D.N.R COLLEGE (AUTONOMOUS), BHIMAVARAM

DEPARTMENT OF COMMERCE

III B.COM (CA) – VI SEMESTER

TALLY WITH GST APPLICATIONS

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LECTURER IN COMMERCE

Tally ERP9:

Tally ERP9 is powerful accounting software, which is driven by a technology called concurrent multi-lingual accelerated technology engine. It is easy to use software and is designed to simply complex day to day activities associated in an enterprise. Tally provides comprehensive solution around accounting principles, inventory and data integrity. Tally also has feature encompassing global business. Tally software comes with easy to use interface thus making it operationally simple.

Tally accounting software provides a solution around inventory management, stock management, invoicing, purchase order management, discounting, stock valuation methodology, etc.

Tally accounting software also comes with drill down options, which can track every detail of transaction. It helps in maintaining simple classification of accounts, general ledger, accounts receivable and payable, bank reconciliation, etc.

The technology employed by tally makes data reliable and secure. Tally software supports all the major types of file transfer protocols. This helps in connecting files across multiple office locations.

Tally accounting software is capable of undertaking financial analysis and financial management. It provides information around receivables turnover, cash flow statement, activity consolidation and even branch accounting.

Tally accounting software is east to set up and simple to use. A single connection can support multiple users. It can be easily used in conjunction with the Internet making possible to publish global financial reports.

Tally accounting software can seamlessly connect with various Microsoft applications.

Benefits of Tally Accounting Software

Any business owner understands the importance of maintaining proper books of account. This practice ensures that finance for the company is always in order and are correct at all given points of time. Company should always be aware of its financial positions.

Earlier, most of the businesses were employing manual practice in maintaining books of account. However, with the advent of modern information technology, this task can be performed by accounting software. Tally is one such all powerful accounting software.

Tally accounting software provides a solution to all the problems real businesses have to encounter. Single software takes care of all tasks required for enterprise management. Accounting task such as records keeping, accounts receivable and payable management and bank reconciliation are made simple through tally.

Financial management is also made simpler under Tally software. The software allows management of finances across multiple locations can handle multiple currency transactions, manage cash flow and interest payment.

Thus, Tally software is flexible, reliable, secure, easy to use and affordable.

UNIT –I

INTRODUCTION TO GST:

ESSAY QUESTIONS: 12 MARKS

1.Define GST? Explain the objectives of GST.

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime such as the cascading effect tax on tax levied on a product at every step of the sale. The end consumer, in turn, had to pay the tax on the already paid tax. Both the state and the central governments will impose GST on almost all goods and services produced in India or imported. It subsumes more than 16 indirect taxes. Initially GST introduced in 5 slab rates 0%,5%,12%,!8% and 28%.

OBJECTIVES:

To eliminate the cascading effect of indirect taxes

The basic objective of GST is to remove cascading effect of the taxes. Cascading effect of taxes mean levy of tax on tax. GST would be levied only towards the net value added portion and not towards the entire portion of value as the tax payer would enjoy input tax credit.

To subsume all the indirect taxes at the centre and state level

Barring few indirect taxes, all the major indirect taxes levied by central and state governments have been subsumed into GST. Thus, the taxpayer and supplier need not bother about paying multiple indirect taxes under different laws.

To reduce the tax evasion and corruption

GST would help in curbing of tax evasion and reduce corruption in tax department. In the system of GST, there would be less chance to claim false input tax credit .Each invoice wise matching and verification would be made to ensure that taxes are properly paid to the government.

To increase the productivity

GST would help in increasing the enterprise productivity and efficiency. In GST regime, entry tax has been subsumed. Number of checks on State borders would also reduce due to removal of check posts. These factors would help in increase of productivity.

To increase tax compliance

Tax compliance under GST is expected to be more compared to the previous tax regime. the tax payer would have to comply mainly with GST law with returns and registration needed. There is no need to file different returns and obtain different registration for compliance.

To increase the tax revenue

More tax compliances and wider tax base would result in higher tax revenue to the government and the objective of GST is to have a revenue surplus to the government.

To bring more people under the tax net

GST helps in widening of the tax base and bring large number of people into tax net.. More tax payers would be covered under the tax net which ultimately could result in increasing the tax base and tax revenue for the government.

To achieve the policy of one nation one tax

GST replaces multiple indirect taxes which were existing in the previous regime. There is a single and neutral tax in most cases so there would not be any differences in the tax rates between one state to another state. In this way, GST law has achieved the policy of one nation one tax.

To provide a seamless credit of input taxes

The seamless system of credit would ensure that the taxes on supplies are paid to the extent of value additions and net liability and double taxations are avoided.

To boost Indian exports

The GST already collected on the inputs will be refunded and thus there will be no tax on all exports.

To provide online facilities for payment of taxes and submission of forms.

Goods and Services Network (GSTN), a robust Information Technology system has been created for the operation of GST.

2.What are the major differences between GST and VAT?

Goods and Services Tax (GST)

Goods and Services Tax (GST) is a single tax on the supply of goods and services, right from the manufacturer to the end consumer. It aims to remove the cascading of different indirect taxes of state and central governments. It aims in creating a unified and streamlined market where the cost of goods and services will be more even across the country.

Value Added Tax (VAT)

Value Added Tax was introduced in 2005 as a replacement for the earlier 'Sales Tax' system. It is an indirect tax which is levied at every stage of the supply chain and is applicable to some key products such as petrol, diesel and alcohol for human consumption that is not taxable under the GST Act.

Comparison between VAT and GST

Both the taxation systems have some major key differences.

Parameter	GST	VAT
Where is it taxed?	On both goods and services	On the sale of goods (service tax for services)
When is it applicable?	On supply of goods and services	At the time of sale of goods
Tax rate and laws	Tax rates are uniform across India	It has different rates and laws in each state
Authority over taxes	The collected tax is equally shared by the state/central government	The collected tax is confined to the state in which the sale takes place
When is the return filed?	Returns need to be filed every 20th of the next month for the preceding month	The dates for filing returns are 10th, 15th and 20th of the next month for the preceding

		month
Mode of payment	Both online and offline payment options available (Online payment is mandatory if the GST payable is more than Rs. 10,000)	The only offline payment option is available
Input tax credit	Input tax credit benefit is available, i.e. a taxpayer can claim the credit on the supplies (Goods and Services) received	No input tax credit benefit is available on customs duty paid
Compliances (Movement of goods)	A similar set of compliances for the movement of goods between states	Compliances for the movement of goods between states differ from one state to another.
Who collects the tax?	consumer state	The seller's state

3.Explain the need for tax reform in India.

Need of tax reform:

There was a need for tax reforms in India to ensure international competitiveness and to meet the requirements of the market economy. The Goods and Services Tax (GST) was rolled out on July 1, 2017, to simplify the existing tax regime, widen the tax base, and increase the government's tax revenues

Before the introduction of GST, the indirect tax regime of India suffered from various drawbacks and limitations.

Drawbacks such as

Complex Indirect Tax structure
Leading to cascading of different taxes
State Government are not empowered
Narrow mindedness of tax payers
Complex tax administration
Heavy collecting cost to Government
No distinction between Goods and Services

GST eliminates those defects and its features are

Easy and straightforward tax structure:

Before GST, taxpayers needed to pay a lot of taxes, but with GST, a single tax system, only one tax needs to be paid, which is comparatively easy and convenient to understand. For accounting, business complexities will reduce and result in less paperwork, saving both money and time.

GST has replaced multiple taxes:

GST has replaced multiple taxes like sales tax, service tax, etc., which made India more of an integrated national market and **brought more people into the taxation** Why India needs

Comprehensive tax:

GST, so the answer to that is GST is a tax with a comprehensive and continuous chain of set-off benefits to the level of retailers. It is mainly a tax only on value addition at each stage,

Seamless Flow of Credit:

As GST is a destination tax, the revenue of SGST ordinary accrues to the consuming states. The interstate supplier in the exporting State can set off the available credit of CGST, SGST/UTGST

Boosts in exports:

Suppose the Indian marketplace is competitive in terms of pricing. In that case, more and more foreign players will try to enter, which will result in more numbers of exporters and ultimately benefit the nation.

Competitive prices:

GST eliminates all other taxes of indirect nature, and this will effectively mean that the tax amount paid by end consumers will reduce. As we study economics, lower the prices, more will be demand for that product, which will result in more consumption and will benefit the entities.

Increase in revenue:

One reason behind the need for GST was also to boost the revenue from the indirect taxes in the nation. GST is easy to understand, and a simple tax structure will bring more taxpayers and in return, it will increase the revenue for the Indian government.

4.Explain the process of introduction of GST in India.

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime

The process of introduction of GST in India is as follows:

a. In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensive Goods and Services Tax(GST) based on VAT principle.
b. A proposal to introduce a National level Goods and Services Tax(GST) by April 1, 2010 was first mooted in the Budget Speech forthefinancialyear2006-07.
c. Since the proposal involved reform/ restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers(EC).
d. Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India inNovember,2009.
e. In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September,2009.
f. In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011.
g. Meeting of Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012,
h. This Committee done detailed discussion on GST design including the Constitution (115th) Amendment Bill and

submitteditsreportinJanuary,2013.BasedonthisReport,theECrecommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January2013.

i. The Parliamentary Standing Committee submitted its Report inAugust,2013totheLokSabha.
j. The final draft Constitutional Amendment Bill incorporating the above stated changes were sent to the Empowered Committee for consideration in September 2013.
k. The EC once again made certain recommendations on the BillafteritsmeetinginShillonginNovember2013.
l. The115thConstitutional(Amendment)Bill,2011,fortheintroduction of GST introduced in the Lok Sabha in March 2011lapsedwith the dissolution ofthe15thLok Sabha.
m. In June 2014, the draft Constitution Amendment Bill was sent to the Empowered Committee after approval of the new Government.
n. .TheBillwasintroducedintheLokSabhaon19.12.2014,and was passed by the Lok Sabha on 06.05.2015. It was then referred to the Select Committee of Rajya Sabha, which submitted its reporton22.07.2015.
o. Amended model passed in both houses in 2016
p. Four supplementary bills passed and approved loksabha by cabenet in 2017
q. GST goes alive from july 1st 2017

5.Discuss the major advantages of Goods and Services Tax?

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime such as the cascading effect tax on tax levied on a product at every step of the sale. The end consumer, in turn, had to pay the tax on the already paid tax.

The benefits of GST can be summarized as under:

I For business and industry

- Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

- Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral,irrespective of the choice of place of doing business.
- Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to animproved competitiveness for the trade and industry.

- Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services will help to raise exports.
- Enhanced Productivity of Logistics: the restriction on inter statement movement of goods has reduced. Avoid state entry taxed on interstate movements.
- Ease of Doing Business: with the implementation of GST, the difficulties in indirect tax compliance have been reduced. The benefits of GST has aided companies to carry out their business with ease.

II FOR State Governments

- Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied sofar.
- Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in- built mechanism in the design of GST that would incentivize tax compliance by traders.
- Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.
- Creation of a Common National Market: GST gave a boost to India's tax to Gross Domestic Product ratio that aids in promoting economic efficiency and sustainable long – term growth. It led to eliminating economic distortion and forms a common national market.

III For the consumer

- Single and transparent tax proportionate to the value of goods and services: Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid tothe final consumer.
- Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

6.Analyze the Taxes Subsumed Under GST

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime such as the cascading effect tax on tax levied on a product at every step of the sale. The end consumer, in turn, had to pay the tax on the already paid tax.

The main objective of GST is to consolidate multiple indirect taxes charged under the previous indirect tax structure. Thus, the essence of such a tax regime is to remove the cascading effect of multiple taxes. Therefore, GST can be explained as a well-designed VAT that aims to eliminate distortions existing in the previous indirect tax structure.

Accordingly, the following indirect taxes have been subsumed under GST: GST subsumes more than sixteen taxes of Central government and State government.

Central Level Taxes subsumed in GST

Central Excise Duty and Additional Excise Duty

Central Excise Duty is basically imposed on manufacturing of goods in India and the collection for this duty is done by Central Board of Excise and Customs. The tax rate 12.5% with input tax credit is being imposed on Jewelers (except Silver ornaments).

Service Tax

Service Tax is a tax that is levy by the government on the services provided and it actually bear by the customers. It is an indirect tax, wherein the service provider collects the tax from service receiver and pays to the Government.

Additional Customs Duty commonly known as Countervailing Duty

Commonly referred to Countervailing Duty, equivalent to Central Excise Duty which is imposed on Manufacturing. It is calculated on value base of goods including landing charges and basic customs duty (excluding anti-dumping duty, safeguarding duty, etc.

Special Additional Duty of Customs

It is payable 4% on good imported and this is in instead of VAT/ Sales Tax.

Central Surcharges and Cess

Surcharge is a charge on tax and as a name suggest, it is an additional charge and it is basically on personal income tax (on high income slabs) and on corporate income tax. Cess is imposed by central government and is levied for specific purpose.

State Level Taxes subsumed in GST

Value Added Tax (VAT)

VAT is an indirect tax on the goods and services that are provided at state level or domestic. It is imposed at each stage in the chain of distribution and production from the raw materials till the valuation of the product and it is borne by the end users (customers) in Distribution channel.

Entertainment Tax

Entertainment Tax is a tax levied by the government on things related to entertainment like movie tickets, commercial shows, etc.

Octroi and Entry tax

Octroi is a tax which is charged by local authority say, Municipality and Entry Tax is charged by State

Purchase Tax

Purchase tax is a tax that is imposed on the purchase of goods by the state government, and it is applied to wide range of goods.

Central Sales Tax

CST, is levy on sales, which is affected by inter-state trade. CST is an indirect tax on consumers. As it is centrally levy, so it is administered by the concerned state where the sales originated.

Luxury tax

A Luxury Tax is levy on articles that are either expensive or optional

Taxes on lottery, betting and gambling.

Tax which is imposed on Lottery winnings, Gambling and Betting calculated as Tax Deduction at Source and it is deducted from Income.

7. Write a brief note on CGST, IGST, SGST, and UTGST.

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime such as the cascading effect tax on tax levied on a product at every step of the sale. The end consumer, in turn, had to pay the tax on the already paid tax.

In India, where both the Centre and the States have been assigned the powers to levy and collect taxes.

The introduction of Good and Services Tax (GST) simplified the taxation. GST is categorized into CGST, SGST and IGST depending on whether the transaction is Intrastate or Interstate.

- **CGST**

The tax is imposed on Intra State supplies of both goods and services by the Central Government. Central Goods and Services Tax (CGST) levy is governed by the Central Goods and Services Act, 2017. This tax is charged on the transaction value of the goods or services supplied. The transaction value is the price actually paid or payable for the supply of goods or services.

Different indirect taxes of Central Excise Duty, Central Sales Tax CST, Service Tax, Additional excise duties, excise duty, CVD (Additional Customs duty – Countervailing Duty), SAD (Special Additional Duty of customs) surcharges and cesses are merged with CGST.

The share of tax revenue under CGST is meant for central government.

- **SGST**

The tax is imposed on Intra State supplies of goods and services by the State Government. State Goods and Services Tax (SGST) is levied on the transaction value of the goods or services supplied as per section 15 of the SGST Act. The transaction value is the price actually paid or payable for the said supply of goods or services

In SGST, the taxes like State Sales Tax, VAT, Luxury Tax, Entertainment tax (unless it is levied by the local bodies), Taxes on lottery, betting and gambling, Entry tax, State Cesses and Surcharges in so far as they relate to supply of goods and services etc. are subsumed.

The share of tax revenue under SGST is meant for state government.

- **IGST**

Integrated Goods and Services Tax (IGST) is a tax imposed on all Inter-State supplies of goods and services. Integrated GST is an indirect tax imposed and collected by the Central Government on the inter-state supply of goods or services. Such supplies do not include alcoholic liquor for human consumption. It replaced tax CST that means Central Sales Tax.

This tax is levied and administered by Central government and tax will be shared between State and Central governments

- **UTGST**

This tax levy is governed by the Union Territory Goods and Services Act (UTGST), 2017. And such a tax is charged on the transaction value of goods or services supplied. The transaction value is the price actually paid or payable for the said supply of goods or services.

8.Explain the proposed indirect tax structure of dual GST.

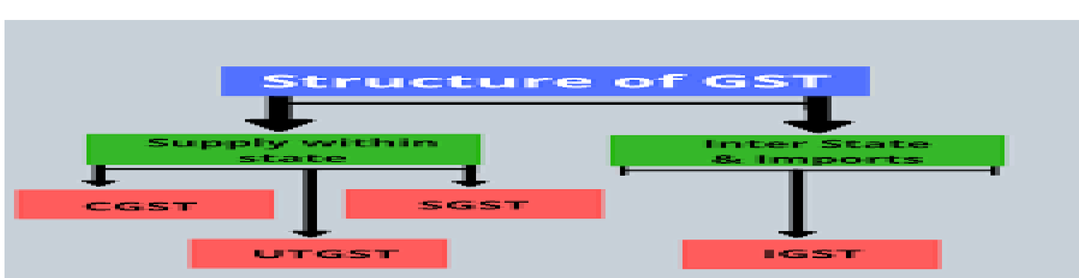
Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime

The indirect tax structure of dual GST is as follows

GST has replaced a number of existing state-level taxes but one tax that is still applicable to some key products/services is VAT or value-added tax.GST aimed at creating a single, unified market that will benefit both corporate and the economy. Both the state and the central governments will impose GST on almost all goods and services produced in India or imported

Applicable on Supply of goods: GST is applicable on 'supply' of goods or services as against the present concept on the manufacture of goods or on sale of goods or on provision of services. **GST is based on the principle of destination-based consumption** taxation as against the present principle of origin-based taxation.

It is a dual GST: with the Centre and the States simultaneously levying tax on a common base.
CGST GST to be levied by the Centre would be called Central GST
SGST GST to be levied by the States would be called State GST
Intra state supplies: SGST and CGST are levied on intra state supples
IGST (IGST) would be levied an inter-state supply (including stock transfers) of goods or services. This 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 recommendation of the GST Council.
Inter state supplies Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.



CGST, SGST & IGST would be levied at rates to be mutually agreed upon by the Centre and the States. The rates would be notified on the recommendation of the GST Council. In a recent meeting,

the GST Council has decided that GST would be levied at four rates viz. 5%, 12%, 16% and 28%.
GST would replace the following taxes currently levied and collected by the Centre:-
a) Central Excise Duty
b) Duties of Excise (Medicinal and Toilet Preparations)
c) Additional Duties of Excise (Goods of Special Importance
)d) Additional Duties of Excise (Textiles and Textile Products)
e) Additional Duties of Customs (commonly known as CVD)
f) Special Additional Duty of Customs(SAD)
g) Service Tax
h) Cesses and surcharge in so far as they relate to supply of goods and services.
State taxes that would be subsumed within the GST are:-
a) State VAT
b) Central Sates Tax
c) Purchase Tax
d) Luxury Tax
e) Entry Tax (All forms)
f) Entertainment Tax and Amusement Tax (except those levied by the local bodies)
g) Taxes on advertisements
h) Taxes on lotteries, betting and gambling
i) State cesses and surcharges in so far as they relate to supply of goods and services.

Input Tax Credit
Input Tax Credit (ITC) to be broad based by making it available in respect of taxes paid on any supply of goods or services

SHORT QUESTIONS: 5 MARKS

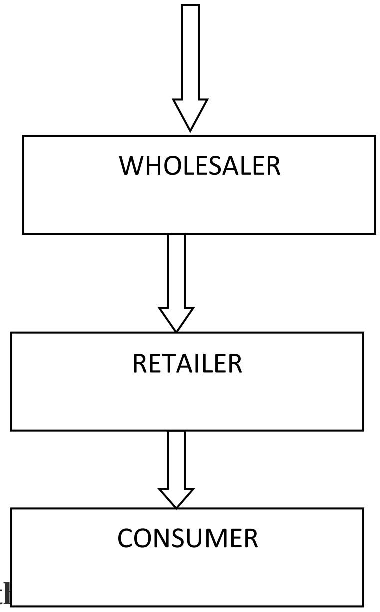
1.GST is a Consumption based Tax" - Discuss.
2.What are the Supply Chain Components of GST coverage?

Since **GST is a consumption based tax**, tax revenue will be levied and collected by the consuming state, and this helps the consuming state to protect their tax base.GST is called a consumption based tax because of it was payable to the state in which goods or services are actually consumed.
Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. GST is a single domestic indirect tax law for the entire country.
Supply chain components of GST
An item goes through multiple change-of-hands along its supply chain: Starting from manufacture until the final sale to the consumer.
Let us consider the following stages:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Selling to wholesalers
- Sale of the product to the retailers
- Selling to the end consumers

MANUFACTURER

*Charged GST on output supply from Wholesaler



Charged GST on output supply from Retailer
<u>(-) Paid GST to manufacturer on input supply</u>
Net GST payable by wholesaler

Charged GST on output supply from Consumer
<u>(-) Paid GST to Wholesaler on input supply</u>
Net GST payable by Retailer

*Ultimately pays the GST

What are th

Goods and Service Tax: GST is the new and much-advanced method of the taxation system and represents the unique ideology of **'one nation, one tax'.** This taxation system was introduced to eliminate the key issues that had been identified under the VAT regime. Although GST has so many advantages, it suffers with some drawbacks they are

• **IT Infrastructure:** since GST is an IT-driven law, it cannot be sure whether all the states in India are currently equipped with infrastructure and workforce availability to embrace this law.
• **Higher Tax Burden of SME's:** earlier the small and medium enterprises had to pay excise duty only on a turnover that exceeded Rs. 1.5 crore every financial year. • **Increase Burden of Compliance:** The GST administration states that companies are required to register in all the states they operate in. This increases the burden on the business for excessive paperwork and compliance.
• **Petroleum Products don't fall under the GST Slab:** petrol and petroleum products have not been included in the scope of GST until now.
• **Coaching of Tax Officers:** there is inadequate training that is provided to the Government officers for practical usage and implementation of such systems since the GST administration heavily depend on information technology.
and Services Act, 2017. This tax is charged on the transaction value of the goods or services supplied. The transaction value is the price actually paid or payable for the supply of goods or services.

4. Explain the Principles of GST.

we can say that GST is based on: '**Destination Principle**' and 'Value Added Principle. 'Destination Principle' states that the supply of goods and services would be taxed at the point of consumption.

Single indirect tax

GST has been introduced as a single, unified tax reform. It has eliminated many existing indirect centre and state taxes

Input tax credit system
One of the most prominent GST features in India is the input tax credit. If a manufacturer or service provider has already paid input tax on a purchase, the same can be deducted from their total output tax liability.

Four-tier tax structure
GST has a 4-tier tax structure of 5%, 12%, 18%, and 28%. All the goods and services can only be taxed as per this tax structure GST would be applicable on "supply" of goods or services

Destination Principle
GST would be based on the principle of destination based consumption taxation

GST rates
CGST, SGST /UTGST& IGST would be levied at rates to be mutually agreed upon by the Centre and the State under control of GST council.

ITC
Input Tax Credit (ITC) to be broad based by making it available in respect of taxes paid on any supply of goods or services

Electronic filing
Electronic filing of returns by different class of persons at different cut-off dates.

Principle of VAT
GST would be based on the principle of VAT

GST categories
GST is categorized into CGST, SGST and IGST depending on whether the transaction is Intrastate or Interstate.

VERY SHORT QUESTIONS: 1 MARK

1.Cascading effect
Cascading tax effect is also termed as "tax on tax". This effect occurs when a good is taxed on every stage of production. Such a good is taxed till it is finally sold to the consumer. As a result, the final consumer bears the burden of the multiple taxes

2.Input Tax Credit
Input Tax Credit means claiming the credit of the GST paid on purchase of Goods and Services which are used for the advancement of business. The Mechanism of Input Tax Credit is the backbone of GST and is one of the most important reasons for the introduction of GST.

3.GSTN
Goods and Services Tax Network (GSTN) is a nonprofit non-government company, which will provide shared IT infrastructure and service to both central and state governments including tax payers and other stakeholders and services of registration, Returns and payments to all taxpayers will be provided by GSTN.

4.Octroi

octroi, tax levied by a local political unit, normally the commune or municipal authority, on certain categories of goods as they enter the area.

5.MODVAT

Modified Value Added Tax or MODVAT is slightly modified version of the VAT. Manufacturers of the goods who were dependent on the raw materials from the other manufacturers are given excise credit on all the raw materials to avoid double taxation.

6.Dual GST

The dual GST model or the dual GST structure means levying tax with two different taxation components. In India, both the Central Goods and Service Tax (or CGST) and the State Goods and Service Tax (or SGST) are the components levied on a single transaction

7.Luxury Tax

A luxury tax is a sales tax or surcharge levied only on certain products or services that are deemed non-essential or accessible only to the super-wealthy.

8.GST council

GST council is a governing body to regulate and direct each and every step for the implementation of goods and service tax in the nation with decisions over tax rates and further implementation measures.

UNIT – 2

GST TRANSITION:

ESSAY QUESTIONS: 12 MARKS

1.Explain how to create a company in Tally ERP9 and write about setting of GST.

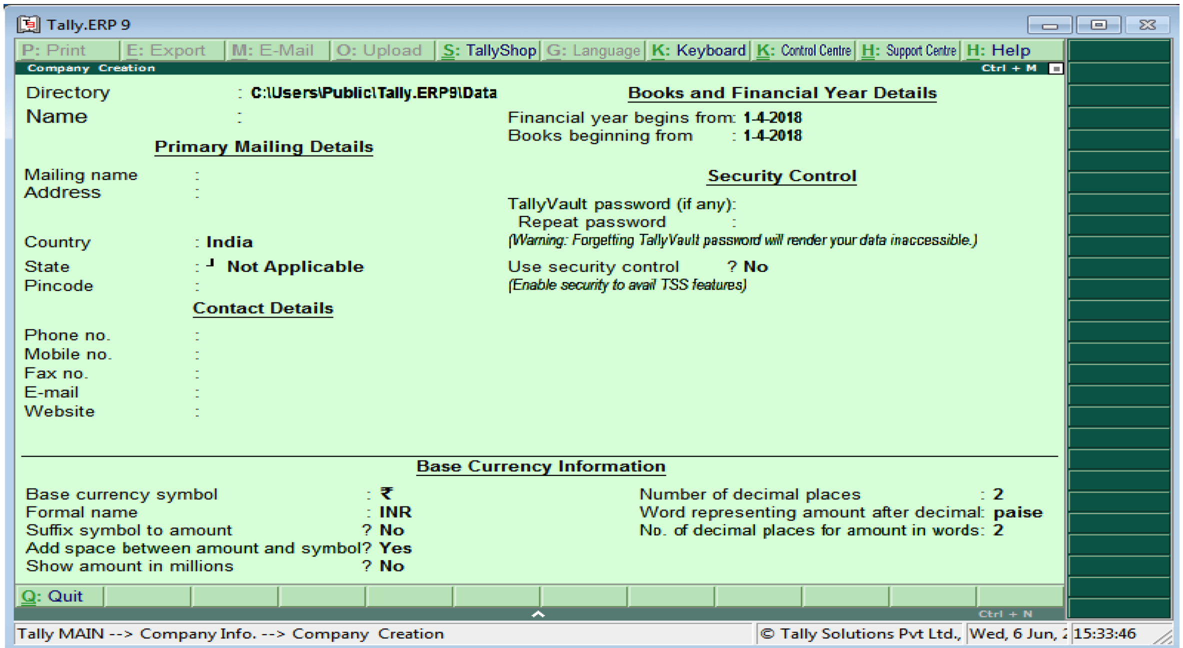
Tally ERP 9 Software is one of the most financial accounting systems used in India. For small and medium enterprises, it is complete enterprise software. **ERP9** is the best accounting software. This software can integrate with other business applications like Inventory, Finance, Sales, Payroll, Purchasing, etc. Using the Tally, you can create and maintain the accounts up to 99,999 companies.

company creation in Tally

Step 1: In tally, after login double click on the create company option under company information. The following navigation path is used to create the company in Tally:

Gateway of Tally → Company Info → Create Company

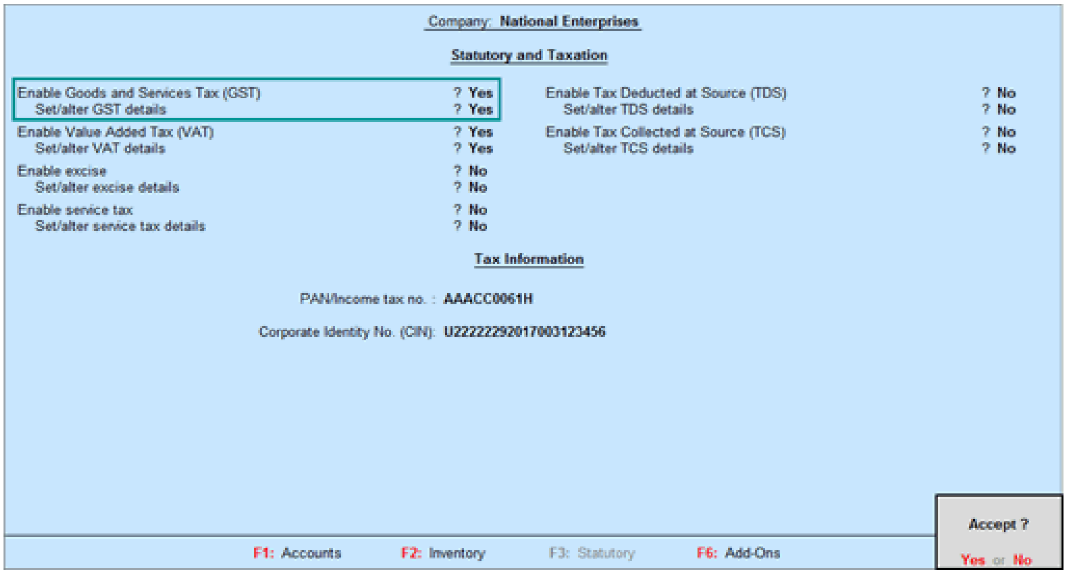
Step 2: The following screen displays the company creation window:



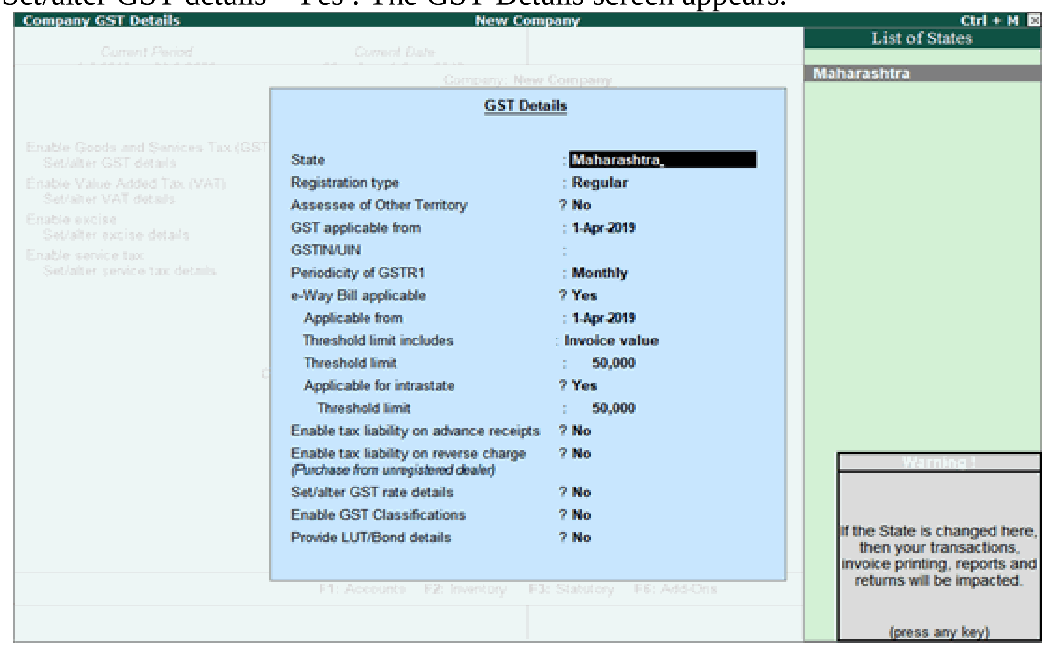
Step 3**:** Enter the "Company's Mailing Name". This is an important field because it shows all the printouts.
Step 4: Enter the "Company's Full Address". This is shown on all printouts. Thus it is an important field.
Step 5: Choose the "Name of the Country" as India from the given countries list.
Step 6: Choose the "State" from the given list of states.
Step 7: Update the "Company's Pin Code", where it is located.
Step 8: Update the "Telephone Number"/ landline of the company.
Step 9: Update the "E-Mail id" and "Website" of the company**.**
Step 10**:** Update the financial year starting date of the company. In India, the financial year of the company starts on 1st April and ends on 31st March.
Step 11**:** Update the date from which accounting is allowed in Tally. Generally, this date and the starting date of the financial year are the same. But if the company has been formed on any other date of the year, that date will be mentioned.
Step 12: If we want to use Tally Vault, enter a password. It is a secure feature that encrypts data.
Step 13: Click on accept and Yes company will be created.

Setting of GST:

1. Open the company for which you need to activate GST.
2. Press F11 > F3 .



3. Enable Goods and Services Tax (GST) - Yes .
4. Set/alter GST details - Yes . The GST Details screen appears.



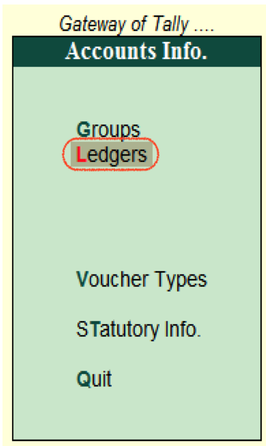
5. Set the Registration type as Regular .
6. Specify GST Applicable from date. GST will be applicable for your transactions from this date onwards.
7. Specify the GSTIN/UIN for the business. This can be printed in the invoices as required. You can specify this later.
8. Select the Periodicity of GSTR1 as Monthly or Quarterly , based on your business turnover. After filling the details accept it.

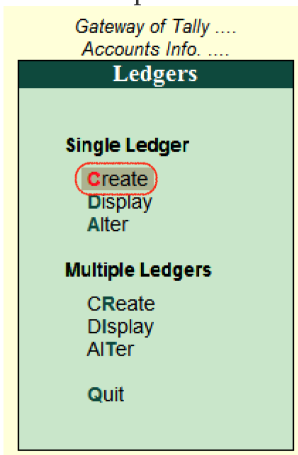
2.Discuss the process of creating single and multiple ledgers in tally ERP9.

After creating a company the first step in accounting process is creating ledgers we have to create different ledgers based on our requirement In tally we can create single and multiple ledgers.

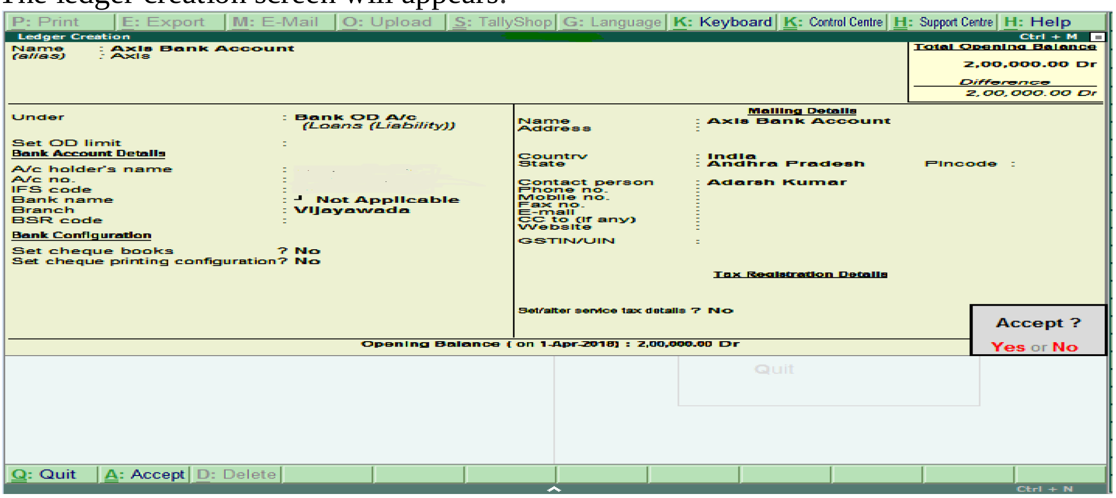
Create Ledgers one-by-one: Single ledgers

Go to Gateway of Tally and Choose Accounts Info on that select ledgers option
Under **Single Ledger**, choose the option **Create**



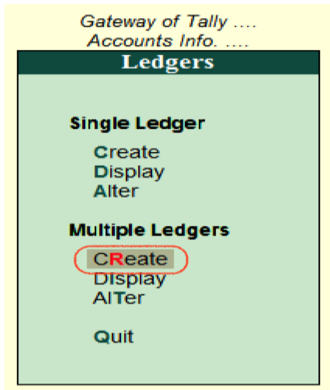


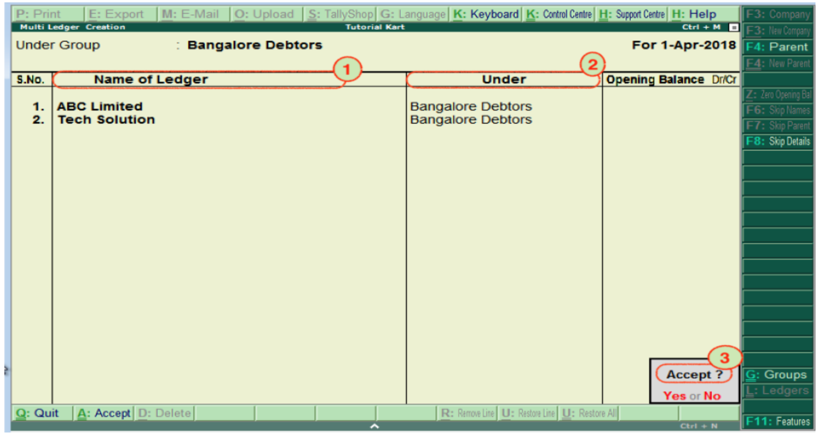
The ledger creation screen will appears.



On Ledger creation screen enter the name of the ledger and alias name and under group on which the ledger comes select the group enter all details and accept it by Yes ledger will be created.

Multi ledgers in Tally: We can create multiple ledgers at a time
Select ledgers option and select create under multiple ledgers
Select create, multi ledger screen will appear





Under Group: For example Bangalore Debtors, update the following details.

1. **Name of Ledgers**: Enter the name of ledger that you like to create in Tally
2. **Under**: The under group field will be automatically filled by Tally as Bangalore Debtors (As we are creating ledgers under Bangalore Debtors).
3. After entering the details, press enter to continue. You will get messages as **Accept: Yes or No**, choose Yes to accept the updated details in Tally.ERP 9.

Successfully we have created multiple ledgers in Tally ERP 9.

3.What is the procedure to create GST tax ledgers in Tally ERP-9?

Tally ERP 9 Software is one of the most financial accounting systems used in India. For small and medium enterprises, it is complete enterprise software. Using the Tally, you can create and maintain the accounts up to 99,999 companies.

In India, where both the Centre and the States have been assigned the powers to levy and collect taxes.

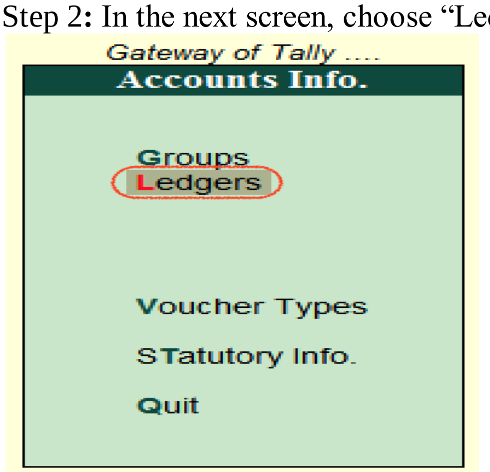
The introduction of Good and Services Tax (GST) simplified the taxation. GST is categorized into CGST, SGST and IGST depending on whether the transaction is Intrastate or Interstate.

Creating GST Tax Ledgers: While preparing GST accounts in Tally we have to create Tax ledgers along with general ledgers. Different tax ledgers we have to prepare are central tax CGST, state tax SGST, integrated tax IGST and UT tax. We have to create a tax ledger for each tax type.

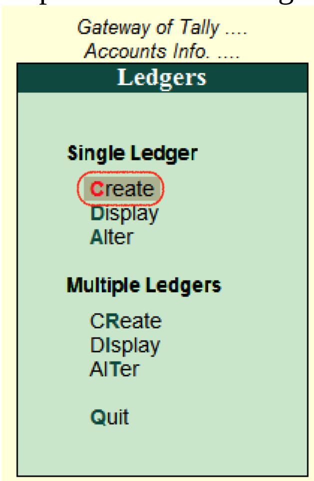
Procedure for Create central tax ledger

Step 1:From Gateway of Tally Screen, click on accounts info

Step 2**:** In the next screen, choose “Ledger”

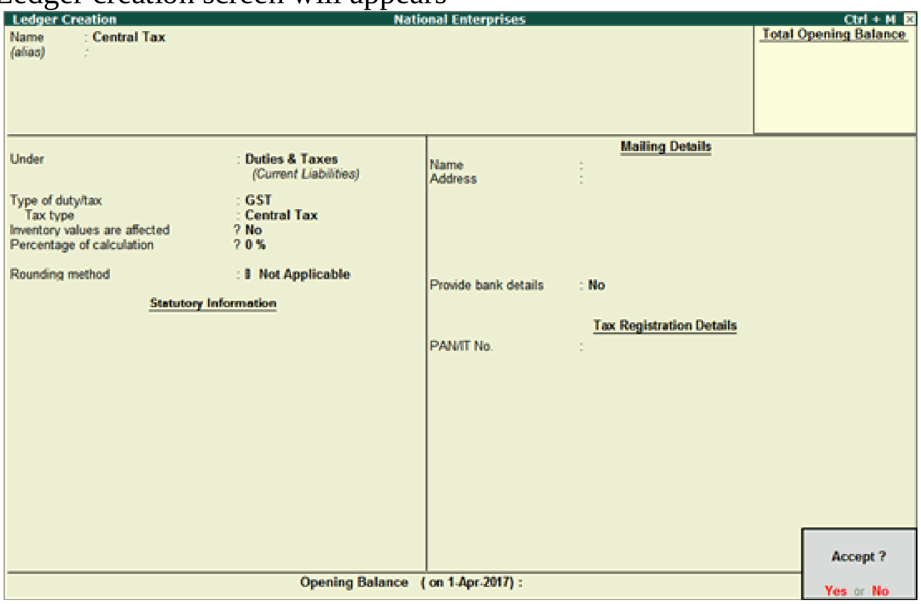


Step 3: In the next ledger screen, choose the option **create** under single ledger



Step 4:Go to **Ledgers** > **Create** .

Step 5: Ledger creation screen will appears



Step 6:In **Under** , select **Duties & Taxes** .

Step 7: Select **GST** as the **Type of duty/tax** .

Step 8: Select **Central Tax** as the **Tax type** .

Step 9: Select the valuation type as: **Based on Value**

Step 10: Select accept and YES the **CGST ledger** will be created.

Step 11: Similarly, you can create ledgers for SGST, IGST and other taxes by selecting the relevant **Tax type** under GST.

4.Write the procedure to create GST Stock Items in Tally ERP-9.

Inventory masters in tally: Inventory masters in tally provides complete inventory solutions to users. The basic items in inventory masters are

1. Stock Group
2. Stock Items
3. Voucher types
4. Units of Measure

Stock Group:-

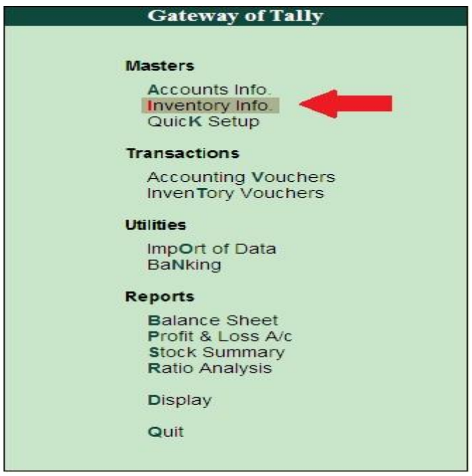
Similar to group in accounting masters these providing for the purchase of classification of stock items.

Stock Items

Stock Item refers to goods that you manufacture or trade. It is the primary inventory entity and is the lowest level of information on your inventory. You have to create a Stock Item in Tally.ERP 9 for each inventory item that you want to account for.

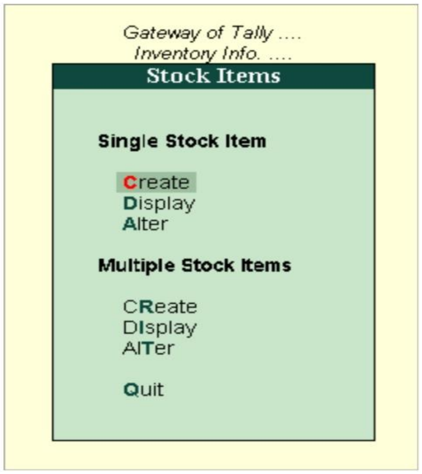
Procedure to Create stock items : We have to follow the below procedure to create stock items.

1.Go to **Gateway of Tally** > **Inventory Info.**

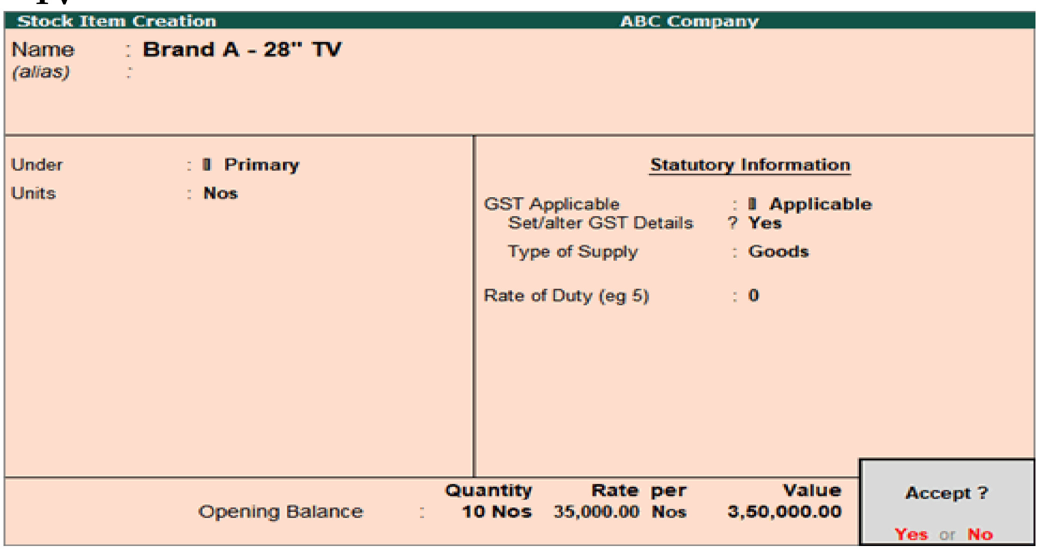


2. Select **stock items** in inventory info

3.On **Stock Item** it display single and multiple stock items



1. Select create under **Single Stock Item. For example if we want to create stock item of TV**



5. Enter the **Name** of the Stock Item.
6. Enter the **Alias** name of Stock Item (if required).
7. The field **Under** will show the List of Groups . Here you can select the Stock Group to which the Stock Item belongs. By default, Primary Stock Group appears in this field.
8. This field will show the **Unit List** . Here you can select the Unit of measure (UoM) applicable for the stock item. By default, Not Applicable appears in this field.
9. If GST is enabled, set **GST Applicable** to **Applicable** and enter the GST details by enabling the option **Set/alter GST Details** .
10. In the **Rate** field, specify the stock item Rate. Select type of **supply** goods and accept it the stock item will be created.

SHORT QUESTIONS: 5 MARKS

1.What are the general features of Tally ERP9?

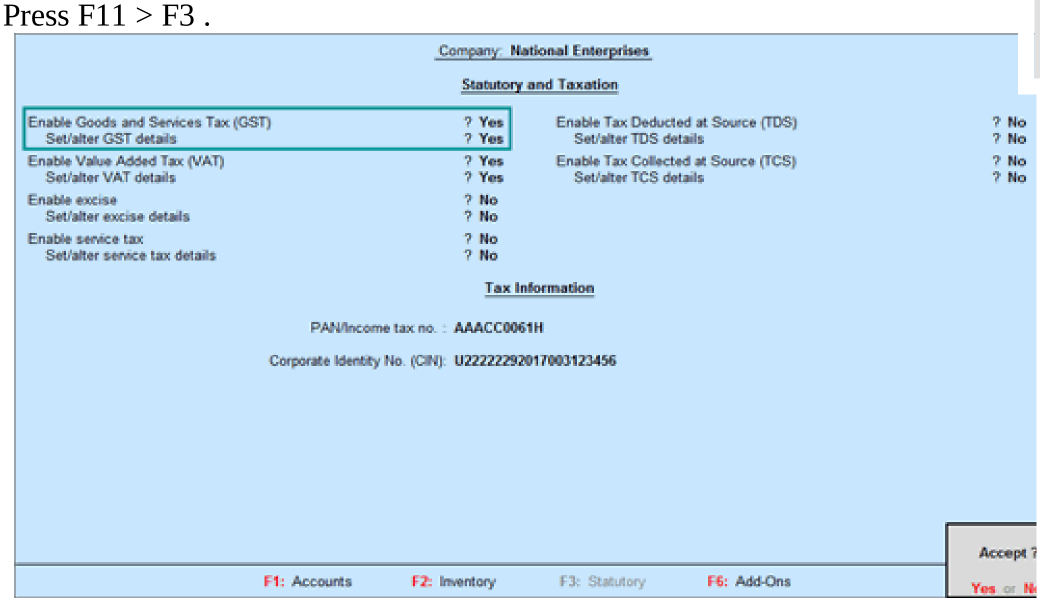
The features of Tally are as follows:
No codes: Tally is largely considered the best because it is easy to use, has no codes, robust and powerful, executes in real-time, operates at high speed, and has full-proof online help.
Multi-lingual: Tally is also called multi-lingual tally software because Tally ERP 9 supports multi-languages. In Tally, accounts can be maintained in one language, and reports can be viewed in other languages.
Multi companies: Using the Tally, you can create and maintain the accounts up to 99,999 companies.
Feature of payroll: Using the feature of payroll, you can automate the employee records management.
Synchronization feature: Tally has the synchronization feature, so the transaction which is maintained in multiple locations offices can be updated automatically.
Generate financial statements: Tally is used to generate consolidated financial statements as per the requirements of the company.
Single or multiple groups: Tally can manage single or multiple groups.
Financial and inventory management: Tally software is used to handle financial and inventory management, invoicing, sales and purchase management, reporting, and MIS.
Customization: The feature of Tally customization makes the software suitable for distinctive business functions.

2.How can you enter GST details in GST setting

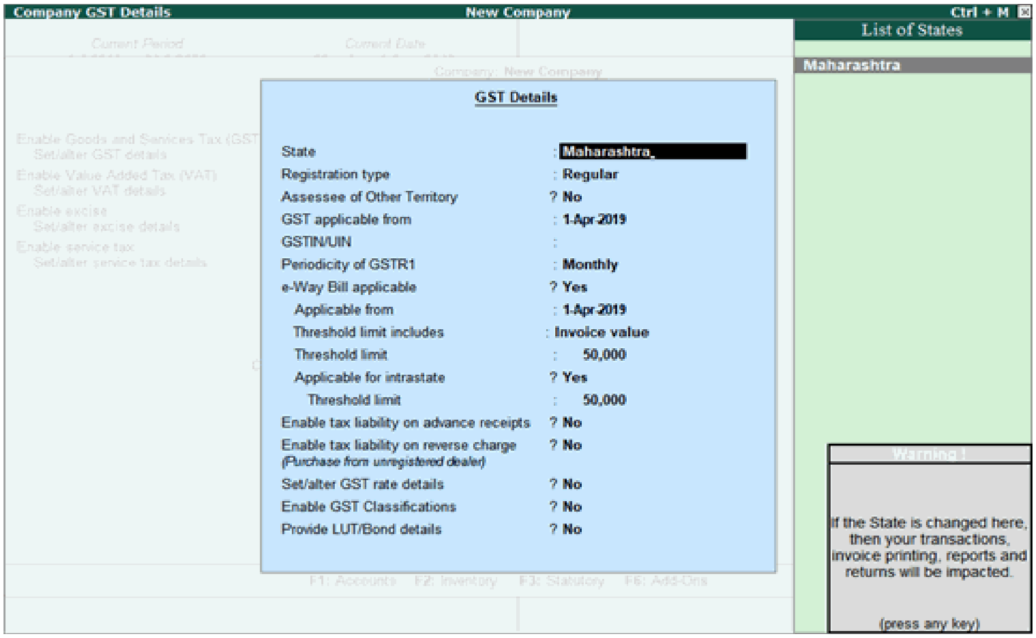
Tally ERP 9 Software is one of the most financial accounting systems used in India. For small and medium enterprises, it is complete enterprise software. Using the Tally, you can create and maintain the accounts up to 99,999 companies. To enable GST related accounts first we have to set GST the setting process is as follows. After creating company we have to set GST.

Setting of GST:

1. Open the company for which you need to activate GST.
2. Press F11 > F3 .



3. Enable Goods and Services Tax (GST) - Yes .
4. Set/alter GST details - Yes . The GST Details screen appears.



5. Set the Registration type as Regular .
6. Specify GST Applicable from date. GST will be applicable for your transactions from this date onwards.
7. Specify the GSTIN/UIN for the business. This can be printed in the invoices as required. You can specify this later.
8.. Select the Periodicity of GSTR1 as Monthly or Quarterly , based on your business turnover. After filling the details accept it.

3.Explain about GST transition.

GST consolidates multiple taxes into one. It is important to have rules in place to ensure that a registered business smoothly transitions to GST.

India is moving towards integrated tax structure on goods and services with the proposed introduction of Goods and Services Tax (GST). GST would be a comprehensive tax structure which would subsume central excise duty, additional excise duties, service tax, additional Customs duty, VAT/ sales tax, entertainment tax, luxury tax, etc.

Scientific planning: Business need to place the transition to the GST in a scientific manner after came fully considering its various aspects of GST.

Rules of GST Act: GST Act provides the detailed rules relating to transition of the business. Business must follow strictly the rules.

Getting GST Registration: As per the Act, every entity registered under any of the earlier laws shall be issued a certificate of registration on a provisional basis. This certificate will be valid for a period of 3 months within which a registered taxpayer may have to furnish the required information for final registration. A registered taxpayer has to enroll under the GST regime for a provisional registration and the taxpayer may need to furnish some additional documents electronically later. Thereafter, the certificate of registration would be granted

Input Tax Credit: As per the GST act, a taxable person will be entitled to take credit of the amount of tax paid and carried forward in a return furnished under the earlier law. This credit will have to be taken in his or her electronic credit ledger,

ITC on Capital goods: Transition provisions as contained under GST clearly specifies that any balance of input tax credit on capital goods purchased in the previous regime, against which partial input credit has been availed, will be allowed to be availed in the new regime as well

ITC On goods in stock: Any manufacturing unit or a service provider might have paid duty on the goods which are still held in stock when GST was introduced. The duty paid on such stock of goods can be availed as credit in GST.

4.What are the Four major slab rates of GST ?

GST: Both the state and the central governments will impose GST on almost all goods and services produced in India or imported. It subsumes more than 16 indirect taxes. Initially GST introduced in 4 slab rates 5%,12%,!8% and 28%.

GST slab rates: Initially the India government introduced four slab rates they are

5% GST Rate Slab:

14% goods and services fall under this category. Some of these include apparel below INR 1000 and footwear below INR 500, packaged food items, cream, skimmed milk powder, branded paneer, frozen vegetables, coffee, tea and so on

12% GST Rate Slab:

Edibles like frozen meat products, butter, cheese, ghee, dry fruits in packaged form, animal fat, sausages, fruit juices, namkeen, ketchup & sauces, ayurvedic medicines, all diagnostic kits and reagents, spoons, forks, tooth powder and so on

18% GST Rate Slab

43% of goods and services fall under this category. Pasta, biscuits, cornflakes, pastries and cakes, preserved vegetables, jams, soups, ice cream, mayonnaise, mixed condiments and seasonings, mineral water, Smart phones ,footwear and so on

28% GST Rate Slab:

19% of goods and services fall under this category. The rest of edibles like chewing gum, bidi, molasses, chocolate not containing cocoa, waffles and wafers coated with chocolate, dye, , water heater, dishwasher, weighing machine, washing machine, vacuum cleaner, automobiles,

Below is a list of some of the products that will be a part of the respective slabs:

Exempted GST Rate Slab (No Tax):

7% goods and services fall under this category. Some of these that are of regular consumption include fresh fruits and vegetables, milk, butter milk, curd, natural honey, flour, besan, bread, all kinds of salt, jaggery, hulled cereal grains, fresh meat, fish, chicken, eggs and so on.

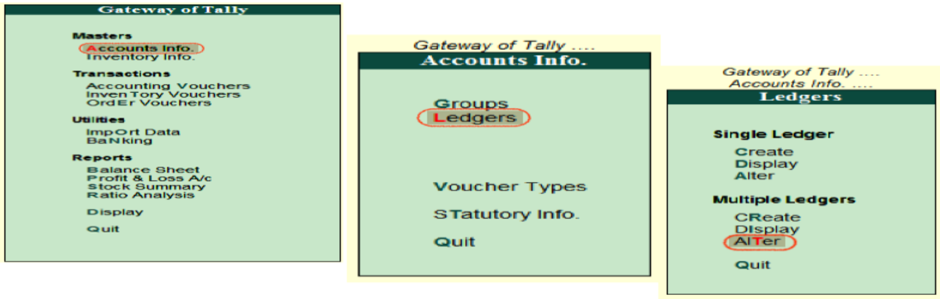
5.Write the procedure to alter the ledgers.

Display and Alter Ledgers in Tally: Once you have created a company in Tally, ledgers, and groups record transactions. One can display and alter these ledgers anytime

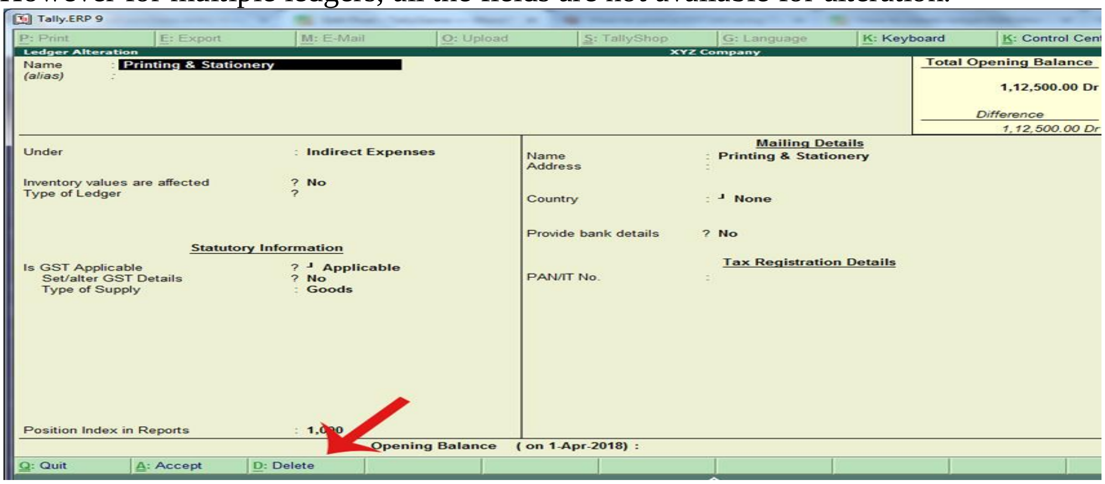
You can alter any information of the ledger on your requirement process is first you have to select the ledger which you want to alter

Alter a ledger

- Go to Gateway of Tally > Accounts Info. > Ledgers > Alter .



Modification of account ledgers is possible for single ledgers as well as multiple ledgers. However for multiple ledgers, all the fields are not available for alteration.



Make required changes to the ledger and accept it.

6.How can you create stock groups in tally?

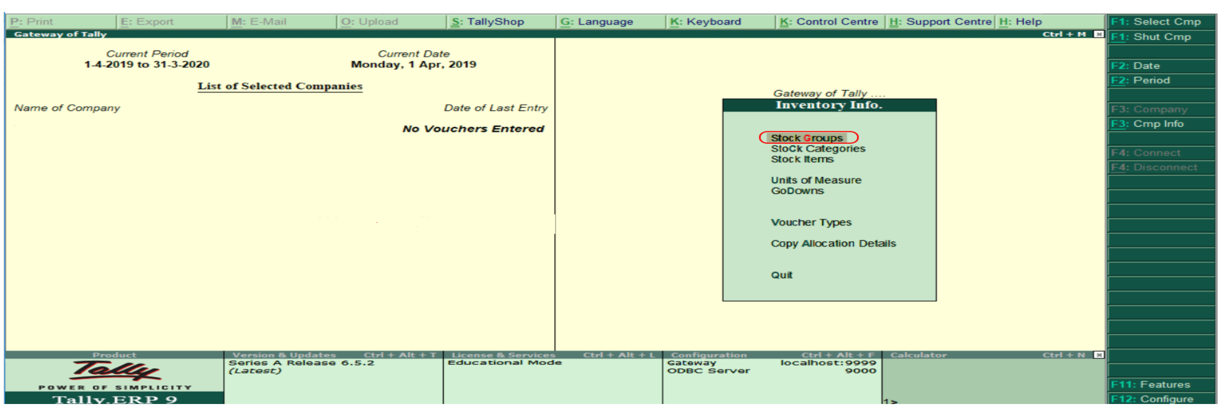
In Tally, Stock Groups can classify the products according to their common behavior. Use the following navigation paths to create a stock group in Tally ERP 9:Stock groups contains stock items. We are required to maintain stock groups for inventory.

Gateway of Tally → Inventory Info → Stock Groups → Single Stock Group → Create

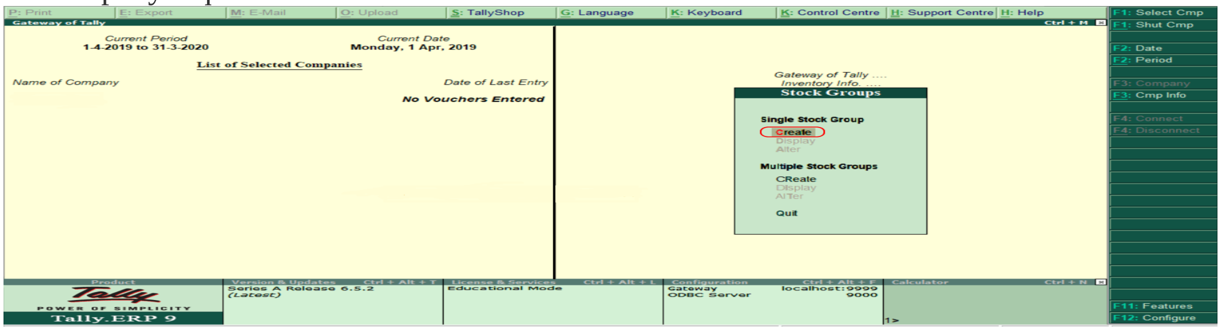
In Tally ERP 9, use the following step by step procedure for the creation of a single stock group.

Step 1: Choose **Inventory Info** under the Gateway of Tally.

Step 2: In the next section, choose Stock **Groups under** Inventory Info.



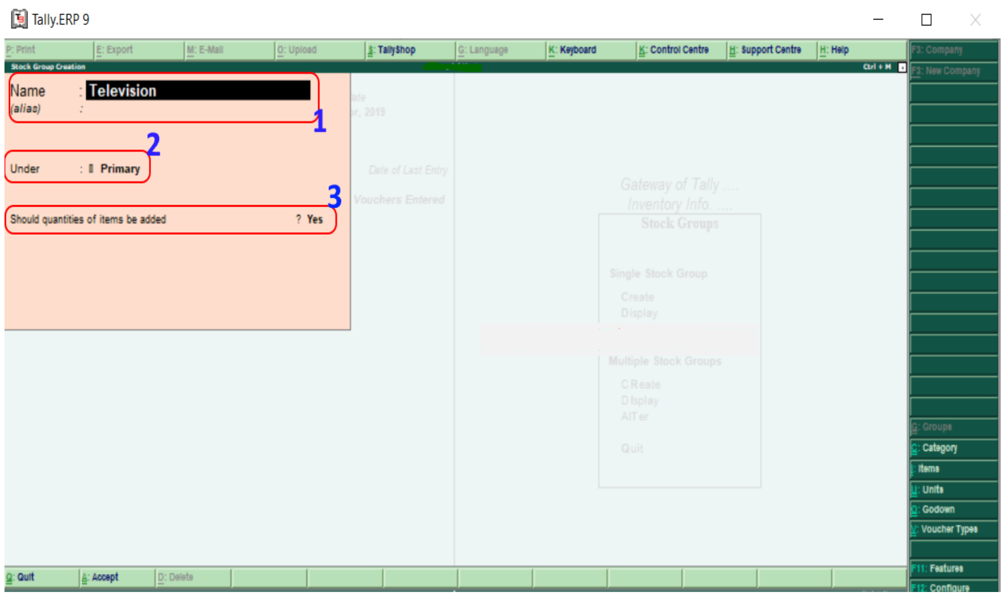
Step 3: Choose **'Create'** option under a single stock group to create a single stock group as per the company requirement.



Step 4: Enter the following details in the next screen **"Single Stock Group Creation"**.

Name**:** Specify the stock group name that has to be created in Tally. In the following image, we have given **Television** as a new single stock group.

Under**:** In this, choose the stock group as primary. Add quantities Yes. Stock group will be created.



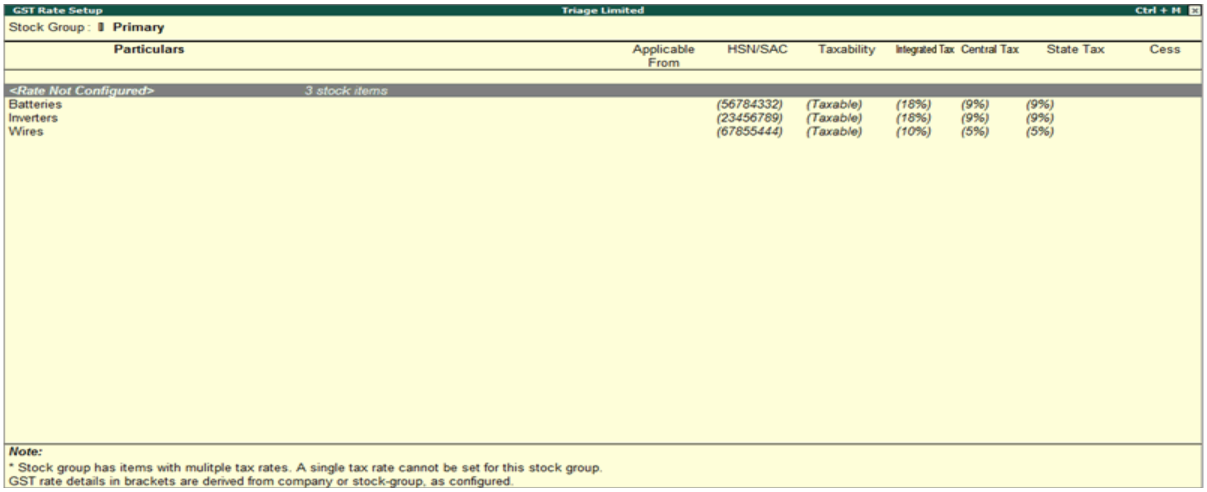
7.Explain how to allocate the GST rates to stocks.

GST Rate Setup

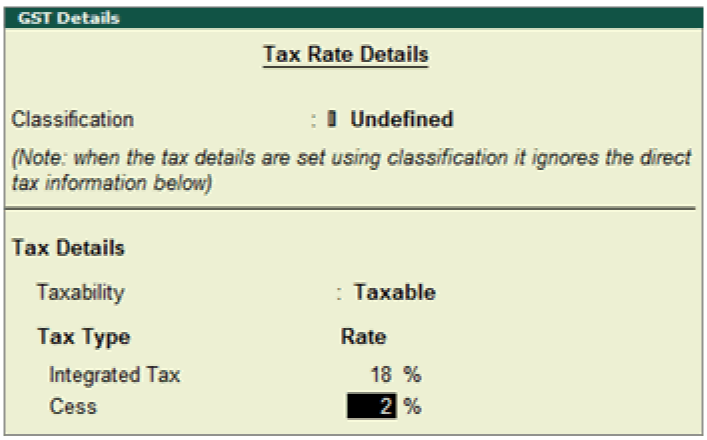
Quickly set up GST rates for your company, stock item-wise or stock group-wise, using the **GST Rate Setup** option. You must enable GST in your company to provide GST rates. You can set up GST rates at the company level, stock group level, stock item level, account ledger group level, and ledger level. You can also set the GST rates for a particular price range/slab for multiple stock items.

Set GST rates for stock groups and stock items

1. Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **GST** > **GST Rate Setup** .



2. Select the stock group or stock item, and press **Alt+S** to provide the applicable tax rates. You can press **Spacebar** to select multiple stock groups or stock items. Set the tax rates and save.



3.The rate entered for integrated tax will be equally divided between central tax and state tax.

4.The GST rate will be applied to stock.

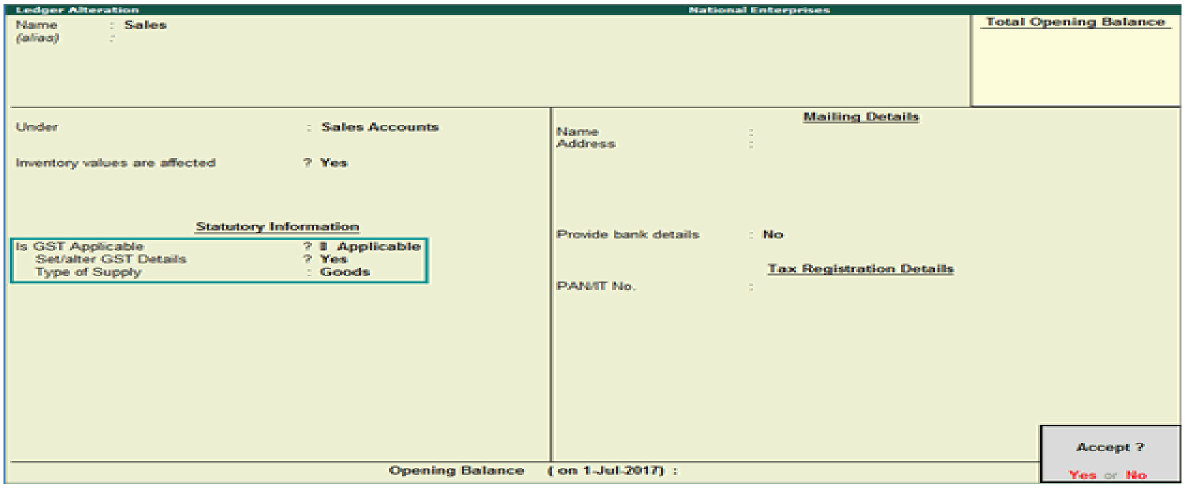
8.How can you set GST details in sales ledger in tally?

If many items you sell have the same tax rate, specify the tax rate and other GST details in your sales ledger.

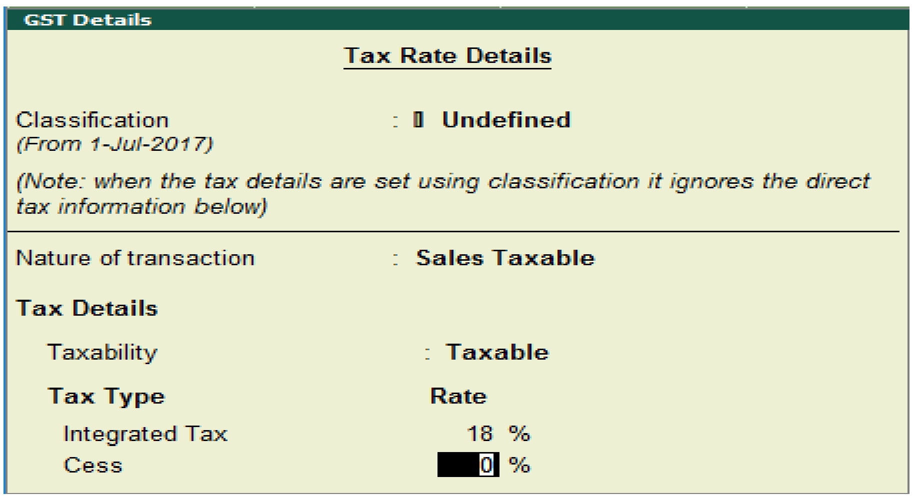
If you sell items with multiple tax rates, you can maintain a single sales ledger and record all GST details at the stock item or stock group level.

Setting GST details to Sales ledger

1.Go to **Gateway of Tally** > **Accounts Info.** > **Ledgers** > **Alter** > select the sales ledger.



2. **Is GST Applicable - Applicable** .
3. **Set/alter GST Details - Yes**
4. Specify the details in the **GST Details** screen, and save. Alternatively, you can use a classification to use the tax details defined in the classification.



5.Taxability : Select **Taxable** , if sales ledger is used for supply of goods and services that are classified as taxable under GST. Select **Exempt** , if it is used for sale of type of supply that is exempted from tax under GST, or select **Nil Rated** , if it is used for sale of goods or services that attract 0% tax rate under GST.

7. Press **Ctrl + A** to save. The sales ledger will be updated.

VERY SHORT QUESTIONS: 1 MARK

1. Stock aging

ERP 9 displays the age of the stock-in-hand. This report lists the age-wise break-up of inventory to demarcate old stock. Tally. ERP 9 gives its users the flexibility to define their own ageing slabs. Ageing Analysis lists out items batch wise, that have already expired or may expire in the near future.

2.Security control

Use of security control in Tally ERP-9 : Security control enables you to initiate a password-protected system to control access to your company data.

3.HSN/SAC

HSN Stands for Harmonized System Nomenclature and SAC stands for Service Accounting Code. It is an internationally adopted system for commodity description and product nomenclature system. Every GST register dealer will be provided by this code.

4.Inventory masters

The Inventory masters in tally provides complete inventory solution. The Inventory Info menu, lists the inventory masters like Stock Group, Stock Items, Units of Measure of the company, using which you can create, alter and display the inventory master details.

UNIT – III

GST INVOICES:

ESSAY QUESTIONS: 12 MARKS

1.What is invoice? Write the conditions related to GST invoice.

GST invoice.

A GST-compliance purchase invoice contains the details of the parties involved in the mentioned transaction and lists all goods and services sold, with their prices. This bill also displays the percentage of discounts and taxes charged on each item, besides other details.

A registered person must issue a tax invoice before, or at the time of removal of goods for supply to the recipient. For supplying services, GST invoices can be issued before, at, or even after the time of supply. Further, e-invoicing system is also being implemented in a phased manner that requires certain more mandatory fields.

A GST invoice must be issued without fail by businesses that hold a GST registration. Other enterprises, however, do not need to issue these particular invoices.

Need of Invoice:

GST invoice is issued by a supplier or a seller to the recipient or the buyer of goods and services. Such a document indicates the names of the parties involved as well as the details of goods or services supplied under a given transaction. It shows

- Product name
- Description
- Quantity of goods or services sold
- Details of the supplier and the purchaser
- Terms of supply
- Date of supply

Conditions related to GST invoice.

Here is a list of particulars that must be present in a GST tax invoice specified under Rule 54 of the CGST Act of 2017.

- Name, GSTIN, and address of the supplier

- Invoice number
- Date of issuance
- Invoice type
- Shipping and billing address
- Name of the customer
- GSTIN of the customer if registered
- Details of products and services provided, including description, quantity, etc.
- SAC code or HSN code
- Rate of CGST, IGST, UTGST, and SGST charged
- Total tax amount and discounts, if any
- Reverse charge
- Signature of the invoice issuer

2.Define accounting voucher? Name different types of vouchers available in Tally.

Accounting vouchers in Tally: 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, you can use the appropriate Tally voucher to enter the details into the ledgers and update the financial position of the company.

Types of accounting vouchers in Tally

Accounting vouchers in Tally can be further classified as under.

1. Sales Voucher
2. Purchase Voucher
3. Payment Voucher
4. Receipt Voucher
5. Contra Voucher
6. Journal Voucher
7. Credit Note Voucher
8. Debit Note Voucher

1.Sales Voucher in Tally-F8

Whenever you sell a product or service, you record sales entries. In tally, the sales are recorded through the sales voucher. It is one of the most widely used accounting vouchers in tally.

2.Purchase Vouchers in Tally-F9

Whenever you purchase a product or service, you record the purchase entry. In tally, this is recorded through the purchase voucher. It is also one of the most widely used vouchers in tally.

3.Payment Voucher in tally-F5

All the functions of a payment transaction are available in Tally. You can have all the necessary details like instrument number, Bank name, balance available, etc. After passing the entry in the payment voucher, you can also print the cheque.

4.Receipt Voucher in Tally-F6

When you receive payment, you can record that transaction in the receipt voucher. You will even get a prompt for the pending payments from your customers. You can record transactions when you receive the payment and select the correct mode to receive the payment- cash, cheque or other modes

5.Contra Voucher in Tally-F4

Contra Voucher is used when either side of the entry has cash, bank or multiple banks involved. Generally, any cash deposit, withdrawal, transfer amongst different accounts are recorded in a contra voucher.

6.Journal voucher in Tally-F7

This voucher can be used for multiple reasons. Some use it for sales, purchases, depreciation; any adjustment entry can also be done using this voucher in Tally.

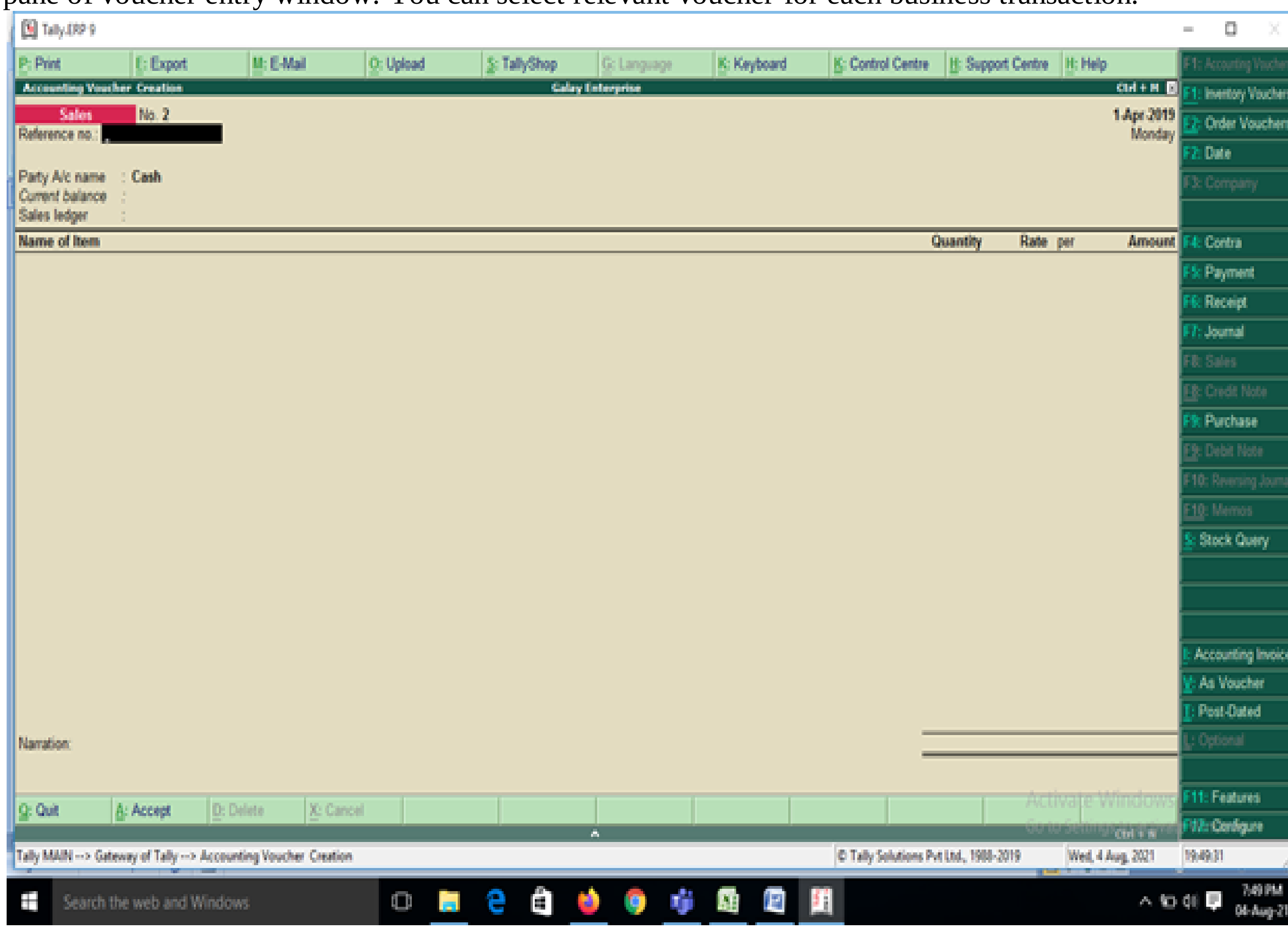
7.Credit Note Voucher in Tally

Credit Note entry is passed when there is a sales return transaction. This voucher usually remains deactivated by default. You can activate it by pressing F11 and configuring features in invoicing.

8.Debit Note Voucher in Tally

Debit Note entry is passed when there is a purchase return transaction. This voucher is deactivated by default. You can activate it by pressing F11 and configuring its features.

For example the Sales voucher will be as follows. You can view voucher buttons on right side pane of voucher entry window. You can select relevant voucher for each business transaction.

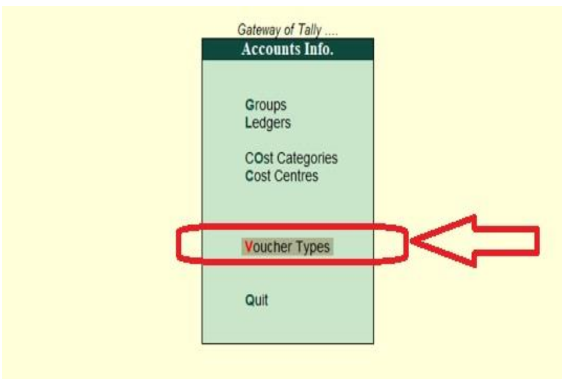


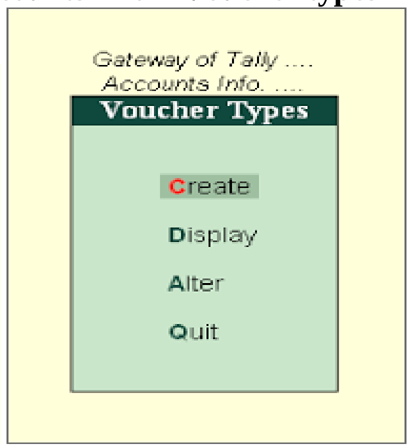
3.Write the procedure to create new GST voucher types.

Voucher types: Tally ERp-9 allows to create different types of vouchers to record and classify of account as per our requirement

Voucher type is the transaction data posting screen in Tally.ERP9, where you can post different types of transactions such as sales, purchases, contra, payment and receipt etc.

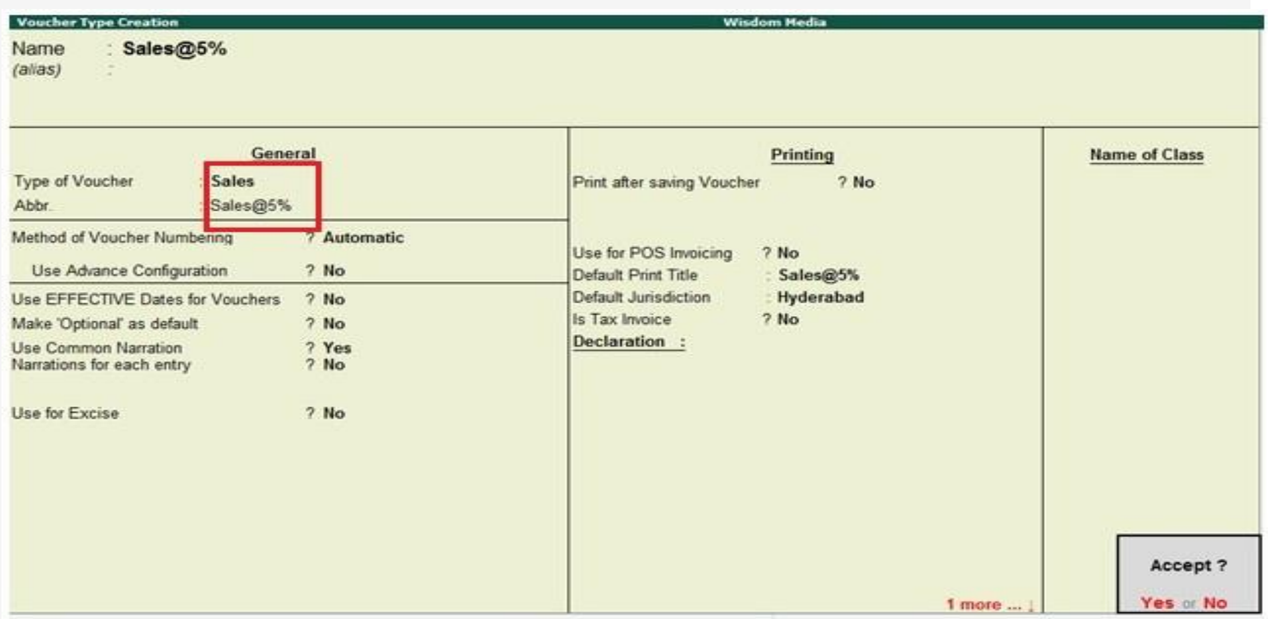
Procedure: Go to **Gateway of Tally > Accounts info > Voucher types > Create**





Step 1: On gateway of Tally go to Accounts info on that select Voucher type and select create

Example: Based on your requirement you can create new voucher types easily in Tally like, sales percentage wise sales@18%, 5% and 12%.



Name: Enter the name of new voucher type example, sales@5%

Type of voucher
Tally has been provided predefined voucher types, here you have to select related voucher type from the list.

Method of Voucher Numbering
There are three methods are available, here you have to select "Automatic", if you select automatic method then Tally ERP 9 numbers the vouchers automatically.

Print after saving voucher: By enabling this option, you can print the invoice immediately after saving the transaction.

Name of class: You can create a voucher class if you are required GST for maltirate invoice
By entering the above options you can create a new GST voucher type to accept press Y or enter. The new voucher type will be created.

4.Explain the procedure of GST Purchase and Sales voucher entry.

GST voucher entry:

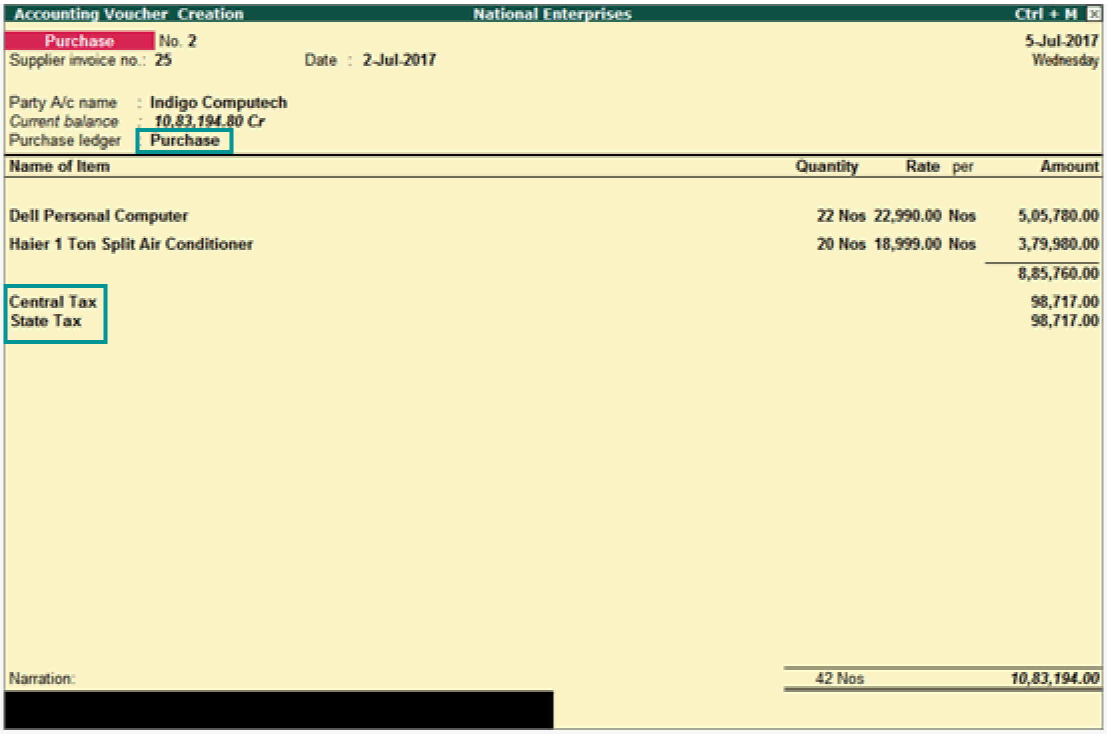
The GST effected vouchers are purchases and sales while recording the vouchers of purchases and sales user have to show the input and output taxes of GST. If the user is a local trader he has to provide input and output GST for SGST and CGST and he must show the GST taxes while recording purchases and sales vouchers. For inter sales and purchases he is required to show IGST in vouchers. So, he must create GST tax ledgers for purchases and sales.

Purchase voucher entry in Tally ERP 9 with GST

Take the following steps to make a Tally purchase entry with GST in Voucher Mode.

Step 1: Go to the Voucher Mode

Go to Gateway of Tally
Select Vouchers
Press the F9 key to open the Purchase screen
Select as voucher from side screen or press ALT + V
The purchase voucher will display as follows



Step 2: Fill the Fields

Hit F2 button on Keyboard to change the date

Select the supplier to be credited

Enter the amount of purchase

Debit the purchase A/c

We have to select input CGST/SGST taxes tally will automatically calculate the input tax amounts and display the purchases value with input tax credit.

Step 3: to accept click on 'Y' the voucher will be created.

<u>Sales voucher entry in Tally ERP 9 with GST</u>

Take the following steps to make a Tally purchase entry with GST in Voucher Mode.

Step 1: Go to the Voucher Mode

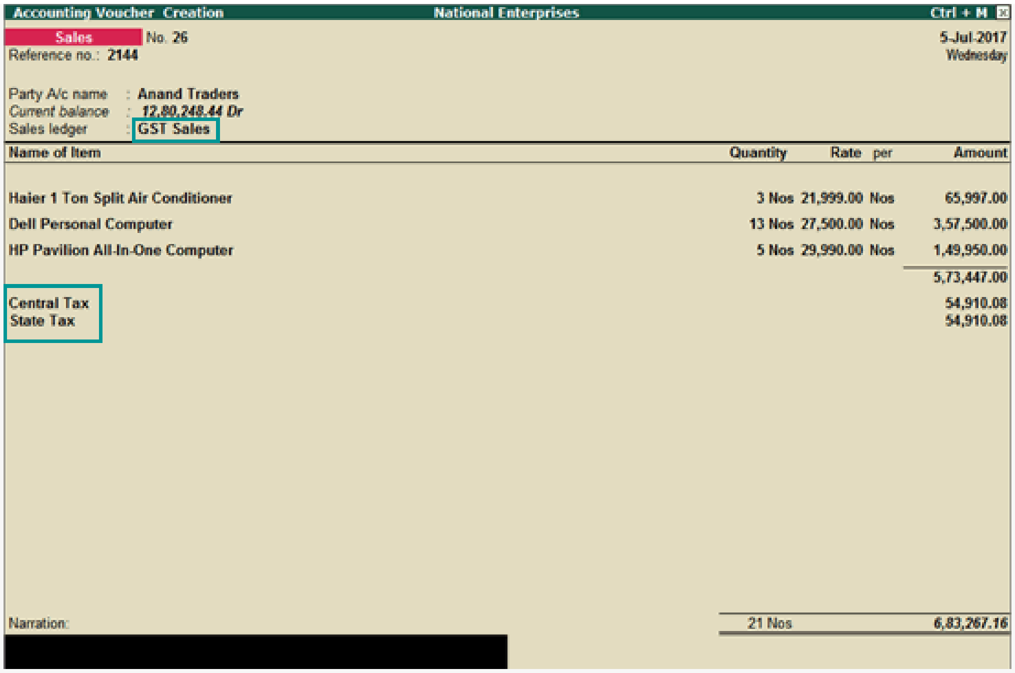
Go to Gateway of Tally

Select Vouchers

Press the F8 key to open the Sales screen

Select as voucher from side screen or press ALT + V

The sales voucher will display as follows



Step 2: Fill the Fields

Hit F2 button on keyboard to change the date
Select the debtor to be credited
Enter the amount of sales
Credit the sales A/c
Enter output CGST/SGST taxes tally will automatically calculate the amounts and display the sales value.
Step 3: to accept click on 'Y' the voucher will be created.

SHORT QUESTIONS: 5 MARKS

1.What is the need of invoice?

GST invoice.

A GST-compliance purchase invoice contains the details of the parties involved in the mentioned transaction and lists all goods and services sold, with their prices. This bill also displays the percentage of discounts and taxes charged on each item, besides other details.

Need of invoice:

A registered person must issue a tax invoice before, or at the time of removal of goods for supply to the recipient. For supplying services, GST invoices can be issued before, at, or even after the time of supply. Further, e-invoicing system is also being implemented in a phased manner that requires certain more mandatory fields.

A GST invoice must be issued without fail by businesses that hold a GST registration. Other enterprises, however, do not need to issue these particular invoices.

GST invoice is issued by a supplier or a seller to the recipient or the buyer of goods and services. Such a document indicates the names of the parties involved as well as the details of goods or services supplied under a given transaction. It shows

- Product name
- Description
- Quantity of goods or services sold
- Details of the supplier and the purchaser

- Terms of supply
- Date of supply

2.Explain the invoice issue process according to GST Act.

Invoice: Invoice is a commercial document issued by a seller to a buyer relating to a sale transaction. It shows amount, place of supply, items, quantity etc.

Invoice issue process according to GST Act:

GST Act provides conditions for issue of invoice they are

Tax invoice shall be prepared for supply of taxable goods and services. The following table shows the preparation of tax invoiced

Tax invoice shall be prepared for	**Supply of taxable goods** **In triplicate** a)original for recipients b)duplicate for transporter c)triplicate for supplier **Supply of taxable services** **In duplicate** a)original for recipients b)duplicate for supplier

GST Act specifies the no. of copies of the invoice to be issued for use of different parties.

<u>Supply of taxable goods:</u> The invoice must be issued in the case of supply of goods are as follows.

- a)original for recipients should be marked as
  ORIGINAL FOR RECIPIENTS
- b) duplicate for transporter
  DUPLICATE FOR TRANSPORTER
- C)triplicate for supplier
  TRIPLICATE FOR SUPPLIER

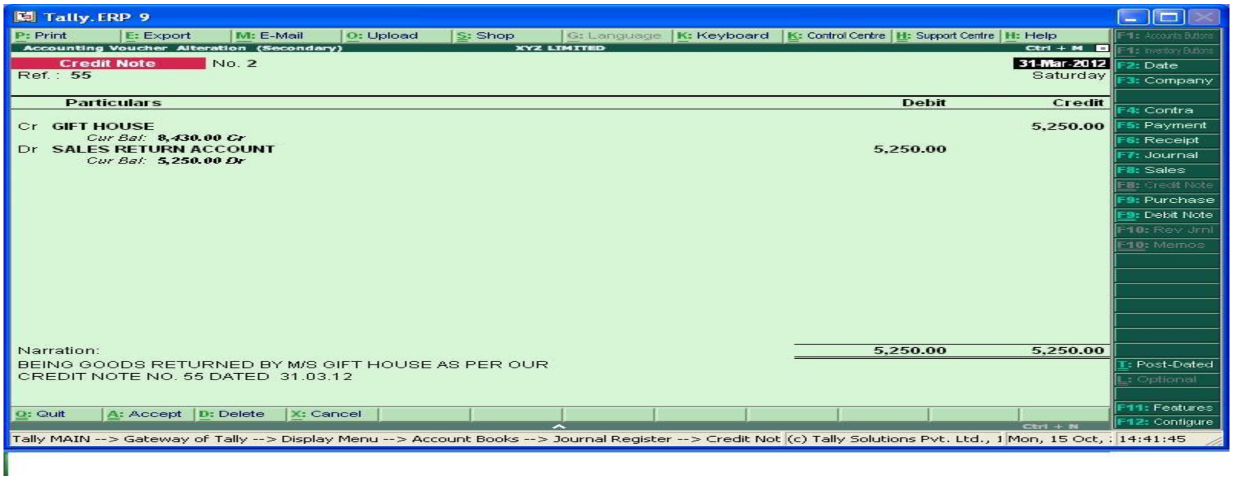
<u>Supply of taxable services:</u> The invoice must be issued in the case of supply of services are as follows.

- a)original for recipients should be marked as
  ORIGINAL FOR RECIPIENTS
- b)duplicate for supplier should be marked as
  DUPLICATE FOR SUPPLIER
- The serial number of invoices during the tax period shall be furnished automatically.

3.Give steps to alteration and deletion of vouchers.

You can alter the vouchers from daybook or any voucher register, provided you have the rights to do the same.

<u>To alter vouchers:</u> Suppose we want to alter the credit not voucher



Go to Display > Day book > select the voucher that has to be altered >Make the changes >Save the altered voucher.

Or

Go to **Display > Account Books > Ledger** > select the required **Ledger** > select transactions from Ledger Voucher list > drill down and alter the voucher > save the changes.

Tally shows all the transactions recorded between you entered period.

To Delete Voucher: in the same way if we want to delete a voucher

Go to Display > Day book > select the voucher that has to be deleted

Or

Go to **Display > Account Books > Ledger** > select the required **Ledger** > select transactions from Ledger Voucher list >

From list of vouchers, select the voucher, which voucher you want to Delete then press enter. Then press **ALT+D,** then enter Y. the voucher will be deleted

4.How can you show Input Tax credit on purchase voucher?

Input Tax Credit: Input Tax Credit means claiming the credit of the GST paid on purchase of Goods and Services which are used for the advancement of business. The Mechanism of Input Tax Credit is the backbone of GST and is one of the most important reasons for the introduction of GST.

Purchase voucher entry in Tally ERP 9 with ITC:

Take the following steps to make a Tally purchase entry with GST in Voucher Mode.

Step 1: Go to the Voucher Mode

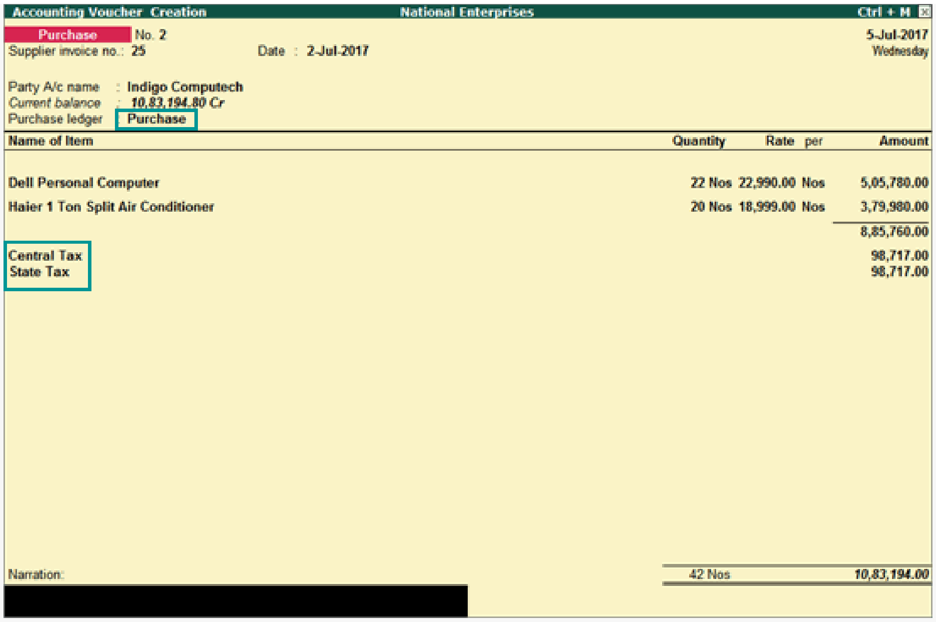
Go to Gateway of Tally

Select Vouchers

Press the F9 key to open the Purchase screen

Select as voucher from side screen or press ALT + V

The purchase voucher will display as follows



Step 2: Fill the Fields
Hit F2 button on Keyboard to change the date
Select the supplier to be credited
Enter the amount of purchase
Debit the purchase A/c
Input Taxes showing ITC:
We have to select input CGST/SGST taxes tally will automatically calculate the input tax amounts and display the purchases value with input tax credit.
Step 3: to accept click on ‘Y’ the voucher will be created.

VERY SHORT QUESTIONS: 1 MARK

1.Inventory vouchers:
Inventory vouchers record the receipt and issue of goods/stock (Movement of goods), the transfer of stock between locations and physical stock adjustments
2.Debit Note voucher:
Debit Note is a document issued to a party stating that you are debiting their Account in your Books of Accounts for the stated reason or vise versa. It is commonly used in case of Purchase Returns,
3.Tax Invoice
Under the GST regime, an “invoice” or “tax invoice” means the tax invoice referred to in CGST Act, 2017. This section mandates issuance of invoice or a bill of supply for every supply of goods or services. It is not necessary that only a person supplying goods or services need to issue an invoice.
4.Credit Note voucher:
Credit Note is a document issued to a party stating that you are crediting their Account in your Books of Accounts for the stated reason or vise versa. It is commonly used in case of Sales Returns

5.Contra voucher:
Any transactions involving a transfer of cash between one cash a/c to another or one cash a/c to another bank a/c or one bank account to another is called as a contra entry and it will noted on contra voucher.
6.Single rate GST invoice:
Single rate GST invoice means if the sold or purchase goods done at one slab rate they can prepare single rate GST invoice
7.Capital goods:
Capital goods are goods used by one business to help another business produce consumer goods. Capital goods include items like buildings, machinery, and tools.
8.Exempt supply:
Exempt supply means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

UNIT – IV

GST RETURNS:

ESSAY QUESTIONS: 12 MARKS

1.What is tax return? Explain key features of filing returns under GST.

GST tax return: A GST return is a document containing details of all income/sales and/or expense/purchase which a taxpayer (every GSTIN) is required to file with the tax administrative authorities. This is used by tax authorities to calculate net tax liability.

Key features of filing returns under GST:- The following are the key features of filing returns under GST.

Liability of a registered dealer: It is compulsory to file the GST return by a registered person at GST common portal.

Monthly and Quarterly filing of GST returns: The return filing dates and frequency will be based on the turnover of the taxpayer and shall be calculated based on the reported turnover in the preceding financial year.

Composite tax payer: So if a taxpayer has a turnover below Rs. 5 crore in the previous financial year, they will be required to file their returns every quarter

Regular tax payer: while others having a turnover above Rs. 5 crore shall file their returns every month. Monthly filing will be due on the 20th of the next month

Electronic filing: electronic filing of returns, uploading of invoice level information and auto-population of information relating to Input Tax Credit (ITC) from returns of supplier to that of recipient, invoice-level information matching and auto reversal of Input Tax Credit in case of mismatch. The returns mechanism is designed to assist the taxpayer to file returns and avail ITC.

Returns filing portals : All the returns are to be filed online. 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)

Facility of off line preparation: Business can file returns offline and it must upload the returns in online.

Revision is not allowed: Once we upload the returns there is no possibility to revise returns.

Exempted supplies: Non GST supplies need not require to file tax return and also nil rated supplies.

GST return forms: The following table shows the various GST return forms.

GSTR-1	Returns of outward supplies undertaken by a typical registered taxpayer under GST. The due date is 11th of next month Previously, the due date for GST return filing was 10th of the next month.
GSTR-2	Returns of inward supply of goods and services as agreed by the recipient of the goods and services. 15th of next month.
GSTR-3	A monthly GST return filing of inward and outward supplies of goods and services. 20th of next month.

GSTR-4	GST filing for taxpayers registered under the composition scheme The due date is the 18th of the month succeeding quarter.
GSTR-5	Return for a non-resident foreign taxable person. 20th of next month.
GSTR-6	Returns that an Input Service Distributor files every calendar month. It has all the information of the invoices on which credit has been received and are issued by an ISD. 13th of next month.
GSTR-7	A monthly return that has to be filed by the deductors who are required to deduct TDS under GST. 10th of next month.
GSTR-8	Returns for the electronic commerce operator who is required to deduct Tax Collected at Source under GST. 10th of next month.
GSTR-9	Annual return for a normal taxpayer. 31st December of next financial year.
GSTR-10	A final return that needs to be filed to make sure the taxpayer pays off any liability outstanding. To be filed within 3 months of cancellation of order.
GSTR-11	Inward Supplies to be furnished by a person that has a UIN and claiming a refund 28th of the month following the month for a statement was filed.

2.Explain the steps of filing GST returns by regular business.

Regular business: Having a turnover above Rs. 5 crore shall file their returns every month.
Monthly filing will be due on the 20th of the next month
As a regular dealer can claim Input Tax Credit (ITC) of the GST paid on purchase and set-off against output liability,
GSTR- 3B:GSTR 3b is a monthly self-declaration. A monthly GST return filing of inward and outward supplies of goods and services. Due date is 20th of next month.
It furnishes the summarised details of:
All outward supplies made
Input tax credit claimed
Tax liability
Taxes paid

GST return online filing process

The GST return online filing process can be completed in the following steps.

Step 1: Use the GST portal that is www.gst.gov.in.

Step 2: Based on your state code and PAN number, a 15 digit number will be issued.

Step 3: Each invoice that you have needs to be uploaded. Against each invoice, a reference number will be issued.

Step 4: After this, the next step is to file the outward returns, inward returns, and cumulative monthly returns. All errors can be rectified.

Step 5: File the outward supply returns of GSTR-1 using the information section at the GST Common Portal on or before the 10th of the month.

Step 6: The outward supplies furnished by the supplier will be gotten from the GSTR-2A.

Step 7: After this, the recipient has to verify the details of the outward supplies and file details of credit or debit notes.

Step 8: Next, supply details of the inward supplies of goods and services in the GSTR-2 form.

Step 9: Supplier can either accept or reject the details provided by the inward supplies made apparent in the GSTR-1A.

3.Discuss about information covered in GSTR-1 and display GSTR -1 report in tally.

GSTR-1 : The Goods and Services Tax Return 1 is a document that each registered tax payer needs to file every month/quarter.

It must contain the details of all sales and supply of goods and services made by the tax payer during the tax period.

The due date is 11th of next month

Previously, the due date for GST return filing was 10th of the next month.

Information in GSTR-1:

1.GSTIN: (your unique PAN-based 15-digit Goods and Services Taxpayer Identification number)

2. Name of the Taxpayer:

Registered person's legal name

Trade name (if any)

3. Turnover of the Taxpayer:

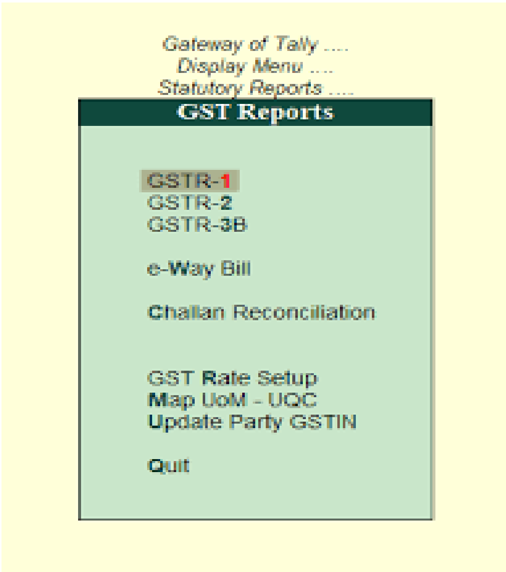
Aggregate turnover in the preceding financial year: the total value of sales and supplies you made in 2016-2017 minus taxes. This is the only year you will need to provide this — in the future, it will be auto calculated and auto populated.

4.Taxable outward supplies Taxable outward supplies made to registered persons (including UIN holders)

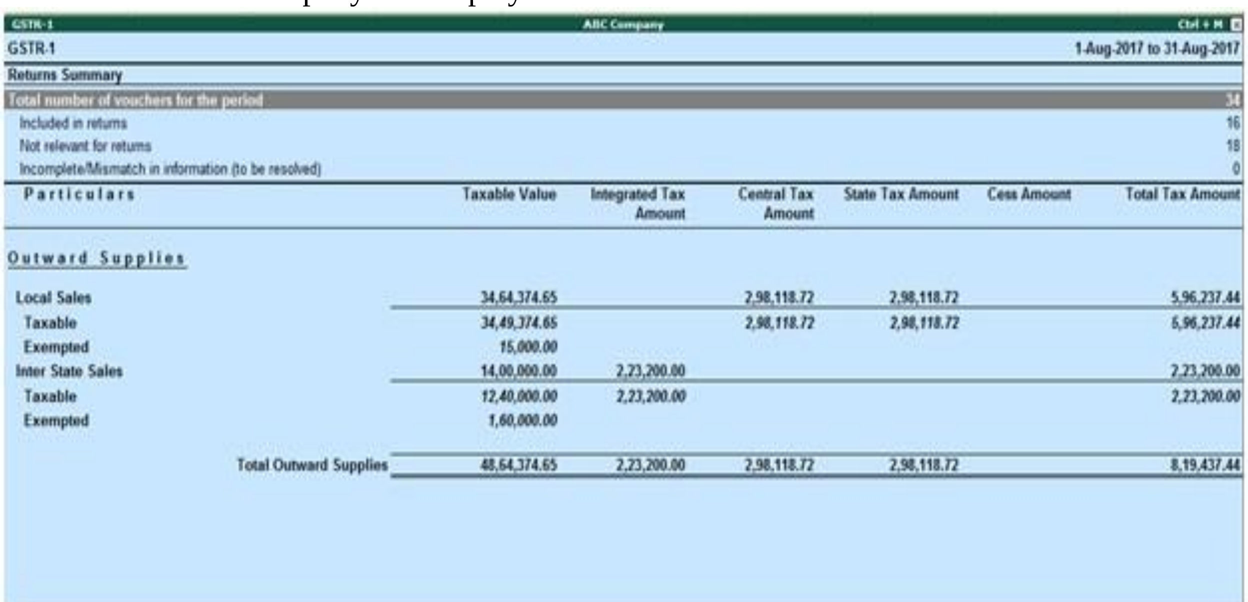
5.It contains the details of debit note and credit note and liability of amount received in advance and tax already paid in current period

Procedure to Display of GSTR-1 in tally:

Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **GST Reports** > **GSTR–1** .



The GSTR – 1 of a company will display as follows



GSTR-1 ABC Company Ctrl + M

GSTR-1 1-Aug-2017 to 31-Aug-2017

Returns Summary

Total number of vouchers for the period	34
Included in returns	16
Not relevant for returns	18
Incomplete/Mismatch in information (to be resolved)	0

Particulars	Taxable Value	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Cess Amount	Total Tax Amount
Outward Supplies						
Local Sales	34,64,374.65		2,98,118.72	2,98,118.72		5,96,237.44
Taxable	34,49,374.65		2,98,118.72	2,98,118.72		5,96,237.44
Exempted	15,000.00					
Inter State Sales	14,00,000.00	2,23,200.00				2,23,200.00
Taxable	12,40,000.00	2,23,200.00				2,23,200.00
Exempted	1,60,000.00					
Total Outward Supplies	48,64,374.65	2,23,200.00	2,98,118.72	2,98,118.72		8,19,437.44

It shows the taxable value, Integrated tax amount, Central tax amount, State tax amount, Cess amount of outward supplies and also the total outward supplies and total tax amount.

4.What is the procedure to view GSTR – 2 report in tally?

GST return forms: Tally ERP9 provides various GST return forms to file GST returns. On that GSTR-2 report shows the information of purchases of a company. This report includes the details of all inward supplies made in the given period.

The inward supply details include B2B invoices to registered and unregistered dealers, import of goods and services, adjustments to purchases in debit/credit notes, nil rated invoices, advances paid and adjusted, and tax credit reversed or re-claimed.

Information covered in GSTR 2

GSTR 2 contains the information about all of your purchases. It means it will be sales for the other parties and that it will be the information of GSTR 1 for the sellers. The inward supply details include B2B invoices to registered and unregistered dealers, import of goods and services, adjustments to purchases in debit/credit notes, nil rated invoices, advances paid and adjusted, and tax credit reversed or re-claimed.

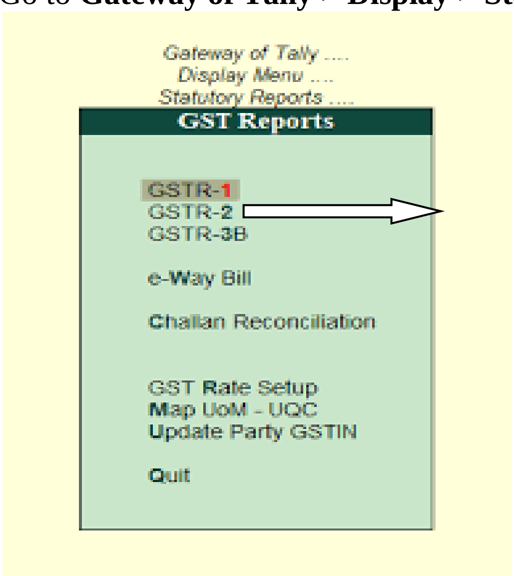
Different Sections of GSTR 2 in Tally ERP 9

GSTR 2 is majorly divided into 6 different sections or parts they are:

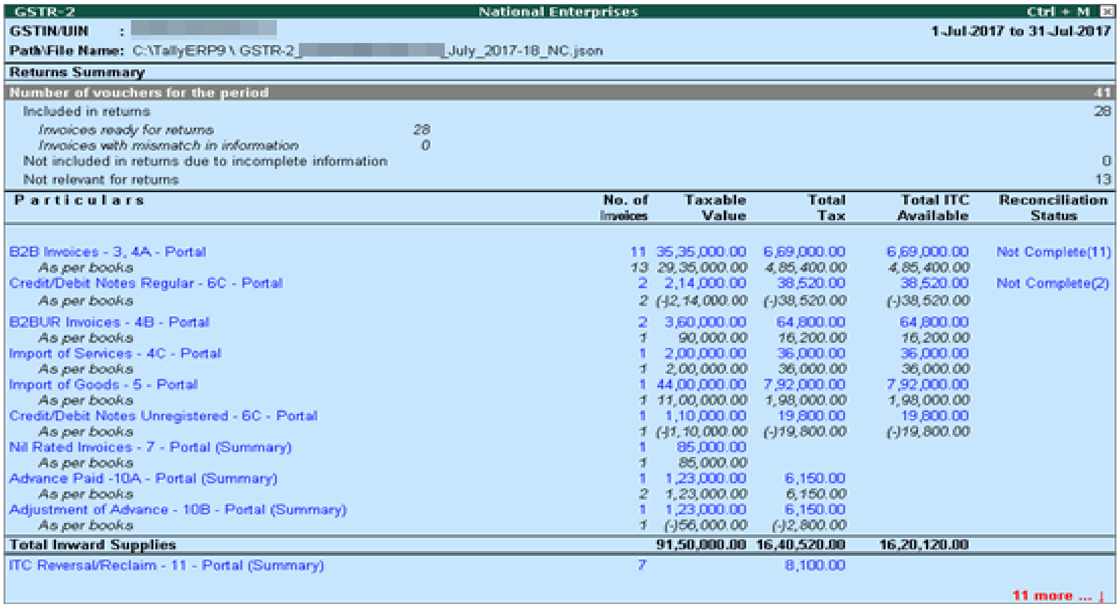
1. Returns Summary
2. Particulars which includes different types of transactions such as B2B invoices, credit/debit notes etc.
3. Total Inward Supplies
4. Total No. of Invoices
5. Reverse Charge Liability to be Booked
6. Advance Payments
7. Import of services details

Procedure to Display of GSTR-2 in tally:

Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **GST Reports** > **GSTR–2**



Finally, choose **GSTR 2** from the GST Reports menu. It will display as follows.



GSTR-2 National Enterprises Ctrl + M

GSTIN/UIN : [illegible] 1-Jul-2017 to 31-Jul-2017

Path\File Name: C:\TallyERP9\ GSTR-2_[illegible]_July_2017-18_NC.json

Returns Summary

Number of vouchers for the period		41
Included in returns		28
Invoices ready for returns	*28*	
Invoices with mismatch in information	*0*	
Not included in returns due to incomplete information		0
Not relevant for returns		13

Particulars	No. of Invoices	Taxable Value	Total Tax	Total ITC Available	Reconciliation Status
B2B Invoices - 3, 4A - Portal	11	35,35,000.00	6,69,000.00	6,69,000.00	Not Complete(11)
As per books	*13*	*29,35,000.00*	*4,85,400.00*	*4,85,400.00*	
Credit/Debit Notes Regular - 6C - Portal	2	2,14,000.00	38,520.00	38,520.00	Not Complete(2)
As per books	*2*	*(-)2,14,000.00*	*(-)38,520.00*	*(-)38,520.00*	
B2BUR Invoices - 4B - Portal	2	3,60,000.00	64,800.00	64,800.00	
As per books	*1*	*90,000.00*	*16,200.00*	*16,200.00*	
Import of Services - 4C - Portal	1	2,00,000.00	36,000.00	36,000.00	
As per books	*1*	*2,00,000.00*	*36,000.00*	*36,000.00*	
Import of Goods - 5 - Portal	1	44,00,000.00	7,92,000.00	7,92,000.00	
As per books	*1*	*11,00,000.00*	*1,98,000.00*	*1,98,000.00*	
Credit/Debit Notes Unregistered - 6C - Portal	1	1,10,000.00	19,800.00	19,800.00	
As per books	*1*	*(-)1,10,000.00*	*(-)19,800.00*	*(-)19,800.00*	
Nil Rated Invoices - 7 - Portal (Summary)	1	85,000.00			
As per books	*1*	*85,000.00*			
Advance Paid -10A - Portal (Summary)	1	1,23,000.00	6,150.00		
As per books	*2*	*1,23,000.00*	*6,150.00*		
Adjustment of Advance - 10B - Portal (Summary)	1	1,23,000.00	6,150.00		
As per books	*1*	*(-)56,000.00*	*(-)2,800.00*		
Total Inward Supplies		**91,50,000.00**	**16,40,520.00**	**16,20,120.00**	
ITC Reversal/Reclaim - 11 - Portal (Summary)	7		8,100.00		

11 more ...

It shows the returns summary particulars of total purchase invoices, total tax, total Input Tax Credit available and reversal of ITC details.

<u>SHORT QUESTIONS: 5 MARKS</u>

1.What are the steps in filing GSTR-1 online.

GSTR-1: Every registered dealer is required to file the GSTR-1 return for each month/quarter as applicable. The return contains details of all outward supplies made during that particular tax period.

With Tally.ERP 9, you can file GSTR-1 in three easy ways: by generating JSON from Tally.ERP 9, by using the GST Offline tool, or by filing directly on the GST portal.

Steps to filing GSTR-1 online:

1.Go to Gateway of Tally > Display > Statutory Reports > GST > GSTR-1 .
2. F2: Period: Select the period for which returns need to be filed.
3.F12: Configure: To view the export options for HSN/SAC details, enable Show HSN/SAC Summary? Press Ctrl+E .
4. Select JSON (Data Interchange) as the Format .Complete the details and export.
5. Press Ctrl+O from GSTR-1 report.
6. Log in to the GST portal.
7. Click Services > Returns > Returns Dashboard .
8. Select the Return Filing Period
9. Select Yes or No based on your turnover to file Monthly or Quarterly returns. Click SUBMIT .click offline
10. Go to Services > Returns > Returns Dashboard , and click Prepare Online .
11. Submit the returns and e-sign

2.Explain the information covered in GSTR-3.

GST return forms: Tally ERP9 provides various GST return forms to file GST returns. On that GSTR-3 report is a document containing the details of all transactions during the month, including local and inter state purchases, local and inter state sales, total tax and interstate movement of stock for a particular month.

Information covered in GSTR-3: GSTR-3 report is a document containing the details of all transactions during the month, including the following:

Purchases, sales, and interstate movement of stock for a particular month.

This return is auto-generated based on the information available inside the GSTR-1 and GSTR-2 that have been filed for the same tax period.

Procedure to Display of GSTR-3 in tally:

Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **GST Reports** > **GSTR–3 It will display as follows.**

Particulars	Taxable Value	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Cess Amount	Total Tax Amount
Outward Supplies						
Local Sales	4,90,000.00		30,270.00	30,270.00		60,540.00
Taxable	*4,78,000.00*		*29,430.00*	*29,430.00*		*58,860.00*
Inter State Sales	1,45,000.00	17,400.00				17,400.00
Taxable	*1,45,000.00*	*17,400.00*				*17,400.00*
Total Outward Supplies	6,35,000.00	17,400.00	30,270.00	30,270.00		77,940.00
Add/Less: GST Adjustments			1,475.00	1,475.00		2,950.00
Inward Supplies						
Local Purchase	2,40,000.00		14,400.00	14,400.00		28,800.00
Taxable	*2,40,000.00*		*14,400.00*	*14,400.00*		*28,800.00*
Reverse Charge Supplies	50,000.00		1,250.00	1,250.00		2,500.00
Total Inward Supplies	2,90,000.00		15,650.00	15,650.00		31,300.00

It shows the information of inter and intra sales and purchases i.e. total outward supplies and inward supplies, total tax amount and reverse charge supplies**.**

3.Discuss about regular and composition return filing.

Return filing under GST:

All business owners and dealers who have registered under the GST system must file GST returns according to the nature of their business or transactions. There are two schemes to pay GST returns they are Composition & Regular GST Schemes.

Regular returns: The business whose turnover of taxable goods more than ₹1.5 Crores, will be registered as regular return payer.

The features of regular return filing will as follows:

- Payment of taxes at prescribed rate on the turnover with the adjustment of input tax credit
- He can make Interstate sales as well as local sales.
- Higher rate of tax is applicable (like 0%, 5%, 12%, 18% and 28%)
- Return of outward supply GSTR-1
- Returns of GSTR-3B & Inward Supply GTR-2A (Automatic)
- Annual Return GSTR-9
- Regular taxpayers can avail input tax credit of GST Paid on purchase of goods or services or both.

composition returns:

The composition scheme is meant for small businesses whose turnover of taxable goods not more than ₹1.5 Crores.

The features of composition return filing will as follows:

- They cannot make interstate sales.
- The sales are restricted to intra state (with in a registered state)

- Lower rate of tax is applicable (like 0%, 1%, 2%, 5% and 6%)
- Quarterly payment of taxes and Returns using GSTR-4
- Annual Return-GSTR-9A
- The Composition taxpayer cannot issue a tax invoice, because the tax must be paid by the dealer out of pocket.
- A Composition Dealer is not allowed to recover the GST from the customers.
- He cannot avail input tax credit

4.What is the need of tax return?

GST tax return:

GST return is **a** document that will contain all the details of your sales, purchases, tax collected on sales (output tax), and tax paid on purchases (input tax). Once you file GST returns, you will need to pay the resulting tax liability (money that you owe the government).

Under the GST norms, all registered businesses have to file GST returns either monthly, quarterly, or annually depending on the type of the business. The GST return filings are done online on the GST portal.

The filing of GST returns is important because

The Indian taxpayer (business owner) is liable to declare all transactions related to the revenue of the business. Based on these declarations the authorities will calculate the amount of tax to be paid by the business

For return filer:

1.Necessary to adhere the legal compliances

2.Helps in calculating the correct tax liability of self and others

3.A tool for claiming ITC

For Government:

1.Source for collecting Financial statistics of Organizations

2.Scrutinize the relevant cases effectively and efficiently

3.A basis for future policy making

4.Evation can be better tracked

5.Effective mode of procuring information from the taxpayers.

VERY SHORT QUESTIONS: 1 MARKS

1.GSTR-4:

GSTR-4 is the GST return that the composition taxpayers must file annually from FY 2019-2020 onwards. The return once filed cannot be revised, and also attract a late fee if delayed beyond the due date.

2.Composition scheme:

Small taxpayers can get rid of tedious GST formalities and pay GST at a fixed rate of turnover. This scheme can be opted by any taxpayer whose turnover is less than Rs. 1.5 crore

3.GSTR-9:

The GSTR 9 is **a** document or statement that has to be filed once a year by a registered taxpayer. This document will contain the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.

4.First return: Every registered person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the first return furnished by him after grant of registration.

UNIT – 5

Payment of GST taxes:

ESSAY QUESTIONS: 12 MARKS

1.Explain the main features of GST payment process.

GST payment process: GST provides various types of payments by a person or business to the government in case of intrastate supply the business is liable to pay CGST and SGST and for the interstate supply it is liable to pay IGST.

The filing of GST returns is important because

The Indian taxpayer (business owner) is liable to declare all transactions related to the revenue of the business. Based on these declarations the authorities will calculate the amount of tax to be paid by the business

GSTN network: The Goods and Service Tax Network (or GSTN) is a non-profit, non-government organization. It will manage the entire IT system of the GST portal, which is the mother database for everything GST.

The payment processes under GST Act(s) have the following features:

Any time-any where payment: Facilitation for the tax payer by providing anytime, anywhere mode of payment of tax.

Automatic challans: Electronically generated challan from GSTN Common Portal in all modes of payment and no use of manually prepared challan.

No waste of time: Convenience of making payment online and paperless transactions make easy to pay and assessee need not to waste the time in long queues for making payments.

Faster remittance: Faster remittance of tax revenue to the Government Account

Transparent system: Convenience of making payment online and the transparent system.

Cost saving: All transactions are paperless, resulting into saving of the cost and the environment.

Speedy Accounting and reporting: It facilitate the tax payer in speedy accounting and reporting.

Electronic reconciliation of all receipts: It provides the facility of electronic reconciliation of all receipts.

Simplified procedure for banks: It provides simplified procedure to transfer funds of GST tax to banks

Warehousing of Digital Challan: GSTN portal allows the tax payer warehousing of digital challans for further reference.

2.What are the rules regarding payment of tax as per GST Act?

Rules regarding GST payment as per GST Act:

The filing of GST returns The Indian taxpayer (business owner) is liable to declare all transactions related to the revenue of the business. Based on these declarations the authorities will calculate the amount of tax to be paid by the business.

Inter and Intrastate taxes: GST provides various types of payments by a person or business to the government in case of intrastate supply the business is liable to pay CGST and SGST and for the interstate supply it is liable to pay IGST.

Utilization of ITC
ITC
Input Tax Credit means deducting the tax paid on inputs from the tax payable on the final output by you as a registered taxable person.
ITC is credited to your electronic ledger. Such ITC can be used by you as a registered taxable person to pay your output tax liability but cannot be used for payment of interest and penalty. Therefore, ITC can be utilized in the following manner:

Utilization of ITC on CGST first utilizing ITC standing under CGST and then under IGST.

Utilization of ITC on SGST first using ITC standing under SGST and then under IGST.

Utilization of ITC on IGST first using ITC standing under IGST. Then, you can utilize ITC existing under CGST and lastly the ITC standing under SGST.

Utilization of cash ledger balance: The balance in the cash ledger may be utilized towards the payment of the GST tax or can also be used for making payment of interest or penalty.

Refund of balance amount: The balance in the cash or credit ledger after the payment of tax, interest, and penalty may be refunded in accordance with the provisions.

Time of payment: payment of taxes by the regular tax payer is to be done on monthly basis by the 20th of the succeeding month, for composition tax payer in quarterly basis 18th of the month of succeeding quarter.

3. Write the steps in payment of GST.

GST payment: GST payment is the periodical remittance of GST amount payable by the business. It one of the major requisites for a business to stay compliant. As per the guidelines, every registered regular taxpayer must make GST payment with a due date – 20th of every month along with the submission of GSTR-3B return. The GST payment can be made online

GST payment process: GST provides various types of payments by a person or business to the government in case of intrastate supply the business is liable to pay CGST and SGST and for the interstate supply it is liable to pay IGST.

Setting eligible ITC: In making the GST payment, the GST act allows the businesses to set the eligible input tax credit (ITC) with the output GST collected on the sales. Thus, before making GST payment, businesses need to first apply the GST payment calculations. The GST payment calculations steps are given below

- Determine the total output GST
- Determine the eligible ITC
- Set-off the output GST with the ITC. Here you need to follow the set-up order of CGST, GST and IGST.
- The balance is the GST liability that a business needs to pay.

GST payment ledgers

For the purpose of GST tax payment, every registered dealer will need to maintain 3 ledgers in the GST payment portal, which is the starting step of the GST payment process. The 3 ledgers are:

1.Electronic tax liability ledger

2.Electronic cash ledger

3.Electronic credit ledger

Here's a step by step process for how to make your GST payment online.

- Set-off the tax liability by using the credit available in Electronic credit ledger
- Deposit money in the Electronic cash ledger to pay the balance tax liability
- Generate challan for making the GST payment - Challan for the payment can be generated from the GST payment portal using Form GST PMT-06.
- Make the GST payment using the given modes -
    - Internet banking through authorised banks
    - Credit card or debit card through authorised banks
    - National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank
- Generation of CIN and credit to Electronic cash ledger - Once the amount paid by a dealer is credited to the concerned government account, a Challan Identification Number (CIN) will be generated and the same will be mentioned in the challan in the GST portal. On receipt of the CIN, the amount paid will be credited to the person's Electronic cash ledger.

4.Explain how to record reverse charge in tally.

Reverse Charge Mechanism: Reverse Charge Mechanism, is a system wherein the liability to pay tax on a transaction to the Government is on the recipient. Record Inward Supply Under Reverse Charge (RCM)

Procedure to Record Inward Supply Under Reverse Charge (RCM)

For inward supplies liable to reverse charge, you can record inward supply under reverse charge in Tally. Under reverse charge, you can account for advance payments, inward supply of taxable services, cancellation of advance payments, and purchase returns. The transaction details are captured in GSTR-2 and GSTR-3B report.

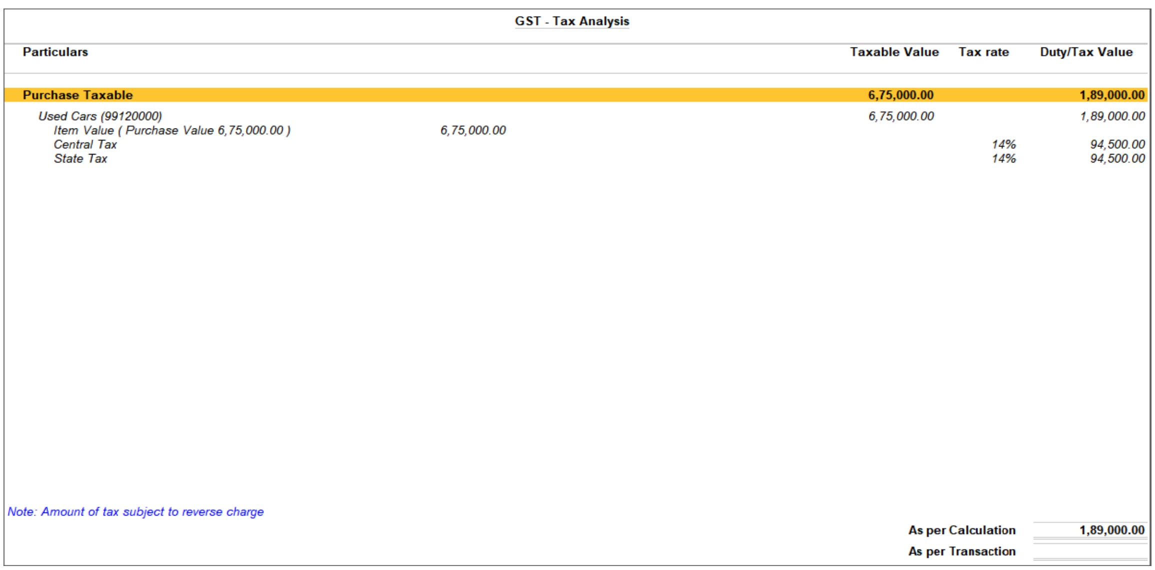
Record Inward Supply Under Reverse Charge

You can record inward supply of:

- Goods
- Services

Record inward supply of goods

1. **Gateway of Tally** > **Vouchers** > press **F9** (Purchase).
   Alternatively, press **Alt+G** (Go To) > **Create Voucher** > press **F9** (Purchase).
2. Press **Ctrl+H** (Change Mode) to select the required voucher mode (**Item Invoice**, in this case).
3. Press **Ctrl+O** (Related Reports) > type or select **GST – Tax Analysis** to view the tax details. Press **Alt+F5 (Detailed)** to view the reverse charge amount.



GST - Tax Analysis

Particulars		Taxable Value	Tax rate	Duty/Tax Value
Purchase Taxable		**6,75,000.00**		**1,89,000.00**
Used Cars (99120000)		*6,75,000.00*		*1,89,000.00*
Item Value (Purchase Value 6,75,000.00)	*6,75,000.00*			
Central Tax			*14%*	*94,500.00*
State Tax			*14%*	*94,500.00*

Note: Amount of tax subject to reverse charge

As per Calculation	1,89,000.00
As per Transaction	

Record inward supply under reverse charge for services

You can create invoices to track the purchase of services attracting reverse charge.

1. **Gateway of Tally** > **Vouchers** > press **F9** (Purchase).
   Alternatively, press **Alt+G** (Go To) > **Create Voucher** > press **F9** (Purchase).
2. Press **Ctrl+H** (Change Mode) to select the required voucher mode (**Accounting Invoice**, in this case).
3. Press **Ctrl+O** (Related Reports) > type or select **GST – Tax Analysis** to view the tax details. Press **Alt+F5 (Detailed)** to view the reverse charge amount.

GST - Tax Analysis

Particulars		Taxable Value	Tax rate	Duty/Tax Value
Purchase Taxable		**1,25,500.00**		**15,060.00**
Transportation Services (by Road)		*1,25,500.00*		*15,060.00*
Purchase Value	*1,25,500.00*			
Central Tax			*6%*	*7,530.00*
State Tax			*6%*	*7,530.00*

Note: Amount of tax subject to reverse charge

As per Calculation	**15,060.00**
As per Transaction	

SHORT QUESTIONS: 5 MARKS

1.Explain about payments under GST

Payments under GST

Intra state supply:

In the GST regime, for any intra-state supply, taxes to be paid are the Central GST (CGST), going into the account of the Central Government) and the State/UT GST (SGST, going into the account of the concerned State Government).

Inter state supply:

For any inter-state supply, tax to be paid is Integrated GST (IGST) which will have components of both CGST and SGST.

TDS and TCS:

In addition, certain categories of registered persons will be required to pay to the government account Tax Deducted at Source (TDS) and Tax Collected at Source (TCS).

Interest and Penalties: In addition, wherever applicable, Interest, Penalty, Fees and any other payment will also be required to be made.

Setting of eligible ITC:

In making the GST payment, the GST act allows the businesses to set the eligible input tax credit (ITC) with the output GST collected on the sales. Thus, before making GST payment, businesses need to first apply the GST payment calculations. The GST payment calculations steps are given below

- Determine the total output GST
- Determine the eligible ITC
- Set-off the output GST with the ITC. Here you need to follow the set-up order of CGST, GST and IGST.
- The balance is the GST liability that a business needs to pay.

Make the GST payment using the given modes -

  - Internet banking through authorised banks
  - Credit card or debit card through authorised banks
  - National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS) from any bank

2.What are electronic ledgers to be maintained for payment of GST.

GST payment: GST payment is the periodical remittance of GST amount payable by the business. It one of the major requisites for a business to stay compliant. As per the guidelines, every registered regular taxpayer must make GST payment within a due date

GST payment ledgers

For the purpose of GST tax payment, every registered dealer will need to maintain 3 ledgers in the GST payment portal, which is the starting step of the GST payment process. The 3 ledgers are:

1.Electronic tax liability register - All liabilities of a person towards tax, interest, penalty, late fee or any other amount will be debited here. This ledger records all liabilities of a taxable person including:

- The tax, interest, late fees, or any other amount payable per the return furnished by the taxpayer or per any proceedings
- The tax and interest payable arising out of any mismatch of ITC or output tax liability
- Any interest that may accrue from time to time
- The reversal of ITC or interest

2.Electronic cash ledger - Any amount paid by the taxpayer will be reflected in the electronic cash ledger. The amount available in this ledger may be used for making any payment towards tax, interest, penalty, fees, or any other amount due under the act/rules in the time and manner prescribe

3.Electronic credit ledger - Input tax credit, as self-assessed and claimed in Form GSTR-2 by a person, will be credited here. This can only be used by a person - only for paying tax, and not for settling other amounts such as interest, late fee, and so on.

This ledger may include the following:

- ITC on inward supplies from registered taxpayers
- ITC available based on distribution from input services distributor (ISD)
- ITC on input of stock held/semi-finished goods or finished goods held in stock on the

3.List out the records to be maintained under GST

Record keeping under GST:

Goods and Services Tax (GST) is a tax reform that will eliminate India's major indirect taxes – Excise, Service Tax, and VAT. However every registered tax payer must maintain record-keeping and reporting requirements.

Record-keeping requirements:

Section 35 of the GST Act explains the record-keeping requirements. In addition, in April 2017 the central government released draft rules for GST accounts and records (draft record rules), which lists additional GST accounting and record-keeping requirements.

Every registered person must maintain the following records

- Production or manufacture of goods
- Inward and outward supply of goods or services, or both
- Stock of goods
- Input tax credit availed
- Output tax payable and paid
- Any other particulars deemed necessary

The above records must be maintained at each place of business registered under GST.

In additions to the above, every registered person must maintain the following:

- A separate account of advances received and paid, along with any adjustments

- A true and correct account of:
  - Goods or services imported or exported
  - Supplies attracting payment of tax on reverse charge

Other documents:

Every registered person must also maintain relevant documents including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers, refund vouchers, and electronic way (e-way) bills.

4.Explain about reverse charge on goods under section-9(iii)

Reverse Charge Mechanism:

Generally, the supplier of goods or services is liable to incur tax on supply. However, in specified cases, such as imports and other notified supplies, the recipient becomes liable to pay the tax. Reverse charge, therefore, means the liability to account for output GST may be cast on the receipt instead of the supplier.

Under the normal mechanism of levy of GST, the receiver of goods/services pays the GST to the supplier of goods/ services and such supplier then deposits the GST with the Govt. (after taking the benefit of input tax credit).

However, under the Reverse Charge Mechanism, the GST is paid and deposited by the recipient with the Govt. on behalf of the supplier of service.

Reverse Charge under Section 9(3)

GST Reverse Charge Mechanism (also known as RCM) is not applicable under normal circumstances. It is only applicable under the circumstances which are specifically mentioned in Section 9(4) and Section 9(3)

1.Reverse Charge under Section 9(3) i.e. for Transactions for specified goods and services are still applicable and Reverse Charge would continue to be levied.

2.Reverse Charge under Section 9(3) is applicable for both inter-state as well as same state transactions on goods and services

3.Reverse Charge on Goods under Section 9(3)

The Goods on which GST shall be levied under Reverse Charge are cashew nuts not peeled, bidi wrapper leaves, tobacco leaves and silk yarn etc

4.Reverse Charge on Services under Goods under Section 9(3)

On services any service supplied by any person in non-taxable territory, services of Goods Transport Agency (GTA), services of individual advocate etc.

5.Time of supply:

For the levy of Reverse Charge under GST, it is very important to ascertain the time of supply as GST would be required to be deposited with the Govt within 20 days from the end of the month in which the services were provided.

VERY SHORT QUESTIONS: 1 MARKS

1.Electronic credit ledger:

The electronic credit ledger reflects the amount of Input Tax Credit available to the taxpayer. Thus, every claim of input tax credit of the registered taxpayer eligible for claiming such a credit is credited to this ledger.

2.NEFT:

National Electronic Funds Transfer is a secured, economical, reliable and efficient system of funds transfer between banks. At the time of funds transfer, the remitter has to furnish the necessary details i.e., Name & Account No. of the beneficiary, Name of bank/branch and IFSC Code of the beneficiary branch.

3.Electronic records:

The records under GST law may be maintained in physical form as well as in electronic form. In case, it is maintained in electronic form, the GST law requires that it shall be authenticated by digital signature. Records such as Production of goods, Inward and outward supply of goods or services or both, Stock of goods, Input tax credit availed, Output tax payable and paid

4.Stock register:

A stock register is a records of goods purchased and/or stored. Usually there is a set format for this register and there are certain protocols to be followed while maintaining this register.