Implementation of Value Added Tax in Tally.ERP 9
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Contents

Introduction

Value Added Tax in India .......................................................................................................................... 1
General Terminologies of VAT .................................................................................................................. 2
Composite Dealers ....................................................................................................................................... 3
Features of VAT in Tally.ERP 9 .................................................................................................................. 4

Lesson 1: Enabling VAT in Tally.ERP 9

1.1 Creating a Company ............................................................................................................................... 5
1.2 Enabling VAT ........................................................................................................................................ 6
   1.2.1 Quick Setup .................................................................................................................................. 8

Lesson 2: Processing Purchases & Sales Entries

2.1 Taxable Purchases and Sales .................................................................................................................. 10
   2.1.1 Purchase of Taxable Goods ........................................................................................................... 10
   2.1.2 Purchase Returns ......................................................................................................................... 26
   2.1.3 Sale of Taxable Goods .................................................................................................................. 28
   2.1.4 MRP Based Sales ......................................................................................................................... 41
   2.1.5 Sale on Item Rate with Display of MRP In Invoice ..................................................................... 42
   2.1.6 Sales Returns ............................................................................................................................... 46
2.2 Purchase and Sale of Exempt Goods ..................................................................................................... 47
   2.2.1 Exempted Purchases .................................................................................................................... 47
   2.2.2 Exempted Sales ............................................................................................................................ 50
   2.2.3 Sales Returns ................................................................................................................................ 51
2.3 Inter-State Purchases and Sales ............................................................................................................ 52
   2.3.1 Inter-State Purchases Against Form C .......................................................................................... 53
   2.3.2 Interstate Purchases at Multiple CST Rates .................................................................................. 55
   2.3.3 Inter-State Sales Against Form C ................................................................................................. 58
   2.3.4 Inter-State Sales at Multiple CST Rates ....................................................................................... 60
   2.3.5 Inter-state Sales under Sec. 10 ..................................................................................................... 62
2.4 Purchase from Unregistered Dealers .................................................................................................... 64
2.5 Exports .................................................................................................................................................. 69
2.6 Import .................................................................................................................................................. 73
2.7 Works Contract and Job Work ............................................................................................................... 76

Lesson 3: Reversal of Input Tax Credit

3.1 Goods used for Civil Structures .......................................................................................................... 85
3.2 Goods used for Consumption ................................................................................................................ 89
3.3 Purchase – Automobile Spare Parts from Non-Dealer of Automobile .............................................. 92
3.4 Purchase of Air Conditioners from Non-Dealer of Air Conditioners ................................................ 95
3.5 Goods Distributed as Free Samples & Gifts ....................................................................................... 97
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>Goods Lost on Theft, Loss Etc.</td>
<td>99</td>
</tr>
<tr>
<td>3.7</td>
<td>Inputs Damaged in Transit or Destroyed before Manufacture</td>
<td>101</td>
</tr>
<tr>
<td>3.8</td>
<td>Loss of Inputs by Fire or Accident</td>
<td>104</td>
</tr>
<tr>
<td>3.9</td>
<td>Unavailed Credit on Capital goods (Time Barred)</td>
<td>106</td>
</tr>
<tr>
<td>3.10</td>
<td>Consignment/Branch Transfers without Form F</td>
<td>106</td>
</tr>
<tr>
<td>3.10.1</td>
<td>Consignment Transfers without Form F</td>
<td>106</td>
</tr>
<tr>
<td>3.10.2</td>
<td>Reversal of Input Tax Credit on Consignment Sent without Form F</td>
<td>111</td>
</tr>
<tr>
<td>3.10.3</td>
<td>Sales – Branch Transfers</td>
<td>112</td>
</tr>
<tr>
<td>3.10.4</td>
<td>Reversal of Input Tax Credit for Stock Transferred without Form F</td>
<td>114</td>
</tr>
<tr>
<td>3.11</td>
<td>Purchases for Production of Exempted Goods (Finished)</td>
<td>115</td>
</tr>
<tr>
<td>3.12</td>
<td>Interstate Sale without 'C' form</td>
<td>116</td>
</tr>
<tr>
<td>3.13</td>
<td>Input Tax Credit Availed for Finished Goods Subsequently Exempt</td>
<td>118</td>
</tr>
<tr>
<td>3.14</td>
<td>Others (specify)</td>
<td>119</td>
</tr>
</tbody>
</table>

**Lesson 4: Payment of VAT Liability**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Advance Tax, Entry Tax and TDS Adjustment Entries</td>
<td>120</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Adjustment Towards Advance Tax or Refund</td>
<td>120</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Adjustment Towards Entry Tax Paid</td>
<td>123</td>
</tr>
<tr>
<td>4.1.3</td>
<td>Adjustment Towards TDS</td>
<td>125</td>
</tr>
<tr>
<td>4.2</td>
<td>Adjustment of Input Tax Credit against Tax Payable</td>
<td>127</td>
</tr>
<tr>
<td>4.3</td>
<td>Adjustment Towards CST Dues</td>
<td>129</td>
</tr>
<tr>
<td>4.4</td>
<td>Payment of VAT</td>
<td>129</td>
</tr>
<tr>
<td>4.5</td>
<td>Payment of CST</td>
<td>134</td>
</tr>
</tbody>
</table>

**Lesson 5: VAT Reports**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>VAT Computation Report</td>
<td>137</td>
</tr>
<tr>
<td>5.2</td>
<td>VAT Commodity Report</td>
<td>142</td>
</tr>
<tr>
<td>5.3</td>
<td>VAT Registers</td>
<td>144</td>
</tr>
<tr>
<td>5.4</td>
<td>Statutory Returns and Annexures</td>
<td>149</td>
</tr>
<tr>
<td>5.4.1</td>
<td>VAT Return Form I</td>
<td>149</td>
</tr>
<tr>
<td>5.4.2</td>
<td>VAT Return Form I-1</td>
<td>152</td>
</tr>
<tr>
<td>5.4.3</td>
<td>Form W</td>
<td>153</td>
</tr>
<tr>
<td>5.4.4</td>
<td>VAT Annexures</td>
<td>154</td>
</tr>
</tbody>
</table>

**Lesson 6: E–VAT**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Online Filing</td>
<td>164</td>
</tr>
<tr>
<td>6.2</td>
<td>Uploading in Excel Format</td>
<td>164</td>
</tr>
</tbody>
</table>
Introduction

Lesson Objectives

On completion of this lesson you will learn
- The concept of VAT
- The General terminologies of VAT

Value Added Tax in India

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

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

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

The Registered dealers are allowed to collect VAT payable by them from the immediate buyer. They can claim the VAT paid on purchases made only from a registered dealer. The unregistered dealer cannot charge VAT on the invoices, so the buying dealer cannot claim the VAT amount
paid as ITC. Also, the unregistered dealers are not eligible for availing concessions, for e.g., exemptions, which are given by the government.

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

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

**General Terminologies of VAT**

**Input Tax**
This is the tax paid on purchases.

**Output Tax**
This is the tax charged on sales.

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

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

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

**Retail Invoice**
The Sales invoice format used for invoicing the Exempted Sales and the Sales made to Unregistered dealers is termed as **Retail Invoice**.
Registered Dealer
This term is used to identify a dealer who is registered either under Voluntary Registration or Compulsory Registration of the VAT Act. Such dealer can issue tax invoice and also claim the tax paid on purchases made from other registered dealers as Input tax credit.

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

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

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

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

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

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

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

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

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

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

Features of VAT in Tally.ERP 9

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

- Quick, easy to setup and use.
- Pre-defined VAT/Tax Classifications for Purchase and Sale of goods
- Facility to create separate VAT ledgers with VAT/Tax Classifications for input as well as output VAT
- Facility to print tax invoice
- Complete tracking of each transaction till generation of returns
- Better VAT-returns management
- Generation of VAT Computation report with details pertaining to
  - The value of transactions recorded using the classifications available for VAT
  - Increase/decrease in input/output VAT on account of adjustment entries made using the VAT Adjustments available on using the voucher class created for journal voucher.
  - VAT Payable or refundable
- Generation of “VAT Classification Vouchers” report for each of the VAT/Tax classifications
- Facility to drill-down the various VAT classifications from VAT Computation report till the last level of voucher entry
- Generating VAT Returns and Annexure
- Greater tax compliance
Lesson 1: Enabling VAT in Tally.ERP 9

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

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

Step 1:
Let us create a company and enable VAT
Go to Gateway of Tally > F3: Company Info. > Create Company
In the Company Creation screen,
1. Specify National traders as the Company Name
2. Enter the Address details
3. Select India in the Statutory Compliance for field
4. Select Tamil Nadu in the State field
5. Enter the Pin code, Telephone No., Mobile No. and E-Mail details
6. Set Enable Auto Backup to Yes if required
7. Select **Accounts with Inventory** in the **Maintain** field
8. Enter the other required information in the **Company Creation** screen

The completed **Company Creation** screen is displayed as shown:

![Company Creation Screen](image)

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

---

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

### 1.2 Enabling VAT

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

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

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

![Figure 1.2 VAT Details screen](image)

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

6. Specify the details in VAT TIN (Regular), Inter-state Sales Tax Number and PAN / Income - Tax Number.
Enter the PAN/Income – Tax No

Figure 1.3  F3: Statutory & Taxation Features

7. Press Enter to accept and save.

1.2.1 Quick Setup

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

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

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

Lesson Objectives

On completion of this lesson, you will be able to

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

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

2.1.1 Purchase of Taxable Goods

Example 1:
On 2-4-2012, National Traders purchased the following items from Excel Traders vide invoice number 01:

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

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

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

Creating Ledgers

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

![Figure 2.1 Purchase Ledger – Used In VAT Returns](image)

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

![Figure 2.2 Purchase Ledger – Completed](image)
7. Press Y or Enter to accept and save.

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

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

Similarly, create the following purchase ledgers:

<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>Purchases @ 2%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 2%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases @ 4%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 4%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases @ 12.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 12.5%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Input VAT on Purchase Ledger

To create an Input VAT ledger,

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

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

The field - VAT Sub Type is introduced in ledger masters grouped under Duties & Taxes with Type of Duty/Tax as VAT. Based on selection of VAT Sub Type as Input VAT or Output VAT, the VAT/Tax classifications are listed in VAT/Tax Class field. Also the VAT payable amount gets auto calculated in Payment voucher on using Stat Payment based on the VAT Sub Type selected in ledger master.
5. Select **Input VAT @ 1%** in **VAT/Tax Class** field from the VAT/Tax Class list displayed.

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

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

Similarly, create the following Input VAT ledgers:

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input VAT @ 2%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 2%</td>
<td>No</td>
<td>2%</td>
<td>On VAT Rate</td>
</tr>
<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>
<tr>
<td>Input VAT @ 12.5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 12.5%</td>
<td>No</td>
<td>12.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>
iii. Packing Charges

To create a ledger for packing charges,

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

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

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

![Figure 2.4 Packing Charges Ledger](image-url)
In the ledgers grouped under Direct/Indirect Expenses, Direct/Indirect Incomes, Purchase Accounts and Sales Accounts, the fields Use for Assessable Value Calculation will be displayed. On enabling this field, the options Apportion for and Method of Apportion will be displayed. In the Apportion for field:

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

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

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

iv. Creating a Sundry Creditor Ledger

To create a Sundry Creditor (Supplier) ledger,

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

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

In Ledger Creation screen,

1. Enter Name as Excel Traders
2. Select Sundry Creditors in Under field
3. Set Maintain balances bill-by-bill to Yes and enter Default Credit Period if any
4. In Mailing Details section
   - Name will be displayed as Excel Traders
   - Enter Address details
   - Select State as Tamil Nadu and enter PIN Code
5. In **Tax Information** section enter **PAN / IT number** and enable **Set/Alter VAT Details** field as shown:

![Figure 2.5 Sundry Creditor – Excel Traders](image)

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

![Figure 2.6 VAT Details – Sundry Creditor Ledger](image)

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

**v. Creating VAT Commodity**
To create a VAT Commodity
Go to **Gateway of Tally > Inventory Info. > VAT Commodity > Create**
1. Enter **Name** of **VAT Commodity** as Jewellery
2. In **Used for** field, select **VAT**

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

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

![Figure 2.8 VAT Commodity Creation screen](image)

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

   *In the **Inventory Info.** menu, the commodity code or tariff classification can be created from:*
   
   - **VAT Commodity** sub-menu for VAT enabled companies
   - **Tariff/VAT Commodity** sub-menu for companies in which both VAT and Excise feature/excise rules for invoicing is enabled.

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

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Used For</th>
<th>VAT Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gold Jewellery</td>
<td>VAT</td>
<td>2100</td>
<td>First Schedule – Part B</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Vacuum Cleaners</td>
<td>VAT</td>
<td>329</td>
<td>First Schedule – Part C</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Silk Fabrics</td>
<td>VAT</td>
<td>2127</td>
<td>First Schedule – Part B</td>
<td>127</td>
</tr>
</tbody>
</table>

**vi. Stock Items**

To create a stock item,

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

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

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

![Stock Item Creation – Selection of VAT Commodity](image_url)
5. Enter **Rate of VAT** as 1%. The completed Stock Item Creation screen displays as shown:

![Figure 2.10 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>Sl. No</th>
<th>Name</th>
<th>Under</th>
<th>Units</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Commodity</td>
</tr>
<tr>
<td>1</td>
<td>G I Pipes</td>
<td>Primary</td>
<td>Nos</td>
<td>G I Pipes</td>
</tr>
<tr>
<td>2</td>
<td>Silk Fabrics</td>
<td>Primary</td>
<td>Nos</td>
<td>Silk Fabrics</td>
</tr>
<tr>
<td>3</td>
<td>Vacuum Cleaners</td>
<td>Primary</td>
<td>Nos</td>
<td>Vacuum Cleaners</td>
</tr>
</tbody>
</table>

**Notes**

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

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

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

The HSN code will not be captured in the Annexures.
Step 2:

Let us now record purchase transaction in Tally.ERP 9

To create Purchase Voucher,

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

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

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

![Purchase Invoice – Show Statutory Details](image)

**Figure 2.11** Purchase Invoice – Show Statutory Details
17. Press **Enter** to view **Statutory Details** screen

![Statutory Details Screen](image)

Figure 2.12 Purchase Invoice – Statutory Details screen

18. Accept **Statutory Details** screen

19. Accept default Bill allocations in **Bill-wise Details** screen

20. Enter **Narration** if required


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

**Example 2:**

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

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>VAT</th>
<th>Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulators</td>
<td>150</td>
<td>320</td>
<td>48,000</td>
<td>5%</td>
<td>69</td>
</tr>
<tr>
<td>Fax Machine</td>
<td>3</td>
<td>16,000</td>
<td>45,000</td>
<td>14.5%</td>
<td>333</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>45</td>
<td>300</td>
<td>13,500</td>
<td>20%</td>
<td>519</td>
</tr>
</tbody>
</table>
An amount of ₹ 1,000 was paid as packing charges which was included in the invoice. Fax Machines were purchased at an MRP of ₹ 15,000.

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

Creating Ledgers

i. Purchase Ledger

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

<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>Purchases @ 5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases @ 14.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 14.5%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases @ 20%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 20%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Input VAT on Purchase Ledger

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

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input VAT @ 5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Input VAT @ 14.5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 14.5%</td>
<td>No</td>
<td>14.5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Input VAT @ 20%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 20%</td>
<td>No</td>
<td>20%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>
iii. Creating VAT Commodity

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

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Used For</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commodity</td>
</tr>
<tr>
<td>1</td>
<td>Insulators</td>
<td>VAT</td>
<td>Insulators</td>
</tr>
<tr>
<td>2</td>
<td>Fax Machine</td>
<td>VAT</td>
<td>Fax Machine</td>
</tr>
<tr>
<td>3</td>
<td>Tobacco</td>
<td>VAT</td>
<td>Tobacco</td>
</tr>
</tbody>
</table>

iv. Stock Items

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

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name</th>
<th>Under</th>
<th>Units</th>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Commodity</td>
</tr>
<tr>
<td>1</td>
<td>Insulators</td>
<td>Primary</td>
<td>Nos</td>
<td>Insulators</td>
</tr>
<tr>
<td>2</td>
<td>Fax Machines</td>
<td>Primary</td>
<td>Nos</td>
<td>Fax Machine</td>
</tr>
<tr>
<td>3</td>
<td>Tobacco Products</td>
<td>Primary</td>
<td>Nos</td>
<td>Tobacco</td>
</tr>
</tbody>
</table>

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

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

To create Purchase Voucher,

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

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

1. Select As Invoice mode (use key combination Ctrl+V if the screen is displayed in voucher mode. The invoice mode will be displayed)
2. Enter Supplier Invoice number and Date
3. Select Excel Traders in Party’s A/c Name field from the List of Ledger Accounts
4. In Party Details screen, enter/modify the required details
5. Select Name of Item as Insulators from the List of Items.
6. Enter Quantity as 150 and Rate as 320. Value is automatically displayed in Amount field.
7. Do not enter the MRP/Marginal value.
8. In Accounting Details screen, select Purchases @ 5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Purchases @ 5%
9. Select next stock item as Fax Machines. Enter Quantity as 3 and Rate as 16,000.
10. In MRP/Marginal field enter 15,000.
11. In **Accounting Details** screen, select **Purchases @ 14.5%** from the **List of Ledger Accounts.** **VAT/Tax Class** will automatically be displayed as **Purchases @ 14.5%**

12. Select next stock item as **Tobacco Products.** Enter **Quantity** as 45 and **Rate** as 300

13. In **Accounting Details** screen, select **Purchases @ 20%** from the **List of Ledger Accounts.** **VAT/Tax Class** will automatically be displayed as **Purchases @ 20%**

14. Select **Packing Charges** ledger and enter the amount as 1,000

15. Select ledgers; **Input VAT @ 5%, Input VAT @ 14.5%, and Input VAT @ 20%** and the respective values will be automatically calculated

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

---

**Figure 2.13  Purchase Invoice – Show Statutory Details**
17. Press Enter to view Statutory Details screen

![Statutory Details Screen](image)

**Figure 2.14  Purchase Invoice – Statutory Details screen**

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

### 2.1.2 Purchase Returns

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

**Example 3:**

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

**Step 1:**

Let us record the transaction in Tally.ERP 9
To create a Debit Note for purchase returns,

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

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

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

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

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

![Figure 2.15 Debit Note – Purchase Returns](image-url)
13. Press Y or Enter to accept the voucher.

2.1.3 Sale of Taxable Goods

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

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

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

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

Creating Ledgers
i. Sales Ledger

To create a sales Ledger

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

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

![Sales Ledger – Used In VAT Returns](image)

Figure 2.16 Sales Ledger – Used In VAT Returns
5. Select **Sales @ 1%** as **VAT/Tax Class** from the list of VAT/Tax Class.

![Sales Ledger - VAT/Tax Class Selection](image)

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

Similarly, create the following Sales ledgers:

<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>Sales @ 2%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 2%</td>
<td>No</td>
</tr>
<tr>
<td>Sales @ 4%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 4%</td>
<td>No</td>
</tr>
<tr>
<td>Sales @ 12.5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 12.5%</td>
<td>No</td>
</tr>
</tbody>
</table>

**ii. Output VAT on Sales Ledger**

To create an Output VAT ledger,

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**
1. Enter **Name** as **Output VAT @ 1%**
2. Select **Duties & Taxes** as group name in **Under** field
3. Select VAT from Type of Duty/Tax list in the field Type of Duty/Tax
4. Select VAT Sub Type as Output VAT
5. Select Output VAT @ 1% in VAT/Tax Class field from the VAT/Tax Class list displayed

![Figure 2.18 Output VAT – VAT/Tax Class Selection](image)

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

Similarly, create the following output VAT ledgers:

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output VAT @ 2%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 2%</td>
<td>No</td>
<td>2%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Output VAT @ 4%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 4%</td>
<td>No</td>
<td>4%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Output VAT @ 12.5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 12.5%</td>
<td>No</td>
<td>12.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>
iii. Creating Tax Invoice
To create a Tax Invoice,
Go to Gateway of Tally > Account Info. > Voucher Types > Create
1. Enter Name as Tax Invoice.
2. Select Type of Voucher as Sales and enter Abbreviation for it as per requirement.
3. Set Is Tax Invoice to Yes.
4. Retain other default fields.
5. Accept Tax Invoice Voucher Type.

iv. Creating a Sundry Debtor Ledger
To create a Sundry Debtor (Customer) ledger,
Go to Gateway of Tally > Accounts Info. > Ledger > Create
Click on F12: Configure button and set the field Use ADDRESSES for Ledger Accounts to Yes.
In Ledger Creation screen,
1. Enter Name as Marvel Traders
2. Select Sundry Debtors in Under field
3. Set Maintain balances bill-by-bill to Yes and enter Default Credit Period if any
4. In the Mailing Details section
   □ Name will be displayed as Marvel Traders
   □ Enter Address details
   □ Select State as Tamil Nadu and enter PIN Code
5. In **Tax Information** section enter **PAN number** and enable **Set/Alter VAT Details**

![Figure 2.19 Sundry Debtor – Marvel Traders](image)

6. Enter **TIN/Sales Tax Number**

![Figure 2.20 Marvel Traders – VAT Details](image)

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

**Step 2:**

Let us record transaction in Tally.ERP 9.

To create a Tax Invoice,

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

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

![Figure 2.21 Sales Invoice – Show Statutory Details Field](image-url)
16. In **Statutory Details** click on Alt+F1: Detailed mode and the screen displays as shown:

![Sales Invoice – Statutory Details screen](image)

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

![Invoice Image](image)

**FOR PRINTING THE COMPANY LOGO**

Ensure that the logo size is of **96 x 80 pixels**. If it is not of this dimension, open the logo in **MS Paint** application, click on **Home > Resize**. In the resize window, select pixels, uncheck **Maintain Aspect Ratio** and enter the pixels for **Horizontal** as 96 and **Vertical** as 80. Click on **OK** to accept. Copy the resized logo in the Logo file path and then print the invoice.
Example 5:
On 7-4-2012, National Traders sold the following items to Marvel Traders vide invoice number S02:

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

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

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

Creating Ledgers
i. Sales Ledger
Create the following Sales ledgers by following the steps shown in Example 4:

<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>Sales @ 5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Sales @ 14.5%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 14.5%</td>
<td>No</td>
</tr>
<tr>
<td>Sales @ 20%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales @ 20%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Output VAT on Sales Ledger
Create the following Output VAT ledgers by following the steps shown in Example 4:

<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>Output VAT @ 5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Output VAT @ 14.5</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 14.5%</td>
<td>No</td>
<td>14.5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Output VAT @ 20%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT @ 20%</td>
<td>No</td>
<td>20%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>
Step 2:
Let us enter the transaction in Tally ERP 9. To create a tax invoice,
Go to Gateway of Tally > Accounting Vouchers > F8: Sales > Select Tax Invoice as the Voucher Type
1. Enter reference in the Ref. field, if required.
2. Select Marvel Traders in Party’s A/c Name field from the List of Ledger Accounts.
3. Enter Despatch Details in Party Details screen
4. Select Name of Item as Insulator from the List of Items
5. Enter Quantity as 85 and Rate as 500. Value is automatically displayed in Amount field
6. In Accounting Details screen, select Sales @ 5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Sales @ 5%
7. Select next stock item as Fax Machines. Enter Quantity as 2 and Rate as 17,500
8. In Accounting Details screen, select Sales @ 14.5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Sales @ 14.5%
9. Select next stock item as Tobacco Products. Enter Quantity as 45 and Rate as 350
10. In Accounting Details screen, select Sales @ 20% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Sales @ 20%
11. Select ledgers; Output VAT @ 5%, Output VAT @ 14.5% and Output VAT @ 20% and respective values will be automatically calculated and displayed.
12. Set the field Show Statutory Details as Yes

Figure 2.24 Sales Invoice – Show Statutory Details Field
13. In **Statutory Details** click on **Alt+F1: Detailed** mode and the screen displays as shown:

![Sales Invoice – Statutory Details screen](image)

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

![Invoice Image]

**INVOICE**

<table>
<thead>
<tr>
<th>Description of Goods</th>
<th>HSN/SIC No.</th>
<th>Quantity</th>
<th>Rate (per)</th>
<th>Amount (in rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insulators</td>
<td>5</td>
<td>500.00</td>
<td>42,500.00</td>
<td></td>
</tr>
<tr>
<td>Fax Machines</td>
<td>2</td>
<td>17,500.00</td>
<td>35,000.00</td>
<td></td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>3</td>
<td>3,500.00</td>
<td>15,750.00</td>
<td></td>
</tr>
</tbody>
</table>

**Packing Charges**

- Output VAT @ 6%
- Output VAT @ 14.5%
- Output VAT @ 20%

**Total**

- 1,05,806.14

**Certificate**

This is a Computer Generated Invoice

---

**Figure 2.26** Print Preview of Sales Invoice
2.1.4 MRP Based Sales

Example 6:

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

Step 1:

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

Stock Item - G I Pipes

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

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

Step 2:

Let us record transaction in Tally.ERP 9.

To create a tax invoice,

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

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

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

![Figure 2.27 Sales – MRP Based](image)

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

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

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

**Example 7:**

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

**Step 1:**

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

**Stock Item - Insulators**

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

Press **F12: Configure** and set **Calculate VAT on MRP/Marginal** to **Yes**. Set **Use MRP to Print** to **Yes**.
The stock item displays as shown:

![Stock Item - Use MRP to Print](image)

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

**Step 2:**

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

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

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

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

![Figure 2.29  MRP Based Sales – Completed](image)

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

In **F12: Configure** of Voucher Printing screen, set **Print MRP/Marginal Column** to **Yes**.
Print preview of tax invoice with Output VAT calculated on Item rate with display of MRP rate appears as shown:

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

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

Example 8:
On 7-4-2012, M/s National Traders received 15 nos of G I Pipes returned by Marvel Traders against the sales dated 6-4-2012 vide invoice number S01.

Step 1:
Let us record the transaction in Tally.ERP 9
To create a credit note for sales returns,

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

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

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

![Credit Note – Sales Returns](image1)

Figure 2.31 Credit Note – Sales Returns

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

2.2 **Purchase and Sale of Exempt Goods**

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

2.2.1 **Exempted Purchases**

**Example 9:**

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

Step 1:

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

**Creating Ledgers**

i. **Purchases – Exempt Ledger**

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</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>Purchases – Exempt</td>
<td>Purchases Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases – Exempt</td>
<td>No</td>
</tr>
</tbody>
</table>

**ii. Creating a Sundry Creditor Ledger**

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

**iii. VAT Commodity**

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

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Used For</th>
<th>VAT Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Periodicals</td>
<td>VAT</td>
<td>711</td>
<td>Fourth Schedule – Part B</td>
<td>11</td>
</tr>
</tbody>
</table>

**iv. Stock Item – The IT Journal**

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

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

**Step 2:**

Let us record the transaction in Tally.ERP 9.

To create a purchase exempt voucher,

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

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

1. Enter **Supplier Invoice number** and **Date**
2. Select **Party’s A/c Name** as **Swasthik Associates** from the **List of Ledger Accounts**.
3. Select **Purchases – Exempt** ledger from the **List of Ledger Accounts**.
4. On selecting **Purchase – Exempt** ledger, **VAT/Tax Class** appears as **Purchases – Exempt** automatically
5. Select **Name of Item** as **The IT Journal** from the **List of Items**
6. Enter **Quantity** as **200** and **Rate** as **150**. Amount is automatically displayed in **Amount** field.
7. The field **Show Statutory Details** will be set to **No**.
8. Accept default **Bill Allocations** in **Bill-wise Details** screen.
9. Enter **Narration** if required.
10. The completed **Purchases Voucher** screen is displayed as shown:

![Figure 2.32  Purchase – Exempt Invoice](image)

11. Press **Y** or **Enter** to accept.
2.2.2 Exempted Sales

Example 10:
On 7-4-2012, National Traders sold 180 nos of The IT Journal for ₹ 200 to Supreme Book Stores, Chennai vide invoice number SN01.

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

Creating Ledgers
i. Sales – Exempt
To create a Sales – Exempt Ledger
Go to Gateway of Tally > Accounts Info > Ledgers > Create
Create the Sales – Exempt ledger with the following details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</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>Sales – Exempt</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales – Exempt</td>
<td>No</td>
</tr>
</tbody>
</table>

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

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

![Sales Voucher Screen]

Figure 2.33  Sales – Exempt Invoice

11. Press Y or Enter to accept.

2.2.3 Sales Returns

Example 11:

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

Step 1:

Let us record the transaction in Tally.ERP 9

To create a credit note for sales returns,

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

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

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

8. Accept default **Bill Allocations** in **Bill-wise Details** screen

9. Enter **Narration**, if required

![Credit Note – Exempt Sales Returns](image)

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

### 2.3 Inter-State Purchases and Sales

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

The assessable value of inter-state purchases and sales turnover, CST paid and collected on the inter-state transactions are captured and reported separately in Annexures and CST Returns.
2.3.1 Inter-State Purchases Against Form C

Example 12:
On 9-4-2012, M/s National Traders purchased 15 nos of Air Conditioners from Sunlite Enterprises, Mumbai for ₹ 25,000 each vide Invoice No. 03, by issuing C Form. CST @ 2% was charged while invoicing.

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

i. Inter-State Purchases Ledger
Create the Inter-State Purchase ledger with the details as given in the following table:

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under Group</th>
<th>Inventory Values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Purchases @ 2%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 2% Against Form C</td>
</tr>
</tbody>
</table>

ii. CST on Purchase Ledger
Create the input 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-2% (Purchase)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 2% Against Form C</td>
<td>No</td>
<td>2%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

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

iv. VAT Commodity Creation
Create the VAT Commodity with the following details:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<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>1</td>
<td>Air Conditioners</td>
<td>VAT</td>
<td>304</td>
<td>First Schedule – Part C</td>
<td>3</td>
</tr>
</tbody>
</table>
v. Stock Item – Air Conditioner

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>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Commodity</td>
</tr>
<tr>
<td>Air Conditioner</td>
<td>Primary</td>
<td>Nos</td>
<td>Air Conditioners</td>
</tr>
</tbody>
</table>

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

Go to Gateway of Tally > Accounting Vouchers > F9: Purchase
1. Enter Supplier Invoice number and Date
2. Select Sunlite Enterprises in Party’s A/c Name field from the List of Ledger Accounts
3. In Party Details screen, enter/modify required details
4. Select Interstate Purchases @ 2% ledger in Purchase Ledger field from the List of Ledger Accounts
5. On selecting Interstate Purchase @ 2% ledger, VAT/Tax Class appears as Interstate Purchases @ 2% Against Form C
6. Select Name of Item as Air Conditioner from the List of Items
7. Enter Quantity as 15 and Rate as 25,000. Value is automatically displayed in Amount field
8. Select CST-2% (Purchase) ledger from the List of Ledger Accounts and rate appears as 2%. The amount of CST will get calculated automatically and will form part of purchase cost.
9. Select Form C as Form to Issue. Enter Form Series Number, Form number and Date
10. The field Show Statutory Details will be set to No
11. Accept default Bill Allocation in Bill-wise Details screen
12. Enter **Narration** if required

![Figure 2.35 Interstate Purchases against Form C](image)

13. Press Y or Enter to accept and save.

### 2.3.2 Interstate Purchases at Multiple CST Rates

**Example 13:**

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

<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>5</td>
<td>16,000</td>
<td>80,000</td>
<td>1%</td>
</tr>
<tr>
<td>Insulators</td>
<td>200</td>
<td>320</td>
<td>64,000</td>
<td>5%</td>
</tr>
<tr>
<td>Fax Machine</td>
<td>5</td>
<td>15,000</td>
<td>75,000</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Step 1:

Let us create the required Masters to record the above transaction.
i. Inter-State Purchase Ledgers

Create the Interstate Purchase ledgers with the following details

<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 @ 1%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Purchases @ 1%</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 @ 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 Purchase Ledgers

Create the CST on Purchase Ledgers with the following details

<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-1% (Purchase)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 1%</td>
<td>No</td>
<td>1%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>CST-5% (Purchase)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>CST-14.5% (Purchase)</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>Interstate Purchases @ 14.5%</td>
<td>No</td>
<td>14.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

iii. Sundry Creditor Ledger

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

Step 2:

Let us enter the purchase transaction in Tally ERP 9

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

1. Enter Supplier Invoice number and Date
2. Select Universal Enterprises in Party’s A/c Name field from the List of Ledger Accounts
3. In **Party Details** screen, enter/modify required details.

4. Select **Name of Item** as **Gold Jewellery** from the **List of Items**.

5. Enter **Quantity** as 5 and **Rate** as 16,000. Value is automatically displayed in **Amount** field.

6. In **Accounting Details** screen, select **Interstate Purchases @ 1%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 1%**.

7. Select next stock item as **Insulators**. Enter **Quantity** as 200 and **Rate** as 320.

8. In **Accounting Details** screen, select **Interstate Purchases @ 5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 5%**.

9. Select next stock item as **Fax Machine**. Enter **Quantity** as 5 and **Rate** as 15,000.

10. In **Accounting Details** screen, select **Interstate Purchases @ 14.5%** from the **List of Ledger Accounts**. **VAT/Tax Class** will automatically be displayed as **Interstate Purchases @ 14.5%**.

11. Select ledgers **CST-1%(Purchase)**, **CST-5%(Purchase)** and **CST-14.5%(Purchase)** and respective values will be automatically calculated.

12. The field **Show Statutory Details** to **No**. Retain the same setting.

13. Accept default **Bill Allocations** in **Bill-wise Details** screen.

14. Enter **Narration** if required.

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

---

![Figure 2.36 Interstate Purchases at Multiple CST Rates](image-url)
2.3.3 Inter-State Sales Against Form C

Example 14:
On 10-4-2012, M/s National Traders sold 5 Nos. of Air Conditioners to Digilink Electronics, Hyderabad for ₹ 28,000 each vide Invoice No. SN03 against Form C. Packing charges amounted to ₹ 4,500. CST @ 2% was charged while invoicing.

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

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Sales @ 2%</td>
<td>Sales</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 2% Against Form C</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Ledger</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>
</tr>
</thead>
<tbody>
<tr>
<td>CST @ 2%</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 2% Against Form C</td>
<td>No</td>
<td>2%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

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

Step 2:
Let us now enter the sales transaction in Tally.ERP 9
To create an Interstate Sale Voucher,
Go to Gateway of Tally > Accounting Vouchers > F8: Sales
1. Enter reference in the Ref. field
2. Select Digilink Electronics in Party’s A/c Name field from the List of Ledger Accounts
3. In Party Details screen, enter required details
4. Select Interstate Sales @ 2% ledger in Sales Ledger field from the List of Ledger Accounts
5. On selecting Interstate Sales @ 2%, VAT/Tax Class appears as Interstate Sales @ 2% Against Form C
6. Select Name of Item as Air Conditioner from the List of Items
7. Enter Quantity as 5 and Rate as 28,000. Value is automatically displayed in Amount field.
8. Select **Packing Charges** from the List of Ledger Accounts and enter **Amount** as 4,500
9. Select **CST @ 2%** and the amount is automatically calculated
10. Set option **Is Declared Goods Sales to No**
11. Select **Form C** as **Form to Receive**
12. **Form Series No., Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from **Form Types** list
13. Enter **Form Series No., Form number** and **Date**
14. The field **Show Statutory Details** will be set to **No**
15. Accept default **Bill Allocations** in **Bill-wise Details** screen
16. Enter **Narration** if required

![Accounting Voucher Creation](image)

Figure 2.37  Sales Invoice – Sales Against C Form

17. Press **Y** or **Enter** to accept and save.
2.3.4 Inter-State Sales at Multiple CST Rates

Example 15:

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

<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>2</td>
<td>22,500</td>
<td>45,000</td>
<td>1%</td>
</tr>
<tr>
<td>Insulators</td>
<td>30</td>
<td>500</td>
<td>15,000</td>
<td>5%</td>
</tr>
<tr>
<td>Fax Machine</td>
<td>2</td>
<td>17,500</td>
<td>35,000</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Step 1:

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

i. Inter-State Sales Ledgers

Create the Interstate Sales ledgers with the following details:

<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 @ 1%</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Interstate Sales @ 1%</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 @ 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 Ledgers

Create the CST on Sales ledgers with the following details:

<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 @ 1%</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 1%</td>
<td>No</td>
<td>1%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>CST @ 5%</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 5%</td>
<td>No</td>
<td>5%</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>CST @ 14.5%</td>
<td>Duties &amp; Taxes</td>
<td>CST</td>
<td>CST @ 14.5%</td>
<td>No</td>
<td>14.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>
iii. Sundry Debtor Ledger

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

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

Go to Gateway of Tally > Accounting Vouchers > F8: Sales
1. Enter reference number in the Ref. field
2. Select Verona Traders in Party's A/c Name field from the List of Ledger Accounts
3. In Party Details screen, enter/modify required details
4. Select Name of Item as Gold Jewellery from the List of Items
5. Enter Quantity as 2 and Rate as 20,000. Value is automatically displayed in Amount field
6. In Accounting Details screen, select Interstate Sales @ 1% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Interstate Sales @ 1%
7. Select next stock item as Insulators. Enter Quantity as 30 and Rate as 320
8. In Accounting Details screen, select Interstate Sales @ 5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Interstate Sales @ 5%
9. Select next stock item as Fax Machine. Enter Quantity as 2 and Rate as 15,000
10. In Accounting Details screen, select Interstate Sales @ 14.5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Interstate Sales @ 14.5%
11. Select ledgers; CST @ 1, CST @ 5% and CST @ 14.5% and respective values will be automatically calculated
13. The field Show Statutory Details to No. Retain the same setting.
14. Accept default Bill Allocations in Bill-wise Details screen
15. Enter **Narration** if required

![Accounting Voucher Creation](image)

**Figure 2.38  Inter-State Sales at Multiple CST Rates**

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

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

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

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

**Example 16:**

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

**Step 1:**

Let us create the necessary masters to record the above transaction.
i. Inter-State Sales Ledger for Special Category Goods
Create the Inter-State Sales ledger for special category goods with the details as given in the following table:

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Sales – Spl Category</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Inter-State Sales – Spl. Category Goods</td>
</tr>
</tbody>
</table>

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

Step 2:
Let us enter the transaction in Tally ERP 9
To create an entry for Inter-State Sale of Special Category goods,

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

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

![Image of Sales Invoice](image)

Figure 2.39 Sales Invoice – Sale of Special Category Goods

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

### 2.4 Purchase from Unregistered Dealers

**Example 17:**

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

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate</th>
<th>Amount</th>
<th>VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Jewellery</td>
<td>2</td>
<td>20,000</td>
<td>40,000</td>
<td>1%</td>
</tr>
<tr>
<td>Insulators</td>
<td>5</td>
<td>320</td>
<td>1,600</td>
<td>5%</td>
</tr>
<tr>
<td>Fax Machine</td>
<td>3</td>
<td>15,000</td>
<td>45,000</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

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

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

Creating Ledgers
i. Ledgers for Purchases From URDs

<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>Purchases from URDs @ 1%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 1%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases from URDs @ 5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Purchases from URDs @ 14.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 14.5%</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Ledger for Tax Paid on Purchases made from URDs

<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>Tax Paid on URD Purchases @ 1%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 1%</td>
<td>No</td>
</tr>
<tr>
<td>Tax Paid on URD Purchases @ 5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 5%</td>
<td>No</td>
</tr>
<tr>
<td>Tax Paid on URD Purchases @ 14.5%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases From URDs – Taxable Goods @ 14.5%</td>
<td>No</td>
</tr>
</tbody>
</table>

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

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

![Figure 2.40 Journal Voucher Type – Voucher Class](Image)

2. Press **Enter** to view **Voucher Type Class** screen

3. Set **Use Class for VAT Adjustments** to **Yes**

![Figure 2.41 Voucher Type Class screen](Image)

4. Accept **Voucher Type Class** screen and return to **Voucher Type Alteration** screen

5. Accept to save the journal voucher type.

---

**Step 2:**

Let us record the transaction in Tally.ERP 9.

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

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

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

1. Enter **Supplier Invoice number** and **Date**

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

3. Select **Name of Item** as **Gold Jewellery** from the **List of Items**

4. Enter **Quantity** as **2** and **Rate** as **20,000**. Value is automatically displayed in the **Amount** field.
5. In Accounting Details screen, select Purchases from URDs @ 1% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Purchases From URDs – Taxable Goods @ 1%

6. Select next stock item as Insulators. Enter Quantity as 5 and Rate as 320

7. In Accounting Details screen, select Purchases from URDs @ 5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Purchases From URDs – Taxable Goods @ 5%

8. Select next stock item as Fax Machine. Enter Quantity as 3 and Rate as 15,000

9. In Accounting Details screen, select Purchases from URDs @ 14.5% from the List of Ledger Accounts. VAT/Tax Class will automatically be displayed as Purchases From URDs – Taxable Goods @ 14.5%

10. The field Show Statutory Details will be set to No

11. Accept default Bill Allocations in Bill-wise Details screen

12. Enter details in field Narration, if required

13. Press Y or Enter to accept and save.

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

Let us record the transaction in Tally.ERP 9.

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

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

1. Select Tax on URD Purchase as VAT Adjustment Class in Used for field
2. Debit the ledger – **Tax Paid on URD Purchases @ 1%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 1%**.

3. Enter **Amount** as **400** (i.e., 40,000*1% VAT) in the debit field.

4. Similarly, debit the ledger – **Tax Paid on URD Purchases @ 5%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 5%**.

5. Enter **Amount** as **80** (i.e., 1,600*5% VAT).

6. Debit the ledger – **Tax Paid on URD Purchases @ 14.5%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Purchase From URDs – Taxable Goods @ 14.5%**.

7. Enter **Amount** as **6,525** (i.e., 45,000*14.5% VAT).

8. Credit **Output VAT @ 1%** ledger.

9. In **VAT Class Details** screen, **Output VAT @ 1%** will be displayed in **VAT/Tax Class** field. Enter **Assessable Value** as **40,000**.

10. Select required commodity. Any number of Commodities can be selected in **Commodity Name** field and assessable value can be specified for each, such that the total tax value matches with the amount debited.

11. Here select **Commodity** as **Jewellery** with **Assessable Value** of **40,000**. Tax amount will be automatically calculated and displayed.

12. Enter credit amount as **400**.

13. Similarly, credit **Output VAT @ 5%** ledger.

14. In **VAT Class Details** screen, **Output VAT @ 5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable value** as **1,600**.

15. Select **Commodity** as **Insulators** with **Assessable Value** of **1,600**. Tax amount will be automatically calculated and displayed.

16. Enter credit amount as **80**.

17. Credit **Output VAT @ 14.5%** ledger.

18. In **VAT Class Details** screen, **Output VAT @ 14.5%** will be displayed in **VAT/Tax Class** field. Enter **Assessable value** as **45,000**.

19. Select **Commodity** as **Fax Machines** with **Assessable Value** of **45,000**. Tax amount will be automatically calculated and displayed.

20. Credit amount will be automatically displayed.
21. Enter **Narration** if required

![Journal Voucher – Tax on URD Purchase](image)

**Figure 2.44** Journal Voucher – Tax on URD Purchase

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

### 2.5 Exports

#### Example 18:

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

<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>Gold Jewellery</td>
<td>3</td>
<td>740</td>
<td>2,220</td>
</tr>
<tr>
<td>Vacuum Cleaners</td>
<td>2</td>
<td>530</td>
<td>1,060</td>
</tr>
</tbody>
</table>

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

On 14-4-2012, M/s National Traders recorded an adjustment entry to account for refund claimed on input VAT paid on exported goods.
Step 1:
Let us create the necessary ledgers to account for export sales.

**Creating Ledgers**

i. **Exports Ledger**

<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>Exports</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Exports</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. **Refund on Exports Ledger**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under Group</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refund on Exports</td>
<td>Indirect Incomes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

iii. **Sundry Debtor Ledger**

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

iv. **Foreign Currency Creation**

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

To create a foreign currency,

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

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Formal Name</th>
<th>Number of Decimal Places</th>
<th>Show Amounts in Million</th>
<th>Is Symbol SUFFIXED to Amount</th>
<th>Put a SPACE between Amount and Symbol</th>
<th>Decimal Places for Printing Amounts in Words</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>US Dollars</td>
<td>2</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>2</td>
</tr>
</tbody>
</table>

Step 2:
Let us enter the sales transaction and the adjustment entry in Tally.ERP 9.

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

To create the Sales voucher for Export of goods,

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

In **F12: Sales Invoice Configuration**, set **Use Common Ledger A/c for Item Allocation** to **Yes**
1. Enter reference number in the **Ref.** field
2. Select **Zeta Inc.** in **Party’s A/c Name** field from the **List of Ledger Accounts**
3. Enter **Despatch Details** in **Party Details** screen
4. Select **Exports** ledger in **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting **Sales Ledger**, **VAT/Tax Class** appears as **Exports** from **VAT/Tax Class** list
6. Select **Name of Item** as **Gold Jewellery** from the **List of Items**
7. Enter **Quantity** as 5 and **Rate** as $740. **Forex Rate of Exchange** screen will be displayed for entering conversion factor. Enter details as shown:

   ![Figure 2.45 Forex Rate of Exchange screen](image)

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

   ![Figure 2.46 Exports – Input Tax Details sub-screen for Gold Jewellery](image)

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

![Figure 2.47 Exports – Input Tax Details sub-screen for Vacuum Cleaners](image)

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

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

![Figure 2.48 Sales – Exports](image)

18. Accept sales invoice.

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

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

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

1. Select **Refund Claimed on Zero Rated Sales** as VAT Adjustment Class in Used for field
2. Debit the ledger – **Refund on Exports** and enter **4,350** in debit field
3. Credit Input VAT @ 1% ledger.
4. In VAT Class Details screen, VAT/Tax Class will be displayed as Input VAT @ 1%, enter Assessable Value as **60,000**
5. Enter **Amount** as 600 (i.e., 60,000*1% VAT)

6. Debit the ledger – **Input VAT @ 12.5%**. In **VAT Class Details** screen, **VAT/Tax Class** will be displayed as **Input VAT @ 12.5%**, enter **Assessable Value** as 30,000

7. Amount will be automatically displayed as 3,750 (i.e., 30,000*12.5% VAT)

8. Enter **Narration** if required

Figure 2.49 Journal Voucher – Refund Claimed on Zero Rated Sales

9. Press Y or Enter to accept and save.

### 2.6 Import

**Example 19:**

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

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Quantity (in Nos)</th>
<th>Rate (in ‘$’)</th>
<th>Commodity Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fax Machines</td>
<td>10</td>
<td>360</td>
<td>333</td>
</tr>
<tr>
<td>Insulators</td>
<td>25</td>
<td>30</td>
<td>2069</td>
</tr>
</tbody>
</table>

On 17-4-2012, an amount of ₹ 2,500 was paid as entry tax on the goods imported.
Step 1:
Let us create the necessary ledgers to account for Imports.

**Creating Ledgers**

**i. Imports Ledger**

<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>Imports</td>
<td>Purchases Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Imports</td>
<td>No</td>
</tr>
</tbody>
</table>

**ii. Entry Tax Ledger**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under Group</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Tax</td>
<td>Current Assets</td>
<td>No</td>
</tr>
</tbody>
</table>

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

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

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

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

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

![Figure 2.50 Imports – Forex Rate of Exchange](image)

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

![Image of Purchase Invoice - Imports]

**Figure 2.51  Purchase Invoice – Imports**

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

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

To create an entry for payment of entry tax,

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

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

![Payment Voucher – Payment of Entry Tax](image)

Figure 2.52 Payment Voucher – Payment of Entry Tax

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

### 2.7 Works Contract and Job Work

**Example 20:**

On 18-4-2012, M/s National Traders got ₹ 3,50,000 worth of graphic designing done from Sunbeam Designers vide invoice number 011. Deduction amounted to 50% of the job work value. Input VAT was paid @ 12.5%.

Step 1:

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

**Creating Ledgers**

**i. Job work Ledger**

<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>Purchase @ 12.5% (Job Work)</td>
<td>Purchases Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchase @ 12.5% (Job Work)</td>
<td>No</td>
</tr>
</tbody>
</table>
Processing Purchases & Sales Entries

ii. Input VAT Ledger

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input VAT - Job Work @ 12.5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 12.5% - (Job Work)</td>
<td>No</td>
<td>12.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

iii. Sundry Creditor Ledger

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

iv. Stock Item – Graphic Designing

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graphic Designing</td>
<td>Primary</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

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

i. Creating a purchase invoice for Job work

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

1. Enter Supplier Invoice number and Date
2. Select Sunbeam Designers in Party’s A/c Name field from the List of Ledger Accounts
3. In Party Details screen, enter/modify required details
4. Select Purchase @ 12.5% (Job Work) ledger in Purchase Ledger field from the List of Ledger Accounts
5. On selecting Purchase @ 12.5% (Job Work) ledger, VAT/Tax Class appears as Purchases @ 12.5% (Job Work)
6. Select Name of Item as Graphic Designing from the List of Items
7. Enter **Amount** as ₹ 35,000 and press **Enter** key to view **Deduction Claimed for Tax Calculation** screen. Enter **Deduction** as 50%. **Amount** and **Taxable Value** will be automatically calculated and displayed.

![Deduction Claimed for Tax Calculation - Job Work](image)

8. Accept **Deduction Claimed for Tax Calculation** screen.

9. Select ledger - **Input VAT - Job Work @ 12.5%**. Input VAT amount will be automatically calculated and displayed.

10. The field **Show Statutory Details** will be set to **No** which can be enabled to view the break-up of assessable value, deduction claimed and input VAT.
11. Enter details in **Narration** field if required

![Image of Purchase Invoice - Job Work](image)

**Figure 2.54 Purchase Invoice - Job Work**

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

**Example 21:**

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

Step 1:

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

**Creating Ledgers**

**i. Works Contract Ledger**

<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>Sales @ 12.5% (Works Contract)</td>
<td>Sales Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Sales - Works Contract @ 12.5%</td>
<td>No</td>
</tr>
</tbody>
</table>
ii. Output VAT Ledger

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output VAT - Works Contract @ 12.5%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Output VAT</td>
<td>Output VAT - Works Contract @ 12.5%</td>
<td>No</td>
<td>12.5%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

iii. 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 enter the transactions in Tally.ERP 9.

i. Creating a sales invoice for Works contract

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

1. Enter reference number in the Ref field
2. Select Swasthik Associates in Party's A/c Name field from the List of Ledger Accounts
3. In Party Details screen, enter/modify required details
4. Select Sales - Works Contract @ 12.5% ledger in Sales Ledger field from the List of Ledger Accounts
5. On selecting Sales @ 12.5% (Works Contract) ledger, VAT/Tax Class appears as Sales - Works Contract @ 12.5%
6. Select Name of Item as Painting & Polishing from the List of Items
7. Enter **Amount** as ₹ 60,000 and press **Enter** key to view **Deduction Claimed for Tax Calculation** screen. Enter **Deduction** as 50%. **Amount** and **Taxable Value** will be automatically calculated and displayed.

![Figure 2.55 Deduction Claimed for Tax Calculation - Works Contract](image)

8. Accept **Deduction Claimed for Tax Calculation** screen

9. Select ledger - **Output VAT - Works Contract @ 12.5%**. Input VAT amount will be automatically calculated and displayed.
10. Set the field **Show Statutory Details** to **Yes** to view the break-up of assessable value, deduction claimed and input VAT.

![Statutory Details screen - Works Contract](image)

Figure 2.56 Statutory Details screen - Works Contract

11. Accept **Statutory Details** screen
12. Enter details in **Narration** field if required

![Purchase Invoice – Job Work](image)

**Figure 2.57** Purchase Invoice – Job Work

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

*Job Work @ 12.5% and Works Contract @12.5% have been mentioned in the above examples. Tally.ERP 9 has the capability to capture Job Work and Works Contract transactions @ 4%, 5%, and 14.5% also.*
Lesson 3: Reversal of Input Tax Credit

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

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

Lesson Objectives

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

- Purchase of capital goods
- Purchase of automobiles and air conditioners from non-dealers of automobiles and air conditioners
- Consignment/branch transfer of goods
- Purchase of Industrial Inputs
- Reversal of Input Tax Credit in journal voucher using VAT Adjustments
- Purchases for production of Exempted Goods (Finished)
- Input Tax Credit availed for finished goods subsequently exempt
- Unavailed credit on Capital goods (after the 3rd financial year of commencement of commercial production)
- Others, if any

3.1 Goods used for Civil Structures

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

Example 22:

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

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

Step 1:

Let us create the necessary masters to record the transaction.

i. Equipment Ledger

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>Fixed Assets</td>
<td>No</td>
<td>Yes</td>
<td>Purchases – Capital Goods @ 4%</td>
</tr>
</tbody>
</table>

ii. Repairs & Maintenance Ledger

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

iii. Tax Paid on Capital Goods

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Paid on Capital Goods</td>
<td>Current Assets</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
iv. Eligible Input Tax Credit

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Input Tax Credit</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Purchases – Capital Goods @ 4%</td>
<td>No</td>
<td>4%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

v. Sundry Creditor Ledger

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

Step 2:

i. Create a Purchase Voucher for purchase of capital goods

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

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

![Image](image_url)

**Figure 3.1 Purchase Voucher – Capital Goods**

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

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

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

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

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

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

![Journal Voucher - Input Tax Credit Admitted on Capital Goods](image)

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

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

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

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

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

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

7. Press Y or Enter to accept and save.

3.2 Goods used for Consumption

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

Example 23:

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

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

Step 1:

Let us create the necessary masters to record the transaction.
i. Expenses on Goods used for Self-Use

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses on Goods for Self-Use</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:

Let us enter the transaction in Tally.ERP 9

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

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

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

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

10. Press **Y** or **Enter** to accept and save.
3.3 Purchase – Automobile Spare Parts from Non-Dealer of Automobile

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

Example 24:

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

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

Step 1:

i. VAT Commodity Creation

Create the VAT Commodity with the following details:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name</th>
<th>Used For</th>
<th>VAT Commodity Code</th>
<th>Schedule Number</th>
<th>Schedule Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Locomotives</td>
<td>VAT</td>
<td></td>
<td>324</td>
<td>First Schedule – Part C</td>
</tr>
</tbody>
</table>

ii. Stock Item – Automobile Spare Parts

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>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile Spare Parts</td>
<td>Primary</td>
<td>Nos</td>
<td>Locomotives</td>
</tr>
</tbody>
</table>

Step 2:

Let us record the transaction in Tally.ERP 9

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

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

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

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

![Figure 3.5 Purchase Invoice – Automobile Spare Parts](Image)

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

**Step 2:**

**Create Journal Voucher**

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

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

1. Select **Reverse Credit – Purchase of Automobiles, Spare Parts** as VAT Adjustment Class in **Used for** field
2. Debit the ledger – **Repairs & Maintenance** and enter amount as **1562.50**
3. Credit **Input VAT @ 12.5%** ledger. In **VAT Class Details** screen, enter details as shown:

![VAT Class Details screen]

Figure 3.6 VAT Class Details screen

4. Credit Amount will be automatically displayed

5. Enter **Narration** if required

![Journal Voucher – Reverse Credit – Purchase of Automobiles, Spare Parts]

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

6. Press **Y** or **Enter** to accept.
3.4 Purchase of Air Conditioners from Non-Dealer of Air Conditioners

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

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

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

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

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

i. **Purchase Invoice**
To create an entry for purchase of air conditioners from a non-dealer of air conditioners,

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

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

![Figure 3.8 Purchase Invoice – Air Conditioners](image)

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

**ii. Journal Voucher**

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

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

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

![Figure 3.9 VAT Class Details](image)

5. Amount will be automatically displayed
6. Enter **Narration** if required

![Journal Voucher – Reverse Credit – Purchase of Air Conditioners](image)

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

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

**3.5 Goods Distributed as Free Samples & Gifts**

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

**Example 26:**

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

**Step 1:**

Let us create the required masters to record the transaction
Creating Ledgers

i. Expenses on Free Samples & Gifts

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses on Free Samples &amp; Gifts</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:

Let us record the transaction in Tally.ERP 9.

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

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

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

![Journal Voucher – Reverse Credit – Goods Given as Gift, Free Sample](image)

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

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

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

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

**Example 27:**

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

**Step 1:**

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

**i. Goods Damaged/Lost**

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods Damaged/Lost</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Step 2:
Let us record the transaction in Tally.ERP 9.
To create a journal adjustment entry for reversing the purchase value and input tax credit on goods lost by theft, loss.

Go to Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class - VAT Adjustment Class
1. Select Reverse Credit – Goods Lost on Theft, Loss Etc. as the VAT Adjustment Class in the Used for field
2. Debit the ledger – Goods Damaged/Lost and enter amount as 765 (i.e., 750 + 2% VAT)
3. Credit Purchases @ 2% ledger. Inventory Allocations sub-screen is displayed
4. Select G I Pipes in Name of Item field, enter Quantity as 5 and Rate as 150
5. In Accounting Details screen, VAT/Tax Class will be displayed as Purchases @ 2%
6. Credit Input VAT @ 2% ledger.
7. In VAT Class Details screen, Input VAT @ 2% will be displayed in VAT/Tax Class field. Enter Assessable Value as 750.
8. Select Commodity as G I Pipes and enter Assessable Value of 750. Tax amount will be automatically calculated and displayed
9. Credit amount will be automatically displayed
10. Enter Narration if required

![Journal Voucher – Reverse Credit – Goods Lost on Theft, Loss Etc.](image)

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

11. Press Y or Enter to accept and save.
3.7 Inputs Damaged in Transit or Destroyed before Manufacture

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

Example 28:
On 25-4-2012, M/s National Traders purchased 100 ltrs of industrial fuel at ₹ 50/Ltr for its plant from Sterling Industries vide invoice number 11 and stored the same in its factory godown. On 26-4-2012, while taking delivery of industrial fuel from Sterling Industries, it was discovered that 25 ltrs of fuel was lost in transit

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

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</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>Purchases–Inputs @ 4%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchases @ 4% (Industrial Input)</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Input VAT – Industrial Fuel Ledger

<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>Percentage of Calculation</th>
<th>Method of Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITC–Industrial Fuel</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT</td>
<td>Input VAT @ 4% – (Industrial Input)</td>
<td>No</td>
<td>4%</td>
<td>On VAT Rate</td>
</tr>
</tbody>
</table>

iii. Loss of Inputs in Transit Ledger

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of Inputs in Transit</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

iv. Sundry Creditor Ledger

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

Create the VAT Commodity with the following details:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<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>1</td>
<td>Industrial Inputs</td>
<td>VAT</td>
<td>2067</td>
<td>First Schedule – Part B</td>
<td>67</td>
</tr>
</tbody>
</table>

vi. Stock Item – Industrial Fuel

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>
<th>VAT Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Fuel</td>
<td>Primary</td>
<td>Lts</td>
<td>Commodity: Industrial Inputs</td>
</tr>
</tbody>
</table>

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

i. Purchase Invoice

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

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

![Figure 3.13 Purchases Invoice – Industrial Fuel](image)

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

**ii. Journal Voucher**

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

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

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

![Journal Voucher – Reverse Credit – Inputs Damaged in Transit or Destroyed Before Manufacture](image)

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

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

### 3.8 Loss of Inputs by Fire or Accident

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

**Example 29:**

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

**Step 1:**

Let us create the necessary masters to record the transaction.

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

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of Goods by Fire</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Step 2:

Let us record the transaction in Tally.ERP 9.

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

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

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

![Figure 3.15 Journal Voucher – Reverse Credit – Inputs Destroyed in Fire or Lost](image)

11. Press Y or Enter to accept.
3.9 Unavailed Credit on Capital goods (Time Barred)

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

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

i. Accounting the availability of Input Tax Credit

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

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

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

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

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

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

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

3.10 Consignment/Branch Transfers without Form F

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

3.10.1 Consignment Transfers without Form F

**Example 30:**

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

**Step 1:**

Let us create the required Masters to record the above transaction.
The consignment/branch transfer outward ledger can be created under sales accounts by selecting the VAT/Tax class - Consignment/Branch Transfer Outward. This value will be considered as a part of total sales.

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

i. Stock Transfer Outward Group

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

<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 3.16 Stock Transfer Outward Group](image)

ii. Consignment/Branch Transfer Ledger

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

![Figure 3.17 Consignment/Branch Transfer Outward Ledger](image-url)
5. Select VAT/Tax Class - **Consignment/Branch Transfer Outward**

![VAT/Class Selection for Consignment/Branch Transfer Outward](image)

6. Accept Consignment/Branch Transfer ledger.

**ii. Branch Ledger**

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

**Step 2:**

Let us enter the sales transaction in Tally.ERP 9

To record the Consignment transfer of goods,

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

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

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

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

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

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

Figure 3.19 Sales Invoice – Consignment Transfer Outwards

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

On selecting any of the **Declaration Forms** (C, C with E1/E2, F, etc.) in Forms to Receive/Issue, entering the Form series number, Form number and date, the same will be captured in the printed invoice/voucher.
3.10.2 Reversal of Input Tax Credit on Consignment Sent without Form F

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

Example 31:
On 27-4-2012, on account of non-availability of Form F, the input VAT claimable on the consignment despatched on 18-4-2012 was reversed.

Step 1:

i. Tax Paid on Goods Transferred Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Paid on Goods Transferred</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:

Let us record the transaction in Tally.ERP 9

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

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

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

![Journal Voucher – Reverse Credit – Consignment Sales Without ‘F’ Form](image)

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

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

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

3.10.3 Sales – Branch Transfers

**Example 32:**

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

Step 1:

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

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**
Ensure that in **F12: Voucher Configuration**, the option **Allow Separate Buyer and Consignee Names** is set to **No**

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

![Figure 3.21  Sales – Branch Transfer of Goods](image)

13. Press **Y** or **Enter** to accept and save.
3.10.4 Reversal of Input Tax Credit for Stock Transferred without Form F

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

Example 33:
On 28-4-2012, on account of non-availability of Form F, the input VAT claimable on the stock despatched to branch office on 23-4-2012 was reversed.

Step 1:
To create a journal voucher for reversing the input tax paid on goods transferred without Form F,
Go to Gateway of Tally > Accounting Vouchers > F7: Journal > Select Voucher Class - VAT Adjustment Class
1. Select Reverse Credit – Stock Transfer Without Form ‘F’ as VAT Adjustment Class in the Used for field
2. Debit the ledger – Tax Paid on Goods Transferred and enter amount as 60
3. Credit Input VAT @ 2% ledger. In VAT Class Details screen, Input VAT @ 2% will be displayed in VAT/Tax Class field. Enter Assessable Value as 3,000.
4. Select Commodity as G I Pipes and enter Assessable Value of 3,000. Tax amount will be automatically calculated and displayed.
5. Credit amount will be automatically displayed
6. Enter Narration if required

![Figure 3.22 Journal Voucher – Reverse Credit – Stock Transfer Without ‘F’ Form](image-url)
7. Press Y or Enter to accept and save.

*Notes*

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

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

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

The entries to be made are as follows:

**Step 1:**

**Purchase Entry**

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

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

**Credit:** Sundry Creditor ledger

**Step 2**

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

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

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

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

The reversal entry will be made to transfer the input VAT amount to purchase value.
3.12 Interstate Sale without 'C' form

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

Example 34:

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

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

Step 1:

i. Reversal of Input Tax Paid

CST – Inter-State Sales Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Use for Assessable Value Calculation</th>
<th>Used in VAT Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>CST on Interstate Sales</td>
<td>Direct Expenses</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:

Let us record the transactions in Tally.ERP 9.

i. Inter-State Sales

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

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

![Sales Invoice – Sales Without C Form](image)

**Figure 3.23  Sales Invoice – Sales Without C Form**

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

**ii. Journal Voucher**

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

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

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

![Journal Voucher – Reverse Credit – Interstate Sale Without ‘C’ Form](image)

**Figure 3.24 Journal Voucher – Reverse Credit – Interstate Sale Without ‘C’ Form**

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

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

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

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

The entries to be made are as follows:

**Step 1:**

**Purchase Entry**

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

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

Step 2:
Reversing the Input Tax Credit on Taxable Inputs Purchased for Manufacture of Exempt Goods
In journal voucher select Reverse Credit – ITC Availed for Finished Goods Subsequently Exempt as the VAT Adjustment Class in Used for field.
Debit: Purchase ledger and enter the input VAT amount as per Step 1
Credit: Input VAT ledger used in Step 1 to reverse the input tax amount
The reversal entry will be made to transfer the input VAT amount to purchase value.

3.14 Others (specify)
The Input tax paid on goods, reversed on account of any other reason other than as mentioned above.
Lesson 4: Payment of VAT Liability

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

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

4.1 Advance Tax, Entry Tax and TDS Adjustment Entries
4.1.1 Adjustment Towards Advance Tax or Refund

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

Example 35:
On 17-4-2012, M/s National Traders paid ₹ 4,650 as advance payment towards VAT. On 30-4-2012, the advance amount paid was adjusted as follows:

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

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

i. Advance Tax ledger

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Tax</td>
<td>Current Assets</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Step 2:
Let us record the transaction in Tally.ERP 9

i. Advance VAT Payment voucher
To create an advance VAT payment voucher,
Go to Gateway of Tally > Accounting Vouchers > F5: Payment
1. Select bank ledger as Bank of India in the Account field
2. Debit Advance Tax ledger
3. Enter amount as 4,650
4. Enter details in field Narration, if required

![Advance VAT Payment Voucher](image)

Figure 4.1 Advance VAT Payment Voucher

5. Press Y or Enter to accept and save.

ii. Journal Entry for Adjusting the Advance Tax Paid towards Output VAT Liability
To create a journal voucher for adjusting advance tax paid towards Output VAT liability,
Go to Gateway of Tally > Accounting Vouchers > F7: Journal
1. Select Voucher Class as VAT Adjustment Class
2. Select Advance Tax Paid as VAT Adjustment in Used for field.
3. Debit Output VAT @ 20% ledger. In VAT Class Details screen, VAT/Tax Class appears as Output VAT @ 20%. Do not enter Assessable Value
4. Enter amount as 2,000 in Debit field
5. Credit **Advance Tax** ledger grouped under **Current Assets**
6. Credit amount is automatically entered
7. Enter details in field **Narration**, if required

![Figure 4.2 Journal Voucher - Adjustment of Output VAT Towards Advance Tax Paid](image)

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

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

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

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

![Image of Journal Voucher - Adjustment of CST Towards Advance Tax Paid]

11. Press Y or Enter to accept and save.

4.1.2 Adjustment Towards Entry Tax Paid

Entry tax is levied and collected on the entry of scheduled goods into any local area from outside the State for consumption, use or sale therein. The importers or dealers of any scheduled goods liable to pay Entry tax are allowed to reduce their liability under VAT to the extent of Entry tax paid. The entry tax paid, can be adjusted towards output tax liability in a journal voucher using VAT Adjustment – Adjustment Towards Entry Tax Paid.

Example 36:
The entry tax was paid for goods imported on 17-4-2012. On 30-4-2012, M/s National Traders recorded the adjustment entries to set-off the entry tax paid as follows:

- ₹ 1,520 against a portion of output VAT
- ₹ 980 against CST dues.
Step 1:
Let us record the transaction in Tally.ERP 9

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

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

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

![Figure 4.4 Journal Voucher - Output VAT Adjusted Towards Entry Tax Paid](image)

9. Press Y or Enter to accept and save.

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

Go to Gateway of Tally > Accounting Vouchers > F7: Journal > Select Voucher Class - VAT Adjustment Class
1. Select **Voucher Class** as **VAT Adjustment Class**
2. Select **Adjustment Towards Entry Tax Paid** as **VAT Adjustment** in **Used for** field.
3. Debit **CST @ 2%** ledger. Select **VAT/Tax Class** as **Inter-State Sales - Spl. Category Goods**
4. Enter amount as **960** in **Debit** field
5. Credit **Entry Tax** ledger grouped under **Current Assets**
6. Credit amount is automatically entered
7. Enter details in field **Narration**, if required

![Figure 4.5 Journal Voucher - Partial Amount of CST Dues Adjusted Towards Entry Tax Paid](image)

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

### 4.1.3 Adjustment Towards TDS

**Example 37:**

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

**Step 1:**

**Creating Ledgers**

**i. Tax Deducted at Source**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Deducted at Source</td>
<td>Current Assets</td>
<td>No</td>
</tr>
</tbody>
</table>
ii. Sundry Debtor Ledger
Create the Sundry Debtor ledger - Pratham Agencies by following the steps given in Example 4.

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

i. Receipt Voucher
To create a receipt voucher,

Go to Gateway of Tally > Accounting Vouchers > F6: Receipt
1. Credit Pratham Agencies and enter ₹ 50,000 in Amount field
2. Debit Tax Deducted at Source ledger and enter TDS amount as ₹ 515
3. Debit Bank of India ledger and amount will be automatically displayed
4. In Bank Allocations screen, enter party and bank details

![Receipt Voucher](image)

5. Press Y or Enter to accept and save.

ii. Journal voucher for TDS Adjustment
Go to Gateway of Tally > Accounting Vouchers > F7: Journal
1. Select TDS Adjustment in Used for field.
2. Debit Output VAT @ 1% ledger. In VAT Class Details screen, VAT/Tax class will be displayed as Output VAT @ 1%. Do not enter Assessable Value.
3. Enter ₹ **515** in **Amount** field

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

![Journal Voucher - TDS Adjustment](image)

Figure 4.7 Journal Voucher - TDS Adjustment

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

### 4.2 Adjustment of Input Tax Credit against Tax Payable

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

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

**Example 38:**

*On 30-4-2012, M/s National Traders recorded an adjustment entry to set-off the input tax credit against the VAT liability.*
Step 1:  
**Creating a VAT Payable Ledger**  
Create the ledger **VAT Payable** with the details as shown in the table:

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory Values are affected</th>
<th>Use for Assessable Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Payable</td>
<td>Current Liabilities</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Step 2:  
Let us record the transaction in Tally.ERP 9. To create a journal voucher for adjusting the output VAT against input VAT,

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

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

![Figure 4.8 Journal Voucher - Entry to set-off the Output VAT dues against Available Input Tax Credit](image)

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

4.3 Adjustment Towards CST Dues
Go to Gateway of Tally > Accounting Vouchers > F7: Journal > Select the Voucher Class as VAT Adjustment Class
Select Adjustment Towards CST as the VAT Adjustment in the Used for field
Debit: CST ledger with the applicable VAT/Tax Class
Credit: Input VAT ledgers with the relevant VAT/Tax Class

4.4 Payment of VAT
Example 39:
On 4-5-2012, M/s National Traders paid ₹ 1179.21 towards VAT dues.

Let us record the transaction in Tally.ERP 9. To create a CST payment voucher,
Go to Gateway of Tally > Accounting Vouchers > F5: Payment

Scenario 1: Recording Payment Entry using VAT Payment Button
In the F12: Payment Configuration screen, set Use Single Entry mode for Pymt/Rcpt/Contra to No
1. In Payment voucher screen, click VAT Payment button or press Alt + V to display VAT Payment Details sub-screen
2. In Period From field, enter dates as 1-4-2012 to 30-4-2012, as the period for which payment is being made
3. Select VAT as type of payment in Payment Towards field
4. Select Type of Payment as Not Applicable
5. Enter date as 4-5-2012 in Deposit Date field
6. Enter **Name of Bank & Branch (remittance) as Bank of India, Branch code (remittance) as 03252 and Instrument No. as 051230**

![VAT Payment Details](image1)

7. Accept **VAT Payment Details** screen and **Payment voucher** screen will be displayed.

8. Debit the ledger **VAT Payable** and enter **1179.21** in **Amount** field

9. Credit **Bank of India** ledger and amount will be displayed automatically.

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

![VAT Payment Voucher](image2)

11. Press **Y** or **Enter** to accept and save.
Payment of VAT Liability

Scenario 2: Recording Payment Entry using Stat Payment button

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

Setup:

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

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

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

![Statutory Payment Table](image)

**Figure 4.12 Statutory Payment**

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

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

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

- **Paying only the output VAT amount using Statutory Payment button by setting Auto Fill Statutory Payment to Yes and Adjust Input VAT for Payment to No**

- **Setting options - Auto Fill Statutory Payment and Adjust Input VAT for Payment to Yes when there is balance amount remaining after offsetting tax credit.**

- **In Payment voucher, the Output and Input VAT amount will be automatically set-off and the VAT payable amount gets calculated displayed. On using Stat Payment button, Provide Details option is displayed.**
Set **Provide Details** to **Yes** and enter bank details.

![Payment Voucher using Stat Payment](image)

Figure 4.13  Payment Voucher using Stat Payment
4.5 Payment of CST

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

The due date is same as for the period to submit returns under Value Added Tax (VAT) of the appropriate state. The CST payable amount should be rounded off to the nearest rupee.
Example 40:
On 4-5-2012, M/s National Traders paid ₹ 6,622 as CST dues.

Step 1:
Let us record the transaction in Tally.ERP 9. To create a CST payment voucher,
Go to Gateway of Tally > Accounting Vouchers > F5: Payment
1. Select Bank ledger in Account field
2. Click the VAT Payment button or press Alt + S to display Statutory Payment sub-screen
3. In Statutory Payment sub-screen, provide details given below:
   - Type of Duty/Tax: Select CST as the payment is being made towards VAT dues.
   - Auto Fill Statutory Payment: Set it to No as CST paid on purchases cannot be set-off against CST on sales.

![Figure 4.16 Statutory Payment - CST](image)

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

![Figure 4.17 CST Payment Details](image)

6. Accept VAT Payment Details screen and Payment voucher screen will be displayed.
7. Debit the ledger CST @ 2% and CST @ 14.5%. Enter corresponding ledger balances for each ledger.
8. Enter details in field **Narration**, if required

![CST payment Voucher](image)

**Figure 4.18  CST payment Voucher**

9. Press **Y** or **Enter** to accept and save.
Lesson 5: VAT Reports

Lesson Objectives

On completion of this lesson, you will be able to

- Generate VAT Computation Report
- VAT Statutory Monthly and Annual Return Form
- Form W for Exporters
- VAT Annexures
- VAT Commodity Report
- VAT Registers

The VAT system is based on self-assessment and transparency at every stage of transaction. Hence, accurate record maintenance is of critical importance.

In Tally.ERP 9, you can generate statutory returns as prescribed in the statutes. In this lesson, we will discuss about the books of accounts, reports and registers that assists you in managing your business and compliance with VAT.

5.1 VAT Computation Report

To view the VAT Computation Report,

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Computation

The VAT Computation reports provide Assessable Value and Tax Amount of sales and purchase transactions entered using different VAT/ Tax classifications.
The **VAT Computation** report displays as shown:

![VAT Computation Report](image)

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

The essence of VAT is the offsetting of Input VAT against Output VAT. The VAT computation report shown above precisely indicates the value of VAT Payable after offsetting the input VAT against the output VAT along with CST liability if any.

**Assessable Value**

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

**Tax Amount**

The total Tax Amount calculated on Assessable value using the respective Tax percentage is the Tax Amount.
Show All VAT Classifications

From VAT Computation screen, click on **F12: Configure** and set **Show All VAT Classifications** to **Yes**.

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

![VAT Computation Configuration – VAT Classifications](image)

![VAT Computation – Break-up of All VAT Classifications](image)
### VAT Computation Break-up of All VAT Classifications

#### Purchases

<table>
<thead>
<tr>
<th>Particulars</th>
<th>National Traders</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Input Tax</td>
<td></td>
</tr>
<tr>
<td>Excess Input Credit Brought Forward</td>
<td></td>
</tr>
<tr>
<td>Input VAT @ 1%</td>
<td>106,240.64</td>
</tr>
<tr>
<td>Input VAT @ 12.5%</td>
<td>75,219.91</td>
</tr>
<tr>
<td>Input VAT @ 12.5% - (Job/Work)</td>
<td>35,009.00</td>
</tr>
<tr>
<td>Input VAT @ 14.5%</td>
<td>48,015.15</td>
</tr>
<tr>
<td>Input VAT @ 2%</td>
<td>23,039.67</td>
</tr>
<tr>
<td>Input VAT @ 20%</td>
<td>13,727.37</td>
</tr>
<tr>
<td>Input VAT @ 4%</td>
<td>56,287.38</td>
</tr>
<tr>
<td>Input VAT @ 4% - (Industrial Input)</td>
<td>3,259.00</td>
</tr>
<tr>
<td>Input VAT @ 5%</td>
<td>42,357.68</td>
</tr>
<tr>
<td>Purchase From UROs - Taxable Goods @ 1%</td>
<td>46,400.00</td>
</tr>
<tr>
<td>Purchase From UROs - Taxable Goods @ 14.5%</td>
<td>51,525.60</td>
</tr>
<tr>
<td>Purchase From UROs - Taxable Goods @ 5%</td>
<td>1,600.00</td>
</tr>
<tr>
<td>Purchases - Capital Goods @ 4%</td>
<td>1,600.00</td>
</tr>
<tr>
<td>Others (VAT Not Applicable)</td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>1,857,500.00</td>
</tr>
<tr>
<td>Interstate Purchases @ 1%</td>
<td>86,809.00</td>
</tr>
<tr>
<td>Interstate Purchases @ 14.5%</td>
<td>88,875.00</td>
</tr>
<tr>
<td>Interstate Purchases @ 2% Against Farm C</td>
<td>3,825.00</td>
</tr>
<tr>
<td>Interstate Purchases @ 5%</td>
<td>67,209.00</td>
</tr>
<tr>
<td>Purchases - Exempt</td>
<td>30,000.00</td>
</tr>
</tbody>
</table>

#### Total Input Credit

<table>
<thead>
<tr>
<th></th>
<th>National Traders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Input Credit</td>
<td>14,76,830.00</td>
</tr>
</tbody>
</table>

### VAT Payable

<table>
<thead>
<tr>
<th></th>
<th>National Traders</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Payable</td>
<td>15,386.77</td>
</tr>
</tbody>
</table>
Click on Alt+F1: Detailed button to view the detailed VAT Computation report. A part of the detailed report displays as shown:

![VAT Computation report]

The report also provides drill down facility for each VAT classification listed in the report. To drill down, select the required classification and press Enter.

**VAT Classification Vouchers**

To view VAT Classification vouchers, select any one the VAT Classifications from the VAT Computation report and press Enter. In the Stock Item master, if the option - Calculate VAT on MRP/ Marginal is set to Yes, the column - MRP Value will appear and the MRP entered in the invoice gets captured here.
The **VAT Classification Vouchers** report is displayed as shown:

![Figure 5.6 VAT Classification Vouchers screen](image)

**5.2 VAT Commodity Report**

In the VAT Commodity report, the commodity-wise break-up of assessable value and tax amount of stock items invoiced using the respective VAT/Tax classification will be displayed.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Commodity**
Commodity-wise Purchase

Select Purchases from VAT Commodity menu and press Enter key to view the Commodity-wise Purchase report as shown:

![Figure 5.7 VAT Commodity Report - Purchase](image)

Figure 5.7 VAT Commodity Report - Purchase
Commodity-wise Sales

Select Sales from VAT Commodity menu and press Enter key to view Commodity-wise Sales report as shown:

![Commodity-wise Sales Table]

5.3 VAT Registers

VAT Purchase Register

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

To view the VAT Purchase Register,

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Register > VAT Purchase
By default, the fields - Show Voucher Number, Show Quantity Details and Show Additional Cost will be set to Yes. To view the supplier invoice number, CST number, rate and item value click on F12: Configure. Set the options as shown below:

![Configuration Screen](image)

Figure 5.9  Purchase Register Configuration

The options shown in the Configuration screen are:

- **Show Voucher Number**: This field will be set to Yes to display the voucher number.
- **Show Supplier Invoice No. & Date**: Set it to Yes to display the Supplier Invoice No. and date entered in the purchase invoice.
- **Show CST No.**: Set it to Yes to capture the CST number entered in the party ledger master or the party details screen.
- **Show Quantity Details**: This field will be set to Yes to display the quantity purchased.
- **Show Rate Details**: Set it to Yes to display the rate at which the stock items were purchased.
- **Show Item Value**: Set it to Yes to display the assessable value of stock item purchased.
- **Show Additional Cost**: This field will be set to Yes to display the value entered while invoicing for additional expense or income ledger enabled for apportionment.
- **Show Party from supplementary**: This field will be set to Yes to display the Party name entered in the Supplier’s Details of Supplementary Details screen during voucher entry.
In the VAT Purchase Register screen, press **F1: Detailed** button (Alt+F1) to display the inventory details and VAT/Tax classifications. The **VAT Purchase Register** displays as shown:

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Supplier TIN No. &amp; Dt</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>3-Apr-2012</td>
<td>Excel Traders</td>
<td>01 / 24-2012</td>
<td>33258710206</td>
<td>33258710200</td>
<td>9 NOS</td>
<td>20,000.00 NOS</td>
<td>1,00,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gold Jewellery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>G / Pipes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Silk Fabrics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vacuum Cleaner</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Apr-2012</td>
<td>Excel Traders</td>
<td>02 / 3-4-2012</td>
<td>33258710206</td>
<td>33258710209</td>
<td>150 NOS</td>
<td>300.00 NOS</td>
<td>48,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insulators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electronic Fuses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tobacco Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Apr-2012</td>
<td>Sownthik Associates</td>
<td>02 / 3-4-2012</td>
<td>33254852014</td>
<td>33254852014</td>
<td>200 NOS</td>
<td>150.00 NOS</td>
<td>30,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The IT Journal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>Gizmo Traders</td>
<td>05 / 13-4-2012</td>
<td>33025485652</td>
<td>33025485652</td>
<td>5 NOS</td>
<td>120.00 NOS</td>
<td>600.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gold Jewellery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insulators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electronic Fuses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-Apr-2012</td>
<td>Sunbeam Designers</td>
<td>011 / 18-4-2012</td>
<td>33250120147</td>
<td>33250120147</td>
<td>2 NOS</td>
<td>20,000.00 NOS</td>
<td>40,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Graphic Designing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equipment Agencies</td>
<td>08 / 18-4-2012</td>
<td>33256001241</td>
<td>33256001241</td>
<td>3 NOS</td>
<td>15,000.00 NOS</td>
<td>45,000.00</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 5.10 VAT Purchase Register - Screen 1**
Scroll horizontally to view the columnar details.

### VAT Purchase Register

<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>2-Apr-2012</td>
<td>Excel Traders</td>
<td>3,98,405.41</td>
<td>3,79,800.00</td>
<td>5,000.00</td>
<td></td>
<td></td>
<td>19,492.41</td>
</tr>
<tr>
<td></td>
<td>Gold Jewelry</td>
<td>1,00,240.04</td>
<td></td>
<td></td>
<td>240.64</td>
<td>Input VAT @ 1%</td>
<td>7,802.47</td>
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<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>G/Pipes</td>
<td>26,276.07</td>
<td></td>
<td></td>
<td>4,278.07</td>
<td>Input VAT @ 2%</td>
<td>565.55</td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Silk Fabrics</td>
<td>50,267.38</td>
<td></td>
<td></td>
<td></td>
<td>Input VAT @ 4%</td>
<td>2,040.70</td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td>267.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vacuum Cleaner</td>
<td>1,20,213.91</td>
<td></td>
<td></td>
<td></td>
<td>Input VAT @ 12.5%</td>
<td>15,026.74</td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td>213.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Apr-2012</td>
<td>Excel Traders</td>
<td>1,22,210.53</td>
<td>1,10,500.00</td>
<td>45,000.00</td>
<td>1,000.00</td>
<td>Input VAT @ 5%</td>
<td>11,710.53</td>
</tr>
<tr>
<td></td>
<td>Insulators</td>
<td>48,015.15</td>
<td></td>
<td></td>
<td></td>
<td>Input VAT @ 14.5%</td>
<td>2,437.88</td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fans Machines</td>
<td></td>
<td></td>
<td></td>
<td>15.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tobacco Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packing Charges</td>
<td></td>
<td></td>
<td></td>
<td>227.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-Apr-2012</td>
<td>Swashilk Associates</td>
<td>30,000.00</td>
<td>30,000.00</td>
<td></td>
<td></td>
<td>Purchases - Exempt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The IT Journal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Apr-2012</td>
<td>Gizmo Traders</td>
<td>66,600.00</td>
<td>66,600.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gold Jewelry</td>
<td>40,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insulators</td>
<td>1,600.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax Machines</td>
<td>45,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-Apr-2012</td>
<td>Sunbeam Designers</td>
<td>37,187.50</td>
<td>35,000.00</td>
<td></td>
<td></td>
<td>Input VAT @ 12.5%</td>
<td>2,187.50</td>
</tr>
<tr>
<td></td>
<td>Graphic Designing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-Apr-2012</td>
<td>Equipment Agencies</td>
<td>1,58,600.00</td>
<td>35,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Grand Total**: 9,06,915.94

![Figure 5.11 VAT Purchase Register - Screen 2](image)

### VAT Sales Register

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

To view the VAT Sales Register,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Register > Vat Sales**

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

![Configuration](image)
The options shown in the Configuration screen are:

- **Show Voucher Number**: This field will be set to Yes to display the voucher number.
- **Show Voucher Ref**: Set it to Yes to display the voucher reference number entered in Ref field of sales/tax invoice.
- **Show CST No.**: Set it to Yes to capture the CST number entered in the party ledger master or the party details screen.
- **Show Quantity Details**: This field will be set to Yes to display the quantity sold.
- **Show Rate Details**: Set it to Yes to display the rate at which the stock items were sold.
- **Show Item Value**: Set it to Yes to display the assessable value of stock item sold.
- **Show Party from supplementary**: This field will be set to Yes to display the Party name entered in the Buyer’s Details of Supplementary Details screen during voucher entry.

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

![VAT Sales Register - Screen 1](image-url)

Figure 5.13 VAT Sales Register - Screen 1
5.4 Statutory Returns and Annexures

5.4.1 VAT Return Form I

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form I

Press S: Select Printer button (Alt+S), select the required printer and set the Paper Type as A4.

Every Dealer who is liable to pay tax under TN VAT, other than dealers who have opted for payment of tax at compounded rates, including agents / branch are required to file a monthly return in Form I and Annual Return in Form I-1. The Refund application form for exporters - Form W has to be submitted by the exporters.

The monthly returns are required to filed on or before 20th of the succeeding month to the assessing authority. Along with the monthly returns, details of purchases and sales are required to be submitted in Annexures I, I-A, II, III & IV.
The Monthly VAT Returns in Form I for M/s. National Traders displays as shown:

![Figure 5.15 VAT Monthly Return in Form I Page 1](image)

**Figure 5.15 VAT Monthly Return in Form I Page 1**
### VAT Monthly Return in Form I page 2

#### A. Payment details:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Amount (Rs.)</th>
<th>Crossed cheque/Crossed DD/Crossed Banker’s cheque No.</th>
<th>Date</th>
<th>Bank</th>
<th>Bank code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,179.21</td>
<td>G01235</td>
<td>4-May-2012</td>
<td>Bank of India, Chennai</td>
<td>02262</td>
</tr>
<tr>
<td>2</td>
<td>5,458.00</td>
<td>G01246</td>
<td>4-May-2012</td>
<td>Bank of India, Chennai</td>
<td>02505</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,637.21</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Amount Paid (Rs.): 6,637.21**

#### B. Amount of Input Tax Credit available, if (E) is excess of (T4)

<table>
<thead>
<tr>
<th>(E - T4)</th>
<th>(Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,390</td>
</tr>
</tbody>
</table>

**Total (E - T4): 4,390 Rs.**

---

**Declaration**

1. I / We T. Selvam declare that to the best of my/our knowledge and belief the information furnished in the above statement is true, correct and complete.
2. I / We T. Selvam declare that I am/We are authorised by Thyagarajan (Proprietor/Partner/Board of directors) to sign the returns.

**Place:** Chennai  
**Date:** 4-May-2012  
**Signature:**  
**Name:** T. Selvam  
**Position:** Relationship to the dealer: Account Officer
5.4.2 VAT Return Form I-1

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form I-1

The Annual Return in Form I-1 for M/s. National Traders displays as shown:

![Form I-1](image)

Figure 5.17 Form I-1
5.4.3 Form W

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Return Forms > Form W

The Refund Application Form for Exporters in Form W for M/s. National Traders displays as shown:

![Form W](image)

Figure 5.18 Form W - Page 1
5.4.4 VAT Annexures

As discussed earlier, the details of purchases, sales and transfers in/out are required to be enclosed in the respective annexures to the monthly Return. There are basically four annexures, which are prescribed in the TN VAT Act.

**Monthly Annexures – Annexure I**

Annexure I contains the details of purchases, Imports and Branch transfer inwards made during the given month.

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – I
The **Annexure I** of M/s. National Traders displays as shown:

![Image of Annexure I]

**ANNEXURE I**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the seller</th>
<th>Seller’s TIN</th>
<th>Commodity Code</th>
<th>Invoice/Delivery note no and date</th>
<th>Purchase/Receipt value (Rs.)</th>
<th>Rate of tax</th>
<th>VAT/CST paid (Rs.)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>102</td>
<td>01.2-Apr-2012</td>
<td>1,80,241</td>
<td>1</td>
<td>1,802</td>
<td>R</td>
</tr>
<tr>
<td>2</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>2100</td>
<td>01.2-Apr-2012</td>
<td>28,278</td>
<td>2</td>
<td>566</td>
<td>R</td>
</tr>
<tr>
<td>3</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>2127</td>
<td>01.2-Apr-2012</td>
<td>50,767</td>
<td>4</td>
<td>2,011</td>
<td>R</td>
</tr>
<tr>
<td>4</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>329</td>
<td>01.2-Apr-2012</td>
<td>1,20,214</td>
<td>12.50</td>
<td>15,027</td>
<td>R</td>
</tr>
<tr>
<td>5</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>2069</td>
<td>02.3-Apr-2012</td>
<td>48,750</td>
<td>5</td>
<td>2,438</td>
<td>R</td>
</tr>
<tr>
<td>6</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>351</td>
<td>02.3-Apr-2012</td>
<td>45,615</td>
<td>14.50</td>
<td>6,597</td>
<td>R</td>
</tr>
<tr>
<td>7</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>519</td>
<td>02.3-Apr-2012</td>
<td>13,727</td>
<td>29</td>
<td>2,745</td>
<td>R</td>
</tr>
<tr>
<td>8</td>
<td>Swastik Associates</td>
<td>32254582014</td>
<td>711</td>
<td>02.3-Apr-2012</td>
<td>30,000</td>
<td>0</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Universal Enterprises</td>
<td>29597458521</td>
<td>102</td>
<td>04.10-Apr-2012</td>
<td>80,000</td>
<td>1</td>
<td>800</td>
<td>O</td>
</tr>
<tr>
<td>10</td>
<td>Universal Enterprises</td>
<td>29597458521</td>
<td>2069</td>
<td>04.10-Apr-2012</td>
<td>64,000</td>
<td>5</td>
<td>3,200</td>
<td>O</td>
</tr>
<tr>
<td>11</td>
<td>Universal Enterprises</td>
<td>29597458521</td>
<td>333</td>
<td>04.10-Apr-2012</td>
<td>75,000</td>
<td>14.50</td>
<td>10,875</td>
<td>O</td>
</tr>
<tr>
<td>12</td>
<td>Glamour Appliances</td>
<td>333</td>
<td>06.16-Apr-2012</td>
<td>1,62,000</td>
<td>0</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Glamour Appliances</td>
<td>2069</td>
<td>06.16-Apr-2012</td>
<td>33,750</td>
<td>0</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Sunbeam Designers</td>
<td>332501200147</td>
<td>0011.18-Apr-2012</td>
<td>17,500</td>
<td>12.50</td>
<td>2,188</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Equipment Agencies</td>
<td>332506091241</td>
<td>08.18-Apr-2012</td>
<td>150,000</td>
<td>0</td>
<td>C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Swastik Associates</td>
<td>33254052014</td>
<td>324</td>
<td>09.21-Apr-2012</td>
<td>12,500</td>
<td>12.50</td>
<td>1,563</td>
<td>R</td>
</tr>
<tr>
<td>17</td>
<td>Dowtoll Traders</td>
<td>332500256850</td>
<td>304</td>
<td>10.23-Apr-2012</td>
<td>50,600</td>
<td>14.50</td>
<td>7,250</td>
<td>R</td>
</tr>
<tr>
<td>18</td>
<td>Sterling Industries</td>
<td>33265591540</td>
<td>2067</td>
<td>11.25-Apr-2012</td>
<td>5,000</td>
<td>4</td>
<td>200</td>
<td>B</td>
</tr>
</tbody>
</table>

*Category: C-Capital goods, E-Exempted, H-Import, O-Inter-state purchases requiring re Form C, R-Local-purchase input(First schedule), A-Purchases affected through agents/Branches, B-Industrial Input

Figure 5.22  Annexure I

**Monthly Annexures – Annexure I–A**

Annexure I–A contains the details of Inter-State purchases and Stock transfer inwards made during the given month.

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – I–A
The Annexure I–A of M/s. National Traders displays as shown:

![Figure 5.23 Annexure I-A](image)

**Monthly Annexures – Annexure II**

Annexure II contains the details of Sales, zero rated sales, exempt goods and Branch transfer Outwards made during the given month.

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – II
In the Print Report screen set the option - Show Inter-state sales to Yes.

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

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the buyer</th>
<th>Buyer's TIN</th>
<th>Commodity Code</th>
<th>Invoice/Delivery note no. and date</th>
<th>Sale value(Rs.)</th>
<th>Rate of tax</th>
<th>VAT/GST paid(Rs.)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>162</td>
<td>1.6-Apr-2012</td>
<td>90,482</td>
<td>1</td>
<td>905 F</td>
<td>E</td>
</tr>
<tr>
<td>2</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>329</td>
<td>1.6-Apr-2012</td>
<td>88,107</td>
<td>2</td>
<td>1,103 F</td>
<td>F</td>
</tr>
<tr>
<td>3</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2109</td>
<td>1.6-Apr-2012</td>
<td>36,434</td>
<td>2</td>
<td>729 F</td>
<td>F</td>
</tr>
<tr>
<td>4</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2127</td>
<td>1.6-Apr-2012</td>
<td>32,682</td>
<td>4</td>
<td>1,229 F</td>
<td>F</td>
</tr>
<tr>
<td>5</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2109</td>
<td>1.7-Apr-2012</td>
<td>36,000</td>
<td>2</td>
<td>(1,120) F</td>
<td>R</td>
</tr>
<tr>
<td>6</td>
<td>Supreme Book Stores</td>
<td>33254123852</td>
<td>711</td>
<td>1.7-Apr-2012</td>
<td>36,000</td>
<td>0</td>
<td>E</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>333</td>
<td>2.7-Apr-2012</td>
<td>35,000</td>
<td>10</td>
<td>5,079 F</td>
<td>F</td>
</tr>
<tr>
<td>8</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>519</td>
<td>2.7-Apr-2012</td>
<td>16,432</td>
<td>10</td>
<td>3,286 F</td>
<td>F</td>
</tr>
<tr>
<td>9</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2669</td>
<td>2.7-Apr-2012</td>
<td>43,788</td>
<td>5</td>
<td>2,186 F</td>
<td>F</td>
</tr>
<tr>
<td>10</td>
<td>Supreme Book Stores</td>
<td>33254123852</td>
<td>711</td>
<td>2.9-Apr-2012</td>
<td>(32,000)</td>
<td>0</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Digimat Electronic</td>
<td>28687452140</td>
<td>304</td>
<td>2.10-Apr-2012</td>
<td>1,44,500</td>
<td>2</td>
<td>2,890 F</td>
<td>F</td>
</tr>
<tr>
<td>12</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2109</td>
<td>3.9-Apr-2012</td>
<td>26,400</td>
<td>2</td>
<td>462 F</td>
<td>F</td>
</tr>
<tr>
<td>13</td>
<td>Verona Traders</td>
<td>29856521458</td>
<td>162</td>
<td>3.11-Apr-2012</td>
<td>45,000</td>
<td>10</td>
<td>4,500 F</td>
<td>F</td>
</tr>
<tr>
<td>14</td>
<td>Verona Traders</td>
<td>29856521458</td>
<td>333</td>
<td>3.11-Apr-2012</td>
<td>35,000</td>
<td>14.50</td>
<td>5,075 F</td>
<td>F</td>
</tr>
<tr>
<td>15</td>
<td>Verona Traders</td>
<td>29856521458</td>
<td>2669</td>
<td>3.11-Apr-2012</td>
<td>15,000</td>
<td>5</td>
<td>750 F</td>
<td>F</td>
</tr>
<tr>
<td>16</td>
<td>Marvel Traders</td>
<td>33259874547</td>
<td>2669</td>
<td>4.10-Apr-2012</td>
<td>32,500</td>
<td>5</td>
<td>1,625 F</td>
<td>F</td>
</tr>
<tr>
<td>17</td>
<td>Fortune Agencies</td>
<td>2465954122</td>
<td>2127</td>
<td>4.12-Apr-2012</td>
<td>48,000</td>
<td>2</td>
<td>988 F</td>
<td>F</td>
</tr>
<tr>
<td>18</td>
<td>Zeta Inc</td>
<td>162</td>
<td>5.13-Apr-2012</td>
<td>106,500</td>
<td>0</td>
<td>Z</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Zeta Inc</td>
<td>329</td>
<td>5.13-Apr-2012</td>
<td>50,880</td>
<td>0</td>
<td>Z</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Swastik Associates</td>
<td>33254852014</td>
<td>2669</td>
<td>6.18-Apr-2012</td>
<td>30,000</td>
<td>12.50</td>
<td>3,750 F</td>
<td>F</td>
</tr>
<tr>
<td>21</td>
<td>National Enterprises</td>
<td>27563854125</td>
<td>2669</td>
<td>7.18-Apr-2012</td>
<td>4,800</td>
<td>0</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Panjata Traders</td>
<td>298574125573</td>
<td>2109</td>
<td>8.24-Apr-2012</td>
<td>3,000</td>
<td>0</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Fortune Agencies</td>
<td>2465954122</td>
<td>329</td>
<td>9.25-Apr-2012</td>
<td>17,500</td>
<td>12.50</td>
<td>2,188 F</td>
<td>F</td>
</tr>
</tbody>
</table>

Category: E-Exempt, F-First schedule, R-Sales return, S-Stock transfer outside the State, Z-Zero rate sale, A-Sales effected through agents/branches in the State
Monthly Annexures – Annexure III
Annexure III contains the details of reversal of Input Tax Credit already claimed or availed.

Go to Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – III

Enter the details in the Print Report screen as shown:

![Print Report screen](image)

Figure 5.26 Print Report screen
The **Annexure III** of M/s. National Traders displays as shown:

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>Nature of transactions</th>
<th>Section/Sub-section</th>
<th>Commodity Code</th>
<th>Value (Rs.)</th>
<th>Rate of tax</th>
<th>TIN</th>
<th>Reversal of Input Tax Credit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods used for civil structure</td>
<td>Sec. 2(11)</td>
<td>150,000</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Goods utilised for self use</td>
<td>Sec. 15(7)(a)</td>
<td>20,000</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Purchase of automobiles, spare parts and accessories other than dealer in Automobiles</td>
<td>Sec. 15(7)(b)</td>
<td>12,500</td>
<td>1,563</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Purchase of Airconditioners other than dealer in Airconditioners</td>
<td>Sec. 15(7)(c)</td>
<td>50,000</td>
<td>7,250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Goods given as gift free sample</td>
<td>Sec. 15(8)</td>
<td>1,500</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Goods lost on theft,etc.</td>
<td>Sec. 15(9)(a)</td>
<td>750</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Inputs destroyed in fire or lost</td>
<td>Sec. 15(9)(b)</td>
<td>500</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Inputs damaged in transit or destroyed before manufacture</td>
<td>Sec. 15(9)(c)</td>
<td>1,250</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Unavailed credit on Capital goods (time barred)</td>
<td>Sec. 15(9)(d)</td>
<td>4,800</td>
<td>240</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Consignment Sales without Form</td>
<td>Sec. 15(4)(b) &amp; (9)</td>
<td>10,000</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Store transfer without Form</td>
<td>Sec. 15(4)(b) &amp; (9)</td>
<td>10,000</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Purchases for production of Vaniranted goods (finished)</td>
<td>Sec. 15(8)(a)</td>
<td>15,000</td>
<td>1,875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Interstate Sales without C Form</td>
<td>Sec. 15(8)(c)</td>
<td>15,000</td>
<td>1,875</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Purchase return</td>
<td>Sec. 15(4)(b)</td>
<td>1,500</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>ITC avail for finished goods subsequently exempt</td>
<td>Sec. 15(12)</td>
<td>1,500</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 5.27 Annexure III**

*The various transactions relating to reversal of Input Tax Credit are discussed in detail in Lesson 3 – Reversal of Input Tax Credit.*

**Monthly Annexures – Annexure IV**

Annexure IV contains the details of zero rated sales and other export information during the given month.

Go to **Gateway of Tally > Display > Statutory Reports > VAT > VAT Forms > VAT Annexures - Monthly > Annexure – IV**
The **Annexure IV** of M/s. National Traders displays as shown:

**ANNEXURE IV**

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Seller's TIN</th>
<th>Description of goods</th>
<th>Commodity Code</th>
<th>Purchase value (Rs.)</th>
<th>Rate of tax</th>
<th>Input Tax paid (Rs.)</th>
<th>Eligible Credit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>33258710209</td>
<td>Gold Jewellery</td>
<td>192</td>
<td>60000</td>
<td>1%</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2</td>
<td>33269710209</td>
<td>Vacuum Cleaner</td>
<td>329</td>
<td>30000</td>
<td>12.5%</td>
<td>3750</td>
<td>3750</td>
</tr>
</tbody>
</table>

**INPUT TAX PAID**

Similarly generate annuxures of Annual Return by navigating to **Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual**
Annual Annexures – Annexure I

Go to Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure I

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

![Figure 5.30 Annual Annexures - Annexure I](image)

**ANNEXURE I**

Details of purchases/receipts during the Year 2012 - 2013

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the seller</th>
<th>Seller’s TIN</th>
<th>Commodity Code</th>
<th>Invoice/Delivery no and date</th>
<th>Purchase /Receipt value( Rs.)</th>
<th>Rate of tax</th>
<th>VAT/CST paid(Rs.)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>102</td>
<td>01.2-Apr-2012</td>
<td>1,80,241</td>
<td>1</td>
<td>1,802</td>
<td>R</td>
</tr>
<tr>
<td>2</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>202</td>
<td>01.2-Apr-2012</td>
<td>28,278</td>
<td>2</td>
<td>568</td>
<td>R</td>
</tr>
<tr>
<td>3</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>2127</td>
<td>01.2-Apr-2012</td>
<td>50,267</td>
<td>2</td>
<td>1,011</td>
<td>R</td>
</tr>
<tr>
<td>4</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>329</td>
<td>01.2-Apr-2012</td>
<td>1,20,214</td>
<td>2</td>
<td>15,027</td>
<td>R</td>
</tr>
<tr>
<td>5</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>2969</td>
<td>02.3-Apr-2012</td>
<td>45,756</td>
<td>5</td>
<td>2,438</td>
<td>R</td>
</tr>
<tr>
<td>6</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>333</td>
<td>02.3-Apr-2012</td>
<td>64,000</td>
<td>5</td>
<td>3,200</td>
<td>O</td>
</tr>
<tr>
<td>7</td>
<td>Excel Traders</td>
<td>33258710200</td>
<td>519</td>
<td>02.3-Apr-2012</td>
<td>13,727</td>
<td>20</td>
<td>2,745</td>
<td>R</td>
</tr>
<tr>
<td>8</td>
<td>Swastik Associates</td>
<td>33258652014</td>
<td>711</td>
<td>02.3-Apr-2012</td>
<td>30,000</td>
<td>0</td>
<td></td>
<td>E</td>
</tr>
<tr>
<td>9</td>
<td>Universal Enterprises</td>
<td>29587465821</td>
<td>192</td>
<td>04.10-Apr-2012</td>
<td>80,000</td>
<td>1</td>
<td>800</td>
<td>O</td>
</tr>
<tr>
<td>10</td>
<td>Universal Enterprises</td>
<td>29587465821</td>
<td>2969</td>
<td>04.10-Apr-2012</td>
<td>64,000</td>
<td>5</td>
<td>3,200</td>
<td>O</td>
</tr>
<tr>
<td>11</td>
<td>Universal Enterprises</td>
<td>29587465821</td>
<td>333</td>
<td>04.10-Apr-2012</td>
<td>75,000</td>
<td>14.50</td>
<td>10,873</td>
<td>O</td>
</tr>
<tr>
<td>12</td>
<td>Glanour Appliances</td>
<td>33250120147</td>
<td>66,16-Apr-2012</td>
<td>1,62,000</td>
<td>0</td>
<td></td>
<td></td>
<td>I</td>
</tr>
<tr>
<td>13</td>
<td>Glanour Appliances</td>
<td>29587465821</td>
<td>333</td>
<td>06,16-Apr-2012</td>
<td>33,750</td>
<td>0</td>
<td></td>
<td>I</td>
</tr>
<tr>
<td>14</td>
<td>Sunbeam Designers</td>
<td>3325001241</td>
<td>66,18-Apr-2012</td>
<td>17,500</td>
<td>12.50</td>
<td>2,188</td>
<td></td>
<td>R</td>
</tr>
<tr>
<td>15</td>
<td>Equipment Agencies</td>
<td>33256001241</td>
<td>66,18-Apr-2012</td>
<td>1,50,000</td>
<td>0</td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>16</td>
<td>Swastik Associates</td>
<td>33256462014</td>
<td>324</td>
<td>08,21-Apr-2012</td>
<td>12,500</td>
<td>12.50</td>
<td>1,563</td>
<td>R</td>
</tr>
<tr>
<td>17</td>
<td>Dewpoint Traders</td>
<td>33250025850</td>
<td>394</td>
<td>10,23-Apr-2012</td>
<td>50,000</td>
<td>14.50</td>
<td>7,250</td>
<td>R</td>
</tr>
<tr>
<td>18</td>
<td>Sterling Industries</td>
<td>33250061450</td>
<td>567</td>
<td>11,25-Apr-2012</td>
<td>5,000</td>
<td>4</td>
<td>200</td>
<td>B</td>
</tr>
</tbody>
</table>

Category: C-Capital goods, E-Exempted, I-Import, O-Inter-state purchases requiring no Form C, R-Local-purchase input( First schedule), A-Purchases effected through agents/Branches, B-Industrial Input

Figure 5.30 Annual Annexures - Annexure I
Annual Annexures – Annexure II

Go to Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure II

In the Print Report screen set the option - Show Inter-state sales to Yes.

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

![Image of Annexure II]
Annual Annexures – Annexure III

Go to Gateway of Tally > Statutory Reports > VAT > VAT Forms > VAT Annexures - Annual > Annexure III

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

![Figure 5.33 Annual Annexures - Annexure III](image1)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Seller's TIN</th>
<th>Description of goods</th>
<th>Commodity Code</th>
<th>Purchase value (Rs.)</th>
<th>Rate of tax</th>
<th>Input tax paid (Rs.)</th>
<th>Eligible Credit (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>32258710260</td>
<td>Gold Jewellery</td>
<td>102</td>
<td>60000</td>
<td>1%</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>2</td>
<td>32258710260</td>
<td>Vacuum Cleaner</td>
<td>329</td>
<td>30000</td>
<td>12.5%</td>
<td>3750</td>
<td>3750</td>
</tr>
</tbody>
</table>

![Figure 5.34 Annual Annexures - Annexure III](image2)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Description of Goods</th>
<th>Commodity Code</th>
<th>Value (Rs.)</th>
<th>Details of Bill of Lading / Air / Road / Railway</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gold Jewellery</td>
<td>102</td>
<td>1,05,580</td>
<td>C41, 13-Apr-2012</td>
</tr>
<tr>
<td>2</td>
<td>Vacuum Cleaner</td>
<td>329</td>
<td>58,880</td>
<td>C41, 13-Apr-2012</td>
</tr>
</tbody>
</table>

Place: Chennai
Date: 31-Mar-2013

Signature: T. Selvam
Name: T. Selvam
Status & relationship to the dealer: Accounts Officer
Lesson 6: E–VAT

Lesson Objectives

On completion of this lesson, you will be able to

- Export the Annexures I, I-A, II, III and IV in Excel Spreadsheet format.
- Understand the procedure of validating and data exported to excel files.
- Understand the procedure of uploading the validated excel sheets to the website.

6.1 Online Filing

In the official website of Tamil Nadu, the Dealers need to login with their user name, i.e., TIN and the respective password allotted to them by the department. The annexures can be filed online for the required period by clicking on the Monthly Returns tab and submitting the required details for filing annexure – I, I-A, II, III and IV.

A proforma of Annexures is made available to the dealer. The dealer has to take a printout of the filled in Annexure I, I-A, II, III and IV from Tally.ERP 9. The values can also be filled manually in the respective columns of the proforma annexures and uploaded online to the department.

6.2 Uploading in Excel Format

The dealer needs to upload the Excel file in the format as prescribed by the department. The excel files in the prescribed format can be generated directly from Tally.ERP 9 and uploaded to the department website. While filing the VAT Form I the dealer can upload the Annexures in Excel Spreadsheet format to the Tamil Nadu VAT official site www.tnvat.gov.in.

Exporting the Data from Tally.ERP 9 for E–Filing

The E-VAT feature provided in Tally.ERP 9 facilitates the e-filing of Annexures in the excel spreadsheet format.
For dealers' convenience, the facility is provided to generate:

- **A single excel** file with all worksheets for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import
- **Separate Excel files** for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import

Using the options – **Annexure-I, Annexure 1-A, Annexure-II, Annexure-III, Annexure-IV Export and Annexure-V Export**, separate excel files can be generated for each of the annexures.

On selecting **e-VAT Annexures** option, a single excel sheet can be generated with separate worksheets for Annexure I, Annexure I-A, Annexure II, Annexure III, Annexure IV Export and Annexure IV Import.

To view the **E-VAT menu** for filing e-returns from Tally.ERP 9,

Go to **Gateway of Tally > Display > Statutory Reports > VAT > E-VAT Annexures > Select e-VAT Annexures**

In the Print Report screen, press **Backspace** key to make necessary changes.

- **Language**: Default (All Languages) appears by default and is not editable.
- **Format**: Excel (Spreadsheet) appears by default and is not editable.
- **Export Location**: The location of Tally.ERP 9 installed folder will be displayed in the here. The export location can be changed as per requirement.
- **Output File Name**: The Excel file should have the naming pattern as eleven digits **TIN Number** followed by **Return month** and **year in mmyyyy** format. The **VAT TIN (Regular)** as entered in **F11: Features > F3: Statutory & Taxation** is captured in the **Output File Name** field and the month and year is captured from Print Report screen.
- **Update existing file**: Set it to **Yes** to overwrite the existing file.
- **Excel (spreadsheet) Formatting**: set to **Yes**, to export the report with formatting.
- **with Colour**: set to **Yes**, to export the report with background colour for the header.
- **Open Exported File**: Set this to **Yes** to open the file immediately after the export process.
- Enter the Return period in the **From** and **To** fields.
- **Set Show Inter-state sales in Annexure -II to Yes.**

Figure 6.1  E-VAT Annexure – Print Report screen
Press **Enter** to export the details. The file will be saved in Microsoft Excel format. The exported file will be saved in Tally.ERP 9 folder by default. However, you can save the file in any other folder as per your requirements, by specifying the path in the **Output File Name** field.

The Excel spreadsheet appears as shown:

![Excel File Containing Exported Details](image)

**Figure 6.2 Excel File Containing Exported Details**

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

1. Do not Change the Output File Name. (The file Name should have the naming pattern as eleven digit TIN Number followed by Return month and year as (mmyyyy). Example: If the TIN number is 33201317891 and Return month is April 2012, then the Excel File sheet should be named as 33201317891042012.xls
2. The **Output Sheet Name** fields in the excel File will be as given below:
   - Sheet1 – Annex_I
   - Sheet2 – Annex_IA
   - Sheet3 – Annex_II
   - Sheet4 – Annex_III
   - Sheet5 – Annex_IV_Export
   - Sheet6 – Annex_IV_Import
3. The cells in the Annexure should contain text without any spelling mistakes.
4. Columns **D1, E1, F1, G1, and H1** are to be **Numeric**.
Procedure for Uploading the Validated Excel Sheets
The dealers need to login to the website with their user name (TIN number) and the respective password given to them by the department and submit the details.

In the website:
- Click on Form–I annexure Upload link to view the option to Upload Form I Annexures in Excel Format
- Click on Browse and select the exported excel file from Tally.ERP 9 folder
- Click on Upload for e-filing of annexures.