

Knowledge base

Availing CENVAT Credit on Purchases from Excise Dealers

What is this document about?

This document describes the steps to avail the CENVAT credit on purchases from excise dealers.

In Tally.ERP 9, CENVAT Credit on purchases from Excise Dealers can be availed -

1. While recording the purchase transaction (in the same invoice)
2. Later by recording a separate Debit Note: In this case first purchase invoice will be recorded without availing credit and later a separate Debit Note will be recorded to avail the CENVAT credit.

Example: On 15-6-2009 ABC Company received the bill for **Rs. 14,610** from Shubh distributors for the supply of 100 Water Containers – 20 Itrs @ Rs. 140.48 per container.

Against this purchase of 100 water containers, ABC Company can avail CENVAT Credit on Rs. 10,000 (@ Rs. 100 per Container i.e., on Assessable Value as per manufacturer's invoice).

Procedure:

1. Avail CENVAT Credit on purchases (in the same invoice).

Note: Create the necessary Excise masters.

Create Party Ledger

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

- In the **Name** field enter the name of the ledger. e.g. **Shubh Distributors**
- In **Under** field select **Sundry Creditors**
- Enter the **Default Credit Period** if any
- Enter the **Mailing Details** and **Tax Information**
- Enable **Set/Alter Excise Details** to **Yes**
- Enter the **Excise Details** as shown

<u>Excise Details</u>	
Excise Registration (ECC) No.	: ASDSE4520CXD002
Date of Registration	: 1-Jun-2001
Range	: RT Nagar
Division	: RT Nagar
Commissionerate	: Bangalore I
Default Nature of Purchase	: First Stage Dealer
Nature of Removal	: Domestic

: Karnat
: 560047
Informatic
Types of Removal
Domestic
Exempt
Export
Special Rate

- Press Enter to save Excise Details and Ledger Creation.

Record a Purchase Voucher

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

- In **Voucher Type** sub form select **Excise – Purchases** as the voucher type.
- Ensure that the Purchase Voucher is in Item Invoice Mode.
- Enter the **Date** as **15-6-2009**
- In **Supplier Invoice No.** field enter the Invoice No. as **SD/4578**.
- In **Party's A/c Name** field select the supplier i.e. **Shubh Distributors** from the List of Ledger Accounts.
- In **Nature of Purchase** field **First Stage Dealer** is displayed automatically.
- In **Purchase Ledger** field select the ledger **Purchase of Raw Materials** from List of Ledger Accounts.

VAT/Tax Class field automatically gets updated with the VAT/Tax class as selected in the purchase ledger, which can be changed.

- In **Name of Item** field select the Stock Item i.e. **Water Container – 20 Ltrs**
- In **Quantity** field enter the quantity as **100**
- In **Rate** field enter the rate as **Rs. 124** [Actual purchase rate (**140**) – CENVAT Credit (**16**)].
- **Amount** will be displayed automatically
- Select Basic Excise Duty (CENVAT) ledger to view the **Duty Details** screen

Note: To Avail the CENVAT Credit user needs to select CENVAT Type of Duty ledgers

In the **Duty details** screen:

- In the fields Type of Ref and Name, the details will be populated by default.
- In the Name of Item field, select the Item – Water Container – 20ltrs
- In the Assessable Value field, enter Rs. 10,000 (Assessable Value as per the Manufacturer’s invoice)
- In the Amount field, the Duty Amount will be calculated and displayed based on the assessable value entered.

Excise Duty Allocation						ABC Company			Ctrl + M		
Excise - Purchases No. 1						Supplier Invoice No. : SD/4578			Date : 15-Jun-2009		
Excise Unit : ABC Company						Party's A/c Name : Shubh Distributors			15-Jun-2009 Monday		
Duty Details for : Basic Excise Duty (CENVAT)											
Type of Ref	Name	Name of Item	Assessable Amount	Rate	Duty Amount	Quantity	Rate per	Amount			
New Ref	SD/4578	Water Container – 20 Ltrs	10,000.00	16 %	1,600.00 Dr	100 U (5 Kg)	124.00 U	12,400.00			
							16 %	1,600.00			
					1,600.00 Dr	100 U		14,000.00			

- Select Education Cess (CENVAT) ledger to view the Duty Details screen

The **Duty Details** screen is displayed as shown:

Duty Details for : Education Cess (CENVAT)					
Type of Ref	Name	Name of Item	Assessable Amount	Rate	Duty Amount
New Ref	SD/4578	Water Container – 20 Ltrs	1,600.00	2 %	32.00 Dr
					32.00 Dr

Note: For the Education Cess (CENVAT) the Basic Excise Duty (CENVAT) amount is defaulted as the assessable value.

Select Secondary Education Cess (CENVAT) ledger to view the **Duty Details** screen. In the Duty Details screen accept the default details.

Select **Input VAT @ 4%** ledger. **Amount** will be displayed automatically.

- Set **Show Statutory Details** to **Yes** to view statutory details.

Statutory Details		ABC Company		Ctrl + M
Excise - Purchase		Statutory Details		15-Jun-2009
Supplier Invoice No				Monday
Excise Unit		Particulars	Excise	VAT
Party's A/c Name		Assessable Value	12,400.00	14,048.00
Nature of Purchase		Water Container – 20 Ltrs		
Current Balance		Item Value	12,400.00	12,400.00
Purchase Ledger		Basic Excise Duty (CENVAT)		1,600.00
VAT/Tax Class: P		Education Cess (CENVAT)		32.00
Name of Item		Secondary Education Cess (CENVAT)		16.00
Water Container – 20 Ltrs		Excise Duty Value	1,648.00	
Rate : 1		Basic Excise Duty (CENVAT)	16 %	1,600.00
Basic Excise Duty (CENVAT)		Water Container – 20 Ltrs @ 16 % On 10,000.00		1,600.00
Education Cess (CENVAT)		Education Cess (CENVAT)	2 %	32.00
Secondary Education Cess (CENVAT)		Water Container – 20 Ltrs @ 2 % On 1,600.00		32.00
Input VAT @ 4%		Secondary Education Cess (CENVAT)	1 %	16.00
		Water Container – 20 Ltrs @ 1 % On 1,600.00		16.00
Show Statutory De		VAT Amount		562.00
Narration:		Input VAT @ 4%	4 %	562.00
		Water Container – 20 Ltrs @ 4 % On 14,048.00		562.00
				14,610.00

Note: To view the calculation details press **Alt+F1** or click on **F1: Detailed** button in the buttons bar.

In the **Bill-wise Details** screen accept the default details:

- Enter the transaction details in the **Narration** field

Accounting Voucher Creation		ABC Company		Ctrl + M
Excise - Purchases No. 1		Supplier Invoice No. : SD/4578		15-Jun-2009
Date : 15-Jun-2009		Excise Unit : ABC Company		Monday
Party's A/c Name : Shubh Distributors Nature of Purchase : First Stage Dealer Current Balance : Purchase Ledger : Purchase of Raw Materials VAT/Tax Class: Purchases @ 4%				
Name of Item	Quantity	Rate per	Amount	
Water Container - 20 Ltrs Rate : 16%	100 U	124.00 U	12,400.00	
Basic Excise Duty (CENVAT)		16 %	1,600.00	
Education Cess (CENVAT)		2 %	32.00	
Secondary Education Cess (CENVAT)		1 %	16.00	
Input VAT @ 4%		4 %	562.00	
Show Statutory Details ? Yes				
Narration: Purchased goods from First Stage Dealer and CENVAT Credit availed			100 U	
			Accept ? Yes or No	

- Press Enter to save Purchase Invoice.

CENVAT Credit availed in the purchase voucher will be displayed in the CENVAT Credit Availed report.

To view the CENVAT Credit Availed report:

Go to **Gateway of Tally > Display > Statutory Reports > Excise Reports > Manufacturer > CENVAT Credit Availed**

CENVAT Credit Availed		ABC Company		Ctrl + M		
Excise Unit Name : ABC Company		Stock Item Type : Principal Input		1-Jun-2009 to 30-Jun-2009		
Date of Entry	Invoice / Adj Reference	Type of Document	Supplier Name	Supplier ECC No.	Assessable Value	Basic Excise Duty
15-Jun-2009	SD/4578	Excise - Purchases	Shubh Distributors	ASDSE4520CX0002	10,000.00 Dr	1,600.00 Dr
						2 more ...
Total Cenvat Total Adjusted						1,600.00 Dr
Balance						1,600.00 Dr

2. Avail CENVAT Credit on purchases (later by recording a separate Debit Note).

Record a Purchase Voucher

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

In **Voucher Type** sub form, select **Excise – Purchases** as the voucher type.

- Ensure that the Purchase Voucher is in **Item Invoice Mode**.
- Enter the **Date** as **15-6-2008**.
- In **Supplier Invoice No.** field enter the Invoice No. as **SD/4578**.
- In **Party's A/c Name** field select the supplier i.e. **Shubh Distributors** from the List of Ledger Accounts.
- In **Nature of Purchase** field **First Stage Dealer** is displayed automatically.
- In **Purchase Ledger** field select the ledger **Purchase of Raw Materials** from List of Ledger Accounts.

VAT/Tax Class field automatically gets updated with the VAT/Tax class as selected in the purchase ledger, which can be changed.

- In Name of Item field, select the Stock Item i.e. Water Container – 20 Ltrs.
- In Quantity field, enter the quantity as 100.
- In Rate field, enter the rate as Rs. 140.48.
- Amount will be displayed automatically.
- Select Input VAT @ 4% ledger. Amount will be displayed automatically.
- Set Show Statutory Details to Yes to view statutory details.
- In the Bill-wise Details screen, accept the default details.
- Enter the transaction details in the Narration field.

Accounting Voucher Creation		ABC Company		Ctrl + M
Excise - Purchases No. 2				15-Jun-2009
Supplier Invoice No. : SD/4578		Date : 15-Jun-2009		Monday
Excise Unit : ABC Company				
Party's A/c Name : Shubh Distributors				
Nature of Purchase : First Stage Dealer				
Current Balance : 14,610.00 Cr				
Purchase Ledger : Purchase of Raw Materials				
VAT/Tax Class: Purchases @ 4%				
Name of Item	Quantity	Rate per	Amount	
Water Container - 20 Ltrs Rate : 16%	100 U	140.48 U	14,048.00	
Input VAT @ 4%		4 %	562.00	
Show Statutory Details ? Yes				
Narration:		100 U		Accept ? Yes or No

- Press **Enter** to save Purchase Invoice

Create Voucher Class for Debit Note

To record a **CENVAT credit availing** entry in debit note, user needs to create a voucher class for Debit Note.

To create voucher class for Debit Note:

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter**

- From the List of Voucher Types, select Debit Note
- In the Debit Note Voucher, tab down to Name of Class field
- In the Name of Class field, enter the class name as CENVAT Availing

Voucher Type Alteration		ABC Company	Ctrl + M
Name : Debit Note (alias) :			
General		Printing	Name of Class
Type of Voucher : Debit Note	Abbr. : D/Note	Print after saving Voucher ? No	CENVAT Availing
Method of Voucher Numbering ? Automatic			
Use Advance Configuration ? No			
Use EFFECTIVE Dates for Vouchers ? No			
Make 'Optional' as default ? No			
Use Common Narration ? Yes			
Narrations for each entry ? No			
Use for Excise ? No			

- In the Voucher Type Class screen, set the option **Use Class for Excise/CENVAT Adjustments** to **Yes**.

Voucher Type Class		ABC Company	Ctrl + M
Name : Debit Note (alias) :		Class : CENVAT Availing	
Use Class for Excise / CENVAT Adjustments ? Yes		Use Class for Interest Accounting ? No	
<i>If you wish to restrict the groups to which this class can be used, specify them here.</i>			
Type of Voucher	Abbr.	Exclude these Groups	Include these Groups
Method of Voucher Numbering		Use Advance Configuration	
Use EFFECTIVE Dates		Make 'Optional' as default	
Use Common Narration		Narrations for each entry	
Use for Excise		Default Accounting Allocations for each Item in Invoice	
Ledger Name	VAT/Tax Class	Percentage %	Rounding Method
		100 %	Rounding Limit
			Override using Item Default ?
			No
Additional Accounting Entries (e.g. Taxes / Other charges) to be added in Invoice			
Ledger Name	Type of Calculation	Value Basis	Rounding Method
			Rounding Limit
			Remove if Zero ?
			Yes

- Press **Enter** to save the Voucher Type Class screen and Voucher Type Alteration screen.

Record a Debit Note (to avail CENVAT Credit)

In F11: Features (Accounting Features)

- Set Use Debit/Credit Notes and Use Invoice mode for Debit Notes to Yes.

Company: ABC Company			
Accounting Features			
General		Invoicing	
Integrate Accounts and Inventory	? Yes	Allow Invoicing	? Yes
Income/Expense Statement instead of P & L	? No	Enter Purchases in Invoice Format	? Yes
Allow Multi-Currency	? No	Use Debit/Credit Notes	? No
Outstandings Management		Use Invoice mode for Credit Notes	? Yes
Maintain Bill-wise Details (for Non-Trading A/cs also)	? Yes	Use Invoice mode for Debit Notes	? Yes
Activate Interest Calculation (use advanced parameters)	? No	Budgets & Scenario Management	
Cost/Profit Centres Management		Maintain Budgets and Controls	? No
Maintain Payroll	? No	Use Reversing Journals & Optional Vouchers	? Yes
Maintain Cost Centres	? No	Other Features	
Use Cost Centre for Job Costing	? No	Enable Cheque Printing	? No
More than ONE Payroll / Cost Category	? No	Set/Alter Cheque Printing Configuration	? No
Use Pre-defined Cost Centre Allocations during Entry ?	? No	Allow Zero valued entries	? No

F1: Accounts F2: Inventory F3: Statutory F5: Audit

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

- In the **Change Voucher Type** screen in **Class** field, select **CENVAT Availing** from the Voucher Class List.

Change Voucher Type		ABC Company		Ctrl + M												
Debit Note	No. 1	Voucher Class : CENVAT Availing		15-Jun-2009 Monday												
Excise Unit :		Used for: CENVAT Availing														
Nature of Purchase :																
Particulars	Debit	Credit														
By																
<table border="1"> <tr> <th colspan="2">Voucher Type</th> </tr> <tr> <td>Name</td> <td>: Debit Note</td> </tr> <tr> <td>Class</td> <td>: CENVAT Availing</td> </tr> </table> <table border="1"> <tr> <th colspan="2">Voucher Class List</th> </tr> <tr> <td><input type="checkbox"/></td> <td>Not Applicable</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>CENVAT Availing</td> </tr> </table>					Voucher Type		Name	: Debit Note	Class	: CENVAT Availing	Voucher Class List		<input type="checkbox"/>	Not Applicable	<input checked="" type="checkbox"/>	CENVAT Availing
Voucher Type																
Name	: Debit Note															
Class	: CENVAT Availing															
Voucher Class List																
<input type="checkbox"/>	Not Applicable															
<input checked="" type="checkbox"/>	CENVAT Availing															
Narration:																

- Enter the **Date** as **18-6-2008**

- In the Excise Unit field, select ABC Company
- In Nature of Purchase field select First Stage Dealer
- In **Debit** field select **Basic Excise Duty (CENVAT)** to view Excise Duty Allocation screen

In the Excise Duty Allocation screen:

- In **Type of Ref** field, **New Ref** will be filled in by default.
- In **Name** field, enter the reference name. Here you can enter any new reference name or use the reference name entered in the purchase voucher.
- In **Party Name** field, select **Shubh Distributors** from the List of Ledger Accounts.
- In the **Name of Item** field, select **Water Container – 20 Ltrs.**
- In **Quantity** field, enter **100**.
- In the **Assessable Value** field, enter **Rs. 10,000** (i.e. as per the manufacturer's invoice).
- In the **Rate** field the rate of duty i.e. **16 %** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty).
- The **duty amount** will be calculated and displayed in the **Amount** field.

Excise Duty Allocation		ABC Company			Ctrl + M		
Debit Note	NO. 1	Voucher Class : CENVAT Availing			18-Jun-2009 Thursday		
Excise Unit : ABC Company		Used for: CENVAT Availing					
Duty Details for : Basic Excise Duty (CENVAT)							
Type of Ref	Name	Party Name	Name of Item	Quantity	Assessable Amount	Rate	Amount
New Ref	01	Shubh Distributors	Water Container – 20 Ltrs	100 U	10,000.00	16 %	1,600.00 Dr
							1,600.00

- In **Debit** field, select **Education Cess (CENVAT)** to view Excise Duty Allocation screen.

In Excise Duty Allocation screen:

- In the **Type of Ref** field, **New Ref** will be filled in by default.
- In **Name** field, enter the reference name (here you can enter any new reference name or use the reference name entered in the purchase voucher)
- In **Party Name** field, select **Shubh Distributors** from the List of Ledger Accounts
- In the **Name of Item** field select **Water Container – 20 Ltrs**
- In **Quantity** field enter **100**
- In the **Assessable Value** field enter **Rs. 1600** (Excise Duty value)
- In the **Rate** field the rate of duty i.e., **2%** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty)
- The **duty amount** will be calculated and displayed in the **Amount** field

Duty Details for : Education Cess (CENVAT)							
Type of Ref	Name	Party Name	Name of Item	Quantity	Assessable Amount	Rate	Amount
New Ref	01	Shubh Distributors	Water Container – 20 Ltrs	100 U	1,600.00	2 %	32.00 Dr.
							32.00

- Similarly, in **Debit** filed select **Secondary Education Cess (CENVAT)** to view Excise Duty Allocation screen

In Excise Duty Allocation screen:

- In **Type of Ref** field, **New Ref** will be defaulted.
- In **Name** field enter the reference name (here you can enter any new reference name or use the reference name entered in the purchase voucher).
- In **Party Name** field select **Shubh Distributors** from the List of Ledger Accounts.
- In the **Name of Item** field select **Water Container – 20 Ltrs**.
- In **Quantity** field enter **100**.
- In the **Assessable Value** field enter **Rs.1600** (Excise Duty value).
- In the **Rate** field the rate of duty i.e., **1%** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty)
- The **duty amount** will be calculated and displayed in the **Amount** field

- In the **Credit** field select **Purchase of Raw Materials** ledger to view Inventory Allocation screen.

In the Inventory Allocation screen:

- In **Name of Item** field select the stock item **Water Container – 20 Ltrs**
- In the **Amount** column enter the total amount (of Basic Excise Duty, Education Cess and Secondary Education Cess) **Rs. 1648**

Inventory Allocations for: Purchase of Raw Materials			
Name of Item	Quantity	Rate per	Amount
Water Container – 20 Ltrs			1648
Actuals:	()		

- Press Enter to accept the Inventory Allocation screen
- Enter the transaction details in the Narration field.

Accounting Voucher Creation		ABC Company	Ctrl + M
Debit Note	No. 1	Voucher Class : CENVAT Availing	18-Jun-2009 Thursday
		Used for: CENVAT Availing	
Excise Unit	: ABC Company		
Nature of Purchase	: First Stage Dealer		
Particulars		Debit	Credit
Dr Basic Excise Duty (CENVAT)		1,600.00	
<i>Cur Bal: 37,360.00 Dr</i>			
Dr Education Cess (CENVAT)		32.00	
<i>Cur Bal: 747.20 Dr</i>			
Dr Secondary Education Cess (CENVAT)		16.00	
<i>Cur Bal: 373.60 Dr</i>			
Cr Purchase of Raw Materials			1,648.00
<i>Cur Bal: 24,800.00 Dr</i>			
Water Container-20 Ltrs	1,648.00		
Narration:		1,648.00	1,648.00
Availed CENVAT credit on purchase from Shubh Distributors			

Accept ?

Yes or No

- Press **Enter** to save the Debit Note.

To view the CENVAT availed details, user can check the CENVAT Credit Availed report.

To view the CENVAT Credit Availed report:

Go to **Gateway of Tally > Display > Statutory Reports > Excise Reports > Manufacturer > CENVAT Credit Availed**

CENVAT Credit Availed						
ABC Company						Ctrl + M
Excise Unit Name : ABC Company		1-Jun-2009 to 30-Jun-2009				
Stock Item Type : Principal Input						
Date of Entry	Invoice / Adj Reference	Type of Document	Supplier Name	Supplier ECC No.	Assessable Value	Basic Excise Duty
						2 more ...
15-Jun-2009	SD/4578	Excise - Purchases	Shubh Distributors	ASDSE4520CX0002	10,000.00 Dr	1,600.00 Dr
18-Jun-2009	01	Debit Note	Shubh Distributors	ASDSE4520CX0002	10,000.00 Dr	1,600.00 Dr
Total Cenvat Total Adjusted						3,200.00 Dr
Balance						3,200.00 Dr