Create a Company in Tally Prime
4.3 Company Features Screen
4.4 Alteration of Company
4.5 Shut Company in Tally Prime
4.6 Select Company
4.7 Keywords related to company creation in Tally Prime
4.8 Reference

4.1 Business Scenario:
Nidhi Sales Pvt Ltd., is a dealer in computer hardware. The company maintained its accounts manually till March 2024. In April 2024, the company installed Tally Prime
After installation of Tally Prime the company's accountant is required to create the company, 'Nidhi Sales Pvt Ltd.' in Tally Prime. After company creation, ledgers and groups have to be created as per the previous year's balance sheet with their balances to record further transactions.
Working in Tally Prime:

- From the License screen, T: Continue in Educational Mode option can be selected in case you want to use Tally Prime without a license.
- This is very well used for learning purpose and also there are very few restrictions in educational mode.
- One of the major restrictions in education mode is **Date Restriction.** You can use only 1st, 2nd and 31st date of any of the month for recording a voucher or viewing a report.
- **To work on Tally Prime without License,**
- From the License screen, Click on **T: Continue in Educational Mode** in the license

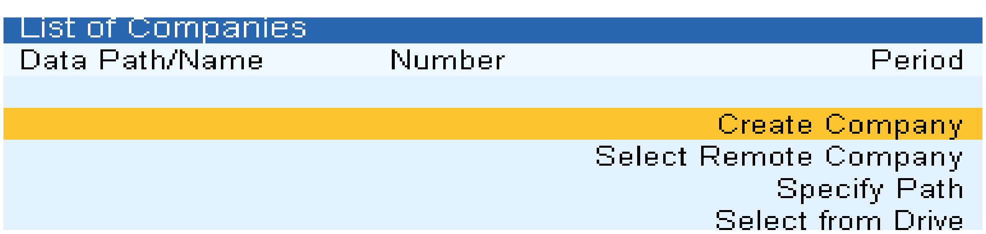


The first step in working with Tally Prime is to create a Company. A Company in Tally Prime is a central repository where we can maintain all the financial records of our business, and we can extract the required financial reports and statements.

To create the company in TallyPrime, Open TallyPrime> Select Company screen appears. The same screen appears after reactivating the license in TallyPrime the Select Company screen.

Explanation about Select Company Options:

✓ You can create the company in the same drive where Tally Prime is installed. If required you may also press backspace

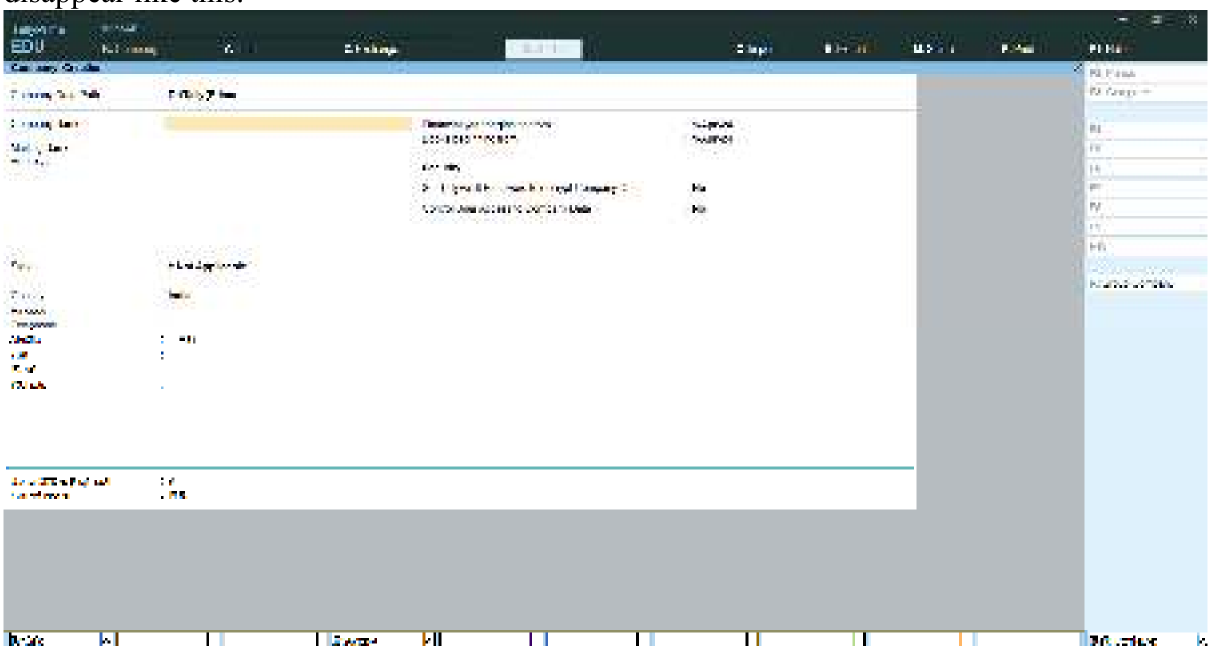


and change the Data directory drive.

- ✓ If you have configured the company for remote access feature in the remote end this option to be selected to access the data remotely.
- ✓ The Drive path can be mentioned where the data to be stored/saved. By using copy & paste
- ✓ (**Ctrl+ C** or **Ctrl +Alt+ C** for copy to paste **Ctrl +V** or **Ctrl +Alt+ V**) or type the location path manually.
- ✓ If already the transactions are recorded and maintained in D Drive, in the same location path if you want to maintain the data this option to be selected. We can also browse the required location from this option.

4.2 Procedure to Create a Company in Tally Prime:

From the Select Company Screen > Click on Company Creation Then Company screen shall be disappear like this.



The fields in the Company Creation screen and the information to be filled in each of them are explained below. To navigate between the fields, use Enter/Tab, or Mouse clicks.

Company Data path:

The path to the location of Tally Prime data is displayed here. By default, the path provided while installing Tally Prime will be displayed. However, you can press Backspace and specify the location in which you want the data to be stored.

Name: Provide a name for the company that is being created. In this example, we are creating a company named **Nidhi Sales Pvt. Ltd.**

Primary Mailing Details: The mailing name and address details are picked from here for any report such as balance sheet and statements of accounts.

Mailing name:

The name provided for the company in the Name field is automatically displayed here. However, you can change it as per requirements. The name specified here will be used for mailing purposes.
In this example, Nidhi Sales Pvt. Ltd. is retained.
Address: Fill in the company's address.
Country: Select the country in which the company is located. This will allow users to choose the statutory capabilities available for that country. In this example, the country selected is **India.**
State: This field appears once India is selected as the country. Select the State in which the company is located. In this example, Nidhi Sales Pvt Ltd is located in**Karnataka.**

1. Fill in the relevant PIN Code.
2. Fill in the relevant numbers in the Phone No., Mobile No. and Fax No fields.
3. E-mail: Fill in the company's official E-mail ID here. This will be used while E-mailing reports and statements from Tally Prime.
4. Website: Fill in the company's official website address.

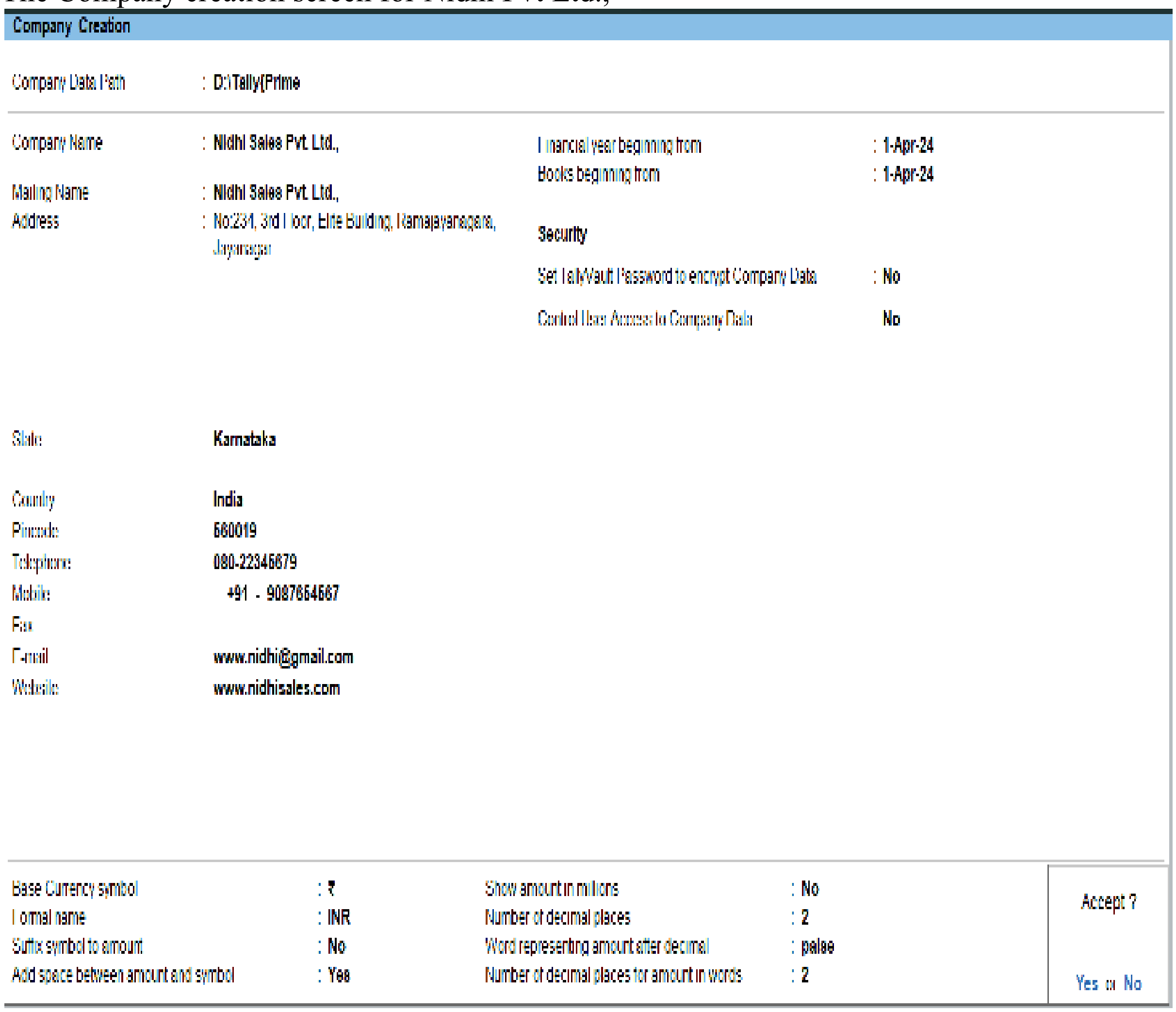
Books and Financial Year Details:
Financial year begins from: This refers to the twelve-month accounting period of the company. For Nidhi Sales Pvt Ltd, the financial year begins on **1-4-2024**.
Books beginning from: The date provided in the aforesaid field will be automatically displayed here. In the example, the date is retained. However, if you have started with maintaining your books of accounts with Tally Prime mid-year, the required date can be set accordingly.

Security Control:
Tally Vault password (if any): Once you enter a password here, you will need it to open your company each time. The name of a company that is locked using Tally Vault will be hidden with the asterisk * symbol. You need to provide the Tally Vault password to open and access the company.
Use security control? : Setting this option to 'Yes' will allow you to define the access rights for each user who will access your company. This feature is explained in forthcoming volumes. For Nidhi Sales Pvt Ltd., we shall set this option to No.

Base Currency Information:
Base currency symbol: The base currency symbol will be filled as per the country selected. For India, it is ₹.
Formal name: The currency's formal name will be filled here. In this example, it is INR (Indian Rupees).
Suffix symbol to amount? : For some countries, the currency symbol is specified after the amount. This option can be enabled for such countries, so that the currency symbol may be printed after the amount. However, Nidhi Sales Pvt Ltd., is an Indian company and hence this option is set to No.
Add space between amount and symbol: Tally Prime will provide a single space between the amount and the currency symbol, if this option is set to Yes. For e.g.: 5,000. Notice the space between symbol and the amount.
Show amounts in millions: If the company's financial statements need to have their values expressed in terms of millions, set this option to Yes.

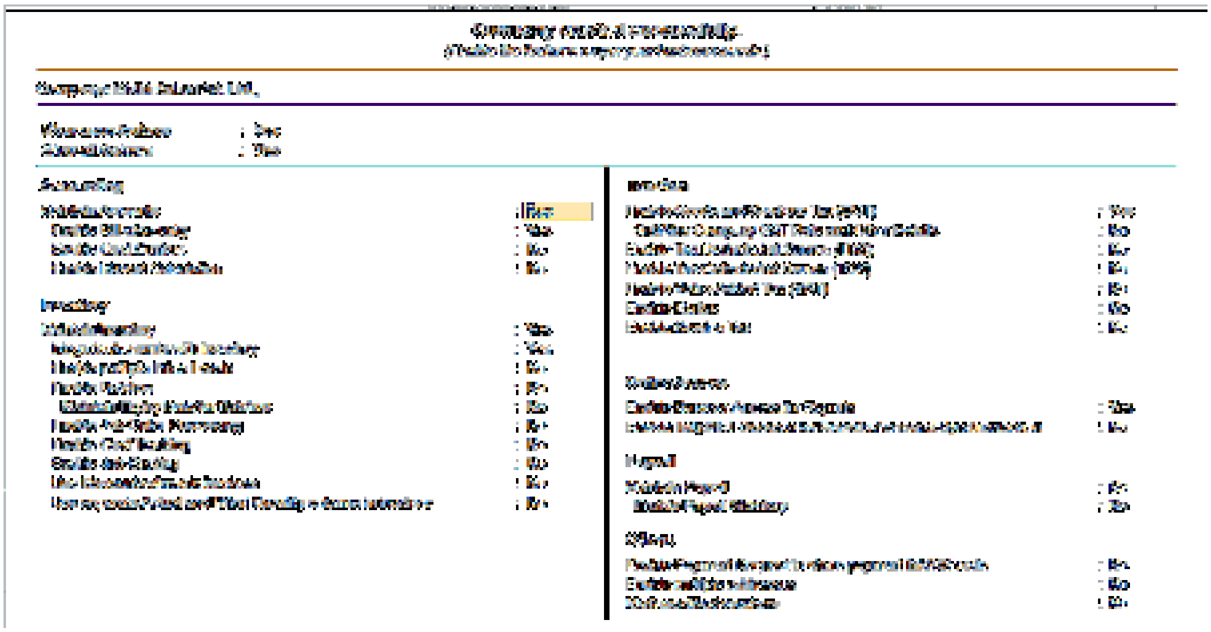
Number of decimal places: By default, the number of decimal places for the base currency is set to 2. However, you can have up to 4 decimal places. The Indian currency has 2 decimal places whereas certain other countries require 3 decimal places and so on.
Word representing amount after decimal: The symbol for amounts expressed in decimals will be set by default. For India, it is paise.
No. of decimal places for amounts in words: You can specify the number of decimal places for printing the amount in words. This number should be equal to or lesser than the number specified in Number of Decimal Places field. For example, if the currency has up to 3 decimal places, the value to be printed in words can be restricted to 2 decimal places.

The Company creation screen for Nidhi Pvt Ltd.,



The message Accept Yes or No will be displayed. Press Enter or Y to Save the details.
After Saving the Company Creation Screen then Company Features Screen shall be Appears.

4.3 Company Feature Screen



The settings are related to various features and functionalities that can be enabled or disabled for the company "Nidhi Sales Pvt. Ltd." Here's a detailed explanation of each section and its options:

Accounting:

1. Maintain Accounts: Yes
   - This option allows the software to maintain the accounting records of the company.
2. Enable Bill-wise entry: Yes
   - This feature enables tracking of receivables and payables bill by bill.
3. Enable Cost Centres: No
   - Cost centres help in tracking income and expenses by department or project.
4. Enable Interest Calculation: No
   - This option enables the calculation of interest on outstanding amounts.

Inventory:

1. Maintain Inventory: Yes
   - This option allows the software to maintain inventory records.
2. Integrate Accounts with Inventory: Yes
   - This feature links inventory management with accounting.
3. Enable multiple Price Levels: No
   - This option allows the setting of different price levels for different customers.
4. Enable Batches: No
   - Batches are used for managing inventory based on batch numbers.
   - Maintain Expiry Date for Batches: No
     - This option tracks expiry dates for inventory batches.
5. Enable Job Order Processing: No
   - This feature manages job orders for manufacturing processes.

6. Enable Cost Tracking: No
   - This enables tracking of costs associated with various activities.
7. Enable Job Costing: No

- This option allows costing for specific jobs or projects.

8. Use Discount column in invoices: No
   - This feature adds a discount column in the invoices.
9. Use separate Actual and Billed Quantity columns in invoices: No
   - This feature separates actual and billed quantities in invoices.

Taxation:

1. Enable Goods and Services Tax (GST): Yes
   - This enables GST features in the software.
   - Set/Alter Company GST Rate and Other Details: No
     - This allows setting or altering the GST rates and related details.
2. Enable Tax Deducted at Source (TDS): No
   - This feature manages TDS, which is a tax deduction mechanism in India.
3. Enable Tax Collected at Source (TCS): No
   - This option manages TCS, which is collected at the source of income.
4. Enable Value Added Tax (VAT): No
   - This feature enables VAT, which is another form of indirect tax.
5. Enable Excise: No
   - This option manages excise duty, a type of tax levied on the manufacture of goods.
6. Enable Service Tax: No
   - This enables the management of service tax, which is a tax on services.

Online Access:

1. Enable Browser Access for Reports: Yes
   - This feature allows accessing reports via a web browser.
2. Enable Tally.NET Services for Remote Access &Synchronisation: No
   - This option enables remote access and synchronization using Tally.NET services.

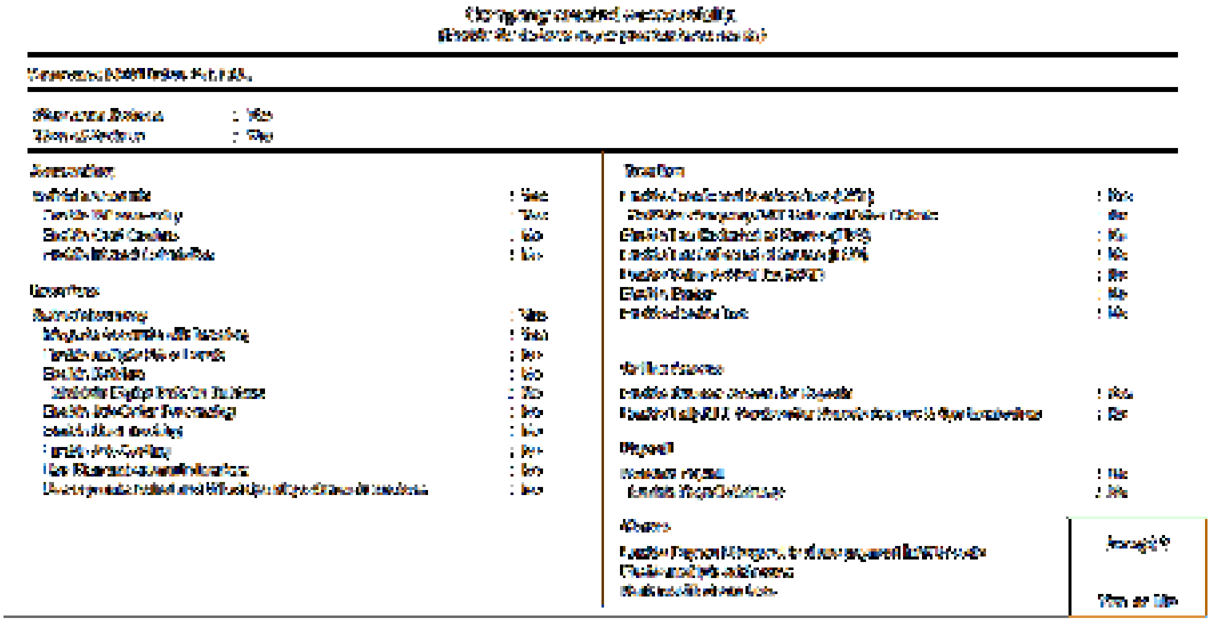
Payroll:

1. Maintain Payroll: No
   - This option manages payroll functions within the software.
   - Enable Payroll Statutory: No
     - This feature handles statutory requirements related to payroll, such as provident fund and employee state insurance.

Others:

1. Enable Payment Request to share payment link/QR code: No
   - This option allows sharing payment requests through links or QR codes.
2. Enable multiple addresses: No
   - This feature manages multiple addresses for the company, useful for multi-location businesses.
3. Mark modified vouchers: No
   - This option marks vouchers that have been modified.

These settings can be customized based on the specific needs and business processes of "Nidhi Sales Pvt. Ltd." Each option represents a feature that can enhance the software's functionality to better align with the company's operational requirements.

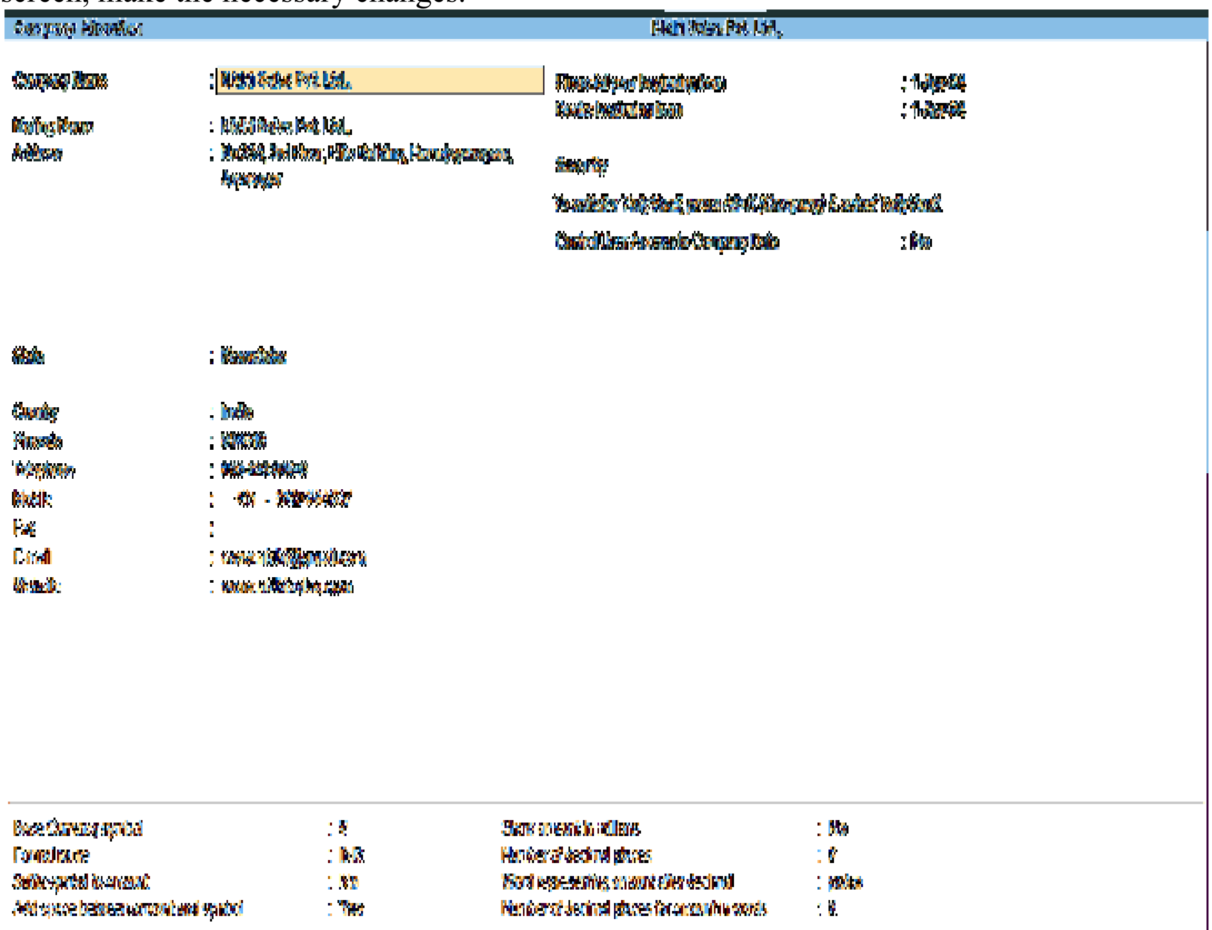


The message Accept Yes or No will be displayed. Press Enter or Y to Save the details.
After Saving the Company Features Screen, The gateway of Tally Screen will appear with the company's Name Displayed on the Left pane

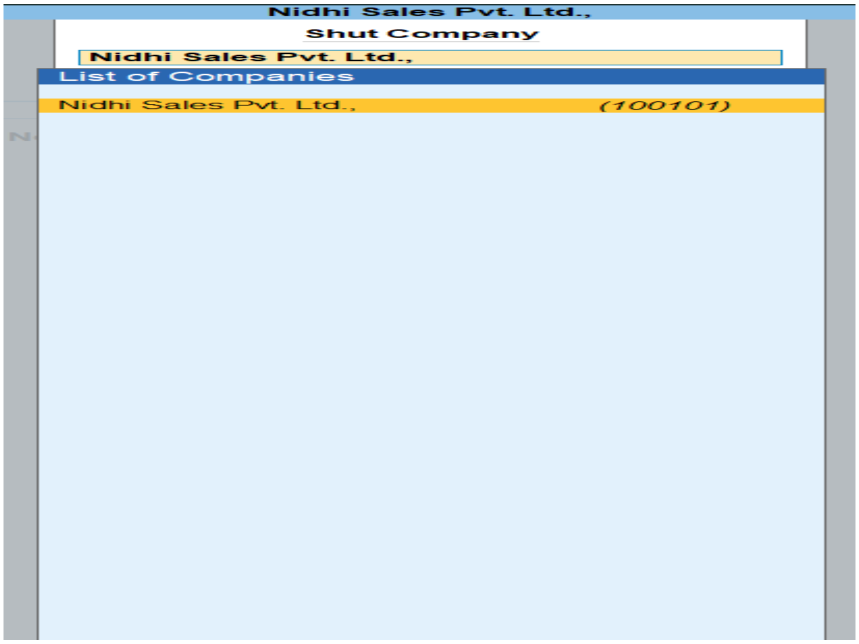
4.4 Alteration of Company:

Altering a company in software like Tally Prime involves making changes to the company's existing settings and configurations after it has been created. This process allows you to update company information, enable or disable features, and adjust various settings to better suit the evolving needs of the business.

Navigation Path to Alter a Company Details:
To alter the company details such as (Company name, Address etc) in Tally Prime,
From **Gateway of Tally**>click on **<u>K</u>: Company** > select **Alter** >Inthe **Company Alteration** screen, make the necessary changes.



4.5 Shut Company in Tally Prime:
InTally Prime, shutting a company means temporarily closing the company session without deleting the company data. This is often done to switch between companies or to end the work session securely.
Navigation path Towards Shut Company:
From **Gateway of Tally**>click on **<u>K</u>: Company** > select **Shut (Ctrl+F3) > Shut Company** screen appears.

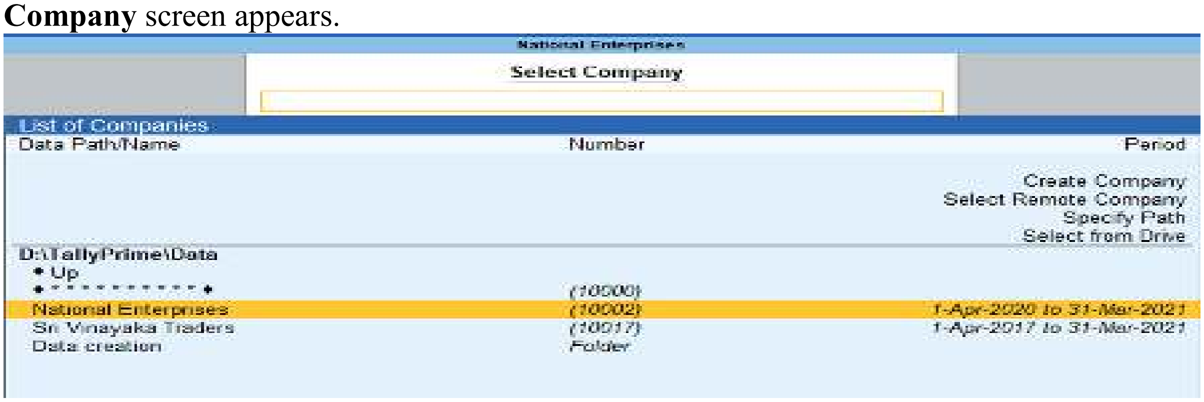


4.6 Select Company:

In Tally Prime, the "Select Company" option allows you to open an existing company that you have already created. This is essential for working with the specific data and configurations of that company.

Navigation path Towards Shut Company:

From **Gateway of Tally**>click on **K: Company** >select **Select Company (Alt+F3) > Select Company** screen appears.



4.7 Keywords related to company creation in Tally Prime:

1. Basic Details: Enter company name, address, financial year, and books beginning date.
2. Statutory Compliance: Enable GST, TDS, and other tax settings as per statutory requirements.
3. Security Control: Set up user roles and passwords for data security and access control.
4. Currency Settings: Configure base currency and additional currencies for multi-currency transactions.

4.8 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

B. Rama Rao

Lesson – 05
COMPANY CREATION WITH GST

Objective:
1. GST Configuration: Describe how to configure GST settings during the company creation process in Tally Prime.
2. GST Registration Details: Explain the importance of entering accurate GST registration details.
3. Tax Ledgers Setup: Detail the steps to set up tax ledgers for GST compliance.
4. Integration with Accounting Entries: Illustrate how GST settings integrate with day-to-day accounting entries.
5. Compliance Requirements: Discuss the ongoing compliance requirements for a company registered with GST.

Structure:

5.1 Introduction to GST Company Creation in Tally Prime

Creating a company in Tally Prime with GST (Goods and Services Tax) enabled is crucial for businesses in India to comply with taxation regulations. Tally Prime simplifies this process by offering a streamlined interface for setting up your company and configuring GST-related settings. Here's a step-by-step introduction to creating a GST-compliant company in Tally Prime:

1. Open Tally Prime:
   Launch Tally Prime on your system. You will be greeted with the Gateway of Tally screen.
2. Create Company:
   - Navigate to 'Company Info' on the Gateway of Tally.
   - Select 'Create Company'.

3. Enter Basic Company Details:
   -Company Name: Enter the name of your company (e.g., ABC Pvt. Ltd.).
   - Address: Enter the company's address (e.g., 123, Main Street, Cityville).
   - Country and State: Select the appropriate country (India) and state from the dropdown menus.
   - PIN Code: Enter the postal code for your address.

4. Financial Year Details:

- Financial Year Beginning From: Enter the start date of the financial year (e.g., 01-04-2023 for the financial year 2023-24).
- Books Beginning From: Typically, this will be the same as the financial year start date.

5. Enable GST:
   - Scroll down to the 'Statutory & Taxation' section.
   - Enable Goods and Services Tax (GST): Set this option to 'Yes'.
   - Set/Alter GST Details: Choose 'Yes' to enter the GST details.

6. Enter GST Details:
   - State: Confirm the state where the company is registered.
   - GSTIN: Enter the GST Identification Number if available. This is a 15-digit number unique to your business.
   - Applicable from: Enter the date from which GST is applicable (typically the start of the financial year).
   - Periodic Filing: Choose the periodicity of GST returns (monthly or quarterly) as applicable to your turnover.

7. Configure Additional GST Details (Optional):
   - HSN/SAC Codes: If you deal with goods and services, enter the relevant HSN (Harmonized System of Nomenclature) or SAC (Services Accounting Code) codes.
   - GST Rate Setup: Define the GST rates applicable to your products or services.

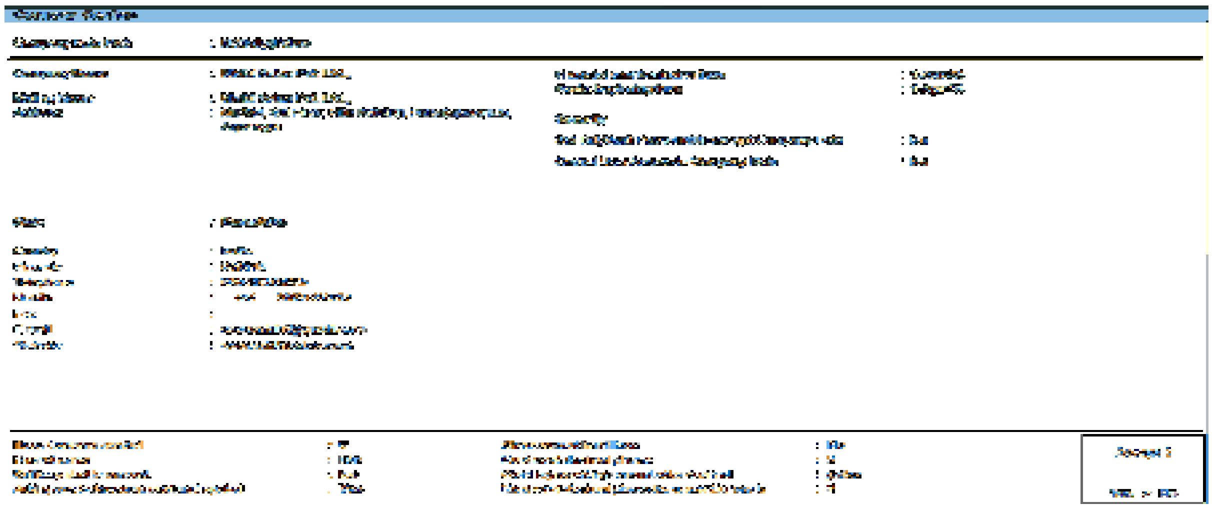
8. Save the Company:
   - After entering all the required details, press 'Enter' until you reach the end of the form.
   - Confirm and save the company details.

5.2 Benefits of GST-Enabled Company Setup in Tally Prime

1. Compliance: Ensures your business adheres to GST regulations, avoiding penalties and legal issues.
2. Automated Calculations: Tally Prime automatically calculates GST on transactions, reducing manual effort and errors.
3. GST Reports: Generate various GST-related reports such as GSTR-1, GSTR-3B, and GSTR-9 for filing returns.
4. Input Tax Credit Management: Efficiently manage and claim input tax credits, optimizing cash flow.
5. Integration: Seamless integration with other business processes in Tally, providing a comprehensive accounting solution.

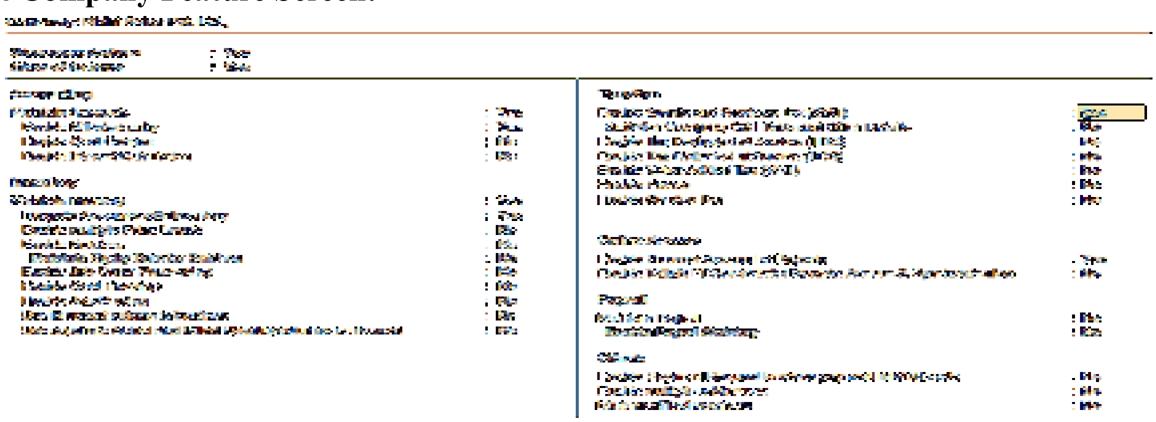
By following these steps, you can easily create a GST-compliant company in Tally Prime, ensuring your business operations are aligned with the current tax laws and regulations in India.

5.3 How to Create a Company with GST?

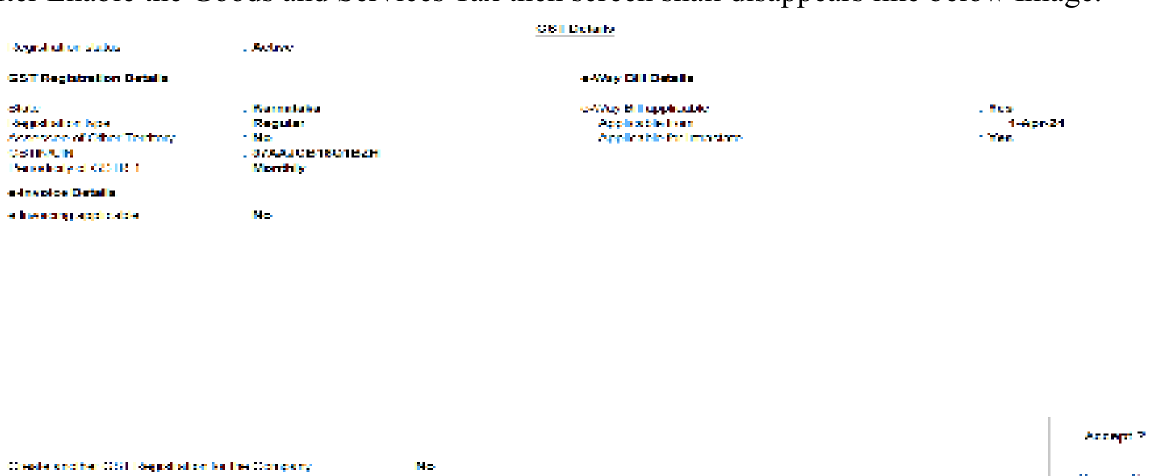


After Entering thoseorganization details in the respective field column in Tally Company Creation Screen & After Saving the Company details
Then the Company Features Screen will be Display and Enable the Goods and Services Tax to **yes** and Press the Enter Key.

5.4 Company Feature Screen:



After Enable the Goods and Services Tax then screen shall disappears like below Image.



In the above mentioned image enter the GSTIN Number of the Organization and along with Select the Registration type and also Periodicity of GSTR.
And after completion entering those GST Details of an organization to Press Ctrl+A to save Such Entered Information.

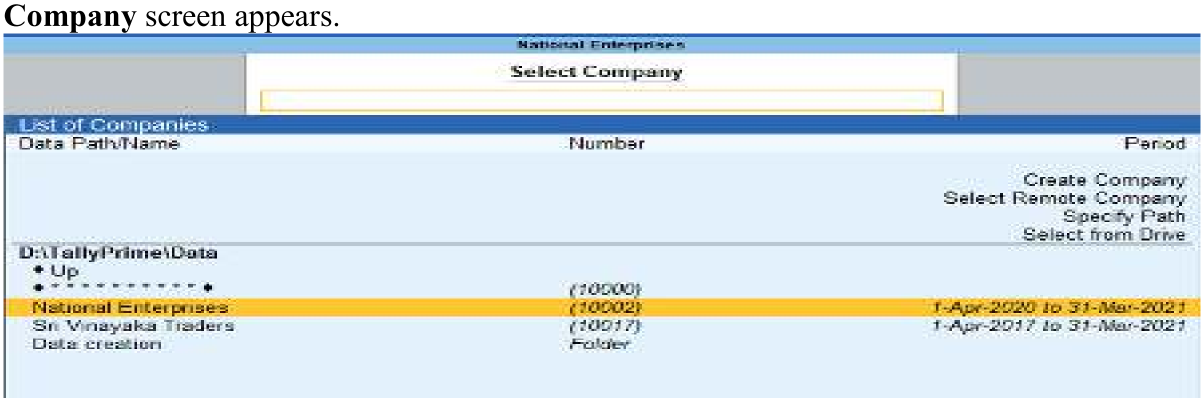
5.5 Alteration of Company:
Altering a company in software like Tally Prime involves making changes to the company's existing settings and configurations after it has been created. This process allows you to update company information, enable or disable features, and adjust various settings to better suit the evolving needs of the business.

Navigation Path to Alter a Company Details:
To alter the company details such as (Company name, Address etc) in Tally Prime,
From **Gateway of Tally**>click on **K: Company** > select **Alter >**Inthe **Company Alteration** screen, make the necessary changes.

5.6 Shut Company in Tally Prime:
InTally Prime, shutting a company means temporarily closing the company session without deleting the company data. This is often done to switch between companies or to end the work session securely.
Navigation path Towards Shut Company:
From **Gateway of Tally**>click on **K: Company** > select **Shut (Ctrl+F3) > Shut Company** screen appears.

5.7 Select Company:
In Tally Prime, the "Select Company" option allows you to open an existing company that you have already created. This is essential for working with the specific data and configurations of that company.

Navigation path Towards Shut Company:
From **Gateway of Tally**>click on **K: Company** >select **Select Company (Alt+F3) > Select Company** screen appears.



5.8 Problem on Company Creation:
Problem No:01
Step No 1: Create a Company with all Detials

Company Name: Satyam Electronics ,Address: Shop No:1, SP Road, Bangalore,
State: Karnataka, Pin Code: 560056, Finaicial Year From : 01-04-2019
Books Beginning from: 01-04-2019

Step No: 2 : Enable GST Details
Go to F11 – F3 (Statutory Features)
Enable Goods & Servies Tax : Yes, Set/Alter GST Details : Yes
State : Karnataka, Registration Type: Regular
Assessee of other Terrirory: NO, GSTIN :29AAACP7879D1Z0
Applicable from : 01-04-2019, Peridicioty of GSTR1: Monthly
e-Way Bill Applicable: Yes, e-Way Bill Applicable from :01-04-2019
e- Way Bill Threeshold :50000, Threeshold Limit Includes: Invoice Values
e-Way Bill Applicable for Intra State :Yes
Remaining All Fields are set as "NO"

Problem No:02
Introduction about the Company
M/s.Sandhya Traders is a Vijayawada based Trading Company and owned by Mr.Ramlal. The firm is Registered office address is D.No:65-5-54, Canal Road, Near Vinayaka Temple, One Town, Vijayawada-520001, Andhra Pradesh, India . Contact Details are 9966223377 and Email Id:sandhyatraders@gmail.com

Nature of Business
It is a Trading Company and Purchase of Fertilisers and Pesticides as well as Sale of Fertilisers and Pesticides to the Retailers and End Users.
The Firm Registered as a Regular GST Dealer and Deals with B2B and B2C Transactions
Note: It is an Existing Business Organisation and they have purchased Tally.ERP9 Software
As a Tally Professional you can implement the following Business Transactions in Tally Software and Trace out the Various Reports.

Company Creation

Name	M/s.Sandhya Traders
Address	D.NO:65-5-54, Canal Road, Near Vinayaka Temple, One Town
City	Vijayawada
Pin Code	520 001 finanaicail 1-4-2019
State	Andhra Pradesh
Country	India
Email ID	Sandhyatraders@gmail.com
Web Site	www.sandhyatraders.com

GST Registration Details

State	Andhra Pradesh
GSTIN/UIN	37AACCI9455L1ZZ
Registration Type	Regular
Peridiocity of GSTR1	Monthly

E-Way Bill Applicable	Yes

Problem No:03
Company Details

Company Name	Mitra Auto Traders
Address	Door No:292-2-2 Governerpet Vijayawada
State	Andhra Prdesh
Pin Code	520002
Financial Year from	01-04-2018
Books Beginning from	01-01-2019

GST Details of the Company

State	**Andhra Pradesh**
GSTIN	**37AACCI9455L1ZZ**
Registration Type	**Regular**
Applicability	**01-01-2019**
Peridocity of GSTR1	**Monthly**
e-Way Bill Appilcable	**Yes**

5.9 Keywords:
1. Company Creation: Company Name, Financial Year, Books Beginning, Company Details.
2. Accounting Features: Enable GST, Ledger Configuration, Accounting Methods, Base Currency.
3. Security Control: User Roles, Password Protection, Access Rights, Security Levels.
4. Master Setup: Chart of Accounts, Group Creation, Inventory Configuration, Statutory Information.

5.10 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

B. Rama Rao

Lesson – 6
CREATION OF ACCOUNTING MASTER

Objective:
1. Definition and Importance: Define an accounting master and explain its importance in Tally Prime.
2. Types of Masters: Identify the different types of accounting masters that can be created.
3. Creation Process: Detail the process of creating various accounting masters such as ledgers and groups.
4. Customization and Configuration: Explain how to customize and configure accounting masters to suit business needs.
5. Best Practices: Discuss best practices for maintaining and managing accounting masters effectively.

Structure:

6.1 Introduction:

- A chart of accounts is a listing of the names of the accounts that a company has identified and made available for recording transactions in its general ledger
- A company has the flexibility to modify its chart of accounts to best suit its needs, adding accounts as needed.
- A 'Chart of Accounts' is a list that depicts the accounts that a business uses to record transactions in its books of accounts.
- Tally automatically displays a company's chart of accounts, based on the 'Ledger' and 'Groups' that are created for the company.
- **The purpose of creating a chart of accounts is**
- Classifying, recording, and reporting on your business transactions
- To use as an aid (reference) for looking up accounts when recording transactions.
- Without a chart of accounts, a business user would find it very difficult to find a list of all his accounts.

Accounting Masters in Tally Prime

6.2 Accounting Masters are the foundational elements that enable efficient management and categorization of financial transactions. They ensure that all accounting entries are accurately recorded and organized, providing a clear financial picture of the business

1. Groups:
- Definition: Groups categorize and summarize ledgers to facilitate better financial reporting and analysis.
- Purpose: They help in grouping similar natured ledgers under a single heading. For instance, all customer accounts can be grouped under 'Sundry Debtors'.
- Types: There are primary groups and sub-groups. Tally Prime comes with predefined groups, but users can create custom groups as needed.

2. Ledgers:
- Definition: Ledgers are individual accounts where transactions related to assets, liabilities, incomes, and expenses are recorded.
- Purpose: They record detailed transactions, and each ledger must be categorized under a specific group for accurate financial reporting.
- Examples: Sales Ledger, Purchase Ledger, Bank Accounts, Expenses Ledger……

3. Cost Centers:
- Definition: Cost centers allow tracking of expenses and incomes for different parts of the organization, like departments or projects.
- Purpose: They facilitate detailed financial analysis by department or project, aiding in budget management and cost control.

4. **Cost Categories:**
- Definition: Cost categories allow grouping of multiple cost centers for a higher level of analysis.
- Purpose: They enable comparison and reporting across different cost centers within the same category.

5. Budgets:
- Definition: Budgets in Tally Prime are tools for setting financial goals and tracking performance against those goals.
- Purpose: They help in planning and controlling finances by comparing actual performance with budgeted figures.

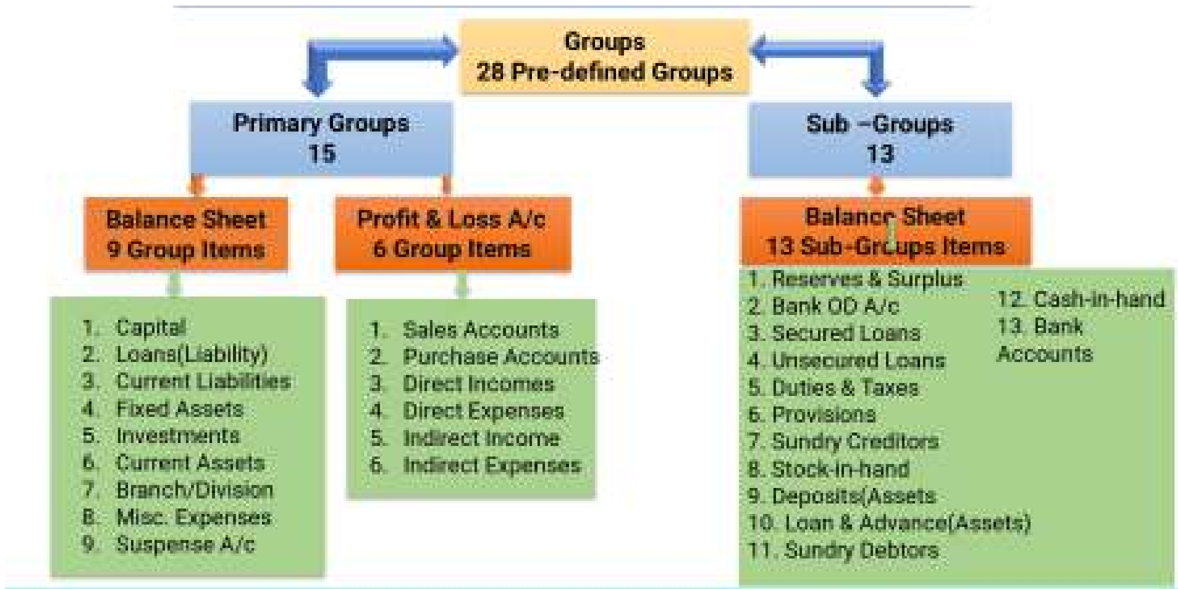
Accounting Master:

Ledger Groups:

The Accounting Groups and its impact in the Financial Statements are shown.

For a newly created company, there are 28 pre-defined group(s) in Tally, which are the features in the Chart of Accounts of many organizations. Out of these, 15 groups are primary groups and the remaining 13 are sub-groups.

Among the 15 primary Group(s), 9 group(s) are Balance Sheet items, and the remaining 6 Group(s) are Profit & Loss A/c items. All these 13 Sub-Group(s) are Balance Sheet items.



List of 28 Ledger Groups in Tally Prime

1. **Capital Account:**
   - Explanation: Used to account for capital, reserves, surplus, drawings, and other transactions related to the owner's equity.
   - Example: Owner's Capital, Partners' Capital, Reserves and Surplus.
2. **Reserves and Surplus:**
   - Explanation: Accounts for retained earnings, reserves, and any surplus profits.
   - Example: General Reserve, Retained Earnings, Dividend Equalization Reserve.
3. **Current Liabilities:**
   - Explanation: Accounts for short-term liabilities that are due within a year.
   - Example: Sundry Creditors, Outstanding Expenses, Advances Received from Customers.
4. **Sundry Creditors:**
   - Explanation: Records amounts payable to suppliers for goods or services received.
   - Example: Creditors for Raw Materials, Creditors for Services.

5. Provisions:
   - Explanation: Accounts for provisions made for liabilities and expenses that are anticipated.
   - Example: Provision for Taxation, Provision for Doubtful Debts.

6. Duties and Taxes:
   - Explanation: Accounts for various taxes and duties payable to the government.
   - Example: GST Payable, VAT Payable, Income Tax Payable.

7. Deposits (Liability):
   - Explanation: Records deposits received by the business which are liabilities.
   - Example: Security Deposits from Customers, Rent Deposits Received.

8. Loans (Liability):
   - Explanation: Accounts for loans and borrowings that are liabilities.
   - Example: Bank Loan, Loan from Financial Institutions.

9. Bank OD Accounts:
   - Explanation: Accounts for overdraft accounts with banks.

- Example: Overdraft with State Bank of India, Overdraft with HDFC Bank.

10. Current Assets:
- Explanation: Accounts for assets that are expected to be converted into cash within a year.
- Example: Sundry Debtors, Inventory, Cash in Hand.

11. Sundry Debtors:
- Explanation: Records amounts receivable from customers for goods or services provided.
- Example: Debtors for Product Sales, Debtors for Services.

12. Cash-in-Hand:
- Explanation: Accounts for all cash balances available on hand.
- Example: Petty Cash, Cash at Head Office.

13. **Bank Accounts:**
- Explanation: Accounts for all bank balances and transactions.
- Example: Savings Account with ICICI Bank, Current Account with Axis Bank.

14. **Deposits (Asset):**
- Explanation: Records deposits made by the business which are assets.
- Example: Security Deposit with Landlord, Fixed Deposits.

15. **Loans and Advances (Asset):**
- Explanation: Accounts for loans and advances given to other entities.
- Example: Loan to Employees, Advance to Suppliers.

16. Fixed Assets:
- Explanation: Accounts for long-term assets used in the business operations.
- Example: Land, Buildings, Machinery, Vehicles.

17. Investments:
- Explanation: Records investments made by the business.
- Example: Investment in Mutual Funds, Shares in Other Companies.

18. Branch/Divisions:
- Explanation: Accounts for transactions related to different branches or divisions of the business.
- Example: Branch Office Mumbai, Division A.

19. **Sales Accounts:**
- Explanation: Records all sales transactions of the business.
- Example: Domestic Sales, Export Sales.

20. **Purchase Accounts:**
- Explanation: Accounts for all purchase transactions of the business.
- Example: Raw Material Purchases, Capital Goods Purchases.

21. Direct Income:
- Explanation: Records income directly related to the core business operations.
- Example: Commission Received, Discount Received.

22. **Indirect Income:**
- Explanation: Accounts for income that is not directly related to the core business activities.
- Example: Interest Received, Rent Received.

23. **Direct Expenses:**
- Explanation: Records expenses directly related to the production of goods or services.
- Example: Raw Material Costs, Direct Labor Costs.

24. Indirect Expenses:
- Explanation: Accounts for expenses not directly tied to the production of goods or services.
-Example: Administrative Expenses, Selling and Distribution Expenses.

25. **Miscellaneous Expenses (Asset):**
- Explanation: Records miscellaneous expenses considered as assets until they are written off.
- Example: Preliminary Expenses, Deferred Revenue Expenditure.

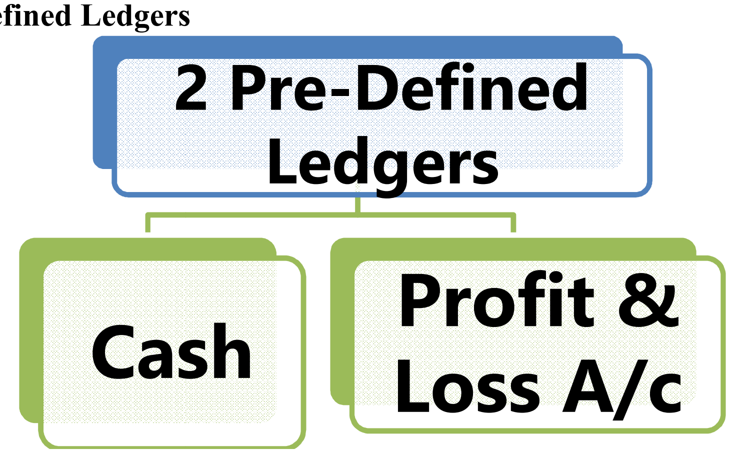
26. **Suspense Account:**
- Explanation: Temporarily holds amounts that are yet to be classified.
- Example: Unidentified Receipts, Unallocated Expenses.

27. **Profit and Loss Account:**
- Explanation: Summarizes the revenues and expenses to show the net profit or loss for the period.
- Example: This account is automatically updated and shows the net result of all income and expenses.

28. Expenses (Direct and Indirect):
- Explanation: This is a broad category that includes all expense accounts, both direct and indirect.
- Example: Direct expenses could include manufacturing expenses, while indirect expenses could include office rent.

6.4 Ledgers:

In Every Newly created company, there are two pre-defined ledgers available in Tally
The list of Pre-defined Ledgers



Creation of Ledger:

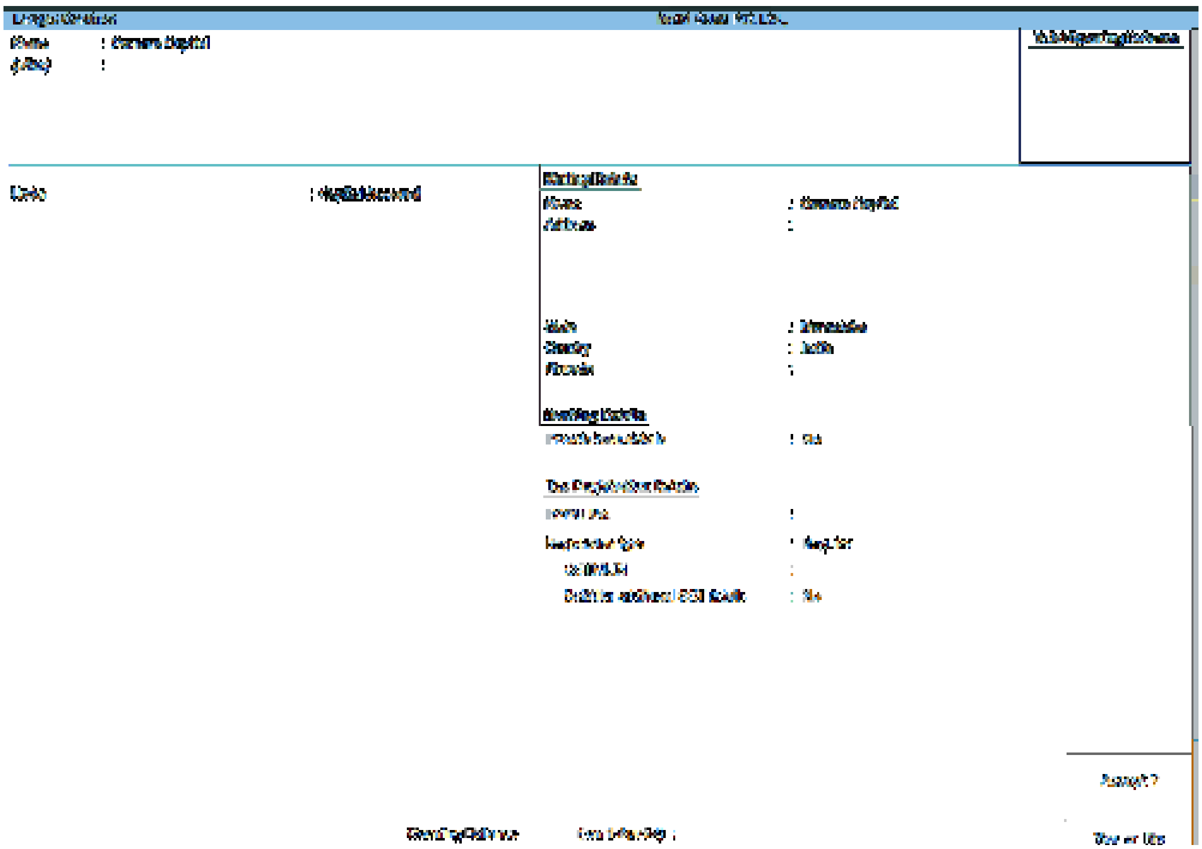
Ledgers are maintained to keep a record of all the transactions of an accounting entity.

- Without ledgers, it would be difficult to organize all the transactions of an accounting entity.
- Ledgers are essential accounting books which serve to keep a record of all the transactions of a particular accounting entity.
- Tally has only two default ledgers, i.e.., **Cash** and **Profit & Loss A/c**
- Creation of ledgers are necessary for recording transactions that involve other accounts.

Let us create the Ledger by using Tally,

From Gateway of Tally > Create > Under Accounting Master > Ledger

For Example:

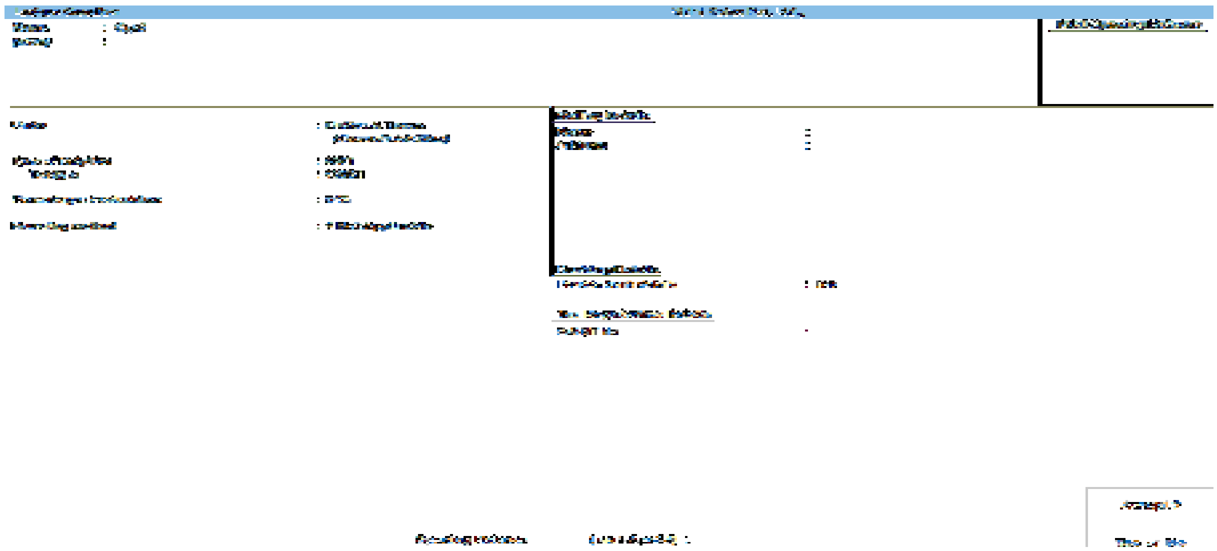


Creation of Ledger with GST at the Time of Purchases:

Create Input CGST Ledger:

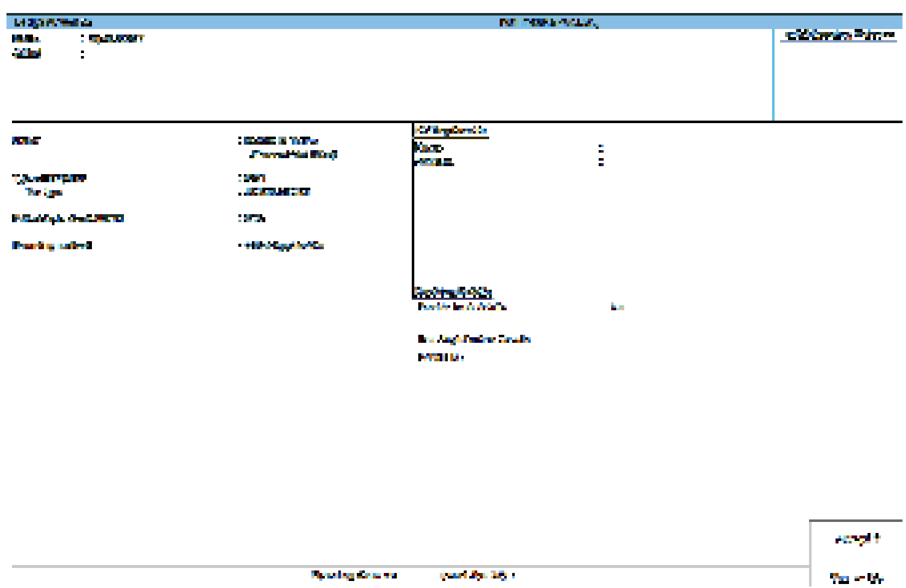
Navigation Path - Go to Gateway of Tally > Accounts Info > Ledgers > Create.

- Name: Input CGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Central Tax (CGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



Create Input SGST Ledger

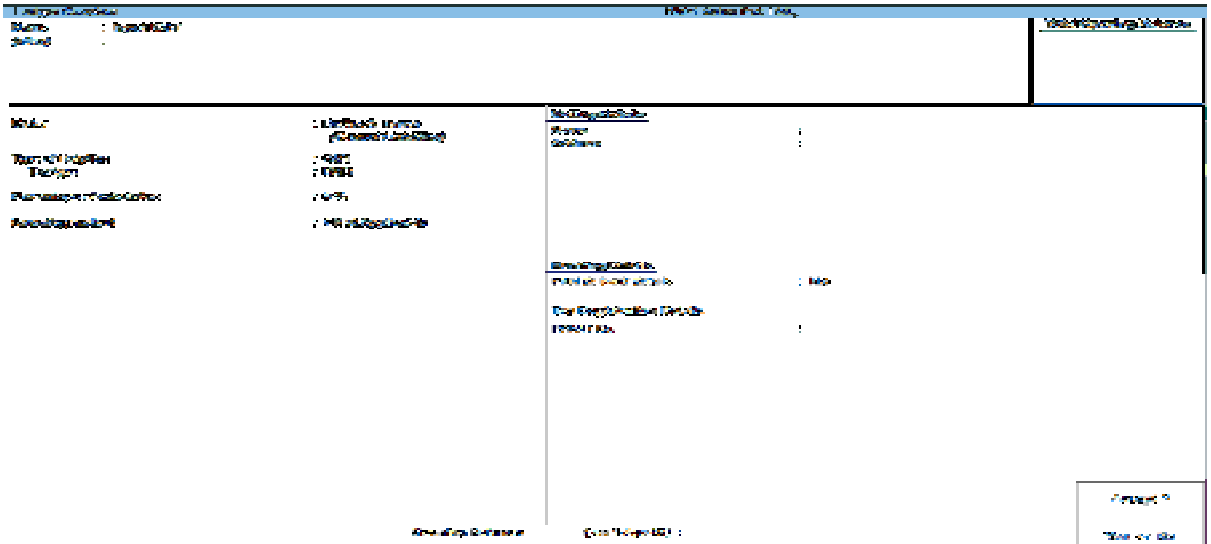
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Input SGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: State Tax (SGST).



- Percentage of Calculation: Enter the applicable rate (e.g., 0%).

Create Input IGST Ledger:

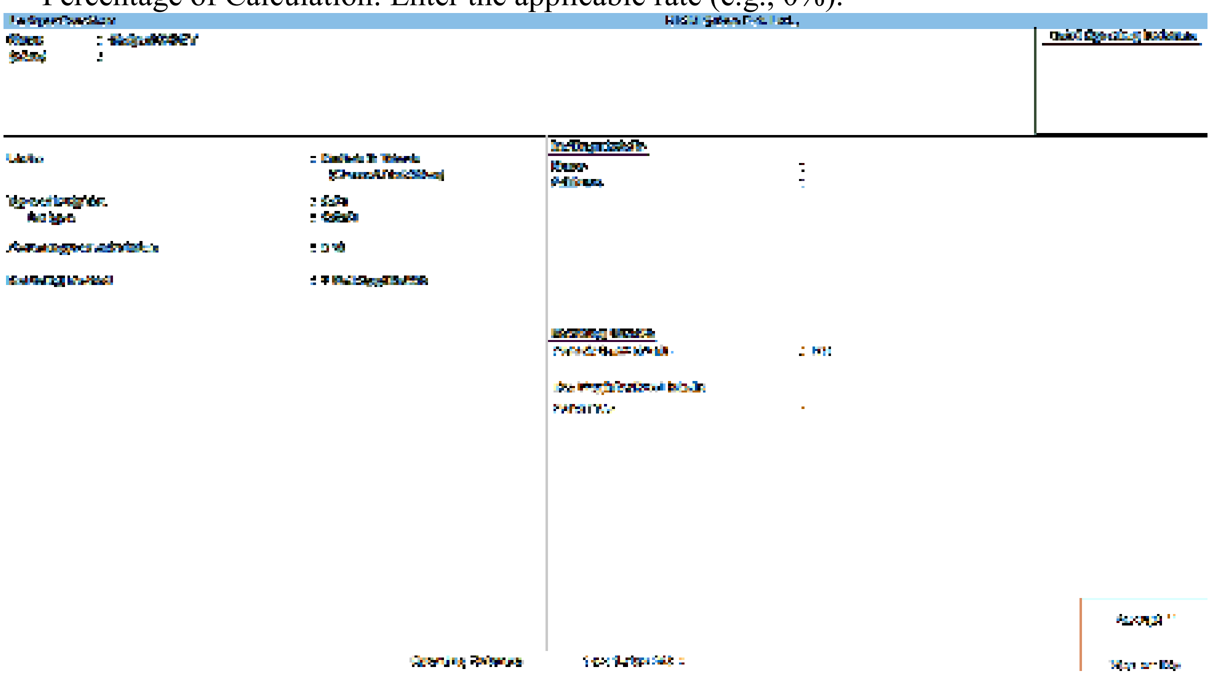
- Name: Input IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



Creation of Ledger with GST at the Time of Sale:

Create Output CGST Ledger:

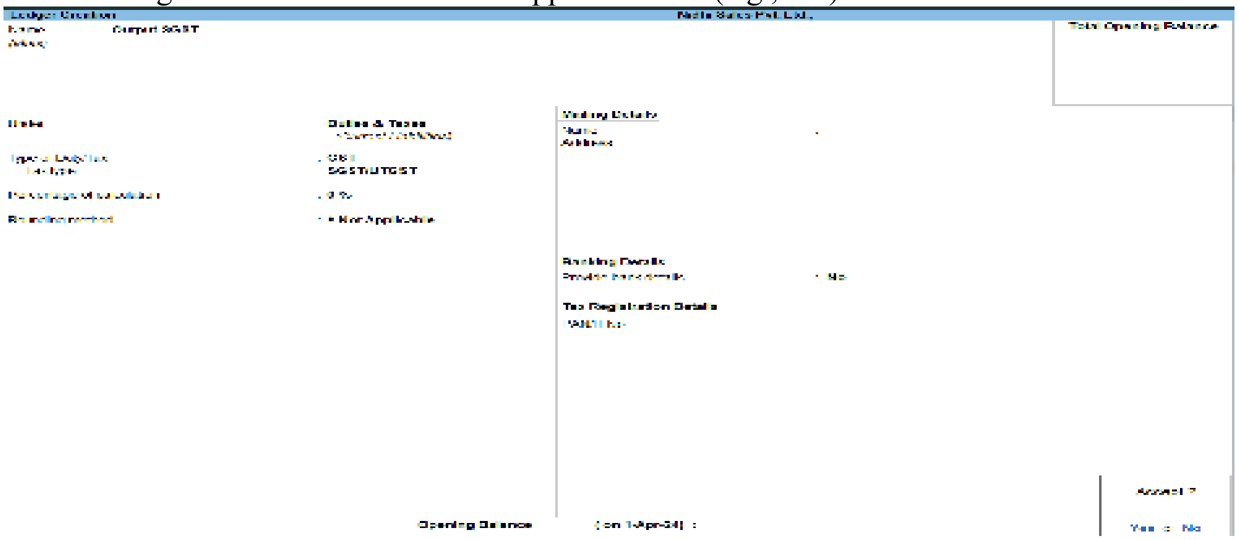
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output CGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Central Tax (CGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



Create Output SGST Ledger:

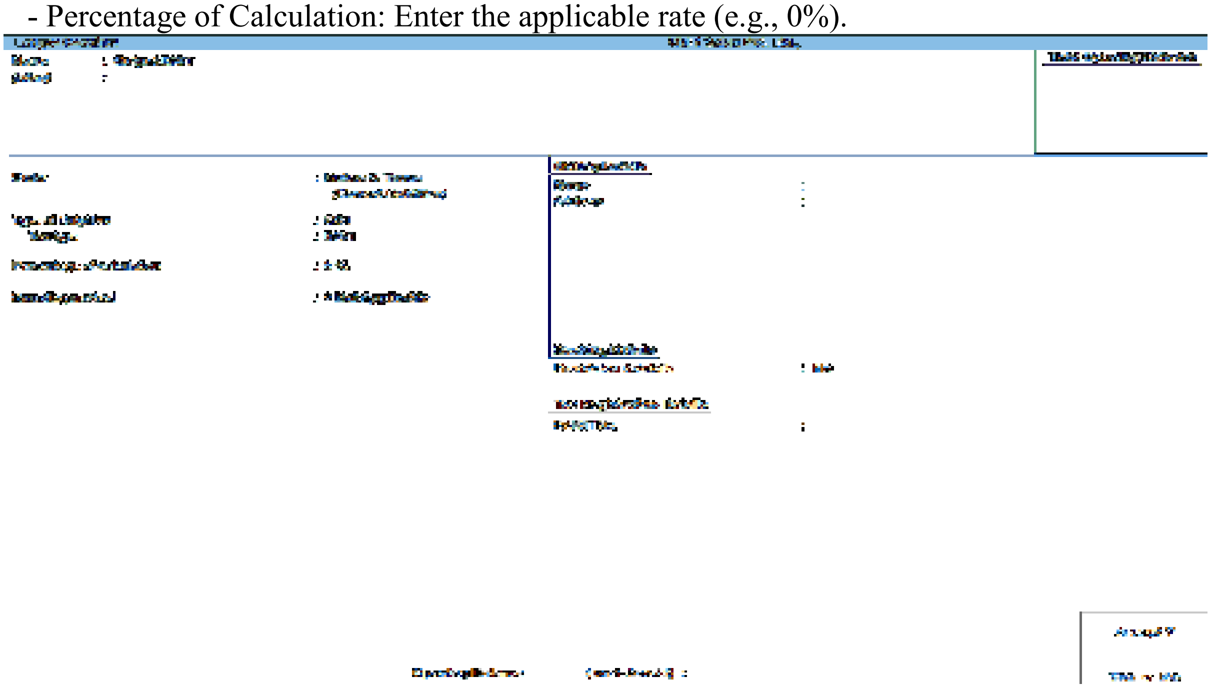
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output SGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: State Tax (SGST).

- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



5. Create Output IGST Ledger:

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).

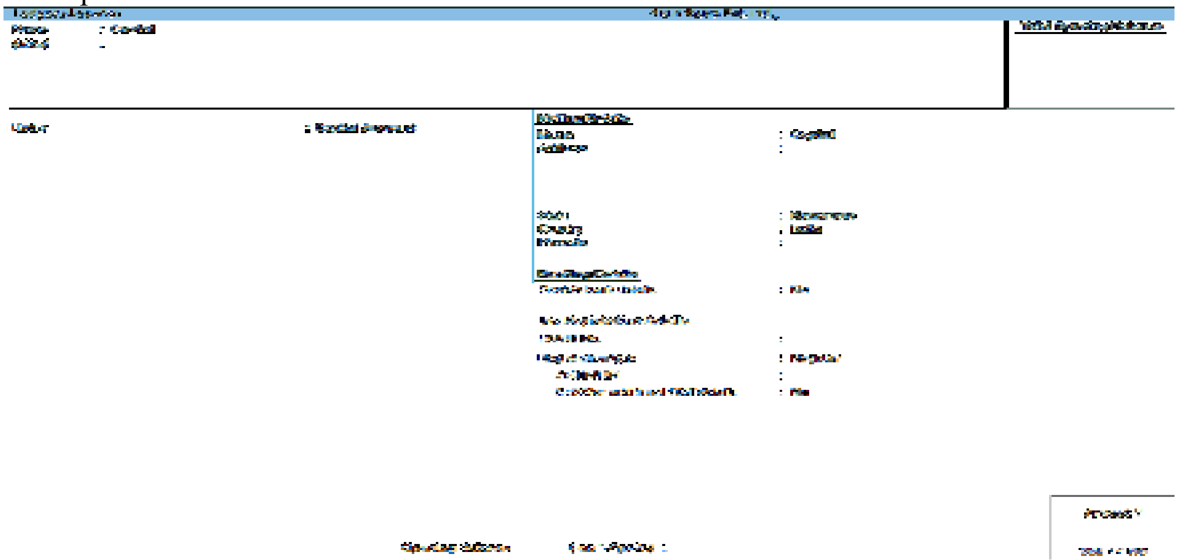


6.5 Alteration of Master: We have learnt how to create Accounting Groups, Ledgers in TallyPrime. Now, let us walkthrough Tally how to alter the Masters which are already created.

Navigation Path: From Gateway of Tally > Alter > Under Accounting Master > Ledger

In the books of Nidhi Sales Pvt. Ltd., alter the Ledger named owners capital

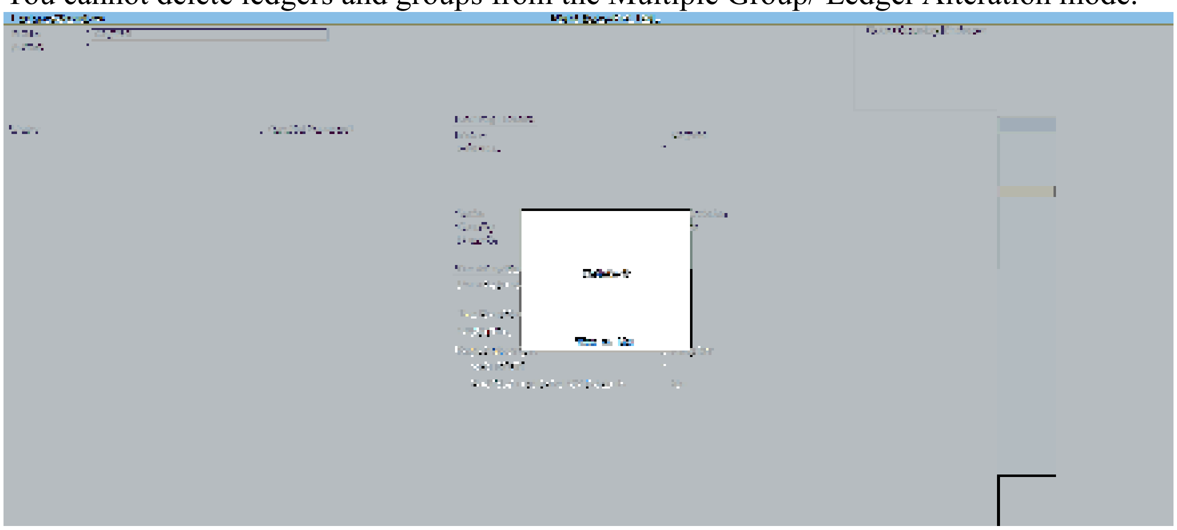
To Capital Account.



6.6 Deletion of Master:

Any masters created by the user such as Ledgers can be deleted from the alteration screen by using ALT+D option.

You cannot delete ledgers and groups from the Multiple Group/ Ledger Alteration mode.



6.7 Problems on Ledgers Groupings

Problem No: 01

NAME OF LEDGER	LEDGER GROUP
PRINTING & STATIONERY	Indirect Expenses
PURCHASES	Purchases Account
SALES	Sales Account
COMISSION RECEIVED	Indirect Income
RENT RECEIVED	Indirect Income
CAR	Fixed Asset
TAXES PAID	Indirect Expenses
CAPITAL	Capital Account

LAND & BUILDINGS	Fixed Asset
DRAWINGS	Capital Account
SURESH (CREDIT SALES)	Sundry Debtors
RAMESH (CREDIT PURCHASES)	Sundry Creditors
ICICI BANK	Bank Account
LOAN (UNSECURED LOANS)	Unsecured Loan
RENT PAID	Indirect Expenses
BANK OD	Bank OD
CGST	Duties & Taxes
SGST	Duties & Taxes
CASH IN HAND	Cash In Hand
CASH AT BANK	Current Assets
TRADEMARKS	Fixed Assets
PATENTS	Fixed Assets
INVESTMENTS (SHORT)	Investments

Problem No: 02

NAME OF THE LEDGER	UNDER GROUP
CAPITAL	Capital Account
DRAWINGS	Capital Account
PURCHASES	Purchases Account
PURCHASE RETURNS	Purchases Account
SALES	Sales Account
SALES RETURN	Sales Account
COMMISSION PAID	Indirect Expenses
CGST	Duties & Taxes
MOBILE PHONE	Fixed Assets
ANIL (CREDIT SALE)	Sundry Debtors
TEJA (CREDIT PURCHASE)	Sundry Creditors
RENT RECEIVED	Indirect Income
BANK OD	Bank OD
CANARA BANK	Bank Account
IGST	Duties & Taxes
PATENTS	Fixed Assets
SALARIES PAID	Indirect Expenses
ADDITIONAL CAPTIAL	Capital Account
LOAN (SECURED)	Secured Loan
LAND & BUILDINGS	Fixed Assets
TRADE MARKS	Fixed Assets

Problem No: 03

NAME OF THE LEDGER	UNDER GROUP
CAPITAL	Capital Account
PURCHASES	Purchases Account
COMMISSION RECEVIED	Indirect Income

SALES RETURN	Sales Account
CGST	Duties & Taxes
LAND & BUILDINGS	Fixed Assets
RENT PAID	Indirect Expenses
FACTORY GAS	Direct Expenses
Factory Lighting	Direct Expenses
DRAWINGS	Capital Account
CASH-IN-HAND	Current Assets
SALARIES PAID	Indirect expenses
INTEREST ON CAPITAL	Capital Account
INVESTMENTS	Investments
HDFC BANK	Bank Accounts
PURCHASES RETURN	Purchases Account
SANDEEP (CREDIT SALE)	Sundry Debtors
SATISH (CREDIT PURCHASE)	Sundry Creditors
SGST	Duties & Taxes
SALES	Sales Accounts
COMMISSION PAID	Indirect Expenses
TDS	Duties & Taxes
BANK OD	Bank OD
DONATION RECEVIED	Indirect Income
BILLS PAYABLE	Current Liabilities

Problem No: 04

NAME OF THE LEDGER	UNDER GROUP
DONATIONS PAID	Indirect Expenses
PURCHASES RETURN	Purchases Accounts
RAMESH (CREDIT SALES)	Sundry Debtors
INSURANCE PAID	Indirect Expenses
FACTORY LIGHTING	Direct Expenses
DISCOUNT ALLOWED	Indirect Expenses
TCS (TAX COLLECTION SOURCE)	Duties & Taxes
VAT (VALUE ADDED TAX)	Duties & Taxes
SURESH (CREDIT PURCHASES)	Sundry Creditors
SECURED LOAN	Secured Loan

Problem No: 05

NAME OF THE LEDGER	UNDER GROUP
GOODWILL	Fixed Assets
FACTORY GAS	Direct Expenses
PURCHASES	Purchases Account
VAT (VALUE ADDED TAX)	Duties & Taxes
LOAN TAKEN FROM FRIENDS	Unsecured Loan
HDFC BANK	Bank Accounts
SALARIES PAID	Indirect Expenses

RENT RECEVIED	Indirect Incomes
BROKERAGE RECEIVED	Indirect Incomes
TRADE PAYABLE	Current Liabilities
RETURN INWARDS	Sales Accounts
ADDITIONAL CAPITAL	Capital Accounts
INTEREST ON CAPITAL	Capital Accounts
SHARES PURCHASED (INVESTMENTED) IN ABC PVT LTD	Investment Account
CGST (CENTRAL GOODS & SERVICES TAX)	Duties & Taxes
PATENTS	Fixed Assets
BANK OD	Bank OD
OPENING STOCK	Stock-in-Hand
GUNTUR BRANCH	Branch/Division
RAJU (CREDIT PURCHASES)	Sundry Creditors
GEETHA (CREDIT SALES)	Sundry Debtors
RETURN OUTWARDS	Purchases Accounts

6.8 Keywords:

1. Ledger Creation: Primary Group, Under Group, Ledger Name, Opening Balance.
2. Voucher Entry: Voucher Types, Date, Debit/Credit, Narration.
3. Inventory Management: Stock Group, Stock Item, Unit of Measure, Godown.
4. GST Configuration: GST Details, Tax Ledger, GST Registration Number, HSN/SAC Codes.

6.9 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K.Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

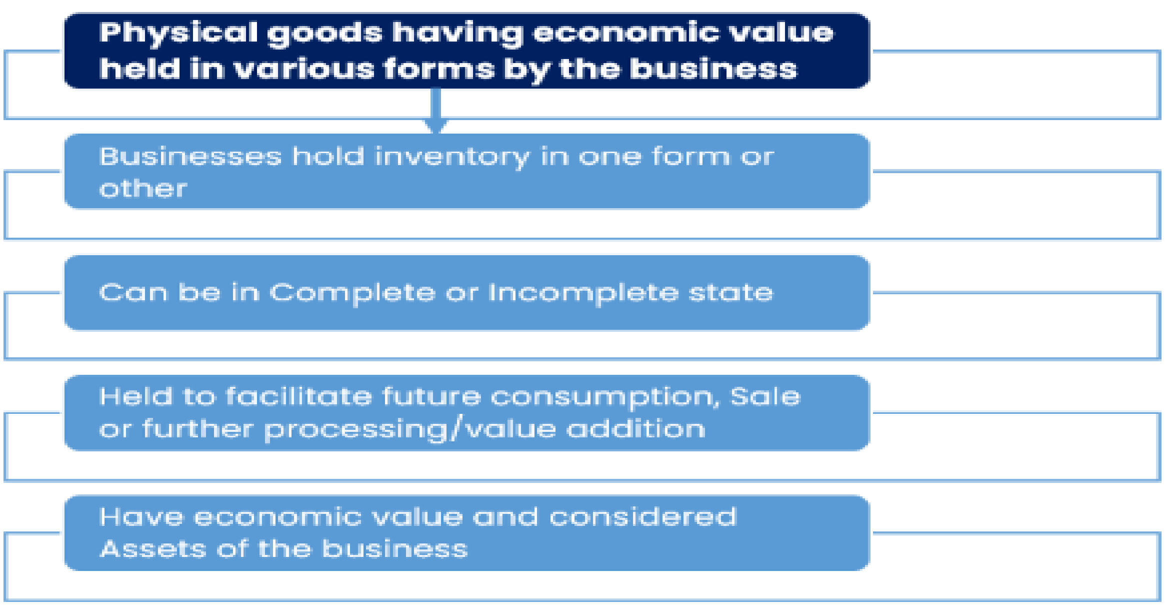
Srihari Nizampatnam

Lesson – 7
INVENTORY MASTER

Objective:
1. Purpose of Inventory Masters: Explain the role of inventory masters in managing stock and inventory.
2. Types of Inventory Masters: Identify the different types of inventory masters such as stock groups, stock items, and units of measure.
3. Creation and Configuration: Detail the steps to create and configure inventory masters in Tally Prime.
4. Inventory Tracking: Describe how inventory masters help in tracking inventory levels and movements.
5. Integration with Accounting: Discuss the integration of inventory masters with accounting entries and financial statements.

Structure:

7.1 Introduction:
Inventory is an idle stock of physical goods that contain economic value and are held in various forms by an organization. Inventories are held in various forms, it can be a stock awaiting packing, processing, transformation, use or sale in a future point of time.
Any organization which is into production, trading, sales and service of a product will necessarily hold inventories to aid in future consumption and sale.



7.2 Inventory Management:

• Inventory management can be defined as a whole lot of activities done to maintain an optimum number of inventories to ensure uninterrupted production, sales, high customer satisfaction, and reduced inventory handling cost and so on.

• In simple words, inventory management is all about striking the balance between overstocking and understocking. Overstocking will lead to cash flow blockage and additional cost for managing excess stock. On the flip side, understocking leads to loss of sale due to non-availability of stock at the right time.

• Thus, it's all about maintaining the right level inventories at the right time and keeping the inventory handling cost at low.

• To be efficient in inventory management, a whole lot of activities/ techniques are to be followed by the business.

7.3 Why is inventory management important?

• Inventory management determines the stock a business should keep and when it should replenish it.

• It aims to avoid understocking and overstocking for the proper functioning of the business while meeting customer demand at all times.

• Businesses that can manage inventory well function better because they don't have unsold stock or deadstock in hand.

• A business should ideally have sufficient inventory to meet demand and be prepared for unforeseen circumstances when there is a demand surge.

• Inventory management formulas determine the ideal amount of stock, when to replenish stock, and how much to keep aside to be prepared in case of emergencies.

• Depending on our inventory type, we keep, we can use some or all of the inventory formulas for better insights into our business inventory.

• Inventory management boosts revenue by selling the inventory at the right time. Inventory management applies to every business; whether we are an e-commerce business or even if we operate a brick-and-mortar store.

7.4 Classify Stock Groups, Stock Categories and Stocks Items:

Managing stock items in groups help in easily locating them, especially when we need to track different stock items sharing a common feature - say a common brand, product type, material used, and so on. We can get a consolidated view of the total stock items available under that group. Stock items under a group need to have the same unit of measurement for consolidation and better management. This also helps in reporting of stock items group-wise in the financial statements.

Step 2: Create Stock Group

• Gateway of Tally > Create > type or select Stock Group and press Enter.

Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Group > and press Enter.

• **Name & alias:** As in other masters, we can specify multiple aliases for the stock item.

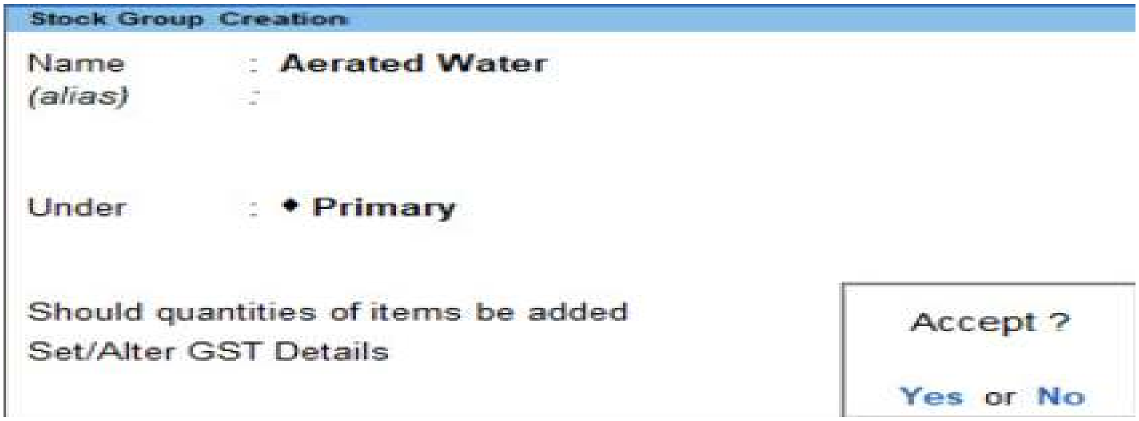
• **Under**: Select Primary or an existing Stock Group. If we have not created any Stock Group, we can create one in Tallyprime to assign to the stock group.

As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Group > press Enter.

• **Should quantities of items be added:** It pertains to information on measuring the units of the Stock Items that we would categorise under the Stock Group. The Stock Items categorised under the group should have similar units for them to be added up. We cannot add quantities in Kgs to quantities in Pcs.

• **Set/alter GST Details:** Enable this option to define the GST rate.

Accept the screen. As always, press Ctrl+A to save.



Step 3: Create Stock Category

Stock category offers a parallel classification of stock items, categorizing items is that we can classify the stock category based on functionality together in a group. We can classify the stock category across different stock groups which enables us to obtain reports on alternatives or substitutes for a stock item.

• Gateway of Tally > Create > type or select Stock Category and press Enter.

Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Category > and press Enter.

• **Name & alias**: As in other masters, we can specify multiple aliases for the stock item.

• **Under:** Select Primary or an existing Stock Group. If we have not created any Stock Group, we can create one in Tally Prime to assign to the stock categories.

As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Category> press Enter. Accept the screen. As always, press Ctrl+A to save.

We should use Stock Groups and Stock Categories in Tally Prime depending on how we want to organize and analyze your inventory

- **Stock Groups:** Ideal for reports on groups with similar properties (e.g., total clothing vs. electronics). Use them when inherent item properties are the focus (brand, type, size).
- **Stock Categories:** Useful for analyzing usage of interchangeable items across Stock Groups (e.g., formal shirts and pants). Use them when functionality across groups is important.

Imagine a clothing store. Stock Groups are like departments (Shirts, Pants) while Stock Categories are styles (Formal Wear, Casual Wear) that can cut across departments.

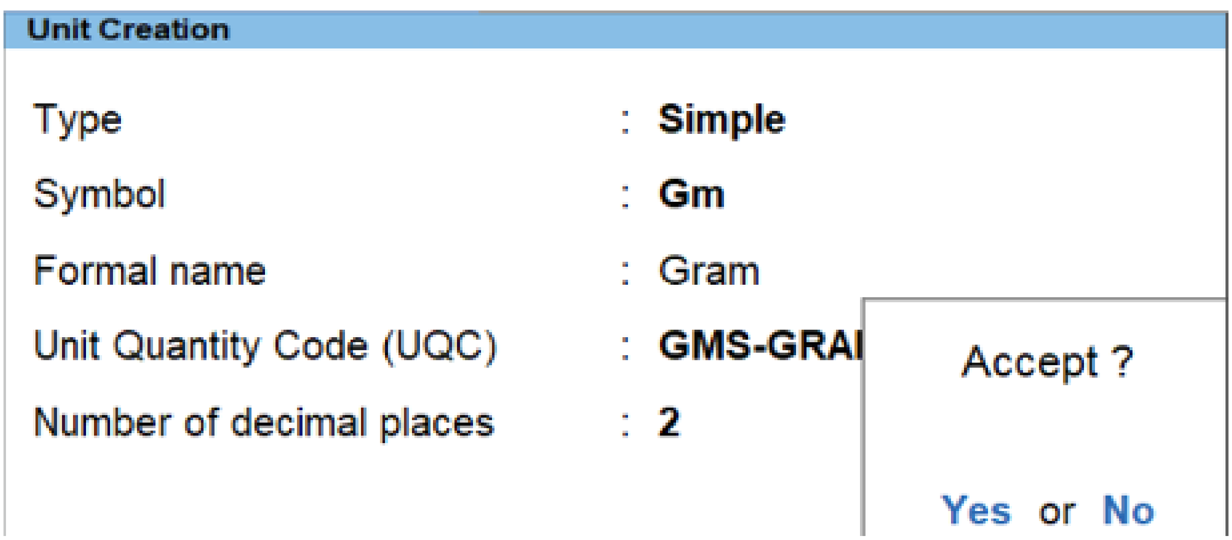
Step 4: Create Units of Measurement:

Depending on our business, we may be selling or buying stock items in different units. For example, we can use simple units like Meters, Centimeters, or Nos. If we sell items in bags and boxes of standard sizes - say 100 kg for a box, using TallyPrime, we can create all different units as per our needs.

4A. Simple Unit

- While creating a stock item, press Alt+C, to create a unit master on the fly.

The Unit Creation (Secondary) screen opens.
Enter the details in the Unit Creation screen.
a. Enter the **Symbol.** By default, the Type field will be selected as Simple.
b. Enter the **Formal name** for the simple unit.
c. Select the **Unit Quantity Code (UQC)** relevant to the stock item from the list provided.
The list consists of the **number of Unit Quantity Codes (UQC)** available for our product or commodity as declared by the Government or GSTN.
d. Specify the **Number of decimal** places required based on our business needs.

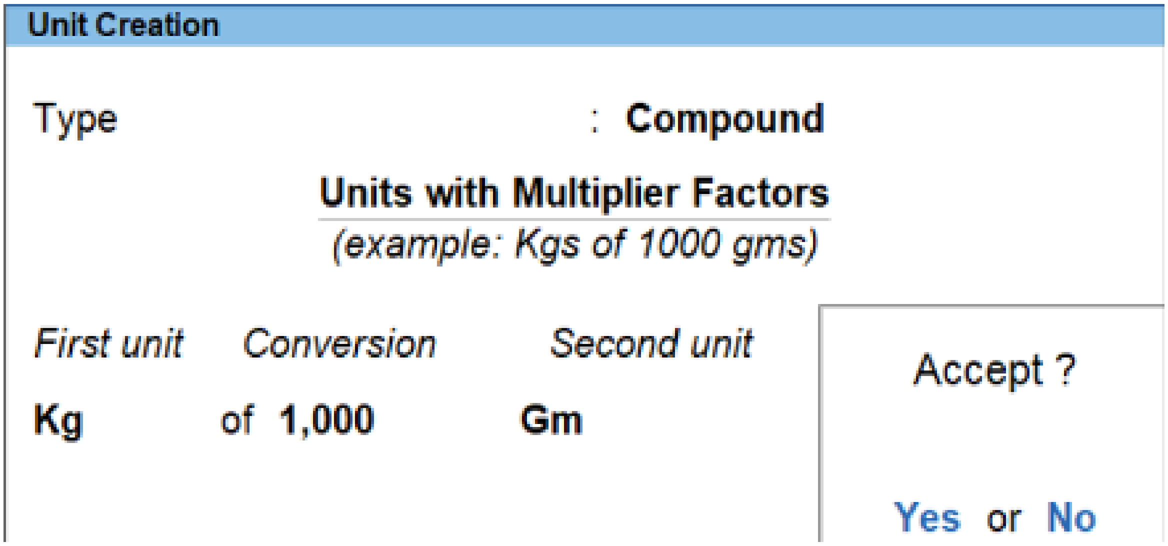


Press Y to accept the screen. As always, we can press Ctrl+A to create a Simple unit.

4B. Compound Unit:

While creating a stock item, press Alt+C to create a unit master on the fly.
The Unit Creation (Secondary) screen opens.
Enter the details in the Unit Creation screen:

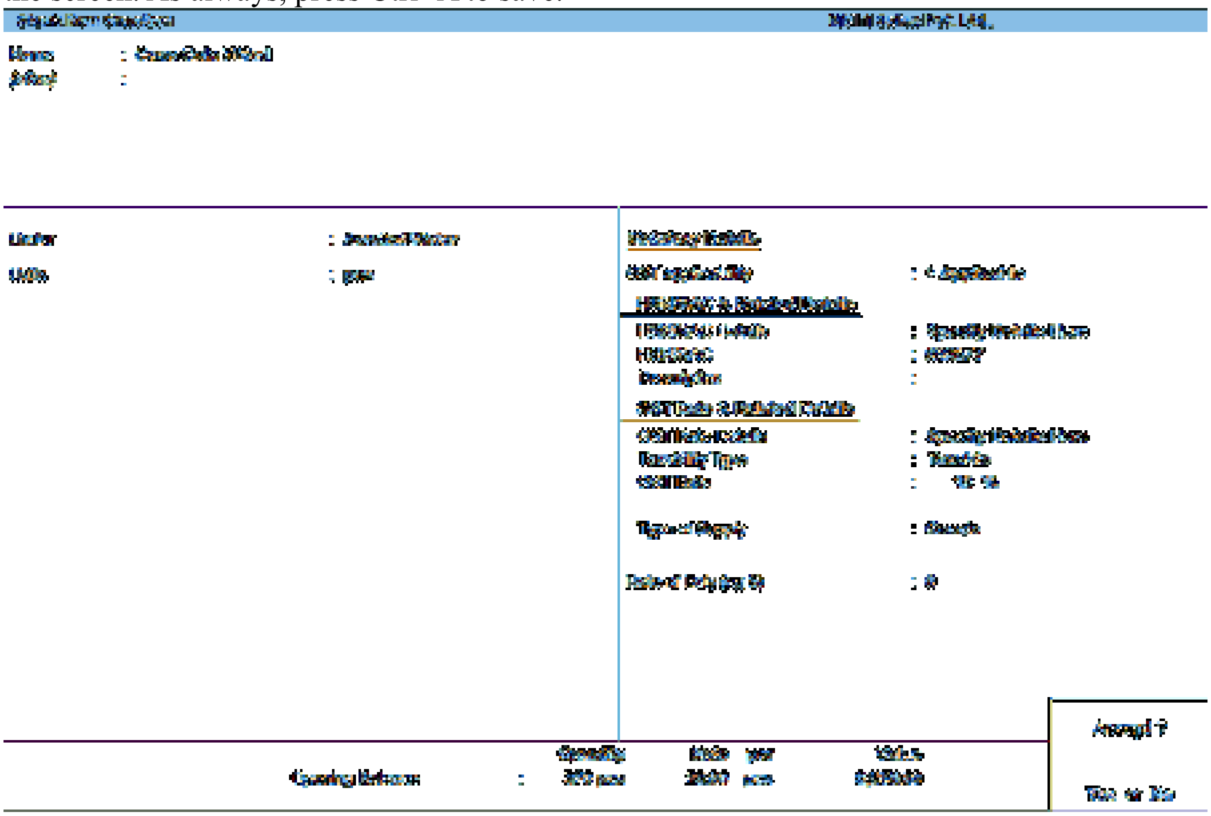
a. Press Backspace and select Compound if the Type is selected as Simple.
b. Enter the Compound unit as the First unit. For example, Kg.
c. Enter the Conversion For example, 1000.
Note: Compound units can be created up to any level. For example, milligram <gram < kilogram < quintal < tonne. However, the relationship between the units should be convertible.



d Enter the Second unit. For Example Gm

Step 5: Stock Items:
A stock item in Tally Prime is required to fill in information about the stock or inventory that our business deals with. Once we have created stock item, we can record our business transactions and keep track of the stock item details. Simply enter the name of the stock item we want to create and save it. Also, provide the opening balance details such as quantity, rate, value applicable tax rates so that we can record transactions in less time, without the need to enter all of these details each time in the transactions.
A. Create Stock Items
• Gateway of Tally > Create > type or select Stock Item > and press Enter.
Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Item > and press Enter.
• Name & alias: As in other masters, we can specify multiple aliases for the stock item.
• Under: Select Primary or an existing Stock Group. If we have not created any Stock Group, we can create one in Tally Prime to assign to the stock item.
As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Stock Items > press Enter.
• Units: Select the unit of measurement applicable for the stock item. If the unit is not listed, we can create the unit of measurement in Tally Prime to assign to the stock item.
.
As always, press Alt+C, to create a master on the fly. Alternatively, press Alt+G (Go To) > Create Master > type or select Units > press Enter.

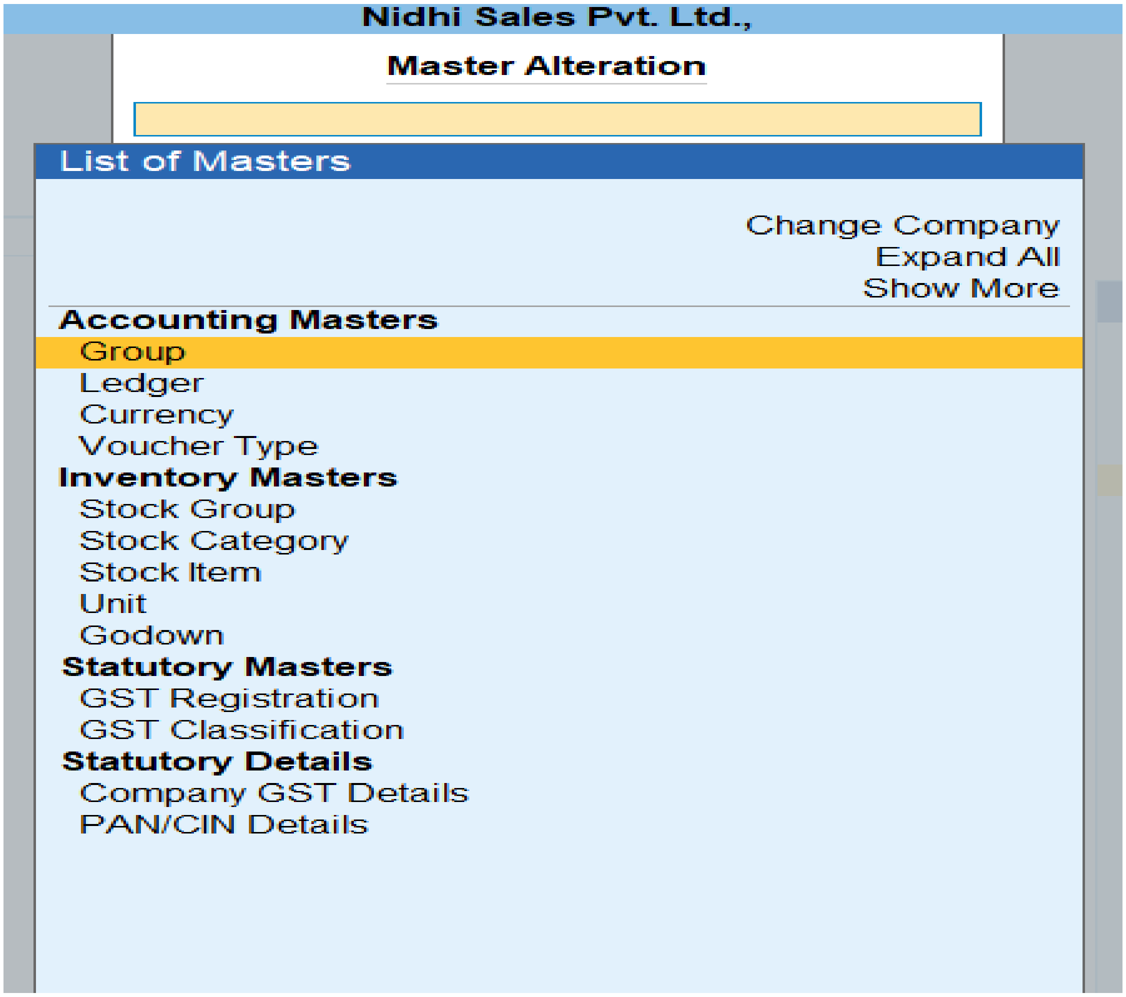
Statutory Details: Set the applicable Taxability option for the stock item under Statutory details. The option will depend on the option enabled in the F11 (Features) screen. Opening Balance: Specify the opening balance for the Stock Item as on the date of Beginning of Books.
a. Quantity: Specify the stock item Quantity.
b. Rate: Specify the stock item Rate.
c. Value: Tally Prime automatically calculates the value by multiplying the Quantity and Rate. We can also edit the value, Tally Prime automatically refreshes the Rate field accordingly. Accept the screen. As always, press Ctrl+A to save.



7.5 Alteration of Stock Groups, Stock Category, Stock Items, Units of Measures:
We have learnt how to create Stock Groups, Stock Categories, Stock Items, Units of Measure and Godowns in Tally Prime.

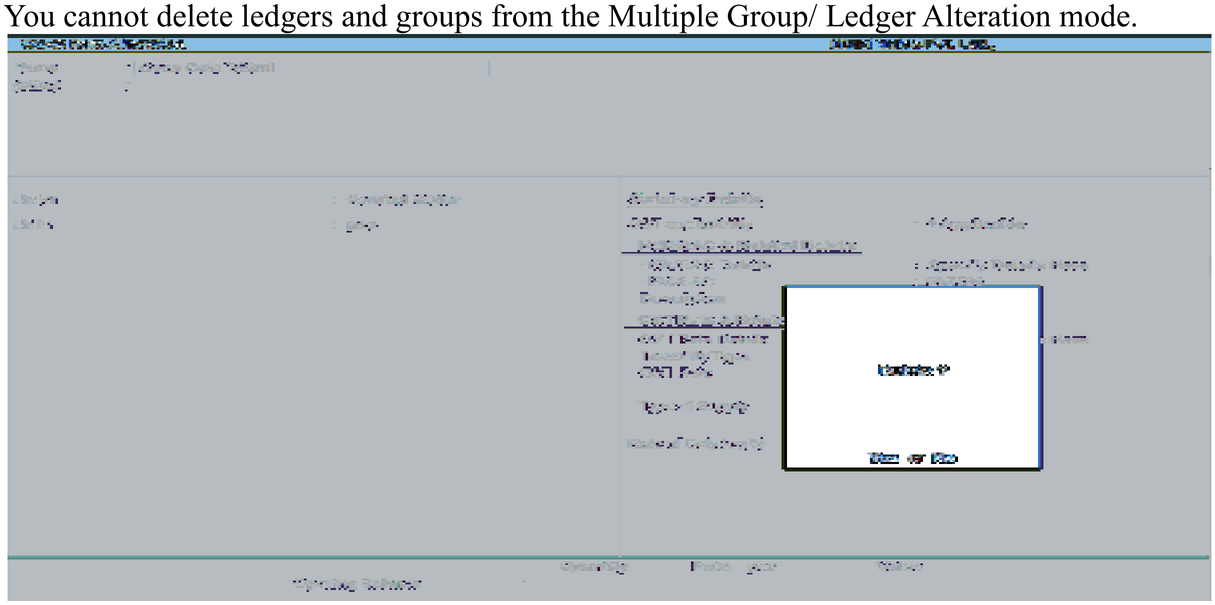
Navigation Path:
From **Gateway of Tally>Alter>** under **Inventory Masters> Stock Groups/Stock Category/Stock Items/ Units of Measures.**

Open the Required option to Alter the respective information and then Modification or Update Information want to be saved with Ctrl+A.
Then Automatically the modified information might be updated in fraction of seconds.



7.6Deletion of Master:

Any masters created by the user such as Ledgers, Groups, Stock Groups, Stock Category, Stock Item, Unit and Godowns can be deleted from the alteration screen by using ALT+D option. You cannot delete ledgers and groups from the Multiple Group/ Ledger Alteration mode.



7.7 Problems on Inventory Master

Problem No:01
Creation of Stock Group.

Stock Group Level Products Main Stock Group	Stock Group Level Products Under
Mobile Phone	Primary
Computer	Primary
Computer Accessories	Primary
Sub Stock Group	
Samsung Mobile Phone	Mobile Phone

Problem No:02
Creation of Stock Category

Stock Category	Sub-Stock Group	Stock Group
64 GB Storage 32 GB Storage	Samsung Mobile Phone	Mobile Phone
64 GB Storage 32 GB Storage	Sony Mobile Phone	Mobile Phone
64 GB Storage 32 GB Storage 16 GB Storage	Nokia Mobile Phone	Mobile Phone
128 GB Storage	OnePlus Mobile Phone	Mobile Phone
64 GB Storage	Oppo Mobile Phone	Mobile Phone

Problem No:03
Creation of Stock Items.

Stock Item Name	Stock Group	Stock Category	Units of Measure
Samsung Galaxy J7	Samsung Mobile Phone	32 GB Storage	Nos
Samsung S7 Edge	Samsung Mobile Phone	64 GB Storage	Nos
Sony E1 Dual Xperia	Sony Mobile Phone	32 GB Storage	Nos
Sony Series J Xperia	Sony Mobile Phone	64 GB Storage	Nos

Nokia 2.3 Mobile	Nokia Mobile Phone	32 GB Storage	Nos
ASUS 14 Ultra Laptop	Computer	Not Applicable	Nos
DELL i3 Inspiron Laptop	Computer	Not Applicable	Nos
HP 15 3rd Gen Laptop	Computer	Not Applicable	Nos
Logitech M221 Mouse	Wireless Mouse	Not Applicable	Box of 10 Nos
Logitech K230 Keyboard	Wireless Keyboard	Not Applicable	Box of 10 Nos
SanDisk USB Pendrive	Computer Accessories	Not Applicable	Box of 10 Nos

7.8 Keywords:

1. Stock Groups: Classification, Hierarchy, Reporting, Analysis.
2. Stock Items: Creation, Configuration, Tracking, Valuation.
3. Units of Measure: Definition, Conversion, Management, Customization.
4. Godowns: Location, Storage, Transfers, Management.
5. Batch Details: Batch Number, Expiry Dates, Tracking, Inventory Control.
6. Stock Categories: Categorization, Sorting, Analysis, Reporting.
7. Reorder Levels: Minimum Stock, Maximum Stock, Safety Stock, Reorder Alerts.
8. Inventory Vouchers: Purchase, Sales, Stock Transfer, Stock Journal.
9. Bill of Materials (BOM): Recipe, Manufacturing, Assembly, Components.
10. Item Cost Tracking: Cost Estimation, Pricing, Margins, Profit Analysis.

7.9 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

Srihari Nizampatnam

Lesson - 8
VOUCHER TYPES

Objective:
1. Definition of Voucher Types: Define what voucher types are and their role in accounting.
2. Common Voucher Types: Identify and describe common voucher types such as sales, purchases, receipts, and payments.
3. Creation and Customization: Explain how to create and customize voucher types in Tally Prime.
4. Automation and Efficiency: Discuss how using appropriate voucher types can automate and improve accounting efficiency.
5. Voucher Management: Provide best practices for managing and maintaining vouchers in an organized manner.

Structure:
8.1 Introduction
8.2 Process of Voucher Entry
8.3 Voucher Entry
8.4 Voucher Types in Tally Prime
8.5 Alter Voucher types & Details (Master Alteration)
8.6 Alter a Pre-defined Voucher Type
8.7 Delete Voucher Types in Tally Prime
8.8 Keywords
8.9 Reference

8.1 Introduction:
A voucher entry in accounting refers to the process of recording a financial transaction in an accounting system. In Tally Prime and other accounting software, a voucher is essentially a document that supports and records a transaction. Here's a detailed explanation of what voucher entry means:

Definition
Voucher Entry: The process of inputting financial transaction details into the accounting system, categorized by the type of transaction, to maintain accurate financial records.

Key Points
1.Documentation of Transactions:
- Vouchers serve as evidence of transactions, ensuring that each transaction is properly documented and traceable.

2. **Types of Vouchers:**
- Vouchers are classified based on the nature of transactions. Common types include payment vouchers, receipt vouchers, sales vouchers, purchase vouchers, contra vouchers, journal vouchers, credit notes, and debit notes.

3. Components of a Voucher Entry:
- Date: The date when the transaction occurred.
- Ledger Accounts: The accounts involved in the transaction, such as cash, bank, sales, purchases, expenses, etc.
- Amount: The monetary value of the transaction.
- Narration: A brief description of the transaction.
- Supporting Documents: Attachments like invoices, receipts, bills, etc., to substantiate the transaction.

4. Purpose of Voucher Entry:
- To maintain systematic and accurate financial records.
- To ensure compliance with accounting standards and legal requirements.
- To facilitate financial reporting and analysis.
- To provide an audit trail for verification and reconciliation purposes.

8.2 Process of Voucher Entry

1. Identify the Transaction:
- Determine the type and nature of the transaction.

2. **Select the Appropriate Voucher Type:**
- Choose the correct voucher type in the accounting system to record the transaction (e.g., payment voucher for payments, sales voucher for sales transactions).

3. Enter Transaction Details:
- Input all relevant details such as date, ledger accounts, amounts, and narration.

4. **Verify and Save:**
- Review the entered details for accuracy and save the voucher entry.

Benefits
- **Accuracy:** Ensures precise recording of financial transactions.
- **Compliance**: Helps in adhering to regulatory and statutory requirements.
- **Transparency:** Provides a clear and traceable record of all financial activities.
- **Efficiency:** Streamlines the accounting process, making it easier to manage and report financial data.

Voucher entries are fundamental to maintaining an organized and reliable accounting system, playing a crucial role in the financial management and auditing processes of a business.

Accounting is the practice of maintaining a record of the financial dealings of a business.
It involves **Identifying** business transactions, **Recording** them, and **Summarising** the same in such a way that, important financial information can be communicated to stakeholders of the business.

Recording of a financial transaction is the first step in an accounting cycle.

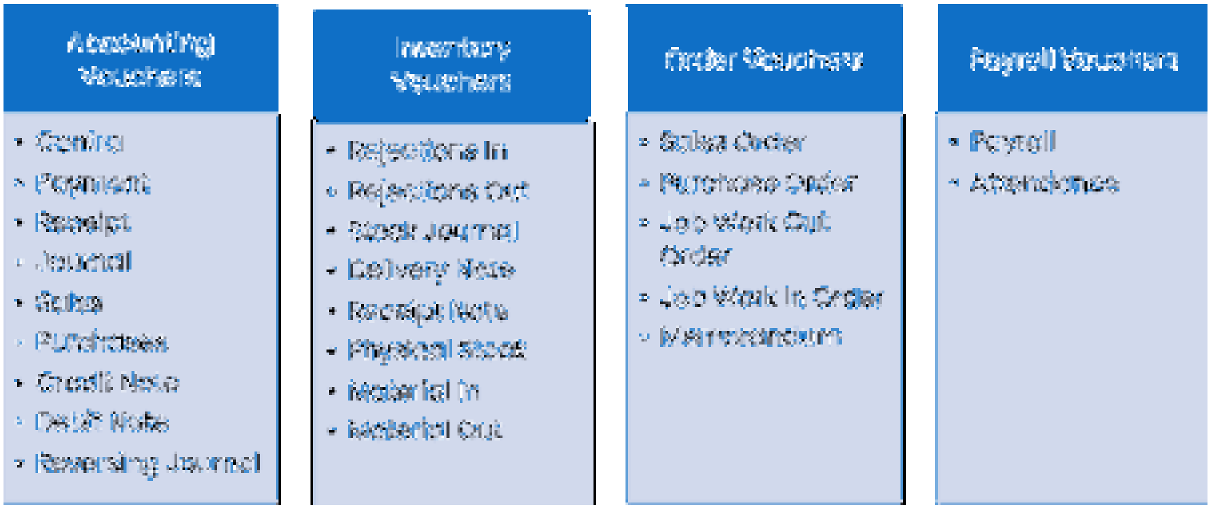
Every day, business concerns are involved in business activities like making **purchases, sales, making payments to vendors, receiving payments from customers** and **so on**.
If any one of the transactions is not recorded properly or is missed out, the financial reports will not reflect the correct financial performance or financial position of the company.

8.3 Voucher Entry:
In Tally Prime, a voucher entry refers to the process of recording a financial transaction using a specific voucher type. These vouchers act as the building blocks for accounting records, providing a detailed and organized way to track business's financial activity.

Breakdown of the key points:
Vouchers: They are digital documents in Tally Prime that represent various financial transactions, such as purchases, sales, payments, receipts, and adjustments.
8.4 Voucher types: These act as pre-defined templates that categorize and format the voucher entries.
Essentially, creating a voucher entry involves selecting the appropriate voucher type, entering the relevant details such as accounts involved, amount, and narration (optional), and saving the transaction. This process helps to maintain a clear and auditable record of all business's financial activities.

Voucher:
A voucher is a document that contains details of a financial transaction and is required for recording the same into the books of accounts.
• For every transaction, we can use the appropriate Tally voucher to enter the details into the ledgers and update the financial position of the company. This process is called Voucher Entry in Tally.
• In simple terms passing journal entries in Tally is called as Voucher Entry.
• In fact, the user will not use the word "Journal Entry" while working in Tally. However, "Journal Voucher" is a type of voucher entry.
• Voucher type includes Purchase, Sales, Receipt, Payment, Contra, Journal, etc.

Voucher Types in Tally Prime:
There are 24 pre-defined voucher types in Tally Prime for accounting, inventory, payroll and orders. We can create more voucher types under these pre-defined voucher types as per the business needs.
Example:
•for cash payments and bank payments, the predefined voucher type is Payment Voucher.
• we can also have two or more sales voucher types in Tally Prime for different kinds of sales transactions like credit sales, cash sales, and so on.



Tally Prime is a comprehensive accounting software that supports various types of vouchers to record different business transactions. Here's an explanation of 24 common voucher types in Tally Prime:

1. **Contra Voucher (F4)**
   - Purpose: Records transactions involving cash and bank accounts, such as cash deposits, withdrawals, and transfers between bank accounts.
   - Example: Transferring cash from a company's cash box to its bank account.

2. Payment Voucher (F5)
   - Purpose: Records all payments made by the business, including expenses, vendor payments, and other outflows.
   - Example: Paying a supplier for raw materials purchased.

3. Receipt Voucher (F6):
   - Purpose: Records all receipts into the business, such as customer payments, loans received, and other inflows.
   - Example: Receiving payment from a customer for goods sold.

4. Journal Voucher (F7):
   - Purpose: Records transactions that do not involve cash or bank accounts, including adjustments, depreciation, and accruals.
   - Example: Recording depreciation on fixed assets.

5. Sales Voucher (F8):
   - Purpose: Records all sales transactions, whether on credit or cash basis.
   - Example: Selling goods to a customer.

6. Credit Note Voucher :
   - Purpose: Records returns or refunds given to customers.
   - Example: Issuing a credit note for returned defective goods.

7. **Purchase Voucher (F9):**
- Purpose: Records all purchase transactions, whether on credit or cash basis.
   - Example: Purchasing raw materials from a supplier.

8. Debit Note Voucher:
   - Purpose: Records returns or claims made to suppliers.
   - Example: Issuing a debit note for returned defective goods to a supplier.

9. Sales Order Voucher :
- Purpose: Records sales orders received from customers.
- Example: Receiving an order from a customer for future delivery.

10. Purchase Order Voucher:
- Purpose: Records purchase orders placed with suppliers.
- Example: Placing an order for raw materials with a supplier.

11. Delivery Note Voucher:
- Purpose: Records the dispatch of goods to customers against sales orders.
- Example: Dispatching goods to a customer as per their order.

12. Receipt Note Voucher:
- Purpose: Records the receipt of goods from suppliers against purchase orders.
- Example: Receiving goods from a supplier as per the purchase order.

13. Rejection In Voucher:
- Purpose: Records the return of goods rejected by the business to the supplier.
- Example: Returning defective goods received from a supplier.

14. Rejection Out Voucher:
- Purpose: Records the return of goods rejected by customers.
- Example: Customer returning defective goods sold by the business.

15. Stock Journal Voucher:
- Purpose: Records internal stock movements, adjustments, or manufacturing processes.
- Example: Adjusting inventory levels due to stock taking.

16. Physical Stock Voucher:
- Purpose: Records the physical count of stock and updates inventory records accordingly.
- Example: Conducting a physical stock count and updating discrepancies.

17. Material In Voucher
- Purpose: Records receipt of materials to the store or warehouse.
- Example: Receiving raw materials into inventory for production.

18.Material Out Voucher
- Purpose: Records the issue of materials from the store or warehouse.
- Example: Issuing raw materials to the production floor.

19. Job Work In Order Voucher:
- Purpose: Records orders for job work received from customers.
- Example: Receiving a job work order to assemble parts for a customer.

20. Job Work Out Order Voucher:
- Purpose: Records orders placed with job workers.
- Example: Placing an order with a third party for job work like assembling.

21. Payroll Voucher:
- Purpose: Records employee payroll details, including salaries, deductions, and net pay.
- Example: Processing and recording the monthly payroll for employees.

22. Attendance Voucher:
- Purpose: Records employee attendance, leave, and overtime details.
- Example: Marking employee attendance for the month.

23. Memo Voucher:

- Purpose: Records provisional entries that do not affect accounts immediately. Used for suspense entries.
- Example: Recording a provisional expense awaiting approval.

24. Reversing Journal Voucher:

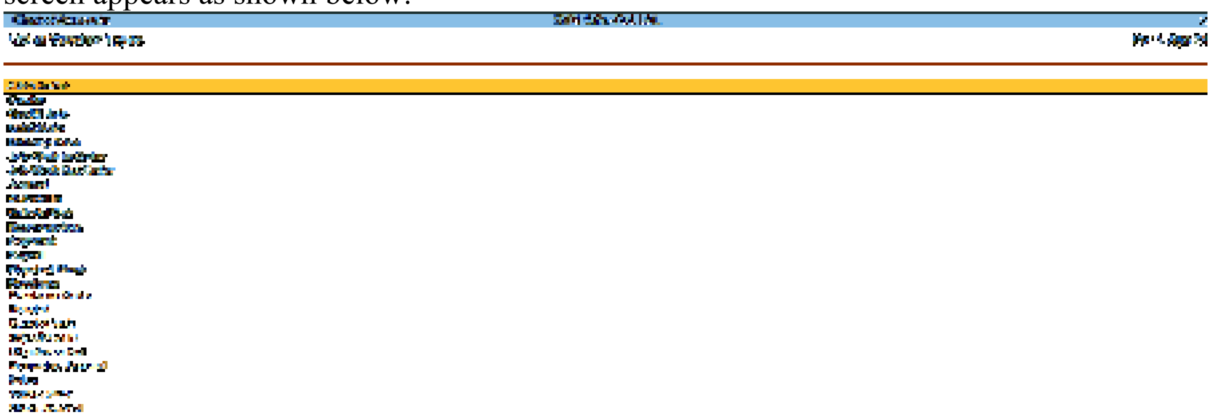
- Purpose: Records entries that are reversed automatically at the beginning of the next period. Used for adjusting entries that are not permanent.
- Example: Year-end adjustments that are reversed in the new fiscal year.

These vouchers help businesses efficiently record and manage their various transactions in Tally Prime, ensuring accurate financial reporting and compliance.

Navigation Path for list of Voucher Types in Tally Prime:

Gateway of Tally > Chart of Accounts > type or select Voucher Type.

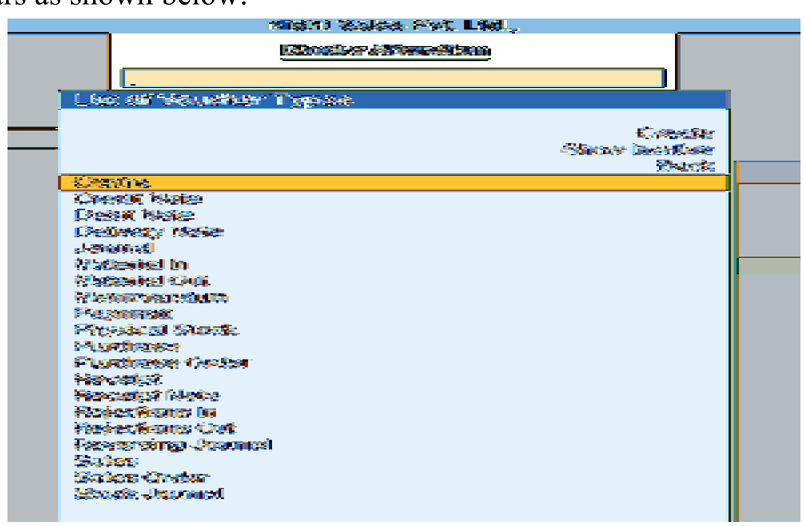
Alternatively, press Alt + G (Go To) > type or select Chart of Accounts > Voucher Type. The screen appears as shown below:



8.5 Alter Voucher types & Details (Master Alteration):

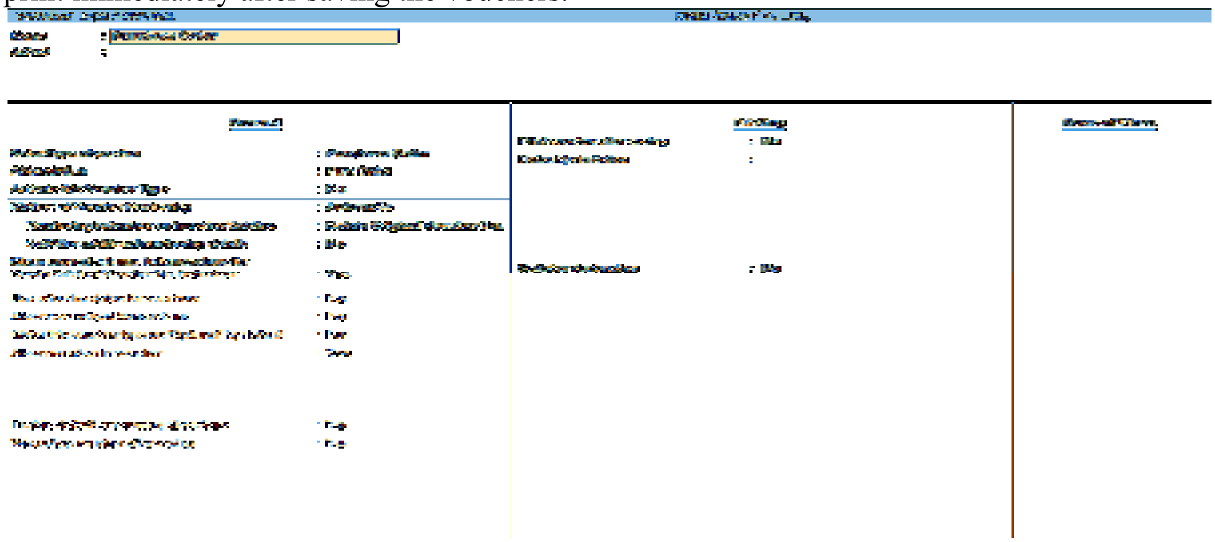
Go to Gateway of Tally > Alter > Voucher Type.

Alternatively, press Alt + G (Go To) > type or select Alter Master > Voucher Type. The List of Voucher Types appears as shown below:



We can do the following alteration:

- Activate / Deactivate voucher type as per your business need.
- Use different voucher numbering methods.
- Specify the prefix and suffix details for numbering the vouchers.
- Use the effective dates for the vouchers.
- Mark some vouchers to open as optional vouchers by default.
- Use common narration or narration for each ledger selected in the voucher. Enable the option to print immediately after saving the vouchers.



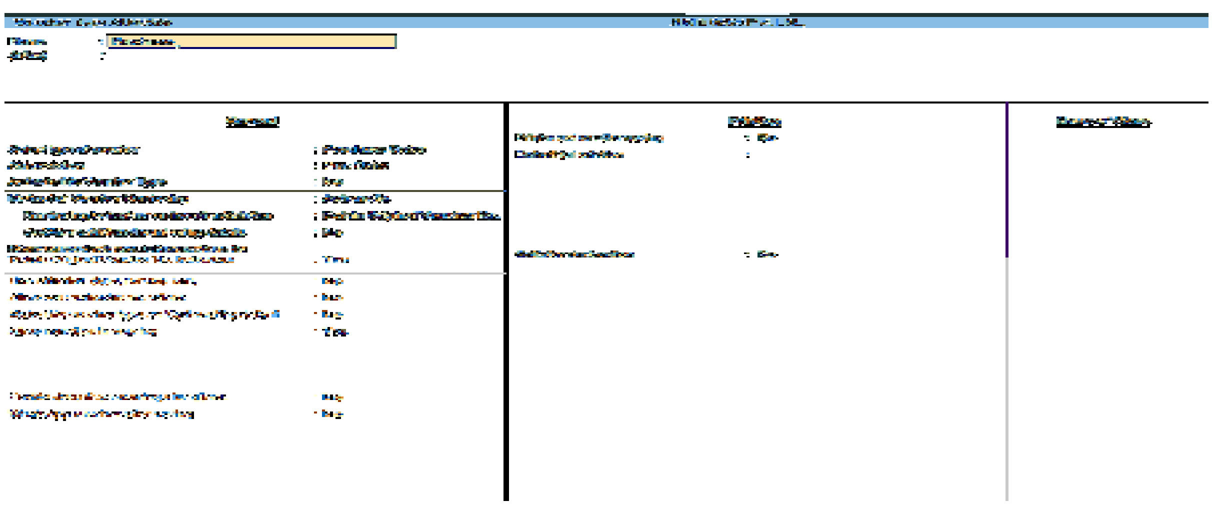
8.6 Alter a Pre-defined Voucher Type:

Pre-defined voucher types in Tally Prime can be altered to suit invoicing requirements.

- Gateway of Tally > Alter > type or select Voucher Type > Sales.

Alternatively, Alt + G (Go To) > type or select Alter Master > Voucher Type > Sales.

- The Voucher Type Alteration screen appears as shown below:



8.7 Delete Voucher Types in Tally Prime:

You may want to delete Voucher Types in Tally Prime.

Such a need occurs in the following scenarios:

- Created a Voucher Type long ago, and you haven't used it.

• Created a Voucher Type, which is similar to an already existing Voucher type.
• The Voucher Type was created by mistake.
• Created a new Company, which is a copy of an existing Company. However, some of the Voucher Types are not required in the new Company
Although deleting a Voucher Type is very simple in Tally Prime, we can only delete it if the following pre-requisites are met.
• The Voucher Type is not a default one such as Sales, Purchase, and others provided in Tally Prime.
• In the Company data, there is no voucher recorded using the Voucher Type.
• We may want to delete a Voucher Type, even if we have recorded transactions using it. In such a case, we will need to delete all the transactions recorded using that specific Voucher Type.
• Before deleting transactions, take a Company data backup so that we can restore those transactions by restoring the Company data in the future if needed
We can delete the transactions by drilling down on the Statistics report in Tally Prime.
Follow the path given below:
1. Press Alt + G (Go To) > type or select Statistics and press Enter. Alternatively, Gateway of Tally > Display More Reports > Statements of Accounts > Statistics and press Enter.
2. Drilldown to the transactions.
• Drilldown on the required Voucher Type.
• The Voucher Monthly Register screen appears.
• Drilldown on the months in which the transactions were recorded.
• The Voucher Register screen appears where all the transactions for the month are listed.
Select all the transactions using Spacebar and press Alt + D.
Now that we have ensured that there are no transactions recorded using the Voucher Type, we can go ahead and delete the Voucher Type.
To delete a Voucher Type in Tally Prime, follow the procedure given below
1. Press Alt + G (Go To) > Voucher Type > type or select the Voucher Type and press Enter. Alternatively, Gateway of Tally > Alter > Voucher Type > type or select the Voucher Type and press Enter.
2. Press Alt + D and then press Y to accept.

8.8 Keywords:

1. Contra Voucher: Cash Transfer, Bank Deposit, Withdrawal, Inter-bank Transfer.
2. Payment Voucher: Expenses, Vendor Payments, Cash Outflows, Cheque Payments.
3. Receipt Voucher: Customer Receipts, Inflows, Cash Receipts, Bank Deposits.
4. Journal Voucher: Adjustments, Accruals, Depreciation, Non-cash Transactions.

8.9 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

Srihari Nizampatnam

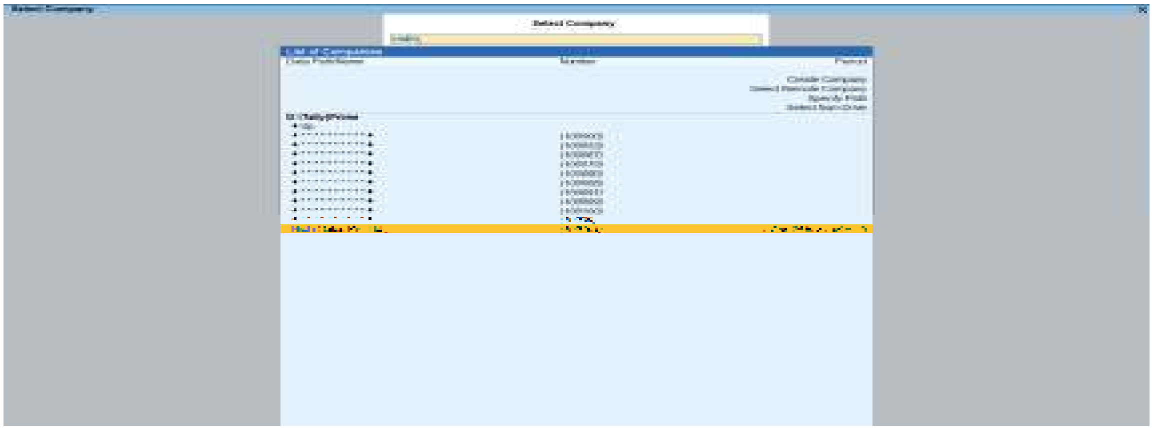
Lesson – 9
INVOICES WITHOUT GST

Objective:
1. Invoice Basics: Explain the fundamental elements of an invoice and its importance in business transactions.
2. Creating Non-GST Invoices: Detail the steps to create invoices without GST in Tally Prime.
3. Essential Fields: Identify the essential fields and information required on a non-GST invoice.
4. Compliance Requirements: Discuss compliance requirements for non-GST invoices.
5. Record Keeping: Explain the importance of maintaining accurate records of non-GST invoices.

Structure:
9.1 Introduction to Purchase bill without GST
9.2 Introduction to Sale bill without GST
9.3 Keywords
9.4 Reference

9.1 Introduction to Purchase bill without GST:
Purchase is the cost incurred by the business concern during a period, for further sale of inventory. Purchase is an expense to the company. It is included in the income statement and is also considered under the cost of goods sold.
In Accounting, the purpose and type of purchases is important. Purchase of fixed assets for own consumption will be accounted as foxed assets and shown in balance sheet, while purchases made for further sale will be accounted as expenses.
In Tally Prime, A Purchase voucher is used to record transactions, when a company purchases some goods on cash, cheque or on credit basis. A purchases voucher can be recorded in following three modes:
1. Voucher Mode
2. Item Invoice Mode
3. Account Invoice Mode

Recording a Purchase Bill in Tally Prime (Without GST)
Here's a step-by-step guide on how to record a purchase bill in Tally Prime without GST:
Step 1: Open Tally Prime and Select the Company
1. Open Tally Prime.
2. **Select the company** for which you want to record the purchase bill.



Step 2: Configure Purchase Voucher

1. Go to Gateway of Tally.
2. Navigate to F11: Features
3. Select Accounting Features
4. Ensure that the options Use Purchase Order Processing and Use Tracking Numbers (Delivery/Receipt Notes) are set to No unless required for your specific needs.

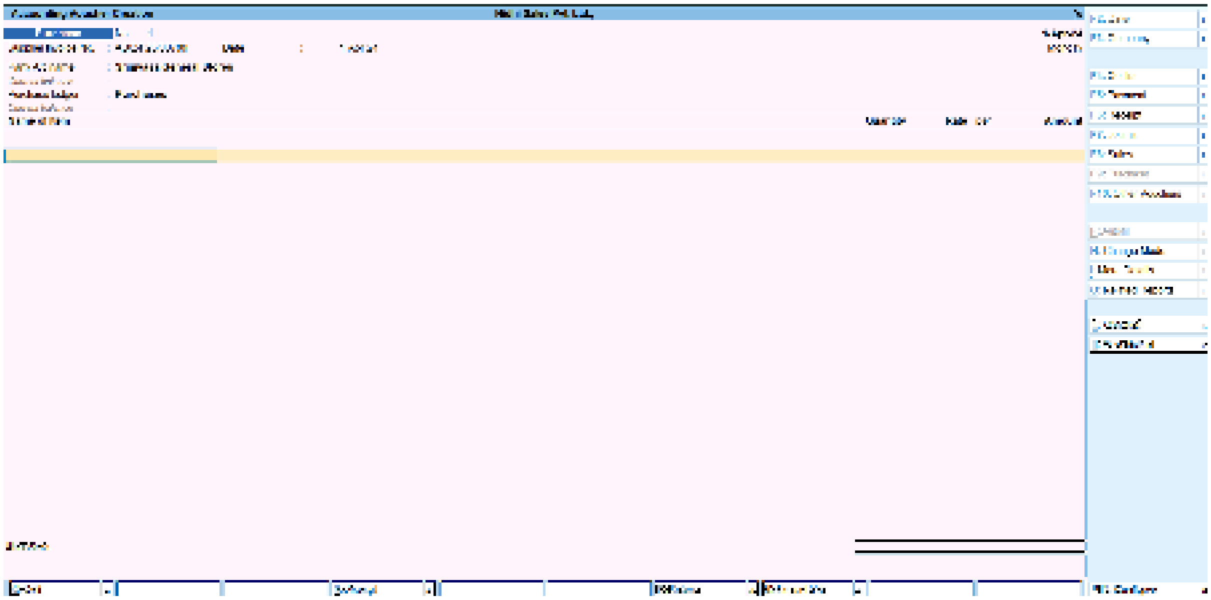
Step 3: Record the Purchase Voucher

1. Go to Gateway of Tally.
2. Navigate to Vouchers.
3. Select **F9: Purchase** This opens the Purchase Voucher screen.

Step 4: Enter Purchase Details

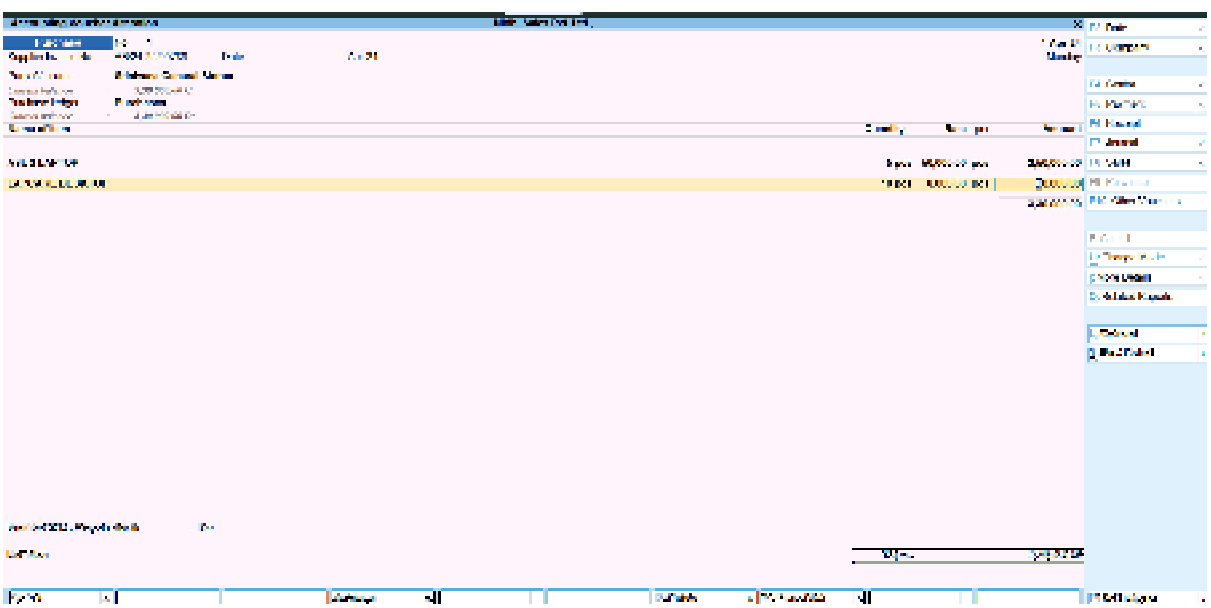
1. **Date:** Enter the date of the purchase transaction.
2. **Party A/c Name:** Select the supplier's account from the list of ledger accounts. If the supplier is not already in the system, create a new ledger under the group `Sundry Creditors`.

3. **Purchase Ledger:** Select the purchase ledger. If there is no specific ledger, you can use a general `Purchases` ledger under the group `Purchase Accounts`.
4. **Invoice Details:** Fill in the invoice number and other details as needed.



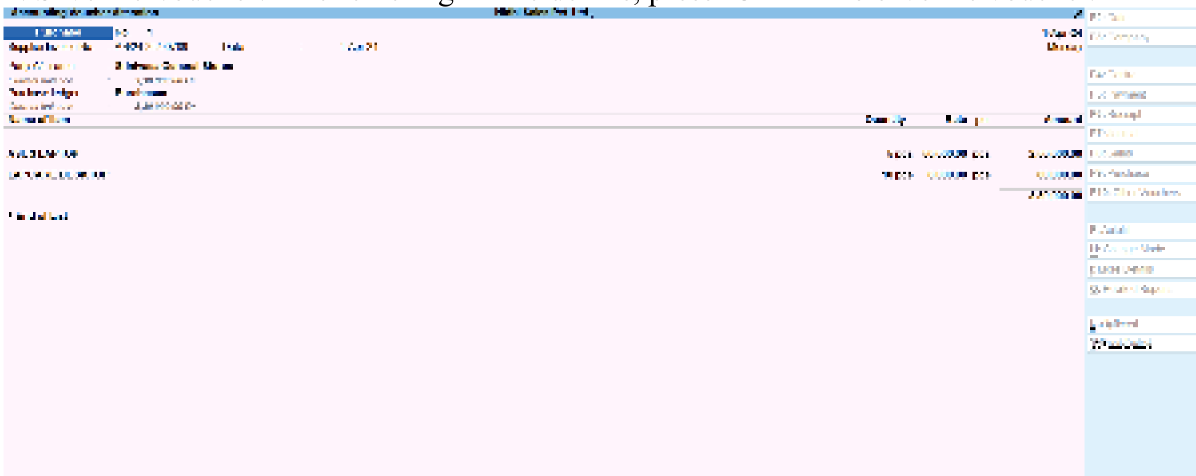
Step 5: Enter Item Details

1. **Name of Item**: Select the item being purchased. If the item is not already in the system, create a new stock item.
2. **Quantity:** Enter the quantity of the item.
3. **Rate:** Enter the rate per unit of the item.
4. **Amount:** Tally Prime will automatically calculate the total amount (Quantity x Rate).



Step 6: Complete and Save the Voucher

1. Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher.



Date	Particular
17th April 2021	Suhant Software Pvt. Ltd. **purchased** the following stock items from **RY Info Systems** on credit vide supplier invoice number RY/101.

Samsung S7 Edge	Bengaluru Location	5 Nos	32,000	1,60,000

	from **Vardhaman Enterprises** on credit vide supplier invoice number VE/23.

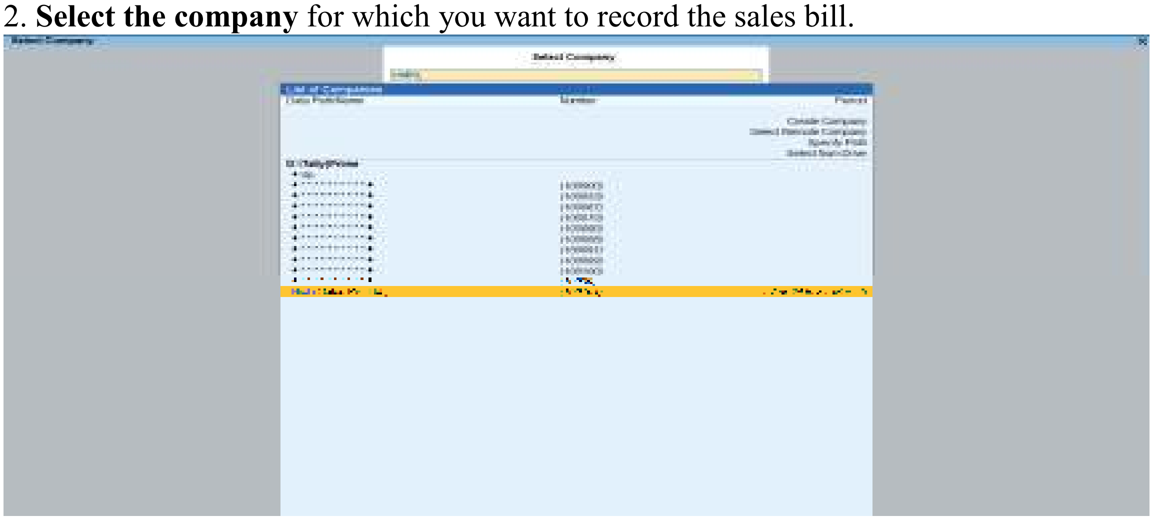
Nokia 2.3 Mobile	Mumbai Location	3 Nos	7,000	21,000
Nokia C3 Mobile	Mumbai Location	2 Nos	7,500	15,000
OnePlus Nord Mobile	Mumbai Location	3 Nos	27,000	81,000
Oppo A31 Mobile	Mumbai Location	5 Nos	13,700	68,500

In the screenshot:
1. Header Section: Shows the type of voucher (Purchase), date, and voucher number.
2. Party Details: Where you select the supplier.
3. Item Details Section: Where you enter the stock item, quantity, rate, and amount.
4. Bottom Section: Where you can add narration and save the voucher.

Note: Screenshots and actual screens may vary slightly based on your Tally Prime version and configurations.
This process helps ensure that all purchase transactions are accurately recorded, keeping your financial data organized and up-to-date.

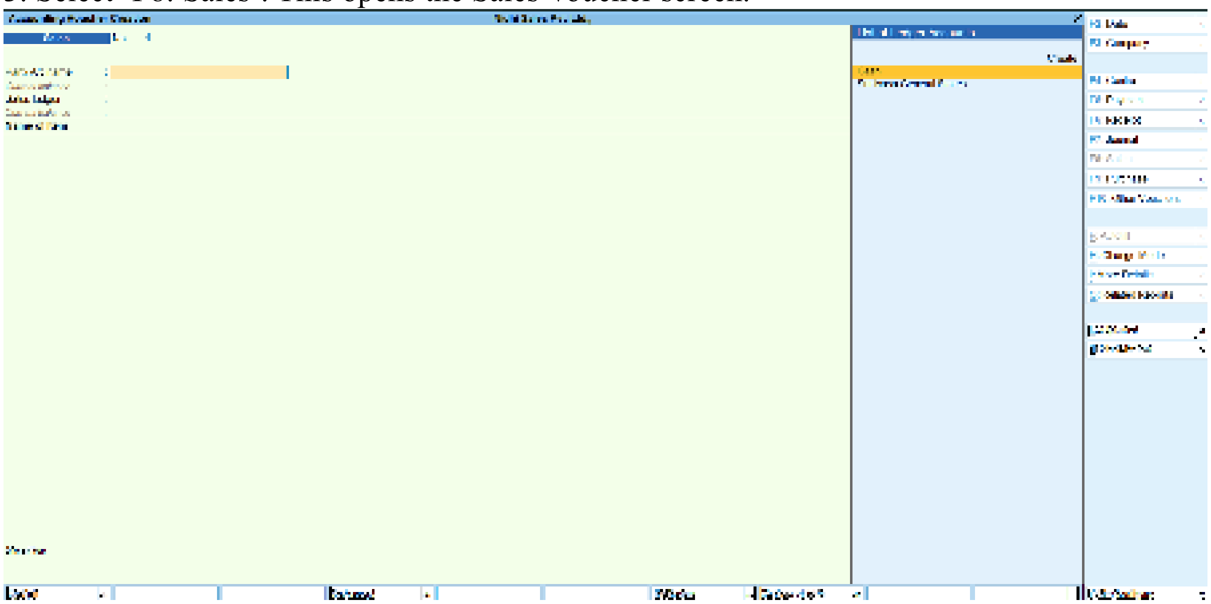
9.2 Introduction to Sale bill without GST:
A Sales voucher is used when a company sells goods to customers on cash, cheque or credit basis. Sales entries lead to an increase in sales revenue.

Here's a step-by-step guide on how to record a sales bill in Tally Prime without GST:
Step 1: Open Tally Prime and Select the Company
1. Open Tally Prime.
2. **Select the company** for which you want to record the sales bill.



Step 2: Configure Sales Voucher
1. Go to Gateway of Tally.
2. Navigate to `F11: Features`.
3. Select `Accounting Features`.
4. Ensure that the options Use Invoice Mode and Integrate Accounts and Inventory` are set to `Yes`. This will allow you to enter sales details in an itemized format and link inventory with accounting.

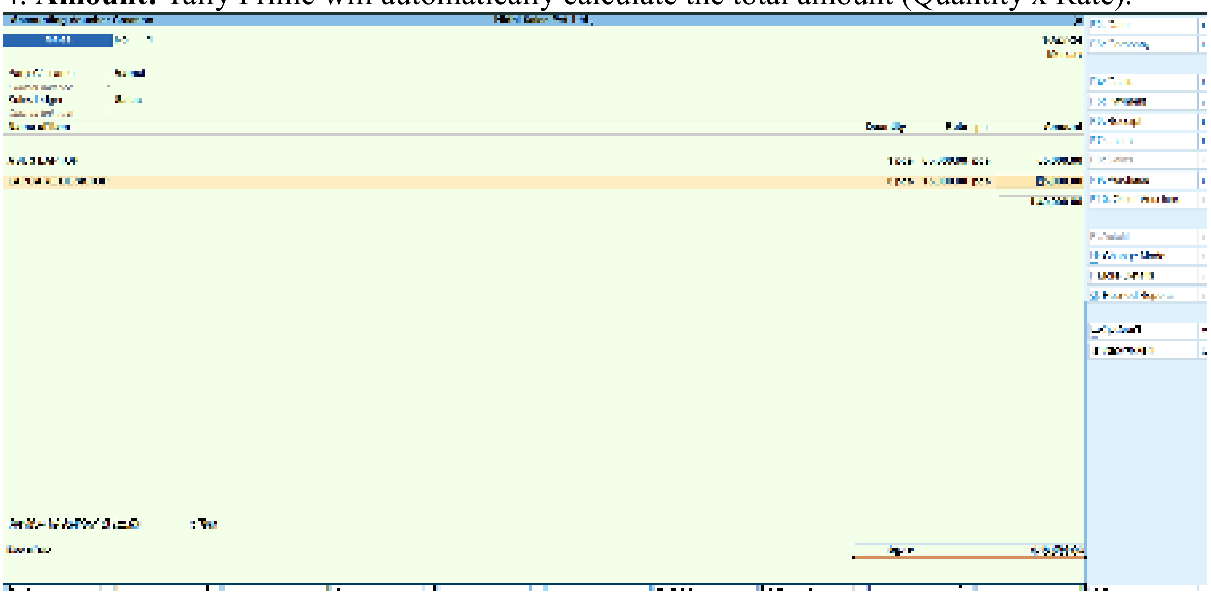
Step 3: Record the Sales Voucher
1. Go to Gateway of Tally.
2. Navigate to `Vouchers`.
3. Select `F8: Sales`. This opens the Sales Voucher screen.



Step 4: Enter Sales Details
1. **Date:** Enter the date of the sales transaction.
2. **Party A/c Name**: Select the customer's account from the list of ledger accounts. If the customer is not already in the system, create a new ledger under the group `Sundry Debtors`.
3. **Sales Ledger:** Select the sales ledger. If there is no specific ledger, you can use a general `Sales` ledger under the group `Sales Accounts`.
4.**Invoice Details:** Fill in the invoice number and other details as needed.

Step 5: Enter Item Details

1. **Name of Item:** Select the item being sold. If the item is not already in the system, create a new stock item.
2. **Quantity:** Enter the quantity of the item.
3. **Rate**: Enter the rate per unit of the item.
4. **Amount:** Tally Prime will automatically calculate the total amount (Quantity x Rate).



Step 6: Complete and Save the Voucher

1. Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher.

Name of the item	Godown	Quantity	Rate Per(₹)	Amount (₹)
ASUS 14 Ultra Laptop	Delhi Location	2 Nos	39,500	79,000
HP 15 3rd Gen Laptop	Delhi Location	3 Nos	31,000	93,000

Date	Particular
24th April 2021	Suhant Software Pvt. Ltd. sold the following stock items to **Sky Solutions** on **credit**, with Sale Bill No. 1

		(Type as **2-5**)		
ASUS 14 Ultra Laptop	Delhi Location	2 Nos	39,500	79,000

Example 02:

Date	Particular
26th April 2021	Suhant Software Pvt. Ltd. sold the following stock items to **Keshav Mobile Zone on credit**, with Sale Bill No. 2

Item				
Nokia 2.3 Mobile	Mumbai Location	1 Nos	7,200	7,200

Sample Screenshot Explanation:

Since I can't provide an actual screenshot, you can visualize the following setup in Tally Prime's Sales Voucher screen:

- Sales Voucher Screen:
  - Date: 02-06-2024
  - Party A/c Name: XYZ Enterprises
  - Sales Ledger: Sales
  - Item Details:
    - Name of Item: Stationery
    - Quantity: 5
    - Rate: 10/-
    - Amount: 50/-
  - Narration:"Sold 5 units of stationery."

This process helps ensure that all sales transactions are accurately recorded, keeping your financial data organized and up-to-date.

Steps in Detail with Visual Aid

1. Open Tally Prime

- Launch Tally Prime from your desktop or application list.
- Select your company from the list of companies available.

2. Configure Sales Voucher

- Go to Gateway of Tally
- Navigate to `F11: Features`.
- Select `Accounting Features`.
  - Ensure the following options are set correctly:
    - `Use Invoice Mode`: Yes
    - `Integrate Accounts and Inventory`: Yes

3. Record the Sales Voucher

- Go to Gateway of Tally.
- Navigate to `Vouchers`.
- Select `F8: Sales` to open the Sales Voucher screen.

4. Enter Sales Details

- Date: Enter the transaction date.
- Party A/c Name: Select or create the customer's account (e.g., XYZ Enterprises).
- Sales Ledger: Select or create the sales ledger (e.g., Sales).

5. Enter Item Details
- Name of Item: Select or create the item (e.g., Stationery).
- Quantity: Enter the quantity sold (e.g., 5).
- Rate: Enter the rate per unit (e.g., 10/-).
- Amount: Tally Prime calculates the total automatically (e.g., 50/-).

6. Complete and Save the Voucher
- Narration: Add a brief description of the transaction (e.g., "Sold 5 units of stationery").
- Save the Voucher: Press `Ctrl+A` to save.

By following these steps, you can efficiently record a sales bill in Tally Prime without GST, ensuring accurate financial records and streamlined business operations.

9.3 Keywords:

1. Purchase Invoice: Supplier Details, Item Allocation, Quantity, Rate.
2. Sale Invoice: Customer Details, Item Details, Quantity, Price.
3. Non-GST Ledgers: Inventory Management, Cost Centers, Non-Taxable Transactions.
4. Invoice Configuration: Voucher Types, Invoice Numbering, Payment Terms.

9.4 Tally Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

Srihari Nizampatnam

Lesson – 10
PURCHASE INVOICE WITH INTRA STATE

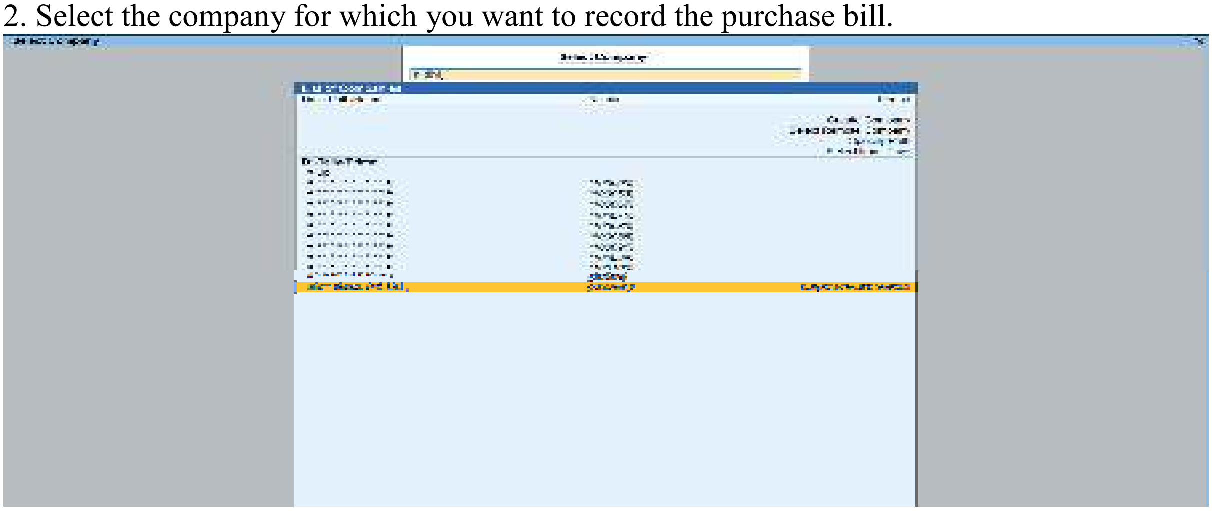
Objective:
1. Understanding Intra State Transactions: Define intra-state transactions and their significance in GST.
2. Creating Intra State Purchase Invoices: Detail the process of creating purchase invoices for intra-state transactions in Tally Prime.
3. GST Calculation: Explain how GST is calculated and applied on intra-state purchase invoices.
4. Compliance and Reporting: Discuss the compliance requirements for intra-state purchase invoices under GST.
5. Integration with ITC: Illustrate how intra-state purchase invoices are integrated with Input Tax Credit claims.

Structure:
10.1 Introduction to Purchases Voucher in Tally Prime
10.2 Problems
10.3 Keywords related to creating an intra-state purchase invoice in Tally Prime
10.4 Reference

10.1 Introduction to Purchases Voucher in Tally Prime:
Recording a purchase bill in Tally Prime with GST involves several steps, including configuring GST details, creating necessary ledgers, and entering the purchase details in the purchase voucher. Here's a detailed step-by-step guide along with an explanation for each part of the process.

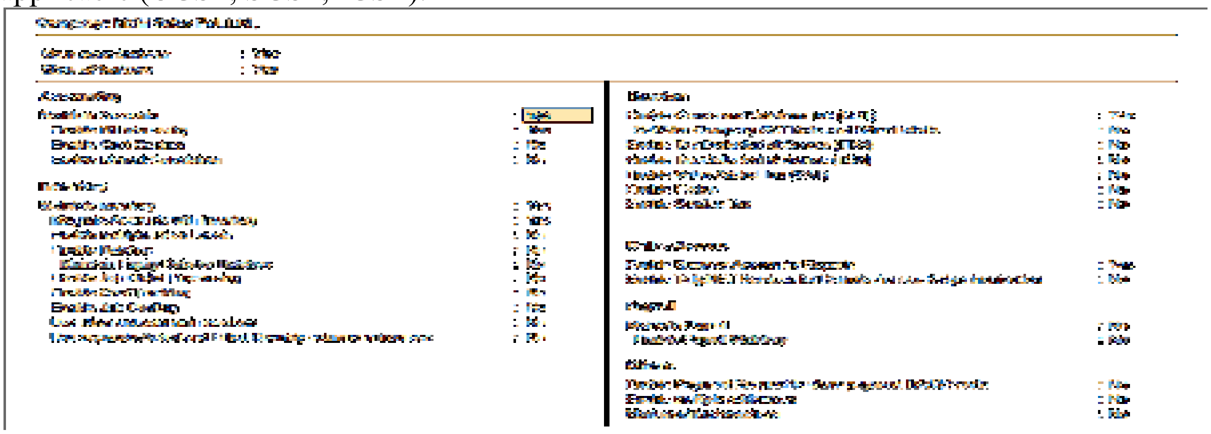
Step-by-Step Guide to Record a Purchase Bill with GST in Tally Prime

Step 1: Open Tally Prime and Select the Company
1. Open Tally Prime.
2. Select the company for which you want to record the purchase bill.



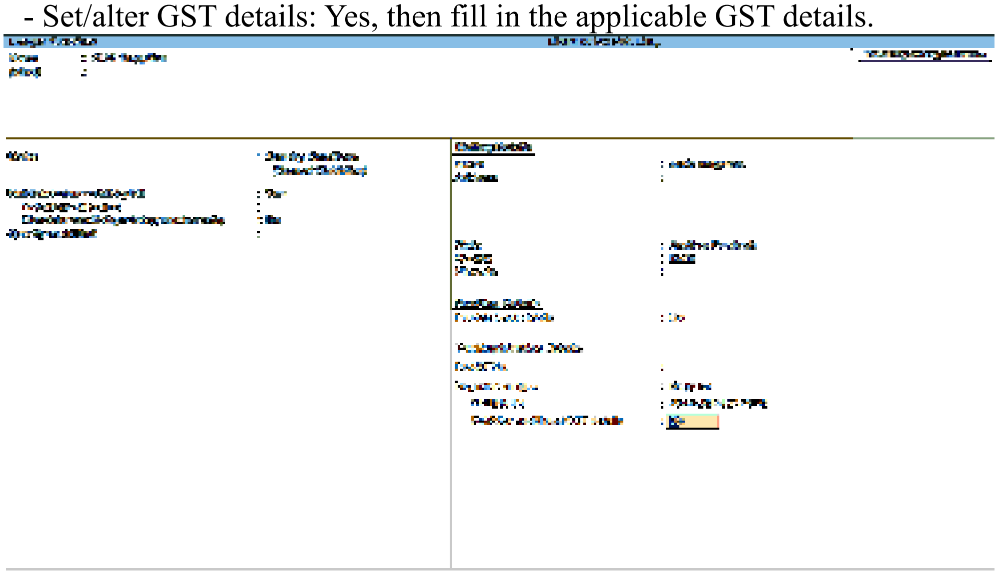
Step 2: Enable GST Features

1. Go to Gateway of Tally.
2. Navigate to `F11: Features`.
3. Select Statutory& Taxation`.
4. Enable `Goods and Services Tax (GST)` by setting it to `Yes`.
5. Enter the required GST details, such as GSTIN, applicable state, and the types of GST applicable (CGST, SGST, IGST).



Step 3: Create Necessary Ledgers

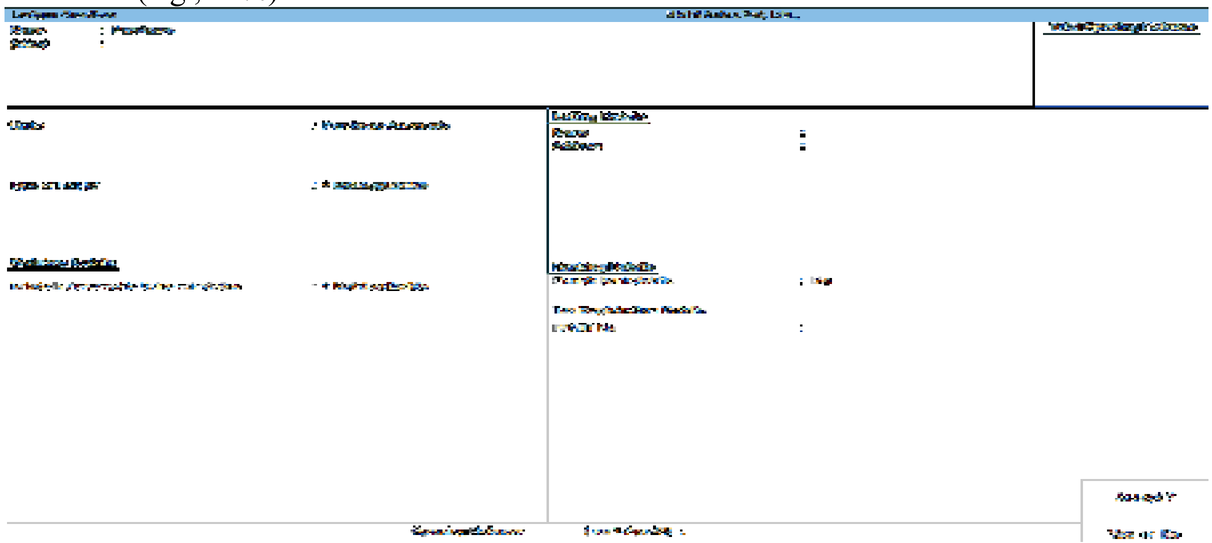
1. Create Supplier Ledger:
   - Go to **Gateway of Tally > Accounts Info > Ledgers > Create.**
   - Name: Enter the supplier's name (e.g., ABC Supplies).
   - Under: Sundry Creditors.
   - Maintain balances bill-by-bill: Yes.
   - GSTIN: Enter the supplier's GSTIN.
   - Set/alter GST details: Yes, then fill in the applicable GST details.



2. Create Purchase Ledger:

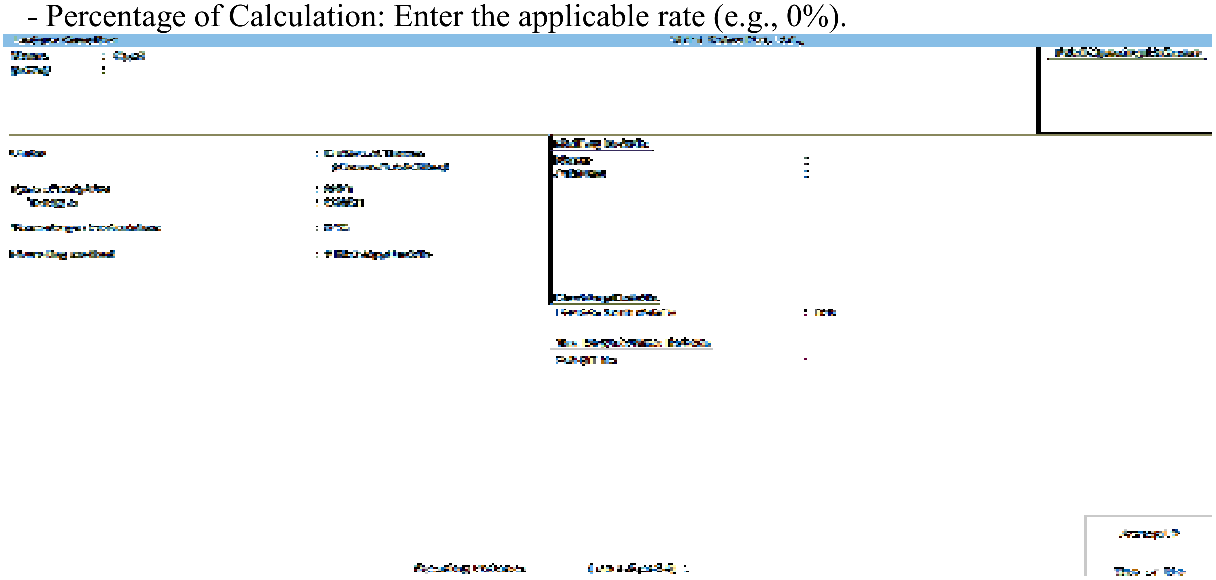
-Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Purchases.
- Under: Purchase Accounts.

- Type of Ledger: Not applicable (since it's a general purchase ledger).
- Set/alter GST details: Yes, then select `Goods` as the type of supply and fill in the necessary GST rates (e.g., 18%).



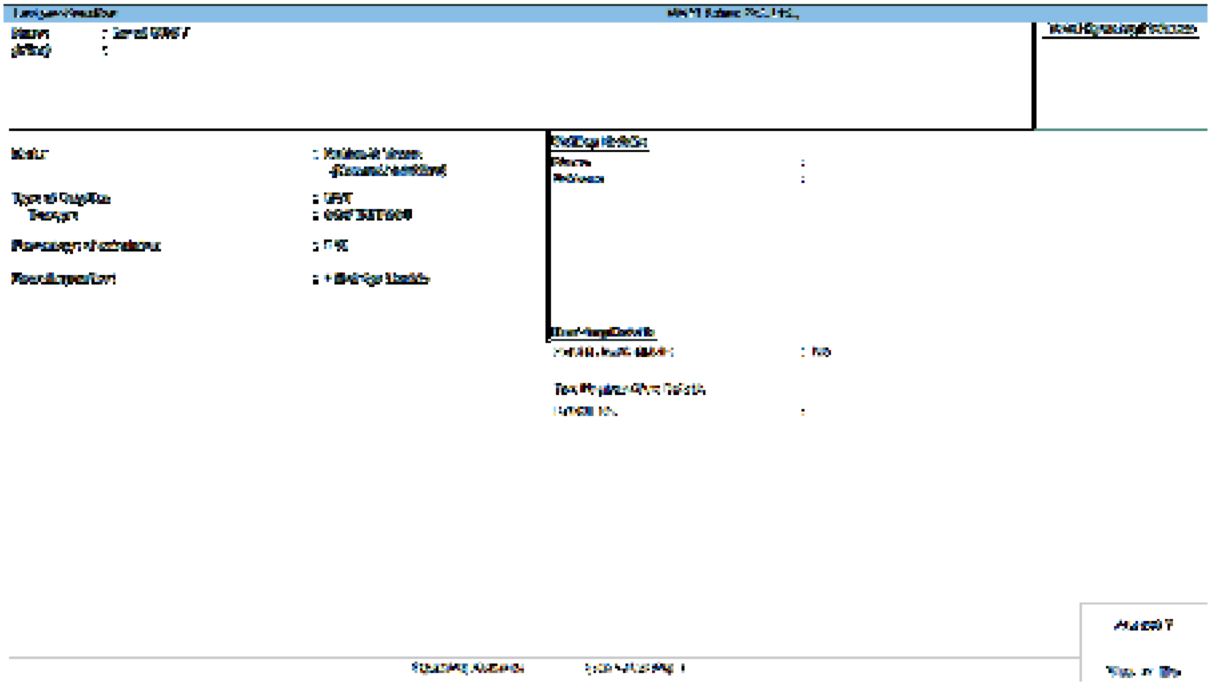
3. Create Input CGST Ledger

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Input CGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Central Tax (CGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



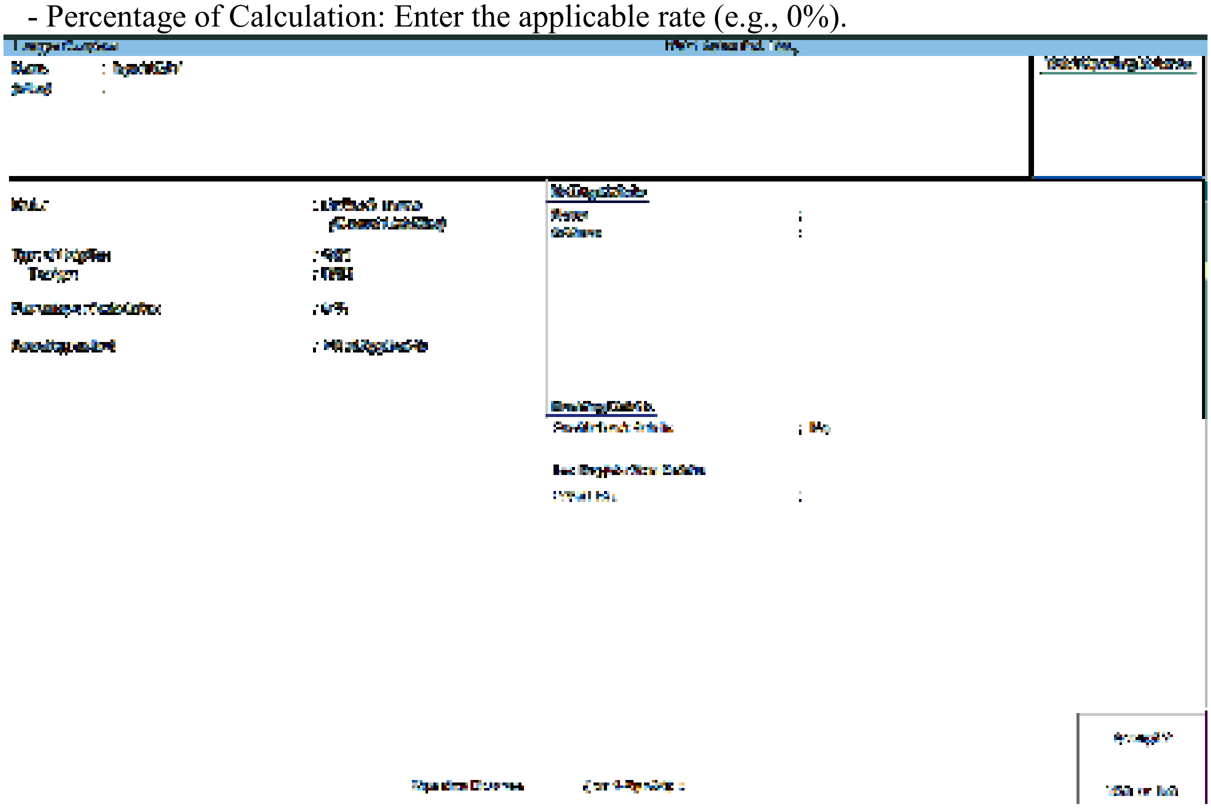
4. Create Input SGST Ledger

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Input SGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: State Tax (SGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



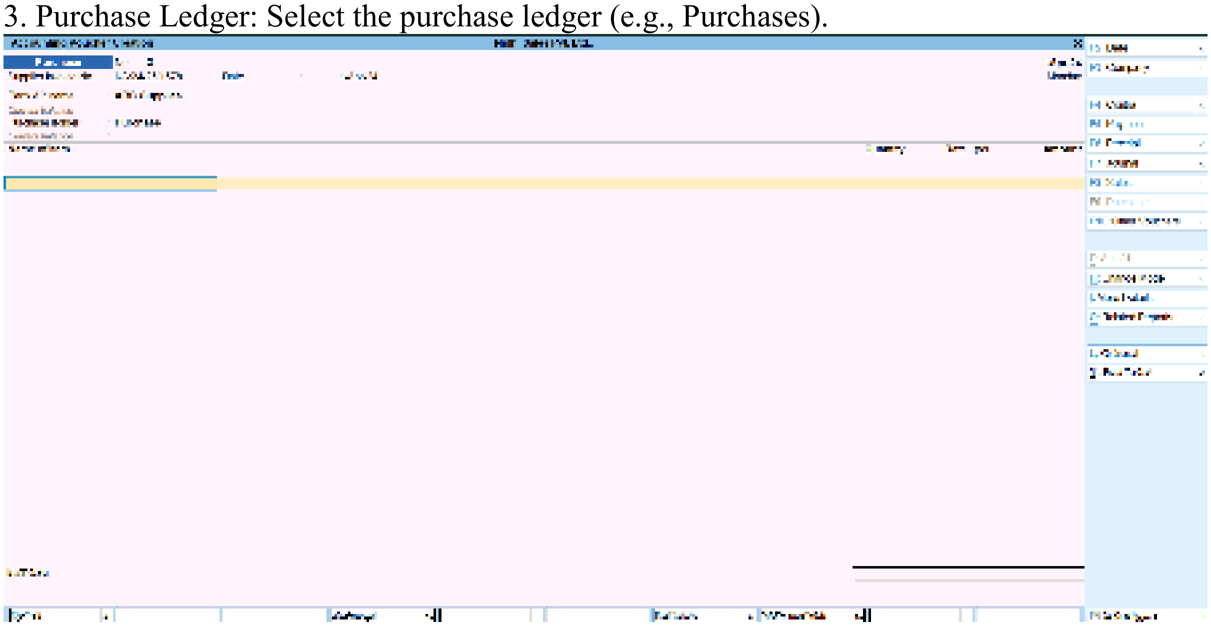
5. Create Input IGST Ledger:

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Input IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).

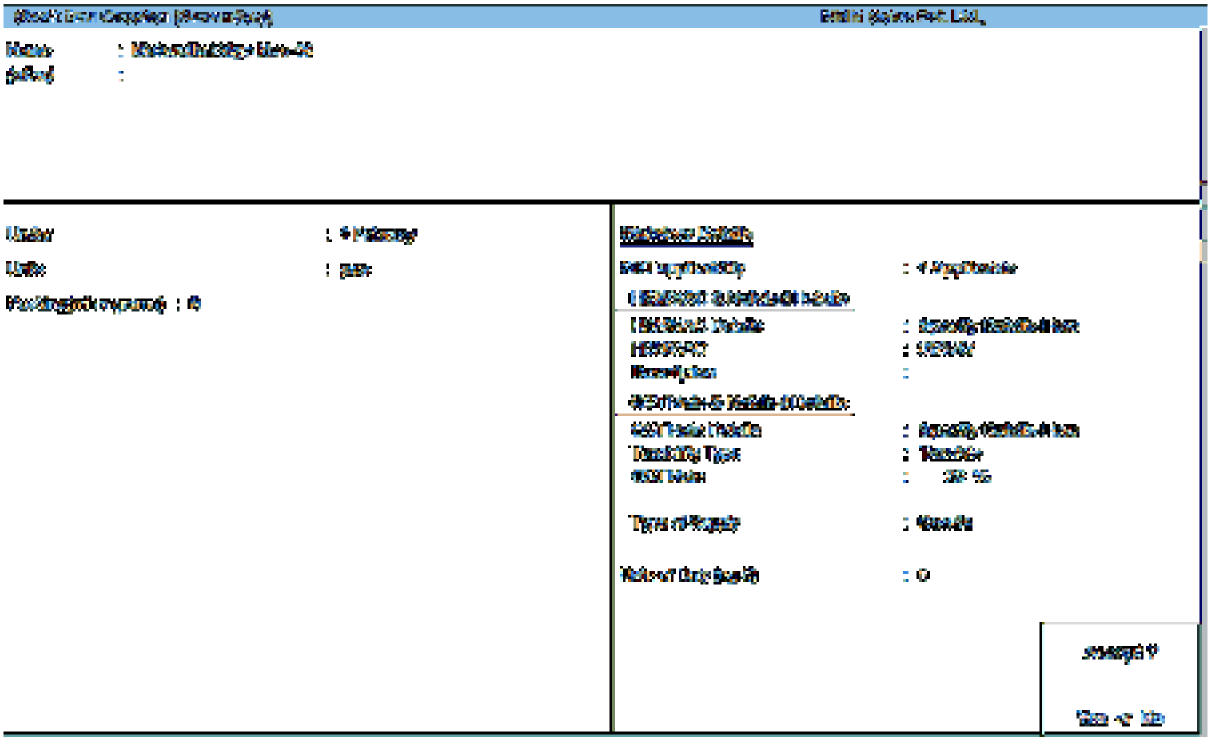


Step 4: Record the Purchase Voucher
1. Go to Gateway of Tally.
2. Navigate to `Vouchers`.
3. Select `F9: Purchase`. This opens the Purchase Voucher screen.

Step 5: Enter Purchase Details
1. Date: Enter the date of the purchase transaction.
2. Party A/c Name: Select the supplier's account (e.g., ABC Supplies).
3. Purchase Ledger: Select the purchase ledger (e.g., Purchases).

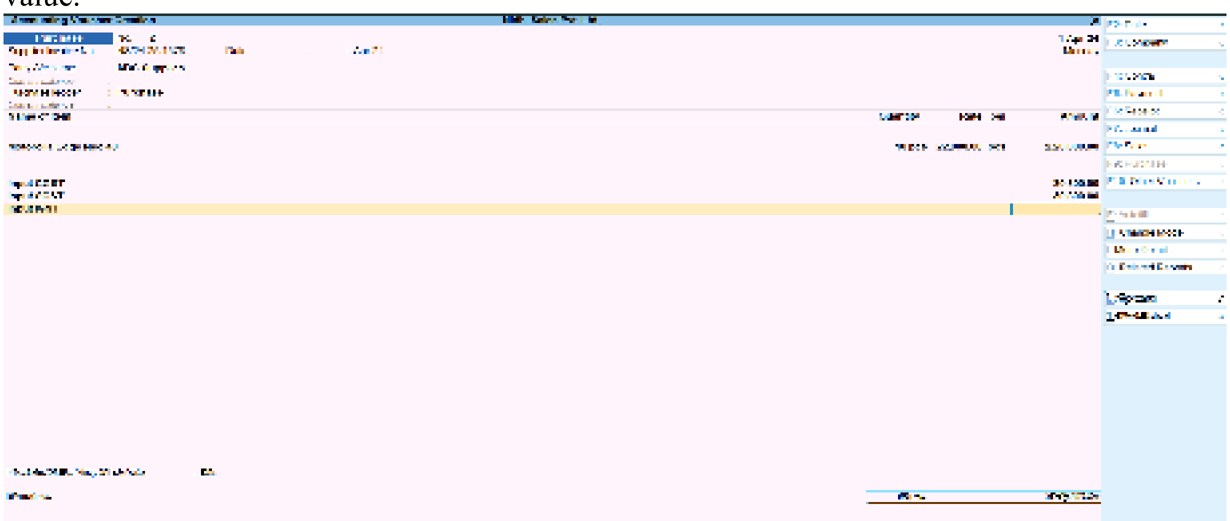


4. Name of Item: Select the item being purchased. If the item is not already in the system, create a new stock item. While, at the time of creation of item enter the HSN Code of such Product (or) SAC Code for such Services to be rendered by the Consumer from the supplier.
5. Quantity: Enter the quantity of the item.
6. Rate: Enter the rate per unit of the item.
7. Amount: Tally Prime will automatically calculate the total amount (Quantity x Rate).



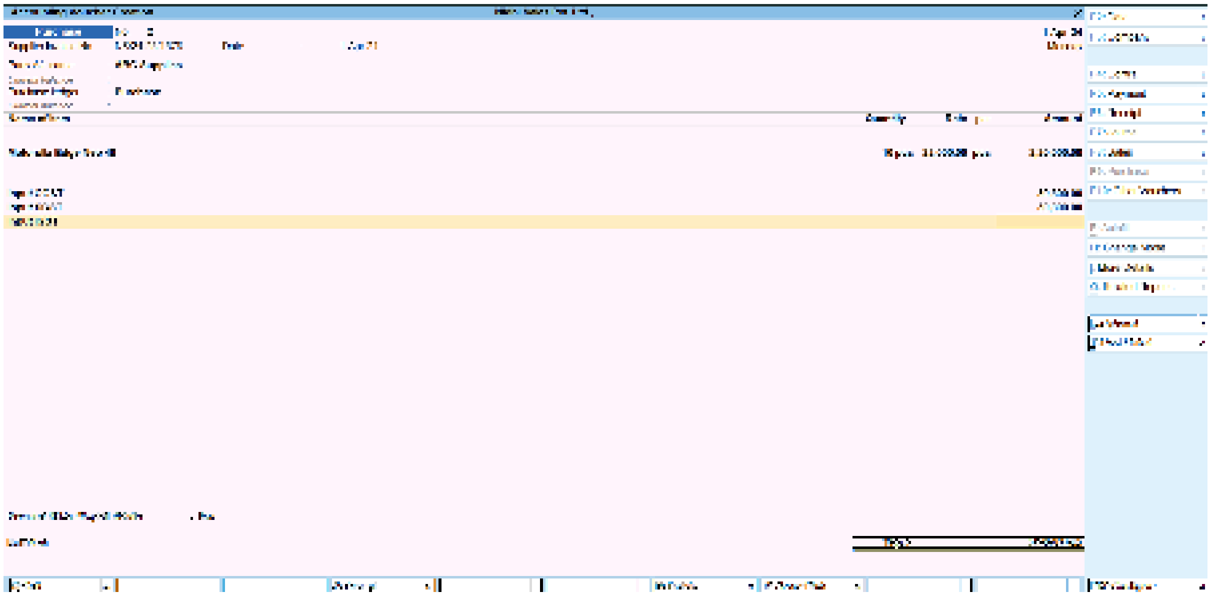
Step 6: Enter GST Details

1. Input CGST: Select the Input CGST ledger.
2. Input SGST: Select the Input SGST ledger.
3. Input IGST: Select the Input IGST ledger (if applicable).
4. Amount: Tally Prime will automatically calculate the GST amounts based on the purchase value.



Step 7: Complete and Save the Voucher

1. Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher.



Example:

Let's assume you are purchasing 10 units of an item called "Stationery" at ₹500 per unit from a supplier named "ABC Supplies" with an 18% GST rate (9% CGST and 9% SGST).

1. Open Purchase Voucher (`F9`).
2. Date: 02-06-2024.
3. Party A/c Name: ABC Supplies.
4. Purchase Ledger: Purchases.
5. Name of Item: Stationery.
6. Quantity: 10.
7. Rate: ₹500.
8. Amount: Automatically calculated as ₹5,000.
9. Input CGST: ₹450 (9% of ₹5,000).
10. Input SGST: ₹450 (9% of ₹5,000).
11. Narration: "Purchased 10 units of stationery with GST."

- Header Section:
  - Date: 08-06-2024
  - Voucher Type: Purchase
- Party Details:
  - Party A/c Name: ABC Supplies
- Purchase Ledger: Purchases
- Item Details Section:
  - Name of Item: Stationery
  - Quantity: 10
  - Rate: ₹500
  - Amount: ₹5,000
- GST Details:
  - Input CGST: ₹450 (9%)
  - Input SGST: ₹450 (9%)
- Narration: Purchased 10 units of stationery with GST.

By following these steps, you can accurately record a purchase bill with GST in Tally Prime, ensuring compliance with GST regulations and maintaining organized financial records.

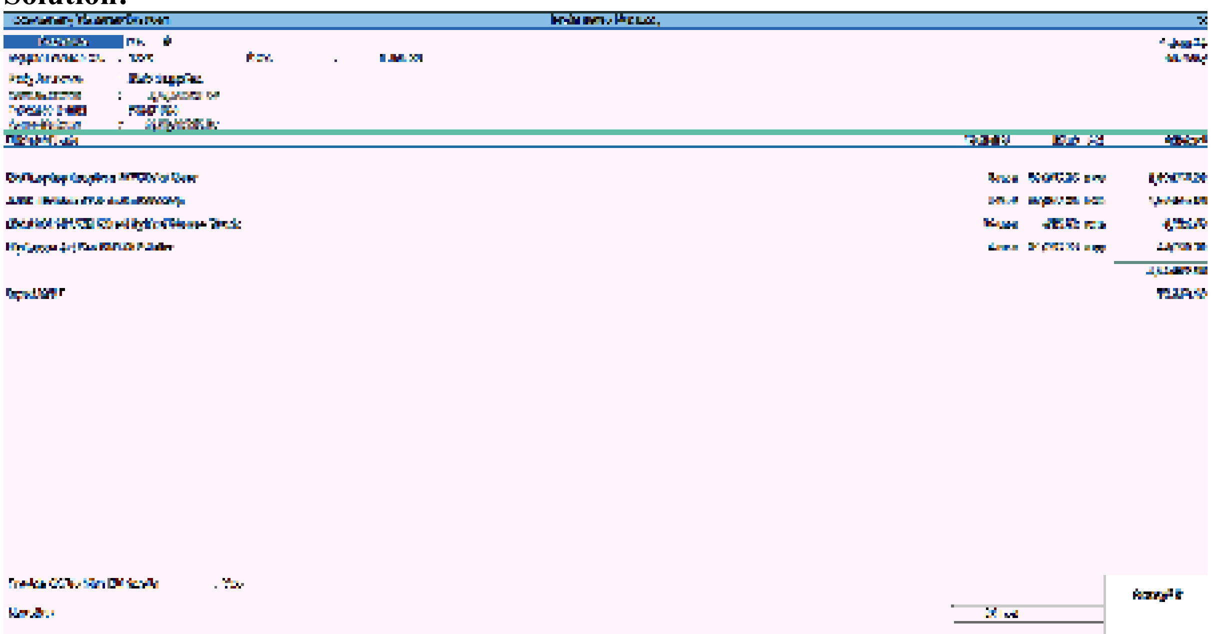
10.2 Problems:

Problem No:01

S.No.	Products	Qty	Rate	GST Rate	HSN Code	Value
1	Dell Laptop Inspiron 5370 Intel Core	5	50,000	18%	8471	2,50,000
2	Acer -IE-3900-18.5-Inch-Desktop	5	25,000	18%	8471	1,25,000
3	Dell MS118 USB wired optical Mouse black	10	450	18%	84716050	4,500
4	HP Laser Jet Pro M1136 printer	4	11,000	18%	8443	44,000

Note: Unit of Measures Shall be Nos – Numbers for All Stock Item.

Solution:



Problem No:02

Invoice no: E-03-24-25

Goods Purchased from Ramesh & Co

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	Vaule
1	Motorola Edge Neo 40	10	22000	Nos	28%	876531	220000
2	Redmi 7s	15	10000	Nos	28%	876531	150000
3	Real me 12 pro	20	25000	Nos	28%	876531	500000
4	Samsung galaxy J7	18	5000	Nos	28%	876531	90000

Problem No:03

Invoice no: RJ/33-24-25

Goods Purchased from Raj pvt ltd

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	Vaule
1	Mobile Charger	20	500	Nos	12%	876531	10000
2	Ear phones	50	460	Nos	12%	876531	23000
3	Bluethooth Neckband	90	980	Nos	12%	876531	88200
4	Keyboard	150	750	Nos	12%	876531	112500

Problem No:04
Invoice no: RA/24-25/1258
Goods Purchased from Rao Computers

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	Value
1	Computer	15	6000	Nos	28%	876531	90000
2	Laptop	20	56000	Nos	28%	876531	1120000
3	Monitor	50	12000	Nos	28%	876531	600000
4	Touch Pad	80	5900	Nos	28%	876531	472000

10.3 Keywords related to creating an intra-state purchase invoice in Tally Prime:

1. Intra-State Purchase: Transactions where goods are purchased within the same state, applying CGST and SGST.
2. Supplier Ledger: Create or select a ledger for the supplier within the same state.
3. GST Details: Accurate entry of GST rates (e.g., CGST 9%, SGST 9%) for purchased items.
4. Voucher Entry: Use the purchase voucher to record the invoice, ensuring correct GST calculations and allocations.

10.4 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

Srihari Nizampatnam

Lesson - 11
SALE INVOICE WITH INTRA STATE

Objective:
1. Intra State Sales Transactions: Define intra-state sales transactions and their implications for GST.
2. Creating Intra State Sale Invoices: Detail the process of creating sale invoices for intra-state transactions in Tally Prime.
3. GST on Sales: Explain how GST is calculated and applied on intra-state sale invoices.
4. Compliance Requirements: Discuss the compliance requirements for intra-state sale invoices under GST.
5. Impact on Financial Statements: Describe how intra-state sale invoices affect financial statements and tax liabilities.

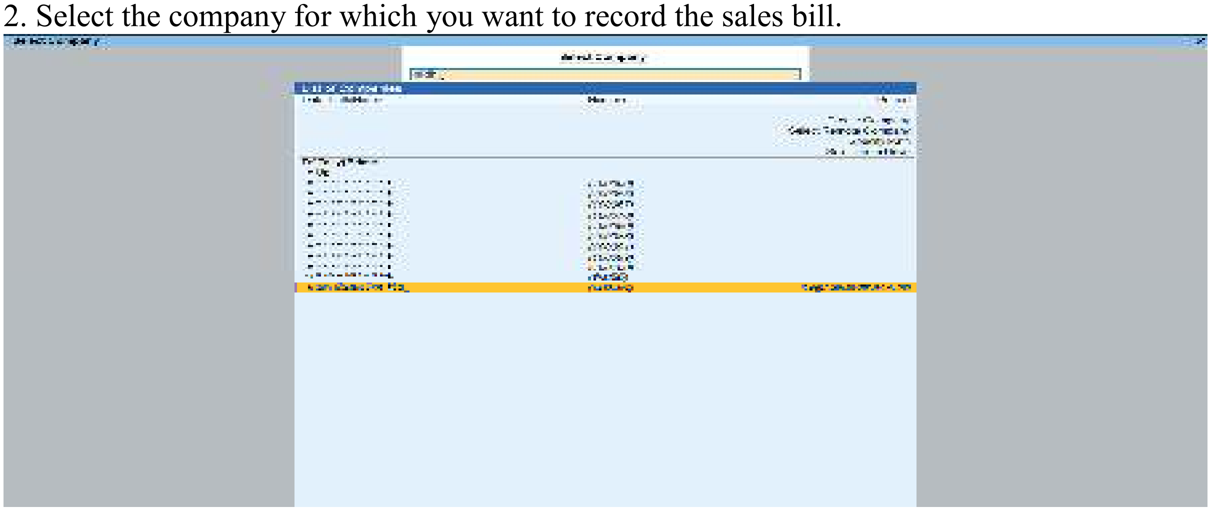
Structure:

11.1 Introduction to Sale Voucher with GST:

Recording a sales bill in Tally Prime with GST involves several steps, including configuring GST details, creating necessary ledgers, and entering the sales details in the sales voucher. Here's a detailed step-by-step guide along with an explanation for each part of the process.

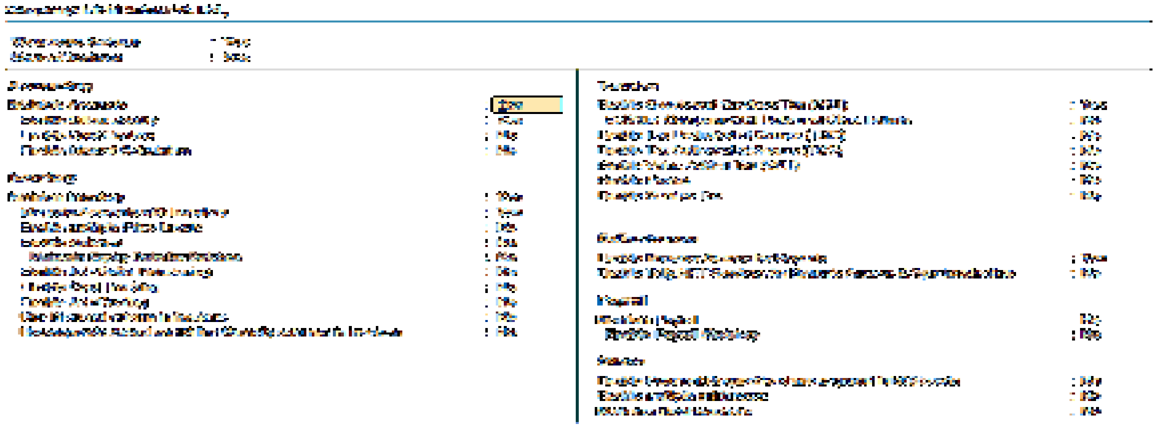
Step-by-Step Guide to Record a Sales Bill with GST in Tally Prime

Step 1: Open Tally Prime and Select the Company
1. Open Tally Prime.
2. Select the company for which you want to record the sales bill.



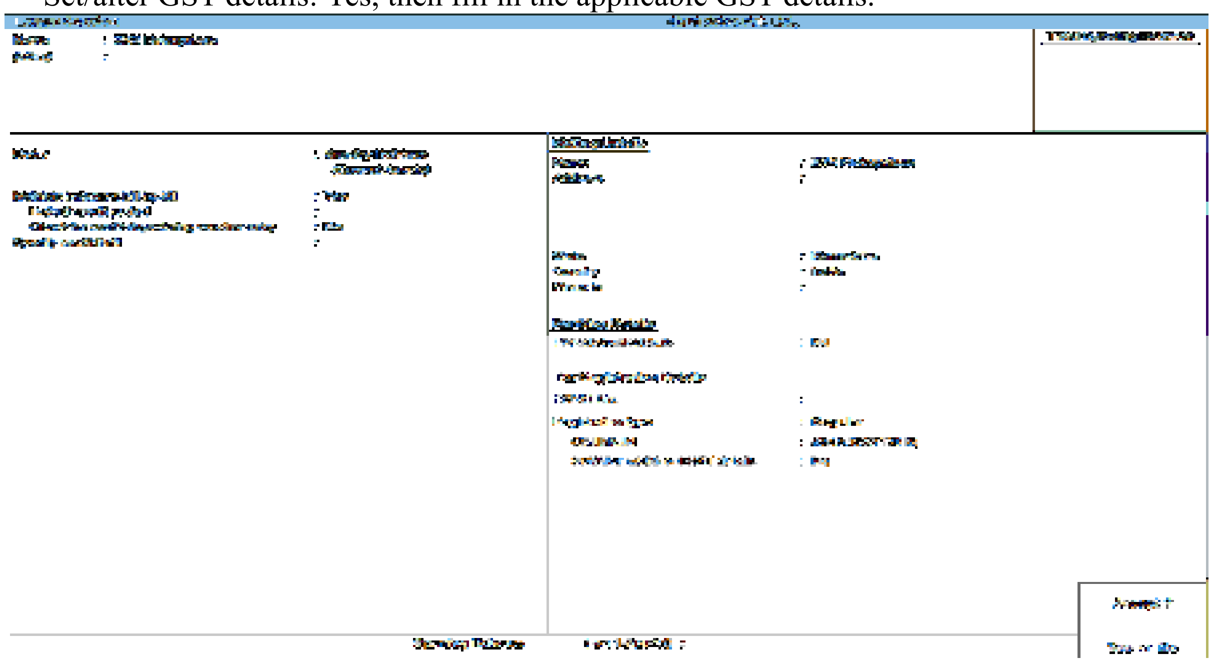
Step 2: Enable GST Features
1. Go to Gateway of Tally.
2. Navigate to `F11: Features`.
3. Select Statutory & Taxation`.
4. Enable `Goods and Services Tax (GST)` by setting it to `Yes`.

5. Enter the required GST details, such as GSTIN, applicable state, and the types of GST applicable (CGST, SGST, IGST).



Step 3: Create Necessary Ledgers

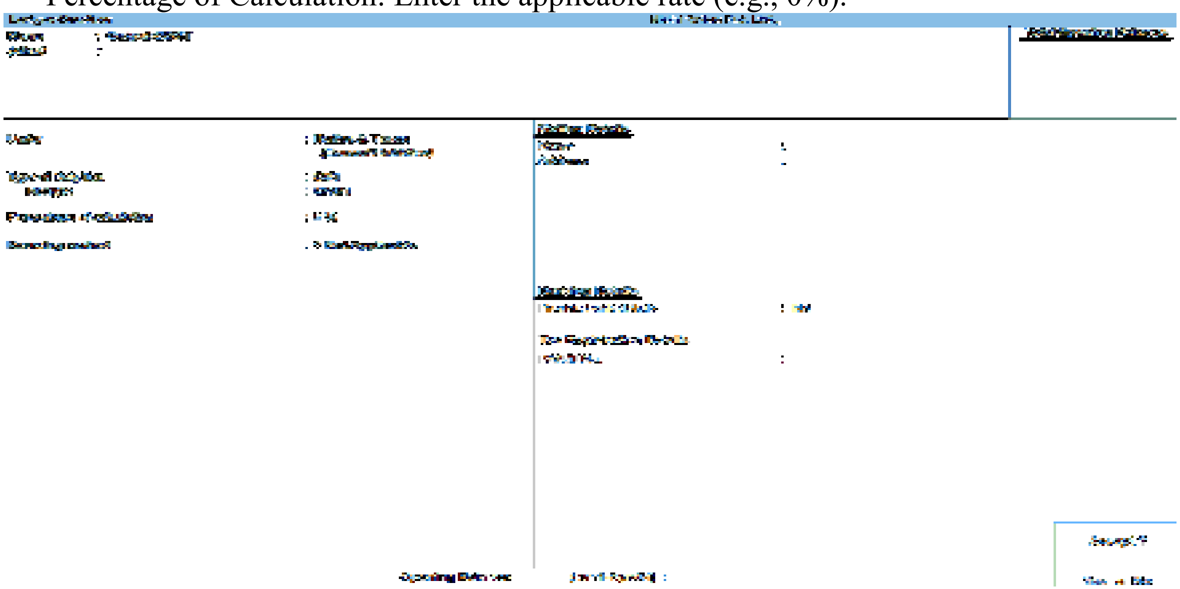
1. **Create Customer Ledger:**
   - Go to Gateway of Tally > Accounts Info > Ledgers > Create.
   - Name: Enter the customer's name (e.g., XYZ Enterprises).
   - Under: Sundry Debtors.
   - Maintain balances bill-by-bill: Yes.
   - GSTIN: Enter the customer's GSTIN.
   - Set/alter GST details: Yes, then fill in the applicable GST details.



2. **Create Sales Ledger:**
   - Go to Gateway of Tally > Accounts Info > Ledgers > Create.
   - Name: Sales.
   - Under: Sales Accounts.
   - Type of Ledger: Not applicable (since it’s a general sales ledger).
   - Set/alter GST details: Yes, then select `Goods` or `Services` as the type of supply and fill in the necessary GST rates (e.g., 0%).

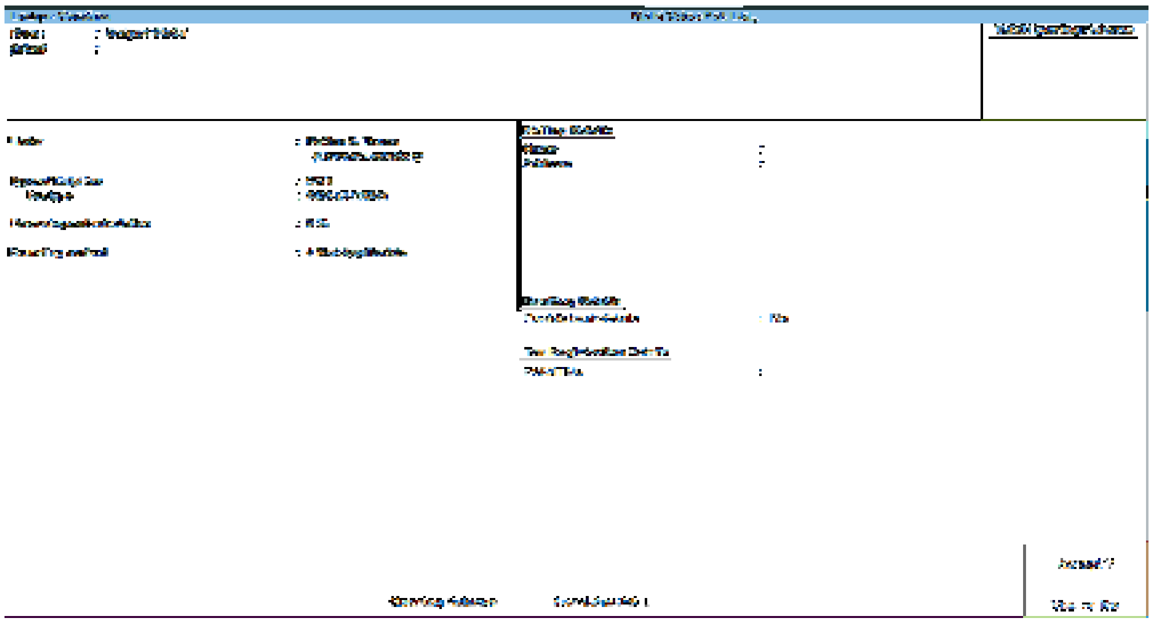
3. **Create Output CGST Ledger:**

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output CGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Central Tax (CGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



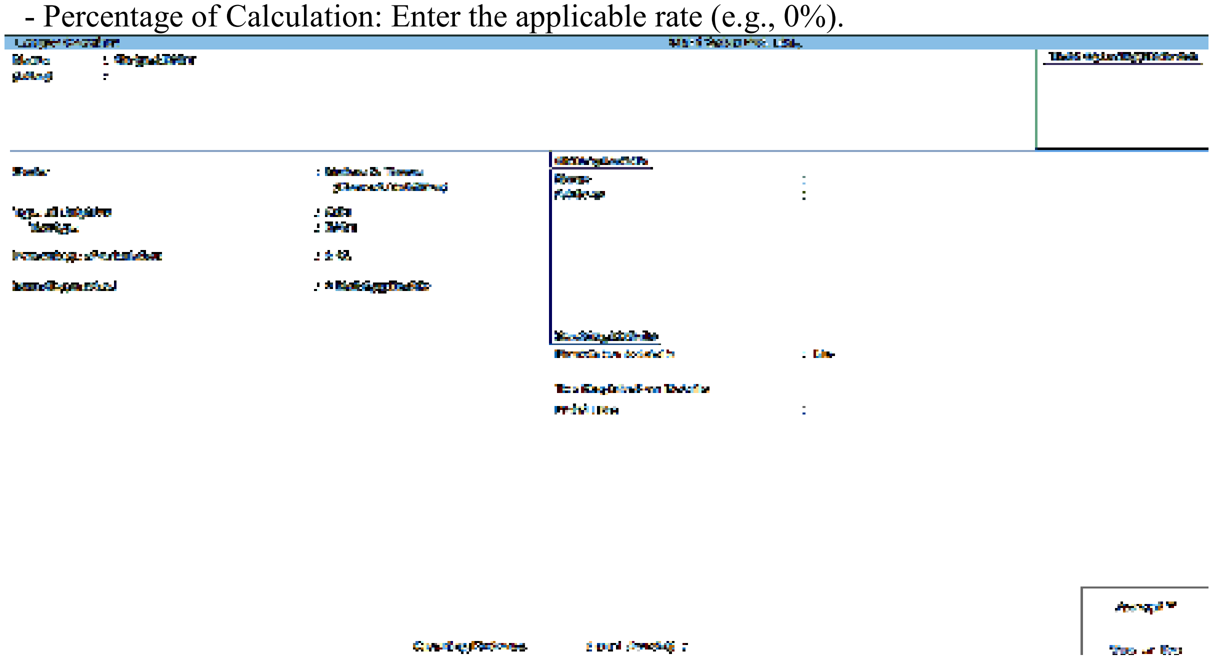
4. Create Output SGST Ledger:

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output SGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: State Tax (SGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



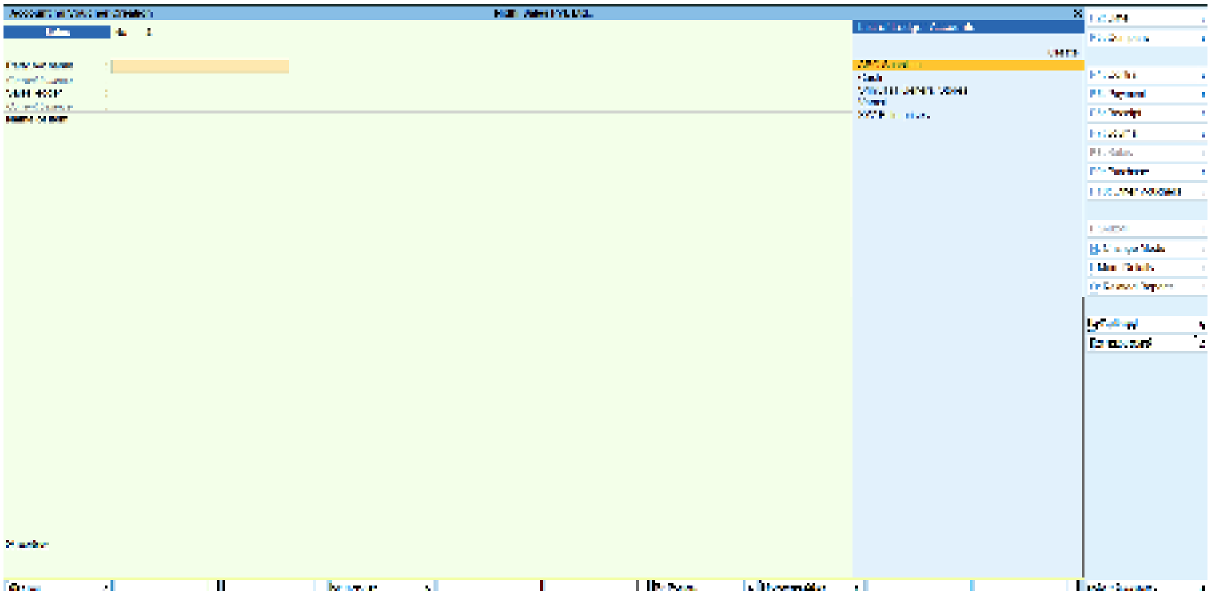
5. Create Output IGST Ledger:

- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



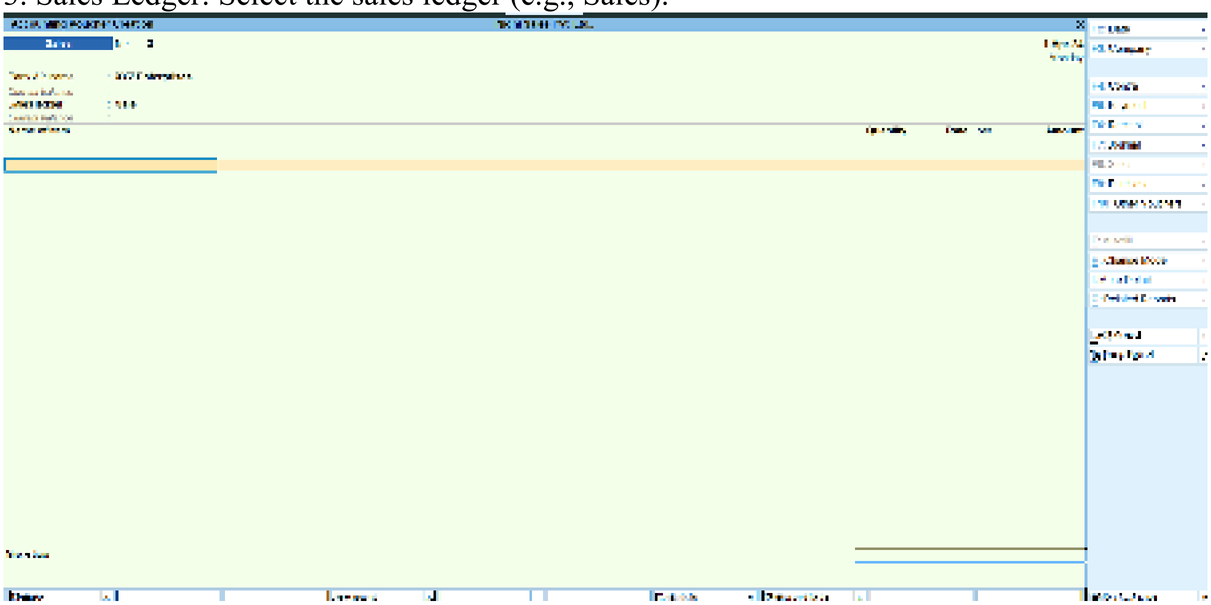
Step 4: Record the Sales Voucher

1. Go to Gateway of Tally.
2. Navigate to `Vouchers`.
3. Select `F8: Sales`. This opens the Sales Voucher screen.



Step 5: Enter Sales Details

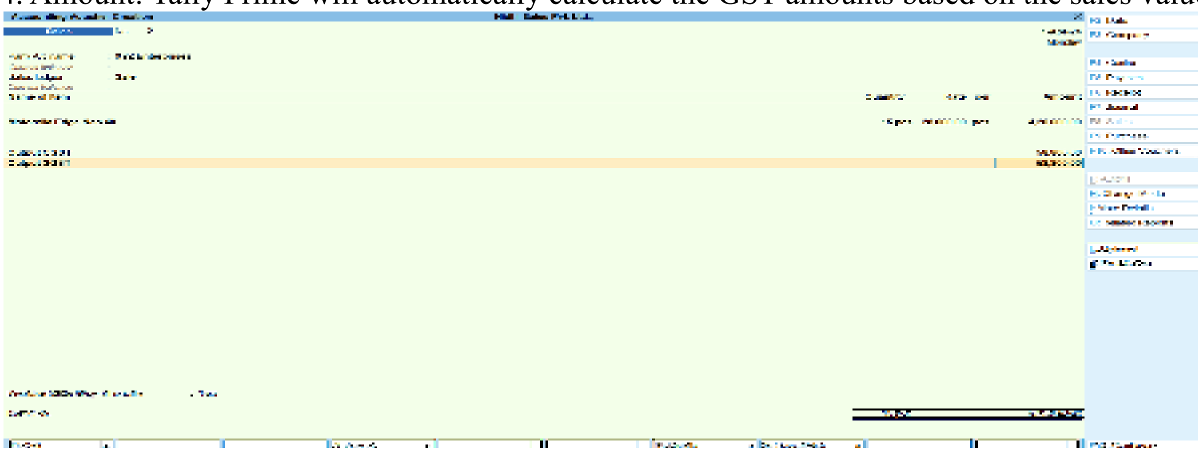
1. Date: Enter the date of the sales transaction.
2. Party A/c Name: Select the customer's account (e.g., XYZ Enterprises).
3. Sales Ledger: Select the sales ledger (e.g., Sales).



4. Name of Item: Select the item being sold. If the item is not already in the system, create a new stock item. At the time of purchases then only item shall be created so we can use the existing item only. And along that at the time of
Creation itself the HSN Code of such Product or SAC Code of Such Services and also enter the GST Rate for such Item shall be entered Mandatory.
5. Quantity: Enter the quantity of the item.
6. Rate: Enter the rate per unit of the item.
7. Amount: Tally Prime will automatically calculate the total amount (Quantity x Rate).

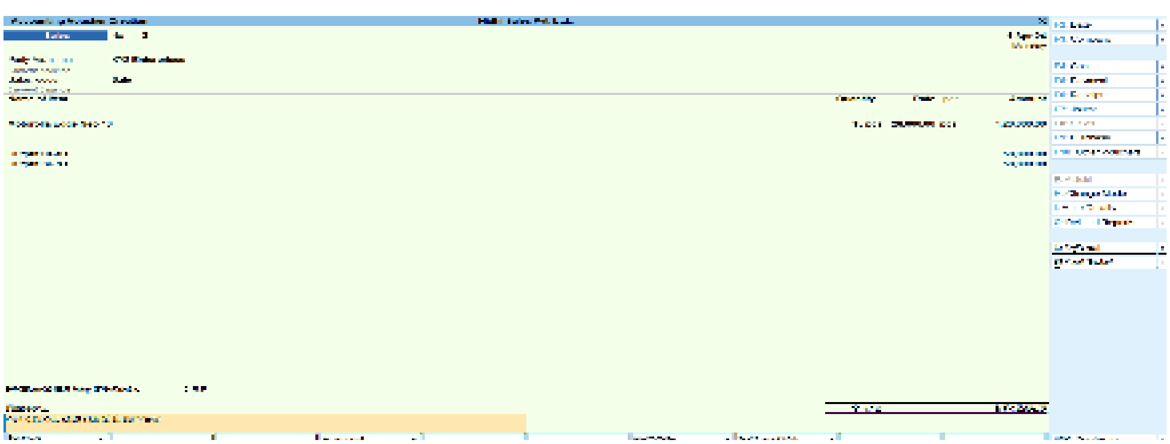
Step 6: Enter GST Details

1. Output CGST: Select the Output CGST ledger.
2. Output SGST: Select the Output SGST ledger.
3. Output IGST: Select the Output IGST ledger (if applicable).
4. Amount: Tally Prime will automatically calculate the GST amounts based on the sales value.



Step 7: Complete and Save the Voucher

1. Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher (or) Press enter key upto the end then also it shall be save



Example:
Let's assume you are selling 5 units of an item called "Stationery" at ₹1,000 per unit to a customer named "XYZ Enterprises" with an 18% GST rate (9% CGST and 9% SGST).
1. Open Sales Voucher (`F8`).
2. Date: 01-06-2024.
3. Party A/c Name: XYZ Enterprises.
4. Sales Ledger: Sales.
5. Name of Item: Stationery.
6. Quantity: 5.
7. Rate: ₹1,000.
8. Amount: Automatically calculated as ₹5,000.
9. Output CGST: ₹450 (9% of ₹5,000).
10. Output SGST: ₹450 (9% of ₹5,000).
11. Narration: "Sold 5 units of stationery with GST."
- Header Section:
  - Date: 08-06-2024
  - Voucher Type: Sales
- Party Details: XYZ Enterprises
- Sales Ledger: Sales
- Item Details Section:
  - Name of Item: Stationery
  - Quantity: 5
  - Rate: ₹1,000
  - Amount: ₹5,000
- GST Details:
  - Output CGST: ₹450 (9%) & Output SGST: ₹450 (9%)
- Narration: Sold 5 units of stationery with GST.

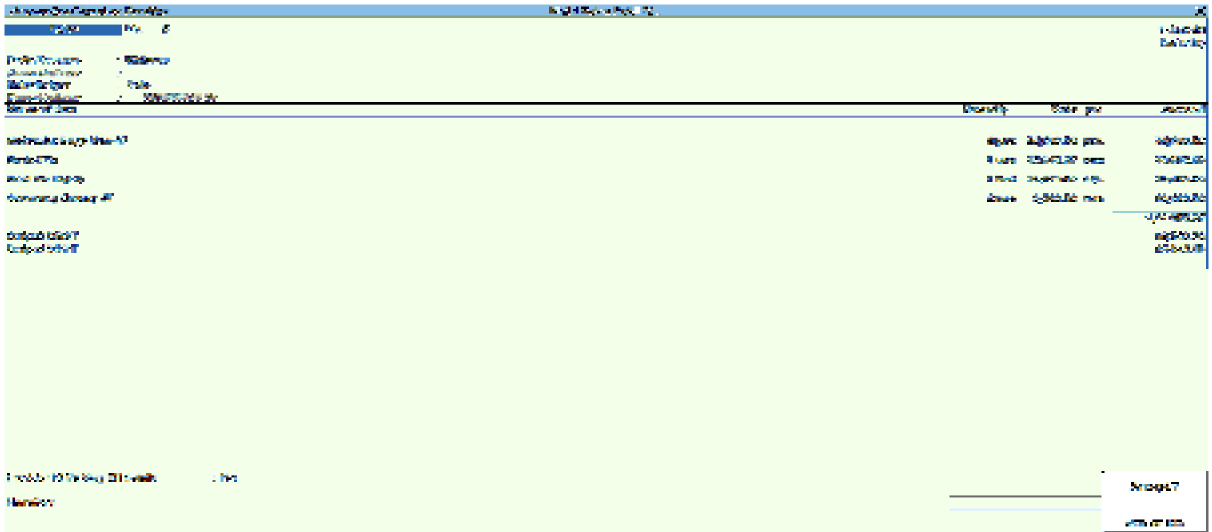
By following these steps, you can accurately record a sales bill with GST in Tally Prime, ensuring compliance with GST regulations and maintaining organized financial records.

11.2 Problem on Sale Invoice with Single Rated Invoice

Problem No:01
Goods Sold to Mahesh on Credit Basis and a He is from Karnataka.

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	Value
1	Motorola Edge Neo 40	3	25000	Nos	28%	876531	75000
2	Redmi 7s	1	15000	Nos	28%	876531	15000
3	Real me 12 pro	1	28000	Nos	28%	876531	28000
4	Samsung galaxy J7	2	6500	Nos	28%	876531	13000

Solution:



Problem No:02
Goods Sold to Rasheed and He is from the state of Karnataka.

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Mobile Charger	2	700	Nos	12%	876531	1400
2	Ear phones	5	590	Nos	12%	876531	2950
3	Bluethooth Neckband	4	1050	Nos	12%	876531	4200
4	Keyboard	12	1100	Nos	12%	876531	13200

Problem No:03
Goods Sold to Ravali and she is from the State of Karnataka.

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Computer	3	8000	Nos	28%	876531	24000
2	Laptop	1	60000	Nos	28%	876531	60000
3	Monitor	5	12600	Nos	28%	876531	63000
4	Touch Pad	7	6300	Nos	28%	876531	44100

11.3 Keywords related to creating a sale invoice with intra-state transactions in Tally Prime:

1. Intra-State Sale:Recording sales within the same state, applying CGST and SGST.
2. Customer Ledger: Setup customer details, including GSTIN and state.
3. Sales Ledger:Configuration of sales ledger with appropriate GST rates (CGST + SGST).
4. Item Allocation: Assigning items and their respective GST rates in the sales invoice.

11.4 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

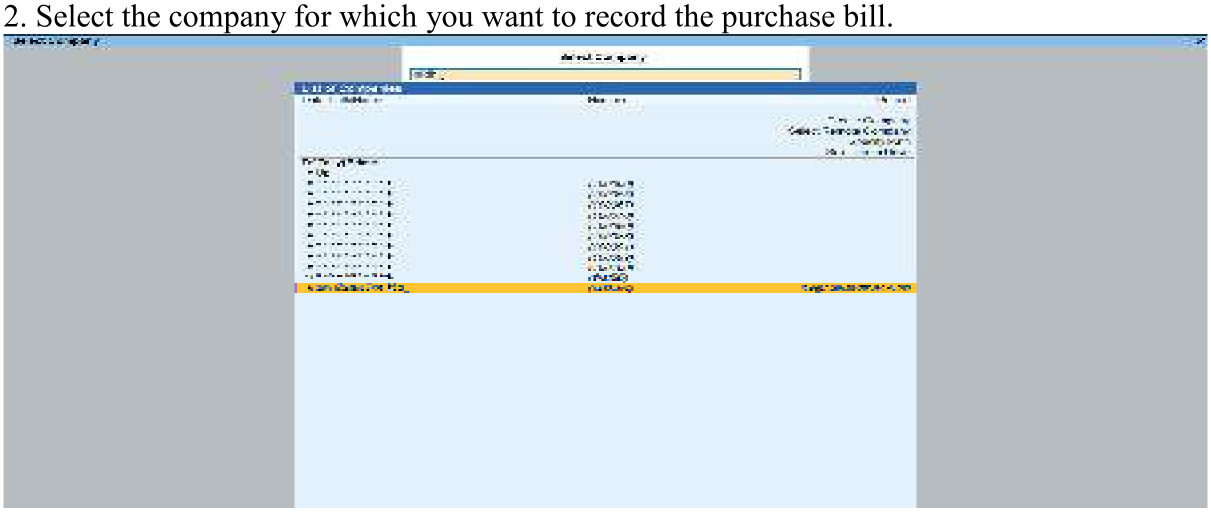
M.P. Eshwera Rao

Lesson – 12
PURCHASE INVOICE WITH INTER STATE

Objective:
1. Understanding Inter State Transactions: Define inter-state transactions and their relevance in GST.
2. Creating Inter State Purchase Invoices: Detail the process of creating purchase invoices for inter-state transactions in Tally Prime.
3. IGST Calculation: Explain how Integrated GST (IGST) is calculated and applied on inter-state purchase invoices.
4. Documentation Requirements: Highlight the necessary documentation for inter-state purchase transactions.
5. Reporting and Compliance: Discuss the reporting and compliance requirements for inter-state purchase invoices under GST.

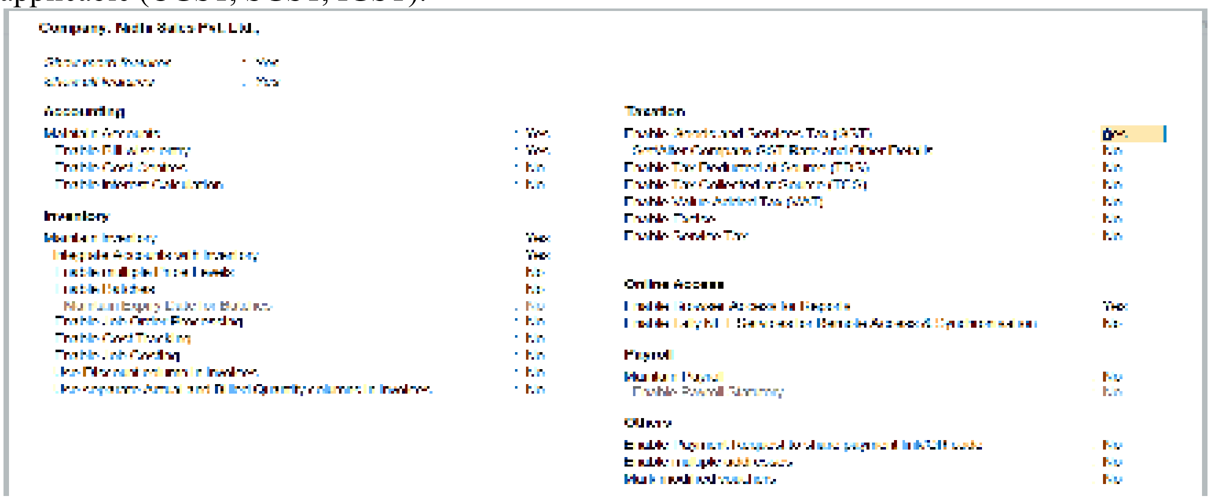
Structure:
12.1 Purchase Invoice with Inter State Transactions
12.2 Problems on Inter State Purchase Transactions
12.3 Keywords related to entering an inter-state purchase invoice in Tally Prime
12.4 Reference

12.1 Purchase Invoice with Inter State Transactions:
Recording an inter-state purchase bill with Integrated GST (IGST) in Tally Prime involves configuring GST details, creating necessary ledgers, and entering the purchase details in the purchase voucher. Here's a detailed step-by-step guide along with an explanation for each part of the process.
Step-by-Step Guide to Record an Inter-State Purchase Bill with IGST in Tally Prime
Step 1: Open Tally Prime and Select the Company
1. Open Tally Prime.
2. Select the company for which you want to record the purchase bill.



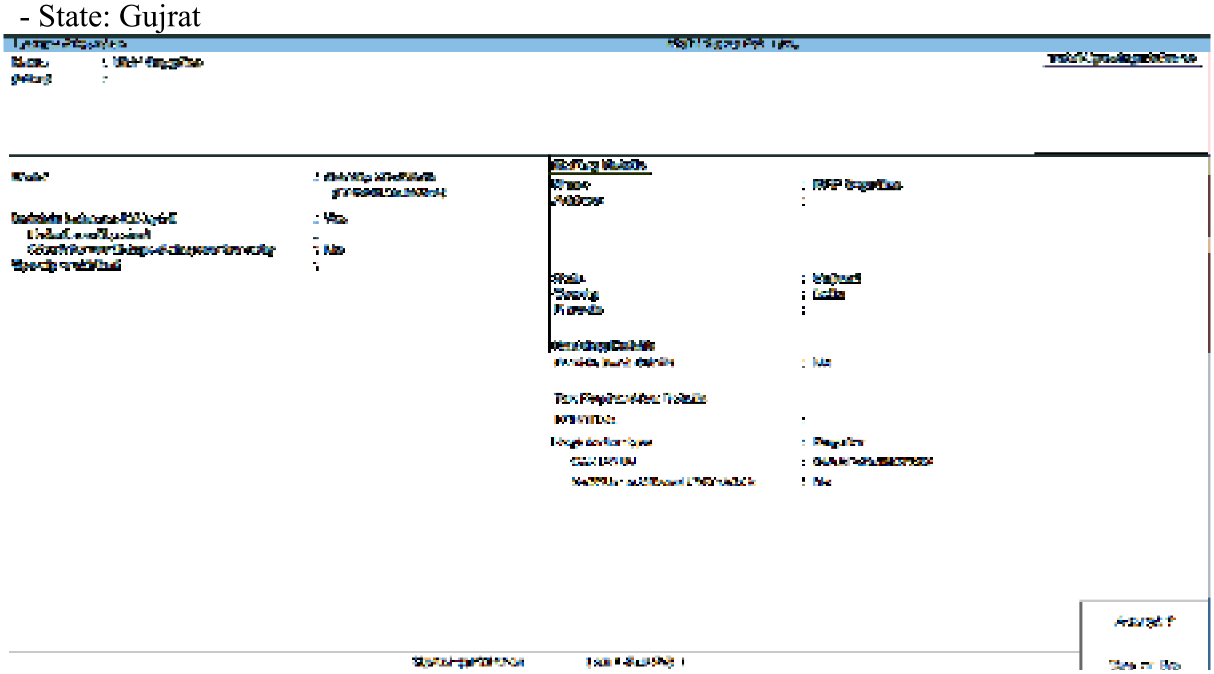
Step 2: Enable GST Features
1. Go to Gateway of Tally.

2. Navigate to `F11: Features`.
3. Select `Statutory & Taxation`.
4. Enable `Goods and Services Tax (GST)` by setting it to `Yes`.
5. Enter the required GST details, such as GSTIN, applicable state, and the types of GST applicable (CGST, SGST, IGST).



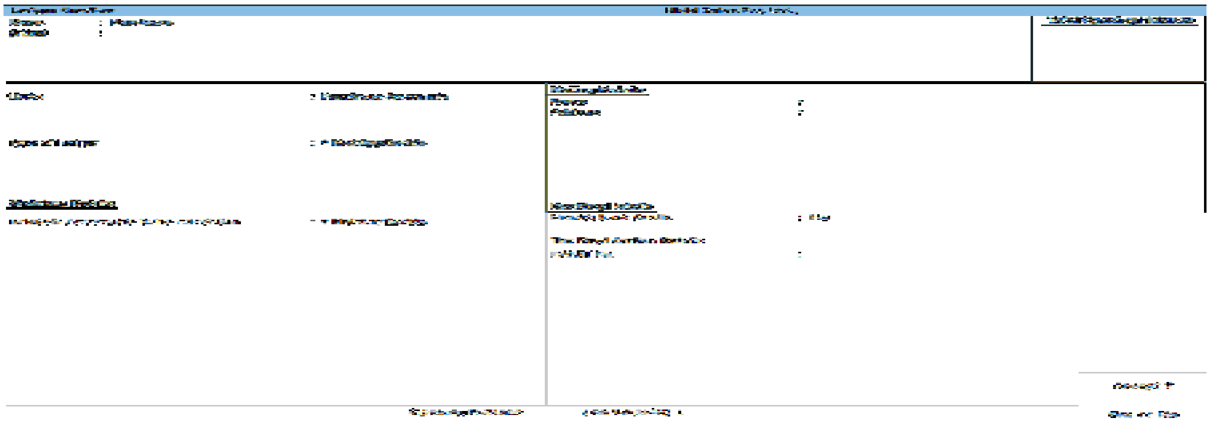
Step 3: Create Necessary Ledgers

1. Create Supplier Ledger:
   - Go to Gateway of Tally > Accounts Info > Ledgers > Create.
   - Name: Enter the supplier's name (e.g., DEF Supplies).
   - Under: Sundry Creditors.
   - Maintain balances bill-by-bill: Yes.
   - GSTIN: Enter the supplier's GSTIN.
   - Set/alter GST details: Yes, then fill in the applicable GST details.
   - State: Gujrat

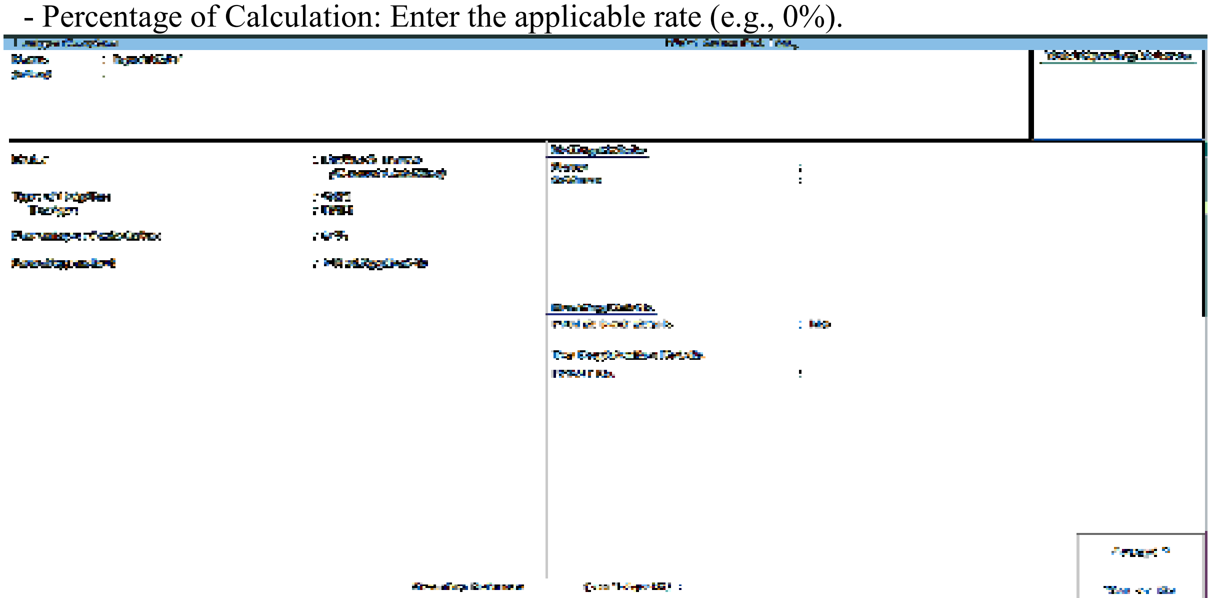


2. Create Purchase Ledger:
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Purchases.
- Under: Purchase Accounts.
- Type of Ledger: Not applicable (since it’s a general purchase ledger).
- Set/alter GST details: Yes, then select `Goods` as the type of supply and fill in the necessary GST rates (e.g., 0%).

3. **Create Input IGST Ledger:**



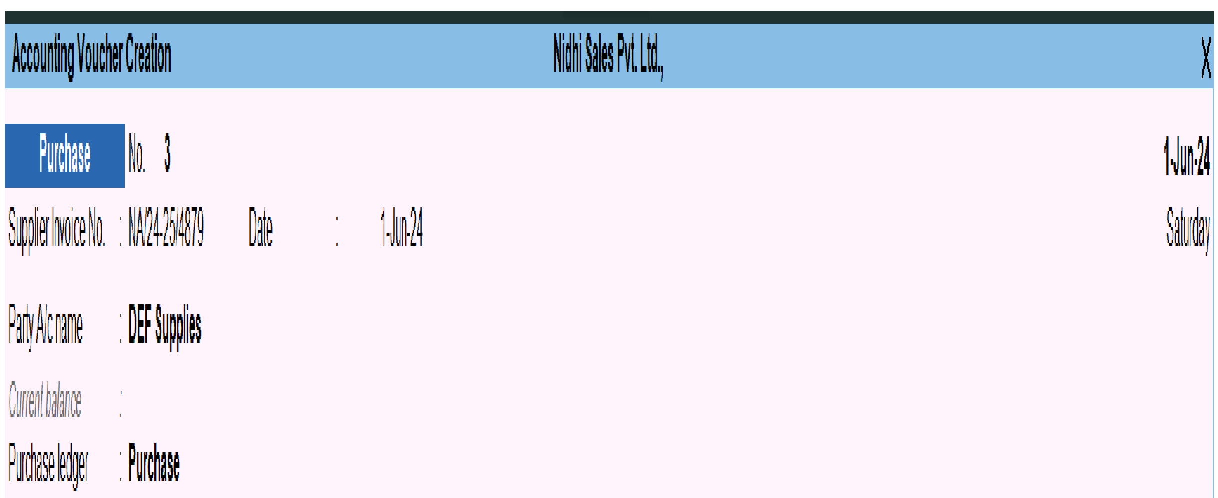
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Input IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation: Enter the applicable rate (e.g., 0%).



Step 4: Record the Purchase Voucher
1. Go to Gateway of Tally.
2. Navigate to `Vouchers`.
3. Select `F9: Purchase`. This opens the Purchase Voucher screen.

Step 5: Enter Purchase Details

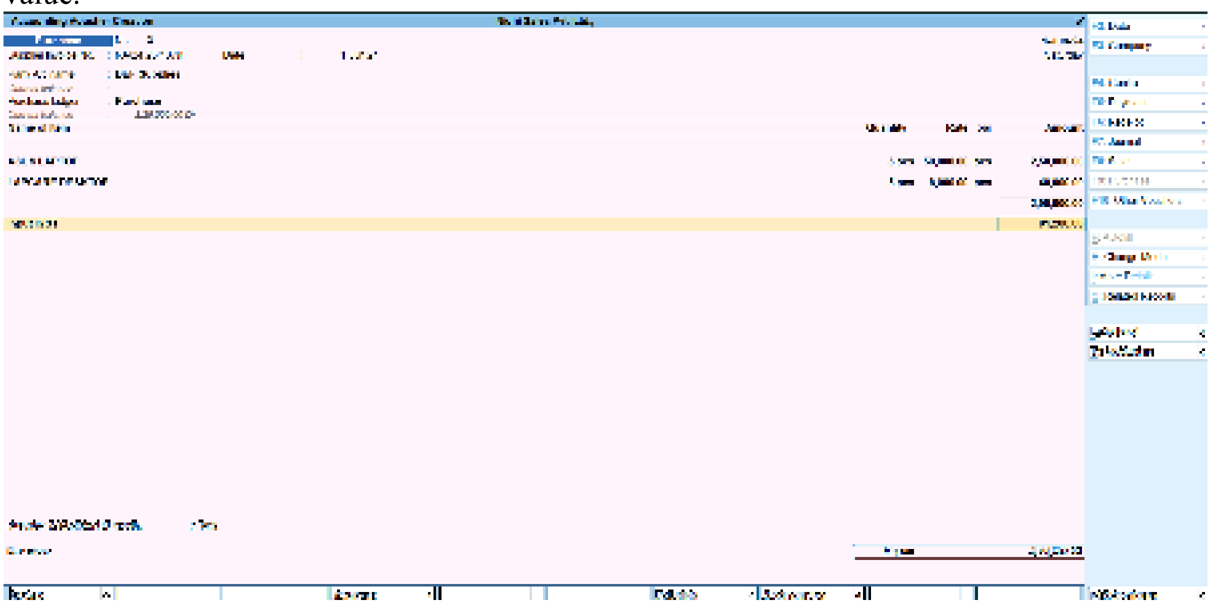
1. Date: Enter the date of the purchase transaction.
2. Party A/c Name: Select the supplier’s account (e.g., DEF Supplies).
3. Purchase Ledger: Select the purchase ledger (e.g., Purchases).



4. Name of Item: Select the item being purchased. If the item is not already in the system, create a new stock item.
5. Quantity: Enter the quantity of the item.
6. Rate: Enter the rate per unit of the item.
7. Amount: Tally Prime will automatically calculate the total amount (Quantity x Rate).

Step 6: Enter IGST Details

1. Input IGST: Select the Input IGST ledger.
2. Amount: Tally Prime will automatically calculate the IGST amount based on the purchase value.



Step 7: Complete and Save the Voucher

1. Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher.

Example:
Let's assume you are purchasing 10 units of an item called "Stationery" at ₹500 per unit from a supplier named "ABC Supplies" in a different state with an 18% GST rate (IGST).
1. Open Purchase Voucher (`F9`).
2. Date: 01-06-2024.
3. Party A/c Name: DEF Supplies.
4. Purchase Ledger: Purchases.
5. Name of Item: Stationery.
6. Quantity & Rate: 10 & ₹500
8. Amount: Automatically calculated as ₹5,000.
9. Input IGST: ₹900 (18% of ₹5,000).
10. Narration: "Purchased 10 units of stationery with IGST."
By following these steps, you can accurately record an inter-state purchase bill with IGST in Tally Prime, ensuring compliance with GST regulations and maintaining organized financial records.

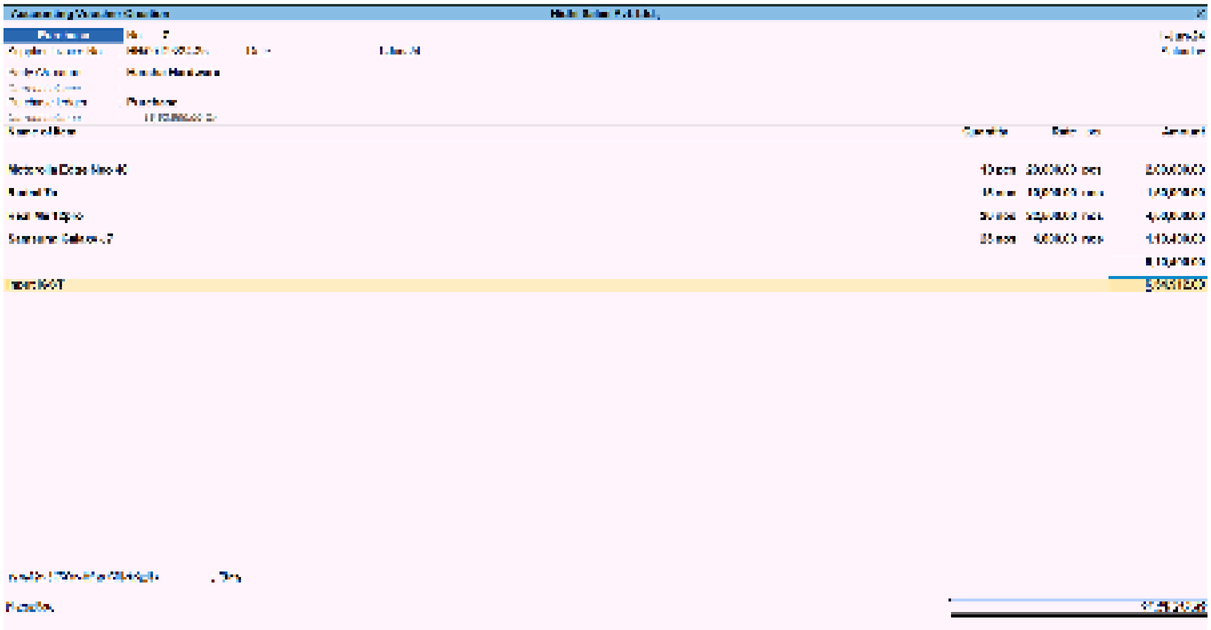
12.2 Problems on Inter State Purchase Transactions:

Problem No: 01
Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Harsha Hardware
State: Andhra Pradesh
Invoice No: HH/00123/24-25

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	10	20000	Nos	28%	876531	200000
2	Redmi 7s	15	10000	Nos	28%	876531	150000

3	Real me 12 pro	20	22500	Nos	28%	876531	450000
4	Samsung galaxy J7	23	4800	Nos	28%	876531	110400

Solutions:

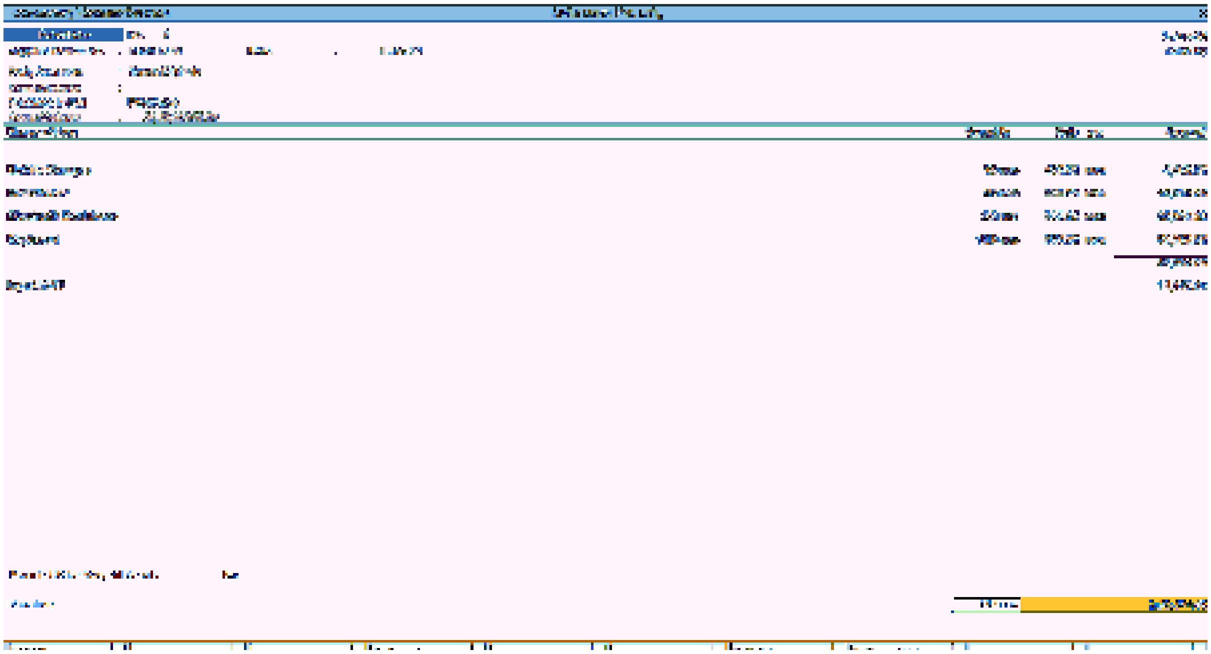


Problem No:02

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Tarun Digitals
State: Tamil Nadu
Invoice No: TD/015784

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Mobile Charger	12	450	Nos	12%	876531	5400
2	Ear phones	50	300	Nos	12%	876531	15000
3	Bluetooth Neckband	25	800	Nos	12%	876531	20000
4	Keyboard	100	569	Nos	12%	876531	56900

Solutions:

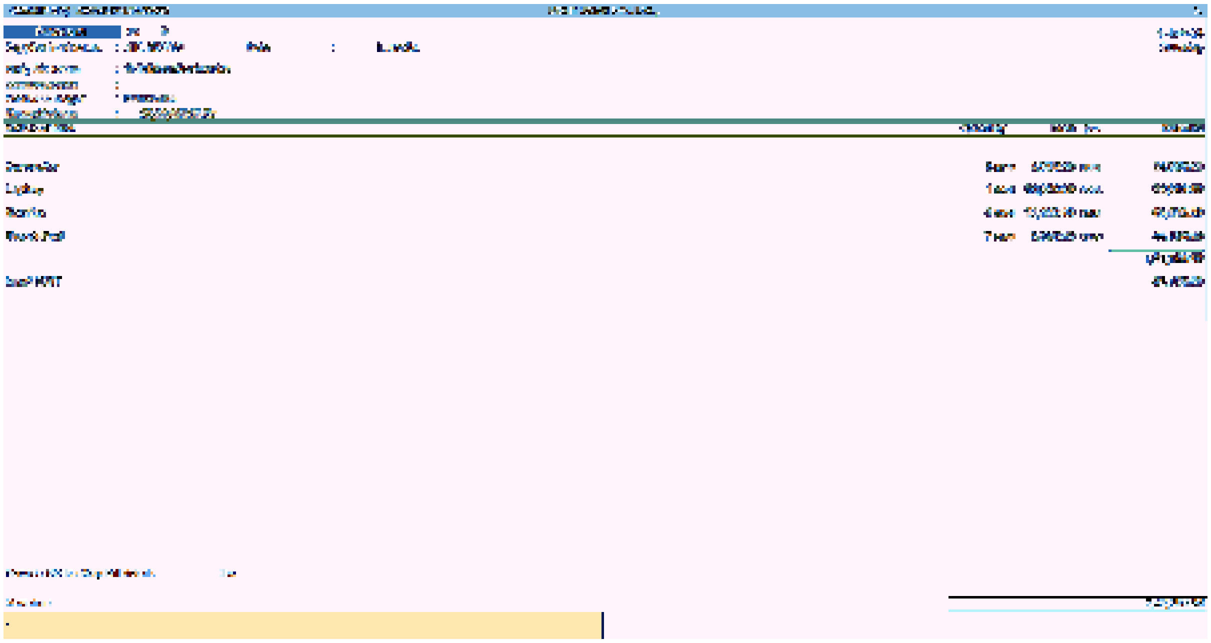


Problem No:03

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Sri lekha Electronics
State: Uttar Pradesh
Invoice No: SIE-125746

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Computer	3	8000	Nos	28%	876531	24000
2	Laptop	1	60000	Nos	28%	876531	60000
3	Monitor	5	12600	Nos	28%	876531	63000
4	Touch Pad	7	6300	Nos	28%	876531	44100

Solution:



Problem No:04

Company Name: Nidhi Sale Pvt Ltd

State of the Company: Karnataka

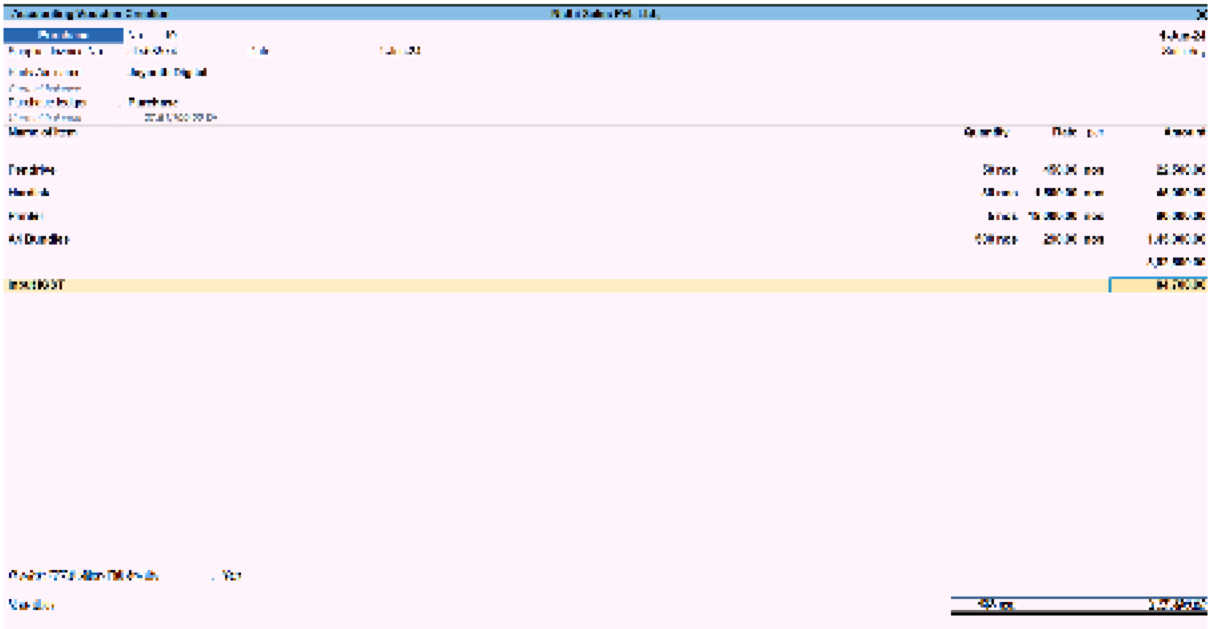
Party Name: Jayanth Digital

State: Haryana

Invoice No: JD- 65874

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Pendrive	50	450	Nos	28%	897654	22500
2	Harddisk	30	1500	Nos	28%	897654	45000
3	Printer	5	18000	Nos	28%	897654	90000
4	A4 Bundles	500	290	Nos	28%	897654	145000

Solutions:



12.3 Keywords related to entering an inter-state purchase invoice in Tally Prime:

1.IGST Configuration: Set up Integrated GST (IGST) for inter-state transactions.

2.Supplier Ledger: Create a supplier ledger with GSTIN and state details.

3. Stock Item GST Rate: Assign appropriate GST rates to stock items for accurate tax calculation.

4. Purchase Voucher Entry: Record purchase vouchers specifying IGST for inter-state purchases.

5. Input Tax Credit (ITC): Manage and claim IGST as input tax credit.

6. Tax Ledger Allocation: Ensure proper allocation of IGST in purchase invoices for compliance and reporting.

12.4 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

M.P. Eshwera Rao

Lesson - 13
SALE INVOICE WITH INTER STATE

Objective:

1. Inter State Sales Transactions: Define inter-state sales transactions and their implications for GST.
2. Creating Inter State Sale Invoices: Detail the process of creating sale invoices for inter-state transactions in Tally Prime.
3. IGST on Sales: Explain how IGST is calculated and applied on inter-state sale invoices.
4. Compliance Requirements: Discuss the compliance requirements for inter-state sale invoices under GST.
5. Impact on Cash Flow: Describe how inter-state sale invoices impact cash flow and financial planning.

Structure:

13.1 Sale Invoice with Inter State Transactions
13.2 How to Alter and Delete a Purchase or Sales Voucher in Tally Prime
13.3 Problems on Sale Invoice with Inter State Transaction
13.4 Keywords
13.5 Reference

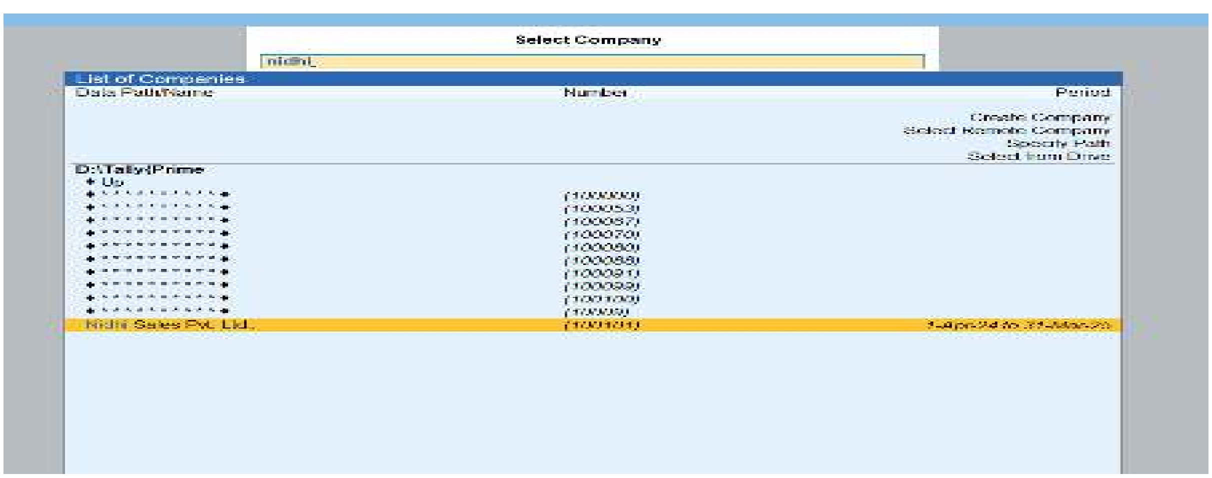
13.1 Sale Invoice with Inter State Transactions:

Recording an inter-state sales bill with Integrated GST (IGST) in Tally Prime involves configuring GST details, creating necessary ledgers, and entering the sales details in the sales voucher. Here's a detailed step-by-step guide along with an explanation for each part of the process.

Step-by-Step Guide to Record an Inter-State Sales Bill with IGST in Tally Prime

Step 1: Open Tally Prime and Select the Company

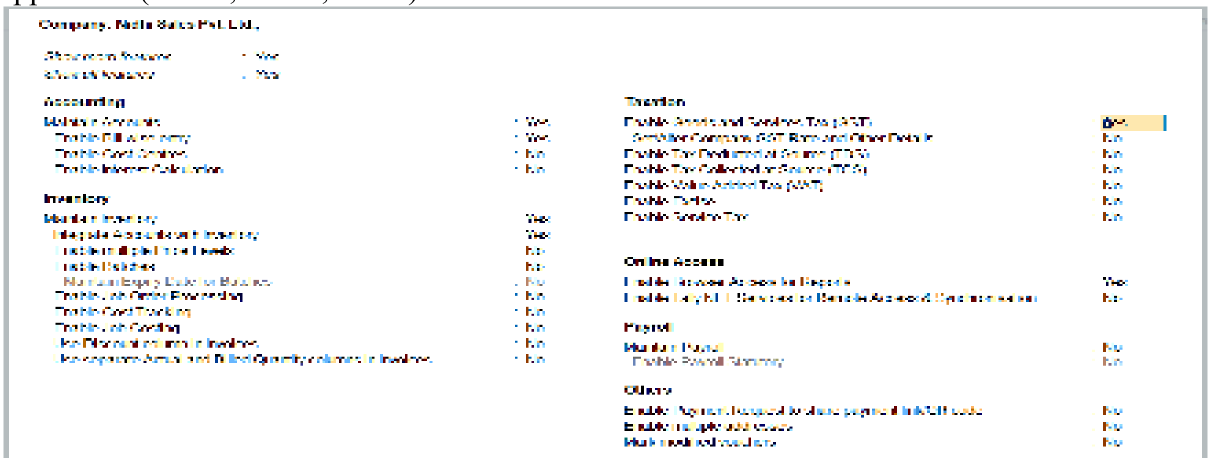
1. Open Tally Prime.
2. Select the company for which you want to record the sales bill.



Step 2: Enable GST Features

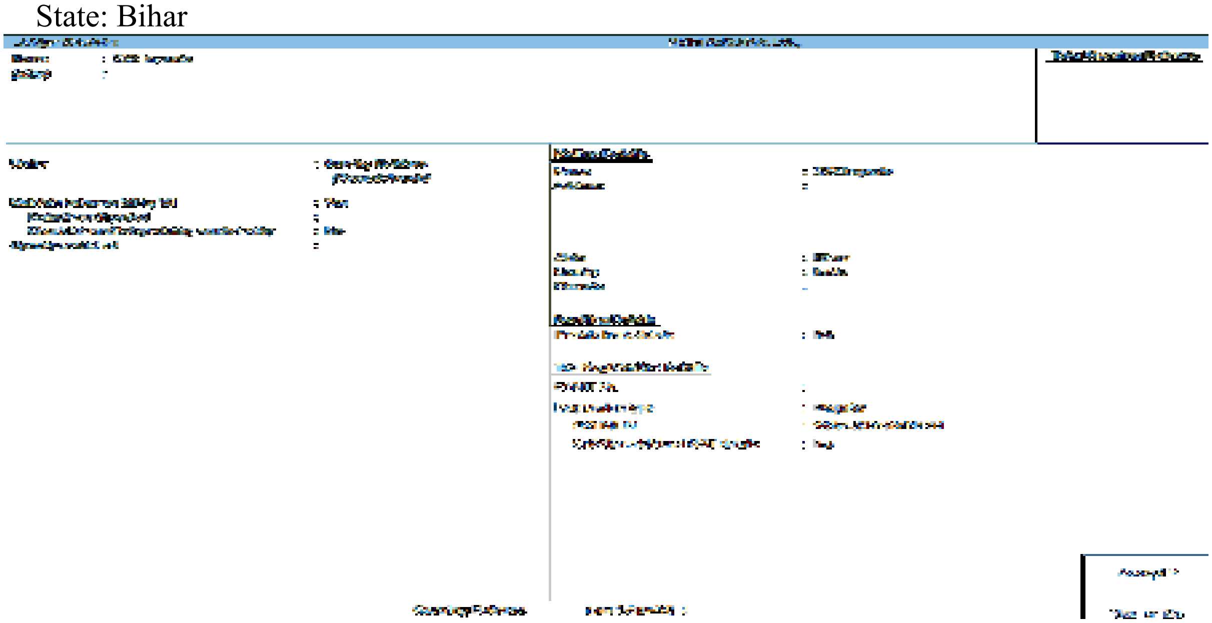
1. Go to Gateway of Tally.

2. Navigate to `F11: Features`.
3. Select `Statutory & Taxation`.
4. Enable `Goods and Services Tax (GST)` by setting it to `Yes`.
5. Enter the required GST details, such as GSTIN, applicable state, and the types of GST applicable (CGST, SGST, IGST).



Step 3: Create Necessary Ledgers

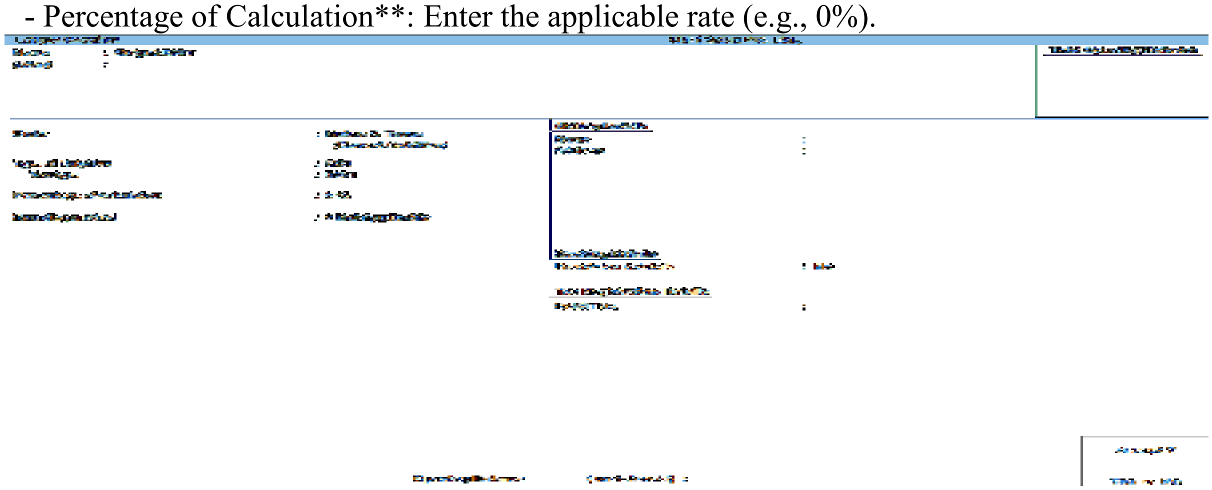
1. **Create Customer Ledger:**
   - Go to Gateway of Tally > Accounts Info > Ledgers > Create.
   - Name: Enter the customer's name (e.g., XYZ Imports).
   - Under: Sundry Debtors.
   - Maintain balances bill-by-bill: Yes.
   - GSTIN: Enter the customer's GSTIN.
   - Set/alter GST details: Yes, then fill in the applicable GST details.
   State: Bihar



2. Create Sales Ledger:
   - Go to Gateway of Tally > Accounts Info > Ledgers > Create.
   - Name: Sales.

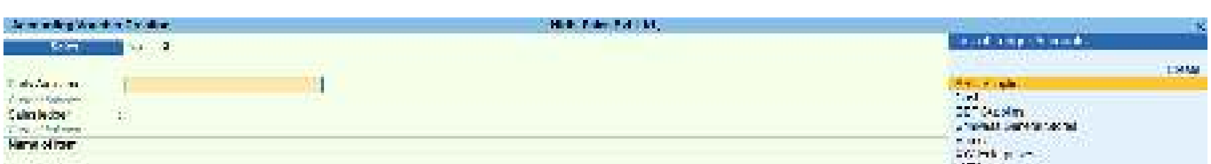
- Under: Sales Accounts.
- Type of Ledger: Not applicable (since it's a general sales ledger).
- Set/alter GST details: Yes, then select `Goods` or `Services` as the type of supply and fill in the necessary GST rates (e.g., 0%).

3. Create Output IGST Ledger:
- Go to Gateway of Tally > Accounts Info > Ledgers > Create.
- Name: Output IGST.
- Under: Duties & Taxes.
- Type of Duty/Tax: GST.
- GST Tax Type: Integrated Tax (IGST).
- Percentage of Calculation**: Enter the applicable rate (e.g., 0%).



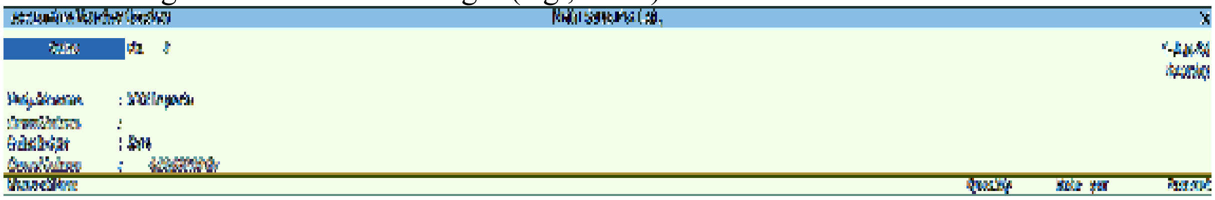
Step 4: Record the Sales Voucher

1. Go to Gateway of Tally.
2. Navigate to `Vouchers`.
3. Select `F8: Sales`. This opens the Sales Voucher screen.

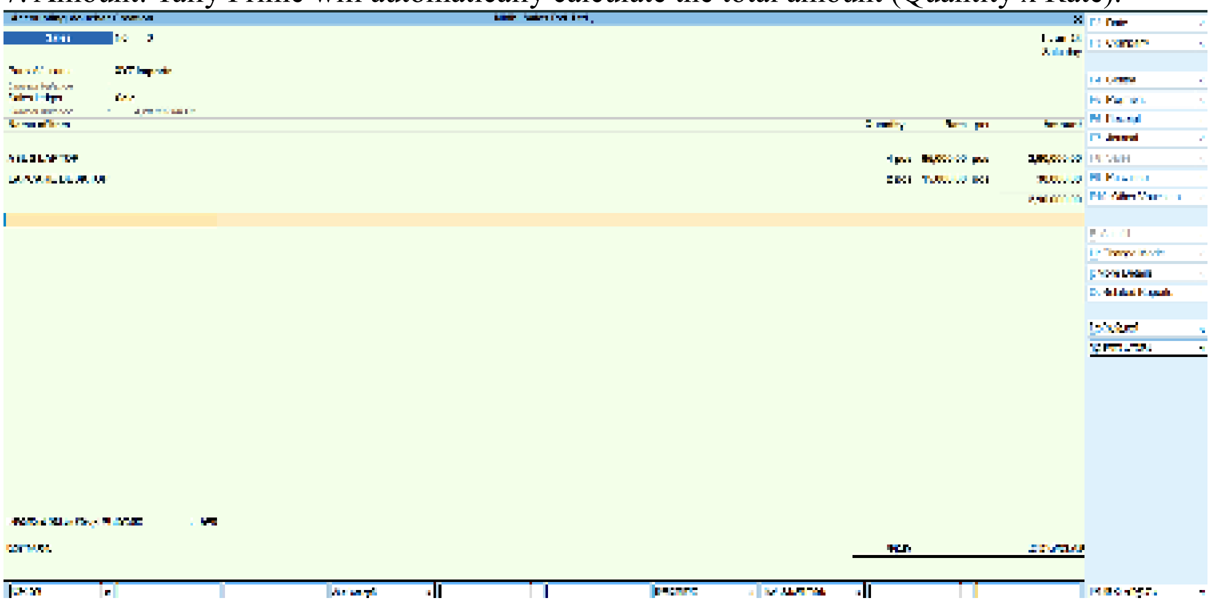


Step 5: Enter Sales Details

1. Date: Enter the date of the sales transaction.
2. Party A/c Name: Select the customer’s account (e.g., XYZ Imports).
3. Sales Ledger: Select the sales ledger (e.g., Sales).

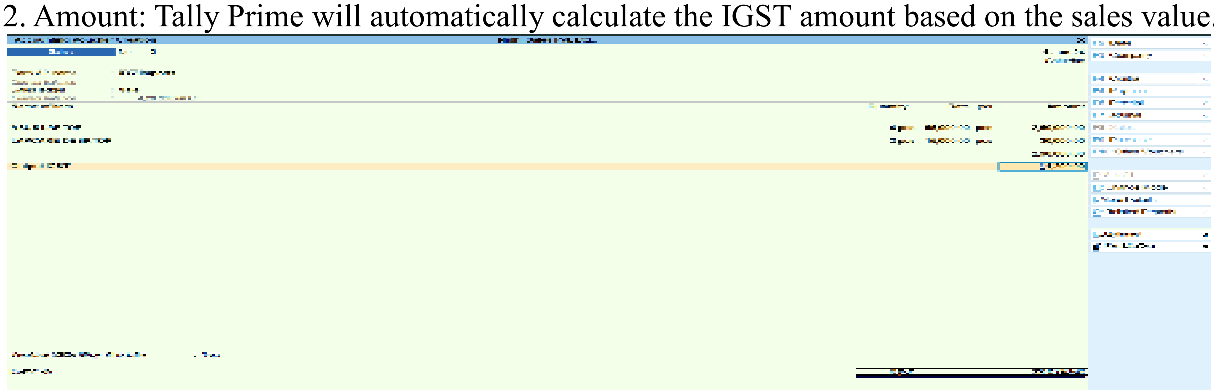


4. Name of Item: Select the item being sold. If the item is not already in the system, create a new stock item.
5. Quantity: Enter the quantity of the item.
6. Rate: Enter the rate per unit of the item.
7. Amount: Tally Prime will automatically calculate the total amount (Quantity x Rate).



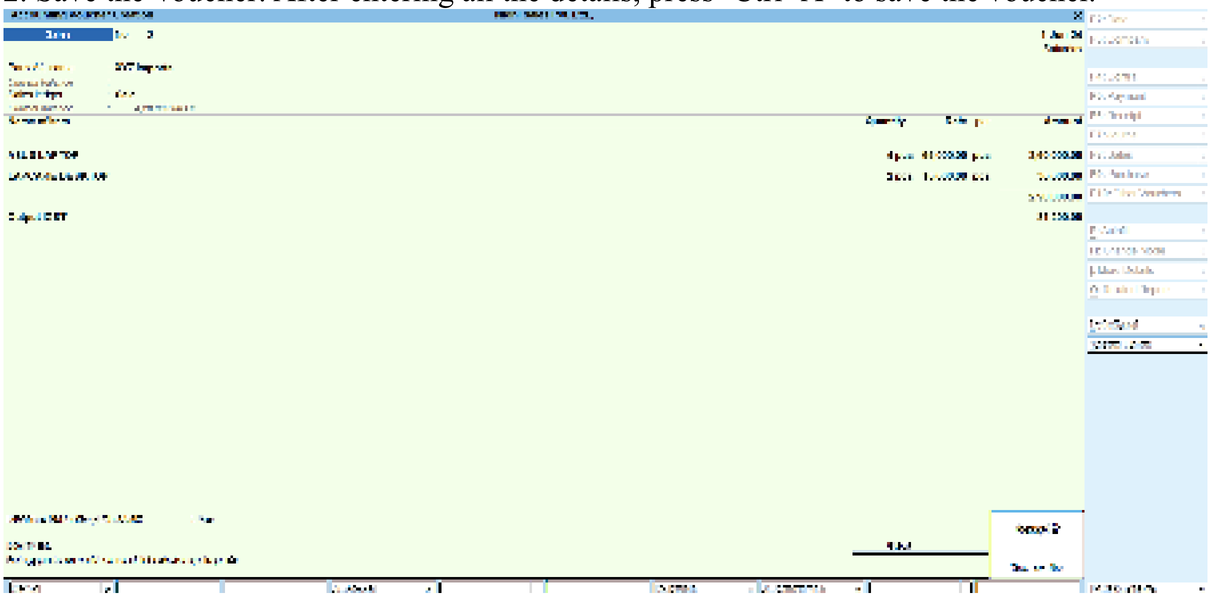
Step 6: Enter IGST Details

1. Output IGST: Select the Output IGST ledger.
2. Amount: Tally Prime will automatically calculate the IGST amount based on the sales value.



Step 7: Complete and Save the Voucher

1.Narration: Enter any additional details or notes about the transaction.
2. Save the Voucher: After entering all the details, press `Ctrl+A` to save the voucher.



Example:
Let's assume you are selling 10 units of an item called "Stationery" at ₹1,000 per unit to a customer named "XYZ Enterprises" located in a different state with an 18% GST rate (IGST).

1. Open Sales Voucher (`F8`).
2. Date: 08-06-2024.
3. Party A/c Name: XYZ Enterprises.
4. Sales Ledger: Sales.
5. Name of Item: Stationery.
6. Quantity &Rate : 10 & ₹1,000.
7. Amount: Automatically calculated as ₹10,000.
8. Output IGST: ₹1,800 (18% of ₹10,000).
9. Narration: "Sold 10 units of stationery with IGST."

By following these steps, you can accurately record an inter-state sales bill with IGST in Tally Prime, ensuring compliance with GST regulations and maintaining organized financial records.

13.2 How to Alter and Delete a Purchase or Sales Voucher in Tally Prime

In Tally Prime, you might need to alter or delete a purchase or sales voucher to correct errors or update information. Here's a detailed step-by-step guide on how to alter and delete these vouchers.

Step-by-Step Guide to Alter a Voucher

1.Open Tally Prime and Select the Company
- Open Tally Prime.
- Select the company in which the voucher you want to alter exists.

2. **Navigate to Voucher Alteration Screen**
- Go to Gateway of Tally.

- Navigate to `Display` > `Day Book`** or **`Display` > `Account Books` > `Ledger`**.
- Select the ledger account (e.g., Sundry Creditors for purchases or Sundry Debtors for sales).
- Find and select the voucher you want to alter by scrolling through the list or using the `F2: Period` option to filter by date.

3. **Alter the Voucher**
   - Press `Enter` on the voucher you want to alter.
   - The voucher will open in the alteration mode.
   - Make the necessary changes (e.g., changing the quantity, rate, or date).
   - Save the voucher by pressing `Ctrl + A`.

Example: Altering a Purchase / Sale Voucher

1. Select the Purchase Voucher:
- Go to Gateway of Tally > Display > Day Book.
- Locate the purchase voucher you want to alter.

2. Open the Voucher:
- Press `Enter` on the selected voucher.
- The voucher will open in alteration mode.

3. **Make Changes:**
- Update the necessary fields (e.g., change the quantity from 10 to 15 units).
- Save the voucher by pressing `Ctrl + A`.

Step-by-Step Guide to Delete a Voucher:

1. Open Tally Prime and Select the Company
- Open Tally Prime.
- Select the company in which the voucher you want to delete exists.

2. Navigate to Voucher Deletion Screen:
- Go to Gateway of Tally.
- Navigate to `Display` > `Day Book` or `Display` > `Account Books` > `Ledger`.
- Select the ledger account (e.g., Sundry Creditors for purchases or Sundry Debtors for sales).
- Find and select the voucher you want to delete by scrolling through the list or using the `F2: Period` option to filter by date.

3. **Delete the Voucher:**
- Press `Enter` on the voucher you want to delete to open it.
- Press `Alt + D` to delete the voucher.
- Confirm the deletion by pressing `Y` when prompted.

Example: Deleting a Sales / purchase Voucher

1.Select the Sales Voucher:
- Go to Gateway of Tally > Display > Day Book.
- Locate the sales voucher you want to delete.

2. **Open the Voucher:**
- Press `Enter` on the selected voucher.
- The voucher will open.

3. **Delete the Voucher:**
- Press `Alt + D` to delete the voucher.

- Confirm the deletion by pressing `Y`.

Important Notes

- Backup: Always take a backup of your company data before making significant changes like altering or deleting vouchers.
- Audit Trail: Maintain an audit trail if required for compliance purposes to keep track of all alterations and deletions.

By following these steps, you can efficiently manage alterations and deletions of purchase and sales vouchers in Tally Prime, ensuring your financial records remain accurate and up-to-date.

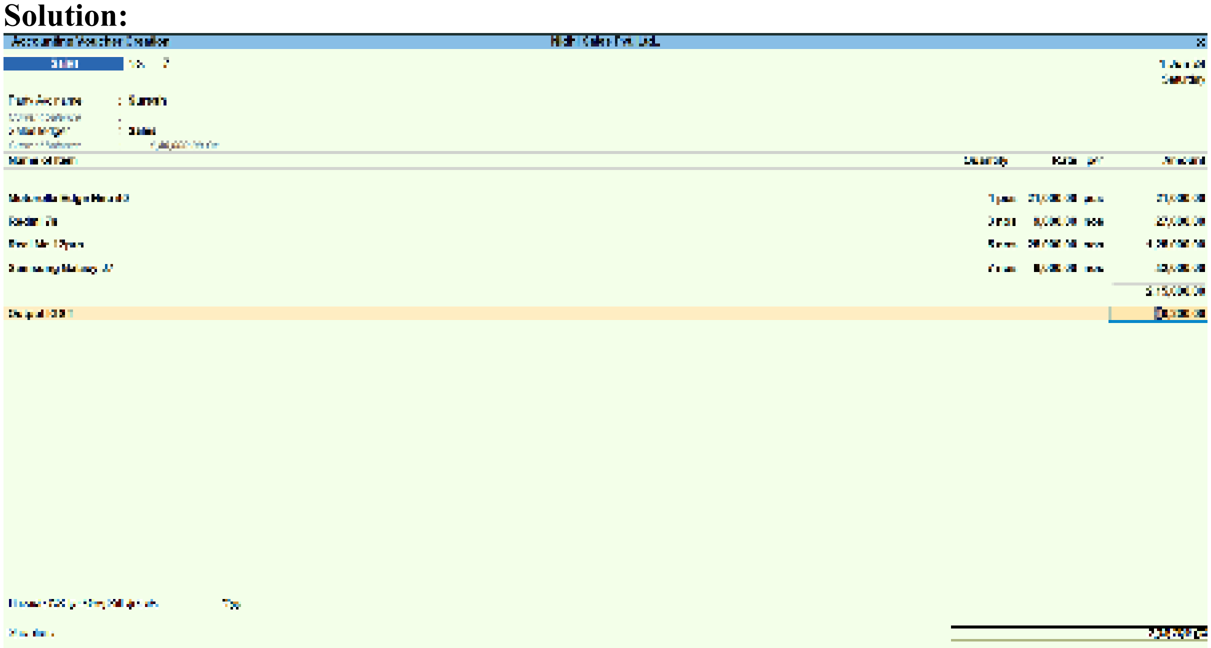
13.3 Problems on Sale Invoice with Inter State Transaction

Problem No:01

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Suresh
State: Gujarat

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	1	21000	Nos	28%	876531	21000
2	Redmi 7s	3	9000	Nos	28%	876531	27000
3	Real me 12 pro	5	25000	Nos	28%	876531	125000
4	Samsung galaxy J7	7	6000	Nos	28%	876531	42000

Solution:



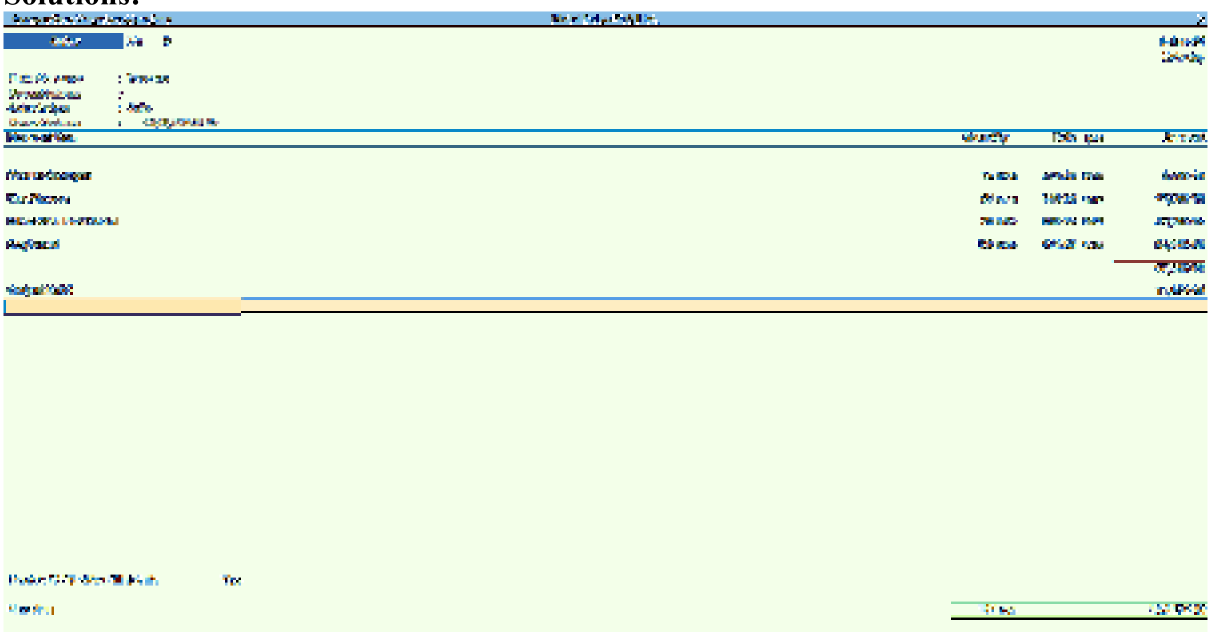
Problem No:02

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka

Party Name: Naveen
State: Kerala

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Mobile Charger	12	450	Nos	12%	876531	5400
2	Ear phones	50	300	Nos	12%	876531	15000
3	Bluethooth Neckband	25	800	Nos	12%	876531	20000
4	Keyboard	100	569	Nos	12%	876531	56900

Solutions:



Problem No:03
Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Kalyan
State: Kerala

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Computer	3	8000	Nos	28%	876531	24000
2	Laptop	1	60000	Nos	28%	876531	60000
3	Monitor	5	12600	Nos	28%	876531	63000
4	Touch Pad	7	6300	Nos	28%	876531	44100

Solutions:

13.4 Keywords:

1.Purchase Invoice: Recording purchases of goods or services, capturing supplier details, invoice number, and taxable amount.

2. Sale Invoice: Documenting sales transactions, including customer information, invoice number, and taxable amount for goods or services sold.

3. Single-Rated GST: Application of GST at a single rate (e.g., 18%), ensuring accurate tax calculation and compliance.

4. Ledgers in Tally Prime: Managing GST ledgers efficiently, categorizing transactions under Input Tax Credit (ITC), output tax, and maintaining compliance with GST laws.

13.5 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

M.P. Eshwera Rao

Lesson - 14
INVOICE WITH MULTIPLE RATED GST

Objective:
1. Understanding Multiple Rate GST: Explain the concept of multiple GST rates and their application.
2. Creating Invoices with Multiple GST Rates: Detail the process of creating invoices with multiple GST rates in Tally Prime.
3. GST Rate Selection: Illustrate how to select and apply the appropriate GST rates for different items on an invoice.
4. Compliance and Accuracy: Discuss the importance of accuracy and compliance when dealing with multiple GST rates.
5. Impact on Accounting: Describe the impact of multiple GST rates on accounting entries and financial statements.
To handle multi-rated GST transactions using purchase and sales vouchers for both intra-state (within the same state) and inter-state (across different states) scenarios in Tally Prime, follow these step-by-step notes:

Structure:

To handle multi-rated GST transactions using purchase and sales vouchers for both intra-state (within the same state) and inter-state (across different states) scenarios in Tally Prime, follow these step-by-step notes:

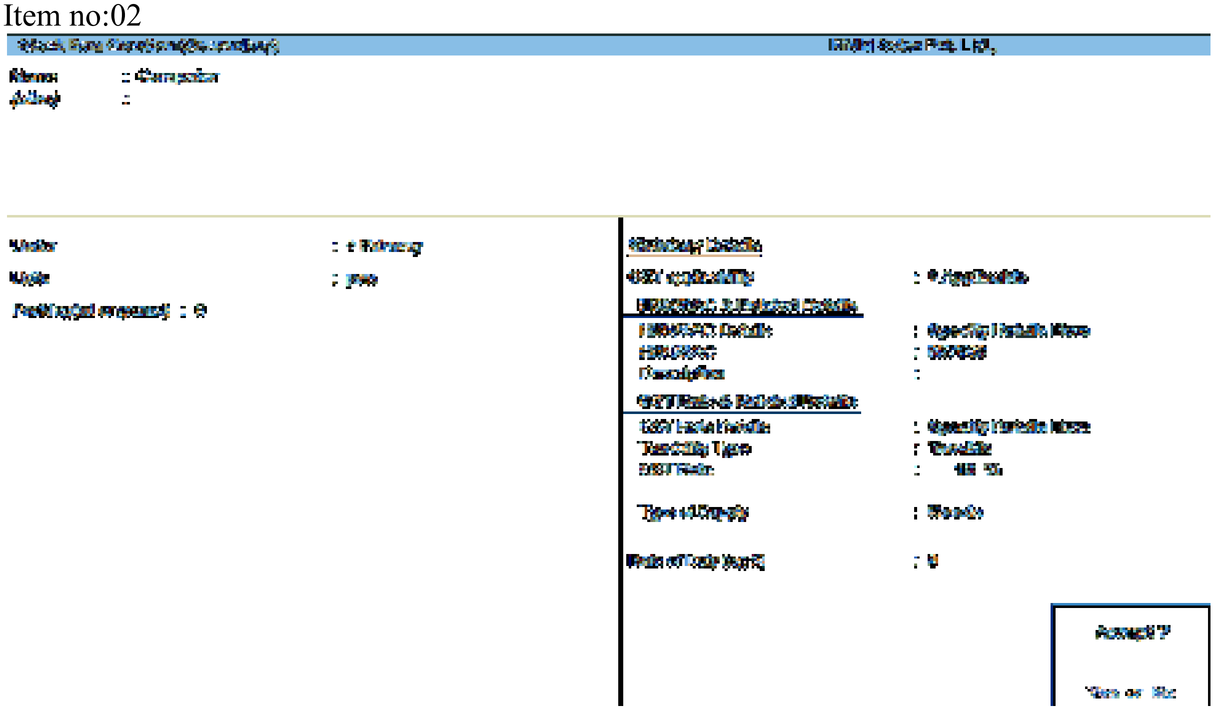
14.1. Setting up GST Ledgers
1. Create GST Ledgers:
- Navigate to `Gateway of Tally > Accounts Info > Ledgers > Create`.
- Create separate ledgers for CGST, SGST, and IGST depending on your transaction type (intra-state or inter-state).
- Assign appropriate GST tax rates to each ledger (e.g., 9% for CGST and 9% for SGST for intra-state, or 18% for IGST for inter-state).
- We can add the GST Rate of the particulars item can be added at the time creation of Stock Item In Respective Company.

2. Configuring Sales Voucher for Intra-State GST
Record Sales Invoice for Intra-State GST:
- Go to `Gateway of Tally > Accounting Vouchers > F8: Sales`.
- Select the customer and enter the sales invoice details.
- Enter sales amount and select applicable CGST and SGST ledgers with their respective tax amounts based on the transaction.

In the Following Image we created a Stock Item With Multiple Rate GST.
Item 01 Asus Laptop With 28% GST
Item 02 Computer With 18% GST

Item No:01

Item no:02



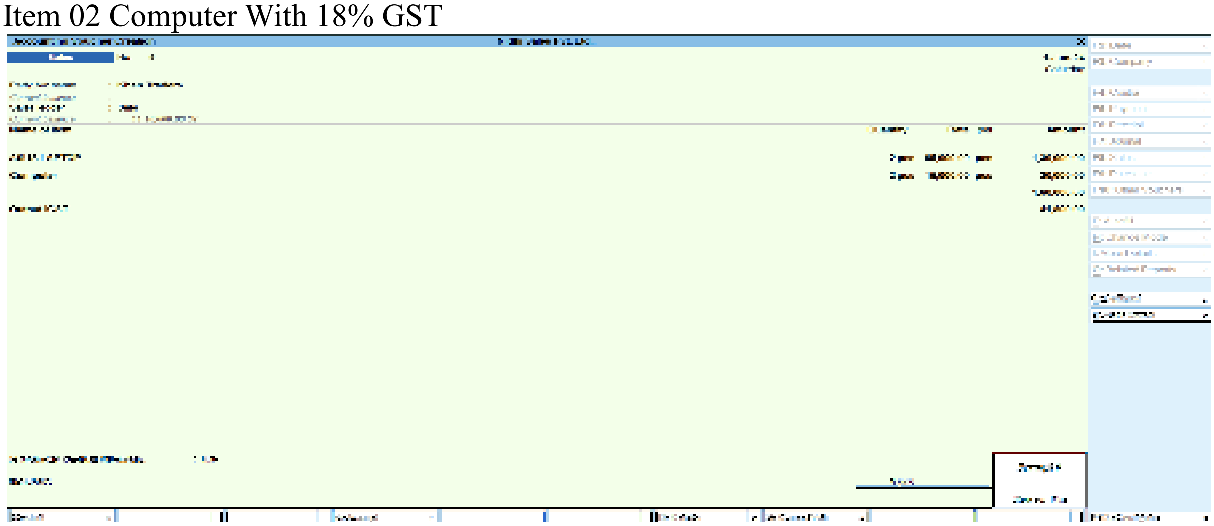
After Creation of Stock item on Multi Rated GST basis then final invoice shall be

3. Configuring Sales Voucher for Inter-State GST

Record Sales Invoice for Inter-State GST:

- Similar to intra-state, go to `Gateway of Tally > Accounting Vouchers > F8: Sales`.
- Select the customer and enter the sales invoice details.
- Select IGST ledger and enter the tax amount based on the applicable GST rate for inter-state transactions.

Note: For Inter State invoice the Stock item are Same for above mentioned Intra state invoice.
Name of the Party: Khan Traders
Under Group: Sundry Debtors
State: Rajasthan
Stock Item:
Item 01 Asus Laptop With 28% GST
Item 02 Computer With 18% GST

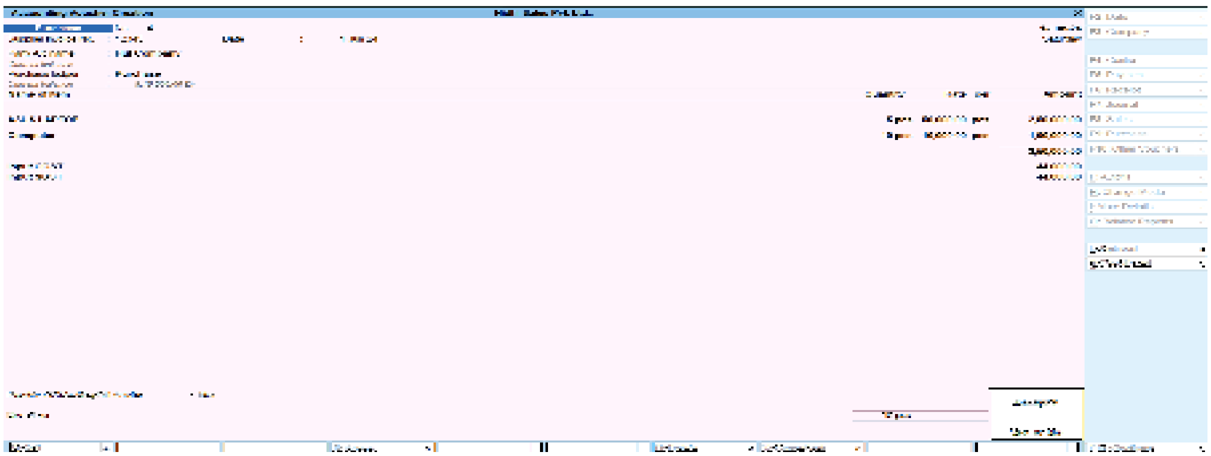


4. Configuring Purchase Voucher for Intra-State GST

Record Purchase Invoice for Intra-State GST:

- Go to `Gateway of Tally > Accounting Vouchers > F9: Purchase`.
- Select the supplier and enter the purchase invoice details.
- Enter purchase amount and select applicable CGST and SGST ledgers with their respective tax amounts based on the transaction.

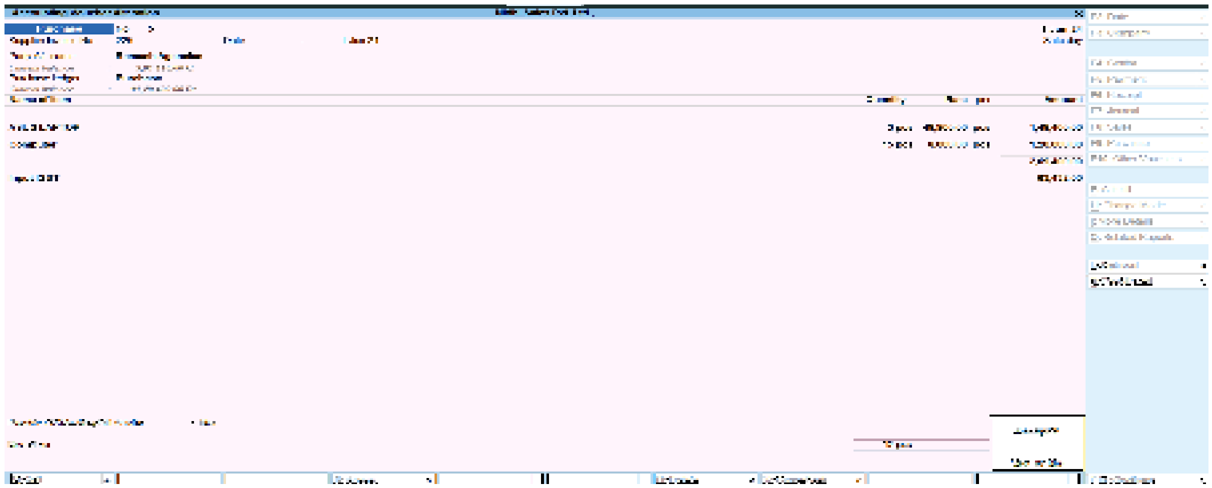
Name of the Party: HUF Company
Under Group: Sundry Creditors
State: Karnataka
Stock Item:
Item 01 Asus Laptop With 28% GST
Item 02 Computer With 18% GST



5. Configuring Purchase Voucher for Inter-State GST
Record Purchase Invoice for Inter-State GST:

- Similar to intra-state, go to `Gateway of Tally > Accounting Vouchers > F9: Purchase`.
- Select the supplier and enter the purchase invoice details.
- Select IGST ledger and enter the tax amount based on the applicable GST rate for inter-state transactions.

Name of the Party: Ramesh Agencies
Under Group: Sundry Creditors
State: Arunachal Pradesh
Stock Item:
Item 01 Asus Laptop With 28% GST
Item 02 Computer With 18% GST



Notes:

- Ensure all GST ledgers are correctly configured with the appropriate tax rates for CGST, SGST, and IGST.
- Use separate voucher types (Sales and Purchase) based on the transaction type (intra-state or inter-state).
- Verify the accuracy of GST calculations before finalizing and saving the voucher and Regularly reconcile your GST reports with GSTN to ensure compliance with GST regulations.

14.2 Problems:

Problem No: 01

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Kalyan
State: Kerala
Goods Sold to Kalyan on Credit Basis

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	1	21000	Nos	12%	876531	21000
2	Redmi 7s	3	9000	Nos	18%	876531	27000
3	Real me 12 pro	5	25000	Nos	28%	876531	125000
4	Samsung galaxy J7	7	6000	Nos	5%	876531	42000

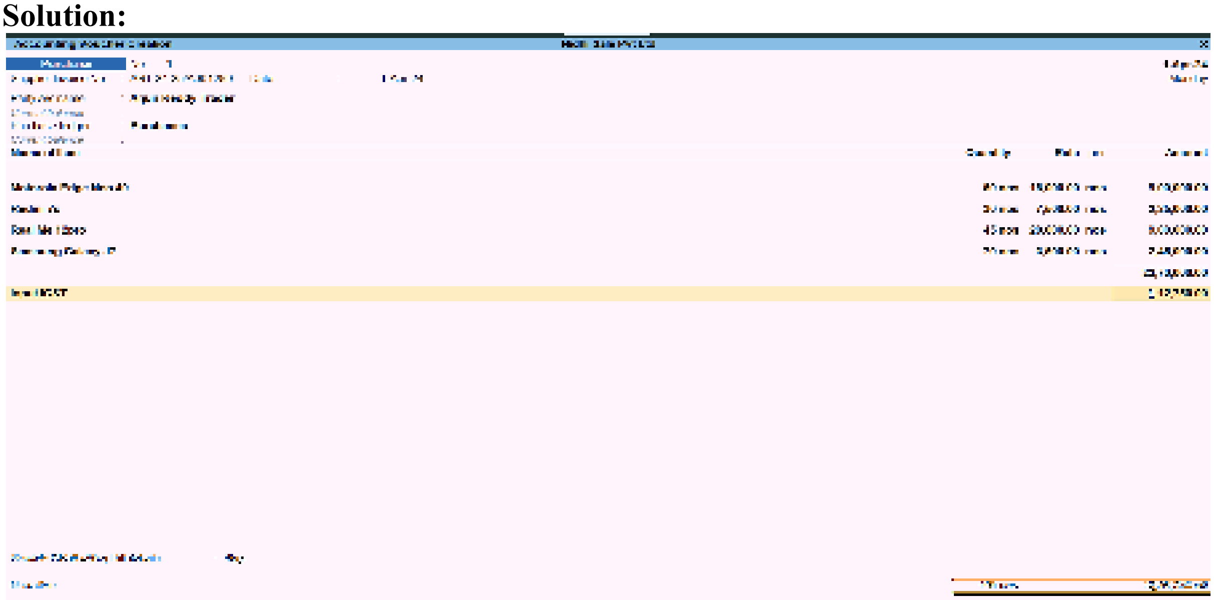
Solution:

Problem No: 02

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Arjun Reddy Traders
State: Andhra Pradesh
Invoice No: ART-24-25/A001289
Goods Purchased from Arjun Reddy on Credit Basis

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	50	18000	Nos	12%	876531	900000
2	Redmi 7s	30	7500	Nos	18%	876531	225000
3	Real me 12 pro	45	20000	Nos	28%	876531	900000
4	Samsung galaxy J7	70	3500	Nos	5%	876531	245000

Solution:

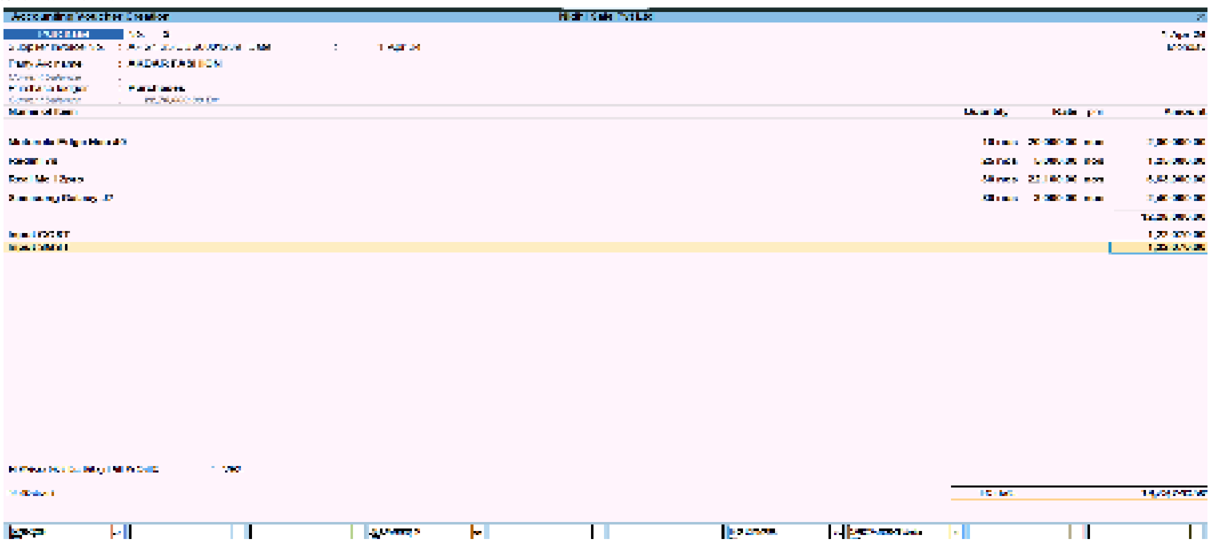


Problem No: 03

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Akbar Fashion
State: Karnataka
Invoice No: AF-24-25/CBS001289
Goods Purchased from Akbar Fashion on Credit Basis

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	10	20000	Nos	12%	876531	200000
2	Redmi 7s	25	5000	Nos	18%	876531	125000
3	Real me 12 pro	30	22100	Nos	28%	876531	663000
4	Samsung galaxy J7	80	3000	Nos	5%	876531	240000

Solution:



Problem No: 04

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: ABC SUPPLIES
State: Karnataka
Goods Sold to ABC Supplies on Credit Basis.

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Motorola Edge Neo 40	1	25000	Nos	12%	876531	25000
2	Redmi 7s	2	10000	Nos	18%	876531	20000
3	Real me 12 pro	3	26000	Nos	28%	876531	78000
4	Samsung galaxy J7	4	5500	Nos	5%	876531	22000

Solution:

14.3 Practice Questions:

Problem No:01

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: XYZ SUPPLIES
State: Karnataka
Goods Sold to XYZ Supplies on Credit Basis.

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Mobile Charger	12	450	Nos	12%	876531	5400
2	Ear phones	50	300	Nos	18%	876531	15000
3	Bluethooth Neckband	25	800	Nos	12%	876531	20000
4	Keyboard	100	569	Nos	28%	876531	56900

Problem No: 02

Company Name: Nidhi Sale Pvt Ltd
State of the Company: Karnataka
Party Name: Renu Digital World
State: Karnataka
Invoice No: RD-24-25/C001289
Goods Purchased from Renu Digital World on Credit Basis

S.no	Stock Item Name	Qty	Rate	UOM	GST Rate	HSN Code	value
1	Mobile Charger	50	300	Nos	12%	876531	15000
2	Ear phones	50	150	Nos	18%	876531	7500
3	Bluethooth Neckband	100	500	Nos	12%	876531	50000
4	Keyboard	100	368	Nos	28%	876531	36800

14.4 Keywords

- **GST Rates**: Multiple rates (e.g., 5%, 12%, 18%, 28%), Taxable Value, Tax Amount, HSN Code (Harmonized System of Nomenclature).
- **Compliance**: GSTIN (Goods and Services Tax Identification Number), E-way Bill, GST Returns, GSTR-1, GSTR-3B, GSTR-2B.
- **Documentation**: Tax Invoice, Credit Note, Debit Note, Supplier Details, Customer Details, Place of Delivery.

1. Tax Ledger Configuration:Setup multiple GST rates (e.g., 5%, 12%, 18%, 28%) for various items.
2. Item-wise Tax Rate: Assign specific GST rates to different stock items in the inventory ledger.
3. GST Classification: Proper classification of items to apply the correct GST rate in sales and purchase invoices.
4. Multi-Rate GST Invoice: Handling invoices with multiple GST rates for diverse items in a single transaction.

14.5 Reference:

1. "Tally Prime: A Complete Guide" by Dr. R. P. Rustagi and Ashok K. Nadhani
2. "Tally Prime with GST: Hands-on Practice" by Asok K. Nadhani

M.P. Eshwera Rao

Lesson - 15
INTRODUCTION TO GST

Objective:
1. GST Basics: Provide an overview of the Goods and Services Tax (GST) system and its objectives.
2. Types of GST: Explain the different types of GST (CGST, SGST, IGST, UTGST) and their applications.
3. GST Framework: Describe the legal and administrative framework governing GST in India.
4. GST Registration: Outline the process and requirements for GST registration.
5. Benefits of GST: Discuss the benefits of GST for businesses and the economy.

Structure:
15.1 Introduction
15.2 Types of Taxes
15.3 Features of Indirect Taxes
15.4 Types of Transactions in GST
15.5 GST Registration
15.6 Types of Registration under GST
15.7 Classification of goods and services (HSN & SAC)
15.8 Aggregate Turnover
15.9 Keywords
15.10 Reference

15.1 Introduction:
- ➢ India is a federal country where both the Central and the State Government have the powers to levy and collect taxes through appropriate legislation.
- ➢ GST was introduced in India on 1st July 2017.
- ➢ GST is a business reform, and beyond just modification of the rate of tax GST is changing the process of compliance, thereby resulting in a shift in the way businesses operate.
- ➢ With the concept of invoice matching, instead of filing summarized returns, you will need to submit the details of all your sales invoices periodically, based on their criteria of filing returns/annexures, either monthly or quarterly. This urges every business to digitize its bookkeeping.

1. A tax may be defined as a "pecuniary burden laid upon individuals or property owners to support the Government; a payment exacted by legislative authority.
2. A tax "is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority".
3. In simple words, tax is nothing but money that people have to pay to the Government, which is used to provide public services.

15.2 TYPES OF TAXES: Taxes are broadly classified into direct and indirect taxes.
1. Direct Taxes:
a. A direct tax is a kind of charge, which is imposed directly on the taxpayer and paid directly to the Government by the persons (juristic or natural) on whom it is imposed.

b. A direct tax is one that cannot be shifted by the taxpayer to someone else.
c. A significant direct tax imposed in India is income tax.

2. Indirect Taxes:
a. If the taxpayer is just a conduit(channel) and at every stage the tax incidence is passed on till it finally reaches the consumer, who really bears the brunt of it, such tax is indirect tax.
b. An indirect tax is one that can be shifted by the taxpayer to someone else.
c. Its incidence is borne by the consumers who ultimately consume the product or the service, while the immediate liability to pay the tax may fall upon another person such as a manufacturer or provider of service or seller of goods.
d. Also called consumption taxes, they are regressive in nature because they are not based on the principle of ability to pay.
e. All the consumers, including the economically challenged bear the brunt of the indirect taxes equally.
f. Indirect taxes are levied on consumption, expenditure, privilege, or right but not on income or property.

GOODS AND SERVICES TAX: Goods and services tax means
a. any tax on supply of goods, or services or both
b. except taxes on the supply of the alcoholic liquor for human consumption.

15.3 FEATURES OF INDIRECT TAXES:
a. An important source of revenue: Indirect taxes are a major source of tax revenues for Governments worldwide and continue to grow as more countries move to consumption oriented tax regimes. In India, indirect taxes contribute more than 50% of the total tax revenues of Central and State Governments.
b. Tax on commodities and services: It is levied on commodities at the time of supply or manufacture or purchase or sale or import/export thereof. Hence, it is also known as commodity taxation. It is also levied on supply of services.
c. Shifting of burden: There is a clear shifting of tax burden in respect of indirect taxes. For example, GST paid by the supplier of the goods is recovered from the buyer by including the tax in the cost of the commodity.
d. No perception of direct pinch: Since value of indirect taxes is generally inbuilt in the price of the commodity, most of the time the tax payer/consumer pays the same without actually knowing that he is paying tax to the Government. Thus, tax payer does not perceive a direct pinch while paying indirect taxes.
e. Inflationary: Tax imposed on commodities and services causes an all-round price spiral. In other words, indirect taxation directly affects the prices of commodities and services and leads to inflationary trend.
f. Wider tax base: Unlike direct taxes, the indirect taxes have a wide tax base. Majority of the products or services are subject to indirect taxes with low thresholds.
g. Promotes social welfare: Higher taxes are imposed on the consumption of harmful products (also known as ‘sin goods’) such as alcoholic products, tobacco products etc. This not only checks their consumption but also enables the State to collect substantial revenue.

h. Regressive in nature: Generally, the indirect taxes are regressive in nature. The rich and the poor have to pay the same rate of indirect taxes on certain commodities of mass consumption. This may further increase the income disparities between the rich and the poor.

15.4 Types of Transactions in GST:

In the context of goods and services taxation in India, intra-state and inter-state transactions are defined based on the geographical location of the seller and buyer within the country. Understanding these transactions is essential for compliance with GST (Goods and Services Tax) regulations.

Intra-State Transactions

Intra-state transactions refer to transactions where the location of the supplier and the place of supply are in the same state or union territory.

Characteristics:

1. **Same State**: Both the seller and buyer are located within the same state.
2. **Tax Applicability**: Intra-state transactions are subject to two types of GST:
    - **CGST (Central Goods and Services Tax)**: Collected by the central government.
    - **SGST (State Goods and Services Tax)**: Collected by the state government.

Example:

- **Seller**: Located in Maharashtra.
- **Buyer**: Also located in Maharashtra.

Taxes Levied: If the transaction amount is ₹10,000 and the applicable GST rate is 18%, then:

- CGST: ₹900 (9% of ₹10,000)
- SGST: ₹900 (9% of ₹10,000)

Inter-State Transactions

Inter-state transactions refer to transactions where the location of the supplier and the place of supply are in different states or union territories.

Characteristics:

1. **Different States**: The seller and buyer are located in different states.
2. **Tax Applicability**: Inter-state transactions are subject to:
    - **IGST (Integrated Goods and Services Tax)**: Collected by the central government and later shared between the central and state governments.

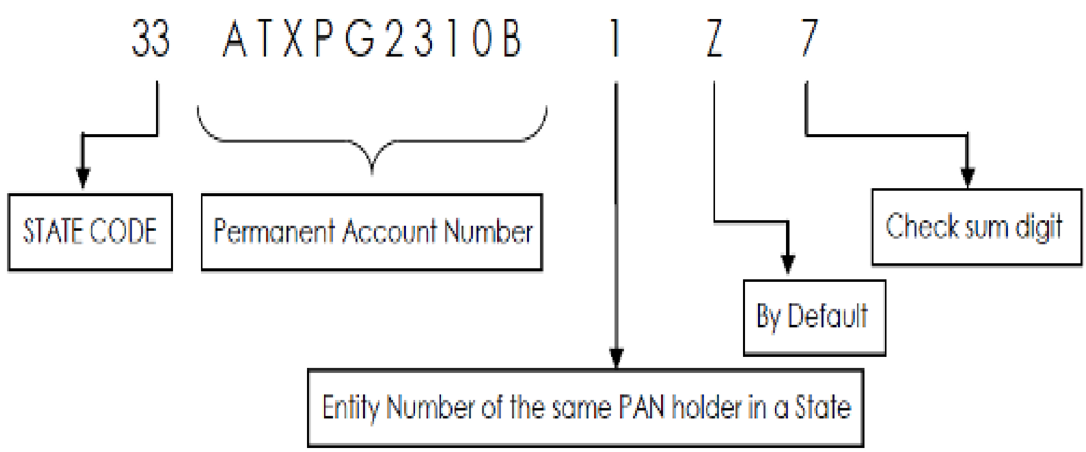
Example:

- **Seller**: Located in Maharashtra.
- **Buyer**: Located in Gujarat.
- **Taxes Levied**: If the transaction amount is ₹10,000 and the applicable GST rate is 18%, then:
    - IGST: ₹1,800 (18% of ₹10,000)

15.5 GST Registration:

- Under the GST taxation system, all businesses will be unified under the ‘One Tax’ – GST. This leads to a unified tax registration of all businesses.
- Being registered under the GST law means a business is acknowledged by the Government of India, as a supplier of Goods and Services.

- Only registered (Regular) businesses are allowed to claim Input Tax Credit.
- **GSTIN Structure**
- On registration, each business will be allocated a unique 15-digit PAN-based registration number.



Mandatory Registration:
The following category of the person have to mandatorily register, irrespective of their turnover.

- A person responsible to deduct TDS.
- Casual and non-residents taxable persons.
- Input service distributors.
- Businessess liable to pay tax under reverse charge.
- E-commerce operators
- Agent supplying on behalf of taxable persons
- A person supplying online information and database access services from outside India to an unregistered person in India.
- Sellers of goods on E-Commerce platforms and threshold exemption is applicable for the seller of service on the e-commerce platform.
- A Taxable person carrying on Interstate Supply.

15.6 Types of Registration under GST:

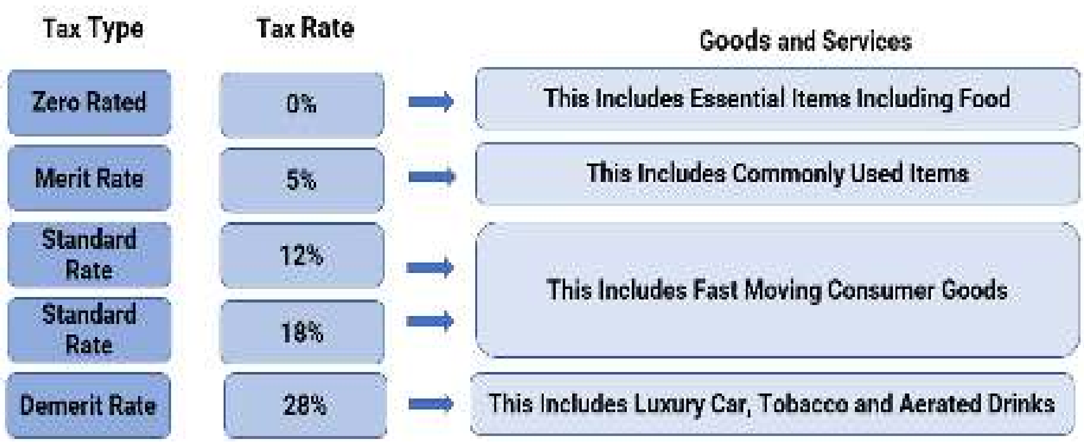
Regular Dealer Registration:

- Business crossing the defined annual aggregate turnover threshold is liable to register under GST. The Aggregate turnover includes the value of all taxable, exempt, and export supplies made across India by a business with the same PAN.

Composition Dealer Registration

- Composition Scheme under GST is a simple and easy mechanism for small taxpayers, wherein the taxpayers have less tedious GST formalities and pay GST at a lower tax rate on their turnover.

Tax Rate Structure



15.7 Classification of goods and services (HSN & SAC)

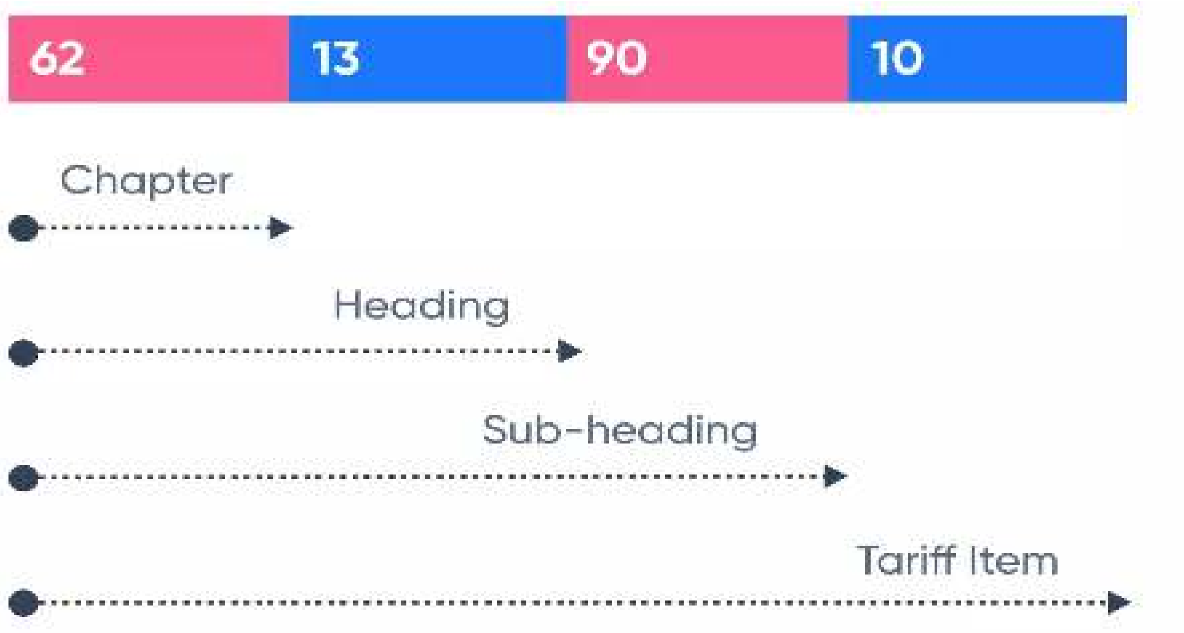
Every good or service are classified using a numbering system to identify and tax them correctly. For goods, HSN is used and for the services, SAC is used. Let us understand them:

a. Harmonized System of Nomenclature (HSN):

HSN code stands for "Harmonized System of Nomenclature". This system has been introduced for the systematic classification of goods all over the world. HSN code is a 6 to 8-digit uniform code that classifies 5000+ products and is accepted worldwide. It was developed by the World Customs Organization (WCO) and it came into effect from 1988.

For example: The HSN for Handkerchiefs made of Textile matters is 62139010.

As a GST learner, we need to know that every product has an HSN number and are taxed based on HSN, hence knowing the HSN of the product is very important to ensure that the correct GST tax rate is applied.



b. Services Accounting Code (SAC):

Like goods, services are also classified uniformly for recognition, measurement and taxation. Codes for services are called Services Accounting Code or SAC.
For example: Legal documentation and certification services concerning patents, copyrights and other intellectual property rights: 998213
• The first two digits are same for all services i.e. 99
• The next two digits (82) represent the major nature of service, in this case, legal services
The last two digits (13) represent detailed nature of service ie legal documentation for patents etc.,

Important note:
The Turnover check needs to be done on all India basis for each PAN, which means that the total turnover across the country under the same business PAN i.e. for one legal entity (Company, Firm, sole proprietorship etc.) needs to added and checked if that crosses the turnover threshold.

Turnover limits for Regular Registration:
a. For Supplier of 'Goods' or 'Services':
• Threshold Limit - Rs. 10 Lakhs (Manipur, Mizoram, Nagaland, Tripura)
• Threshold Limit - Rs. 20 Lakhs (Arunachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Puducherry, Telangana)
b. For Supplier of 'Services' or 'Both Goods & Services':
• Threshold Limit - Rs. 20 Lakhs (J&K, Assam, Himachal Pradesh, All other states)
c. For Supplier of 'Goods' only:
• Threshold Limit - Rs. 40 Lakhs (J&K, Assam, Himachal Pradesh, All Other States)

States with threshold limit of 10 Lakhs for Supplier of Goods and/or Services	States/UTs with threshold limit of 20 Lakhs for Supplier of Goods and/or Services	States/UTs with threshold limit of 20 Lakhs for Supplier of Services/ both of goods and Services and 40 Lakhs for Supplier of Goods (intra state)
Manipur Mizoram Nagaland Tripura	Arunachal Pradesh Meghalaya Sikkim Uttarakhand Puducherry Telangana	Jammu & Kashmir Assam Himachal Pradesh All other states

15.8 Aggregate Turnover:
The definition of aggregate turnover as contained in section 2(6) of the CGST Act is analysed as follows: a. The aggregate turnover is the sum of value of all outward supplies falling in the following four categories:
i. Taxable supplies
ii. Exempt supplies
iii. Exports of goods or services or both
iv. Inter-State supplies of persons having the same PAN be computed on all India basis.
b. It excludes:
i. The value of inward supplies on which tax is payable by a person on reverse charge basis
ii. Taxes including cess paid under GST law.

c. It is computed on all India basis for a person having same Permanent Account Number (PAN).
d. Meaning of Exempt Supplies: Exempt supply means supply of any goods or services or both
i. which attracts nil rate of tax or
ii. which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and iii. includes non-taxable supply.
e. Aggregate turnover to include all supplies made by the taxable person, whether on his own account or made on behalf of all his principals.

Applicable Threshold Limit:

a. The threshold limit prescribed under section 22(1) is ₹ 20 lakh in a FY, i.e. every supplier, whose aggregate turnover in a financial year exceeds ₹ 20 lakh, is liable to be registered under GST in the State/ Union territory from where he makes the taxable supply of goods and/or services.
b. However, in respect of 4 Special category States i.e., only Mizoram, Tripura, Manipur and Nagaland, the threshold limit is ₹ 10 lakhs in a FY.
c. Further, Notification No. 10/2019 CT dated 07.03.2019 exempts any person who is engaged in exclusive supply of goods and whose aggregate turnover in the financial year does not exceed ₹ 40 lakh, from registration requirement. Exceptions: Exceptions to this exemption are as follows:
i. Persons required to take compulsory registration under section 24.
ii. Persons engaged in making supplies of
iii. Persons engaged in making intra-State supplies in the States of Arunachal Pradesh, Uttarakhand, Meghalaya, Sikkim, Telangana, Puducherry and Special Category States as per section 22 [Nagaland, Mizoram, Manipur, Tripura].
iv. Person who has opted for voluntary registration or such registered persons who intend to continue with their registration under the CGST Act.
Note: A person shall be considered to be engaged exclusively in the supply of goods even if he is engaged in exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.

15.9 Keywords:

1. GST (Goods and Services Tax): Indirect Tax, One Nation One Tax, Value Added Tax, Consumption-based Tax.
2. Implementation: July 1, 2017, India, Multiple Taxes, Central Government, State Government.
3. Objective: Simplification, Taxation System, Cascading Effect, Input Tax Credit (ITC).
4. Components: CGST, SGST, IGST, GST Council, Threshold Limit

15.10 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including "GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And "GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

M.P. Eshwera Rao

Lesson - 16
INTRODUCTION TO GST RETURNS

Objective:
1. Definition of GST Returns: Explain what GST returns are and their importance in the GST system.
2. Types of GST Returns: Identify and describe the different types of GST returns (GSTR-1, GSTR-2, GSTR-3B, etc.).
3. Filing Requirements: Outline the filing requirements and deadlines for various GST returns.
4. Preparation of GST Returns: Detail the process of preparing and filing GST returns.
5. Compliance and Penalties: Discuss the compliance requirements and penalties for late or incorrect GST return filing.

Structure:

16.1 Introduction:
"Returns" means any returns prescribed or required to be furnished by or under this Act or the rules made there under this law. A return is a document containing details of income which a taxpayer is required to file with the tax administrative authorities. This is used by tax authorities to calculate tax liability.
There are 22 types of GST returns prescribed under the GST Rules. Out of them, only 11 GST returns are active, 3 suspended, and 8 view-only in nature. The number and types of GST return that a business/professional must file is based on the type of taxpayer registered. These types include regular taxpayer, composition taxable persons, e-commerce operators, TDS deductor, deductor, non-resident taxpayer, Input
Distributor (ISD), casual taxable persons, etc.
Service
Returns can be filed using any of the following methods:
1. GSTN portal (www.gst.gov.in)
2. Offline utilities provided by GSTN
3. GST Suvidha Providers (GSPs)

16.2 Concept of Composition Scheme:
The Composition Scheme under GST is designed to make compliance easier and reduce the tax burden for small taxpayers. It allows them to pay tax at a fixed rate of turnover and file quarterly returns instead of monthly returns.
1. Eligibility Criteria:
- Turnover Limit:

- For manufacturers, traders, and restaurants (not serving alcohol), the aggregate turnover limit is ₹1.5 crore in the preceding financial year.
- For service providers, the turnover limit is ₹50 lakhs.

- Exclusions:
  - Businesses involved in the supply of goods not taxable under GST.
  - Manufacturers of ice cream, pan masala, or tobacco.
  - Businesses engaged in inter-state supplies.
  - E-commerce operators collecting TCS (Tax Collected at Source) under Section 52 of the CGST Act.

2. Tax Rates Under Composition Scheme:

- Manufacturers and Traders:
  - Tax Rate: 1% (0.5% CGST + 0.5% SGST/UTGST) on the turnover in the state or Union territory.
- **Restaurant Services (not serving alcohol):**
  - Tax Rate: 5% (2.5% CGST + 2.5% SGST/UTGST) on the turnover in the state or Union territory.
- **Service Providers (under composition scheme for services):**
- Tax Rate: 6% (3% CGST + 3% SGST/UTGST) on the turnover in the state or Union territory.

3. Compliance Requirements:

- Quarterly Return:
  - GSTR-4: Composition taxpayers need to file GSTR-4 quarterly, by the 18th of the month following the quarter.
  - Annual Return:
  - GSTR-9A: Annual return for composition taxpayers, due by 31st December following the end of the financial year.
- Bill of Supply:
  - Composition taxpayers cannot issue a tax invoice. Instead, they issue a bill of supply.
- Tax Payment:
  - Tax is to be paid on total turnover in the state or Union territory at the specified rate.

4. Input Tax Credit (ITC):

- Ineligibility for ITC:
  - Composition taxpayers cannot claim Input Tax Credit on their purchases.
- Recipient's ITC:
  - Recipients of supplies from a composition taxpayer cannot claim ITC on such purchases.

5. Transition to Regular Scheme:

- Voluntary Transition:
  - A taxpayer can voluntarily opt out of the Composition Scheme by filing GST CMP-04.
- Automatic Transition:
  - If the turnover exceeds the prescribed limit, the taxpayer must transition to the regular GST scheme by filing GST CMP-04.
- Input Tax Credit on Transition:
  - When transitioning to the regular scheme, the taxpayer can claim ITC on inputs held in stock, inputs contained in semi-finished or finished goods held in stock, and capital goods (after reducing the tax paid by 5% per quarter).

6. Advantages of Composition Scheme:

- Simplified Compliance:

- Reduced number of returns and fewer compliance requirements.
- Lower Tax Liability:
  - Fixed percentage of turnover as tax, which is usually lower than regular GST rates.
- Ease of Business:
  - Simplified invoicing and record-keeping.

7. Disadvantages of Composition Scheme:
- No ITC: Inability to claim Input Tax Credit, which can increase the cost of inputs.
- Limited Geographic Scope: Cannot make inter-state supplies.
- Perception Issues:
  - Some businesses may prefer not to purchase from composition dealers due to non-availability of ITC.

8. Example Calculation:
- Manufacturer/Trader Example:
  - If a trader has an annual turnover of ₹1 crore, the tax payable under the composition scheme would be ₹1 lakh (1% of ₹1 crore).
- Restaurant Example:
  - If a restaurant has an annual turnover of ₹50 lakhs, the tax payable under the composition scheme would be ₹2.5 lakhs (5% of ₹50 lakhs).
- Service Provider Example:
  - If a service provider has an annual turnover of ₹40 lakhs, the tax payable under the composition scheme would be ₹2.4 lakhs (6% of ₹40 lakhs).

9. Application for Composition Scheme:
- Filing GST CMP-02:
  - To opt for the Composition Scheme, a taxpayer must file GST CMP-02, prior to the commencement of the financial year for which the scheme is applicable.
- Intimation and Approval:
  - The taxpayer must also file GST ITC-03 within 60 days from the commencement of the scheme, to pay tax on inputs held in stock.

16.3 Regular Scheme Under GST: Detailed Notes

The regular scheme under the Goods and Services Tax (GST) regime applies to businesses that do not opt for the Composition Scheme. It involves the calculation and payment of GST based on the actual turnover of taxable supplies made during a financial year. Here's a comprehensive overview:

The regular scheme under the Goods and Services Tax (GST) regime is applicable to businesses that exceed the turnover limits for the Composition Scheme or choose not to opt for it. Here's a comprehensive overview:

1. Registration:
- Threshold Limits:
  - For Goods: ₹40 lakhs (₹20 lakhs for special category states).
  - For Services: ₹20 lakhs (₹10 lakhs for special category states).
  - Mandatory Registration:
    - New businesses must register under GST if their turnover exceeds the prescribed threshold limits.

- Registration is also mandatory for businesses engaged in inter-state supplies, regardless of turnover.

2. Tax Rates:

- GST Rates:
  - CGST: Central Goods and Services Tax.
  - SGST: State Goods and Services Tax.
  - IGST: Integrated Goods and Services Tax (for inter-state transactions).
- Tax Slabs:
  - 0%: Nil-rated goods and essential commodities.
  - 5%: Basic necessities and certain goods.
  - 12% and 18%: Standard rates for most goods and services.
  - 28%: Luxury goods and certain specific goods.
  - Additional Cess : Applicable on certain goods like luxury cars, tobacco products, and aerated drinks.

3. Turnover Limits:

- Goods: ₹40 lakhs (₹20 lakhs for special category states).
  - Services: ₹20 lakhs (₹10 lakhs for special category states).

4. Input Tax Credit (ITC):

- Claiming ITC:
  - Registered businesses can claim credit for GST paid on inputs (raw materials, services, etc.) used in the course of business.
  - ITC can be claimed against output GST liability.

5. Compliance Requirements:

- GST Returns:
  - GSTR-1: Details of outward supplies (sales) to be filed by the 11th of the next month.
  - GSTR-3B: Summary return including details of outward and inward supplies, to be filed by the 20th of the next month.
  - GSTR-9: Annual return summarizing the details of outward and inward supplies for the entire financial year, to be filed by December 31st of the subsequent year.
  - Invoice Requirements:
  - Issuing tax invoices mentioning GSTIN, description of goods/services, quantity, value, GST rates, and other prescribed details.
  - Payment of Tax:
  - Depositing GST collected from customers (output tax) and deducting GST paid on purchases (input tax credit).
  - Record Keeping:
  - Maintaining proper records of all transactions, invoices, and GST-related documents for at least **6 years.**

6. Transition Provisions:

- Existing Taxpayers:
  - Businesses registered under the old indirect tax regime (VAT, Service Tax, Excise) transition to GST and migrate their registrations.
  - ITC Transition:

- Ensuring seamless transition of input tax credit accumulated under the previous regime to GST.

7. Advantages of Regular Scheme:

- Full ITC: Ability to claim input tax credit on purchases, reducing the effective tax burden.
- Wide Applicability: Suitable for businesses with higher turnover and those engaged in inter-state transactions.
- Comprehensive Compliance: Allows businesses to claim benefits of various exemptions, threshold limits, and input tax credit provisions.

8. Challenges:

- Complex Compliance: Requires meticulous record-keeping and adherence to filing deadlines.
- Higher Tax Burden: Businesses may face higher effective tax rates compared to the Composition Scheme, especially for goods and services attracting higher GST rates.
- ITC Reversal: Situations where ITC reversal may be required, impacting cash flows.

9. Conclusion:

Understanding the regular scheme under GST is crucial for businesses to comply with tax regulations effectively. It involves managing tax rates, turnover limits, compliance requirements, and input tax credit provisions to optimize tax management and ensure regulatory adherence.

16.4 Concept of GSTR-01:

Certainly! GSTR-1 is a crucial GST return form that businesses registered under GST (Goods and Services Tax) in India must file to report outward supplies of goods and services. Here’s a clear explanation of GSTR-1:

What is GSTR-1?

1. Purpose:

- GSTR-1 is a monthly or quarterly return that must be filed by registered taxpayers to report details of their outward supplies (sales) of goods and services.

2. Who Needs to File?

- Every registered person under GST, except for Input Service Distributors (ISD) and Composition Dealers, needs to file GSTR-1.

3. Frequency of Filing:

- Taxpayers with an annual turnover of up to ₹1.5 crore have the option to file GSTR-1 on a quarterly basis. Those with a turnover exceeding ₹1.5 crore must file it monthly.

4.Components of GSTR-1:

a. Basic Information:

- GSTIN (Goods and Services Tax Identification Number) of the taxpayer.
- Legal name and trade name of the taxpayer.
- Period for which the return is being filed (monthly/quarterly).

b. Invoice-wise Details:

- Details of all outward supplies made to registered persons (B2B transactions).
- Details of all outward supplies made to unregistered persons where the invoice value exceeds ₹2.5 lakh (B2C large transactions).
- Consolidated details of all other B2C supplies.

c. HSN/SAC Codes: Harmonized System of Nomenclature (HSN) codes for goods or Service Accounting Codes (SAC) for services must be provided for each item.

d. Taxable Value and Tax Amount:

- Taxable value (value of goods/services before applying GST).

- Integrated GST (IGST), Central GST (CGST), State GST (SGST), or Union Territory GST (UTGST) amount charged on each supply.

e. Late Fee and Penalties:

- Late fees for delayed filing of GSTR-1.

5. Due Date:

- The due date for filing GSTR-1 is the 11th of the subsequent month (for monthly filers) or within 13 days after the end of the quarter (for quarterly filers).

6. Penalties for Non-filing:

- Failure to file GSTR-1 on time can attract penalties and interest under GST law.

Conclusion:

GSTR-1 is critical for the GST compliance framework as it provides details of outward supplies, which are essential for reconciliation and availing Input Tax Credit (ITC) by the recipients. Timely and accurate filing of GSTR-1 helps businesses comply with GST regulations and ensures smooth operations within the GST regime.

16.5 Concept of GSTR-02 & 2B:

GSTR-2:

GSTR-2 is a monthly return that businesses registered under GST are required to file to declare inward supplies of goods or services. It contains details of purchases made by the taxpayer from GST registered suppliers during the reporting period. Here are the key points about GSTR-2:

1. Contents: GSTR-2 includes details such as:
   - Invoice-wise details of inward supplies (purchases) received from registered suppliers.
   - Input Tax Credit (ITC) availed on these purchases.
   - Amendments to purchase invoices if any discrepancies are found after filing GSTR-2.

2. Filing: As per the GST law, GSTR-2 was initially intended to be filed by the 15th of the month following the tax period (monthly). However, due to complexities and technical challenges, the filing of GSTR-2 was suspended by the GST Council. Instead, a simplified version called the GST ANX-2 (Annexure of Inward Supplies) was introduced for the buyer to accept or reject auto-drafted invoices uploaded by the seller.

GSTR-2B:

GSTR-2B is an auto-generated static statement available for taxpayers to view their provisional ITC (Input Tax Credit) eligibility before filing GSTR-2. Here are the key points about GSTR-2B:

1. Purpose: GSTR-2B provides taxpayers with a summarized view of ITC available based on the details uploaded by their suppliers in their respective GSTR-1 (Outward Supplies) during the tax period.

2. Contents: GSTR-2B includes:
   - Details of invoices uploaded by suppliers in their GSTR-1.
   - Eligible ITC available for claiming based on these invoices.
   - Information on amendments, if any, made by suppliers after the filing of GSTR-1.

3. Availability: GSTR-2B is generated on a monthly basis by the GSTN (Goods and Services Tax Network) around the 12th of the succeeding month. It is auto-populated with data from suppliers' GSTR-1 filings and is accessible to taxpayers to reconcile and verify their ITC claims.

Comparison:

- GSTR-2: Originally intended for detailed reporting of inward supplies by the taxpayer, including reconciliation and amendments.

- GSTR-2B: A static statement that simplifies the reconciliation process by providing a summary of eligible ITC based on supplier data, before the filing of GSTR-2 was suspended.

Conclusion:

While GSTR-2 filing has been suspended and replaced by the GST ANX-2 for invoice reconciliation, GSTR-2B remains crucial for taxpayers to verify and reconcile their ITC claims. It helps in ensuring accurate reporting and compliance with GST regulations regarding input tax credits.

16.6 Concept of GSTR-03:

GSTR-3 is a monthly or quarterly return that businesses registered under the Goods and Services Tax (GST) regime in India are required to file. Here is a clear explanation of GSTR-3:

Purpose of GSTR-3

1. Summary Return: GSTR-3 is a summary return where businesses summarize their outward supplies (sales), inward supplies (purchases), input tax credit (ITC) claimed, and GST liabilities for the tax period.

2.Consolidation: It consolidates the information filed in GSTR-1 (details of outward supplies), GSTR-2 (details of inward supplies), and input tax credit ledger maintained on the GST portal.

Components of GSTR-3:

1. **Outward Supplies (Sales):**
   - Details of taxable outward supplies made to registered and unregistered persons.
   - Taxable value, GST rate, and amount of tax charged.
   - Zero-rated supplies, exempt supplies, and nil-rated supplies.
2. **Inward Supplies (Purchases):**
   - Details of taxable inward supplies on which reverse charge applies.
   - Import of goods and services.
   - Credit or debit notes received during the tax period.

3.**Input Tax Credit (ITC):**

- ITC available and utilized during the tax period.
   - Reversal of ITC if applicable, e.g., for exempt supplies or non-business use.

4. Tax Liability Calculation:
   - Calculation of GST liability based on the taxable supplies and applicable GST rates.
   - Adjustment of ITC against the total GST liability.

5. Interest, Late Fees, and Penalty:
   - Details of any interest, late fees, or penalty payable or paid for late filing of GSTR-3.

6.Verification and Declaration:
   - Declaration of correctness and completeness of the information provided in GSTR-3.

Filing and Due Date:

- Monthly/Quarterly Filing: GSTR-3 is filed monthly for regular taxpayers and quarterly for taxpayers opting for the QRMP (Quarterly Return Filing and Monthly Payment of Taxes) scheme.
- Due Date: Typically, the due date for filing GSTR-3 is the 20th of the following month for monthly filers and the last day of the month following the end of the quarter for quarterly filers.

Importance of GSTR-3

- Compliance: Filing GSTR-3 ensures compliance with GST laws and regulations.
- Input Tax Credit: Accurate reporting in GSTR-3 allows businesses to claim correct input tax credit, reducing the tax burden.
- Audit and Assessment: GSTR-3 serves as a crucial document during GST audits and assessments conducted by tax authorities.

Conclusion:

GSTR-3 is a vital document under the GST regime, summarizing a taxpayer's financial transactions for a specific tax period. It plays a crucial role in determining tax liabilities, claiming input tax credits, and ensuring compliance with GST regulations in India.

Concept of GSTR-3B:

GSTR-3B is a monthly self-declaration form that businesses registered under the Goods and Services Tax (GST) in India use to summarize their inward and outward supplies for a given tax period. Here's a clear explanation of GSTR-3B:

Purpose of GSTR-3B:

1. Summary Declaration: GSTR-3B is a summary return form where businesses declare their summarized sales, purchases, input tax credit (ITC) claimed, and GST liability for a particular tax period.
2. Input Tax Credit (ITC) Utilization: Businesses also reconcile the ITC claimed with their actual utilization for the month and declare the net ITC available for set off against GST liability.
3. Payment of GST: Based on the GSTR-3B, businesses calculate their GST liability (output tax minus ITC) and make payment to the government.

Components of GSTR-3B:

1. GSTIN: Goods and Services Taxpayer Identification Number (GSTIN) of the taxpayer.
2. Tax Period: The month and year for which the return is being filed.
3. Part A - Details of Outward and Inward Supplies:
   - 1. GSTIN: GSTIN of the taxpayer.
   - 2. Name of the Taxpayer: Legal name of the registered person.
   - 3. Total Turnover: Aggregate turnover of the taxpayer for the month.
   - 4. Outward Supplies: Details of taxable outward supplies (both inter-state and intra-state).
   - 5. Inward Supplies: Details of ITC availed on purchases.

4. Part B - Tax Liability and Payment:
   - 6. Tax Details: Details of tax payable on outward supplies (IGST, CGST, SGST/UTGST).
   - 7. ITC Details: Breakup of ITC claimed and eligible for set off against tax liability.
   - 8. Interest and Late Fee: Declaration of interest or late fee, if applicable.

5.**Verification and Declaration**: Authorized signatory verifies the correctness of information provided in the return.

Filing and Due Dates:

- Monthly Filing: GSTR-3B is filed monthly by businesses by the 20th of the following month. For example, for the month of May, GSTR-3B is due by 20th June.
- Late Fees: Businesses need to file GSTR-3B on time to avoid late fees. Late filing attracts a penalty of Rs. 50 per day (Rs. 20 per day for taxpayers having nil tax liability).

Importance and Compliance:

- Tax Payment: GSTR-3B facilitates the payment of GST to the government treasury based on the calculated tax liability.
- Compliance: It ensures that businesses comply with GST regulations by reporting their transactions accurately and timely.

Conclusion:

GSTR-3B is crucial for businesses to report their GST liabilities, claim ITC, and pay taxes. It simplifies the compliance process by providing a summary view of GST transactions for a specific tax period, helping businesses maintain transparency and adhere to GST laws effectively.

16.7 Keywords related to GST returns:

1. GSTR-1 Filing: Monthly/quarterly return for outward supplies and sales.
2. GSTR-3B Summary:Monthly self-declared summary return of inward and outward supplies.
3. Input Tax Credit (ITC):Claiming credit for GST paid on purchases against GST liability.
4. Annual Return (GSTR-9): Comprehensive yearly return consolidating all GST transactions.

16.8 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including "GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And "GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

Radha Krishna. V

Lesson - 17
GST RETURN

Objective:
1. Detailed Overview of GST Returns: Provide a comprehensive overview of various GST returns and their purposes.
2. Filing Process: Detail the step-by-step process for filing different types of GST returns.
3. Common Errors and Corrections: Identify common errors in GST returns and how to correct them.
4. E-filing Portal: Explain how to use the GST e-filing portal for return submission.
5. Record Keeping: Discuss the importance of maintaining accurate records for GST returns.

Structure:

17.1 Concept of GSTR 04:
GSTR-4: Comprehensive Guide
GSTR-4 is a quarterly return that needs to be filed by taxpayers who have opted for the Composition Scheme under the Goods and Services Tax (GST) system. The Composition Scheme is designed to simplify the tax compliance process for small businesses by allowing them to pay a fixed percentage of their turnover as tax instead of the regular GST rates. Here's a detailed explanation of GSTR-4:

1. Eligibility for Filing GSTR-4:
- Who Should File: Taxpayers registered under the Composition Scheme.
- Exclusions: Regular taxpayers, Non-Resident Taxable Persons, Input Service Distributors (ISD), and casual taxable persons cannot file GSTR-4.

2. Frequency and Due Date:
- Frequency: Quarterly.
- Due Date: The due date for filing GSTR-4 is the 18th of the month following the end of the quarter. For example, for the quarter of April to June, the due date would be 18th July.

3.Details to be Provided in GSTR-4:
GSTR-4 comprises various sections where the taxpayer needs to provide details related to their business transactions. Here are the key components:

- **Basic Details:**
  - GSTIN (Goods and Services Tax Identification Number)
  - Legal name of the registered person
  - Trade name (if any)
  - Period of return (quarterly)
- **Inward Supplies:**
  - Details of inward supplies (purchases) received from registered and unregistered suppliers.

- Supplies attracting reverse charge.

-Outward Supplies:

- Details of outward supplies (sales) made during the quarter.

- **Tax on Outward Supplies:**

- Calculation of tax payable on outward supplies.

- Composition tax rate applicable to the taxpayer (e.g., 1% for traders, 2% for manufacturers, 5% for restaurants).

- **Import of Services:**

- Details of any services imported.

- Debit/Credit Notes:

- Information on debit and credit notes issued and received.

- Tax, Interest, Late Fee Payment:

- Details of tax, interest, and late fee payable and paid.

- Advances Received/Adjusted:

- Information on advances received for which invoice has not been issued.

TDS/TCS Credit:

- Details of Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) credit.

Make Payment:

- Pay any tax liability through the available modes (net banking, credit/debit card, NEFT/RTGS).

Acknowledgment: After successful filing, an acknowledgment reference number (ARN) is generated. Save this for future reference.

Penalty for Late Filing:

- Late Fee: A late fee of Rs. 200 per day (Rs. 100 for CGST and Rs. 100 for SGST) is applicable for delayed filing, subject to a maximum of Rs. 5,000.
- Interest: Interest is charged at 18% per annum on the outstanding tax amount from the due date until the payment date.

Key Points to Remember:

- Record Maintenance: Maintain accurate records of all transactions as the details need to be reported in GSTR-4.
- Reconciliation: Regularly reconcile your books with the data being reported to avoid discrepancies.
- GST Payments: Ensure timely payments of tax to avoid interest and penalties.

17.2 Concept of GSTR-09:

GSTR-9: Comprehensive Guide

GSTR-9 is an annual return that must be filed by all registered taxpayers under the Goods and Services Tax (GST) regime. This return consolidates the information provided in the monthly or quarterly GST returns filed during the financial year. Here's a detailed explanation of GSTR-9:

1. Eligibility for Filing GSTR-9:

- Who Should File: All regular taxpayers registered under GST, including those registered under the composition scheme, and special category states.
- Exclusions: Casual taxable persons, Input Service Distributors (ISD), non-resident taxable persons, and persons paying TDS under section 51 of the GST Act.

2. Frequency and Due Date:

- Frequency: Annually.

- Due Date: The due date for filing GSTR-9 is December 31 of the subsequent financial year. For example, for the financial year 2022-2023, the due date would be December 31, 2023.

3. Types of GSTR-9:

- GSTR-9: For regular taxpayers.
- GSTR-9A: For taxpayers registered under the composition scheme (discontinued from FY 2019-20 onwards).
- GSTR-9B: For e-commerce operators who have filed GSTR-8 during the financial year.
- GSTR-9C: For taxpayers whose annual turnover exceeds Rs. 5 crores, requiring a reconciliation statement and certification by a Chartered Accountant or Cost Accountant.

4.**Contents of GSTR-9:**

GSTR-9 is divided into several sections, requiring detailed information about the taxpayer's transactions and GST compliance over the financial year. Here are the key components:

1. Part I: Basic Details

- Financial Year
- GSTIN
- Legal Name and Trade Name (if any)

2. Part II: Details of Outward and Inward Supplies Declared During the Financial Year
   - Consolidated information from all GSTR-1 returns filed.
   - Taxable outward supplies, inward supplies on which tax is payable on reverse charge basis, and other inward supplies.
3. Part III: Details of ITC (Input Tax Credit) as Declared in Returns Filed During the Financial Year**
   - ITC availed and reversed.
   - Information on ITC from different sources like purchases, imports, and services.
4. Part IV: Details of Tax Paid as Declared in Returns Filed During the Financial Year
   - Tax paid under different heads: CGST, SGST, IGST, and Cess.
   - Details of taxes paid through cash and ITC utilization.
5. Part V: Particulars of the Transactions for the Previous Financial Year Declared in Returns of April to September of Current Financial Year
   - Amendments to supplies or ITC claims for the previous financial year made in the current financial year.

6. Part VI: Other Information

- Demands and refunds.
- Information on HSN (Harmonized System of Nomenclature) codes.
- Late fees payable and paid.
- Segregation of inward supplies received from different types of taxpayers.

Make Payment:

- If any additional tax is payable, make the payment through the portal.

6. Penalty for Late Filing:

- Late Fee: Rs. 200 per day of delay (Rs. 100 for CGST and Rs. 100 for SGST), subject to a maximum of 0.25% of the turnover in the respective state or union territory.
- Interest: Interest at 18% per annum on the outstanding tax amount from the due date until the payment date.

7. Key Points to Remember:

- Accuracy: Ensure all the details match the data filed in monthly/quarterly returns.
- Reconciliation: Regularly reconcile your books with the returns filed to avoid discrepancies.

- Review and Compliance: Regularly review GST notices and ensure compliance with GST laws to avoid penalties and interest.

17.3 Concept of GSTR-10:

GSTR-10: Comprehensive Guide

GSTR-10 is a final return that must be filed by a taxpayer whose GST registration has been cancelled or surrendered. The primary purpose of this return is to ensure that the taxpayer discharges any remaining tax liabilities before exiting the GST system. Here's a detailed explanation of GSTR-10:

1. Eligibility for Filing GSTR-10:

- Who Should File: Any taxpayer whose GST registration is cancelled or surrendered must file GSTR-10. This includes:
  - Regular taxpayers.
  - Composition scheme taxpayers.
  - Casual taxable persons.
  - Non-resident taxable persons.
  - Input Service Distributors (ISD).
- **Exclusions**:
  - Taxpayers whose registration has been suspended temporarily do not need to file GSTR-10.
  - Persons required to deduct tax at source (TDS) or collect tax at source (TCS) are also excluded.

2. Due Date for Filing GSTR-10:

- When to File: The GSTR-10 return must be filed within three months from the date of cancellation or the date of the cancellation order, whichever is later.

3. Contents of GSTR-10:

GSTR-10 comprises various sections where the taxpayer needs to provide detailed information about their business transactions up to the date of cancellation. Here are the key components:

1. Basic Details
   - GSTIN (Goods and Services Tax Identification Number).
   - Legal name of the registered person.
   - Address.
   - Date of application for cancellation.
   - Date of cancellation order.
   - Unique ID (if applicable).
2. Effective Date of Surrender/Cancellation
   - The exact date on which the GST registration was cancelled or surrendered.
3. Tax Liability on Closing Stock:
   - Details of the tax payable on closing stock of inputs, semi-finished goods, finished goods, and capital goods.
   - Calculation of tax based on the input tax credit (ITC) availed.
4. Details of Inputs Held in Stock:
   - Quantity and description of inputs held in stock on the date of cancellation.
   - Value and amount of ITC availed.
5. Details of Capital Goods/Plant and Machinery:
   - Description and value of capital goods/plant and machinery held on the date of cancellation.
   - Calculation of tax payable on capital goods.

6. Other Liabilities:
   - Any other liabilities due as per the GST law.
7. Verification:
   - Declaration to certify the correctness of the information provided.
   - Signature of the authorized signatory.
8. Make Payment:
   - If any tax liability is outstanding, make the payment through the portal.

5. Penalty for Late Filing:

- Late Fee: A late fee of Rs. 200 per day (Rs. 100 for CGST and Rs. 100 for SGST) is applicable for delayed filing, subject to a maximum of Rs. 5,000.
- Interest: Interest at 18% per annum on the outstanding tax amount from the due date until the payment date.

6. Key Points to Remember:

- Timeliness: Ensure the return is filed within the stipulated time to avoid penalties.
- Accuracy: Provide accurate details of closing stock, inputs, and capital goods to determine the correct tax liability.
- Compliance: Regularly check for any GST notifications or updates that may affect the filing process.

GSTR-9C: Comprehensive Guide:

GSTR-9C is a reconciliation statement that must be filed by taxpayers whose annual turnover exceeds Rs. 5 crores under the Goods and Services Tax (GST) regime. It is essentially an audit form that reconciles the data provided in the annual return (GSTR-9) with the taxpayer's audited financial statements. Here's a detailed explanation of GSTR-9C:

1. Eligibility for Filing GSTR-9C:

- Who Should File: Taxpayers with an annual turnover exceeding Rs. 5 crores in a financial year.
- Requirement: The form must be certified by a Chartered Accountant (CA) or Cost Accountant.

2. Due Date for Filing GSTR-9C:

- When to File: GSTR-9C must be filed annually along with the GSTR-9 return.
- Due Date: The due date for filing GSTR-9C is December 31 of the subsequent financial year. For example, for the financial year 2022-2023, the due date would be December 31, 2023.

3. Contents of GSTR-9C:

GSTR-9C comprises two parts:

1. Part A: Reconciliation Statement:
   - This part involves reconciling the turnover declared in the audited annual financial statement with the turnover declared in the annual return (GSTR-9).
   - Reconciliation of Gross Turnover:
     - Details of gross turnover declared in audited financial statements and adjustments made for differences.
     - Reconciliation of taxable turnover with the annual return.
   - Reconciliation of Tax Paid:
     - Reconciling the tax payable as per audited accounts and tax actually paid.
   - Reconciliation of Input Tax Credit (ITC):
     - Matching ITC claimed in GSTR-9 with ITC availed as per financial statements.
     - Reporting discrepancies and reasons for the same.
   - Reconciliation of Expenses:

- Detailing expenses as per the audited financial statement and reconciling with ITC availed.

2. Part B: Certification:
   - This part includes the certification by the CA or Cost Accountant.
   - Certification by Auditor:
     - The auditor certifies that the reconciliation statement is true and correct.
   - Certification in cases of Audit:
     - If the auditor conducts an audit of the accounts, they need to certify the correctness of the annual return and the reconciliation statement.

4. Steps to File GSTR-9C:

1. Prepare Data:
   - Gather all relevant financial data, including audited financial statements and the annual return (GSTR-9).
   - Ensure all invoices, ledgers, and accounts are updated and reconciled.
2. Appoint an Auditor:
   - Engage a CA or Cost Accountant to prepare and certify the reconciliation statement.
3. Log in to GST Portal:
   - Access the GST portal (www.gst.gov.in) and log in with your credentials.
4. Navigate to GSTR-9C:
   - Go to the ‘Returns Dashboard’ and select the financial year.
   - Choose ‘Annual Return GSTR-9C’.
5. Fill in the Details:
   - Enter the required details in Part A (Reconciliation Statement).
   - Ensure accuracy in the reconciliation of turnover, tax paid, and ITC.
6. Upload the Certified Statement:
   - Upload the GSTR-9C form certified by the auditor.
7. Submit and File:
   - Review and submit the form. Ensure all information is accurate as corrections cannot be made once submitted.
   - File the return using Digital Signature Certificate (DSC) or Electronic Verification Code (EVC).
8. Make Payment:
   - If any additional tax is payable, make the payment through the portal.

5. Penalty for Late Filing:

- Late Fee: A late fee of Rs. 200 per day (Rs. 100 for CGST and Rs. 100 for SGST) is applicable for delayed filing, subject to a maximum of 0.25% of the turnover in the respective state or union territory.
- Interest: Interest at 18% per annum on the outstanding tax amount from the due date until the payment date.

6. Key Points to Remember:

- Accuracy: Ensure all reconciliations are accurate and discrepancies are clearly explained.
- Timeliness: File GSTR-9C within the stipulated time to avoid penalties.
- Documentation: Maintain detailed records and documentation to support the data provided in the reconciliation statement.
- Compliance: Regularly review GST notifications and updates to stay compliant with the latest regulations.

17.4 Provision Related to Filing GST Returns Under Section 39:

Section 39 of the Central Goods and Services Tax (CGST) Act, 2017, outlines the provisions related to the filing of various GST returns by different categories of taxpayers. These returns are critical for ensuring that the tax authorities have accurate records of all taxable transactions, tax liabilities, and input tax credits (ITC) availed by registered persons. Here’s a detailed explanation of Section 39:

1. Filing of Returns by Regular Taxpayers:

- Monthly Return (GSTR-3B):
  - Who Files: All regular taxpayers, including those who are subject to audit under GST, must file this return.
  - Frequency: Monthly.
  - Due Date The 20th of the following month.
  - Details Included: Summary of outward supplies, inward supplies liable to reverse charge, ITC claimed, tax liability, and tax payments.
- Annual Return (GSTR-9):
  - Who Files: All regular taxpayers whose turnover exceeds Rs. 2 crores in a financial year.
  - Frequency: Annually.
  - Due Date: December 31 of the subsequent financial year.
  - Details Included: Consolidated details of monthly returns, annual turnover, tax paid, and refund claimed.

2. Filing of Returns by Composition Scheme Taxpayers:

- Quarterly Return (CMP-08):
  - Who Files: Taxpayers who have opted for the Composition Scheme.
  - Frequency: Quarterly.
  - Due Date: The 18th of the month following the quarter.
  - Details Included: Summary of turnover and tax paid under the composition scheme.
- Annual Return (GSTR-9A):
  - Who Files: Taxpayers registered under the Composition Scheme (discontinued from FY 2019-20 onwards).
  - Frequency: Annually.
  - Due Date: December 31 of the subsequent financial year.
  - Details Included: Consolidated details of quarterly returns, annual turnover, and tax paid.

3. Filing of Returns by Other Specific Taxpayers:

- Non-Resident Taxable Persons (GSTR-5):
  - Frequency: Monthly.
  - Due Date: Within 20 days after the end of the month or within 7 days after the last day of validity of registration, whichever is earlier.
  - Details Included: Details of inward and outward supplies, ITC availed, and tax paid.
- Input Service Distributors (GSTR-6):
  - Frequency: Monthly.
  - Due Date: The 13th of the following month.
  - Details Included: Details of ITC received and distributed among branches.
- TDS Deductors (GSTR-7):
  - Frequency: Monthly.
  - Due Date: The 10th of the following month.
  - Details Included: Details of TDS deducted and paid.

- E-Commerce Operators (GSTR-8):
  - Frequency: Monthly.
  - Due Date: The 10th of the following month.
  - Details Included: Details of supplies made through the e-commerce platform and TCS collected.

4. Provisions for Late Filing and Penalties:

- Late Fee: A late fee of Rs. 50 per day (Rs. 25 for CGST and Rs. 25 for SGST) is applicable for late filing of GSTR-3B and other monthly returns. For nil returns, the late fee is Rs. 20 per day (Rs. 10 for CGST and Rs. 10 for SGST).
- Interest: Interest at 18% per annum is charged on the outstanding tax amount from the due date until the payment date.
- Penalty: Additional penalties may be imposed for continued non-compliance or deliberate evasion of taxes.

5. Amendments and Rectifications:

- Correction of Errors: Taxpayers can amend the details in the returns of subsequent months if errors are identified after submission.
- Annual Reconciliation: Discrepancies found during the annual reconciliation in GSTR-9 must be rectified, and any additional tax liability must be paid.

6. Key Points to Remember

- Timely Filing: Adhere to the due dates for filing each type of return to avoid late fees and penalties.
- Accurate Data: Ensure that all transaction details are accurately reported in the respective returns to maintain compliance.
- Maintain Records: Keep detailed records and supporting documents for all transactions reported in GST returns for audit and verification purposes.
- Regular Reconciliation: Regularly reconcile books of accounts with GST returns to identify and correct discrepancies early.

17.5 Keywords related to GST returns:

1. GSTR-4: Quarterly return for composition scheme taxpayers.
2. GSTR-5: Return for non-resident foreign taxpayers.
3. GSTR-6: Monthly return for input service distributors (ISD).
4. GSTR-9: Annual return to be filed by regular taxpayers.

17.6 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including “GST Ready Reckoner”.
2. Monish Bhalla, Author of books like “ GST – The Game Changer” And “GST Laws Manual”.
3. Ca Rajat Mohan, Author of “Handbook on GST” And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

Radha Krishna.V

Lesson – 18
MISCELLANEOUS CONCEPT OF GSTR

Objective:
1. Additional GSTR Concepts: Explore miscellaneous concepts and provisions related to GST returns.
2. Amendments and Adjustments: Explain how to make amendments and adjustments in filed GST returns.
3. Reconciliation: Discuss the reconciliation process between GSTR-1, GSTR-3B, and GSTR-2A.
4. Annual Returns: Detail the requirements and process for filing annual GST returns (GSTR-9).
5. Audit and Assessment: Provide an overview of the audit and assessment process under GST.

Structure:

18.1 QRMP Scheme in GST: Comprehensive Guide:
The QRMP (Quarterly Return Monthly Payment) scheme under the Goods and Services Tax (GST) regime is designed to simplify compliance for small taxpayers. It allows eligible taxpayers to file their GST returns on a quarterly basis while making tax payments monthly. Here's a detailed explanation of the QRMP scheme:

1.Eligibility for QRMP Scheme:
- Turnover Criteria: Taxpayers with an aggregate turnover of up to Rs. 5 crores in the previous financial year can opt for the QRMP scheme.
- Option to Opt-In/Out: Taxpayers can opt into the QRMP scheme at the beginning of any quarter. The option can be exercised from the first day of the second month of the preceding quarter to the last day of the first month of the quarter.

2. Features of QRMP Scheme:
- Quarterly Returns: Under the QRMP scheme, taxpayers are required to file GSTR-1 and GSTR-3B on a quarterly basis.
  - GSTR-1: Quarterly return for outward supplies.
  - GSTR-3B: Summary return for outward supplies, input tax credit (ITC) availed, and tax payable.
- Monthly Payments: Taxpayers must pay their tax liabilities on a monthly basis using Form GST PMT-06.

- Fixed Sum Method (FSM): Taxpayers can pay a fixed sum based on 35% of the net cash liability of the previous quarter, if the GSTR-3B was filed quarterly, or 100% of the net cash liability of the last month of the previous quarter, if the GSTR-3B was filed monthly.
- Self-Assessment Method (SAM): Taxpayers can pay the tax based on the actual tax liability for the month.
- Invoice Furnishing Facility (IFF): Taxpayers can upload invoices for the first two months of the quarter using the IFF. This allows recipients to claim ITC on a monthly basis.
- Interest and Late Fee: Interest is applicable on delayed tax payments beyond the due date. Late fees are applicable for delayed filing of GSTR-3B and GSTR-1.

4. Steps to File Returns and Make Payments:
1. File GSTR-1 Quarterly:
   - File the quarterly GSTR-1 return by the 13th of the month following the end of the quarter.
2. Make Monthly Tax Payments:
   - Use Form GST PMT-06 to pay tax by the 25th of the following month. Choose either the Fixed Sum Method or Self-Assessment Method for calculating the tax payable.
3. Utilize Invoice Furnishing Facility (IFF):
   - Upload B2B invoices for the first two months of the quarter by the 13th of the following month.
4. File GSTR-3B Quarterly:
   - File the quarterly GSTR-3B return by the 22nd or 24th of the month following the end of the quarter, depending on the state.
5. Benefits of QRMP Scheme:
- Reduced Compliance Burden: Simplifies the return filing process for small taxpayers by reducing the frequency of return filings from monthly to quarterly.
- Cash Flow Management: Helps in better cash flow management as taxpayers need to make tax payments on a monthly basis, avoiding a large lump-sum payment at the end of the quarter.
- Flexibility: Provides the option to pay tax based on either a fixed sum or self-assessment, allowing businesses to choose the method that best suits their financial situation.

6. Key Points to Remember:
- Timely Payments: Ensure that monthly tax payments are made by the 25th of the following month to avoid interest charges.
- Invoice Uploading: Utilize the Invoice Furnishing Facility (IFF) to upload invoices monthly, facilitating ITC claims by recipients.
- Reconciliation: Regularly reconcile books of accounts with GSTR-1 and GSTR-3B to avoid discrepancies and ensure accurate reporting.
- Opt-In/Opt-Out: Monitor turnover and opt in or out of the QRMP scheme as per eligibility criteria and business needs.

18.2 Casual Taxable Person (CTP) Under GST: Comprehensive Guide:

A Casual Taxable Person (CTP) under the Goods and Services Tax (GST) regime is a person who occasionally undertakes business transactions involving the supply of goods or services in a territory where they do not have a fixed place of business. Here’s a detailed explanation of the concept and the requirements for a CTP under GST:

1. Definition of Casual Taxable Person (CTP):

- Casual Taxable Person: As per Section 2(20) of the CGST Act, a CTP is a person who occasionally undertakes business transactions involving the supply of goods or services in a state or Union territory where they do not have a fixed place of business.

2. Registration Requirements:

- Mandatory Registration: A CTP must obtain registration under GST, irrespective of the threshold limit of turnover.
- Advance Deposit: At the time of registration, a CTP is required to make an advance deposit of the estimated tax liability for the period for which registration is sought.
- Temporary Registration: The registration certificate issued to a CTP is temporary and is valid for the period specified in the application or 90 days from the effective date of registration, whichever is earlier. This period can be extended by an additional 90 days upon request.

Extend Validity (if needed):

- If business operations extend beyond the initial validity period, apply for an extension by filling Form GST REG-11 before the expiry of the initial period.

4. Compliance Requirements:

- Tax Invoices: A CTP must issue tax invoices for all taxable supplies made during the period of registration.
- Returns Filing:
  - GSTR-1: Details of outward supplies must be filed in GSTR-1 by the 10th of the following month.
  - GSTR-3B: Summary return for outward supplies, ITC claimed, tax liability, and tax payments must be filed monthly by the 20th of the following month.
- Advance Tax Payment: The CTP must pay advance tax based on the estimated turnover, which will be adjusted against actual tax liability.

5. Refund of Excess Advance Tax:

- Application for Refund: If the advance tax deposited exceeds the actual tax liability, the CTP can claim a refund of the excess amount. This can be done by filing Form GST RFD-01.
- Refund Process: The refund will be processed as per the provisions of the GST refund mechanism.

6. Key Points to Remember:

- Mandatory Registration: CTP registration is mandatory before commencing any business activity in the state where they do not have a fixed place of business.
- Temporary Nature: The registration is temporary and specific to the duration of the business activity.
- Advance Tax: An advance deposit of tax liability is mandatory at the time of registration.
- Compliance: CTPs must comply with all the GST return filing requirements and tax payments during the period of registration.
- Refunds: Claim refunds for any excess tax deposited promptly to avoid blocking of funds.

7. Example Scenarios:

- Trade Fairs and Exhibitions: Businesses participating in trade fairs or exhibitions in states where they do not have a fixed place of business would need to register as a CTP.
- One-time Projects: Contractors undertaking a one-time project in a different state must register as a CTP.

18.3 Non-Resident Taxable Person (NRTP) Under GST: Comprehensive Guide

A Non-Resident Taxable Person (NRTP) under the Goods and Services Tax (GST) regime refers to any person who occasionally undertakes business transactions involving the supply of goods or services in India but does not have a fixed place of business or residence in India. Here's a detailed explanation of the concept and the requirements for an NRTP under GST:

1. Definition of Non-Resident Taxable Person (NRTP):

- Non-Resident Taxable Person: As per Section 2(77) of the CGST Act, an NRTP is a person who occasionally undertakes transactions involving the supply of goods or services in the course or furtherance of business, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

2. Registration Requirements:

- Mandatory Registration: An NRTP must obtain registration under GST irrespective of the threshold limit of turnover. Registration must be obtained at least five days prior to commencing business in India.
- Advance Deposit: An NRTP is required to make an advance deposit of the estimated tax liability for the period for which registration is sought.
- Temporary Registration: The registration certificate issued to an NRTP is temporary and is valid for the period specified in the application or 90 days from the effective date of registration, whichever is earlier. This period can be extended by an additional 90 days upon request.

3. Steps for Registration

1. Apply Online:
   - Visit the GST portal (www.gst.gov.in) and apply for registration by filling Form GST REG-09.
2. Advance Tax Deposit:
   - Calculate the estimated tax liability and deposit the same as advance tax. This is done using the GST Payment Form GST REG-10.
3. Submit Documents:
   - Provide the required documents such as passport, business details, and proof of business activities in India.
4. Receive Registration Certificate:
   - Upon verification, a temporary registration certificate is issued.
5. Extend Validity (if needed):
   - If business operations extend beyond the initial validity period, apply for an extension by filling Form GST REG-11 before the expiry of the initial period.

4. Compliance Requirements:

- Tax Invoices: An NRTP must issue tax invoices for all taxable supplies made during the period of registration.

- Returns Filing:
  - GSTR-5: Details of all inward and outward supplies, ITC claimed, and tax paid must be filed in GSTR-5 by the 20th of the following month or within 7 days after the last day of the validity of registration, whichever is earlier.

- Advance Tax Payment: The NRTP must pay advance tax based on the estimated turnover, which will be adjusted against actual tax liability.

5. Refund of Excess Advance Tax:
- Application for Refund: If the advance tax deposited exceeds the actual tax liability, the NRTP can claim a refund of the excess amount by filing Form GST RFD-01.
- Refund Process: The refund will be processed as per the provisions of the GST refund mechanism.

6. Key Points to Remember
- Mandatory Registration: NRTP registration is mandatory before commencing any business activity in India.
- Temporary Nature: The registration is temporary and specific to the duration of the business activity.
- Advance Tax: An advance deposit of tax liability is mandatory at the time of registration.
- Compliance: NRTPs must comply with all the GST return filing requirements and tax payments during the period of registration.
- Refunds: Claim refunds for any excess tax deposited promptly to avoid blocking of funds.

7. Example Scenarios:
- Foreign Exhibitors: Companies from outside India participating in trade fairs or exhibitions in India would need to register as an NRTP.
- Temporary Projects: Foreign contractors undertaking a temporary project in India must register as an NRTP.
- Consultancy Services: Non-resident consultants providing services in India for a short duration must register as an NRTP.

8. Differences Between NRTP and CTP:
- Place of Business:
  - NRTP: No fixed place of business in India.
  - CTP: May have a fixed place of business in India but not in the state where business activities are undertaken.
- Nationality:
  - NRTP: Generally a foreign entity or individual.
  - CTP: Indian entity or individual operating in a different state.
- Registration Validity:
  - NRTP: Initially valid for 90 days, extendable by another 90 days.
  - CTP: Initially valid for 90 days, extendable by another 90 days.

18.4 Provisions Related to Furnishing Details of Outward Supplies and Inward Supplies Under GST:

Under the Goods and Services Tax (GST) regime, registered taxpayers are required to furnish details of their outward and inward supplies to ensure proper compliance and tax accountability. The provisions for these requirements are primarily outlined in Sections 37 and 38 of the Central Goods and Services Tax (CGST) Act, 2017, and corresponding rules. Here’s a detailed explanation:

Furnishing Details of Outward Supplies (Section 37):
Outward Supplies refer to the sale of goods or provision of services made by a registered person. These details must be furnished in the form GSTR-1.

- Form GSTR-1: This form is used to provide details of all outward supplies made during a tax period.
  - Monthly/Quarterly Filing:
    - Monthly: Taxpayers with an aggregate turnover of more than Rs. 5 crores in the preceding financial year must file GSTR-1 on a monthly basis.
    - Quarterly: Taxpayers with an aggregate turnover of up to Rs. 5 crores can opt to file GSTR-1 on a quarterly basis under the QRMP (Quarterly Return Monthly Payment) scheme.
  - Due Dates:
    - Monthly Filing: The due date is the 11th of the following month.
    - Quarterly Filing: The due date is the 13th of the month following the quarter.

- Details to be Furnished:
  - Invoice-wise Details: For all Business-to-Business (B2B) supplies.
  - Consolidated Details: For all Business-to-Consumer (B2C) supplies below Rs. 2.5 lakh.
  - Debit and Credit Notes: Issued and received during the tax period.
  - Export Supplies: Details of exports made, including HSN codes.
  - Amendments: Any amendments to supplies reported in earlier returns.
- Importance of Accuracy: Correct details are crucial as they impact the recipient's Input Tax Credit (ITC) claims. Mismatched or incorrect details can lead to discrepancies and compliance issues.

Furnishing Details of Inward Supplies (Section 38):
Inward Supplies refer to the purchase of goods or receipt of services by a registered person. These details are reflected in the form GSTR-2A (auto-populated) and GSTR-2B (static).

- Form GSTR-2A: This is a dynamic form that gets auto-populated with the details of inward supplies based on the data furnished by suppliers in their GSTR-1.
  - Real-Time Updates: GSTR-2A gets updated on a real-time basis as and when suppliers upload invoices.
  - View-Only Form: Taxpayers cannot make any changes to this form; it is purely for viewing the data reported by suppliers.

- Form GSTR-2B: This is a static form generated for each tax period, providing a consolidated view of ITC available.
  - Static Form: Generated on the 14th of each month for the previous month's transactions.
  - Reconciliation Tool: Used for reconciling ITC claims with the data uploaded by suppliers.

- **Reconciliation of Inward Supplies:**
  - Match and Mismatch: Taxpayers should reconcile the data in GSTR-2A and GSTR-2B with their purchase records to identify mismatches.
  - Communication with Suppliers: In case of discrepancies, taxpayers should communicate with their suppliers to rectify the errors in subsequent GSTR-1 filings.

Provisions for Amendment and Rectification:

- Amendments in GSTR-1: Taxpayers can make amendments to the details furnished in GSTR-1 in subsequent returns. This includes correcting errors in invoice details, tax amounts, and recipient information.
- Time Limits for Amendments: Amendments can be made before the due date of filing returns for the month of September following the end of the financial year, or the actual date of filing the annual return, whichever is earlier.

18.5 Penalties and Consequences for Non-Compliance:

- Late Fees: Late fees are applicable for delays in filing GSTR-1. The fee is Rs. 200 per day (Rs. 100 for CGST and Rs. 100 for SGST), subject to a maximum cap.
- Interest on Tax Liability: Interest is charged on any delayed payment of tax arising from discrepancies or late amendments.
- ITC Denial: Incorrect or non-furnishing of outward supply details can lead to denial of ITC for the recipients.

Key Points to Remember:

- Timely Filing: Ensure timely filing of GSTR-1 to avoid late fees and penalties.
- Accurate Data: Maintain accurate records and ensure all details of outward and inward supplies are correctly reported.
- Regular Reconciliation: Regularly reconcile purchase records with GSTR-2A and GSTR-2B to identify and rectify discrepancies.
- Communication with Suppliers: Maintain effective communication with suppliers to ensure timely correction of any mismatched invoices.

18.6 Input Service Distributor (ISD) and Bill to Ship to Model in GST:

Input Service Distributor (ISD):

An Input Service Distributor (ISD) is a concept under the GST regime that allows a business to distribute the Input Tax Credit (ITC) of services received centrally (like at the head office) to various branches or units of the same entity.

1. Definition and Purpose:

- ISD: As per Section 2(61) of the CGST Act, an ISD is an office of the supplier of goods or services that receives tax invoices for input services and issues a prescribed document to distribute the ITC to its branches.
- Purpose: The ISD mechanism is designed to streamline the distribution of ITC for services across different branches or units of an organization, ensuring that ITC is utilized effectively.

2. Registration:

- Mandatory Registration: An ISD must obtain a separate registration, irrespective of the turnover limit.
- Separate Registration: This registration is distinct from the regular GST registration for supplying goods and services.

3. Distribution of ITC:

- Eligibility: Only ITC on input services can be distributed by an ISD. ITC on goods cannot be distributed.
- Document Issuance: The ISD must issue an ISD invoice or credit note to distribute the ITC.
- Distribution Method:
  - Proportionate Distribution: ITC is distributed to all the branches (recipient units) based on the turnover of each unit in the preceding financial year.

4. Compliance Requirements:
- Monthly Returns: ISD must file GSTR-6 by the 13th of the following month, providing details of ITC received and distributed.
- Details of Distribution: The ISD return includes details of the invoices on which ITC is received and the ISD invoices through which ITC is distributed.

5. Practical Example:
- Scenario: A company's head office receives services such as consulting or advertising for the entire company. The head office (registered as an ISD) distributes the ITC related to these services to various branches based on their respective turnovers.

Bill to Ship to Model:
The "Bill to Ship to" model is a business scenario where goods are billed to one person but shipped to another location. This model is common in sales transactions involving third parties.
1. Concept:
- Bill to Party: The person who receives the invoice and is responsible for making the payment.
- Ship to Party: The person or location where the goods are actually delivered.
2. GST Implications:
- Single Invoice: A single invoice is issued by the supplier, indicating the "Bill to" and "Ship to" parties.
- Place of Supply: The place of supply for such transactions is determined based on the location of the "Bill to" party.
3. Documentation:
- Tax Invoice: The tax invoice issued by the supplier should clearly mention:
  - Bill to Address: Address of the party receiving the invoice.
  - Ship to Address: Address of the party where the goods are delivered.
- E-Way Bill: If applicable, the e-way bill should also reflect both the "Bill to" and "Ship to" details.
4. Compliance
- Record Keeping: Proper documentation must be maintained to reflect the "Bill to" and "Ship to" parties for compliance and audit purposes.
- GST Return Filing: Ensure that the details of such transactions are accurately reported in the GST returns.
5. Practical Example:
- Scenario: A supplier in Delhi sells goods to a customer in Mumbai (Bill to). However, the goods are to be delivered to the customer's warehouse in Pune (Ship to). The invoice will be raised to the Mumbai address, but the goods will be shipped to Pune.
6. Place of Supply Determination:

- Inter-State Supply: If the supplier and the "Bill to" party are in different states, it will be considered an inter-state supply, attracting IGST.
- Intra-State Supply: If both are in the same state, it will be an intra-state supply, attracting CGST and SGST.

18.7 Keywords:

1. GSTR-1: Outward supplies, invoice-wise details, monthly/quarterly filing, due date.
2. GSTR-2A: Auto-populated, inward supplies, supplier data, real-time updates.
3. GSTR-3B: Summary return, monthly filing, ITC claim, tax payment.
4. Reconciliation: Matching records, discrepancies, ITC verification, compliance.

18.8 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including "GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And "GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

Radha Krishna. V

Lesson - 19
ADMINISTRATIVE STRUCTURE OF GST

Objective:
1. GST Council: Explain the role and functions of the GST Council in the administration of GST.
2. Central and State Authorities: Describe the administrative structure at the central and state levels.
3. GST Network (GSTN): Provide an overview of the GSTN and its role in GST administration.
4. Compliance Mechanism: Discuss the compliance and enforcement mechanisms under GST.
5. Dispute Resolution: Explain the dispute resolution process in the GST system.

Structure:

19.1 CONSTITUTIONAL PROVISIONS REGARDING TAXATION:
The significant provisions of the Constitution relating to taxation are:
1. Article 265: Article 265 of the Constitution of India prohibits arbitrary collection of tax. It states that "no tax shall be levied or collected except by authority of law." The term "authority of law" means that tax proposed to be levied must be within the legislative competence of the Legislature imposing the tax.
2. Article 245: Part XI of the Constitution deals with relationship between the Union and States. The power for enacting the laws is conferred on the Parliament and on the Legislature of a State by Article 245 of the Constitution. The said Article provides as under:
a. Subject to the provisions of this Constitution, Parliament may make laws for the whole or any part of the territory of India, and the legislature of a State may make laws for the whole or any part of the State.
b. No law made by the Parliament shall be deemed to be invalid on the ground that it would have extra-territorial operation.
3. Article 246: It gives the respective authority to Union and State Governments for levying tax.
4. Seventh Schedule to Article 246: It contains three lists which enumerate the matters under which the Union and the State Governments have the authority to make laws.

19.2 SIGNIFICANT PROVISIONS OF CONSTITUTION (101ST AMENDMENT) ACT, 2016 FOR LEVY AND COLLECTION OF GST:

1. Article 246A: Power to make laws with respect to Goods and Services Tax Newly inserted Article 246A

a. Notwithstanding anything contained in Articles 246 and 254, Parliament, and the Legislature of every State, have power to make laws with respect to goods and services tax imposed by the Union or by such State.

b. Parliament has exclusive power to make laws with respect to goods and services tax where the supply of goods, or of services, or both takes place in the course of inter-State trade or commerce.

2. Article 269A: Levy and collection of GST on inter-State supply:

a. Article 269A stipulates that GST on supplies in the course of inter-State trade or commerce shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by law on the recommendations of the Goods and Services Tax Council.

b. In addition to above, import of goods or services or both into India will also be deemed to be supply of goods and/ or services in the course of Inter-State trade or Commerce.

c. This will give power to Central Government to levy IGST on the import transactions which were earlier subject to Countervailing duty under the Customs Tariff Act, 1975.

3. Article 279A - GST Council:

a. Article 279A of the Constitution empowers the President to constitute a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).

b. The provisions relating to GST Council came into force on 12th September, 2016. President constituted the GST Council on 15th September, 2016.

c. The Union Finance Minister is the Chairman of this Council and Ministers in charge of Finance/Taxation or any other Minister nominated by each of the States & UTs with Legislatures are its members. Besides, the Union Minister of State in charge of Revenue or Finance is also its member.

d. The function of the Council is to make recommendations to the Union and the States on important issues like tax rates, exemptions, threshold limits, dispute resolution etc.

e. It shall recommend the special provisions with respect to the Special Category States. There are 11 Special Category States, namely, States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand. Special threshold limits for registration, composition, exemptions, etc. have been recommended for some or all of these States.

f. GST Council shall also recommend the date on which GST be levied on petroleum crude, high speed diesel, motor spirit, natural gas and aviation turbine fuel.

g. Every decision of the GST Council is taken by a majority of not less than three-fourths of the weighted votes of the members present and voting. Vote of the Centre has a weightage of one-third of total votes cast and votes of all the State Governments taken together has a weightage of two-thirds of the total votes cast, in that meeting.

19.3 EXTENT & COMMENCEMENT OF GST LAW:

1. Central Goods and Services Tax Act, 2017: CGST Act, 2017 extends to the whole of India. India means: a. territory of India as referred to in article 1 of the Constitution b. its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 c. the air space above its territory and territorial waters.
2. State GST law of the respective State/Union Territory with Legislature [Delhi, Puducherry and Jammu & Kashmir] extends to whole of that State/Union Territory.
3. Integrated Goods and Services Tax Act, 2017 extends to the whole of India. 4. Union Territory Goods and Services Tax Act, 2017 extends to the Union territories (without legislature) of the

a. Andaman and Nicobar Islands,
b. Lakshadweep,
c. Dadra and Nagar Haveli and Daman and Diu,
d. Ladakh,
e. Chandigarh and
f. other territory.

19.4 GST COMMON PORTAL:

1. GST being a destination-based tax, the inter-State trade of goods and services (IGST) needed a robust settlement mechanism amongst the States and the Centre.
2. A Common Portal was needed which could act as a clearing house and verify the claims and inform the respective Governments to transfer the funds. This was possible only with the help of a strong IT Infrastructure.
3. Resultantly, Common GST Electronic Portal – www.gst.gov.in – a website managed by Goods and Services Network (GSTN) [a company incorporated under the provisions of section 8 of the Companies Act, 2013] is set by the Government to establish a uniform interface for the tax payer and a common and shared IT infrastructure between the Centre and States.
4. The functions of the GSTN include

a. facilitating registration;
b. forwarding the returns to Central and State authorities;
c. computation and settlement of IGST;
d. matching of tax payment details with banking network;
e. providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
f. providing analysis of taxpayers' profile.

19.5 BENEFITS OF GST:

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. The significant benefits of GST are discussed hereunder:

1. BENEFITS TO ECONOMY:

a. Creation of unified national market: GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.

b. Boost to 'Make in India' initiative: GST gives a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market. This will create India as a manufacturing hub.

c. Enhanced investment and employment: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input tax on goods and services and phasing out of Central Sales Tax (CST) reduces the cost of locally manufactured goods and services and increases the competitiveness of Indian goods and services in the international market and thus, gives boost to investments and Indian exports. With a boost in exports and manufacturing activity, more employment will be generated and GDP will increase.

2. SIMPLIFIED TAX STRUCTURE:

a. Ease of doing business: Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure. The uniformity in laws, procedures and tax rates across the country makes doing business easier.

b. Certainty in tax administration: Common system of classification of goods and services across the country ensures certainty in tax administration across India.

3. Easy Tax Compliance:

a. Automated procedures with greater use of IT: There are simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction is primarily through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration.

b. Reduction in compliance costs: The compliance cost is lesser under GST as multiple record-keeping for a variety of taxes is not needed, therefore, there is lesser investment of resources and manpower in maintaining records. The uniformity in laws, procedures and tax rates across the country goes a long way in reducing the compliance cost.

19.6 Models of GST:

The world is dividend on the adoption of GST Model every country have their own GST laws and are unique in nature itself however in boarder sense the GST Adopted by the different countries can be classified under two categories:

1. Single GST Model
2. Dual GST Model

A. Single GST Model:

1. NATIONAL/CENTRAL GST MODEL: National GST is one of the peculiar models of GST wherein two level Government viz. the Centre and the State, combine their levies revenue sharing arrangements among them. In simple words, in the form of a single National GST along with appropriate under this model, taxes are levied by the center with provision for revenue sharing with the provinces/states.

Australia is most recent example of a National GST, which is levied and collected by the centre, but the proceeds of which a allocated entirely to the States. In China, the VAT law and administration is centralised, but revenues are shared with the province (states).

India has strong federal structure of governance wherein every state is enjoying fiscal autonomy. The Single National is not possible because there is not adequate level of trust between state and centre and states do not want lose is fiscal autonomy.

2. STATE GST MODEL: This model is inverse of the Single National GST model, under this model GST would be levied by the State only and Centre withdraw from the field of general consumption taxation. Centre government would

continue to levy income tax customs duties and excise duties on selected products.

USA is the most prominent example of this model. In India the adoption of this kind of model is not viable as by adopting this model Union will have huge loss of revenue. Compliance with tax laws of each state will also be very difficult as each may adopt different rate, procedure, returns of GST.

B. DUAL GST MODEL: In this model, GST is levied by both the federal and state governments. The dual GST can be operated in different ways

1. Non-concurrent Dual GST: This model is designed to enable State to levy taxes on all goods and Centre is entitled to collect tax on all services. This model was suggested by Poddar- Ahmed Working to avoid constitutional amendment.

This model was also not adopted as this model not able to address the existing problem of cascading and dual taxation.

2. Concurrent Dual GST: Under this model, a concurrent or dual GST is levied by the Centre and State on both goods and services. This model is based on concept of sharing of revenue by State and Center to create good balance between fiscal autonomy of state and the union.

The Concurrent Dual GST model has been successfully implemented in Canada and Brazil where this model proved to be an efficient model to remove cascading effect of taxation and create fiscal balance between Union and State. KelkarCommittee suggested this model as an ideal model for IndianIndirect tax reform.

19.7 Comprehensive Structure of GST Model in India:

Comprehensive Structure of GST Model In India: In India, GST Model will be "Dual GST", where both Central and State levied GST simultaneously, In this model Centre will levy and administered CGST & IGST, while respective state/ Union Territory will levy and administer SGST/UTGST. This structure discussed as under;

1. CGST (Central Goods and Services Tax):

CGST is a tax levied on Intra State supplies of both goods and services by the Central Government and will be governed by the CGST Act. As per CGST Act, CGST is the centralised part of GST that subsumes the central taxes such as central sales tax, central excise duty, service tax, etc. The revenue collected by under CGST belongs to the Central government.

However, it is clearly mentioned in Section 8 of the GST Act that the taxes be levied on all Intra-State supplies of goods and/or services but the rate of tax shall not be exceeding 14%, each.

2. SGST(State Goods and Services Tax):

The State Goods and Services Tax or SGST is (within the same state) transactions. In the case of an intrastate supply of goods and/or services, both State GST and Central GST are levied. However, the State GST or SGST is levied by the state on the goods and/or services that are purchased or sold within the state. It is governed by the SGST Act. The revenue earned through SGST is solely claimed by the respective state government.

For example, if a trader from Andra Pradesh has sold goods to a customer in Andra Pradesh worth Rs.5,000, then the GST applicable on the transaction will be partly CGST and partly SGST. If the rate of GST charged is 18%, it will be divided equally in the form of 9% CGST and 9% SGST. The total amount to be charged by the trader, in this case, will be Rs.5,900. Out of the revenue earned from GST under the head of SGST, i.e. Rs.450, will go to the Andra Pradesh state government in the form of SGST.

3. UTGST (Union Territory Goods and Services Tax):

UTGST is just the way similar to SGST. The only difference is that the tax revenue goes to the treasury for respective administration of union territory where the goods or services have finally been consumed. UGST is also charged at the same rates that of CGST. But, amongst UTGST or SGST only one at a time shall be levied together with CGST in each case.

Currently, there are 8 union territories in India:

Lakshadweep

Dadra and Nagar Haveli and Daman and Diu
Andaman and Nicobar Islands
Delhi
Puducherry Ladakh
Jammu & Kashmir
But out of these Delhi and Puducherry levy SGST and not UTGST because they have their own elected members and Chief Minister. Hence, they function as partial - states. As the SGST Act cannot be applied on a union territory which does not have its own legislature. The UTGST Act has been introduced by the GST Council
4. IGST (Integrated Goods & Service Tax): The Integrated Goods and Services Tax or IGST is a tax under the GST regime that is applied on the interstate (between 2 states) supply of goods and/or services as well as on imports and exports. The IGST is governed by the IGST Act. Under IGST, the body responsible for collecting the taxes is the Central Government. After the collection of taxes, it is further divided among the respective states by the Central Government.
For example if a trader from TS has sold goods to a customer in AP worth Rs.5,000, then IGST will be applicable as the transaction is an interstate transaction. If the rate of GST charged on the goods is 18%, the trader will charge Rs.5,900 for the goods. The IGST collected is Rs.900, which will be going to the Central Government.
IGST will be Applicable on any Supply of Goods and/or Services in both cases
Of import into india and export from India. In IGST Exports would be Zero rated and Tax will be Shared Between the Central and State Government.

19.8 GST Rate Structure Proposed Under GST:
4 Tier GST Tax Structure: The GST was carefully crafted to keep both the burden of the common man and inflation rates in mind. The four-tier tax structure contains four separate rates: a zero rate, a lower rate, a standard rate, and a higher rate.
1. Zero rate / Nil rate: The zero rate tax is a nil tax rate that is applied on goods and services. This is equivalent to tax exemption and does not have any effect on the price of the product. Items that are eligible for zero rate tax are decided by the government.
The zero rate tax is applied on 50% of the items of the consumer price index (CPI) basket - an index that constantly measures prices of commonly purchased consumer goods and services to measure inflation. The zero rate items includes items such as, food grains, milk, curd, and other food items like eggs, cereal and meat. Also, metro travel, education and healthcare are exempted from GST. The zero rate of the GST structure will keep the prices of basic items in check, regardless of whether the government decides to increase tax rates in the future.
2. Lower rate: A lower rate of 5% is applied on the rest of the items in the CPI basket and other items of mass consumption. This includes food items like sugar, tea, coffee, oil, and other essentials like PDS kerosene and LPG. Since the regime, electricity generation has said to be less expensive. The taxation on coal has reduced from 11.69% to 5% under the GST GST council had placed transport services in the 5% sector, which is applicable to Ola and Uber aggregators. Air- conditioned train tickets are taxed at a rate of 5%, while non- AC train tickets are exempt from GST. This, along with the zero rate tax, helps prevent inflation from having much of an impact on zero rate and lower rate items, keeping the prices of all essential items in check.
3. Standard rate: There are two standard rates: 12% and 18%. Finance Minister Arun Jaitley, in his address to the press, said that the Council had finalized two standard rates in order to keep inflation in check.

Imagine a product, which was previously taxed at 13%, charged a rate of 18% GST. This would increase the price of the product by 5%, leading to inflation. To avoid this, the GST council decided to tax all goods and services that were taxed at 9-15% at a standard rate of 12%. Processed foods are taxed at 12%. The rest of the goods and services are taxed the second standard rate of 18%. Toiletries like hair oil, soap, and toothpaste are taxed at 18%. Also, capital goods, industrial intermediaries, iron and steel, financial and telecom services are included under this sector.

4. Higher rate: A higher rate of 28% is levied on white goods such as washing machines, air conditioners, refrigerators, small cars, etc. Aerated drinks and cement are also included in this tier.

Previously, the tax on white goods was around 27% (including an excise of 12.5% and VAT of 14.5%), but the cascading effect elevated the tax as high as 30-31%. This is minimized by the new higher rate of 28%.

Additional cess: People worried that demerit goods (such as tobacco products and aerated drinks), which were previously taxed at 65% and 40%, would become cheaper and too easily accessible with the new higher rate of GST set at 28%. Keeping this in mind, the GST structure collects an additional cess on top of 28% GST. The cess will only be applied on certain demerit goods. The percentage of additional cess has been fixed by the government as 15% for luxury vehicles, 1% for petrol for l powered small cars and 3% for diesel powered small cars. Motorcycles with an engine capacity of over 350 cc are liable for an additional cess of 3%.

The idea of the GST structure is to lower the burden of the common man by taxing items of mass consumption at 0-5%, followed by taxing most major goods and services at a standard rate of 18%.

19.9 Keywords:

1. GST Council: Apex body for GST policy recommendations, comprising Union and State Finance Ministers.
2. CBIC: Central Board of Indirect Taxes and Customs, overseeing CGST administration and enforcement.
3. State Commissioners: Head state-level SGST administration, ensuring compliance and enforcement.
4. Cross-Empowerment: Central and state GST officers authorized to perform audits and assessments to prevent overlap.

19.10 Reference:

1. V.S. Datey, Known for his Comprehensive books on GST, Including
"GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And
"GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

Radha Krishna. V

Lesson – 20
PAYMENTS OF GST

Objective:
1. GST Payment Process: Detail the process of making GST payments, including challan generation and payment methods.
2. Types of Payments: Explain the different types of GST payments (tax, interest, penalty, fee).
3. Payment Deadlines: Outline the deadlines for various GST payments and the consequences of late payment.
4. Electronic Payment System: Describe the electronic payment system for GST and its benefits.
5. Reconciliation of Payments: Discuss the reconciliation process for GST payments with bank statements and accounting records.

Structure:

20.1 E-Filing of GST Returns:
E-filing of GST returns is the process of submitting GST-related documents and information electronically through the GST portal. This is a critical aspect of GST compliance for businesses. Here's a detailed overview:

1. Types of GST Returns:
Different types of GST returns need to be filed, depending on the nature of the taxpayer and transactions involved:
- GSTR-1: Monthly return for outward supplies (sales) of goods and services.
- GSTR-2A: Auto-drafted return for inward supplies (purchases) based on the GSTR-1 filed by suppliers.
- GSTR-3B: Monthly summary return for reporting total outward supplies, inward supplies, input tax credit (ITC), and tax payable.
- GSTR-4: Quarterly return for composition scheme taxpayers.
- GSTR-9: Annual return providing a consolidated summary of all monthly/quarterly returns filed in a financial year.

2. Process of E-Filing GST Returns:

- Step 1: Registration:
  - Ensure you are registered on the GST portal (www.gst.gov.in) and have a valid GSTIN (GST Identification Number).
- Step 2: Prepare Data:
  - Gather all necessary data related to your business transactions, such as sales, purchases, ITC, and tax liabilities.
- Step 3: Login to GST Portal:
  - Use your credentials (GSTIN, username, and password) to log in to the GST portal.
- Step 4: Select the Return Form:
  - Choose the appropriate return form (GSTR-1, GSTR-3B, etc.) from the dashboard based on your filing requirements.
- Step 5: Fill in the Details:
  - Enter the required details in the return form. You can also upload data using offline utility tools provided by the GST portal.
- Step 6: Validate Data:
  - Review and validate the entered data for accuracy. The portal allows you to preview the return before submission.
- Step 7: Submit Return:
  - Submit the return online. After submission, the system generates an ARN (Acknowledgement Reference Number) for future reference.
- Step 8: Payment of Tax:
  - If there is any tax liability, it must be paid using the available payment modes (net banking, credit/debit card, etc.) before filing the return.
- Step 9: File Return:
  - After successful payment, file the return by using the DSC (Digital Signature Certificate), EVC (Electronic Verification Code), or E-signature.

3.Benefits of E-Filing GST Returns:
- Convenience: Allows taxpayers to file returns from anywhere and at any time.
- Accuracy: Minimizes errors through system validations and auto-population of data.
- Transparency: Ensures transparency with real-time status tracking and acknowledgment.
- Compliance: Facilitates timely compliance and avoids penalties for late filing.

4. Challenges in E-Filing:
- Technical Issues: System downtimes and technical glitches can cause delays.
- Complexity: Understanding the various forms and filing requirements can be complex for small businesses.
- Data Accuracy: Ensuring accurate data entry and reconciliation is crucial to avoid discrepancies.

Conclusion:
E-filing of GST returns is a streamlined process designed to enhance ease of compliance and ensure accuracy in tax reporting. It is essential for businesses to understand the filing requirements, prepare accurate data, and adhere to the deadlines to avoid penalties and ensure seamless compliance with GST laws.

20.2 Section 49: Payment of Tax, Interest, Penalty and Other Amounts
I. SEC 49(1) – Amount deposited should be credited to electronic cash ledger: Every deposit made towards tax, interest, penalty, fee or any other amount by a person
• by internet banking or

- by using credit or debit cards or
- National Electronic Fund Transfer or
- Real Time Gross Settlement or
- by such other mode and subject to such conditions and restrictions as may be prescribed,

shall be credited to the electronic cash ledger of such person to be maintained in such manner as may be prescribed (Rule 87).

II. SEC 49(2) – Input tax credit shall be credited to electronic credit ledger:
The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed (Rule 86).

III. SEC 49(3) – Utilization of amount available in Electronic cash ledger:
The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in such manner and subject to such conditions and within such time as may be prescribed (Rule 87).

IV. SEC 49(4) – Utilization of amount available in Electronic credit ledger:
The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and within such time as may be prescribed (Rule 86).

V. SEC 49(5) – Utilisation of Input Tax Credit: The amount of input tax credit available in the electronic credit ledger of the registered person on account of— a. integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;

b. the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;

c. the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax; Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;

d. the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax

e. the central tax shall not be utilised towards payment of State tax or Union territory tax; and

f. the State tax or Union territory tax shall not be utilised towards payment of central tax.

VI. SEC 49(6) – Refund of Balance: The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54.

VII. SEC 49(7) – Electronic Liability Register: All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed (Rule 85).

VIII. SEC 49(8) – Ordre of discharge: Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely:– a. self-assessed tax, and other dues related to returns of previous tax periods; b. self-assessed tax, and other dues related to the return of the current tax period; c. any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74;

IX. SEC 49(9) – Deemed passing of incidence of tax: Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

X. SEC 49(10): A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for a. integrated tax, central tax, State tax, Union territory tax or cess; or b. integrated tax or central tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act. Provided that no such transfer under clause (b) shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

XI. SEC 49(11): Where any amount has been transferred to the electronic cash ledger under this Act,the same shall be deemed to be deposited in the said ledger as provided in subsection (1).

XII. SEC 49(12): Notwithstanding anything contained in this Act, the Government may, on the recommendations of the Council, subject to such conditions and restrictions, specify such maximum proportion of output tax liability under this Act or under the Integrated Goods and Services Tax Act, 2017 which may be discharged through the electronic credit ledger by a registered person or a class of registered persons, as may be prescribed.

Explanation: For the purposes of this section,-

a. the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;

b. the expression,- (i) "tax dues" means the tax payable under this Act and does not include interest, fee and penalty; and

(ii) "other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made thereunder.

20.3 Section 49A – Utilisation of Input Tax Credit Subject to Certain Conditions

Notwithstanding anything contained in section 49,

• the input tax credit on account of central tax, State tax or Union territory tax • shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be,

• only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment.

Section 49B – Order to Utilization of Input Tax Credit

Notwithstanding anything contained in this Chapter and subject to the provisions of clause (e) and clause (f) of sub section (5) of section 49, the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax.

20.4 Electronic Liability Register:

(1) The electronic liability register specified under sub-section (7) of section 49 shall be maintained in FORM GST PMT-01 for each person liable to pay tax, interest, penalty, late fee

or any other amount on the common portal and all amounts payable by him shall be debited to the said register.
(2) Debits to liability register: The electronic liability register of the person shall be debited by
a. the amount payable towards tax, interest, late fee or any other amount payable as per the return furnished by the said person;
b. the amount of tax, interest, penalty or any other amount payable as determined by a proper officer in pursuance of any proceedings under the Act or as ascertained by the said person; or
c. **Omitted
d. any amount of interest that may accrue from time to time.
(3) Subject to the provisions of section 49, section 49A and section 49B payment of every liability by a registered person as per his return shall be made by debiting
• the electronic credit ledger maintained as per rule 86 or
• the electronic cash ledger maintained as per rule 87 and the electronic liability register shall be credited accordingly.
(4) Amounts to be paid only by debiting Electronic cash ledger: The following amounts should be paid only by debiting the electronic cash ledger
• the amount deducted under section 51, or
• the amount collected under section 52, or
• the amount payable on reverse charge basis, or
• the amount payable under section 10,
• any amount payable towards interest, penalty, fee or any other amount under the Act and the electronic liability register shall be credited accordingly.
(5) Any amount of demand debited in the electronic liability register shall stand reduced to the extent of relief given by the appellate authority or Appellate Tribunal or court and the electronic tax liability register shall be credited accordingly.
(6) The amount of penalty imposed or liable to be imposed shall stand reduced partly or fully, as the case may be, if the taxable person makes the payment of tax, interest and penalty specified in the show cause notice or demand order and the electronic liability register shall be credited accordingly.
(7) A registered person shall, upon noticing any discrepancy in his electronic liability ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04.

20.5 Rule 86 - Electronic Credit Ledger (Relevant extract):
(1) The electronic credit ledger shall be maintained in FORM GST PMT-02 for each registered person eligible for input tax credit under the Act on the common portal and every claim of input tax credit under the Act shall be credited to the said ledger.
(2) The electronic credit ledger shall be debited to the extent of discharge of any liability in accordance with the provisions of section 49 or section 49A or section 49B
(3) Where a registered person has claimed refund of any unutilized amount from the electronic credit ledger in accordance with the provisions of section 54, the amount to the extent of the claim shall be debited in the said ledger.
(4) If the refund so filed is rejected, either fully or partly, the amount debited under sub rule (3), to the extent of rejection, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03.
(5) Where a registered person has claimed refund of any amount paid as tax wrongly paid or paid in excess for which debit has been made from the electronic credit ledger, the said amount, if found admissible, shall be re-credited to the electronic credit ledger by the proper officer by an order made in FORM GST PMT-03.

(6) A registered person shall, upon noticing any discrepancy in his electronic credit ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04.

20.6 Rule 86A - Conditions of use of amount available in electronic credit ledger:
(1) The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as
a. the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-
i. issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
ii. without receipt of goods or services or both; or
b. the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or
c. the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or
d. the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36, may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount.
(2) The Commissioner, or the officer authorised by him under sub-rule (1) may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit.
(3) Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.

20.7 Rule 86B - Restrictions on use of amount available in electronic credit ledger: a. Applicability of Rule 86B: Rule 86B is applicable to the registered person having value of taxable supply (other than exempt supply and zero-rated supply) in a month exceeding ₹ 50 lakh. Therefore, in cases wherein value of taxable supply in a month is less than ₹ 50 lakh, then this restriction would not be applicable.
b. Nature of restriction imposed: The registered person to whom the said rule is applicable cannot utilize input tax credit in excess of 99% of the output tax liability. In other words, input tax liability shall be utilized only to the extent of 99% of the output tax liability while discharging output tax liability. The above restriction can be explained with the help of numerical example:
The total value of inter-State supply of Raman & Sons for the month of February 2021 is of ₹ 100 lakh. Said supply is taxable @ 18% IGST. Thus, total output tax liability of Raman & Sons is ₹ 18 lakh. Amount available in electronic credit ledger is ₹ 20 lakh (IGST). In terms of restriction imposed by rule 86B, Raman & Sons can discharge 99% of its output tax liability, i.e. ₹ 17,82,000 (99% of ₹ 18,00,000) from the amount available in electronic credit ledger. However, it has to mandatorily discharge the balance 1% of the output tax liability i.e. ₹ 18,000 (1% of ₹ 18,00,000) through electronic cash ledger only.

20.8 Rule 87 - Electronic Cash Ledger:
(1) The electronic cash ledger under sub-section (1) of section 49 shall be maintained in FORM GST PMT-05 for each person, liable to pay tax, interest, penalty, late fee or any other

amount, on the common portal for crediting the amount deposited and debiting the payment therefrom towards tax, interest, penalty, fee or any other amount.

(2) Any person, or a person on his behalf, shall generate a challan in FORM GST PMT-06 on the common portal and enter the details of the amount to be deposited by him towards tax, interest, penalty, fees or any other amount. Provided that the challan in FORM GST PMT-06 generated at the common portal shall be valid for a period of fifteen days.

(3) Accepted modes of payment: The deposit under sub-rule (2) shall be made through any of the following modes, namely:-

- Internet Banking through authorised banks;
- Unified Payment Interface (UPI) from any bank;
- Immediate Payment Services (IMPS) from any bank
- Credit card or Debit card through the authorised bank;
- National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or
- Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft Provided that the restriction for deposit up to ten thousand rupees per challan in case of an Over the Counter payment shall not apply to deposit to be made by –

a. Government Departments or any other deposit to be made by persons as may be notified by the Commissioner in this behalf;

b. Proper officer or any other officer authorised to recover outstanding dues from any person, whether registered or not, including recovery made through attachment or sale of movable or immovable properties;

c. Proper officer or any other officer authorised for the amounts collected by way of cash, cheque or demand draft during any investigation or enforcement activity or any ad hoc deposit.

Explanation: For the purposes of this sub-rule, it is hereby clarified that for making payment of any amount indicated in the challan, the commission, if any, payable in respect of such payment shall be borne by the person making such payment.

(4) Any payment required to be made by a person who is not registered under the Act, shall be made on the basis of a temporary identification number generated through the common portal.

(5) Where the payment is made by way of National Electronic Fund Transfer or Real Time Gross Settlement, or Immediate Payment Service mode from any bank, the mandate form shall be generated along with the challan on the common portal and the same shall be submitted to the bank from where the payment is to be made. Provided that the mandate form shall be valid for a period of fifteen days from the date of generation of challan.

(6) Generation of CIN: On successful credit of the amount to the concerned government account maintained in the authorised bank, a Challan Identification Number shall be generated by the collecting bank and the same shall be indicated in the challan.

(7) On receipt of the Challan Identification Number from the collecting bank, the said amount shall be credited to the electronic cash ledger of the person on whose behalf the deposit has been made and the common portal shall make available a receipt to this effect.

(8) Where the bank account of the person concerned, or the person making the deposit on his behalf, is debited but no Challan Identification Number is generated or generated but not communicated to the common portal, the said person may represent electronically in FORM GST PMT-07 through the common portal to the bank or electronic gateway through which the deposit was initiated. Provided that where the bank fails to communicate details of Challan Identification Number to the Common Portal, the Electronic Cash Ledger may be updated on the basis of e-Scroll of the Reserve Bank of India in cases where the details of the

said e-Scroll are in conformity with the details in challan generated in FORM GST PMT-06 on the Common Portal.

(9) Where a person has claimed refund of any amount from the electronic cash ledger, the said amount shall be debited to the electronic cash ledger.

(10) If the refund so claimed is rejected, either fully or partly, the amount debited under sub-rule (10), to the extent of rejection, shall be credited to the electronic cash ledger by the proper officer by an order made in FORM GST PMT-03.

(11) A registered person shall, upon noticing any discrepancy in his electronic cash ledger, communicate the same to the officer exercising jurisdiction in the matter, through the common portal in FORM GST PMT-04.

(12) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09.

➢ The amount available in the electronic cash ledger can be utilised for payment of any

liability for the major and minor heads.

➢ The amount available in the electronic cash ledger can be utilised for payment of any liability for the major and minor heads. For instance, if the registered person has made a deposit of tax erroneously i.e. by virtue of human error, under a particular head instead of a specific head, the same can be transferred to the respective intended head vide Form GST PMT-09

➢ For instance, a registered person has deposited a sum of ` 1,000 under the head of "Interest" column of CGST & ₹ 1,000 under the head of "Interest" column of SGST, instead of the head "Fee". Such amount can be transferred using Form GST PMT-09 for making a transfer to the head "Fee".

(13) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for central tax or integrated tax of a distinct person as specified in sub-section (4) or, as the case may be, sub-section (5) of section 25, in FORM GST PMT-09.

Provided that no such transfer shall be allowed if the said registered person has any unpaid liability in his electronic liability register.

20.9 Section 50: Interest on Delayed Payment of Tax

(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent, as may be notified by the Government on the recommendations of the Council:

Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger.

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed (Rule 88B), from the day succeeding the day on which such tax was due to be paid.

(3) Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such input tax credit wrongly availed and utilised, at such rate not exceeding twentyfour per cent as may be notified by the Government, on the recommendations of the Council, and the interest shall be calculated, in such manner as may be prescribed. Notification No. 13/2017 CT dated 28.06.2017 has been amended by the Finance Act, 2022 retrospectively with effect from 01.07.2017, to reduce the rate of interest under section 50(3) from 24% to 18% per annum.

➢ Rule 88B - Manner of calculating interest on delayed payment of tax

(1) In case, where the supplies made during a tax period are declared by the registered person in the return for the said period and

• the said return is furnished after the due date in accordance with provisions of section 39,

• except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period,

• the interest on tax payable in respect of such supplies shall be calculated on the portion of tax which is paid by debiting the electronic cash ledger,

• for the period of delay in filing the said return beyond the due date, at such rate as may be notified under sub-section (1) of section 50.

(2) In all other cases, where interest is payable in accordance with sub section (1) of section 50, the interest shall be calculated on the amount of tax which remains unpaid, for the period starting from the date on which such tax was due to be paid till the date such tax is paid, at such rate as may be notified under sub-section (1) of section 50.

(3) In case, where interest is payable on the amount of input tax credit wrongly availed and utilised in accordance with sub-section (3) of section 50, • the interest shall be calculated on the amount of input tax credit wrongly availed and utilised,

• for the period starting from the date of utilisation of such wrongly availed input tax credit till the date of reversal of such credit or payment of tax in respect of such amount,

• at such rate as may be notified under said sub-section (3) of section 50.

Explanation: For the purposes of this sub-rule,

(1) input tax credit wrongly availed shall be construed to have been utilised, when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, and the extent of such utilisation of input tax credit shall be the amount by which the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed.

(2) the date of utilisation of such input tax credit shall be taken to be, -

a. If tax is paid through return:

• the date, on which the return is due to be furnished under section 39 or

• the actual date of filing of the said return, whichever is earlier, if the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, on account of payment of tax through the said return; or

b. In other cases: the date of debit in the electronic credit ledger when the balance in the electronic credit ledger falls below the amount of input tax credit wrongly availed, in all other cases.

20.10 Explain the late fee and Penalties for non filing of GST-Return:
Late Filing of GST Returns: Not filing the GST return within the time period given by the department (including the Extension), is considered as non-compliance with the law and attracts strict penalty amount. The amount of late fees differs according to the type of return filing. The 3 Categories are:

1. Late Fees for non-annual GST Return
2. Late Fees for annual GST Return
3. Late Fees for filing Nil Return

1. Late fees for non-annual GST returns: If the taxpayer fails to file the GST return on time, then a late fee of Rs. 100 is applicable under the CGST Act and Rs. 100 under SGST Act. Thus, per day a late fee of INR 200 is applicable. This late fee is accumulated every day till the returns are filed and the late fees have been paid. The total amount cannot gather more than INR 5000. The per day and maximum amounts hold even for inter-state supplies.
2. Late fees for annual GST returns: Just like non-annual GST returns, the late fees for annual GST returns are INR 100 under CGST law per day and INR 100 under SGST law per day. Thus, a total of INR 200 per day is applicable till the date late fees have been paid. The maximum penalty amount cannot be more than 0.25% of the total turnover of the taxpayer for the particular financial year.
3. Late fees for filing NIL returns: Even if there is no GST return amount to be paid to the tax department, a NIL return has to be filed within the stipulated time period. So if there is a delay in filing NIL returns, a late fee is applicable on per day basis. According to the CGST Act, INR 50 is charged per day and according to SGST INR 50 is charged per day. So, in all a late fee of INR 100 is charged per day till the date of fee payment for late filing NIL returns.

20.11 Reduction under the latest amendments: New amendments are introduced in the Act on a day-to-day basis. Many new introductions also result in a reduction in late fees amount. Because the businesses were having difficulties on the GST portal, CBIC has reduced the late fees for a short period of time. these changes are temporary and prone to change according to the CBEC notifications. The following temporary reductions have been made in recent times for late fees to be paid:
1. Intra-state: For intra-state supplies, the late fees have been reduced to INR 25 per day under CGST and INR 25 day under SGST. So, per day a late fee of INR 50 is charged instead of INR 200.
2. Inter-state: Like the intra-state regulations, the late fees for inter-state supplies also has been reduced to INR 25 per day by CGST as well as SGST. Thus, a late fee of INR 50 is levied per day..
3. NIL return: For NIL return late filing, CGST has reduced the amount to INR 10 per day and similarly SGST also per has reduced the amount to INR 10. Thus, a total of INR 20 day is levied for not filing NIL returns on time. Under IGST also, the late fees have been reduced to INR 20 per day.
Interest on late fees: When the late fee is accrued, interest is also charged on non-payment of late fees. On the total penalty liability, interest at the rate of 18% per annum is applied. This interest is paid by the taxpayer at the time of paying the fees. The fees, as well as the interest, is calculated for the period of the due date to the date of actual filing of return.

20.12 Powers and Jurisdiction of GST Department:
The GST (Goods and Services Tax) department in India is vested with significant powers and clearly defined jurisdictions to ensure the effective administration and enforcement of GST laws. Here's a detailed explanation of the powers and jurisdiction of the GST department:

1. Powers of GST Officers:

A. Inspection, Search, and Seizure:

- Inspection: Authorized GST officers can inspect business premises, goods, documents, and books of accounts to verify tax compliance.
- Search: Officers can conduct searches at any place of business if they believe tax evasion is taking place.
- Seizure: GST officers can seize goods, documents, or books if they are found to be involved in tax evasion.

B. Arrest:

- Authority to Arrest: GST officers can arrest a person without warrant if they believe the person has committed certain specified offenses such as tax evasion exceeding a certain limit.
- Conditions: Arrests are made under sections like Section 69 of the CGST Act, and the arrested person must be informed of the grounds of arrest.

C. Summon and Evidence Collection:

- Summoning Powers: Officers can summon any person to give evidence or produce documents relevant to an investigation or assessment.
- Evidence Collection: The collected evidence can be used to enforce compliance and penalize violations.

D. Assessment and Adjudication:

- Assessment: Officers have the power to assess tax liability in cases of non-filing of returns, under-reporting, or fraud.
- Adjudication: They can adjudicate cases involving disputes regarding tax liability, ITC claims, or any other compliance issues.

E. Issue of Show Cause Notices:

- Show Cause Notices: Officers can issue notices to taxpayers for explaining discrepancies or non-compliance before taking any enforcement action.

F. Audits and Scrutiny:

- Audit Powers: Officers can conduct audits of business records and transactions to ensure compliance with GST laws.
- Scrutiny: Regular scrutiny of returns and records to detect discrepancies or irregularities.

2. Jurisdiction of GST Officers:

A. Territorial Jurisdiction:

- Defined Areas: Each GST officer is assigned a specific geographical area where they have authority to perform their duties.
- State and Central Jurisdiction: Officers from State GST (SGST) and Central GST (CGST) have jurisdiction over different aspects of GST compliance but work in coordination.

B. Functional Jurisdiction:

- Division of Functions: Jurisdiction can also be function-based, with certain officers handling specific functions such as registration, refund processing, or enforcement.
- Special Assignments: Officers may be assigned special functions like anti-evasion measures or audits.

C. Cross-Empowerment:

- Inter-Operational Authority: Central and state officers are cross-empowered to conduct assessments and audits to avoid overlap and ensure uniformity.
- Collaborative Efforts: Central and state tax authorities often collaborate for joint audits and inspections.

D. Hierarchical Jurisdiction:- Hierarchical Structure: The GST administration follows a hierarchical structure with defined powers at each level (Commissioners, Joint Commissioners, Deputy Commissioners, etc.).
- Appeals and Reviews: Higher authorities have the jurisdiction to hear appeals and review decisions made by lower officers.

3. Key Roles and Responsibilities:
- Tax Collection and Compliance: Ensuring accurate and timely collection of GST and enforcing compliance with the law.
- Dispute Resolution: Handling disputes related to tax assessments, refunds, and other compliance issues through a structured adjudication process.
- Taxpayer Assistance: Providing support and guidance to taxpayers for smooth compliance with GST regulations.
- Policy Implementation: Implementing GST policies and amendments as directed by the GST Council.

20.13 Keywords:
1. Online Payment: Convenient method using net banking, credit, or debit cards through the GST portal.
2. Challan Generation: System for creating challans to facilitate both online and offline payments.
3. Payment Modes: Options include net banking, NEFT/RTGS, credit/debit cards, and over-the-counter payments.
4. Electronic Cash Ledger: Digital account to track tax payments and manage funds for GST liabilities.

20.14 Reference:
1. V.S. Datey, Known for his Comprehensive books on GST, Including "GST Ready Reckoner".
2. Monish Bhalla, Author of books like " GST – The Game Changer" And "GST Laws Manual".
3. Ca Rajat Mohan, Author of "Handbook on GST" And other Works.
4. Bimal Jain, Known for his books "GST Law and Analysis" and "A Complete Guide to Goods and Services Tax Ready Reckoner."

Radha Krishna. V