Implementation of Central Sales Tax in Tally.ERP 9
Contents

Introduction
Basics of Central Sales Tax (CST) .................................................................................................................. 1
Registration and Rate of CST .......................................................................................................................... 2
Declaration Forms for CST Transactions ........................................................................................................ 3
Filing of CST Returns ..................................................................................................................................... 5

Lesson 1: Enabling CST in Tally.ERP 9
1.1 Features of CST in Tally.ERP 9 ........................................................................................................... 6
1.2 Creating a Company ............................................................................................................................... 7
1.3 Enabling CST in Tally.ERP 9 ................................................................................................................ 8
  1.3.1 Quick Setup ..................................................................................................................................... 10

Lesson 2: Processing of Purchases and Sales Transactions
2.1 Inter-State Purchases ............................................................................................................................. 12
  2.1.1 Interstate Purchases Against Form C .............................................................................................. 12
  2.1.2 Inter-State Purchases at Multiple CST Rates .................................................................................. 20
2.2 Inter-State Sales ................................................................................................................................... 27
  2.2.1 Inter-state Sales Against ‘C’ Form .................................................................................................. 28
  2.2.2 Inter-state Sales at Multiple CST Rates ......................................................................................... 37
  2.2.3 Accounting for Discount & Additional Ledgers Separately in Invoice ........................................ 42
2.3 Transit Sales against ‘E–I’ Form and ‘E–II’ Form ................................................................................. 44
  2.3.1 Transit Sales against Form E1 .......................................................................................................... 44
  2.3.2 Transit Sales against Form E2 ......................................................................................................... 49
2.4 Sales – Branch Transfers / Consignment Sales against Form – F ................................................... 52
  2.4.1 Sales – Consignment Transfers ..................................................................................................... 52
  2.4.2 Sales – Branch Transfers ............................................................................................................. 56
2.5 Exports ............................................................................................................................................... 58
2.6 Sales against Form H – Deemed Exports ............................................................................................ 62
2.7 Inter-State Sale of Exempt Goods ........................................................................................................ 64
2.8 Sales in the Course of Import ............................................................................................................... 66
2.9 Sales – Outside the State ..................................................................................................................... 70
2.10 Sales to SEZ Units against Form – I ................................................................................................... 74
2.11 Sale of Special Category Goods ......................................................................................................... 76
2.12 Taxable Local Sales ............................................................................................................................. 80
2.13 Works Contract .................................................................................................................................. 81

Lesson 3: Accounting for CST Adjustments & Payment
3.1 Sales Returns ....................................................................................................................................... 84
3.2 Adjustment Entries Pertaining to CST ............................................................................................... 96
  3.2.1 Adjustment Towards Advance Tax or Refund ................................................................................ 96
3.2.2 Adjustment Towards Entry Tax Paid .................................................................98
3.2.3 Adjusting Excess Input Tax Credit against CST Dues ...........................................100
3.3 Payment of CST ........................................................................................................102

Lesson 4: CST Reports
4.1 CST Details in VAT Computation ........................................................................106
4.2 CST Reports ..........................................................................................................110
4.3 Forms Receivables ..................................................................................................111
4.4 Forms Issuable ........................................................................................................114
4.5 Auto–Fill Option for CST ....................................................................................115
4.6 Viewing All Vouchers ...........................................................................................116
4.7 Reminder and Covering Letters ..........................................................................117
  4.7.1 Reminder Letters ..............................................................................................117
  4.7.2 Covering Letters ..............................................................................................118
4.8 CST Registers .........................................................................................................120
4.9 CST Return Form .................................................................................................124
4.10 Form 14 ................................................................................................................126
4.11 Form 15 ................................................................................................................127
4.12 CST Annexure .......................................................................................................128
  4.12.1 Annexure – I .....................................................................................................129
  4.12.2 Annexure – II ..................................................................................................130
  4.12.3 Annexure – III .................................................................................................131
  4.12.4 Annexure – IV .................................................................................................132
Introduction

Central Sales Tax is a tax on Sale levied by the Central Government under the provisions of Central Sales Tax Act, 1957. As per the provisions of this Act, any movement of goods from one State to another on account of sale/purchase or transfer of document of Title to goods between two separate parties is considered as an Interstate sale/purchase. All such transactions are liable to CST. Any movement of goods otherwise than as sale, sent outside the state or country, is exempted from levy of CST. Examples of such Transactions are Consignment and Branch Transfers outside the state, Exports etc.

Also some of the Interstate transactions are exempted if goods are supplied to Special Economic Zones or to UN or Diplomatic missions etc. The exemptions are based on the Submission of Statutory Forms as specified under the CST Act.

The Centralised system of Sales Tax was introduced to avoid the cascading effect of taxes as the tax was levied by more than one state in case of inter-state transactions. Also, to clear the confusion relating to levy and collection of Sales Tax between the states involved in this interstate transaction, certain provisions are introduced in the CST Act. The CST Act clearly specifies that the CST is payable or levied in the State where the movement of goods commences as a result of interstate sales/purchases.

Basics of Central Sales Tax (CST)
It is important to understand the meaning of certain terms used in the CST Act. Some of the terminologies are as follows:

Inter-State Sale
A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase
a) occasions the movement of goods from one state to another; or
b) is effected by a transfer of documents of title to the goods during their movement from one state to another.
Declared Goods
Declared Goods means goods declared under Section 14 of the CST Act, to be of special importance in inter-state trade or commerce. Some of the important items are cereals, coal including coke in all forms excluding charcoal, cotton in un-manufactured form, cotton fabrics and cotton yarn, crude oil, hides and skin, iron and steel, jute, oil seeds, pulses, man-made fabrics, sugar, un-manufactured tobacco and woven fabrics of wool.

Registration under CST Act
Every dealer, liable to pay Central Sales Tax has to register himself with the Sales Tax Authority, that is, dealers who effect inter-state sales are required to register under CST Act. Hence, intermediaries like agents, transporters, who only facilitate sales are not required to be registered, as they do not affect sales. However, a dealer may voluntarily apply for registration under CST Act even if he is not liable to pay Central Sales Tax or if goods sold or purchased by him are exempt under state sales tax law. Registration brings many advantages. For example, the dealer can issue ‘C’ form and purchase goods at concessional rate.

Rate of Central Sales Tax
Different rates are prescribed depending upon the nature of inter-state sale such as
a. Sale to registered dealers.
b. Sale to unregistered dealers.
   (i) Sale of declared goods to unregistered dealers.
   (ii) Sale of goods other than declared goods to unregistered dealers.

Registration and Rate of CST
The Dealers are provided with an option to register themselves under the provisions of Central Sales Tax Act, 1957. The Act provides special benefits to the Registered dealers like charging lower or NIL rate of CST on submission of Statutory Forms as prescribed for various types of Interstate Sales.

The unregistered dealers engaged in interstate transactions are required to pay CST at higher rates than the rates applicable to the Registered dealers. Also the unregistered dealers cannot claim any exemptions on the basis of Statutory Forms as specified by the CST Act.

The Basic Central Sales Tax Rate as applicable to the Interstate transactions made by the Registered Dealers is 2%. The interstate transactions are charged at this rate, if the purchasing dealer issues the Statutory Form – Form C to the selling dealer. The selling dealer submits this Form C with his sales tax authorities for payment of 2% and the forms are supplied by the Department on an application by the Registered dealers. Also the interstate sales are exempted from CST, if such sales are made to specified persons or organisations, on submission of Forms like Form H, I, J etc.

In case of unregistered dealers, all the interstate purchases or sales made by them will attract the local sales tax rates of the selling state. No concessions or exemptions can be given for sales in the course of interstate trade made to any category of persons or organisations.
Some of the points relating to CST rates are as follows:

1. For an inter-state sale to a registered dealer against form C, the rate of CST is 2% or local sales tax rate whichever is lower.

2. Under the local sales tax law, if the sale or purchase is exempt or Nil, the rate of CST applicable in case of sale to unregistered dealer or registered dealers, will also be exempt or Nil.

3. The Sales Tax rates applicable for sale of declared goods, with effect from 1-4-2007 is as follows:
   - The sale of declared goods made to registered dealer, will attract levy of CST at local sales tax rate or 2%, whichever is lower.
   - The inter-state sale made to unregistered dealer, will be liable to CST at rates which is equal to VAT/sales tax rates as applicable within the State.

**Declaration Forms for CST Transactions**

A Registered Dealer needs to issue/receive certain declarations in prescribed forms to buyers/sellers. The types of declaration forms are C, E1, E2, F, H, I and J. These forms are printed and supplied by the Registered Dealer’s respective Tax assessing authorities (generally the CST assessments are done by VAT assessing authorities). These forms are to be prepared in triplicate. All the Types of Statutory Forms and their usage is explained as below:

**Form C**

This is the Basic Form used by the Registered Dealers in the course of Interstate trade or commerce. All the registered dealers will issue 'Form C' at the time of purchasing goods or service from another Registered dealer. The issue of 'Form C' by the selling dealer will ensure that the goods being purchased are covered under his registration certificate and the CST can be charged at lower rates. The selling dealer, on the basis of this 'Form C', charges CST @ 2% or lower rate as applicable and submits the same to his assessing authorities as a proof or cause for lower collection of CST.

For example: Assume that the local sales tax rate is 4%. The sales made in the course of inter-state trade, will attract levy of CST at the rates as applicable for local sales. But for any registered dealer on submission of declaration in 'Form C', the CST will be charged at 2% (4% or 2% which ever is lower). Even the registered dealer will be required to pay CST at local sales tax rates if 'Form C' is not issued.

**Form E1**

Form E1 is used for making subsequent sales in the course of interstate sale/purchase by the first or original purchaser of goods. This Form should always be accompanied with 'Form C'. The Form E1 is used for first subsequent sales by transfer of document of title to goods.

Form E1 is issued by the selling dealer to the dealer who is making subsequent sales for claiming the exemption from payment of CST to the subsequent buyer. The first subsequent seller of goods receives 'Form E1' and submits it to the department to claim exemption from CST for any sale made to other interstate registered dealer.
Form E2
Form E2 is used for claiming the exemption from payment of CST. In case where the registered dealer purchases goods from one registered inter-state dealer and sells the same while in transit, to another registered inter-state dealer, the sales will be exempted from CST on submission of 'Form E2' to the department. The 'Form E2' is used to claim exemption from payment of CST to the seller who is a subsequent or last inter-state dealer of goods.

Form F
Form F is used for claiming exemptions on the interstate movement of goods as Stock/Branch Transfers. The 'Form F' is issued by the Branch or Agent who is receiving goods from another state to the Transferor of goods. The transferor of goods can claim exemption from CST on submitting the Form to the department.

This 'Form F' is compulsory for claiming the transfer as Stock/Branch Transfer and no CST will be paid. In the absence of 'Form F', all such transfers will be treated as normal interstate sales and CST will be levied. The Dealer has the option to submit one 'Form F' for all the interstate Stock/Branch Transfer for a month with supporting annexure if required.

Form H
Form H is used by the seller for claiming the exemption on making penultimate sales (immediately preceding sale to exports). Sales made during the course of export are exempt from CST. The penultimate sale is also deemed to be in course of export and is exempt from CST. The dealer exporting goods will have supporting documents like customs documents, bank certificate, airway bill/bill of lading, shipping bill etc. However, the penultimate seller will not have any direct evidence to prove that the sale made is exempt from tax. In such cases, the actual exporter has to issue a certificate to the penultimate seller in form H.

Form I
Form I is used for claiming the exemption from CST on the sales made to any Special Economic Zone (SEZ). The buying dealer issues 'Form I' to the selling dealer. The selling dealer needs to submit the same (Form I) to the department to claim all the export benefits available to original exporter.

Form J
Form J is used for claiming the exemption of CST in case of Interstate sales made to any United Nations, Diplomatic Missions etc. The Form is issued by purchasing dealer to the selling dealer. The selling dealer submits this Form to the department to claim the exemption.
Filing of CST Returns

The Central Sales Tax Turnover made by the registered inter-state dealer should be submitted to the Commercial Taxes Department of the state where the movement of goods had commenced. The particulars regarding the Taxable and Exempted interstate sales along with the payable CST amount should be submitted in the Return Form as required to be filed by the Central Sales Tax Rules framed by each state government.

These CST Returns are to be filed as per the provisions made by the commercial taxes (VAT) department of each state and in the prescribed time period. As per the provisions of these rules, the Return can be filed as either Monthly or quarterly or half yearly periods.

The Return Forms are to be submitted to the department along with the proof of payment of CST amounts within the prescribed due dates. If the payments are not made within the time lines, the dealer has to pay interest, penalty etc.

Along with the returns, the dealer has to submit all the Declaration Forms like Form C, F etc. All the Returns and the forms are to be submitted to the commercial taxes department. For administrative convenience the CST returns need to be submitted to the VAT assessing authority of the dealer.
Lesson 1: Enabling CST in Tally.ERP 9

The Central Sales Tax features integrated in Tally.ERP 9 takes care of transactions related to inter-state trade or commerce. It eliminates possibilities of errors during data inputs. It also helps in generation of CST reports displaying appropriate forms to be issued/received at the end of the month or a financial year or at any point of time. It takes a one-time configuration in Tally.ERP 9 for CST features to be activated.

1.1 Features of CST in Tally.ERP 9

The CST features in Tally.ERP 9 are simple and user friendly. It provides various reports as required by the statute and also gives proper records for dealer’s reference. The following are some of the main features of CST in Tally.ERP 9:

- Quick, easy to setup and use.
- Flexibility in selection of forms and form numbers during voucher entry or at the time of report generation.
- Party-wise and Form-wise report generation capability on Forms Issuable/receivable.
- Sorting by Name of the party in group wise Forms Issuable/receivable report.
- Auto-fill option in the Forms Receivable/Issuable feature to facilitate error-free and faster data entry.
- Instant generation of State Specific CST Returns after completion of data entry for the return period.
1.2 Creating a Company
Consider the following example to enable CST in Tally.ERP 9.

Example:
M/s. National Traders of Tamil Nadu is engaged in the retailing business. It purchases and sells different varieties of goods in the course of inter-state trade.

Step 1: Create Company
Go to Gateway of Tally > F3: Company Info. > Create Company
In the Company Creation screen,
1. Specify National traders as the Company Name
2. Enter the Address details
3. Select India in the Statutory Compliance for field
4. Select Tamil Nadu in the State field
5. Enter the Pin code, Telephone No., Mobile No. and E-Mail details
6. Set Enable Auto Backup to Yes or No as per requirement
7. Select Accounts with Inventory in the Maintain field
8. Enter the other required information in the Company Creation screen
The completed Company Creation screen is displayed as shown:

![Company Creation screen]

Figure 1.1  Company Creation screen

9. Press Y or Enter to accept.
1.3 Enabling CST in Tally.ERP 9

To enable the CST feature in Tally.ERP 9

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

In the F3: Statutory & Taxation features,

1. Set Enable Value Added Tax (VAT) to Yes
2. Set the field – Set/Alter VAT Details to Yes
3. The Company VAT Details screen will be displayed.
4. In the Company VAT Details screen, select the State where the business of the dealer is registered. Here select the State as Tamil Nadu. Select the Type of Dealer as Regular and enter the Date in Regular VAT Applicable From field.
5. Under Additional Information section, new fields have been introduced to specify the details pertaining to Assessment Circle, Division, Area Code, Import Export Code, Authorised by, Authorised person, Status/Designation and Place. The details entered in these fields will be captured in the Print Report screen of Return Form and Annexures as per requirement.

![VAT Details screen](image)

Figure 1.2 VAT Details screen

In this manual, the State is selected as Tamil Nadu and state-specific as well as general information about CST has been provided.
6. Specify the details in **VAT TIN (Regular)**, **Inter-state Sales Tax Number** and **PAN / Income – Tax Number**.

<table>
<thead>
<tr>
<th>Company Operations: Alteration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company: National Traders</strong></td>
</tr>
<tr>
<td><strong>Statutory &amp; Taxation</strong></td>
</tr>
<tr>
<td>Enable Excise</td>
</tr>
<tr>
<td>Set/Alter Excise Details</td>
</tr>
<tr>
<td>(Note: Enable Maintain Multiple Godowns' for Multiple Excise Units)</td>
</tr>
<tr>
<td>Follow Excise rules for Invoicing</td>
</tr>
<tr>
<td>Enable Value Added Tax (VAT)</td>
</tr>
<tr>
<td>Set/Alter VAT Details</td>
</tr>
<tr>
<td>Enable Service Tax</td>
</tr>
<tr>
<td>Set/Alter Service Tax Details</td>
</tr>
<tr>
<td><strong>Tax Information</strong></td>
</tr>
<tr>
<td>VAT TIN (Composition) :</td>
</tr>
<tr>
<td>VAT TIN (Regular) : 33452148522</td>
</tr>
<tr>
<td>Local Sales Tax Number :</td>
</tr>
<tr>
<td>Inter-state Sales Tax Number : 33452148522</td>
</tr>
<tr>
<td>PAN / Income - Tax No : 33452148522</td>
</tr>
</tbody>
</table>
| CST feature can be enabled only if **Enable Value Added Tax** is set to **Yes**.

7. Press **Enter** to accept and save.
1.3.1 Quick Setup

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

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

- Ledgers for Sales and Direct/Indirect Incomes
- Ledger for Purchases, Indirect/Direct Expenses and fixed asset treated as Capital Goods
- Tax Ledger for VAT and CST.
- VAT Commodity for tagging to stock item and reflecting in Forms.
- Party ledgers for providing VAT and Interstate Sales Tax Numbers
- Additional ledgers for apportioned and separately charged expenses.
- Stock Item to be used while recording transactions attracting VAT/CST
- Voucher Class for Journal Voucher and configuring Sales Voucher Type as Tax Invoice.
Lesson 2: Processing of Purchases and Sales Transactions

Lesson Objectives

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

- Interstate Purchase against Form C and Multiple CST Rates
- Transit Sales against 'E1 Form' and 'E2 Form'
- Branch Transfers/ Consignment Sales against 'F Form'
- Exports
- Deemed Exports against 'H Form'
- Inter-State Sales of Exempt Goods
- Sale in the Course of Import
- Sales to SEZ Units against 'I Form'
- Sales outside the State

As discussed earlier, in the course of inter-state trade or commerce the dealers have to issue/submit certain declarations in prescribed forms to buyers/sellers in order to avail concessional rates when

1. Sale or Purchase takes place outside a state.
2. Sale or Purchase takes place in the course of imports into India or exports from India.
2.1 Inter-State Purchases

2.1.1 Interstate Purchases Against Form C

Example 1:
On 2-4-2012, M/s. National Traders purchased the following items from Universal Traders, karnataka, vide Invoice No. 01 against ‘C’ form number 036521 dt: 1-4-2012.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Conditioner</td>
<td>10</td>
<td>25,000</td>
<td>2,50,000</td>
<td>304</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>8</td>
<td>8,500</td>
<td>68,000</td>
<td>304</td>
</tr>
</tbody>
</table>

**Step 1:** Let us create the necessary masters to record the above transaction:

i. **Inter-State Purchase Ledger**

To create an Inter-state Purchase Ledger

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

1. Enter the Name as **Interstate Purchases @ 2%**
2. Select **Purchase Accounts** as the account group in the Under field
3. Set **Inventory Values are affected** to Yes
4. Set the option **Used In VAT Returns** to Yes to display the VAT/Tax Class sub screen
5. Select **Interstate Purchases @ 2% Against Form C** as the VAT/Tax Class from the list of VAT/Tax Class

![Figure 2.2 Inter-State Purchases – VAT/Tax Class Selection](image)

6. Press **Enter** to return to the Inter-state Purchases ledger creation screen

7. Set the option **Use for Assessable Value Calculation** to **No**

8. Accept to save the purchase ledger.

- In the VAT/Tax class screen, the **Activated From** column will display the date of activation of particular classification in the current financial year. The **Deactivated From** column will show the date of deactivation irrespective of the financial year.

- In order to use the same purchase ledger as additional ledger, the option **Use for Assessable Value Calculation** needs to be set to **Yes** after disabling **Inventory values are affected** to apportion the additional amount towards assessable value and tax amount.

---

**ii. CST on Purchase Ledger**

To create a ledger for CST on Purchase,

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

1. Enter the **Name** as **CST @ 2% (Purchase)**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **CST** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select **Interstate Purchases @ 2% Against Form C** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed.
5. The option **Inventory values are affected** is set to **No** by default
6. The **Percentage of Calculation** and **Method of Calculation** gets displayed based on the VAT/Tax class selected
7. Select the required **Rounding Method** from the list displayed

![Illustration of CST on Purchases](image)

**Figure 2.3 CST on Purchases**

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

### iii. Creating a Sundry Creditor Ledger

To create a Sundry Creditor (Supplier) ledger,

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

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

In the Ledger creation screen,

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

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

![Figure 2.4 Sundry Creditor Ledger](image)

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

![Figure 2.5 VAT Details – Sundry Creditor Ledger](image)

7. Accept the **VAT Details** screen
8. Accept the **Sundry Creditor Ledger Creation** screen.
iv. Creating VAT Commodity
To create a VAT Commodity

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

1. Enter the Name of VAT Commodity as Air Conditioners
2. In the Used for field, select VAT

![Figure 2.6 VAT Commodity Creation – VAT](image)

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

![Figure 2.7 VAT Commodity Creation screen](image)

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

Similarly, create the VAT Commodity Refrigerator with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Used For</th>
<th>Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerator</td>
<td>VAT</td>
<td>304</td>
<td>First Schedule – Part C</td>
<td>3</td>
</tr>
</tbody>
</table>
v. Stock Items
To create a stock item,

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

1. Enter the Name as Air conditioner
2. Select the group as Primary in the Under field
3. Select the unit of measurement as Nos in the Units field. (The Unit of Measure can be created by using the key combination Alt+C in the Units field)
4. In the Commodity field, select the VAT Commodity as Air Conditioner. The VAT Commodity Code will also be displayed along with the Commodity Name in the List of VAT Commodities as shown:

5. Enter the Rate of VAT as 12.5%. 

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

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

In Commodity Creation screen, the HSN code can be entered only when the Used for option is selected as Both or Excise only. If VAT is selected, the cursor will skip the HSN Code and prompt for information under VAT details section.
The completed stock item creation screen displays as shown:

Figure 2.9 Stock Item Creation screen

6. Press Y or Enter to accept and save.

Similarly create the stock items Refrigerator.

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Units</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigerators</td>
<td>Primary</td>
<td>Nos</td>
<td>Refrigerators</td>
</tr>
</tbody>
</table>

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

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

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

The HSN code will not be captured in the Annexures.

Step 2:
Let us enter the purchase transaction in Tally.ERP 9
Go to Gateway of Tally > Accounting Vouchers > F9: Purchase
1. Enter the Supplier Invoice number and Date.
2. Select Universal Traders in the Party’s A/c Name field from the List of Ledger Accounts.
3. In the **Party Details** screen, enter/modify the required details.

4. Select **Interstate Purchases @ 2%** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**.

5. On selecting the **Interstate Purchase @ 2%** ledger, the VAT/Tax Class appears as **Interstate Purchases @ 2% Against Form C**.

6. Select the **Name of Item** as **Air Conditioner** from the **List of Items**.

7. Enter the **Quantity** as **10** and **Rate** as **25,000**. The value is automatically displayed in the **Amount** field.

8. Select the stock item **Refrigerators** from the **List of Items**.

9. Enter the **Quantity** as **8** and **Rate** as **68,000**. The value is automatically displayed in the **Amount** field.

10. Select **CST@ 2% (Purchases)** ledger from the **List of Ledger Accounts** and the rate appears as 2%. The amount of CST will get calculated automatically and will form part of the purchase cost.

11. Select **Form C** as **Form to Issue**. Enter the **Form Series Number**, **Form number** and **Date**.

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

13. Accept the default Bill Allocation in the **Bill-wise Details** screen.

14. Enter the **Narration** if required.

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

Figure 2.10  Interstate Purchases against Form C
2.1.2 Inter-State Purchases at Multiple CST Rates

Example 2:
On 3-4-2012, M/s. National Traders purchased the following items from Universal Traders, karnataka, vide Invoice No. 02.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>CST Rate</th>
<th>Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Jewellery</td>
<td>4</td>
<td>20,000</td>
<td>80,000</td>
<td>1%</td>
<td>102</td>
</tr>
<tr>
<td>Insulators</td>
<td>30</td>
<td>320</td>
<td>9,600</td>
<td>4%</td>
<td>2069</td>
</tr>
<tr>
<td>Petromax Lights</td>
<td>40</td>
<td>400</td>
<td>16,000</td>
<td>5%</td>
<td>2099</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>6</td>
<td>10,500</td>
<td>63,000</td>
<td>12.5%</td>
<td>329</td>
</tr>
<tr>
<td>Water Purifiers</td>
<td>13</td>
<td>5,500</td>
<td>71,500</td>
<td>12.5%</td>
<td>329</td>
</tr>
<tr>
<td>Television</td>
<td>5</td>
<td>10,000</td>
<td>50,000</td>
<td>14.5%</td>
<td>363</td>
</tr>
</tbody>
</table>

Step 1:
Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Inter-State Purchase Ledger
To create an Inter-state Purchase Ledger
Go to Gateway of Tally > Accounts Info. > Ledgers > Create
1. Enter the Name as Interstate Purchases @ 1%
2. Select Purchase Accounts as the account group in the Under field
3. Set Inventory Values are affected to Yes
4. Set the option Used In VAT Returns to Yes to display the VAT/Tax Class sub screen
5. Select **Interstate Purchases @ 1%** as the **VAT/Tax Class** from the list of **VAT/Tax Class**

![VAT/Tax Class Selection](image)

6. Press **Enter** to return to the Inter-state Purchases ledger creation screen

7. Set the option **Use for Assessable Value Calculation** to **No**

8. Accept to save the purchase ledger.

Similarly, create the following purchase ledgers:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under Group</th>
<th>Inventory values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Purchases @ 4%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 4%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Purchases @ 5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Purchases @ 12.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 12.5%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Purchases @ 14.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 14.5%</td>
<td>No</td>
</tr>
</tbody>
</table>
ii. CST on Purchases Ledger

To create a ledger for CST on Purchase,

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

1. Enter the Name as CST @ 1% (Purchase)
2. Select Duties & Taxes as the group name in the Under field
3. Select CST from the Type of Duty/Tax list in the field Type of Duty/Tax
4. Select Interstate Purchases @ 1% in the VAT/Tax Class field from the VAT/Tax Class list
5. The option Inventory values are affected is set to No by default
6. The Percentage of Calculation and Method of Calculation gets displayed based on the VAT/Tax class selected
7. Select the required Rounding Method from the list displayed.

8. Press Y or Enter to accept and save.

![Image of CST on Purchases]

Figure 2.12 CST on Purchases
Similarly create the CST on purchase ledgers with the following details:

<table>
<thead>
<tr>
<th>Name Under Group</th>
<th>Type of Duty/Tax</th>
<th>VAT/Tax Class</th>
<th>Inventory values are affected</th>
<th>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CST @ 4% (Purchases)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 4%</td>
<td>No</td>
<td>4%</td>
</tr>
<tr>
<td>CST @ 5% (Purchases)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 5%</td>
<td>No</td>
<td>5%</td>
</tr>
<tr>
<td>CST @ 12.5% (Purchases)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 12.5%</td>
<td>No</td>
<td>12.5%</td>
</tr>
<tr>
<td>CST @ 14.5% (Purchases)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 14.5%</td>
<td>No</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

iv. Creating VAT Commodity

To create a VAT Commodity

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

1. Enter the Name of VAT Commodity as Electrical Appliances
2. In the Used for field, select VAT
3. In the VAT section, enter the Commodity Code, Schedule Number and Schedule Serial Number as shown:

![Figure 2.13 VAT Commodity Creation screen](image)

4. Enter the Notes if required and accept the VAT Commodity Creation screen.
Similarly, create the following VAT Commodities:

<table>
<thead>
<tr>
<th>Name</th>
<th>Used For</th>
<th>Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewellery</td>
<td>VAT</td>
<td>102</td>
<td>First Schedule – Part A</td>
<td>2</td>
</tr>
<tr>
<td>Insulators</td>
<td>VAT</td>
<td>2069</td>
<td>First Schedule – Part B</td>
<td>69</td>
</tr>
<tr>
<td>Petromax Lights</td>
<td>VAT</td>
<td>2099</td>
<td>First Schedule - Part B</td>
<td>99</td>
</tr>
<tr>
<td>Television Sets</td>
<td>VAT</td>
<td>363</td>
<td>First Schedule - Part C</td>
<td>62</td>
</tr>
</tbody>
</table>

v. Stock Items

To create a stock item,

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

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

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

Figure 2.14 Stock Item Creation – Selection of VAT Commodity
5. Enter the Rate of VAT as 12.5%. The completed stock item creation screen displays as shown:

![Stock Item Creation screen](image)

6. Press Y or Enter to accept and save.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Units</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Jewellery</td>
<td>Primary</td>
<td>Nos</td>
<td>Jewellery</td>
</tr>
<tr>
<td>Insulators</td>
<td>Primary</td>
<td>Nos</td>
<td>Insulators</td>
</tr>
<tr>
<td>Petromax Lights</td>
<td>Primary</td>
<td>Nos</td>
<td>Petromax Lights</td>
</tr>
<tr>
<td>Washing Machines</td>
<td>Primary</td>
<td>Nos</td>
<td>Electrical Appliances</td>
</tr>
<tr>
<td>Television</td>
<td>Primary</td>
<td>Nos</td>
<td>Television Sets</td>
</tr>
</tbody>
</table>

**Commodity** | **Rate of VAT**
--- | ---
Jewellery | 1%
Insulators | 4%
Petromax Lights | 5%
Electrical Appliances | 12.5%
Television Sets | 14.5%

Step 2:
To create an inter-state Purchase Voucher,

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

1. Select As Invoice mode (use key combination Ctrl+V if the screen is displayed in voucher mode. The invoice mode will be displayed)
2. Enter the Supplier Invoice Number and Date
3. Select Universal Traders in the Party's A/c Name field from the List of Ledger Accounts
4. In the Party Details screen, enter/modify the required details
5. Select the Name of Item as Gold Jewellery from the List of Items
6. Enter the Quantity as 4 and Rate as 20,000. The value is automatically displayed in the Amount field
7. In the Accounting Details screen, select Interstate Purchases @ 1% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Purchases @ 1%
8. Select the stock item **Insulators**. Enter the **Quantity** as 30 and **Rate** as 320
9. In the **Accounting Details** screen, select **Interstate Purchases @ 4%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 4%**
10. Select the stock item Petromax Lights. Enter the **Quantity** as 40 and **Rate** as 400
11. In the **Accounting Details** screen, select **Interstate Purchases @ 5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 5%**
12. Select the stock item **Washing Machines**. Enter the **Quantity** as 6 and **Rate** as 10,500
13. In the **Accounting Details** screen, select **Interstate Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 12.5%**
14. Select the stock item **Water Purifiers**. Enter the **Quantity** as 13 and **Rate** as 5,500
15. In the **Accounting Details** screen, select **Interstate Purchases @ 12.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 12.5%**
16. Select the stock item **Television**. Enter the **Quantity** as 5 and **Rate** as 10,000
17. In the **Accounting Details** screen, select **Interstate Purchases @ 14.5%** from the **List of Ledger Accounts**. The **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 14.5%**
18. Select the ledgers **CST @ 1%(Purchases)**, **CST @ 4%(Purchases)**, **CST @ 5%(Purchases)**, **CST @ 12.5%(Purchases)** and **CST @ 14.5%(Purchases)** and the respective values will be automatically calculated
19. The field **Show Statutory Details** to **No**. Retain the same setting
20. Accept the default Bill allocations in the **Bill-wise Details** screen
21. Enter the **Narration** if required.

![Image of a purchase voucher with details on inter-state purchases at multiple CST rates.]

Figure 2.16  Interstate Purchases at Multiple CST Rates

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

### 2.2 Inter-State Sales

In this section, let us consider the following Inter-state Sales transactions:

- Interstate Sales against 'C Form'
- Transit Sales against 'E1 Form' and 'E2 Form'
- Branch Transfers/ Consignment Sales against 'F Form'
- Exports
- Deemed Exports against 'H Form'
- Inter-State Sales of Exempt Goods
- Sale in the Course of Import
- Sales outside the State
- Sales to SEZ Units against 'I Form'
- Sale of Special Category Goods
2.2.1 Inter-state Sales Against ‘C’ Form

Example 3:
On 4-4-2012, National Traders sold the following items to Mc Milan Techsys, Andhra Pradesh, vide invoice number 01 against ‘C’ form number 12452 dt: 2-4-2012. The packing charges of ₹6,000 was charged on the sale value.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Conditioner</td>
<td>3</td>
<td>28,000</td>
<td>84,000</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>2</td>
<td>10,500</td>
<td>21,000</td>
</tr>
</tbody>
</table>

The above goods are subject to 2% CST.

Step 1:
Let us create the required Masters to record the above transaction.

Creating Ledgers
i. Inter-State Sales Ledger
To create an Inter-state Sales Ledger:
Go to Gateway of Tally > Accounts Info. > Ledgers > Create
Click on F12: Configure button and set the field Use ADDRESSES for Ledger Accounts to No.
1. Enter the Name as Interstate Sales @ 2%.
2. Select Sales Accounts as the account group in the Under field.
3. Set Inventory values are affected to Yes.
4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub screen:

![Image of Inter-State Sales Ledger](image)

**Figure 2.17 Inter-State Sales Ledger**

5. Select **Interstate Sales @ 2% Against Form C** from the list of **VAT/Tax Class**

![Image of VAT/Tax Class Selection](image)

**Figure 2.18 Inter-State Sales – VAT/ Tax Class Selection**
6. Press **Enter** to return to the **Interstate Sales** ledger creation screen
7. Set the option **Use for Assessable Value Calculation** to **No**
8. Accept to save the ledger.

**ii. CST on Sales Ledger**

To create a CST on Sales Ledger,

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

1. Enter the **Name** as **CST @ 2%**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **CST** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select **CST @ 2% Against Form C** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed.
5. The option **Inventory values are affected** is set to **No** by default
6. The **Percentage of Calculation** and **Method of Calculation** gets displayed based on the VAT/Tax class selected
7. Select the required **Rounding Method** from the list displayed.

8. Press **Y** or **Enter** to accept and save.
iii. Packing Charges

To create a ledger for packing charges,

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

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

Figure 2.20 Packing Charges Ledger

7. Press Y or Enter to accept and save.
In the ledgers grouped under Direct/Indirect Expenses, Direct/Indirect Incomes, Purchase Accounts and Sales Accounts, the fields Use for Assessable Value Calculation will be displayed. On enabling this field, the options Apportion for and Method of Apportion will be displayed. In the Apportion for field:

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

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

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

iv. Sundry Debtor Ledger
To create a Sundry Debtor (Customer) ledger,

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

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

In the Ledger creation screen,

1. Enter the Name as Mc Millan Techsys
2. Select Sundry Debtors in the Under field
3. Set Maintain balances bill-by-bill to Yes and enter the Default Credit Period if any
4. In the Mailing Details section,
   - The Name will be automatically displayed as Mc Millan Techsys
   - Enter the Address details
5. In the Tax Information section enter the PAN number and enable Set/Alter VAT Details
6. Enter the **TIN/Sales Tax Number**

   ![VAT Details]

   Figure 2.22 Sundry Debtor – McMillan Techsys

7. Accept the **VAT Details** screen

8. Accept the Sundry Debtor ledger.

**Step 2:**

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

To create an Interstate Sale Voucher,

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

1. Enter the reference in the **Ref.** field
2. Select **Mc Millan Techsys** in the **Party’s A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter the details as shown:

![Party Details – Mc Millan Techsys](image)

4. Select **Interstate Sales @ 2%** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**.
5. On selecting the **Interstate Sales @ 2%** ledger, the VAT/Tax Class appears as **Interstate Sales @ 2% Against Form C**.
6. Select the **Name of Item** as **Air Conditioner** from the List of Items.
7. Enter the **Quantity** as 3 and **Rate** as 28,000. The amount is automatically displayed in the **Amount** field.
8. Similarly, select **Refrigerator** from the List of Items.
9. Enter the **Quantity** as 2 and **Rate** as 10,500. The amount is automatically displayed in the **Amount** field.
10. Select **Packing Charges** from the **List of Ledger Accounts** and enter the amount as 5,000.
11. Select **CST @ 2%** and the amount is automatically calculated.
12. Set the option **Is Declared Goods Sales** to **No**.

*The option **Is Declared Goods Sales** can be set to **Yes**, if the goods are specified as declared goods u/s 14 of the CST Act. Else it needs to be set to **No**. Based on the option set, the values of sales will be captured in respective boxes of the Form and annexure.*
13. Select **Form C** as **Form to Receive**

![Image](image_url)

**Figure 2.24  Sales Invoice – Inter-State Sales**

14. The **Form Series Number**, **Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the **Form Types** list.

15. Enter the **Form Series number**, **Form number** – **12452** and **Date** as **4-4-2012**

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

17. In **Statutory Details** screen press **F1: Detailed** button
The **Statutory Details** screen displays as shown:

![Statutory Details Screen](image)

Figure 2.25 Sales Invoice – Statutory Details screen

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

You can also fill the **Form No.** during Voucher Entry, if the forms are issued at the time of purchase. But usually, they are submitted at the end of the year covering all the transactions from that dealer during the year.
2.2.2 Inter-state Sales at Multiple CST Rates

Example 4:
On 5-4-2012, National Traders sold the following items to Decor Bazaar, Andhra Pradesh, vide invoice number 02.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>CST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Jewellery</td>
<td>3</td>
<td>22,500</td>
<td>67,500</td>
<td>1%</td>
</tr>
<tr>
<td>Insulators</td>
<td>25</td>
<td>500</td>
<td>12,500</td>
<td>4%</td>
</tr>
<tr>
<td>Petromax Lights</td>
<td>32</td>
<td>500</td>
<td>16,000</td>
<td>5%</td>
</tr>
<tr>
<td>Washing Machines</td>
<td>3</td>
<td>12,000</td>
<td>36,000</td>
<td>12.5%</td>
</tr>
<tr>
<td>Television</td>
<td>4</td>
<td>12,500</td>
<td>50,000</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Step 1:
Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Inter-State Sales Ledger

To create an Inter-state Sales Ledger:

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

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

6. Press **Enter** to return to the *Interstate Sales* ledger creation screen.
7. Set the option **Use for Assessable Value Calculation** to **No**
8. Accept to save the ledger.

Similarly, create the Interstate Sales Ledgers with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under Group</th>
<th>Inventory values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Sales @ 4%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 4%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Sales @ 5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Sales @ 12.5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 12.5%</td>
<td>No</td>
</tr>
<tr>
<td>Interstate Sales @ 14.5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 14.5%</td>
<td>No</td>
</tr>
</tbody>
</table>
ii. CST on Sales Ledger
To create a CST on Sales Ledger,

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

1. Enter the Name as CST @ 1%
2. Select Duties & Taxes as the group name in the Under field
3. Select CST from the Type of Duty/Tax list in the field Type of Duty/Tax
4. Select CST @ 1% in the VAT/Tax Class field from the VAT/Tax Class list displayed.
5. The option Inventory values are affected is set to No by default
6. The Percentage of Calculation and the Method of Calculation gets displayed based on VAT/Tax class selected
7. Select the required Rounding Method from the list displayed.

The completed duty ledger appears as follows:

![Figure 2.27 CST on Sales Ledger](image)

8. Press Y or Enter to accept and save.
Similarly, create the CST on Sales Ledgers with the following details:

<table>
<thead>
<tr>
<th>Name &amp; Duty/Tax Class</th>
<th>Under Group</th>
<th>Type of Duty/Tax</th>
<th>VAT/Tax</th>
<th>Inventory values are affected</th>
<th>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CST @ 4% Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 4%</td>
<td>No</td>
<td>4%</td>
<td>On VAT Rate</td>
<td></td>
</tr>
<tr>
<td>CST @ 5% Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
<td></td>
</tr>
<tr>
<td>CST @ 12.5% Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 12.5%</td>
<td>No</td>
<td>12.5%</td>
<td>On VAT Rate</td>
<td></td>
</tr>
<tr>
<td>CST @ 14.5% Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 12.5%</td>
<td>No</td>
<td>14.5%</td>
<td>On VAT Rate</td>
<td></td>
</tr>
</tbody>
</table>

**iii. Sundry Debtor (Customer) Ledger**

Follow the steps given in example 3 to create sundry debtor ledger. The completed sundry debtor ledger displays as shown:

![Figure 2.28 Sundry Debtor – Decor Bazaar](image-url)
Step 2:
Let us enter the sales transaction in Tally.ERP 9.

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

1. Enter the reference number in the Ref. field
2. Select Decor Bazaar in the Party’s A/c Name field from the List of Ledger Accounts
3. In the Party Details screen, enter/modify the required details
4. Select the Name of Item as Gold Jewellery from the List of Items
5. Enter the Quantity as 3 and Rate as 22,500. The value is automatically displayed in the Amount field
6. In the Accounting Details screen, select Interstate Sales @ 1% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Sales @ 1%
7. Select the next stock item as Insulators. Enter the Quantity as 25 and Rate as 500
8. In the Accounting Details screen, select Interstate Sales @ 4% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Sales @ 4%
9. Select the next stock item as Petromax Lights. Enter the Quantity as 32 and Rate as 500
10. In the Accounting Details screen, select Interstate Sales @ 5% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Sales @ 5%
11. Select the next stock item as Washing Machines Enter the Quantity as 3 and Rate as 12,000
12. In the Accounting Details screen, select Interstate Sales @ 12.5% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Sales @ 12.5%
13. Select the next stock item as Television. Enter the Quantity as 4 and Rate as 12,500
14. In the Accounting Details screen, select Interstate Sales @ 14.5% from the List of Ledger Accounts. The VAT/Tax Class will automatically be displayed as Interstate Sales @ 14.5%
15. Select the ledgers CST @ 1%, CST @ 4%, CST @ 5%, CST @ 12.5% and CST @ 14.5% and the respective values will be automatically calculated
16. Set the option Is Declared Goods Sales to No
17. Set Not Applicable in the Forms to Receive field
18. The field Show Statutory Details to No. Retain the same setting
19. Accept the default Bill allocations in the Bill-wise Details screen
20. Enter the Narration if required
21. Press Y or Enter to accept and save.

### 2.2.3 Accounting for Discount & Additional Ledgers Separately in Invoice

**Example 5:**

On 6-4-2012, M/s National Traders sold 2 Air Conditioners for ₹ 28,000 each to Mc Millan Techsys vide invoice number 03 against Form ‘C’. An amount of ₹ 13,500 was levied as installation charges and ₹ 2,000 was allowed as discount. The additional values were not considered as part of the assessable value.

**Step 1:**

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

**Creating Ledgers**

**i. Installation Charges**

To create a ledger for installation charges,

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation Charges</td>
<td>Indirect Incomes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
ii. Discount Allowed
To create a ledger for discount allowed,

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Allowed</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:
Let us record an entry in Tally.ERP 9. To create an Interstate Sale Voucher,

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

Click **F12: Configure** and set **Use Common Ledger Account for Item Allocation** to Yes.

1. Enter the reference in the **Ref.** field
2. Select **Mc Millan Techsys** in the **Party’s A/c Name** field from the **List of Ledger Accounts**
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select **Inter-state Sales** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Inter-state Sales** ledger, the VAT/Tax Class appears as **Inter – State Sales**
6. Select the **Name of Item** as **Air Conditioner** from the List of Items
7. Enter the **Quantity** as **2** and **Rate** as **28,000**. The amount is automatically displayed in the **Amount** field.
8. Select **CST @ 2%** and the amount is automatically calculated
9. Select **Installation Charges** from the **List of Ledger Accounts** and enter the amount as **13,500**
10. Select **Discount Allowed** ledger and enter amount as **-2,000**
11. Set the option **Is Declared Goods Sales** to **No**
12. Select **Form C** as **Form to Receive**
13. The **Form Series Number, Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the Form Types list
14. Set **Show Statutory Details** field to **No**
15. Accept the default Bill allocations in the **Bill-wise Details** screen
16. Enter **Narration** if required
17. Press Y or Enter to accept and save.

2.3 Transit Sales against ‘E–I’ Form and ‘E–II’ Form

As discussed earlier, according to Section 6(2) of CST Act, the first inter-state sale is taxable and subsequent sale during movement of goods by transfer of documents of title to goods is exempt from tax, if the subsequent sale is to a registered dealer on submission of respective forms.

2.3.1 Transit Sales against Form E1

Example 6:

On 7-4-2012 National Traders despatched the following goods to Manasa Traders, Karnataka and raised an Invoice on Rishita Traders in Madhya Pradesh against Form C vide invoice number 04. Packing charges of ₹ 5,500 was charged additionally. The above goods are subject to 2% CST.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Purifiers</td>
<td>3</td>
<td>6,500</td>
<td>19,500</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>2</td>
<td>12,000</td>
<td>24,000</td>
</tr>
</tbody>
</table>

National Traders received ‘C’ form from Rishita Traders and issued ‘E–1’ form.
Step 1:
Let us create the required Masters to record the above transaction.

Creating Ledgers

i. Inter-state Sales against Form E1
To create an Inter-state Sales Ledger to account Sales against Form E1:

Go to Gateway of Tally > Accounts Info. > Ledgers > Create
1. Enter the Name as Inter-State Sales – Form E1
2. Select Sales Accounts as the account group in the Under field
3. Set Inventory values are affected to Yes
4. Set the option Used In VAT Returns to Yes to display the VAT/Tax Class sub screen
5. Select Inter-state Sales from the list of VAT/Tax Class

Figure 2.31 Inter-State Sales against Form E1 – VAT/Tax Class Selection

6. Press Enter to return to the Inter-state Sales ledger creation screen
7. Set the option Use for Assessable Value Calculation to No
8. Accept to save the ledger.
ii. Sundry Debtor (Customer) Ledger

Follow the steps given in example 3 to create sundry debtor ledger. The completed sundry debtor ledger displays as shown:

![Figure 2.32 Sundry Debtor – Rishita Traders](image)

Step 2:

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

To create an Interstate Sale Voucher against Form C with Form E1,

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

In the **F12: Voucher Configuration** screen, set the options **Allow Separate Buyer and Consignee Names** and **Activate ‘E1’ or ‘E2’ Transaction (VAT)** to **Yes**

1. Enter the reference in the **Ref.** field
2. Select **Rishita Traders** in the **Party’s A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen enter the details as shown:

![Party Details Screen](image)

4. Select **Inter-state Sales – Form E1** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**

5. On selecting the Sales Ledger, the VAT/Tax Class appears as **Inter State Sales Against Form–E1**

6. Select the **Name of Item** as **Water Purifiers** from the **List of Items**

7. Enter the **Quantity** as 3 and **Rate** as **6,500**. The amount is automatically displayed in the **Amount** field.

8. In the **Annexure II – Transit Details**, select the **Seller’s Name and Address** as **Universal Traders** and enter the **Purchase Value** as **16,500**

![Annexure II – Transit Sales](image)

9. Similarly, select **Washing Machine** from the **List of Items**

10. Enter the **Quantity** as 2 and **Rate** as **12,000**. The amount is automatically displayed in the **Amount** field.

11. In the **Annexure II – Transit Details**, select the **Seller’s Name and Address** as **Universal Traders** and enter the **Purchase Value** as **21,000**

12. Select **Packing Charges** from the **List of Ledger Accounts** and enter the amount as **5,500**

13. Select **CST @ 2%** ledger. The Percentage and amount gets automatically displayed.

14. Set the option **Is Declared Goods Sales** to **No**

15. Select **Form C** as **Form to Receive**, and **Form E1** as the **Form to Issue**.

16. The **Form Series Number**, **Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the Form Types list.

17. Set **Show Statutory Details** field to **Yes**
The **Statutory Details** screen displays as shown:

![Statutory Details Screen](image)

**Figure 2.35 Sales Invoice for E1 Sales – Statutory Details screen**

18. Accept the **Statutory Details** screen

19. Accept the default Bill allocations in the **Bill-wise Details** screen
20. Enter **Narration**, if required

Figure 2.36  Sales Invoice for Transit Sales against Form E1

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

You can also press **Enter** and skip **Form Series No.**, **Form No.** and **Date** field if the prescribed forms are not received at the time of transaction. Generally, blank forms are received at the beginning of the year or on commencement of inter-state transaction with the respective dealer. However, Tally.ERP 9 gives you the flexibility to update Form Series No., Form Nos. and Date in the Reports Menu, which will be discussed later in this lesson.

2.3.2 Transit Sales against Form E2

**Example 7:**

On 9-4-2012, M/s National Traders had purchased 2 Air Conditioners for ₹ 25,000 each from Universal Traders which had to be despatched to the consignee Logic Electronics of Orissa. During movement of goods, National Traders sold the same air conditioners at ₹ 28,000 each to Logic Electronics, vide invoice number 05.

*National Traders received ‘C’ form from Logic Electronics and issued ‘E–2’ form.*

**Step 1:**

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

i. Inter-state Sales against Form E2
To create an Inter-state Sales Ledger to account Sales against Form E2:

Go to Gateway of Tally > Accounts Info. > Ledgers > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-State Sales – Form E2</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter State Sales Against Form – E2</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Sundry Debtor (Customer) Ledger
Follow the steps given in example 3 to create sundry debtor ledger.

Step 2:
Let us now enter the sales transaction in Tally.ERP 9
To create an Interstate Sale Voucher against Form C with Form E2,

Go to Gateway of Tally > Accounting Vouchers > F8: Sales
Ensure that in F12: Voucher Configuration screen, the options Allow Separate Buyer and Consignee Names and Activate ‘E1’ or ‘E2’ Transaction (VAT) are set to Yes

1. Enter the reference in the Ref. field
2. Select Logic Electronics in the Party’s A/c Name from the List of Ledger Accounts
3. In the Party Details screen enter the details as shown:

![Figure 2.37 Party Details screen](image)

4. Select Inter-state Sales – Form E2 ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Sales Ledger, the VAT/Tax Class appears as **Inter State Sales Against Form–E2**

6. Select the **Name of Item** as **Air Conditioner** from the **List of Items**

7. Enter the **Quantity** as **2** and **Rate** as **28,000**. The amount is automatically displayed in the **Amount** field.

8. In the **Annexure II – Transit Sales Details** screen select **Universal Traders** from the **List of Ledger Accounts** and enter the **Purchase Value** as **50,000**

   ![Figure 2.38 Annexure II – Transit Sale Details](image)

9. Set the option **Is Declared Goods Sales** to **No**

10. Select **Form C** as **Form to Receive** and **Form E2** as the **Form to Issue**

11. Accept the default Bill allocations in the **Bill-wise Details** screen

12. Enter **Narration** if required

   ![Figure 2.39 Sales Invoice for Transit Sales against Form E2](image)

13. Press **Y** or **Enter** to accept and save.
2.4 Sales – Branch Transfers / Consignment Sales against Form – F

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

2.4.1 Sales – Consignment Transfers

Example 8:

On 13-4-2012, M/s National Traders despatched 2 Nos of Washing Machines at ₹ 12,000 each as consignment sales to National Enterprises, Mumbai vide invoice number 06 against Form F

Step 1:
Let us create the required Masters to record the above transaction.

Creating Ledgers
Step 1:
Let us create the required Masters to record the above transaction.

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

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

i. Stock Transfer Outward Group

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

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


The Stock Transfer Outward group appears as shown:

![Figure 2.40 Stock Transfer Outward Group](image)

**i. Consignment/Branch Transfer Ledger**

1. Enter the **Name** as **Stock Transfer Outward**
2. Select **Consignment Transfer Outward** as the account group in the **Under** field
3. Set **Inventory values are affected** to **Yes**
4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub-screen.
5. Select the VAT/tax class - **Consignment/Branch Transfer Outward**

![Figure 2.41 VAT/Class Selection – Consignment/Branch Transfer Outward](image)
The completed **Stock Transfer Outward** Ledger appears as follows:

![Image of Stock Transfer Outward Ledger Creation]

6. Accept the Stock Transfer Outward ledger.

**ii. Consignee Ledger**

Create a Consignee Ledger under Branch/Divisions. Enter the details.
Processing of Purchases and Sales Transactions

The completed ledger creation screen displays as shown:

![Consignee Ledger – National Enterprises](image)

Figure 2.43 Consignee Ledger – National Enterprises

Press Y or Enter to accept and save.

Step 2:

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

To record the Consignment transfer of goods,

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

In F12: Voucher Configuration, set Allow Separate Buyer and Consignee Names to No

1. Enter the reference number in the Ref. field
2. Select National Enterprises in the Party's A/c Name field from the List of Ledger Accounts
3. Enter the Despatch Details in the Party Details screen
4. Select the Stock Transfer Outward ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Stock Transfer Outward, the VAT/Tax Class appears as Consignment / Branch Transfer Outward from the VAT/Tax Class list
6. Similarly, select Washing Machine as the second stock item.
7. Enter the Quantity as 2 and Rate as 12,000. The amount is automatically displayed in the Amount field
8. Set the option Is Sale in Principal's A/c to No as the transfer of goods is being considered as consignment transfer
9. Select the Form to Receive as F Form
10. The option **Show Statutory Details** will be set to **No** by default.
11. Accept the default Bill allocations in the **Bill-wise Details** screen.
12. Enter the details in the field **Narration**, if required.

![Sales Invoice – Consignment Transfer Outwards](image)

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

### 2.4.2 Sales – Branch Transfers

**Example 9:**

On 13-4-2012, M/s National Traders despatched the following goods to its branch office – Parijatha Enterprises, Karnataka against Form F vide invoice number 07.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Purifiers</td>
<td>3</td>
<td>5,500</td>
<td>16,500</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>3</td>
<td>8,500</td>
<td>25,500</td>
</tr>
</tbody>
</table>

Step 1:

Follow the steps given in example 8 to create the branch ledger.
Step 2:

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

To record the Branch transfer of goods,

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

1. Enter the reference number in the **Ref.** field
2. Select **Parijatha Enterprises** in the **Party’s A/c Name** field from the List of Ledger Accounts
3. Select the **Stock Transfer Outward** ledger in the **Sales Ledger** field from the List of Ledger Accounts
4. Enter the **Despatch Details** in the **Party Details** screen
5. On selecting the **Sales Ledger**, the VAT/Tax Class appears as **Consignment / Branch Transfer Outward** from the **VAT/Tax Class** list
6. Select the **Name of Item** as **Water Purifiers** from the **List of Items**
7. Enter the **Quantity** as 3 and **Rate** as 5,500. The amount is automatically displayed in the **Amount** field
8. Similarly, select **Refrigerator** as the second stock item
9. Enter the **Quantity** as 3 and **Rate** as 8,500. The amount is automatically displayed in the **Amount** field
10. Set the option **Is Sale in Principal's A/c** to **Yes** as the transfer of goods is being considered as branch transfer
11. Select the **Form to Receive** as **F Form**
12. The field **Show Statutory Details** will be set to **No** by default
13. Accept the default Bill allocations in the **Bill-wise Details** screen
14. Enter the details in the field **Narration**, if required

![Figure 2.45 Sales – Transfer of Goods to Branch Office](image)

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

### 2.5 Exports

The goods exported directly by the dealer will be considered as Direct Exports and will not be considered for levy of Central Sales Tax (CST).

**Example 10:**

On 16-4-2012, M/s National Traders sold the following items to Zeta Electronics, New York vide invoice number 08:

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate (in ‘$’)</th>
<th>Amount (in ‘$’)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Conditioners</td>
<td>3</td>
<td>850</td>
<td>2,550</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>4</td>
<td>350</td>
<td>1,400</td>
</tr>
</tbody>
</table>

Packing Charges of $250 was charged on the invoice value. The conversion factor per $ is “1 $ = ₹ 55”
Step 1:
Let us create the necessary ledgers to account for export sales.

Creating Ledgers
i. Exports Ledger
Go to Gateway of Tally > Accounts Info. > Ledgers > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Exports</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Creating Sundry Debtor Ledger
The Sundry Debtor ledger displays as shown:

Figure 2.46 Sundry Debtor – Zeta Electronics

Press Y or Enter to accept and save.
iii. Creating Foreign Currency
In the F11: Features > F1: Accounting Features > Set Allow Multi-Currency to Yes

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

1. Enter the currency symbol as $ in Symbol field.
2. Enter the name of the currency as US Dollars in Formal Name field.
3. Enter the number of decimal places as 2.
4. Set Show Amount in Millions to No
5. Set Is Symbol SUFFIXED to Amounts to Yes for the symbol to appear after the amount.
6. Set Put a SPACE between Amounts and symbol to Yes

![Currency Creation screen](image)

Figure 2.47 Currency Creation screen

7. Accept the Currency Creation screen

Step 2:
Let us enter the sales transaction in Tally.ERP 9. To create the Sales voucher on Export of goods,

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

1. Enter the reference number in the Ref. field
2. Select Zeta Electronics in the Party’s A/c Name field from the List of Ledger Accounts
3. Enter the Despatch Details in the Party Details screen
4. Select the Exports ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Sales Ledger, the VAT/Tax Class appears as Exports from the VAT/Tax Class list
6. Select the Name of Item as Air Conditioner from the List of Items
7. Enter the Quantity as 3 and Rate as $850. The Forex Rate of Exchange screen will be displayed for entering the conversion factor. Enter the details as shown:

![Forex Rate of Exchange screen](image)

Figure 2.48 Forex Rate of Exchange screen

8. The value is automatically displayed in the Amount field.
9. Press Enter key to view the Input Tax Details sub-screen
10. Select the Supplier as Universal Traders from the List of Ledger Accounts, enter the Purchase value.
11. Select the Rate of Tax from the Rate of Tax list.
12. The Input Tax Paid and the Eligible Tax Credit will be blank as claiming of input tax credit is not allowed on interstate purchases.

![Figure 2.49 Exports – Input Tax Details sub-screen for Air Conditioners](image)

13. Similarly, select the stock item Refrigerator from the List of Items.
14. Enter the Quantity as 15 and Rate as $350. Accept the exchange rate as ₹ 48 per $.
15. The value is automatically displayed in the Amount field.
16. Press Enter key to view the Input Tax Details sub-screen and enter the details as shown:

![Figure 2.50 Exports – Input Tax Details sub-screen for Refrigerators](image)

17. Select the Packing Charges ledger and enter the amount as $250.
18. Set Show Statutory Details field to Yes.
19. Accept the Statutory Details screen.
20. Accept the default Bill allocations in the Bill-wise Details screen.
21. Enter the details in the field **Narration**, if required

![Image of Sales Voucher]

Figure 2.51  Sales – Exports

22. Accept the sales invoice.

### 2.6 Sales against Form H – Deemed Exports

The goods may be sold to an exporter for the purpose of exporting the same. In such a case, the immediate penultimate sales will be exempted from tax. As a result CST will not be levied. Such sales are termed as Deemed Exports and are required to be supported with Form H.

**Example 11:**

*On 16-4-2012, M/s National Traders raised an invoice on Excel Traders on sale of 6 Water Purifiers at ₹ 6,500 each against Form – H vide invoice number 09.*

Step 1:

Let us create the required masters to account for sales made against Form – H.

**Creating Ledgers**

i. Deemed Exports Ledger

To create a ledger for exports:

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name Under Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Against Form – H Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales (Against Form–H Deemed Export)</td>
</tr>
</tbody>
</table>

### ii. Creating Sundry Debtor Ledger

Follow the steps given in example 3 to create sundry debtor ledger – Excel Traders.

Step 2:

Let us enter the sales transaction in Tally.ERP 9. To create the Sales voucher for deemed exports,

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

1. Enter the reference number in the Ref. field
2. Select Excel Traders in the Party’s A/c Name field from the List of Ledger Accounts
3. Enter the Despatch Details in the Party Details screen
4. Select the Sales against Form – H ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Sales Ledger, the VAT/Tax Class appears as Sales (Against Form–H Deemed Export)
6. Select the Name of Item as Water Purifiers from the List of Items
7. Enter the Quantity as 6 and Rate as 6,500. The amount is automatically displayed in the Amount field
8. Select the **Form to Receive** as **H Form**

![Figure 2.52 Sales Invoice – Sales against Form H](image)

9. The field **Show Statutory Details** will be set to **No** by default

10. Accept the default Bill allocations in the **Bill-wise Details** screen

11. Enter the details in the field **Narration**, if required and accept the sales invoice.

### 2.7 Inter-State Sale of Exempt Goods

As per the CST Act and under special notifications issued either by State Government or Central Government, some goods are exempted from levy of CST. Such entries can be accounted for using the **VAT/Tax Class – Inter-State Sales – Exempted**.

**Example 12:**

On 18-4-2012, M/s National Traders sold 60 from the opening stock of 100 periodicals for ₹ 85 each to Mc Millan Techsys, vide invoice number 010. Periodicals are exempt from tax.

**Step 1:**

Let us create the required masters to interstate sales exempt transactions.
Creating Masters

i. Inter-state Sales Exempted ledger

To create an inter-state exempt sales ledger,

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

Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-State Sales Exempted</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter-State Sales – Exempted</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Creating VAT Commodity

Create the VAT Commodity - Periodicals as per the details given below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodicals</td>
<td>VAT</td>
<td>711</td>
<td>Fourth Schedule - Part B 11</td>
</tr>
</tbody>
</table>

iii. Stock Items

Create the stock item - Periodicals as per the details given below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Units</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodicals</td>
<td>Primary</td>
<td>Nos</td>
<td>Periodicals</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commodity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Periodicals</td>
</tr>
</tbody>
</table>

In the alteration mode of stock item master, enter the opening balance quantity as 80 nos.

Step 2:

Let us enter the sales transaction in Tally.ERP 9. To create an Invoice for sale of exempt goods during interstate trade,

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

1. Enter the reference in the Ref. field
2. Select Mc Millan Techsys in the Party’s A/c Name field from the List of Ledger Accounts
3. Enter the Despatch Details in the Party Details screen
4. Select the Inter-State Sales – Exempted ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Sales Ledger, the VAT/Tax Class appears as Inter-State Sales – Exempted
6. Select the **Name of Item** as **Periodicals** from the **List of Items**
7. Enter the **Quantity** as **60** and **Rate** as **85**. The value is automatically displayed in the **Amount** field
8. Set the option **Is Declared Goods Sales** to **No**
9. Set the option **Form to Receive** to **No**
10. The field **Show Statutory Details** will be set to **No** by default
11. Accept the default Bill allocations in the **Bill-wise Details** screen
12. Enter the details in the **Narration** field, if required.

![Figure 2.53  Sales Invoice – Inter-state Sales Exempted](image)

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

### 2.8 Sales in the Course of Import

In the process of importing goods from another country, there could be sale of same goods made as per the Rules and Regulations prescribed, even before the completion of import. Such sale are considered as Sale in the Course of Import and is exempted from CST liability.
Example 13:
On 19-4-2012, M/s National Traders imported the following items from Glamour Appliances, New York vide invoice number 03.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>VAT Commodity</th>
<th>Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fax Machines</td>
<td>4</td>
<td>13,000</td>
<td>52,000</td>
<td>Fax Machines</td>
<td>333</td>
</tr>
<tr>
<td>Photo Copying Machines</td>
<td>5</td>
<td>40,000</td>
<td>2,00,000</td>
<td>Photo Copying Machines</td>
<td>327</td>
</tr>
</tbody>
</table>

On the same day, in the course of import, sold 3 nos of Fax Machines at 15,000 each to Home Electronics, Chandigarh vide invoice number 011.

Step 1:
Let us create the required masters to record sales in the course of imports.

i. Creating Ledgers
Create the Sales ledgers with the following details:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name Under Inventory values are affected Use in VAT Returns</th>
<th>VAT/Tax Class Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sales in the Course of Import Sales Accounts Yes Yes</td>
<td>Sales in the Course of Import into India No</td>
</tr>
<tr>
<td>2</td>
<td>Imports Purchase Accounts Yes Yes</td>
<td>Imports No</td>
</tr>
</tbody>
</table>

Create the sundry debtor – Home Electronics and Sundry Creditor – Glamour Appliances ledger.

iii. Stock Items
Create the stock items with the following details:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name Under Units</th>
<th>VAT Details Commodity</th>
<th>Rate of VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fax Machines</td>
<td>Primary Nos</td>
<td>Fax Machine 12.5%</td>
</tr>
<tr>
<td>2</td>
<td>Photo Copying Machine Primary Nos Photo Copying Machine 12.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Step 2:
Let us enter the transactions in Tally.ERP 9.
Go to Gateway of Tally > Accounting Vouchers > F9: Purchase
1. Enter the **Supplier Invoice No.** and **Date**
2. Select **Glamour Appliances** in the **Party’s A/c Name** field from the **List of Ledger Accounts**
3. In the **Party Details** screen, enter/modify the required details
4. Select **Imports** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Imports** ledger, the VAT/Tax Class appears as Imports
6. Select the **Name of Item** as **Fax Machine** from the **List of Items**
7. Enter the **Quantity** as 4 and **Rate** as **13,000**. The value is automatically displayed in the **Amount** field
8. Similarly, select the stock item **Photo Copying Machine**. Enter the **Quantity** as 5 and **Rate** as **40,000**
9. Set the field **Show Statutory Details** as **No**
10. Enter the details in the **Narration** field if required

![Figure 2.54  Purchase Invoice – Imports](image)

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

To create a voucher for sales in the course of import of goods,

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

1. Enter the reference number in the **Ref.** field.
2. Select **Home Electronics** in the **Party’s A/c Name** field from the **List of Ledger Accounts**.
3. In the **Party Details** screen, enter the details as shown:

![Figure 2.55 Sales Invoice – Party Details screen](image)

*The Despatch Details entered in the Party Details screen while recording the sales made in the course of import will be captured in the respective fields of Annexure I. The following details will be captured from Party Details screen in Annexure I:*  
1. The Bill of lading number from the **Bill of Lading/LR-RR No & Dt** field  
2. Name and address of the ship/agent from **Despatched through** field.  
3. Date of endorsement of bill of lading from **Endorsement Date** field  
4. Bill number along with date from **Despatch Doc No.** field.

4. Select the **Sales in the Course of Import** ledger in the **Sales Ledger** field from the List of Ledger Accounts.  
5. On selecting the **Sales in the Course of Import** ledger, the **VAT/Tax Class** appears as **Sales in the Course of Import into India**  
6. Select the **Name of Item** as **Fax Machine** from the **List of Items**  
7. Enter the **Quantity** as 3 and **Rate** as 15,000. The value is automatically displayed in the **Amount** field.  
8. Press **Enter** key to view the **Annexure I – Import Details** screen.  
9. Select **Glamour Appliances** List of Ledger Accounts in the **Foreign seller's Name and Address** field  
10. Enter the Purchase Value as 39,000

![Figure 2.56 Sales in the Course of Import – Import Details](image)

11. The field **Show Statutory Details** will be set to **No** by default
12. Enter the details in the **Narration** field if required

![Sales Invoice – Sales In the Course of Import](image)

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

### 2.9 Sales – Outside the State

Any goods transferred outside the state in the course of interstate trade and subsequently sold as inter-state sales, will be considered as sale outside the state. At the first instance if such sales are considered as interstate sales and later identified as Sale outside the state, a journal entry needs to be recorded for accounting the actual sale. On the other hand, if any CST is levied on the first sale, then the same needs to be reverted. The reversal entry has to be made in a journal using the VAT Adjustment – Others.

**Example 14:**

On 23-4-2012, M/s National Traders received a sales order from Excel Traders, Mumbai for 4 photo copying machines priced at ₹ 43,000 each. M/s National Traders raised a sales invoice for the said item vide invoice number 012, despatched 2 nos and requested the branch office – National Enterprises to despatch remaining quantity. CST @ 2% was charged while invoicing against C Form. The sale value and CST amount of goods despatched by branch office was reversed on 24-4-2012.
Step 1:
Let us create the necessary masters to record sales outside the state.

Creating Masters
i. Inter-state Sales – Tax Free Ledger
To create a ledger for inter-state Sales – Tax Free classification:
Go to Gateway of Tally > Accounts Info. > Ledgers > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-State Sales - Tax Free</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter-State Sales - Tax Free</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Enabling VAT Adjustments in Journal Voucher Type
To create a VAT Adjustment class for journal vouchers,
Go to Gateway of Tally > Accounts Info. > Voucher Types > Alter > Journal
1. In the Voucher Type Alteration screen, enter the Name of Class as VAT Adjustment Class

Figure 2.58 Journal Voucher Type – Voucher Class
2. Press Enter to view the Voucher Type Class screen
3. Set **Use Class for VAT Adjustments** to **Yes**

![Figure 2.59 Voucher Type Class screen](image)

4. The value of foreign exchange gain/loss on account of imports/exports can be adjusted on creating another voucher class and enabling the option **Use Class for Forex Gain/Loss Adjustment**

5. Accept the **Voucher Type Class** screen and return to the **Voucher Type Alteration** screen

6. Accept the journal voucher type.

**Step 2:**

Create the inter-state sales entry by following the steps provided in Example 3. The completed inter-state sales entry displays as shown:

![Figure 2.60 Sales Invoice – Inter-State Sales](image)

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

**Step 3:**

Let us now record the journal adjustment entry to account for the reversal of Interstate sales to Sales outside the State and CST levied to branch account.
i. Accounting for the value of Inter-State Sale made outside the state as Inter-State Tax Free sales

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

1. Select Sale of Goods Outside the State in the Used for field
2. Debit Interstate Sales ledger
3. In the Inventory Allocations screen, select Name of Item as Photo Copying Machine. Enter the Quantity as 2 and Rate as 43,000
4. Select Interstate Sales @ 2% Against Form C as the VAT/Tax Class from the VAT/Tax Class list
5. The amount will be displayed in the Debit field
6. Enter the details in the field Narration, if required
7. Credit the Inter-State Sales – Tax Free ledger. The VAT/Tax Class appears as Inter-State Sales – Tax Free
8. In the Inventory Allocations screen, select Name of Item as Photo Copying Machine. Enter the Quantity as 2 and Rate as 43,000
9. Select Inter-State Sales – Tax Free as the VAT/Tax Class from the VAT/Tax Class list
10. The amount will be displayed in the Credit field
11. Enter the details in the field Narration, if required

12. Press Y or Enter to accept and save.
ii. Transferring the value of CST paid to Branch office
1. Select Others in the Used for field of a Journal Voucher
2. Debit the ledger CST @ 2%. In the VAT Class Details screen, select Inter-State Sales as the VAT/Tax Class and enter the Assessable Value as 86,000
3. Enter the CST amount as 1,720
4. Credit National Enterprises and the credit amount will be displayed automatically
5. Enter the details in the field Narration, if required
6. Credit the branch ledger National Enterprises

![Figure 2.62 Sales Outside the State – Reversing the CST amount](image)

7. Press Y or Enter to accept and save.

2.10 Sales to SEZ Units against Form – I

Form I is used for claiming the exemption from CST on the sales made to any Special Economic Zone (SEZ). The buying dealer issues 'Form I' to the selling dealer. The selling dealer needs to submit the same (Form I) to the department to claim all the export benefits available to original exporter.
Example 15:
On 25-4-2012, M/s National Traders sold the following items to Tech Apparels, Gujarat against Form I vide invoice number 013.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fax Machines</td>
<td>1</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Photo Copying Machines</td>
<td>1</td>
<td>43,000</td>
<td>43,000</td>
</tr>
</tbody>
</table>

Step 1:
Let us create the necessary masters to record sales outside the state.

Creating Masters
i. Inter-state Sales Ledger
To create a ledger for inter-state Sales:

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

Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Sales</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter-State Sales</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Sundry Debtor Ledger
Create the Sundry Debtor ledger - Tech Apparels by following the steps given in Example 3.

Step 2:
Let us enter the transaction in Tally.ERP 9.

To create an inter-state sales invoice against Form–I,

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

1. Enter the reference number in the Ref. field.
2. Select Tech Apparels in the Party’s A/c Name field from the List of Ledger Accounts.
3. Enter the Despatch Details in the Party Details screen
4. Select the Inter-State Sales ledger in the Sales Ledger field from the List of Ledger Accounts.
5. On selecting the Inter-State Sales Ledger, the VAT/Tax Class appears as Inter-State Sales from the VAT/Tax Class list
6. Select the Name of Item as Fax Machine from the List of Items
7. Enter the Quantity as 1 and Rate as 15,000. The amount is automatically displayed in the Amount field.
8. Similarly, select another stock item as Photo Copying Machine
9. Enter the Quantity as 1 and Rate as 43,000. The amount is automatically displayed in the Amount field.
10. Set Is Declared Goods Sale to No
11. Select the Form to Receive as I Form

![Image](image.png)

Figure 2.63 Sales Invoice – Sales against Form I

12. The field Show Statutory Details will be set to No
13. Enter the details in the Narration field if required
14. Accept the sales invoice.

2.11 Sale of Special Category Goods

The State government, through a special notification may declare some of the goods as goods of special category. All such goods are exempted from tax or charged at the lower rate than the normal sales tax rate. CST will be levied at a lower rate on such goods when sold in the course of interstate sale.

**Example 16:**

M/s National Traders, decided to add textiles into its line of business. So on 27-4-2012, it purchases 50 nos of silk fabrics (commodity code – 2127) at the rate of ₹1,500 each from Kiran Textiles, Chennai vide invoice number 04. The silk fabrics were taxable at 4% VAT.
Step 1:
Create the stock item – Silk Fabrics and sundry creditor ledger - Kiran Textiles by following the steps given in example 1.

i. Purchase Ledger
Go to Gateway of Tally > Accounts Info. > Ledger > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases @ 4%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases 4%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Input VAT Ledger
Go to Gateway of Tally > Accounts Info. > Ledger > Create
Create the input VAT ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under Group</th>
<th>Type of Duty/ Tax</th>
<th>VAT Sub Type</th>
<th>VAT/Tax Class</th>
<th>Inventory values are affected</th>
<th>Percent- age of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input VAT @ 4%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 4%</td>
<td>No</td>
<td>4%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

Step 2:
Let us now enter the transaction in Tally.ERP 9. To create a purchase invoice,
Go to Gateway of Tally > Accounting Vouchers > F9: Purchases
1. Enter the Reference number in the Ref. field
2. Select the Party’s A/c Name as Kiran Textiles from the List of Ledger Accounts
3. Select the Name of Item as Silk Fabrics from the List of Items
4. Enter the Quantity as 50 and Rate as 1,500. The amount is automatically displayed in the Amount field
5. Select Input VAT @ 4% from the List of Ledger Accounts
6. Enter the details of the **Narration** field, if required

![Figure 2.64 Purchase Invoice](image)

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

**Example 17:**

On 27-4-2012, M/s National Traders sold 15 nos of Silk Fabrics at the rate of ₹ 1,700 each to Raj Textiles, Karnataka vide invoice number 014.

Step 1:

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

**Creating Ledgers**

i. **Sale – Special Category Goods**

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

Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory Values are Affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale – Special Category Goods</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter-State Sales – Spl. Category Goods</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. **Sundry Debtor Ledger**

Create the Sundry Debtor ledger - Raj Textiles by following the steps given in Example 3.
Step 2:
Let us now record the entry in Tally.ERP 9. To create an entry for Inter-State Sale of Special Category goods,

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

1. Enter the reference in the Ref. field
2. Select the Party’s A/c Name as Raj Textiles from the List of Ledger Accounts
3. Enter the Despatch Details in the Party Details screen
4. Select Sale – Special Category Goods ledger in the Sales Ledger field from the List of Ledger Accounts
5. On selecting the Sale – Special Category Goods, the VAT/Tax Class appears as Inter-State Sales–Spl. Category Goods from the VAT/Tax Class list
6. Select the Name of Item as Silk Fabrics
7. Enter the Quantity as 15 and Rate as 1,700. The value is automatically displayed in the Amount field.
8. Set the option Is Declared Goods Sales to Yes
9. Set the field Show Statutory Details as No
10. Enter the details in the Narration field, if required

Figure 2.65 Sales Invoice – Sale of Special Category Goods

11. Press Y or Enter to accept and save.
2.12 Taxable Local Sales

Example 18:
On 28-4-2012, M/s National Traders sold 20 nos of silk fabrics at the rate of ₹ 1,600 each to Harshita Textiles vide invoice number 015. Output VAT was charged @ 4%.

Step 1:
Let us create the required masters to record the above transaction.

Creating Ledger
i. Sales Ledger
Go to Gateway of Tally > Accounts Info. > Ledger > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales @ 4%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 4%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Output VAT @ 4%
Go to Gateway of Tally > Accounts Info. > Ledger > Create
Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Type of Duty /Tax</th>
<th>VAT/Tax Class</th>
<th>Inventory values are affected</th>
<th>Percentage of Calculation</th>
<th>Method of Calculation</th>
<th>Rounding Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output VAT @ 4%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT @ 4%</td>
<td>No</td>
<td>No</td>
<td>On VAT Rate</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

iii. Sundry Debtor Ledger
Create the Sundry Debtor ledger - Harshita Textiles by following the steps given in Example 3.

Step 2:
Let us now enter the transaction in Tally.ERP 9. To create a sales invoice,

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

1. Enter the reference in the **Ref.** field, if required.
2. Select **Harshita Textiles** in the **Party’s A/c Name** field from the List of Ledger Accounts.
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the Name of Item as Silk Fabrics
5. Enter the **Quantity** as **20** and **Rate** as **1,600**. The amount is automatically displayed in the **Amount** field
6. Select **Output VAT @ 4%** from the **List of Ledger Accounts**
7. Set **Show Statutory Details** field to **Yes**
8. Accept the **Statutory Details** screen
9. Enter the details in the **Narration** field, if required

![Figure 2.66 Sales Invoice](image)

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

### 2.13 Works Contract

**Example 19:**

*On 28-04-2012, M/s National Traders raised a Sales Invoice to record a Works Contract taxable @ 5%, rendered to Kavya Trading Company which is in Hyderabad.*

Step 1:
Creating Ledgers

i. Works Contract Sales Ledger
Create a Sales Ledger as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under Group</th>
<th>Inventory values are affected</th>
<th>Use in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Sales Works Contract @ 5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales - Works Contract @ 5%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. CST Ledger
Create the CST ledger with the details as given in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under Group</th>
<th>Type of Duty/Tax</th>
<th>VAT/Tax Class</th>
<th>Inventory values are affected</th>
<th>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CST - Works Contract @ 5%</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>CST - Works Contract @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

iii. Sundry Debtor Ledger
Create Sundry Debtor ledger - Kavya Trading Company by following the steps given in Example 3.

iv. Stock Item – Painting & Polishing
Create the stock item with the details as given in the following table:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting &amp; Polishing</td>
<td>Primary</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Step 2:
Let us record the transaction in a Sales Invoice.

Go to Gateway of Tally > Accounting Vouchers > F8: Sales
1. Press I: Acct Invoice button (Alt+I ) to record the entry in Accounting invoice mode.
2. Select Kavya Trading Company in Party’s A/c Name Field from List of Ledger Accounts
3. Under the Particulars Section, Select the Sales Ledger - Inter State Works Contract @ 5%
4. Enter 60,000 under the Amount Field
5. Press Enter to view the Deduction Claimed for Tax Calculation sub screen
6. In the Deduction Claimed for Tax Calculation sub screen, under the Deductions field, enter the percentage as 30. The amount to be deducted (18,000) gets auto-calculated and displayed in the Amount section of Deductions field. The taxable value (i.e., Sale Value - Amount Deducted) gets displayed in the Taxable Value field.

![Figure 2.67 Deduction Claimed for Tax Calculation](image)

7. Accept the Deduction Claimed for Tax Calculation sub-screen.

8. Select the CST - Works Contract @ 5% ledger. The Duty amount will be automatically calculated and displayed.

9. Enter Narration, if required.

![Figure 2.68 Completed Works Contract Sales Voucher](image)

10. Press Y or Enter to accept the voucher.

VAT/Tax Classifications for Inter State Sales - Works Contract @ 1%, 14.5% and 2% are also available. You can select the Classification relevant to the works contract of your choice to create the Sales and CST Ledgers.
Lesson 3: Accounting for CST Adjustments & Payment

Lesson Objectives
On completion of this lesson, you will be able to

- Record transactions of Sales returns
- Account for price variations
- Set-off the CST liability against input tax credit
- Record CST Payment entry

3.1 Sales Returns
The buyer may return goods when it is not in accordance with the specifications made. On receipt of the goods returned by buyer, an entry needs to be made in credit note. An entry to record any change in sales consideration i.e., increase/decrease in sale price, can be made in debit note or credit note as applicable using the VAT Adjustment – Others.

Let us record the entries pertaining to sales returns for:

- Sales made against C Forms
- Sales in the Course of Imports into India
- Sales made against Form C+E1/E2
- Consignment Transfers
- Stock Transfers
Sales made against C Forms

i. Returns

Example 19:
On 6-4-2012, M/s National Traders received the following items returned by Mc Millan Techsys against C Form. The goods returned were against the sales recorded on 4-4-2012.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Conditioner</td>
<td>1</td>
<td>28,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>1</td>
<td>10,500</td>
<td>10,500</td>
</tr>
</tbody>
</table>

Step 1:
Let us enter the transaction in Tally.ERP 9.

To enable the credit note feature, go to Gateway of Tally > F11: Features > F1: Accounting Features

Enable the following fields:
- Use Debit/Credit Notes
- Use Invoice mode for Credit Notes
- Use Invoice mode for Debit Notes

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

1. Enter the reference number in the Ref. field.
2. Select Goods Sold Returned from list of VAT Adjustments in the Used For field

3. Select Mc Millan Techsys as the Party’s A/c Name from the List of Ledger Accounts
4. Select Interstate Sales @ 2% as the Sales Ledger
5. On selecting Inter-State Sales @ 2%, the VAT /Tax Class appears as Inter-State Sales @ 2% against Form C
6. Select the Name of Item as Air conditioner from the List of Items
7. Enter the Quantity as 1 and Rate as 28,000. The Amount will be automatically displayed
8. Similarly, select Refrigerator, enter the Quantity as 1 and Rate as 10,500
9. Select the CST @ 2% duty ledger. The CST amount will be automatically calculated
10. Select Form C as the Form to Receive
11. Set Show Statutory Details to Yes
12. Accept the **Statutory Details** screen

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

![Figure 3.2 Credit Note – Inter-State Sales](image)

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

**Sales against Form E1/E2**

i. **Returns**

**Example 20:**

On 7-4-2012, M/s National Traders received 1 Washing Machine worth ₹ 12,000 from Rishita Traders against Form E1. The sales return was against the sales dated 9-4-2012.

Step 1:

Let us enter the transaction in Tally.ERP 9.

In the Sales Invoice Configuration set **Activate ‘E1’ or ‘E2’ Transaction (VAT)** to **Yes**.

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

1. Enter the reference number in the **Ref.** field.

2. Select **Goods Sold Returned** from list of **VAT Adjustments** in the **Used For** field

3. Select **Rishita Traders** as the **Party’s A/c Name** from the List of Ledger Accounts

4. Select **Inter-State Sales – Form E1** as the **Sales Ledger**
5. On selecting **Inter-State Sales – Form E1**, the VAT /Tax Class appears as **Inter-State Sales Against Form – E1**

6. Select the **Name of Item** as **Washing Machine** from the **List of Items**

7. Enter the **Quantity** as 1 and **Rate** as **12,000** and the **Amount** will be automatically displayed

8. In the **Annexure II – Transit Sale Details**, select the **Seller’s Name and Address** as **Universal Traders** and **Purchase Value – 10,500**

9. Select **CST @ 2%** ledger and the **Amount** will be automatically displayed

10. Select **Form C** as the **Form to Receive** and **Form E1** as the **Form to Issue**

11. The field **Show Statutory Details** will be set to **No** by default

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

![Credit Note – Inter-State Sales against Form E1](image)

**Figure 3.3 Credit Note – Inter-State Sales against Form E1**

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

**ii. Price Variation – Increase in sale value**

**Example 21:**

*On 12-4-2012, M/s National Traders raised a debit note on Rishita Traders for increase in Sale value of Water Purifiers to the extent of ₹ 2,000 against Form E1 on sales dated 7-4-2012:*

**Step 1:**

Let us enter the transaction in Tally ERP 9.

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F9: Debit Note**
1. Select **Voucher** mode (use the key combination **Ctrl+V**) to record the increase in sale value.

2. Enter the reference number in the **Ref.** field.

3. Select **Others** from the list of **VAT Adjustments** in the **Used For** field.

4. Debit **Rishita Traders** from the **List of Ledger Accounts** and enter the amount as **2,000** in the **Debit** field.

5. In the **Bill-wise Details** screen select the reference dated 7-4-2012 and debit 2,000.

6. Credit **Inter-State Sales – Form E1** from the **List of Ledger Accounts**.

7. In the **Inventory Allocation** screen, select **Water Purifier** and enter the amount as **2,000**.

8. Select VAT/Tax Class as **Inter-State Sales Against Form – E1** from the **VAT/Tax Class** list.

9. Select **CST @ 2%** ledger. In the VAT Class Details screen, select the VAT/Tax class - **Inter State Sales Against Form - E1** and enter the Assessable value as **2,000**.

10. Set Is Declared Goods Sales to **No**.

11. Select **Form C** as the **Form to Issue** and **E1 Form** as the **Form to Receive**.

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

**Stock Transfers**

**i. Returns**

**Example 22:**

On 14-4-2012, National Enterprises returned 1 Washing Machine worth ₹ 12,000 to M/s National Traders against Form F towards goods despatched on 13-4-2012.
Step 1:
Let us enter the transaction in Tally ERP 9.

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

1. Enter the reference number in the **Ref.** field.
2. Select **Goods Sold Returned** from list of **VAT Adjustments** in the **Used For** field
3. Select **National Enterprises** as the **Party’s A/c Name** from the List of Ledger Accounts
4. Select **Consignment Transfer Outwards** as the **Sales Ledger**
5. On selecting **Stock Transfer Outwards**, the VAT /Tax Class appears as **Consignment/Branch Transfer Outward**
6. Select the **Name of Item** as **Washing Machine** from the **List of Items**
7. Enter the **Quantity** as 1 and **Rate** as 12,000. The **Amount** will be automatically displayed
8. Set **Is Sale in Principal’s A/c** to No
9. Select **Form F** as the **Form to Receive**
10. Set **Show Statutory Details** to No.
11. Enter the details in the field **Narration**, if required

![Figure 3.5 Credit Note – Stock Transfer](image)

12. Press **Y** or **Enter** to accept and save.
ii. Additions

Example 23:

On 15-4-2012, M/s National Traders raised a debit note of ₹ 2,800 on National Enterprises to account for an increase in the price of Washing Machines despatched on 13-4-2012.

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Select the Voucher mode (use the key combination Ctrl+V) to record the increase in sale value.
2. Enter the reference number in the Ref. field.
3. Select Others from the list of VAT Adjustments in the Used For field.
4. Debit National Enterprises from the List of Ledger Accounts and enter the amount as 2,800 in the Debit field.
5. Credit Stock Transfer Outwards from the List of Ledger Accounts.
6. In the Inventory Allocation screen, select Washing Machine and enter the amount as 2,800.
7. Select the VAT/Tax Class as Consignment/Branch Transfer Outwards from the VAT/Tax Class list.
8. Set Is Declared Goods Sales to No.
9. Select Form F as the Form to Issue.
10. Enter the details in the Narration field, if required.

Figure 3.6 Debit Note – Stock Transfer
11. Press Y or Enter to accept and save.

**Consignment Transfers**

i. Returns

**Example 24:**

On 16-4-2012, Parijatha Enterprises returned 1 Refrigerator worth ₹ 8,500 to M/s National Traders against Form F towards goods despatched on 13-4-2012.

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Enter the reference number in the Ref. field.
2. Select Goods Sold Returned from list of VAT Adjustments in the Used For field
3. Select Parijatha Enterprises as the Party’s A/c Name from the List of Ledger Accounts
4. Select Branch Transfer Outwards as the Sales Ledger
5. On selecting Branch Transfer Outwards, the VAT /Tax Class appears as Consignment/ Branch Transfer Outward
6. Select the Name of Item as Refrigerator from the List of Items
7. Enter the Quantity as 1 and Rate as 8,500. The Amount will be automatically displayed
8. Set Is Sale in Principal’s A/c to Yes
9. Select Form F as the Form to Receive
10. Set Show Statutory Details to No
11. Enter the details in the field Narration, if required
12. Press Y or Enter to accept and save.

ii. Additions

Example 25:

On 17-4-2012, M/s National Traders raised a debit note against Form F for ₹ 4,800 on Parijatha Enterprises towards increase in the price of Water Purifier despatched on 13-4-2012.

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Select the Voucher mode (use the key combination Ctrl+V) to record the increase in sale value.
2. Enter the reference number in the Ref. field
3. Select Others from the list of VAT Adjustments in the Used For field.
4. Debit Parijatha Enterprises from the List of Ledger Accounts and enter the amount as 4,800 in the Debit field
5. Credit Stock Transfer Outwards from the List of Ledger Accounts
6. In the Inventory Allocation screen, select Water Purifiers and enter the amount as 4,800
7. Select the VAT/Tax Class as **Consignment/Branch Transfer Outwards** from the VAT/Tax Class list
8. Set **Is Sale in Principals A/c** to **Yes**
9. Select **Form F** as the **Form to Issue**
10. Enter the details in the **Narration** field, if required.

![Figure 3.8 Debit Note – Consignment Transfer](image)

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

**Sales in the Course of Imports into India**

**i. Returns**

**Example 26:**

*On 24-4-2012, M/s National Traders received 1 Fax Machine worth ₹15,000 returned by Home Electronics against the sales recorded on 19-4-2012.*

**Step 1:**

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

To create a Credit Note for Goods Sold Returned,

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

1. Enter the reference number in the **Ref.** field.
2. Select **Goods Sold Returned** from list of **VAT Adjustments** in the **Used For** field
3. Select **Home Electronics** as the **Party’s A/c Name** from the List of Ledger Accounts.
4. Select **Sales in the Course of Import** as the **Sales Ledger**.
5. On selecting **Sales in the Course of Import**, the VAT /Tax Class appears as **Sales in the Course of Import into India**.
6. Select the **Name of Item** as **Fax Machine** from the List of Items.
7. Enter the **Quantity** as 1. The **Rate** and **Amount** will be automatically displayed.
8. In **Annexure I – Import Details** sub-screen, select **Glamour Appliances** as the **Foreign seller’s Name and Address** and enter the **Purchase Value** as **13,000**.
9. The field **Show Statutory Details** will be set to **No** by default.
10. Enter the details in the field **Narration**, if required.

![Figure 3.9 Credit Note – Sales in the Course of Import](image)

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

**ii. Additions**

**Example 27:**

On 24-4-2012, M/s National Traders raised a debit note for **₹3,000** on Home Electronics towards increase in the price of Fax Machines despatched on 19-4-2012.

Step 1:

Let us enter the transaction in Tally.ERP 9.
Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F9: Debit Note**

1. Select the **Voucher** mode (use the key combination **Ctrl+V**) to record the increase in sale value.
2. Enter the reference number in the **Ref.** field.
3. Select **Others** from the list of **VAT Adjustments** in the **Used For** field.
4. Debit **Home Electronics** from the **List of Ledger Accounts** and enter the amount as **3,000** in the **Debit** field.
5. In the **Bill-wise Details** screen select the reference dated 19-4-2012 and debit 3,000
6. Credit **Sale in the Course of Import** from the **List of Ledger Accounts**
7. In the **Inventory Allocation** screen, select **Fax Machine** and enter the amount as **3,000**
8. Select the VAT/Tax Class as **Sales in the Course of Import into India** from the **VAT/Tax Class** list
9. Enter the details in the **Narration** field, if required

![Figure 3.10 Debit Note – Sales in the Course of Import](image)

10. Press **Y** or **Enter** to accept and save.
3.2 Adjustment Entries Pertaining to CST

3.2.1 Adjustment Towards Advance Tax or Refund

The advance CST payments, if any, made by the dealer can be adjusted towards the actual CST liability for the return period. For setting off the advance payments with the CST liability of current period, a journal entry with VAT Adjustment – Adjustment Towards Advance Tax or Refund needs to be made.

Example 28:

On 11-4-2012, M/s National Traders paid ₹ 1,500 as advance payment towards CST. On 30-4-2012, the advance amount paid was adjusted against a portion of the actual CST liability.

Step 1:
Let us create the Advance Tax ledger to record the above transaction.

Advance Tax ledger
Go to Gateway of Tally > Accounts Info. > Ledger > Create

Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Currency of Ledger</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Tax</td>
<td>Current Assets</td>
<td>₹</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:
Let us record the transaction in Tally.ERP 9

i. Advance CST Payment voucher

To create an advance CST payment voucher,

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

1. Select the Bank ledger as Bank of India in the Account field (create a bank ledger with the name National Bank by using Alt+C key combination)
2. Debit the Advance Tax ledger
3. Enter the amount as 1,500
4. Enter the details in the field Narration, if required
5. Press Y or Enter to accept and save.

**ii. Journal Entry for Adjusting the Advance Tax Paid towards CST Liability**

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

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

1. Select the **Voucher Class** as **VAT Adjustment Class**
2. Select **Adjustment Towards Advance Tax or Refund** as the **VAT Adjustment** in the **Used for** field.
3. Debit the ledgers - **CST @ 1%** and **CST @ 4%**. The VAT/Tax class gets displayed. Accept the same and enter the corresponding ledger balance. Do not enter the assessable value in VAT Class Details screen.
4. Debit **CST @ 12.5%** ledger. The VAT/Tax class gets displayed. Enter the balance amount of advance tax available for set-off.
5. Credit the **Advance Tax** ledger grouped under **Current Assets**
6. The **Credit** amount is automatically entered.
7. Enter the details in the field **Narration**, if required.

![Journal Voucher – Adjustment Towards Advance Tax or Refund](image)

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

### 3.2.2 Adjustment Towards Entry Tax Paid

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

**Example 29:**

*On 30-4-2012, M/s National Traders recorded an adjustment entry for entry tax of ₹ 1,000 paid towards goods imported on 19-4-2012.*

**Step 1:**

Let us create the entry tax ledger to account for the above transaction.

**Entry Tax Ledger**

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

Create the ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Currency of Ledger</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Tax</td>
<td>Current Assets</td>
<td>₹</td>
<td>No</td>
</tr>
</tbody>
</table>
Step 2:

i. Entry Tax Payment voucher
Create a payment voucher by following the steps given in example 28.

The completed payment voucher displays as shown:

![Figure 3.13 Entry Tax Payment Voucher](image)

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

ii. Journal Entry for Adjusting the Entry Tax Paid towards CST Liability
Go to **Gateway of Tally > Accounting Vouchers > F7: Journal** > Select the Voucher Class as **VAT Adjustment Class**
1. Select **Adjustment Towards Entry Tax Paid** as the **VAT Adjustment** in the **Used for** field
2. Debit the **CST @ 12.5%** ledger. In the VAT Class Details screen, select **CST @ 12.5%**as the **VAT/Tax Class** and do not enter the Assessable Value.
3. Enter the amount as **1,000** in the **Debit** field
4. Credit the **Entry Tax** ledger grouped under **Current Assets**
5. The **Credit** amount is automatically entered
6. Enter the details in the field **Narration**, if required

![Journal Voucher – Adjustment Towards Entry Tax Paid](image)

Figure 3.14 Journal Voucher – Adjustment Towards Entry Tax Paid

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

### 3.2.3 Adjusting Excess Input Tax Credit against CST Dues

Any excess input tax credit that is available after adjusting the VAT liability, can be adjusted towards CST dues. This adjustment entry has to be recorded in a journal voucher using the VAT Adjustment – **Adjustment Towards CST**.

**Example 30:**

*On 30-4-2012, M/s National Traders made the following entries:*

1. Adjustment of output VAT against input tax credit
2. Adjustment of CST dues against the excess available ITC after setting-off the output tax

**Step 1:**

Let us enter the transaction in Tally.ERP 9.

1. **Adjustment of output VAT against input tax credit**

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal** > Select the Voucher Class as **Not Applicable**
1. Debit the **Output VAT @ 4%** ledger
2. Enter the amount as **1,280** in the **Debit** field
3. Credit the **Input VAT @ 4%** ledger and the **VAT/Tax Class** appears as **Input VAT @ 4%** automatically
4. The **Credit** amount is automatically entered
5. Enter the details in the field **Narration**, if required

![Figure 3.15 Journal Voucher – Entry to set–off Output VAT against Input tax credit](image)

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

i. **To create a journal adjustment voucher for setting-off a portion of CST liability towards excess input tax credit,**

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

1. Select **Adjustment Towards CST** as the **VAT Adjustment** in the **Used for** field
2. Debit the **CST @ 12.5%** ledger. In the VAT Class Details screen, select **CST @ 12.5%** as the **VAT/Tax Class** and do not enter the assessable value
3. Enter the amount as **1,720** in the **Debit** field
4. Credit the **Input VAT @ 4%** ledger and the **VAT/Tax Class** appears as **Input VAT @ 4%** automatically
5. The **Credit** amount is automatically entered
6. Enter the details in the field **Narration**, if required

![Figure 3.16 Journal Voucher – Adjustment Towards CST](image)

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

### 3.3 Payment of CST

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

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

**Example 31:**

*On 5-5-2012, M/s National Traders paid ₹ 16,875 towards CST dues.*

**Step 1:**

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

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

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

3. In Statutory Payment sub-screen, provide the details given below:
   - **Type of Duty/Tax**: Select CST as the payment is being made towards VAT dues.
   - **Auto Fill Statutory Payment**: This field will be set to No as the CST paid on purchases cannot be set-off against CST on sales.

4. In the Payment Voucher, debit the ledger **CST @ 2%**, **CST @ 5%**, **CST @ 12.5%**, **CST @ 14.5%** and **CST - Works Contract @ 5%** ledgers. Enter the corresponding ledger balances for each ledger.
5. Set **Provide Details** to **Yes** to display the **VAT Payment Details** sub-screen

![Figure 3.19 CST Payment Voucher](image)

6. In the **VAT Payment Details** screen, enter the details as shown:

![Figure 3.20 VAT Payment Details](image)

7. Accept the **VAT Payment Details** screen and the **Payment voucher** screen will be displayed.
8. Enter the details in the field **Narration**, if required

9. Press **Y** or **Enter** to accept and save.
Lesson 4: CST Reports

Lesson Objectives

On completion of this lesson, you will be able to

- Generate VAT Computation and view CST details
- Generate Group-wise Forms Receivable and Form Issuable report
- Generate Ledger-wise Forms Receivable and Form Issuable report
- Generate Reminder and Covering Letter
- Use the auto-fill option to enter the Form Number and Date in Forms Receivables and Issuables
- Generate CST Return and Annexure
- Generate CST Registers for Interstate Purchase and Sales

4.1 CST Details in VAT Computation

The VAT Computation reports provide the Assessable Value and the Tax Amount of the sales and purchase transactions entered using different VAT/Tax classifications.

To view the VAT Computation report,

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Computation
The VAT Computation report displays as shown:

![VAT Computation Screen](image)

The screen displays the total VAT and CST payable on sales and input tax credit on purchases made during the specified period.

**Assessable Value**

The Assessable Value is the sum of the total value of goods at which they are purchased and sold. This assessable value forms the value on which VAT is calculated.

**Tax Amount**

The total Tax Amount calculated on Assessable value using the respective Tax percentage is the Tax Amount.

*You can drill down the VAT Computation screen to view the VAT Classification vouchers and further drill down to view the vouchers in alteration mode.*
Show All VAT Classifications

In VAT Computation screen, click on **F12: Configure** button and set the options **Show All VAT Classifications** to **Yes** to view the inter-state transactions:

![VAT Computation with All VAT/Tax Classifications](image)

Click the button **F1: Detailed** or press **Alt + F1**.
The detailed VAT Computation screen with CST adjustments is displayed as shown:

![VAT Computation](image)

Figure 4.3 VAT Computation – Detailed View
CST Reports display forms to be received and issued along with CST Forms. It allows you to track pending forms, reconcile the forms and file CST returns.
Go to Gateway of Tally > Display > Statutory Reports > CST

The **CST Reports** menu consists of:
- Forms Receivable
- Forms Issuable
- CST Forms
- CST Register

### 4.3 Forms Receivables

The Forms Receivable report comments on various forms to be received from the dealer at any given point of time. It displays the date of transaction, CST Sales ledger used, gross amount inclusive of CST, form types and also contains three additional fields viz., Form Series No., Form Number and Date, which have to be filled when the prescribed forms are received from the purchasing dealer or the customer.

Usually, this report is generated at the end of a financial year or month end (in specific cases). However, Tally facilitates the generation of this report at any point of time.

To view **Form Receivables Report**

Go to Gateway of Tally > Display > Statutory Reports > CST > Form Receivable

i. **Ledger-Wise Forms Receivables Report**
Press Enter on Ledger in the Forms Receivables menu to view the list of Ledgers. Select the Ledger – Mc Millan Techsys

![Figure 4.6 Forms Receivables – Ledger Selection](image)

The forms to be received for Mc Millan Techsys are displayed in the Forms Receivable screen.

Press Alt + S or click on Set Form No. button in the buttons bar to enter the form number and form date as shown:

![Figure 4.7 Forms Receivables – Set Form Number](image)

Press Enter to accept and save.

In case where there are different forms received from the same debtor, the form specific report can be generated using F12: Configuration. In Forms Receivables report of ledger, click on F12: Configure and select the required form type in the Show Vouchers of field.

i. Group-Wise Forms Receivables Report

In the Forms Receivable menu, press Enter key on Group to view the List of Groups. Select Sundry Debtors. Press Enter to view the Group-wise Forms Receivables report as shown:

![Figure 4.8 Forms Receivables – Sundry Debtors Group](image)
Click on **F12: Configure** and set the option **Sort by Party Name** to **Yes** as shown:

![Figure 4.9  F12: Configuration](image)

The **Forms Receivables** Report displays as shown:

![Figure 4.10  Forms Receivables – Sorted by Party Name](image)

Click on **F12: Configure** and set the options as shown:

![Figure 4.11  F12: Configuration – Selection of Form Type](image)

The entries recorded by selecting Form C is displayed. Select the Period 7-4-2012 to 9-4-2012. Press **Alt + S** or click on **Set Form No.** button in the buttons bar to enter the **Form Number** and **Form Date**

![Figure 4.12  Forms Receivables – Group – Form Series Number, Form Number and Date](image)

Accept the **Forms Receivable** screen.
4.4 Forms Issuable

Forms Issuable report comments on various forms to be issued to the dealer at any given point of time. It displays the date of transaction, CST Purchases ledger employed, gross amount inclusive of CST, form types and also contains three additional fields viz., Form Series No., Form Number and Date, which can be filled when the prescribed forms are issued to the selling dealer or supplier.

To view Form Issuable Report

Go to Gateway of Tally > Display > Statutory Reports > CST > Form Issuable

Similar to the Forms Receivables report, the Forms Issuables report can also be viewed in the following two ways,

- Group-wise Forms Issuables
- Ledger-wise Forms Issuables

i. Group-wise Form Issuables Report

In the Forms Issuable menu, select Group and then Sundry Creditors.

Click on F12: Configure and set the option Show All Vouchers to Yes. Retain the other default fields.

In Group-Wise Forms Issuables report, the Form Series Number, Form Number and Form Dates for all the inter-state sales made to all the Sundry Debtors can be entered in a single screen. In case of ledger-wise report, the required party ledger can be selected and the details pertaining to Form Series Number, Form Number and Date can be specified.
ii. Ledger-Wise Forms Issuables Report

Press **Enter** on **Ledger** in the **Forms Issuable** menu to view the list of Ledgers. Select the Ledger – **Rishita Traders**

Forms to be issued for **Rishita Traders** is displayed in the **Forms Issuable** screen.

![Image of Forms Issuable – Rishita Traders](image)

Press **Alt + S** or click on **Set Form No.** button in the buttons bar to enter the **Form Serial Number**, **Form Number** and **Form Date**.

![Image of Forms Issuable – Rishita Traders](image)

Accept the **Forms Issuable** screen.

### 4.5 Auto-Fill Option for CST

The Auto Fill option for CST is available in the Form Issuable/ Form Receivable screen. This option is used to filter the Forms Type and to fill up the form number for a group of vouchers.

Go to **Gateway of Tally > Display > Statutory Reports > CST > Form Receivable > Ledger** > select **National Enterprises**

Press **Alt + S** or click on **Set Form No.** button in the buttons bar to enter the **Form Series Number**, **Form Number** and **Form Date**

![Image of Forms Receivables – Auto Fill](image)

Press **F5: Auto Fill – CST** to view **Set Form Number** screen

In the **Set Form Numbers** screen,

- Select the **Form** from **Form Types**
- Enter the **Form Series Number**, **Form Number** and **Form Date** for the group of vouchers
Press **Enter** to accept the configuration. Form Series Number, Form Number and Form Date are captured and displayed as shown:

![Configuration Table](image)

Press **Enter** to accept and save.

### 4.6 Viewing All Vouchers

Go to **Gateway of Tally > Display > Statutory Reports > CST > Form Receivable/ Form Issuable**

Here select **Forms Receivable > Group > Sundry Debtors**

- Press **Alt + F2** to change the period
- In the **Forms Receivable** screen, press **F12: Configure**
- In the **CST Report Configuration** screen
  - Set **Show All Vouchers** to **Yes**
  - In **Show Vouchers of** field, select the **C Form** from **Form Types**
  - Set **Sort by Party Name** to **Yes**
Accept the configuration. The **Forms Receivables** screen displays as shown:

![Forms Receivables screen](image)

**Figure 4.19 Forms Receivables – Show All Vouchers**

### 4.7 Reminder and Covering Letters

You can send reminder letters to parties who have to issue forms. You can also send covering letters to parties, confirming receipt of forms.

#### 4.7.1 Reminder Letters

Go to **Gateway of Tally > Display > Statutory Reports > CST > Form Receivable**

- Select **Excel Traders** from **List of Ledgers**
- In the **Forms Receivable** screen, click on the **P: Print** button (Alt + P)

In the **Print Report** screen,

- Set **Print Reminder Letter** to **Yes**
- In the **Date of Issue** field, specify the Date on which the Reminder Letter is issued
Enter the name of the Authorised person in the **Authorised Person** field

![Print Report screen](image)

Press **Enter** to view the preview. The **Print Preview** of reminder letter displays as shown:

![Reminder Letter – Print Preview screen](image)

**4.7.2 Covering Letters**

Go to **Gateway of Tally > Display > Statutory Reports > CST > Forms Issuable > Ledger**

- Select **Universal Traders** from **List of Ledgers**
- In the **F12: Configuration**, set **Show All Vouchers** to **Yes**
- Change the period as **1-4-2012** to **3-4-2012**
- In the **Forms Issuable** screen, click on **P: Print** (Alt + P)
- In the **Print Report** screen,
  - Set **Print as per Effective Date** to **Yes**.
- Set the period as 1-4-2012 to 2-4-2012 to display the vouchers for the selected period.
- Set Print Covering Letter to Yes.
- Enter the Date of Issue. The date entered here gets captured in the Dated field of Covering Letter.

```
Printing
Printer: Microsoft XPS Document Writer (Net3)  Paper Type: Letter
No. of Copies: 1  Paper Size: (6.5" x 10.5") or (166 mm x 279 mm)
Print Language: English  Print Area: (6.5" x 10.5") or (166 mm x 279 mm)
Method: Neat Mode  (Printing Dimensions)
Page Range: All

Report Titles
Universal Traders
Forms Issuable
(with Print Preview)
Without Company Phone No

Print as per Effective Date
From (blank for beginning): 1-4-2012
To (blank for end): 2-4-2012
Print Covering Letter
Date of Issue: 3-4-2012

Print?  Yes or No
```

Figure 4.22  Print Report screen of Forms Issuable

Press Y or Enter to generate the print preview screen of Covering Letter.

The Print preview screen of Covering Letter for Universal Traders displays as shown:

```
To : Universal Traders
No. 109, St. Marks Road
Bengaluru

From: National Traders
GCT Rd, Guntur
Chennai

Date: 3-Apr-2012

Subject: Issue of Sales Tax Forms

Given below is the details of invoices received by us for which the Sales Tax Forms are enclosed.

Kindly acknowledge the receipt of the same.

<table>
<thead>
<tr>
<th>Date</th>
<th>Vch No.</th>
<th>Effective Date</th>
<th>Assessable Value</th>
<th>CST Amount</th>
<th>Invoice Amount Type</th>
<th>Series No.</th>
<th>Form No.</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Apr-2012 01</td>
<td>7,34,000.00 Dr</td>
<td>2-4-2012</td>
<td>7,94,006.00 Dr</td>
<td>15,880.00 Dr</td>
<td>8,09,880.00 Dr</td>
<td>KAT76105</td>
<td>036521</td>
<td>3-Apr-2012</td>
</tr>
</tbody>
</table>

Yours faithfully

Authorized Signatory
```

Figure 4.23  Covering Letter – Print Preview screen
4.8 CST Registers

CST Purchase Register

The CST Purchase Register provides complete details of all the purchases made in a particular tax period. This register captures the invoice-wise purchases with voucher number, CST registration number, stock items invoiced, invoice value, assessable value, apportioned additional expenses and VAT/Tax classifications.

To view the CST Purchase Register,

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Register > Cst Purchase

Press F12: Configure. By default, the fields - Show Voucher Number, Show Quantity Details and Show Additional Cost will be set to Yes. To view the supplier invoice number, CST number, rate and item value set the options as shown below:

![Configuration Screen](image)

Figure 4.24 CST Purchase Register Configuration

The options shown in the Configuration screen are:

- **Show Voucher Number**: This field will be set to Yes to display the voucher number.
- **Show Supplier Invoice No. & Date**: Set it to Yes to display the Supplier Invoice No. and date entered in the purchase invoice.
- **Show CST No.**: Set it to Yes to capture the CST number entered in the party ledger master or the party details screen displayed while invoicing.
- **Show Quantity Details**: This field will be set to Yes to display the quantity purchased.
- **Show Rate Details**: Set it to Yes to display the rate at which the stock items were purchased.
- **Show Item Value**: Set it to Yes to display the assessable value of stock item purchased.
- **Show Additional Cost**: This field will be set to Yes to display the value entered while invoicing for additional expense or income ledger enabled for apportionment.
- **Show Party from supplementary**: Set this to Yes to display party details selected using M:Party List button in the Supplementary \ Party Details screen in a Cash Purchase Invoice.

In the CST Purchase Register screen, press F1: Detailed button (Alt+F1) to display the inventory details and VAT/Tax classifications.
The **CST Purchase Register** displays as shown:

![Figure 4.25 CST Purchase Register – Screen 1](image)

Scroll horizontally to view the columnar details.

![Figure 4.26 CST Purchase Register – Screen 2](image)
CST Sales Register

The CST Sales Register provides complete details of all the Sales made in a particular tax period. This register captures the invoice-wise Sales with voucher number, CST registration number, stock items invoiced, invoice value, assessable value, apportioned additional incomes, VAT/Tax classifications, tax amount and Surcharge if any depending on the State selected for VAT compliance.

To view the CST Sales Register,

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Register > CST Sales

Press F12: Configure. By default, the fields - Show Voucher Number and Show Quantity Details will be set to Yes. To view the Voucher Reference number, CST number, rate and item value set the options as shown below:

![Configuration Screen](image)

Figure 4.27 CST Sales Register Configuration

The options shown in the Configuration screen are:

- **Show Voucher Number**: This field will be set to Yes to display the voucher number.
- **Show Voucher Ref**: Set it to Yes to display the voucher reference number entered in Ref field of sales/tax invoice.
- **Show CST No.**: Set it to Yes to capture the CST number entered in the party ledger master or the party details screen.
- **Show Quantity Details**: This field will be set to Yes to display the quantity sold.
- **Show Rate Details**: Set it to Yes to display the rate at which the stock items were sold.
- **Show Item Value**: Set it to Yes to display the assessable value of stock item sold.
- **Show Party from supplementary**: Set this to Yes to display party details selected using M:Party List button in the Supplementary \ Party Details screen in a Cash Sales Invoice.

In the CST Sales Register screen, press F1: Detailed button (Alt+F1) to display the inventory details and VAT/Tax classifications.
The **CST Sales Register** displays as shown:

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Voucher Ref</th>
<th>Vch No.</th>
<th>TIN No.</th>
<th>CST No.</th>
<th>Quantity</th>
<th>Rate</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-Apr-2012</td>
<td>Mc Millan Techs</td>
<td>01</td>
<td>1</td>
<td>28564554120</td>
<td>28564554120</td>
<td>3 No</td>
<td>50,000.00/Noa</td>
<td>84,000.00</td>
</tr>
<tr>
<td>4-Apr-2012</td>
<td>Decor Bazaar</td>
<td>02</td>
<td>2</td>
<td>28564554120</td>
<td>28564554120</td>
<td>3 No</td>
<td>50,000.00/Noa</td>
<td>78,000.00</td>
</tr>
<tr>
<td>4-Apr-2012</td>
<td>Mc Millan Techs</td>
<td>03</td>
<td>3</td>
<td>28564554120</td>
<td>28564554120</td>
<td>3 No</td>
<td>50,000.00/Noa</td>
<td>78,000.00</td>
</tr>
<tr>
<td>4-Apr-2012</td>
<td>Logic Electronics</td>
<td>05</td>
<td>5</td>
<td>21858412014</td>
<td>21858412014</td>
<td>2 No</td>
<td>50,000.00/Noa</td>
<td>56,000.00</td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>National Enterprises</td>
<td>06</td>
<td>6</td>
<td>27541232541</td>
<td>27541232541</td>
<td>2 No</td>
<td>50,000.00/Noa</td>
<td>56,000.00</td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>Parijatha Enterprises</td>
<td>07</td>
<td>7</td>
<td>29857412563</td>
<td>29857412563</td>
<td>3 No</td>
<td>5,500.00/Noa</td>
<td>16,500.00</td>
</tr>
</tbody>
</table>

**Grand Total**

<table>
<thead>
<tr>
<th>Gross Total</th>
<th>Assessable Value</th>
<th>MRP Value</th>
<th>Addl Cost</th>
<th>VAT/TAX Class</th>
<th>Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,05,350.00</td>
<td>10,78,250.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scroll horizontally to view the columnar details.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Gross Total</th>
<th>Assessable Value</th>
<th>MRP Value</th>
<th>Addl Cost</th>
<th>VAT/TAX Class</th>
<th>Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-Apr-2012</td>
<td>Mc Millan Techs</td>
<td>1,13,220.00</td>
<td>1,11,000.00</td>
<td>6,000.00</td>
<td></td>
<td></td>
<td>2,220.00</td>
</tr>
<tr>
<td>4-Apr-2012</td>
<td>Decor Bazaar</td>
<td>1,55,725.00</td>
<td>1,82,000.00</td>
<td></td>
<td></td>
<td></td>
<td>13,725.00</td>
</tr>
<tr>
<td>4-Apr-2012</td>
<td>Mc Millan Techs</td>
<td>68,620.00</td>
<td>56,000.00</td>
<td>11,500.00</td>
<td></td>
<td></td>
<td>1,120.00</td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>National Enterprises</td>
<td>24,000.00</td>
<td>24,000.00</td>
<td></td>
<td></td>
<td></td>
<td>24,000.00</td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>Parijatha Enterprises</td>
<td>42,000.00</td>
<td>42,000.00</td>
<td></td>
<td></td>
<td></td>
<td>42,000.00</td>
</tr>
</tbody>
</table>

**Grand Total**

<table>
<thead>
<tr>
<th>Gross Total</th>
<th>Assessable Value</th>
<th>MRP Value</th>
<th>Addl Cost</th>
<th>VAT/TAX Class</th>
<th>Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,05,350.00</td>
<td>11,41,850.00</td>
<td>36,750.00</td>
<td></td>
<td></td>
<td>23,585.00</td>
</tr>
</tbody>
</table>
4.9 CST Return Form

To view the CST Return Form,

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Forms

Figure 4.30 CST Forms Menu

The CST Returns option will display the Print Report screen. Enter the Tax Period in the From and To fields, Name, Status/Designation, Place and Date, in their respective fields.

Figure 4.31 CST Return Form – Print Report screen
The print preview of CST Form I displays as shown:

![CST Form I - Page 1](image)

---

**Figure 4.32 CST Form I – Page 1**
4.10 Form 14

EXTRACT OF FORM OF DECLARATION AND CERTIFICATE ISSUED BY THE REGISTERED DEALER FORM OTHER STATES

The Form No. 14 is a certificate issued by the registered interstate dealer on interstate purchases made against declaration forms - Form C, E1/E2, F, H and I. The transit purchases made against Form C with E1/E2 gets reflected in Form No. 15 as Form E1/E2 received and Form No. 14 as Form C issued.

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Forms > CST Returns > Form 14
The CST Returns option will display the Print Report screen. Enter the Tax Period From and To, Name, Status/Designation, Place and Date in their respective fields.

The print preview of Form No. 14 displays as shown:

![Form No. 14](image)

**Figure 4.34 Form No. 14**

### 4.11 Form 15

**EXTRACT OF FORM OF DECLARATION AND CERTIFICATE RECEIVED BY THE REGISTERED DEALER FORM OTHER STATES**

The Form No.15 is a certificate which is to be received by the registered interstate dealer on interstate sales made against declaration forms - Form C, E1/E2, F, H and I. The transit sales made against Form C with E1/E2 gets reflected in Form No. 15 as Form C received and Form No. 14 as Form E1/E2 issued.

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Forms > CST Returns > Form 15

The CST Returns option will display the Print Report screen. Enter the Tax Period From and To, Name, Status/Designation, Place and Date in their respective fields.
The print preview of Form No. 15 displays as shown:

![Form No. 15](image)

### 4.12 CST Annexure

To view the CST Annexure,

Go to Gateway of Tally > Display > Statutory Reports > CST > CST Annexure
4.12.1 Annexure – I

This Annexure lists out the details of turnover claimed as sales in the course of import during the month. The print preview of **CST Annexure I** for M/s. National Traders displays as shown:

![Figure 4.36 CST Annexure I – Sale of Goods in the Course of Import into India](image)

**Returns and Additions**

This is the additional facility provided by Tally.ERP 9. These values can be printed by the user on enabling the option **Print with Returns/Additions** in **F12: Print Configuration** of each Annexure.

**CST Annexure I** can be printed along with a statement displaying the details on Sales Returns or Additions (Sale consideration for increase in price) on Sales of Goods in the course of import into India.

This statement is printed on setting the option **Print with Returns/Additions** to **Yes** in the **F12: Print Configuration** of CST Annexure I.
The print preview of **Returns/Additions** supporting **CST Annexure I** for M/s. National Traders displays as shown:

![Figure 4.37 Annexure – I – Returns & Additions screen](image)

### 4.12.2 Annexure – II

This Annexure lists out the details of turnover claimed as exempted in the course of Inter-state sales against Form E1/E2 as specified u/s 6(2) of the Act during the month. The print preview of **CST Annexure II** for M/s. National Traders displays as shown:

![Figure 4.38 Annexure II](image)
Returns and Additions

CST Annexure II can be printed along with a statement displaying the details of Sales Returns/Additions on Sales of Goods against Form E1/E2. The print preview of Returns/Additions supporting CST Annexure II for M/s. National Traders displays as shown:

![Figure 4.39  Annexure – II – Returns & Additions screen](image)

### 4.12.3 Annexure – III

This Annexure lists out the details of all the Consignment transfers made directly to branch outside the state by the dealer. All the entries made using VAT/Tax class Consignment / Branch Transfer outward will be captured here when the option Is Sale in Principal's A/c is set to No in the sales invoice. Print preview of CST Annexure III for M/s. National Traders displays as shown:

![Figure 4.40  Annexure – III](image)
Returns and Additions

CST Annexure III can be printed along with a statement displaying the details on Sales Returns/Additions on Goods Transferred to the place of business in the other states. The print preview of Returns/Additions supporting CST Annexure III for M/s. National Traders displays as shown:

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Credit/Debit Note No. and Date</th>
<th>Name and address of the business in the other states</th>
<th>Registration Number</th>
<th>Description of Goods</th>
<th>Quantity</th>
<th>Approximate Value of Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3, 14-Apr -2012</td>
<td>National Enterprises, 56, 2nd Main Road, Shahid Bhagat Singh Marg, Mumbai</td>
<td>27541232541</td>
<td>Washing Machines</td>
<td>1 Nos</td>
<td>12,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total of Returns</td>
<td></td>
<td>12,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2, 16-Apr -2012</td>
<td>National Enterprises, 56, 2nd Main Road, Shahid Bhagat Singh Marg, Mumbai</td>
<td>27541232541</td>
<td>Washing Machines</td>
<td>2 Nos</td>
<td>2,800.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total of Additions</td>
<td></td>
<td>2,800.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Net Total</td>
<td></td>
<td>(-)2,200.00</td>
</tr>
</tbody>
</table>

Signature : 
Name : T.Selvam
Date : 5-May-2012
Status & relationship of the dealer : Accounts Officer

Figure 4.41 Annexure – III – Returns & Additions screen

4.12.4 Annexure – IV

This Annexure lists out the details of all the Consignment transfers made through the agent of the principal to the branch located outside state. The value of all the sales entries made using the VAT/Tax class – Branch Transfers Outwards will be captured here on setting the option Is Sale in Principal's A/c to Yes in a sales invoice.
The print preview of **CST Annexure IV** for M/s. National Traders displays as shown:

![Figure 4.42 Annexure IV](image)

**Returns and Additions**

**CST Annexure IV** can be printed along with a statement displaying the details on Sales Returns/Additions on Goods Transferred to the place of business in the other states.

The print preview of **Returns/Additions** supporting **CST Annexure IV** for M/s. National Traders displays as shown:

![Figure 4.43 Annexure IV – Returns & Additions](image)