

Accounting Entries for Service Tax, VAT & TDS

Big organizations are involved in number of transactions happening everyday. These transactions must be recorded in efficient manner since they effect the business results in the long run and accordingly they must portray the exact activity happened on that particular day with corresponding amounts involved.

So, following entries will be passed at happening of various events.

➤ Service Tax

Entries for transactions involving service tax are as followed :-

At the time of rendering/provision of services

Debtor Dr.
To Revenue
To Service Tax Output

At the time receipt of services

Expenses Dr.
Service Tax Input Dr.
To Creditors

When adjustment is to be made

Service Tax Output Dr.
To Service Tax Input
To Service Tax Payable

At the time of payment

Service Tax Payable Dr.
To Cash/Bank

➤ VAT

Entries for transactions involving VAT are as followed :-

At the time of Purchase

Purchase Dr.

VAT Input Dr.

To Creditors

At the time Sale

Debtors Dr.

To Sales

To Vat Output

When adjustment is to be made

VAT Output Dr.

To VAT Input

To VAT Payable

At the time of payment

VAT Payable Dr.

To Cash/Bank

➤ TDS

Entries for transactions involving TDS are as followed :-

When Expenses are recorded

Expenses Dr.

To Party

To TDS Payable

At the time of payment of above amount to Govt.

TDS Payable Dr.

To Cash/Bank

When income is recorded/booked

Party Dr.

TDS deducted Dr.

To Revenue

Thanking you,

Hope the above work will help you in passing the entries more easily in the future.

