

Knowledge base

Availing CENVAT Credit on Purchases from Manufacturer

What is this document about?

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

In Tally.ERP 9, CENVAT Credit on purchases from Manufacturer 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 12-6-2009 ABC Company purchased 1000 Water Containers – 20 ltrs @ Rs. 100 per container from Lanco Manufacturers. Against this purchase CENVAT Credit is availed on 14-6-2008.

Following is the procedure to avail CENVAT Credit on purchases.

Here we shall illustrate the scenario for the **second use case**. For the **First use case**, user can refer **Tally.ERP 9 Reference Manual (Help)**.

Note: Create the necessary Excise masters.

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 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	Exclude these Groups	Include these Groups	Name of Class
Abbr.			CENVAT Availing
Method of Voucher Numbering			
Use Advance Configuration			
Use EFFECTIVE Dates			
Make 'Optional' as default			
Use Common Narration Narrations for each entry			
Use for Excise			
<i>Default Accounting Allocations for each Item in Invoice</i>			
Ledger Name	VAT/Tax Class	Percentage %	Rounding Method
		100 %	No
<i>Additional Accounting Entries (e.g. Taxes / Other charges) to be added in Invoice</i>			
Ledger Name	Type of Calculation	Value Basis	Rounding Method
			Yes

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

Record a Purchase Voucher

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

Record the Purchase Vouchers as shown below:

Accounting Voucher Creation		ABC Company	Ctrl + M
Excise - Purchases No. 1			12-Jun-2009
Supplier Invoice No. : LM/0056	Date : 12-Jun-2009		Friday
Excise Unit : ABC Company			
Party's A/c Name : Lanco Manufacturers			
Nature of Purchase : Manufacturer			
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%	1,000 U	100.00 U	1,00,000.00
Basic Excise Duty @ 16%		16 %	16,000.00
Education Cess @ 2%		2 %	320.00
Secondary Education Cess @ 1%		1 %	160.00
Input VAT @ 4%		4 %	4,659.00
Show Statutory Details ? Yes			
Narration:		1,000 U	Accept ?
1000 water containers purchased from Lanco manufacturers			Yes or No

Record a Debit Note

In F11: Features (Accounting Features)

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

Company: ABC Company			
<u>Accounting Features</u>			
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	? Yes
		Use Invoice mode for Credit Notes	? No
		Use Invoice mode for Debit Notes	? Yes
Outstandings Management		Budgets & Scenario Management	
Maintain Bill-wise Details (for Non-Trading A/cs also)	? Yes ? No	Maintain Budgets and Controls	? No
Activate Interest Calculation (use advanced parameters)	? No ? No	Use Reversing Journals & Optional Vouchers	? Yes
Cost/Profit Centres Management		Other Features	
Maintain Payroll	? No	Enable Cheque Printing	? No
Maintain Cost Centres	? No	Set/Alter Cheque Printing Configuration	? No
Use Cost Centre for Job Costing	? No	Allow Zero valued entries	? No
More than ONE Payroll / Cost Category	? No		
Use Pre-defined Cost Centre Allocations during Entry	? No		
F1: Accounts F2: Inventory F3: Statutory F5: Audit			

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

- In **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 12-Jun-2009 Friday

Party's A/c Name :
Current Balance :

Name of Item	Quantity	Rate per	Amount
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <p>Voucher Type</p> <p>Name : Debit Note</p> <p>Class : CENVAT Availing</p> </div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 10px;"> <p>Voucher Class List</p> <p><input type="checkbox"/> Not Applicable</p> <p><input checked="" type="checkbox"/> CENVAT Availing</p> </div>			

Narration: _____

- Enter the **Date** as **14-6-2008**.
- In **Excise Unit** field, select **ABC Company**.
- In **Nature of Purchase** field, select **Manufacturer**.
- In **Debit** field, select **Basic Excise Duty (CENVAT)** to view Excise Duty Allocation screen.
- In **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 **Lanco Manufacturers** from the List of Ledger Accounts.
 - In the **Name of Item** field, select **Water Container – 20 Ltrs.**
 - In **Quantity** field, enter **1000**.
 - In the **Assessable Value** field, enter **Rs. 1,00,000** (i.e. the manufacturer's sales value).

- In the **Rate** field, the rate of duty i.e. **16 %** defined in the ledger will be selected by default (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				14-Jun-2009 Sunday	
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	LM/0056	Lanco Manufacturers	Water Container – 20 Ltrs	1,000 U	1,00,000.00	16 %	16,000.00 Dr
							<u>16,000.00</u>

- In the **Debit** field, select **Education Cess (CENVAT)** to view the 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 **Lanco Manufacturers** from the List of Ledger Accounts.
 - In the **Name of Item** field select **Water Container – 20 Ltrs.**
 - In **Quantity** field enter **1000.**
 - In the **Assessable Value** field enter **Rs. 16,000** (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	LM/0056	Lanco Manufacturers	Water Container – 20 Ltrs	1,000 U	16,000.00	2 %	320.00 Dr
							320.00

- 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 **Lanco Manufacturers** from the List of Ledger Accounts.
 - In the **Name of Item** field select **Water Container – 20 Ltrs**.
 - In **Quantity** field enter **1000**.
 - In the **Assessable Value** field enter **Rs.16,000** (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. 16,480**.

Inventory Allocations for : Purchase of Raw Materials			
Name of Item	Quantity	Rate per	Amount
Water Container - 20 Ltrs			16480
<i>Actuals:</i>	()		
<hr/> <hr/>			

- Press **Enter** to view **Excise Duty Allocation** screen.
- In the **Excise Duty Allocation** screen:
 - Select **Agst Ref** in **Type of Ref** field.
 - In the **Name** field, select bill **LM/0056** dated **12-6-2008** (Basic Excise Duty @ 16%) from the List of Pending Tax Bills.

Excise Duty Allocation		ABC Company		Ctrl + M	
Debit Note	No. 1	Voucher Class : CENVAT Availing		14-Jun-2009 Sunday	
Excise Unit : ABC Company		Used for: CENVAT Availing			
Duty Details for : Purchase of Raw Materials					
Type of Ref	Name	Amount	Dr/Cr	Debit	Credit
Agst Ref	LM/0056	16,000.00	Cr	16,000.00	
List of Pending Tax Bills					
LM/0056	12-Jun-2009	Water Container - 20 Ltrs	Basic Excise Duty @ 16%	16,000.00	Dr
LM/0056	12-Jun-2009	Water Container - 20 Ltrs	Education Cess @ 2%	320.00	Dr
LM/0056	12-Jun-2009	Water Container - 20 Ltrs	Secondary Education Cess @ 1%	160.00	Dr
				16,480.00	16,000.00
			16,000.00		

- In the **Amount** field accept the default amount displayed - Rs. **16000** (is the amount which is availed as CENVAT Credit against the Basic Excise Duty).
 - Select **Agst Ref** in **Type of Ref** field.
 - In **Name** field select bill **LM/0056** dated 12-6-2008 (Education Cess @ 2%) from the List of Pending Tax Bills.
 - In the **Amount** field enter **Rs.320** (is the amount which is availed as CENVAT Credit against the Education Cess).
 - Select **Agst Ref** in **Type of Ref** field.
 - In **Name** field select bill **LM/0056** dated 12-6-2008 (Secondary Education Cess @ 2%) from the List of Pending Tax Bills.
 - In the **Amount** field enter **Rs.160** (is the amount which is availed as CENVAT Credit against the Secondary Education Cess).
- Accept the **Excise Duty Allocation** screen and enter the transaction details in the **Narration** field.

Accounting Voucher Creation		ABC Company	Ctrl + M
Debit Note	No. 1	Voucher Class : CENVAT Availing	14-Jun-2009 Sunday
Excise Unit : ABC Company		Used for: CENVAT Availing	
Nature of Purchase : Manufacturer			
Particulars	Debit	Credit	
Dr Basic Excise Duty (CENVAT) <i>Cur Bal: 19,200.00 Dr</i>	16,000.00		
Dr Education Cess (CENVAT) <i>Cur Bal: 384.00 Dr</i>	320.00		
Dr Secondary Education Cess (CENVAT) <i>Cur Bal: 192.00 Dr</i>	160.00		
Cr Purchase of Raw Materials <i>Cur Bal: 1,24,800.00 Dr</i>		16,480.00	
Water Container-20 Ltrs	16,480.00		
Narration:		16,480.00	16,480.00
CENVAT credit availed against the purchase invoice LM/0056			

Accept ?
Yes or No

- Press **Enter** to save

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
14-Jun-2009	LM/0056	Debit Note	Lanco Manufacturers	AFRSD4587FXM001	1,00,000.00 Dr	16,000.00 Dr
Total Cenvat						16,000.00 Dr
Total Adjusted						
Balance						16,000.00 Dr