Tally

POWER OF SIMPLICITY

# Implementation of Central Sales Tax in Tally.ERP 9

Version: Implementation of Central Sales Tax in Tally.ERP 9/1.0/July 2009

# Contents

## Lesson 4: CST Reports

# Introduction

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

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

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

## Basics of Central Sales Tax (CST)

It is important to understand the meaning of certain terms used in the CST Act. Some of the terminologies are as follows:

### Inter-State Sale

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase

a) occasions the movement of goods from one state to another; or
b) is effected by a transfer of documents of title to the goods during their movement from one state to another.

### Declared Goods

Declared Goods means goods declared under Section 14 of the CST Act, to be of special importance in inter-state trade or commerce. Some of the important items are cereals, coal including coke in all forms excluding charcoal, cotton in un-manufactured form, cotton fabrics and cotton yarn, crude oil, hides and skin, iron and steel, jute, oil seeds, pulses, man-made fabrics, sugar, un-manufactured tobacco and woven fabrics of wool.

### Registration under CST Act

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

### Rate of Central Sales Tax

Different rates are prescribed depending upon the nature of inter-state sale such as

a. Sale to registered dealers.
b. Sale to unregistered dealers.
   (i) Sale of declared goods to unregistered dealers.
   (ii)Sale of goods other than declared goods to unregistered dealers.

## Registration and Rate of CST

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

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

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

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

Some of the points relating to CST rates are as follows:

1. For an inter-state sale to a registered dealer against form C, the rate of CST is 2% or local sales tax rate whichever is lower.
2. Under the local sales tax law, if the sale or purchase is exempt or Nil, the rate of CST applicable in case of sale to unregistered dealer or registered dealers, will also be exempt or Nil.
3. The Sales Tax rates applicable for sale of declared goods, with effect from 1-4-2007 is as follows:
   - The sale of declared goods made to registered dealer, will attract levy of CST at local sales tax rate or 2%, whichever is lower.
   - The inter-state sale made to unregistered dealer, will be liable to CST at rates which is equal to VAT/sales tax rates as applicable within the State.

## Declaration Forms for CST Transactions

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

### Form C

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

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

### Form E1

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

Form E1 is issued by the selling dealer to the dealer who is making subsequent sales for claiming the exemption from payment of CST to the subsequent buyer. The first subsequent seller of goods receives 'Form E1' and submits it to the department to claim exemption from CST for any sale made to other interstate registered dealer.

### Form E2

Form E2 is used for claiming the exemption from payment of CST. In case where the registered dealer purchases goods from one registered inter-state dealer and sells the same while in transit, to another registered inter-state dealer, the sales will be exempted from CST on submission of 'Form E2' to the department. The 'Form E2' is used to claim exemption from payment of CST to the seller who is a subsequent or last inter-state dealer of goods.

### Form F

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

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

### Form H

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

### Form I

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

### Form J

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

## Filing of CST Returns

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

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

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

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

# Lesson 1: Enabling CST in Tally.ERP 9

## Lesson Objectives

On completion of this lesson, you will learn

- The salient features of CST in Tally.ERP 9
- The method of creating a company and enabling CST in Tally.ERP 9

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

## 1.1 Features of CST in Tally.ERP 9

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

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

## 1.2 Creating a Company

Consider the following example to enable CST in Tally.ERP 9.

**Example :**

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

**Step 1: Create Company**

Go to **Gateway of Tally** > **F3: Company Info.** > **Create Company**

In the **Company Creation** screen,

1. Specify **National traders** as the **Company Name**
2. Enter the **Address** details
3. Select **India** in the **Statutory Compliance for** field
4. Select **Tamil Nadu** in the **State** field
5. Enter the **Pin code, Telephone No., Mobile No.** and **E-Mail** details
6. Select **Accounts with Inventory** in the **Maintain** field
7. Enter the other required information in the **Company Creation** screen

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

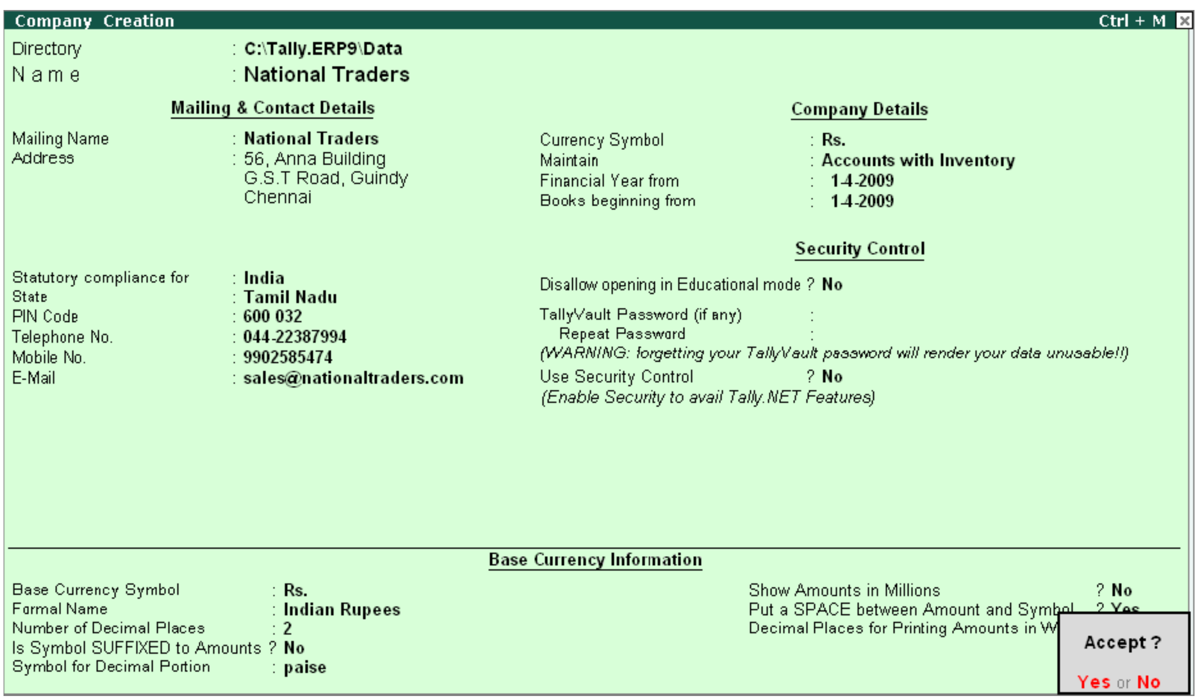



Figure 1.1 Company Creation screen

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

*In this manual, the State is selected as Tamil Nadu and state-specific as well as general information about CST has been provided.*

## 1.3 Enabling CST in Tally.ERP 9

To enable the CST feature in Tally.ERP 9

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

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

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

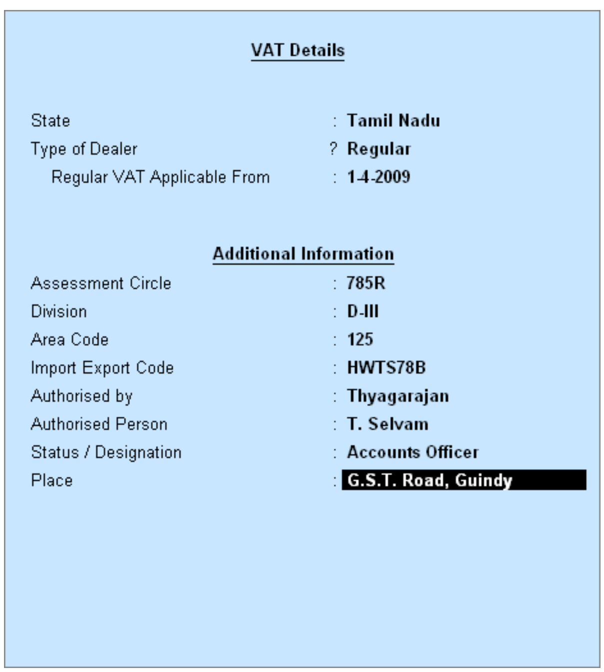



Figure 1.2 VAT Details screen

*The details entered/modified manually in the fields of Report Generation 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**.

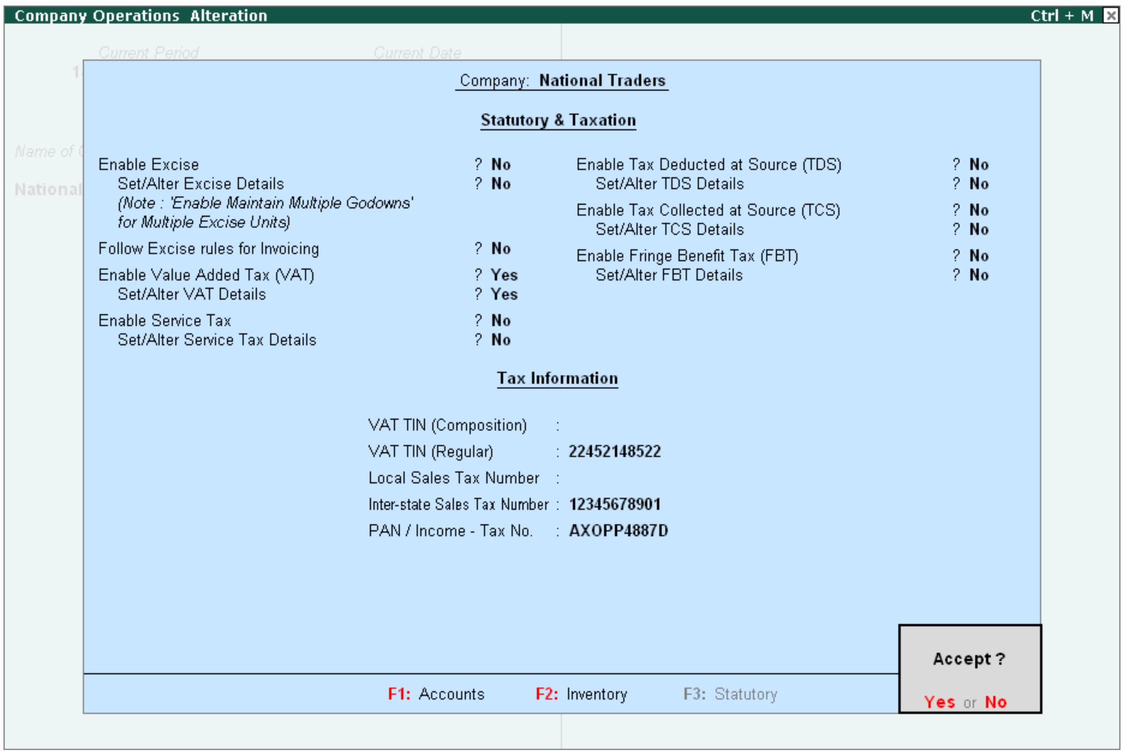



Figure 1.3 F3: Statutory & Taxation Features – Completed

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

*CST feature can be enabled only if* ***Enable Value Added Tax*** *is set to* ***Yes****.*

# Lesson 2: Processing of Purchases and Sales Transactions

## Lesson Objectives

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

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

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

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

## 2.1 Inter-State Purchases

**Example 1:**

*On 1-4-2009, M/s. National Traders purchased the following items from Universal Traders, karnataka, vide Invoice No. 01, by issuing C Form number 05412 dt: 1-4-2009.*

| Item Description | Quantity (in Nos) | Rate | Amount | Commodity Code |
|---|---|---|---|---|
| Air Conditioner | 30 | 25,000 | 7,50,000 | 304 |
| Refrigerator | 50 | 8,500 | 4,25,000 | 304 |
| Washing Machine | 35 | 10,500 | 3,67,500 | 329 |
| Water Purifier | 40 | 5,500 | 2,20,000 | 329 |
| Vacuum Cleaner | 20 | 15,000 | 3,00,000 | 329 |
| Periodicals | 100 | 75 | 7,500 | 711 |

*The above goods are subject to 2% CST.*

Step 1:

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

**Creating Ledgers**

**i. Inter-State Purchase Ledger**

To create an Inter-state Purchase Ledger

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

1. Enter the **Name** as **Inter-State Purchases**
2. Select **Purchase Accounts** as the account group in the **Under** field
3. Set **Inventory Values are affected** to **Yes**

4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub screen

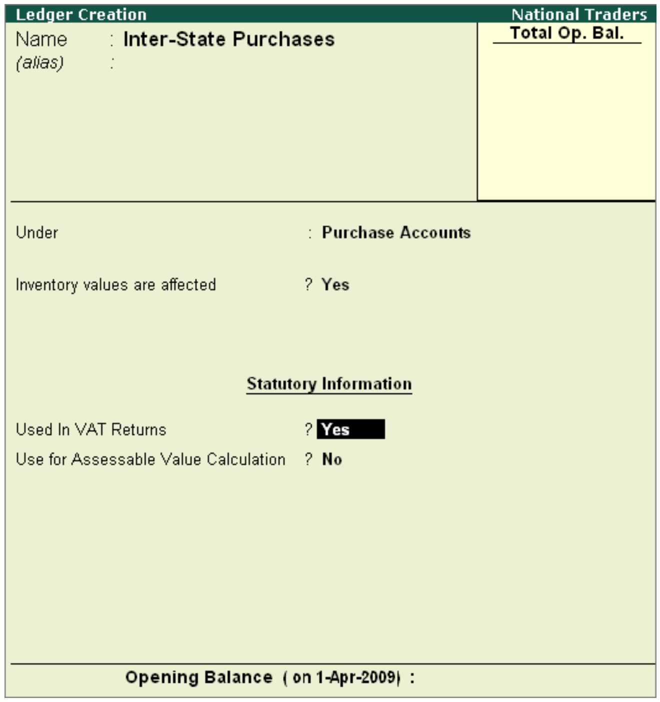



Figure 2.1 Inter-State Purchase Ledger – Used In VAT Returns

5. Select **Inter-state Purchases** as the **VAT/Tax Class** from the list of **VAT/Tax Class**

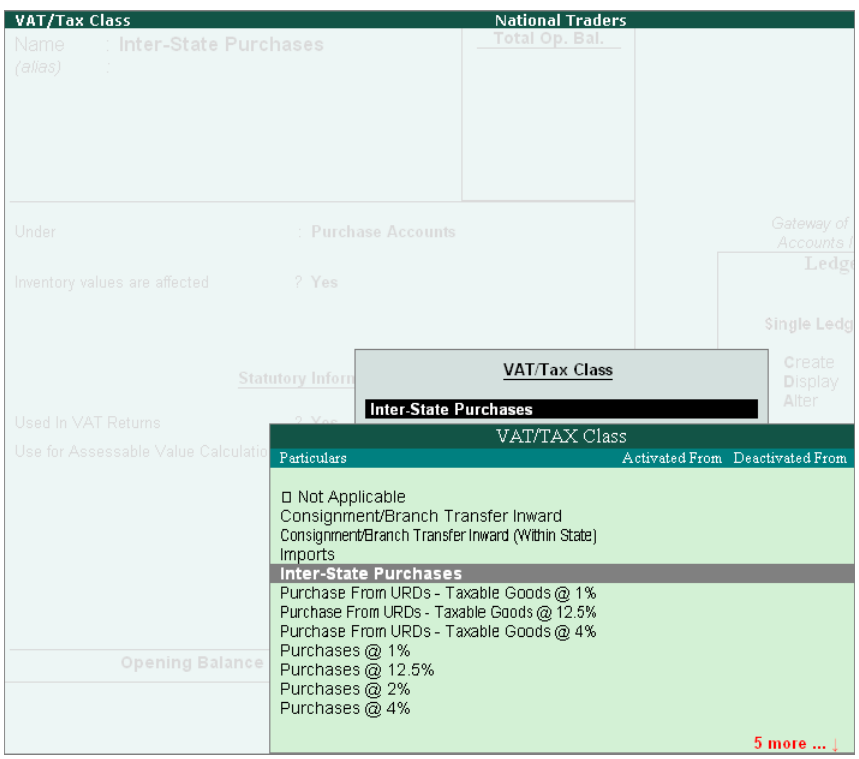



Figure 2.2 Inter-State Purchases – VAT/Tax Class Selection

6. Press **Enter** to return to the Inter-state Purchases ledger creation screen
7. Set the option **Use for Assessable Value Calculation** to **No**
8. 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.*
- *Inorder to use the same purchase ledger as additional ledger, the option **Use for Assessable Value Calculation** needs to be set to **Yes** after disabling **Inventory values are affected** to apportion the additional amount towards assessable value and tax amount.*

**ii. CST on Purchase Ledger**

To create a CST on Purchase ledger,

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

1. Enter the **Name** as **CST on Purchases**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **CST** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select **Not Applicable** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed.
5. The option **Inventory values are affected** is set to **No** by default
6. Set the **CST** rate as **2%** in the **Percentage of Calculation** field
7. On setting the **Percentage of Calculation**, the field **Method of Calculation** appears
8. Select **On Total Sales** as the **Method of Calculation**

9. Select the required **Rounding Method** from the list displayed.

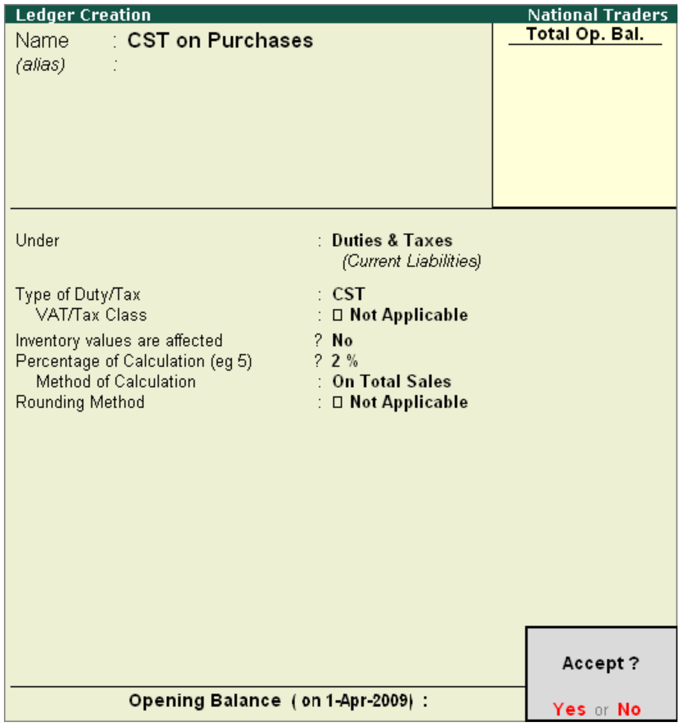



Figure 2.3 CST on Purchases

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

*The CST paid on purchases when treated as cost and added to the purchase value it needs to be grouped under Purchase Accounts and the CST paid on purchase will not be captured in return or annexure. The CST on purchases ledger when grouped under **Duties & Taxes** with type of Duty as **CST**, the value will be shown separately in the annexures or returns.*

### iii. Creating a Sundry Creditor Ledger

To create a Sundry Creditor (Supplier) ledger,

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

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

In the Ledger creation screen,

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

- Select the **State** as **Karnataka** and enter the **PIN Code**

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

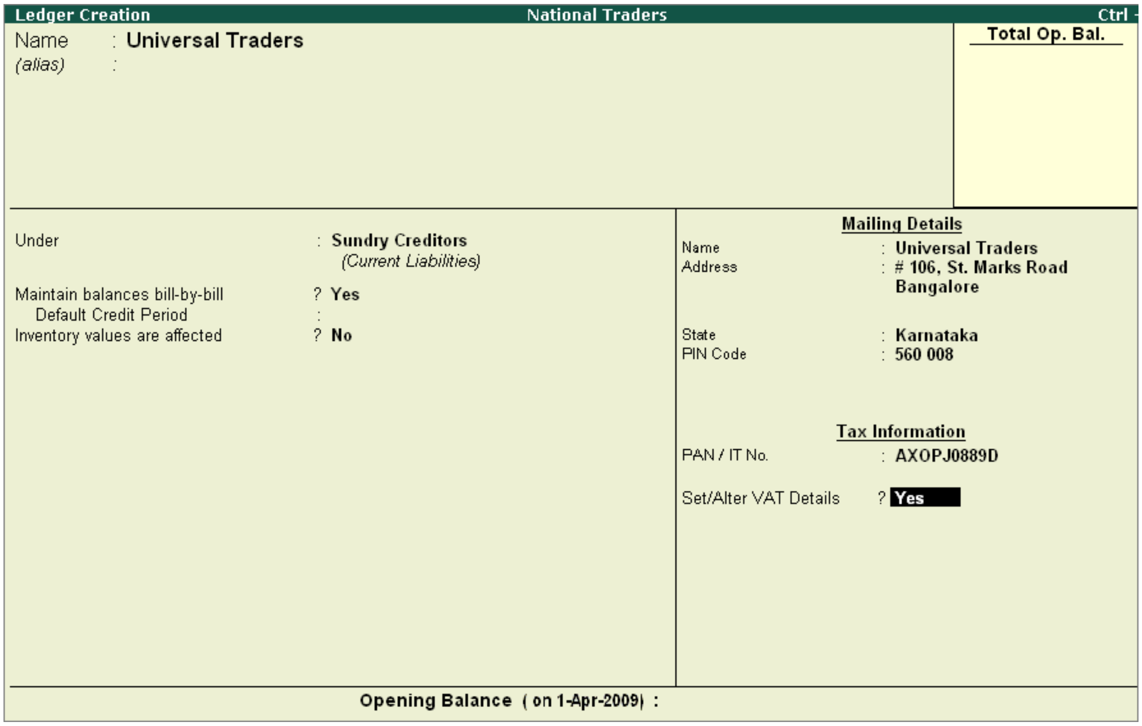



Figure 2.4 Sundry Creditor Ledger

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

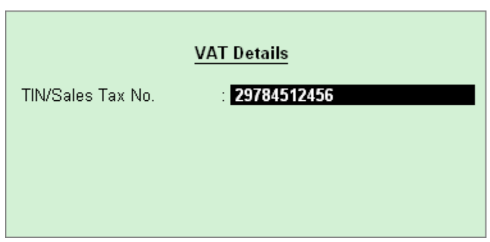



Figure 2.5 VAT Details – Sundry Creditor Ledger

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

### iv. Creating VAT Commodity

To create a VAT Commodity

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

1. Enter the **Name** of **VAT Commodity** as Air Conditioner

2. In the **Used for** field, select **VAT**

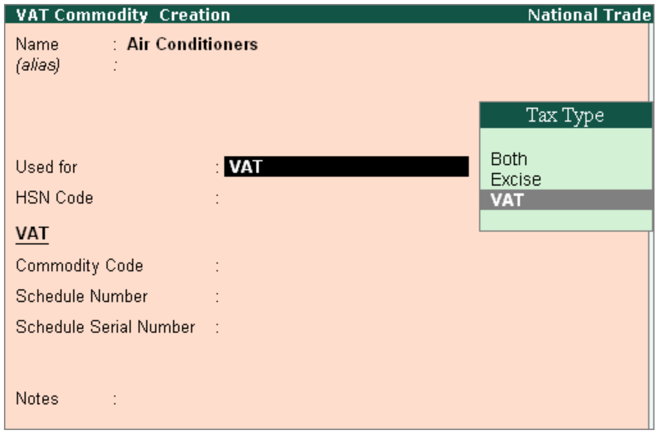



Figure 2.6 VAT Commodity Creation – VAT

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

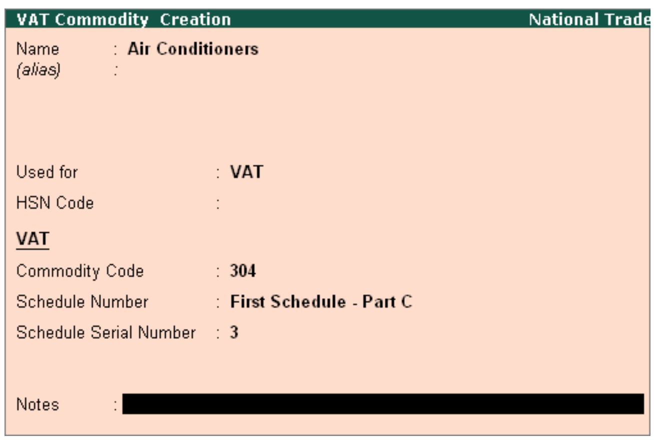



Figure 2.7 VAT Commodity Creation screen

4. Enter the **Notes** if required and accept the **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:

| Sl. No. | Name | Used For | VAT | | |
|---|---|---|---|---|---|
| | | | Commodity Code | Schedule Number | Schedule Serial Number |
| 1 | Refrigerators | VAT | 304 | First Schedule – Part C | 3 |
| 2 | Electrical Appliances | VAT | 329 | First Schedule – Part C | 28 |
| 5 | Periodicals | VAT | 711 | Fourth Schedule – Part B | 11 |

**v. Stock Items**

To create a stock item,

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

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

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

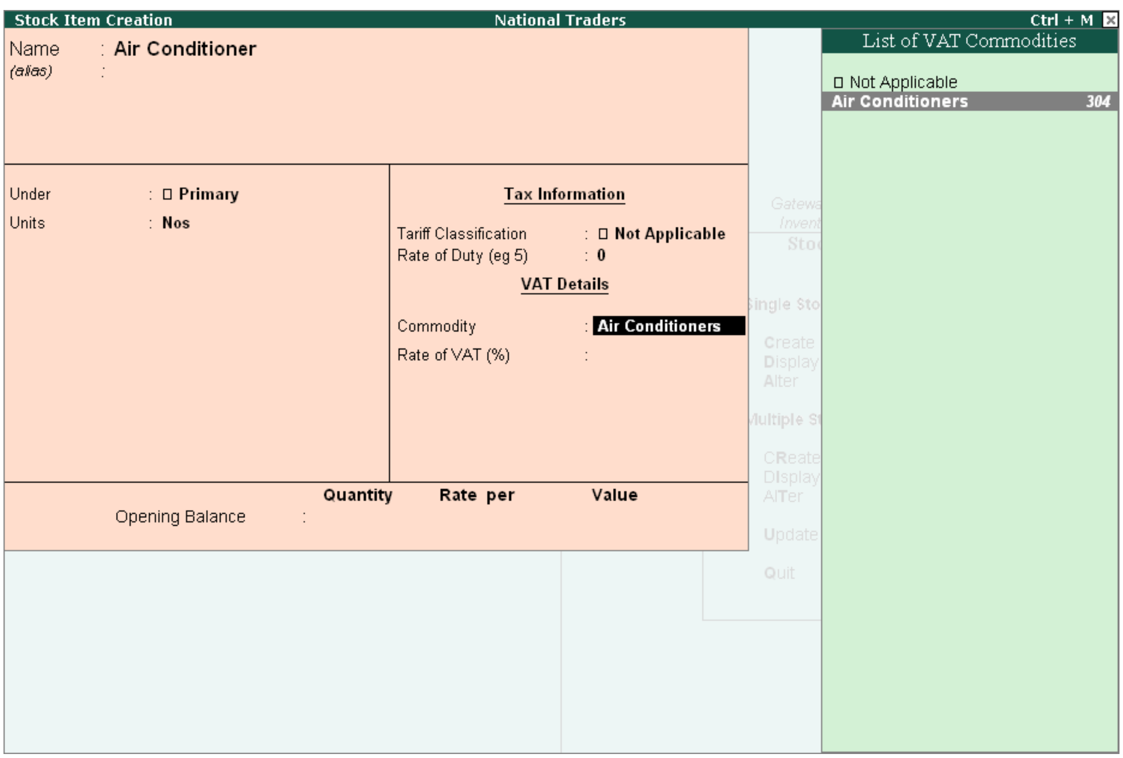



Figure 2.8 Stock Item Creation – Selection of VAT Commodity

5. Enter the **Rate of VAT** as **12.5%**. The completed stock item creation screen displays as shown:

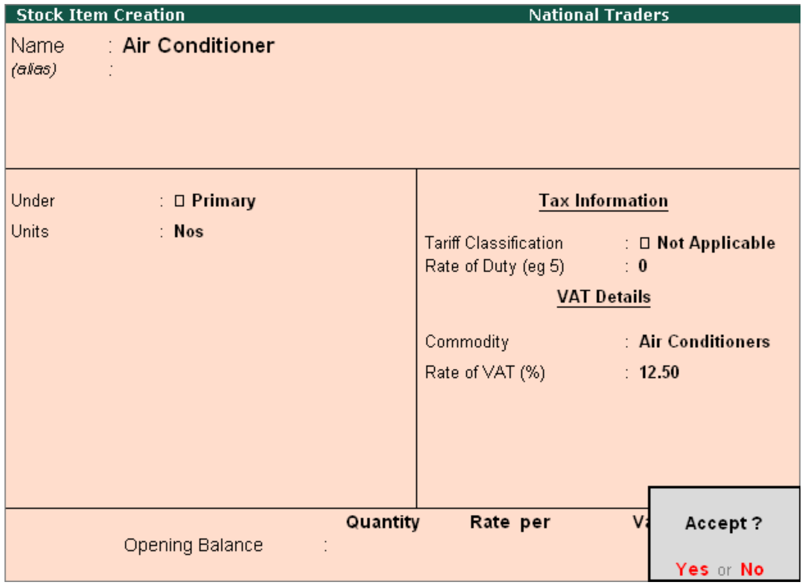



Figure 2.9 Stock Item Creation screen

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

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

| Sl. No | Name | Under | Units | VAT Details | |
|---|---|---|---|---|---|
| | | | | **Commodity** | **Rate of VAT** |
| 1 | Refrigerators | Primary | Nos | Refrigerators | 12.5% |
| 2 | Washing Machines | Primary | Nos | Electrical Appliances | 12.5% |
| 3 | Vacuum Cleaners | Primary | Nos | Electrical Appliances | 12.5% |
| 4 | Water Purifier | Primary | Nos | Electrical Appliances | 12.5% |
| 5 | Periodicals | Primary | Nos | Periodicals | 0% |

Notes

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

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

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

*The HSN code will not be captured in the Annexures.*

Step 2:

To create an inter-state Purchase Voucher,

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

1. Select **As Invoice** mode (use key combination **Ctrl+V** if the screen is displayed in voucher mode. The invoice mode will be displayed)
2. Enter the reference number in the **Ref.** field
3. Select **Universal Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
4. In the **Party Details** screen, enter/modify the required details
5. Select **Inter-state Purchase** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
6. On selecting the **Inter-state Purchase** ledger, the VAT/Tax Class appears as **Inter – State Purchases**
7. Select the **Name of Item** as **Air Conditioner** from the **List of Items**
8. Enter the **Quantity** as **30** and **Rate** as **25,000**. The value is automatically displayed in the **Amount** field
9. Similarly, select the other stock items and enter the quantity along with applicable rate
10. Select **CST on Purchase** ledger from the **List of Ledger Accounts** and enter the rate as 2%. On entering the percentage, the amount of CST will get calculated automatically. The CST amount will form part of the purchase cost.
11. Select **Form C** as **Form to Issue**. Enter the **Form number** and **Date**
12. Set the field **Show Statutory Details** as **Yes**

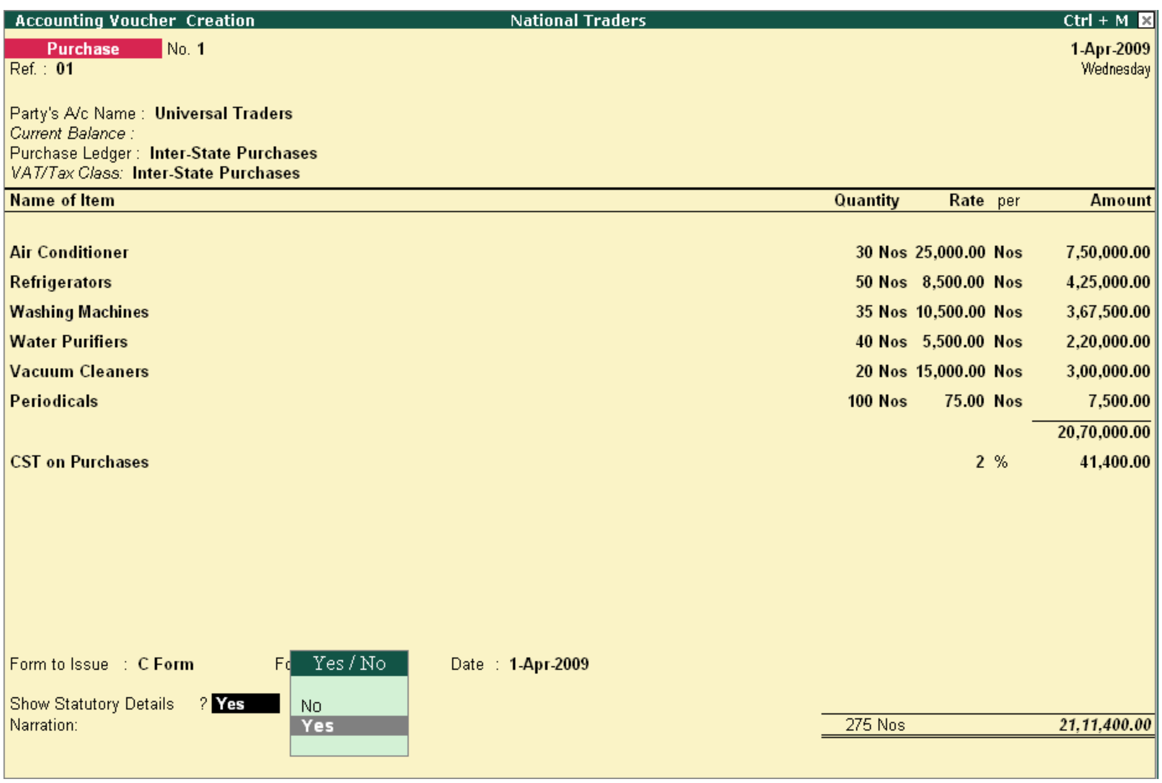



Figure 2.10 Purchase Invoice with C Form

13.The **Statutory Details** screen will be displayed. Press **<u>F1</u>: Detailed** button to view the CST amount added to each of the stock item

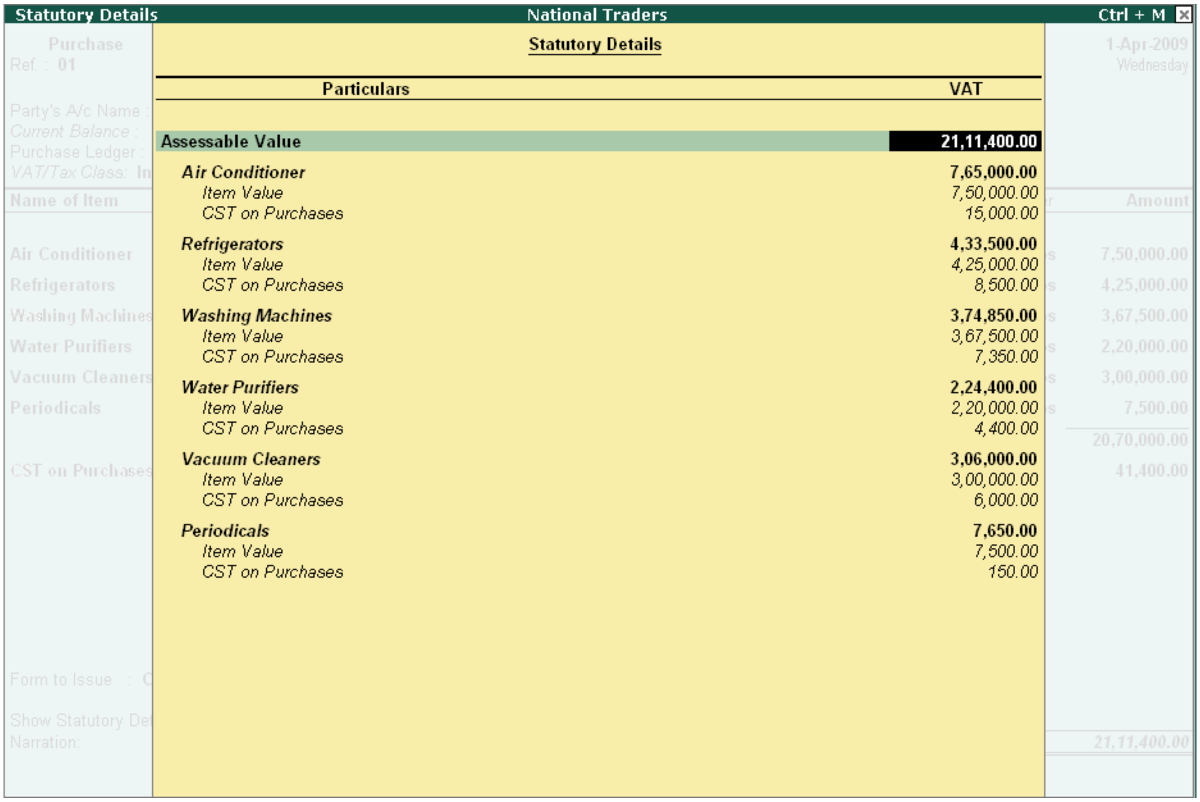
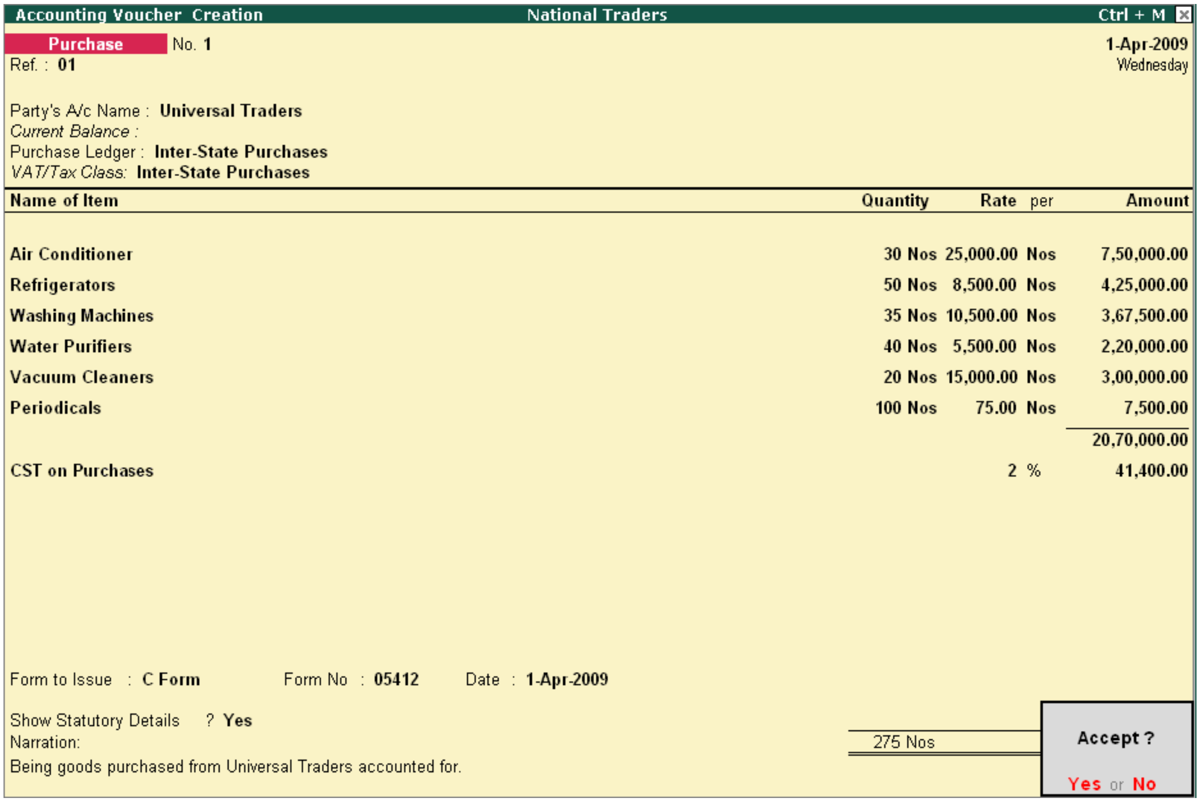



Figure 2.11 Purchase Invoice – Show Statutory Details screen

14.Enter the **Bill-wise details**

15.Enter **Narration** if required



Accounting Voucher Creation    National Traders    Ctrl + M

**Purchase** No. **1**    1-Apr-2009 Wednesday

Ref. : **01**

Party's A/c Name : **Universal Traders**
*Current Balance :*
Purchase Ledger : **Inter-State Purchases**
*VAT/Tax Class:* **Inter-State Purchases**

| Name of Item | Quantity | Rate | per | Amount |
|---|---|---|---|---|
| Air Conditioner | 30 Nos | 25,000.00 | Nos | 7,50,000.00 |
| Refrigerators | 50 Nos | 8,500.00 | Nos | 4,25,000.00 |
| Washing Machines | 35 Nos | 10,500.00 | Nos | 3,67,500.00 |
| Water Purifiers | 40 Nos | 5,500.00 | Nos | 2,20,000.00 |
| Vacuum Cleaners | 20 Nos | 15,000.00 | Nos | 3,00,000.00 |
| Periodicals | 100 Nos | 75.00 | Nos | 7,500.00 |
| | | | | 20,70,000.00 |
| CST on Purchases | | 2 | % | 41,400.00 |

Form to Issue : **C Form**    Form No : **05412**    Date : **1-Apr-2009**

Show Statutory Details ? **Yes**
Narration:    275 Nos
Being goods purchased from Universal Traders accounted for.

Accept ?
Yes or No

Figure 2.12 Purchase Invoice – Completed

16.Press **Y** or **Enter** to accept and save the purchase invoice.


*The **Form No.** can be entered during Voucher Entry, if the forms are issued at the time of purchase. These forms are generally submitted at the end of the year covering all the transactions from a particular dealer during the year.*

## 2.2 Inter-State Sales

In this section, let us consider the following Interstate Sales transactions:

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

## 2.3 Inter-State Sales against 'C' Form

**Example 2:**

*On 2-4-2009, National Traders sold the following items to Mc Millan Techsys, Andhra Pradesh, vide invoice number 01 against 'C' form number 12452 dt: 2-4-2009. The packing charges of Rs. 6,000 was charged on the sale value.*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** |
|---|---|---|---|
| *Air Conditioner* | *5* | *28,000* | *1,40,000* |
| *Refrigerator* | *10* | *10,500* | *1,05,000* |

*The above goods are subject to 2% CST.*

Step 1:

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

**Creating Ledgers**

**i. Inter-State Sales Ledger**

To create an Inter-state Sales Ledger:

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

Click on **F12: Configure** button and set the field **Use ADDRESSES for Ledger Accounts** to **No**.

1. Enter the **Name** as **Inter-State Sales**
2. Select **Sales Accounts** as the account group in the **Under** field
3. Set **Inventory values are affected** to **Yes**

4. Set the option **Used In VAT Returns** to **Yes** to display the **VAT/Tax Class** sub screen

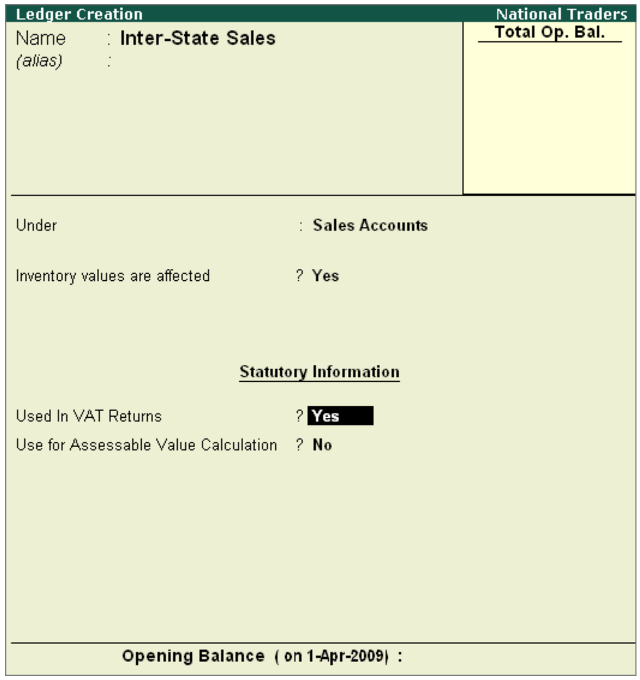



Figure 2.13 Inter-State Sales Ledger

5. Select **Inter-state Sales** from the list of **VAT/Tax Class**

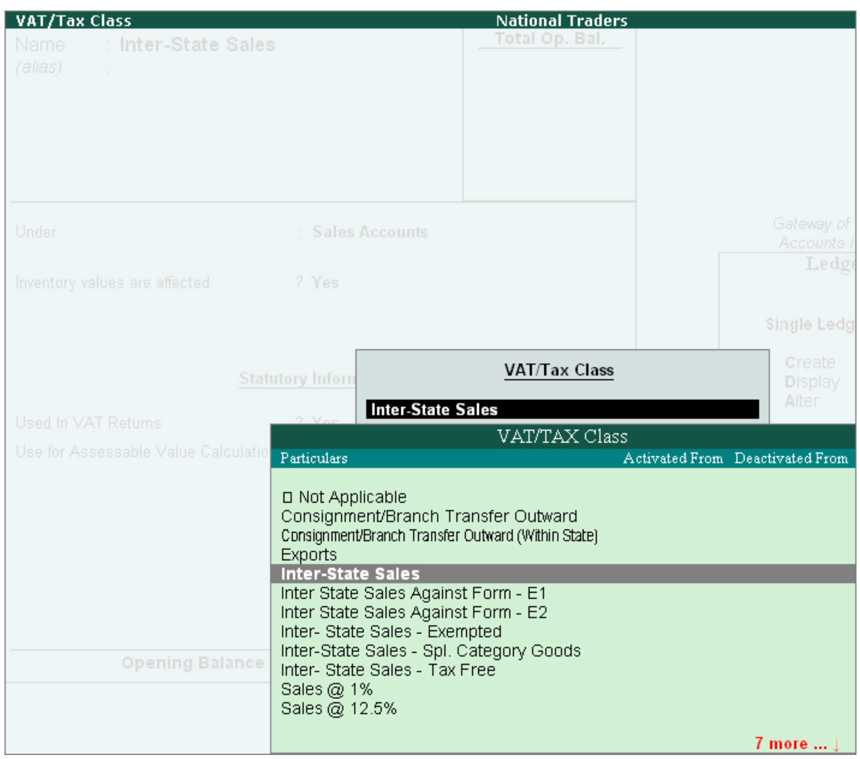



Figure 2.14 Inter-State Sales – VAT/ Tax Class Selection

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

**ii. CST on Sales Ledger**

To create a CST on Sales Ledger,

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

1. Enter the **Name** as **CST @ 2%**
2. Select **Duties & Taxes** as the group name in the **Under** field
3. Select **CST** from the **Type of Duty/Tax** list in the field **Type of Duty/Tax**
4. Select **Inter-State Sales** in the **VAT/Tax Class** field from the VAT/Tax Class list displayed.
5. The option **Inventory values are affected** is set to **No** by default
6. Set the **CST** rate as **2%** in the **Percentage of Calculation** field
7. On setting the **Percentage of Calculation**, the field **Method of Calculation** appears
8. Select **On Total Sales** as the **Method of Calculation**
9. Select the required **Rounding Method** from the list displayed.

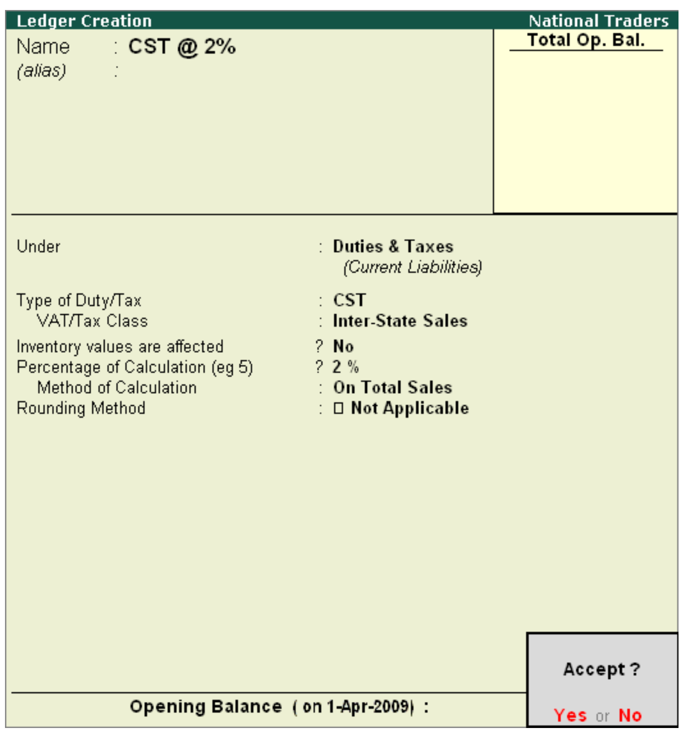



Figure 2.15 CST on Sales Ledger

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

### iii. Packing Charges

To create a ledger for packing charges,

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

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

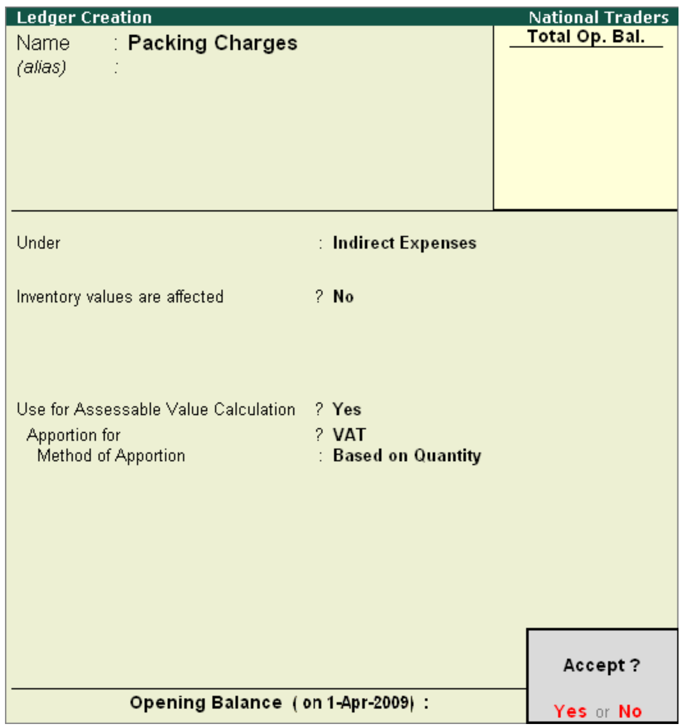



Figure 2.16 Packing Charges Ledger

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

*In the ledgers grouped under **Direct/Indirect Expenses**, **Direct/Indirect Incomes**, **Purchase Accounts** and **Sales Accounts**, the fields **Use for Assessable Value Calculation** will be displayed. On enabling this field, the options **Apportion for** and **Method of Apportion** will be displayed. In the **Apportion for** field:*

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

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

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

**iv. Sundry Debtor Ledger**

To create a Sundry Debtor (Customer) ledger,

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

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

In the Ledger creation screen,

1. Enter the **Name** as **Mc Millan Techsys**
2. Select **Sundry Debtors** in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes** and enter the **Default Credit Period** if any
4. In the **Mailing Details** section,
   - The **Name** will be automatically displayed as **Mc Millan Techsys**
   - Enter the **Address** details

5. In the **Tax Information** section enter the **PAN number** and enable **Set/Alter VAT Details**

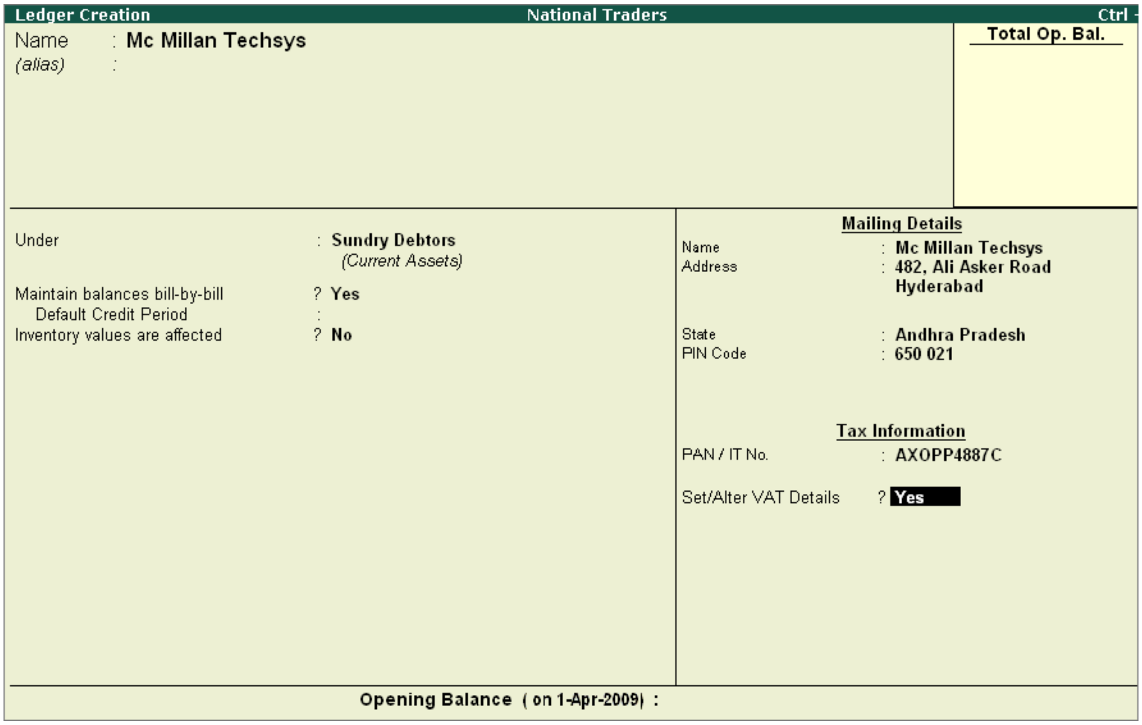



Figure 2.17 Sundry Debtor – Mc Millan Techsys

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

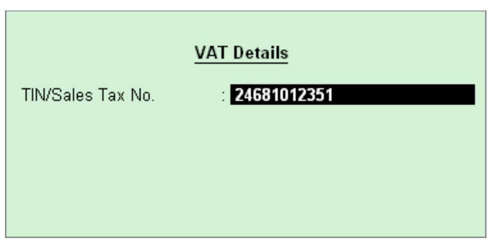



Figure 2.18 Sundry Debtor – Mc Millan Techsys

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

Step 2:

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

To create an Interstate Sale Voucher,

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

1. Enter the reference in the **Ref.** field
2. Select **Mc Millan Techsys** in the **Party's A/c Name** field from the **List of Ledger Accounts**

3. In the **Party Details** screen, enter the details as shown:

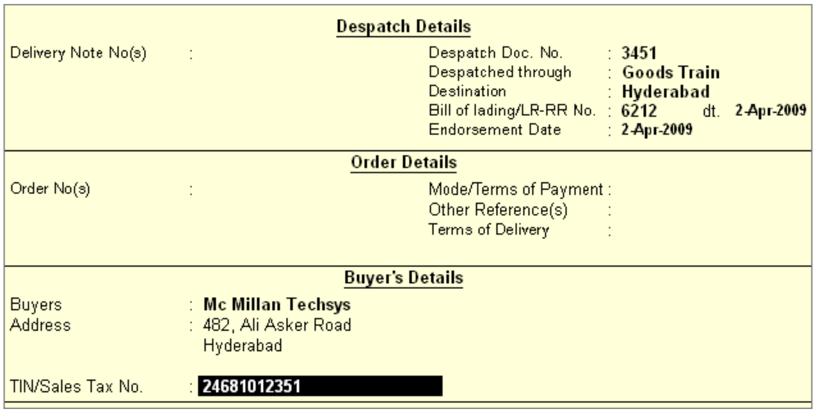



Figure 2.19 Party Details – Mc Millan Techsys

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

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

13. Select **Form C** as **Form to Receive**

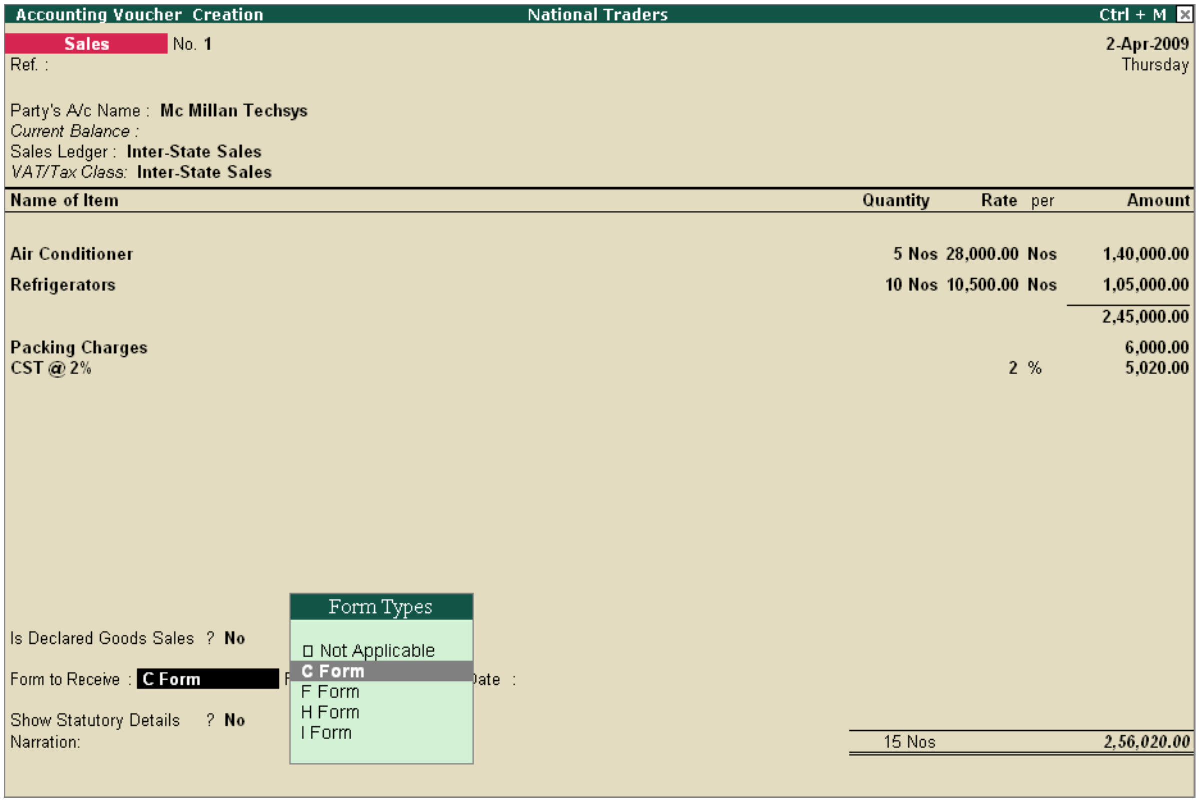



Figure 2.20 Sales Invoice – Inter-State Sales

14. The **Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the **Form Types** list
15. Enter the **Form number – 12452** and **Date** as **2-4-2009**
16. Set **Show Statutory Details** field to **Yes**

The **Statutory Details** screen displays as shown:

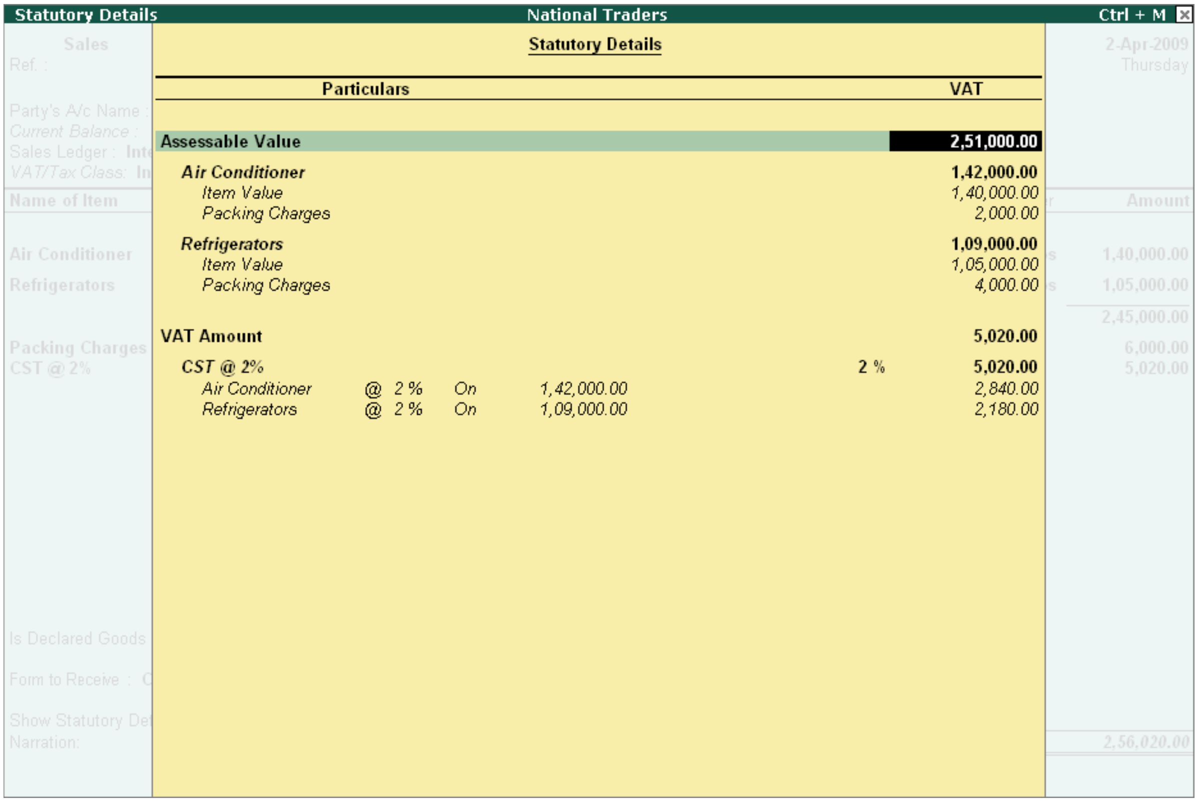



Figure 2.21 Sales Invoice – Statutory Details screen

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


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

## 2.3.1 Accounting for Discount and Additional Ledgers Separately in Invoice

**Example 3:**

*On 3-4-2009, M/s National Traders sold 2 Air Conditioners for Rs. 28,000 each to Mc Millan Techsys vide invoice number 02 against Form 'C'. An amount of Rs. 13,500 was levied as installation charged and Rs. 2,000 was allowed as discount. These values were not considered as a part of the assessable value.*

Step 1:

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

**Creating Ledgers**

**i. Installation Charges**

To create a ledger for installation charges,

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

| Name | Under | Inventory values are affected | Use for Assessable Value Calculation |
|---|---|---|---|
| Installation Charges | Indirect Incomes | No | No |

**ii. Discount Allowed**

To create a ledger for discount allowed,

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

| Name | Under | Inventory values are affected | Use for Assessable Value Calculation |
|---|---|---|---|
| Discount Allowed | Indirect Expenses | No | No |

Step 2:

Let us now record in the entry in Tally.ERP 9. To create an Interstate Sale Voucher,

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

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

16.Enter **Narration** if required

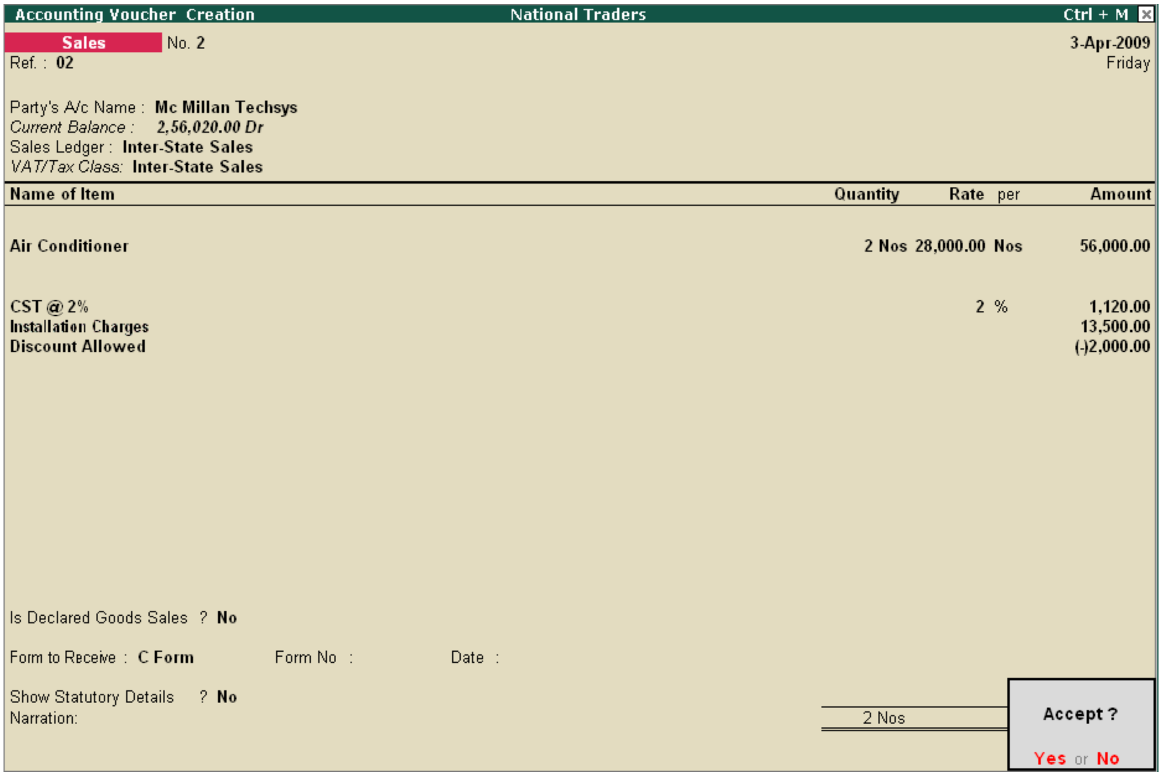



Figure 2.22 Sales Invoice – Sales Against C Form

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

## 2.4 Transit Sales against 'E–I' Form and 'E–II' Form

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

### 2.4.1 Transit Sales against Form E1

**Example 4:**

*On 7-4-2009 National Traders despatched the following goods to Manasa Traders, Karnataka and raised an Invoice on Rishita Traders in Madhya Pradesh against Form C vide invoice number 03. Packing charges of Rs. 5,500 was charged additionally.*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** |
|---|---|---|---|
| *Voltage Stabilizer* | *8* | *6,500* | *52,000* |
| *Washing Machine* | *10* | *12,000* | *1,20,000* |

*National Traders received 'C' form from Rishita Traders and issued 'E–1' form.*

Step 1:

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

**Creating Ledgers**

**i. Inter-state Sales against Form E1**

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

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

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

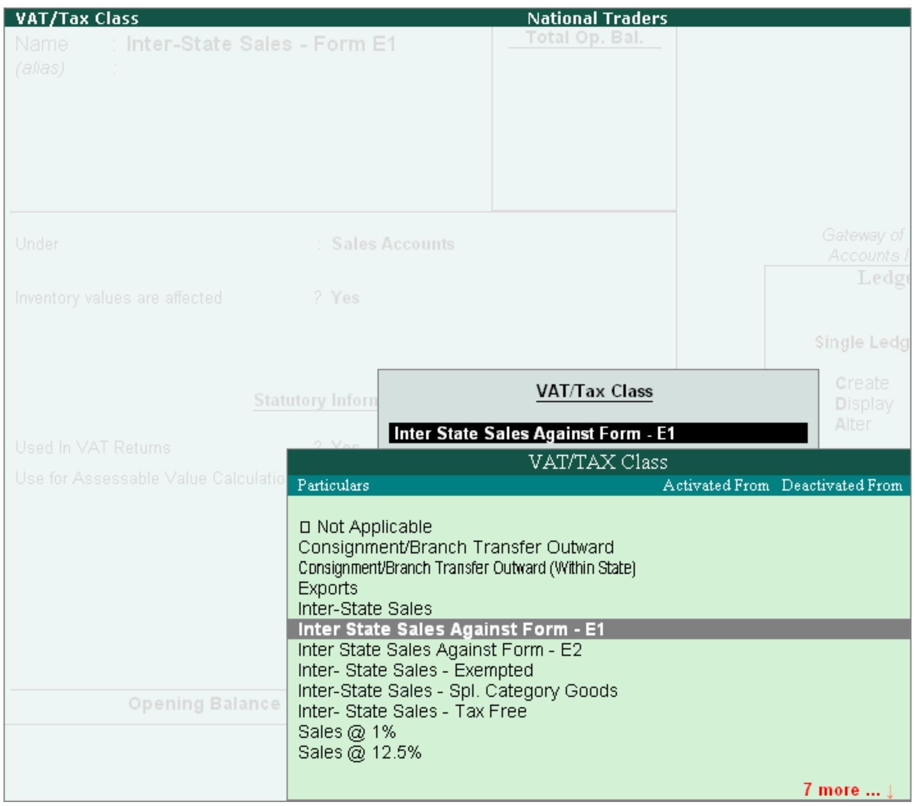



Figure 2.23 Inter-State Sales against Form E1 – VAT/Tax Class Selection

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

### ii. Sundry Debtor (Customer) Ledger

Follow the steps given in example 2 to create sundry debtor ledger. The completed sundry debtor ledger is displayed as shown:

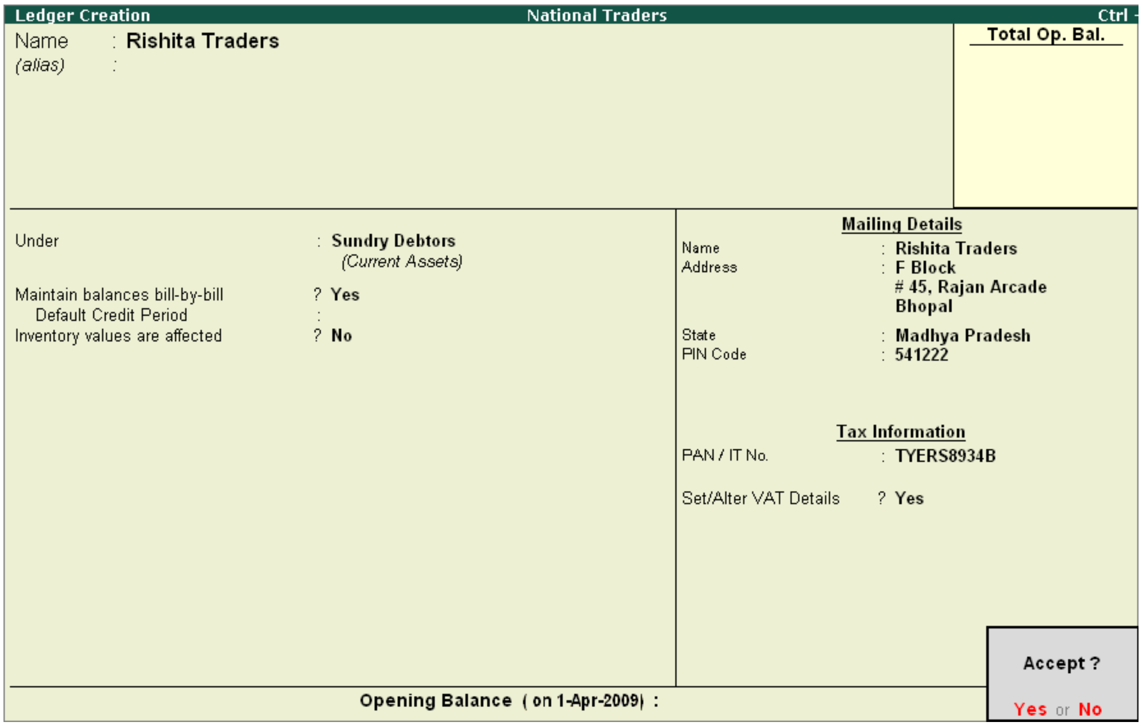



Figure 2.24 Sundry Debtor – Rishita Traders

Step 2:

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

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

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

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

1. Enter the reference in the **Ref.** field
2. Select **Rishita Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**

3. In the **Party Details** screen enter the details as shown:

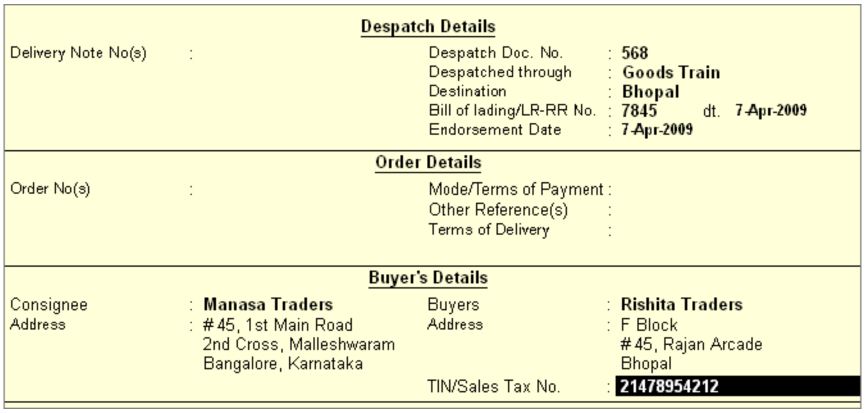



Figure 2.25 Party Details screen

4. Select **Inter-state Sales – Form E1** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the Sales Ledger, the VAT/Tax Class appears as **Inter State Sales Against Form–E1**
6. Select the **Name of Item** as **Water Purifiers** from the **List of Items**
7. Enter the **Quantity** as **8** and **Rate** as **6,500**. The amount is automatically displayed in the **Amount** field.
8. In the **Annexure II – Transit Details**, select the **Seller's Name and Address** as **Universal Traders** and enter the **Purchase Value** as **44,000**

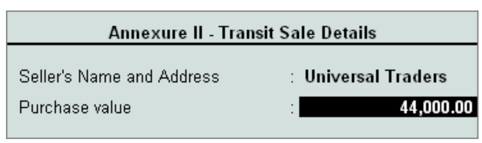



Figure 2.26 Annexure II – Transit Sales

9. Similarly, select **Washing Machine** from the **List of Items**
10. Enter the **Quantity** as **10** and **Rate** as **12,000**. The amount is automatically displayed in the **Amount** field.
11. In the **Annexure II – Transit Details**, select the **Seller's Name and Address** as **Universal Traders** and enter the **Purchase Value** as **1,05,000**
12. Select **Packing Charges** from the **List of Ledger Accounts** and enter the amount as **5,500**
13. Set the option **Is Declared Goods Sales** to **No**
14. Select **Form C** as **Form to Receive**, and **Form E1** as the **Form to Issue**.
15. The **Form number** and **Date** fields will be displayed on selecting the **Form to Receive** from the Form Types list.
16. Set **Show Statutory Details** field to **Yes**

The **Statutory Details** screen displays as shown:

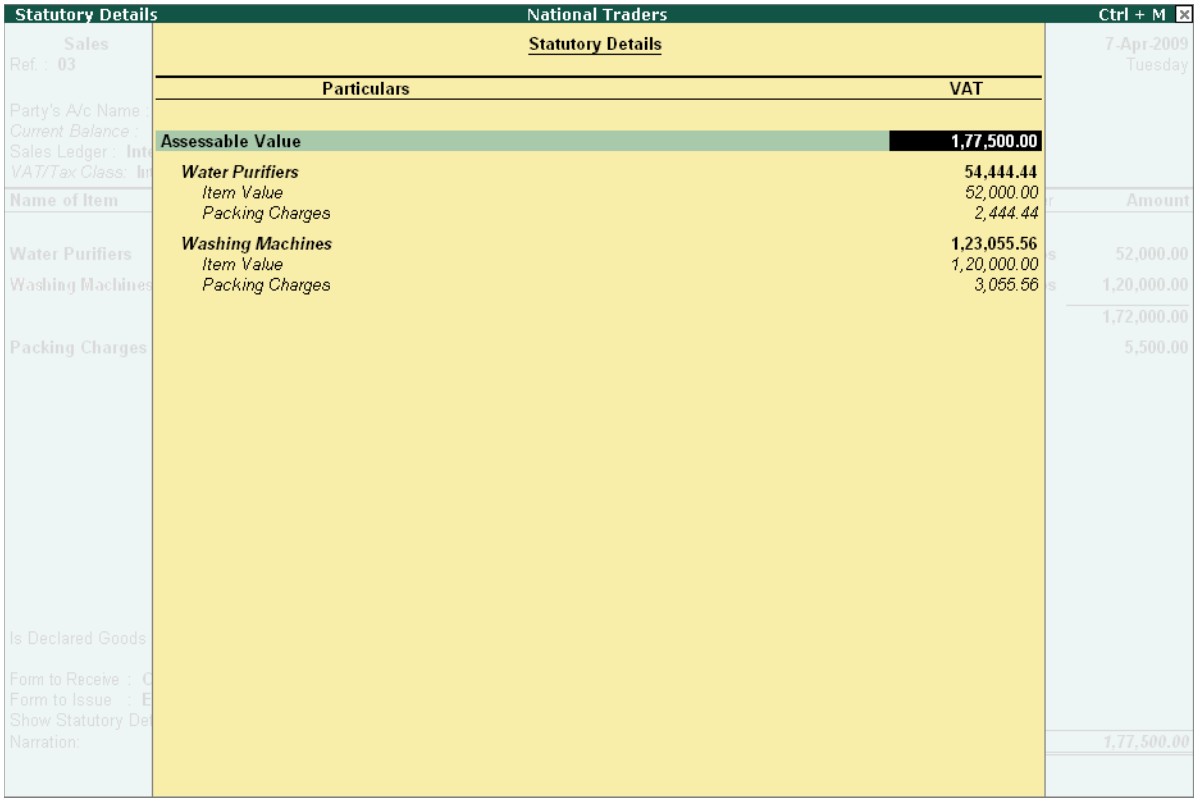



Figure 2.27 Sales Invoice for E1 Sales – Statutory Details screen

17.Accept the **Statutory Details** screen

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

19. Enter **Narration** if required

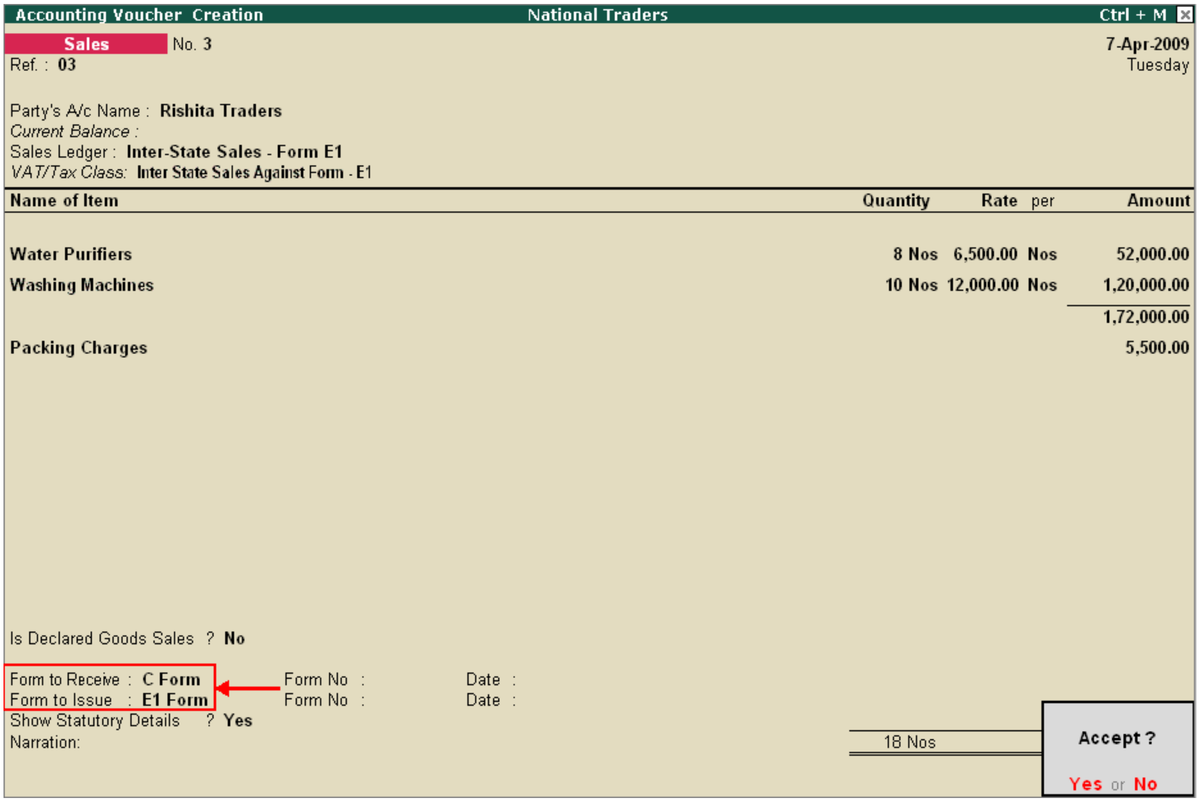



Figure 2.28 Sales Invoice for Transit Sales against Form E1

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


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

### 2.4.2 Transit Sales against Form E2

**Example 5:**

*On 9-4-2009, M/s National Traders had purchased 5 Air Conditioners for Rs. 25,000 each from Universal Traders which had to be despatched to the consignee Logic Electronics of Orissa. During movement of goods, National Traders sold the same air conditioners at Rs. 28,000 each to Logic Electronics, vide invoice number 04.*

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

Step 1:

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

**Creating Ledgers**

**i. Inter-state Sales against Form E2**

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

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Inter-State Sales – Form E2 | Sales Accounts | Yes | Yes | Inter State Sales Against Form – E2 | No |

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

Follow the steps given in example 2 to create sundry debtor ledger.

Step 2:

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

To create an Interstate Sale Voucher against Form C with Form E2,

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

Ensure that in **F12: Voucher Configuration** screen, the options **Allow Separate Buyer and Consignee Names** and **Activate 'E1' or 'E2' Transaction (VAT)** are set to **Yes**

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

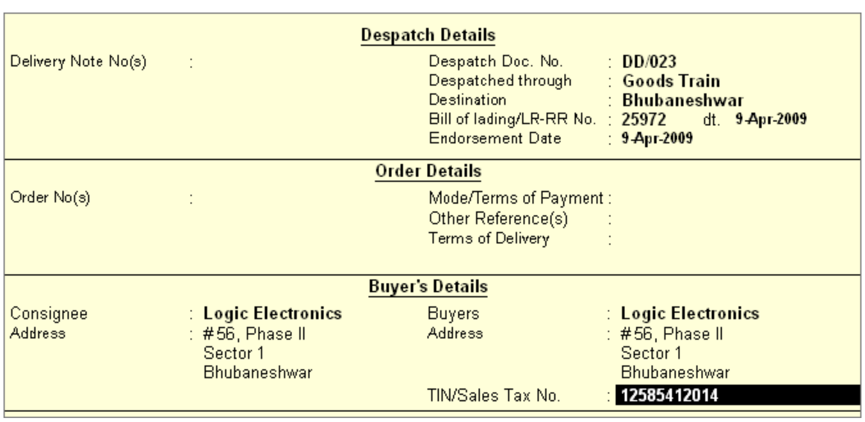



Figure 2.29 Party Details screen

4. Select **Inter-state Sales – Form E2** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the Sales Ledger, the VAT/Tax Class appears as **Inter State Sales Against Form–E2**
6. Select the **Name of Item** as **Air Conditioner** from the **List of Items**
7. Enter the **Quantity** as **5** and **Rate** as **28,000**. The amount is automatically displayed in the **Amount** field.
8. In the **Annexure II – Transit Sales Details** screen select **Universal Traders** from the **List of Ledger Accounts** and enter the **Purchase Value** as Rs. **1,25,000**

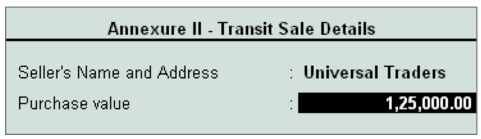



Figure 2.30 Annexure II – Transit Sale Details

9. Set the option **Is Declared Goods Sales** to **No**
10. Select **Form C** as **Form to Receive** and **Form E2** as the **Form to Issue**
11. Accept the default Bill allocations in the **Bill-wise Details** screen
12. Enter **Narration** if required

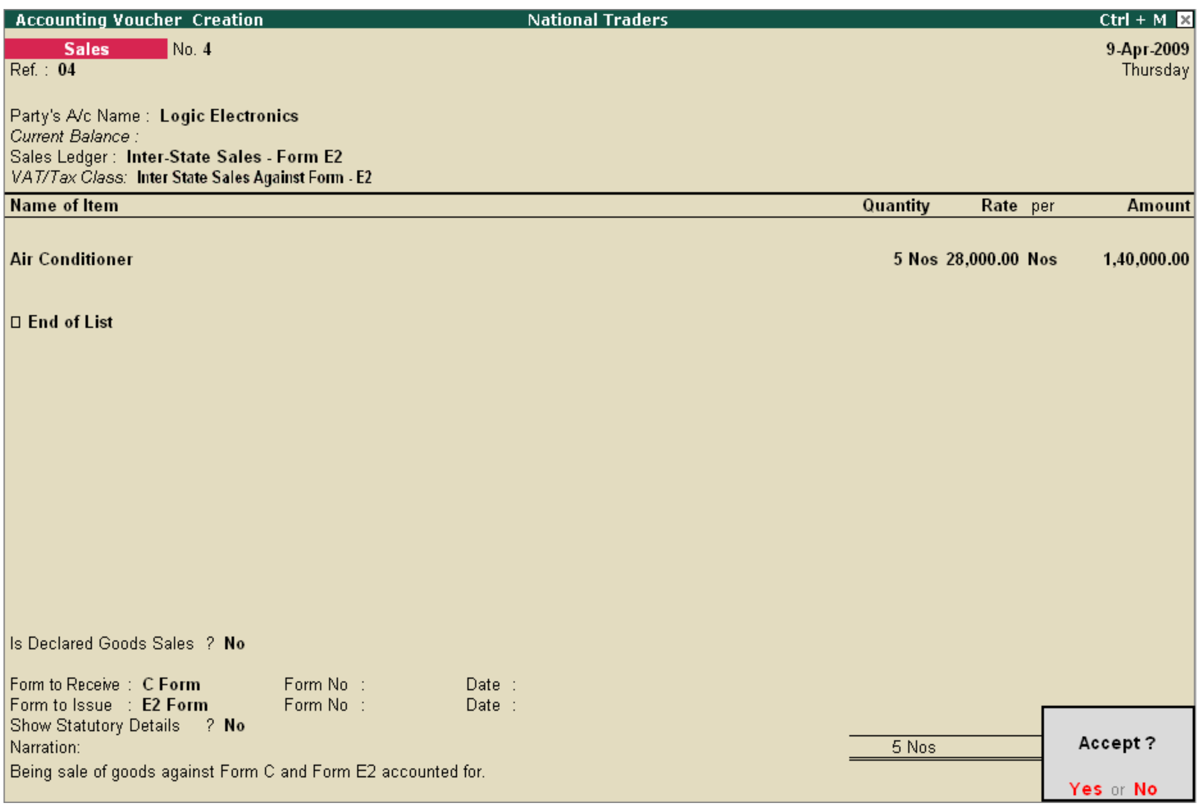



Figure 2.31 Sales Invoice for Transit Sales against Form E2

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

## 2.5 Sales – Branch Transfers / Consignment Sales against Form – F

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

### 2.5.1 Sales – Consignment Transfers

**Example 6:**

*On 13-4-2009, M/s National Traders despatched the following goods as consignment sales to National Enterprises, Mumbai vide invoice number 05 against Form F*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** |
|---|---|---|---|
| *Vacuum Cleaners* | *10* | *15,000* | *1,50,000* |
| *Washing Machine* | *8* | *10,500* | *84,000* |

Step 1:

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

**Creating Ledgers**

**i. Consignment Transfer Outwards**

To create a ledger for consignment/branch transfer outward,

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

Create the ledger with the following details:

| **Name** | **Under** | **Inventory values are affected** | **Use in VAT Returns** | **VAT/Tax Class** | **Use for Assessable Value Calculation** |
|---|---|---|---|---|---|
| Branch Transfer Outwards | Sales Accounts | Yes | Yes | Consignment/ Branch Transfer Outwards | No |

### ii. Consignee Ledger

The completed ledger creation screen displays as shown:

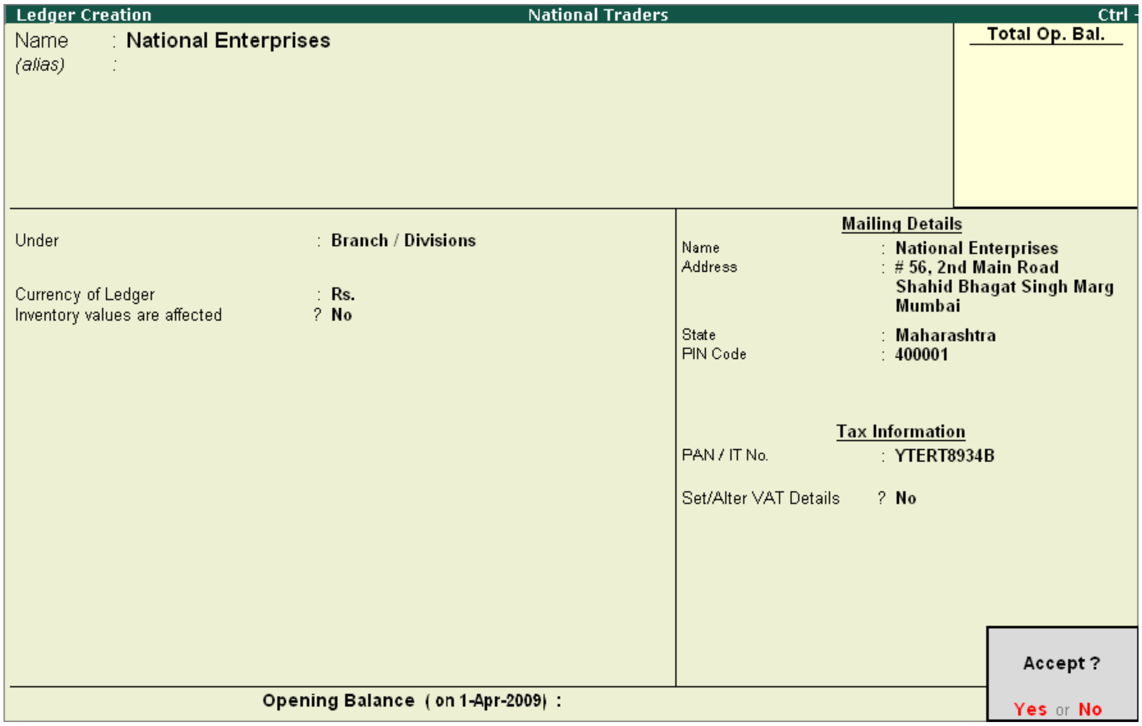



Figure 2.32 Consignee Ledger – National Enterprises

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

Step 2:

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

To record the Consignment transfer of goods,

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

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

1. Enter the reference number in the **Ref.** field
2. Select **National Enterprises** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the **Branch Transfer Outward** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Branch Transfer Outward**, the VAT/Tax Class appears as **Consignment / Branch Transfer Outward** from the **VAT/Tax Class** list
6. Select the **Name of Item** as **Vacuum Cleaners** from the **List of Items**
7. Enter the **Quantity** as **10** and **Rate** as **15,000**. The amount is automatically displayed in the **Amount** field
8. Similarly, select **Washing Machine** as the second stock item.

9. Enter the **Quantity** as **8** and **Rate** as **10,500**. The amount is automatically displayed in the **Amount** field
10. Set the option **Is Sale in Principal's A/c** to **No** as the transfer of goods is being considered as consignment transfer
11. Select the **Form to Receive** as **F Form**
12. The option **Show Statutory Details** will be set to **No** by default
13. Accept the default Bill allocations in the **Bill-wise Details** screen
14. Enter the details in the field **Narration**, if required

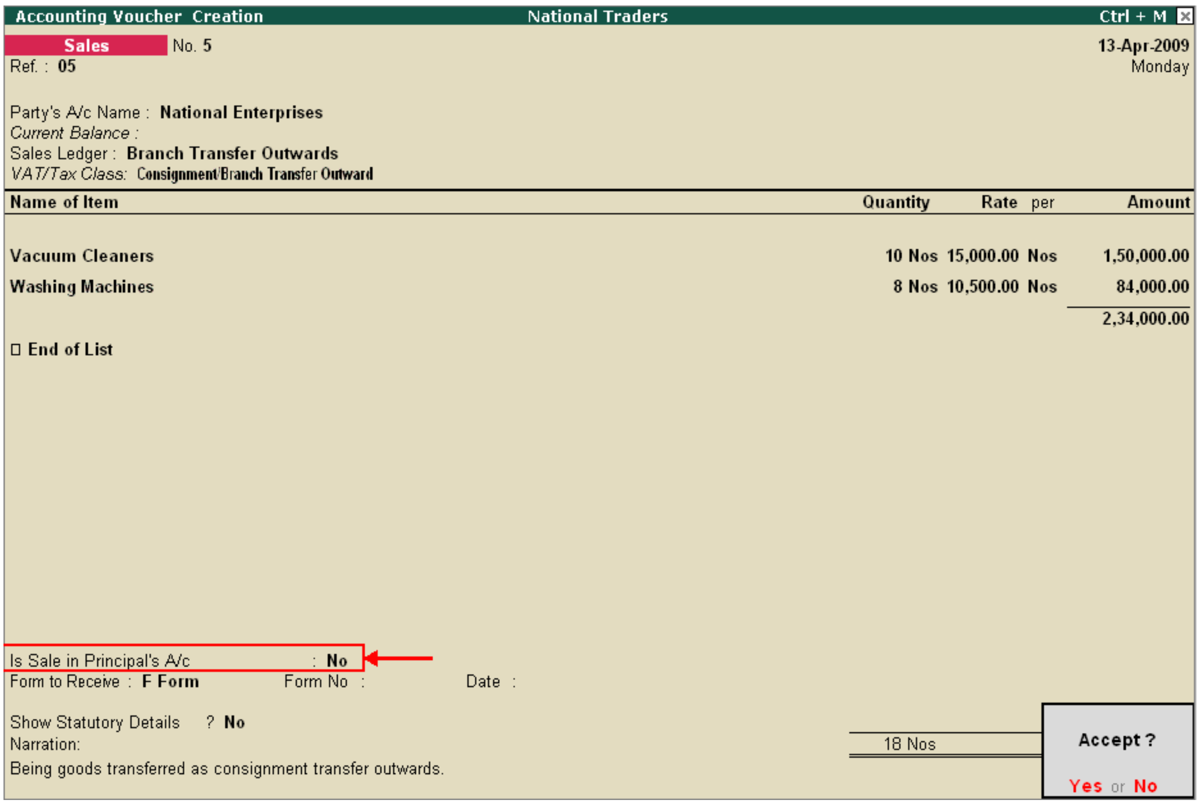



Figure 2.33 Sales Invoice – Consignment Transfer Outwards

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

## 2.5.2 Sales – Branch Transfers

**Example 7:**

*On 16-4-2009, M/s National Traders despatched the following goods to its branch office – Parijata Enterprises, Karnataka against Form F vide invoice number 06.*

| *Item Description* | *Quantity (in Nos)* | *Rate* | *Amount* |
|---|---|---|---|
| *Water Purifiers* | *12* | *5,500* | *66,000* |
| *Refrigerator* | *10* | *8,500* | *85,000* |

Step 1:

Follow the steps given in example 6 to create the branch ledger.

Step 2:

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

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

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

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

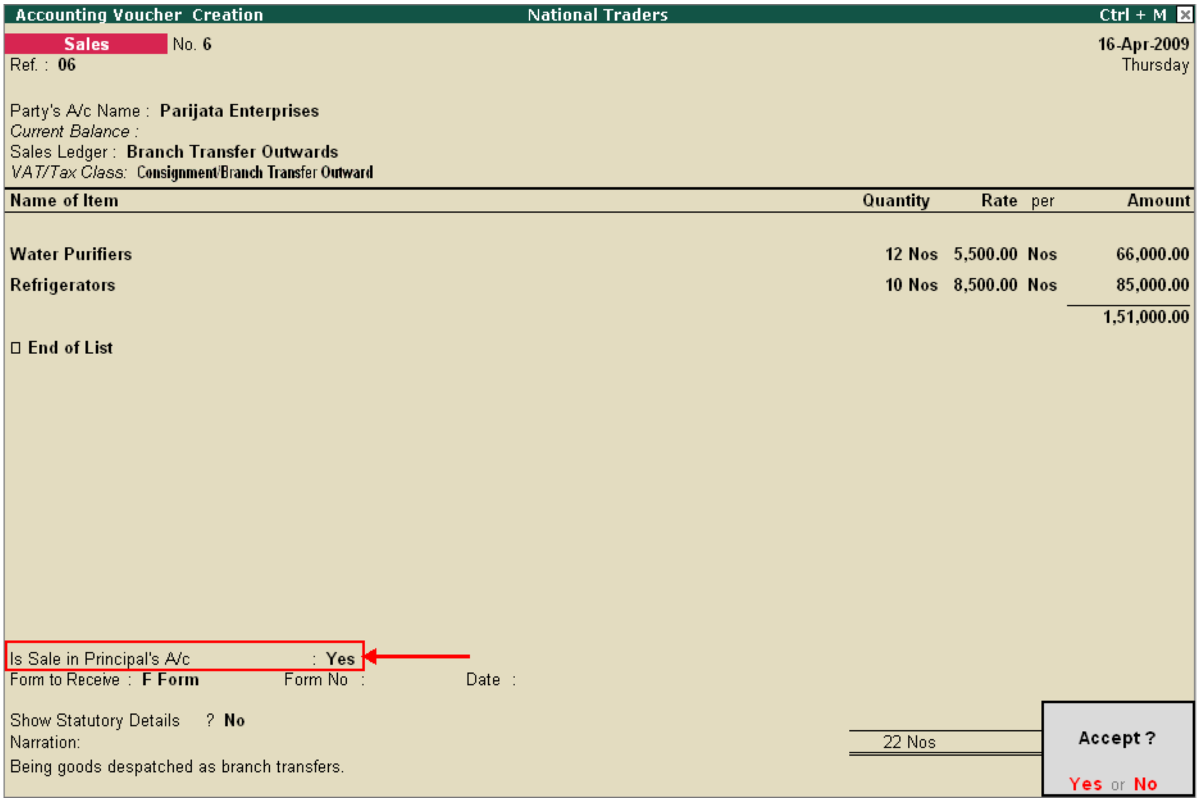



Figure 2.34 Sales – Branch Transfer of Goods

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

## 2.6 Exports

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

**Example 8:**

*On 20-4-2009, M/s National Traders sold the following items to Zeta Electronics, New York vide invoice number 07.*

| *Item Description* | *Quantity (in Nos)* | *Rate (in '$')* | *Amount (in '$')* |
|---|---|---|---|
| *Air Conditioners* | *12* | *850* | *10,200* |
| *Refrigerator* | *15* | *350* | *5,250* |

*Packing Charges of $250 was charged on the invoice value. The conversion factor per $ is "1 $ = Rs. 48"*

Step 1:

Let us create the necessary ledgers to account for export sales.

### Creating Ledgers

#### i. Exports Ledger

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Exports | Sales Accounts | Yes | Yes | Exports | No |

#### i. Creating Sundry Debtor Ledger

The Sundry Debtor ledger displays as shown:

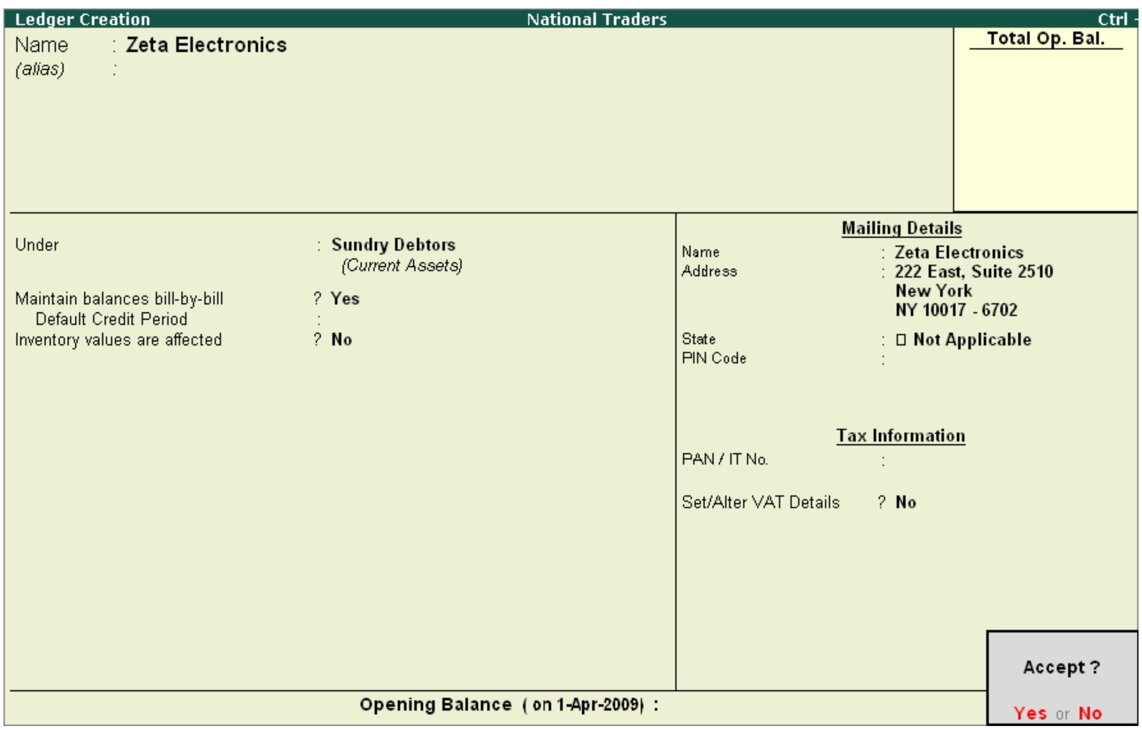



Figure 2.35 Sundry Debtor – Zeta Electronics

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

**iii. Creating Foreign Currency**

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

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

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

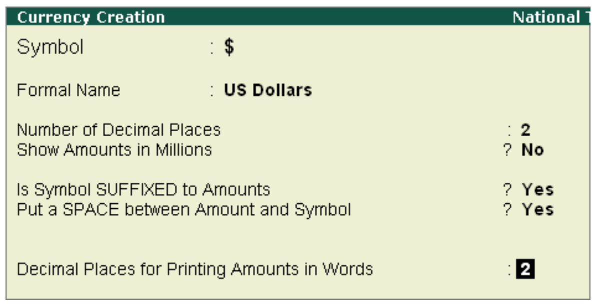



Figure 2.36 Currency Creation screen

7. Accept the **Currency Creation** screen

Step 2:

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

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

1. Enter the reference number in the **Ref.** field
2. Select **Zeta Electronics** in the **Party's A/c Name** field from the List of Ledger Accounts
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the **Exports** ledger in the **Sales Ledger** field from the List of Ledger Accounts
5. On selecting the **Sales Ledger**, the VAT/Tax Class appears as **Exports** from the **VAT/Tax Class** list
6. Select the **Name of Item** as **Air Conditioner** from the **List of Items**
7. Enter the **Quantity** as **12** and Rate as **$850**. The **Forex Rate of Exchange** screen will be displayed for entering the conversion factor. Enter the details as shown:

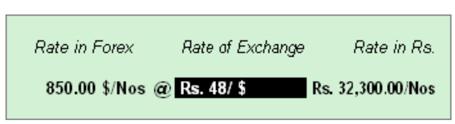



Figure 2.37 Forex Rate of Exchange screen

8. The value is automatically displayed in the **Amount** field.
9. Press **Enter** key to view the **Input Tax Details** sub-screen

10.Select the **Supplier** as **Universal Traders** from the **List of Ledger Accounts**, enter the **Purchase value**

11.Select the **Rate of Tax** from the **Rate of Tax** list

12.Enter the amount of **Input Tax Paid** and the **Eligible Tax Credit**

| Supplier | Purchase Value | Rate of Tax | Input Tax Paid | Eligible Credit |
|---|---|---|---|---|
| Universal Traders | 3,00,000.00 | 12.50 % | 37,500.00 | 37,500.00 |

Figure 2.38 Exports – Input Tax Details sub-screen for Air Conditioners

13.Similarly, select the stock item **Refrigerator** from the **List of Items**

14.Enter the **Quantity** as **15** and **Rate** as **$350**. Accept the exchange rate as Rs. 48 per $

15.The value is automatically displayed in the **Amount** field.

16.Press **Enter** key to view the **Input Tax Details** sub-screen and enter the details as shown:

| Supplier | Purchase Value | Rate of Tax | Input Tax Paid | Eligible Credit |
|---|---|---|---|---|
| Universal Traders | 1,57,500.00 | 12.50 % | 19,687.50 | 19,687.50 |

Figure 2.39 Exports – Input Tax Details sub-screen for Refrigerators

17.Select the **Packing Charges** ledger and enter the amount as **$250**

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

19.Accept the **Statutory Details** screen

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

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

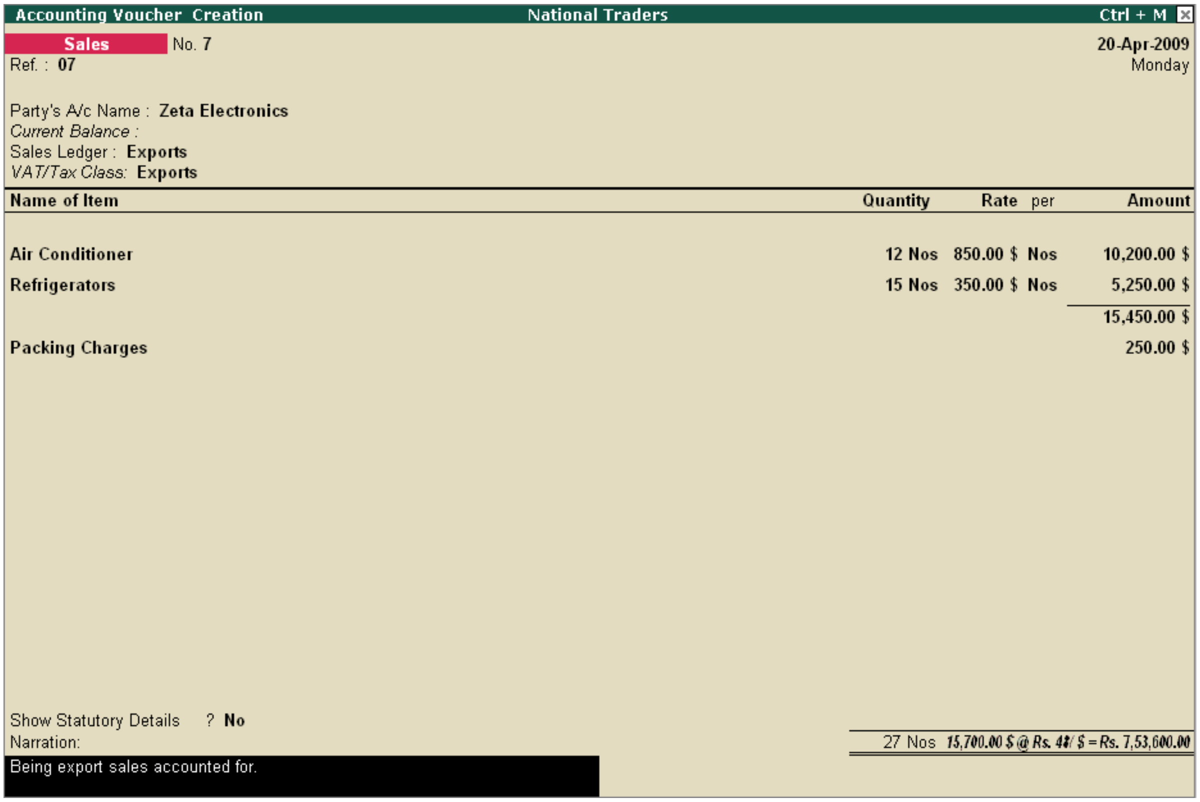



Figure 2.40 Sales – Exports

22.Accept the sales invoice.

## 2.7 Sales against Form H – Deemed Exports

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

**Example 9:**

*On 20-4-2009, M/s National Traders raised an invoice on Excel Traders for deemed exports made against Form – H vide invoice number 08. The details of goods sold are as follows:*

| *Item Description* | *Quantity (in Nos)* | *Rate* | *Amount* |
|---|---|---|---|
| *Water Purifiers* | *10* | *6,500* | *65,000* |
| *Vacuum Cleaners* | *5* | *17,000* | *85,000* |

*Additionally Packing charges of Rs. 3,800 was also included.*

Step 1:

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

**Creating Ledgers**

**i. Deemed Exports Ledger**

To create a ledger for exports:

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Sales Against Form – H | Sales Accounts | Yes | Yes | Sales (Against Form– H Deemed Export) | No |

**ii. Creating Sundry Debtor Ledger**

Follow the steps given in example 2 to create sundry debtor ledger.

Step 2:

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

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

1. Enter the reference number in the **Ref.** field
2. Select **Excel Traders** in the **Party's A/c Name** field from the **List of Ledger Accounts**
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the **Sales against Form – H** ledger in the **Sales Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Sales Ledger**, the **VAT/Tax Class** appears as **Sales (Against Form–H Deemed Export)**
6. Select the Name of Item as **Water Purifiers** from the **List of Items**
7. Enter the **Quantity** as **10** and **Rate** as **6,500**. The amount is automatically displayed in the **Amount** field
8. Similarly, select another item **Vacuum Cleaners** from the List of Items.
9. Enter the **Quantity** as **5** and **Rate** as **17,000**. The amount is automatically displayed in the **Amount** field

10.Select the **Form to Receive** as **H Form**

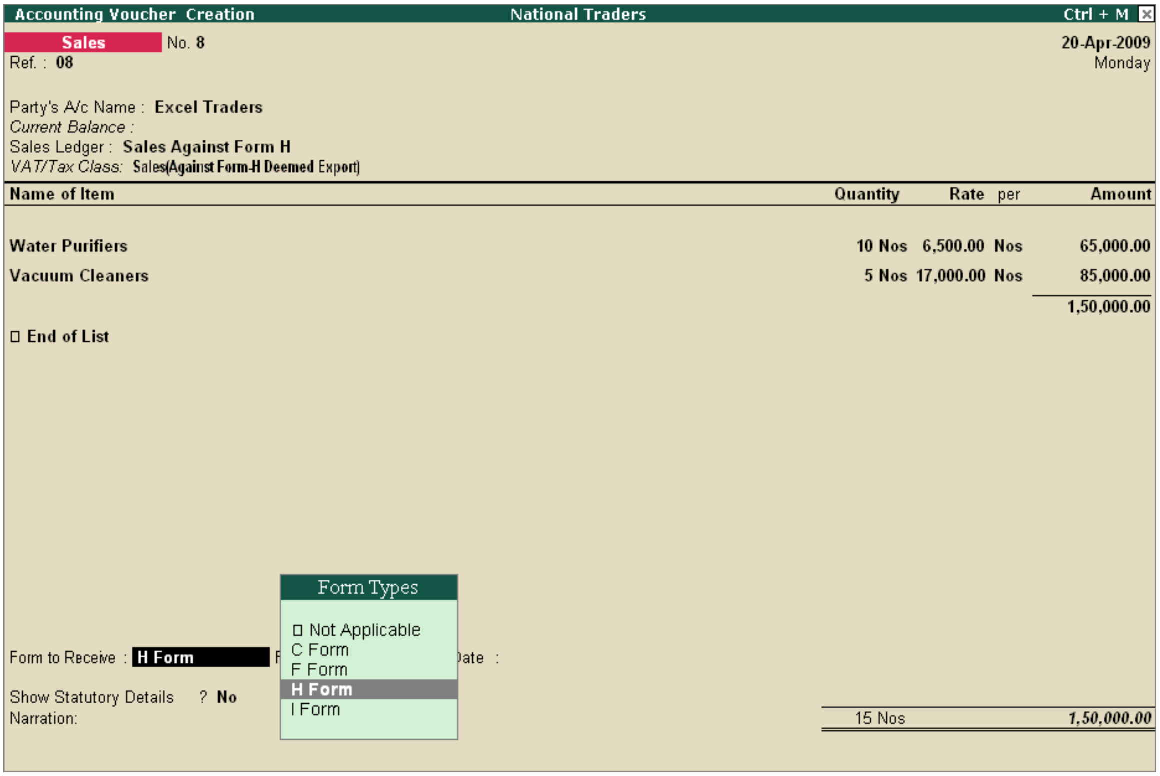



Figure 2.41 Sales Invoice – Sales against Form H

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

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

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

## 2.8 Inter-State Sale of Exempt Goods

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

**Example 10:**

*On 21-4-2009, M/s National Traders sold 60 periodicals for Rs. 85 each to Mc Millan Techsys, vide invoice number 09. Periodicals are exempt from tax.*

Step 1:

**Inter-state Sales Exempted ledger**

To create an inter-state exempt sales ledger,

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Inter-State Sales – Exempted | Sales Accounts | Yes | Yes | Inter-State Sales – Exempted | No |

Step 2:

Let us enter the sales transaction in Tally.ERP 9. To create an Exempted Interstate – Sales Voucher,

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

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

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

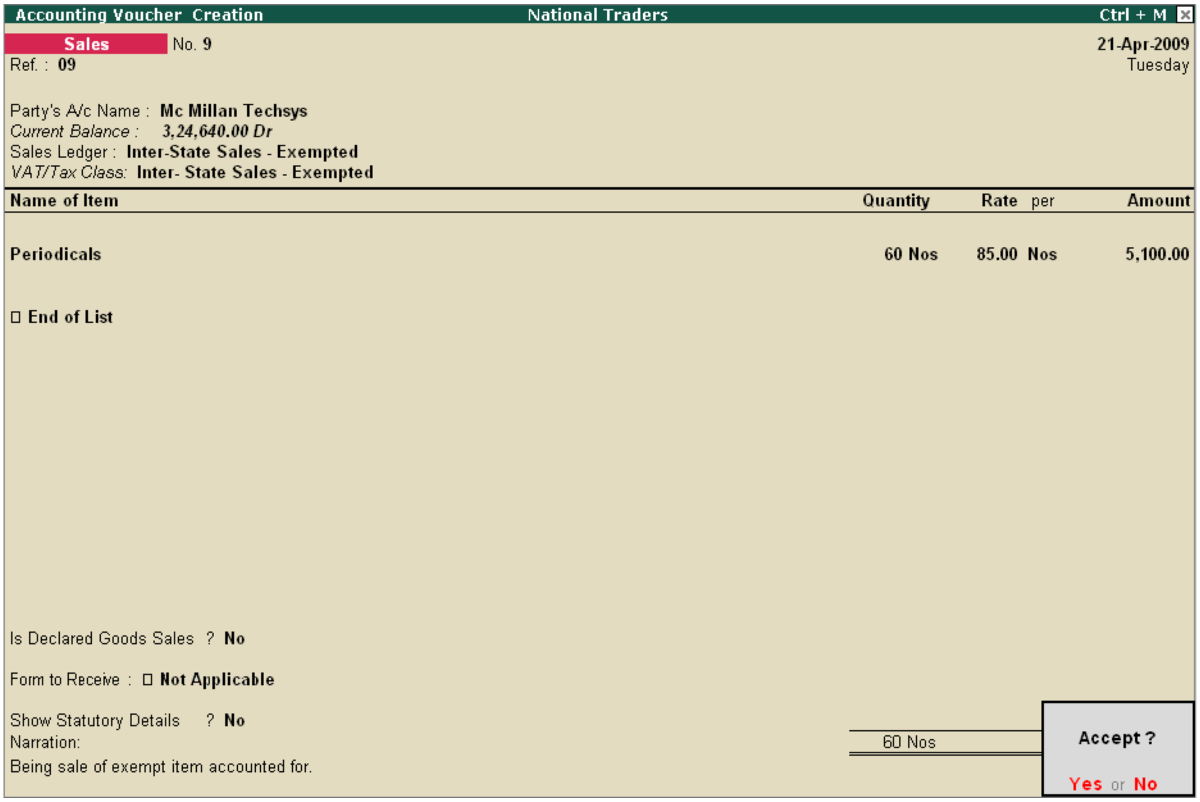



Figure 2.42 Sales Invoice – Inter-state Sales Exempted

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

## 2.9 Sales in the Course of Import

In the process of importing goods from another country, there could be sale of same goods made as per the Rules and Regulations prescribed, even before the completion of import. Such sale are considered as Sale in the Course of Import and is exempted from CST liability.

**Example 11:**

*On 23-4-2009, M/s National Traders imported the following items from Glamour Appliances, New York vide invoice number 02.*

| *Item Description* | *Quantity (in Nos)* | *Rate* | *Amount* | *VAT Commodity* | *Commodity Code* |
|---|---|---|---|---|---|
| *Fax Machines* | *25* | *13,000* | *3,25,000* | *Fax Machines* | *333* |
| *Vending Machine* | *20* | *15,000* | *2,00,000* | *Electrical Appliances* | *329* |
| *Photo Copying Machines* | *12* | *40,000* | *4,80,000* | *Photo Copying Machines* | *327* |

*On the same day, in the course of import, the following items were sold to Home Electronics, Punjab vide invoice number 010.*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** | ***VAT Commodity*** | ***Commodity Code*** |
|---|---|---|---|---|---|
| *Fax Machines* | *10* | *15,000* | *1,50,000* | *Fax Machines* | *333* |
| *Vending Machine* | *8* | *17,000* | *1,36,000* | *Electrical Appliances* | *329* |

Step 1:

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

**i. Creating Ledgers**

Create the Sales ledgers with the following details:

| **Sl. No.** | **Name** | **Under** | **Inventory values are affected** | **Use in VAT Returns** | **VAT/Tax Class** | **Use for Assessable Value Calculation** |
|---|---|---|---|---|---|---|
| 1 | Sales in the Course of Import | Sales Accounts | Yes | Yes | Sales in the Course of Import into India | No |
| 2 | Imports | Purchase Accounts | Yes | Yes | Imports | No |

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

**iii. Stock Items**

Create the stock items with the following details:

| **Sl. No.** | **Name** | **Under** | **Units** | **VAT Details** | |
|---|---|---|---|---|---|
| | | | | **Commodity** | **Rate of VAT** |
| 1 | Fax Machines | Primary | Nos | Fax Machine | 12.5% |
| 2 | Vending Machine | Primary | Nos | Electrical Appliances | 12.5% |
| 3 | Photo Copying Machine | Primary | Nos | Photo Copying Machine | 12.5% |

Step 2:

Let us enter the transactions in Tally.ERP 9.

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

1. Enter the **Supplier Invoice No.** and **Date**
2. Select **Glamour Appliances** in the **Party's A/c Name** field from the **List of Ledger Accounts**

3. In the **Party Details** screen, enter/modify the required details
4. Select **Imports** ledger in the **Purchase Ledger** field from the **List of Ledger Accounts**
5. On selecting the **Imports** ledger, the VAT/Tax Class appears as Inter – State Purchases
6. Select the **Name of Item** as **Fax Machine** from the **List of Items**
7. Enter the **Quantity** as **25** and **Rate** as **13,000**. The value is automatically displayed in the **Amount** field
8. Similarly, select the other stock items and enter the quantity along with applicable rate
9. Set the field **Show Statutory Details** as **No**
10. Enter the details in the **Narration** field if required

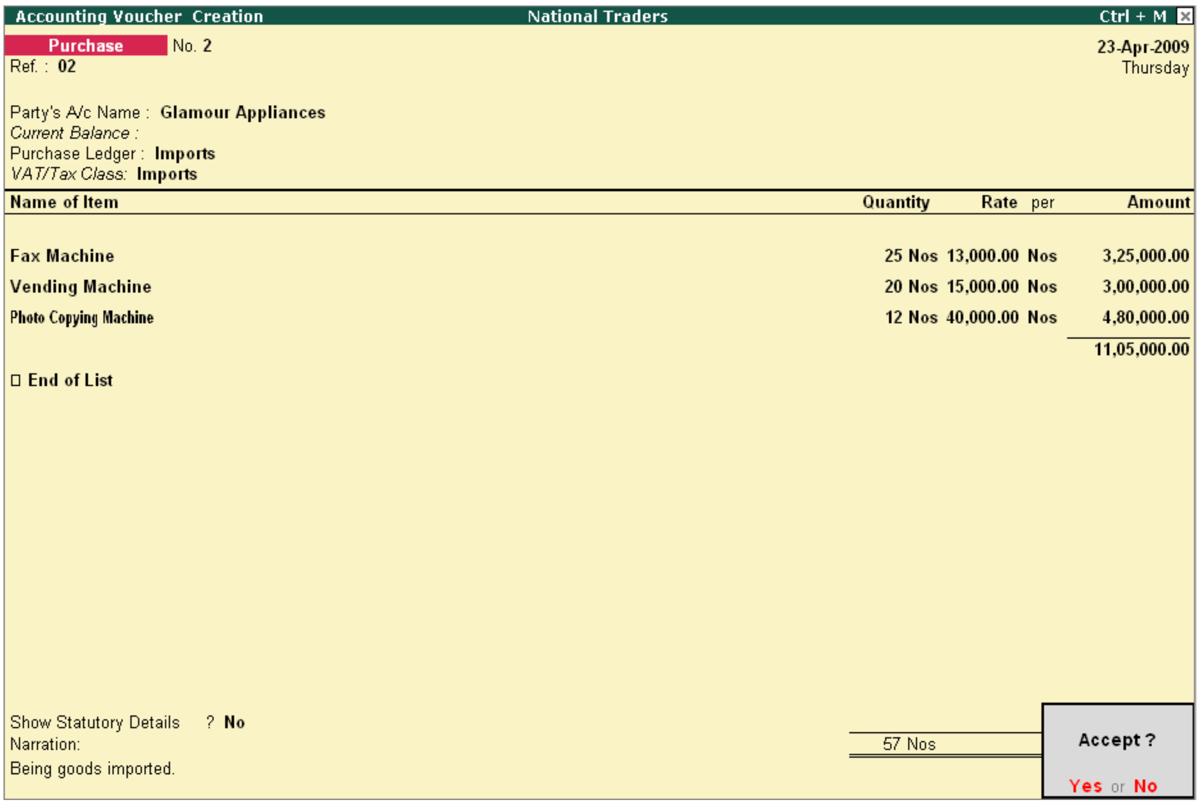



Figure 2.43 Purchase Invoice – Imports

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

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

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

1. Enter the reference number in the **Ref.** field.
2. Select **Home Electronics** in the **Party's A/c Name** field from the List of Ledger Accounts.

3. In the **Party Details** screen, enter the details as shown:

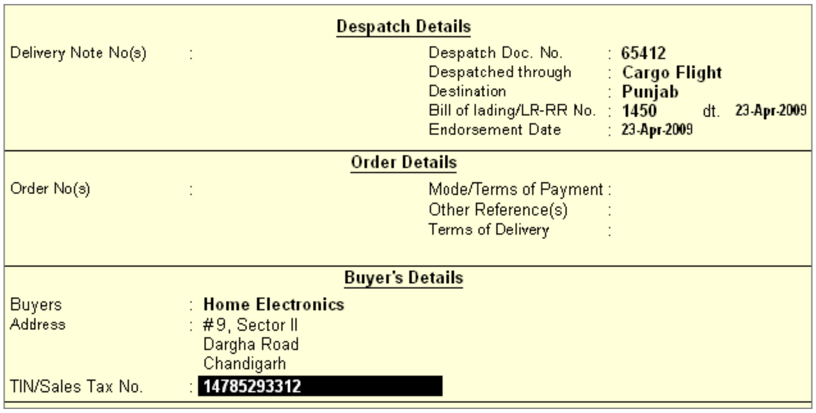



Figure 2.44 Sales Invoice – Party Details screen

*The **Despatch Details** entered in the **Party Details** screen while recording the sales made in the course of import will be captured in the respective fields of **Annexure I**. The following details will be captured from **Party Details** screen in **Annexure I**:*

*i. The Bill of lading number from the **Bill of Lading/LR-RR No & Dt** field*

*ii. Name and address of the ship/agent from **Despatched through** field.*

*iii. Date of endorsement of bill of lading from **Endorsement Date** field*

*iv. Bill number along with date from **Despatch Doc No.** field.*

4. Select the **Sales in the Course of Import** ledger in the **Sales Ledger** field from the List of Ledger Accounts.
5. On selecting the **Sales in the Course of Import Ledger**, the **VAT/Tax Class** appears as **Sales in the Course of Import into India**
6. Select the **Name of Item** as **Fax Machine** from the **List of Items**
7. Enter the **Quantity** as **10** and **Rate** as **15,000**. The value is automatically displayed in the **Amount** field.
8. Press **Enter** key to view the **Annexure I – Import Details** screen.
9. Select **Glamour Appliances** List of Ledger Accounts in the **Foreign seller's Name and Address** field
10. Enter the Purchase Value as **1,30,000**

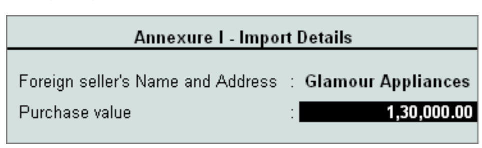



Figure 2.45 Sales in the Course of Import – Import Details

11. Similarly, select **Vending Machine** as another stock item from the **List of Items**
12. Enter the **Quantity** as **8** and **Rate** as **17,000**. The amount will be automatically calculated and displayed in the **Amount** field

13.Press **Enter** key to view the **Annexure I – Import Details** screen.

14.Select **Glamour Appliances** List of Ledger Accounts in the **Foreign seller's Name and Address** field

15.Enter the **Purchase Value** as **1,20,000**

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

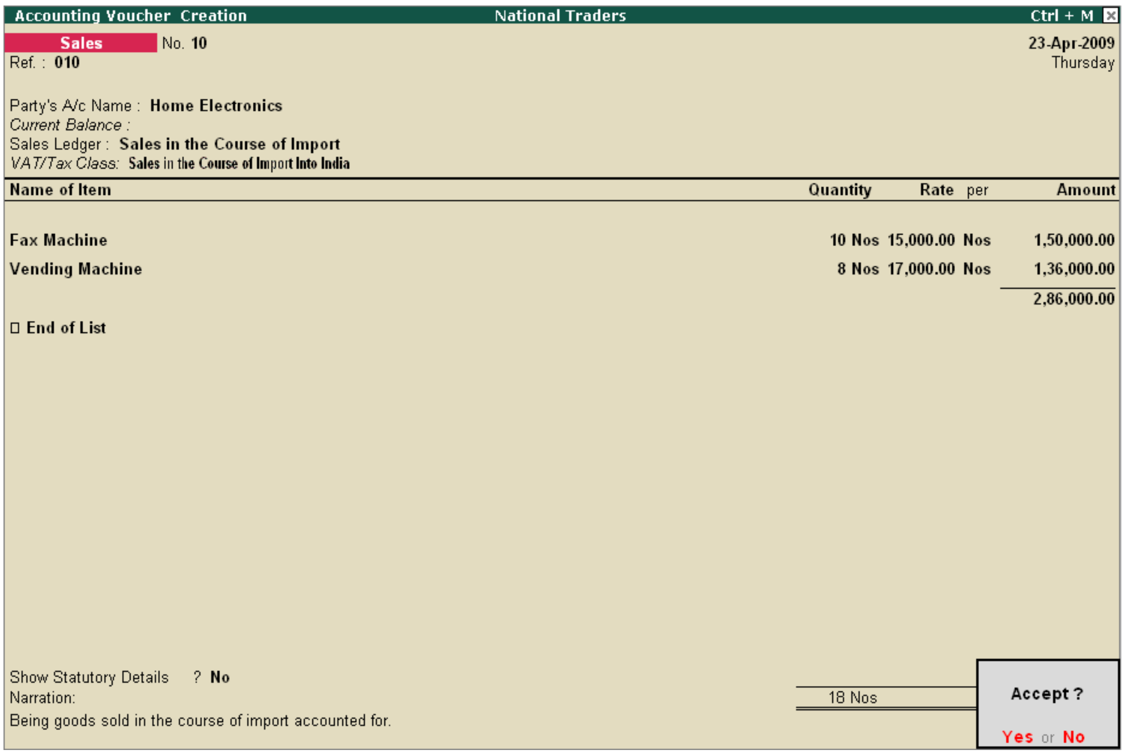



Figure 2.46 Sales Invoice – Sales In the Course of Import

17.Enter the details in the **Narration** field if required and press **Y** or **Enter** to accept and save.

## 2.10 Sales – Outside the State

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

### Example 12:

*On 27-4-2009, M/s National Traders received a sales order from Excel Traders, Mumbai for 8 photo copying machines priced at Rs. 43,000 each. M/s National Traders raised a sales invoice for the said item vide invoice number 011, despatched 4 nos and requested the branch office – National Enterprises to despatch remaining quantity. CST @ 2% was charged while invoicing against C Form.*

Step 1:

Let us create the necessary masters to record sale outside the state.

**Creating Masters**

**i. Ledgers**

To create a ledger for inter-state Sales – Tax Free classification:

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Inter-State Sales - Tax Free | Sales Accounts | Yes | Yes | Inter-State Sales - Tax Free | No |

**ii. Enabling VAT Adjustments in Journal Voucher Type**

To create a VAT Adjustment class for journal vouchers,

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

1. In the **Voucher Type Alteration** screen, enter the **Name of Class** as **VAT Adjustment Class**

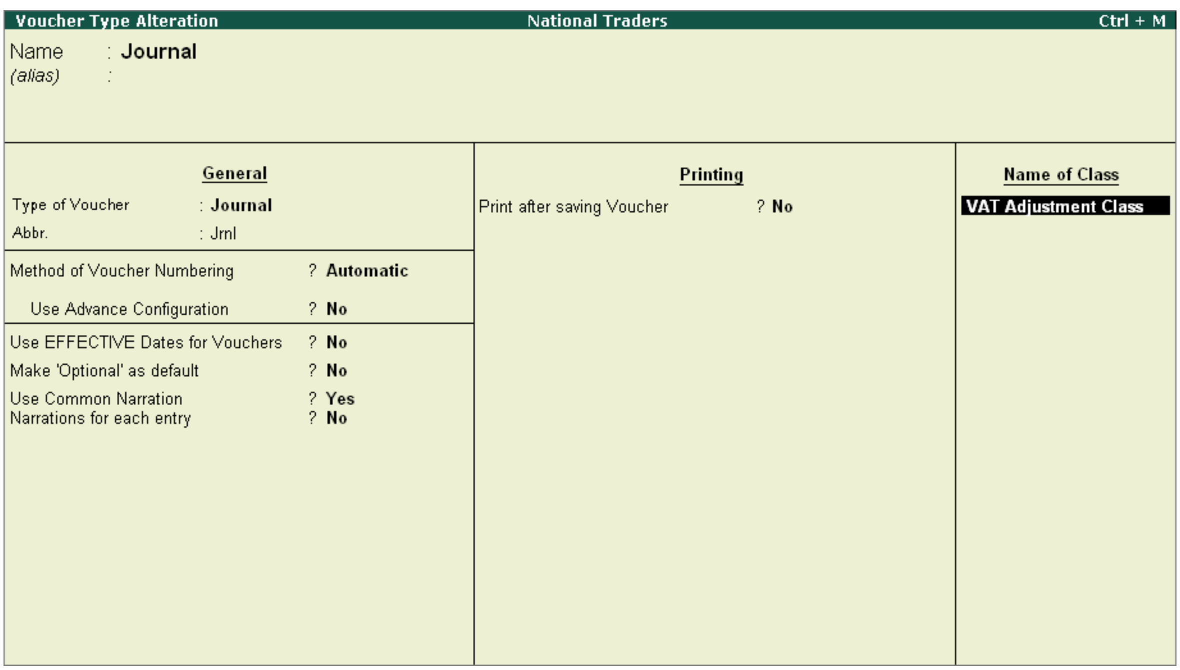



Figure 2.47 Journal Voucher Type – Voucher Class

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

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

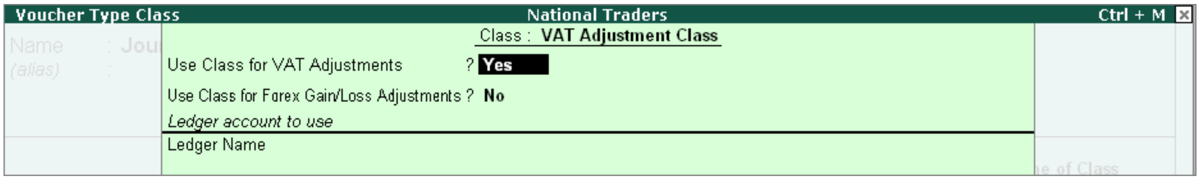



Figure 2.48 Voucher Type Class screen

4. The value of foreign exchange gain/loss on account of imports/exports can be adjusted on creating another voucher class and enabling the option **Use Class for Forex Gain/Loss Adjustment**
5. Accept the **Voucher Type Class** screen and return to the **Voucher Type Alteration** screen
6. Press **Y** or **Enter** to accept and save.

Step 2:

Create the inter-state sales entry by following the steps provided in Example 2. The completed inter-state sales entry displays as shown:

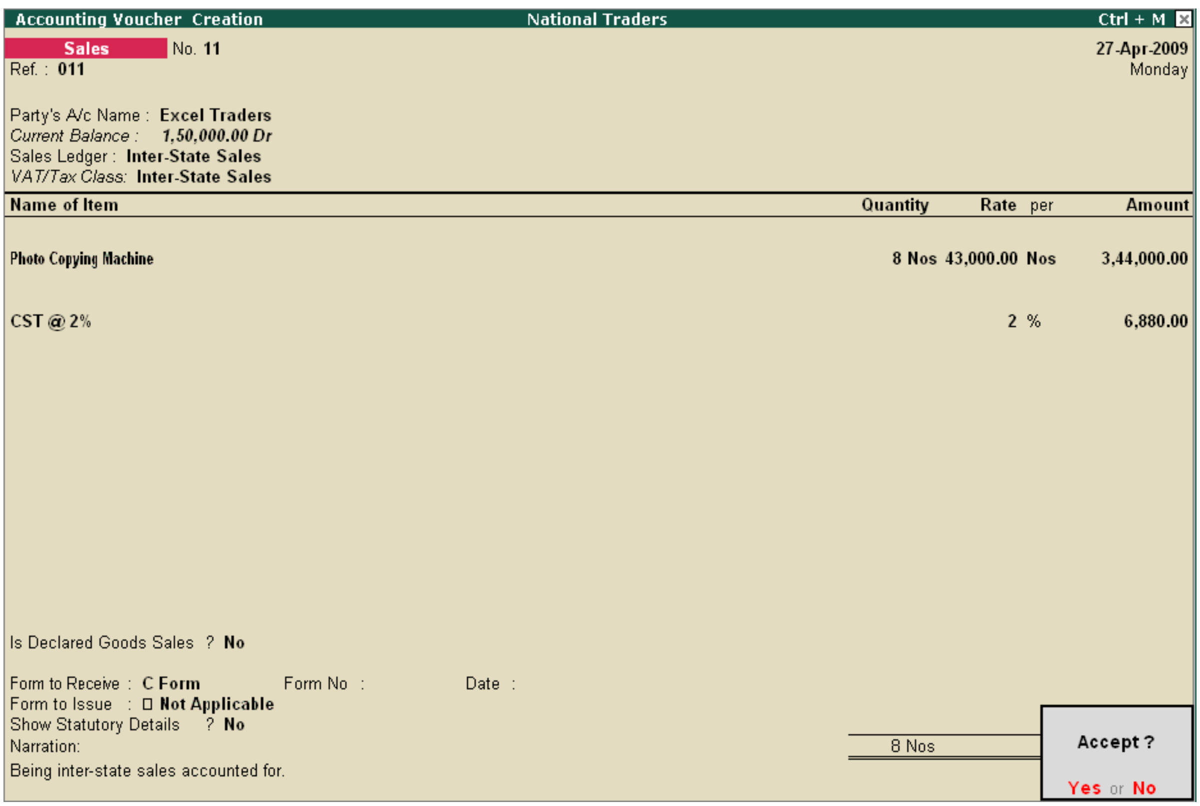



Figure 2.49 Sales Invoice – Inter-State Sales

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

Step 3:

Let us now record the journal adjustment entry to account for the reversal of Interstate sales to Sales outside the State and CST levied to branch account.

To create a journal adjustment entry,

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

**i. Accounting for the value of Inter-State Sale made outside the state as Inter-State Tax Free sales**

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

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

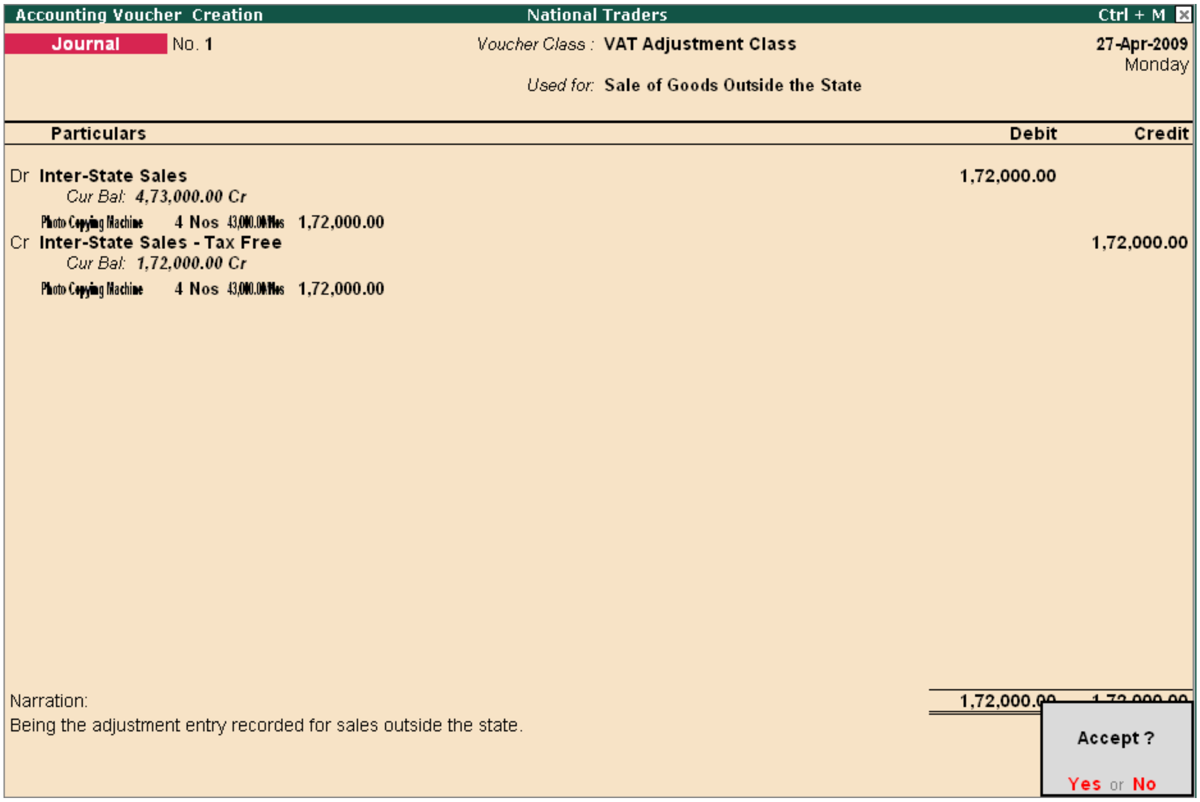



Figure 2.50 Journal Voucher – Sale of Goods Outside the State

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

**ii. Transferring the value of CST paid to Branch office**

1. Select **Others** in the **Used for** field
2. Debit the ledger **CST @ 2%**. In the **VAT Class Details** screen, select **Inter-State Sales** as the **VAT/Tax Class** and enter the **Assessable Value** as **1,72,000**
3. Enter the **CST** amount as **3,440**
4. Credit **National Enterprises** and the credit amount will be displayed automatically
5. Enter the details in the field **Narration**, if required

6. Credit the branch ledger **National Enterprises**

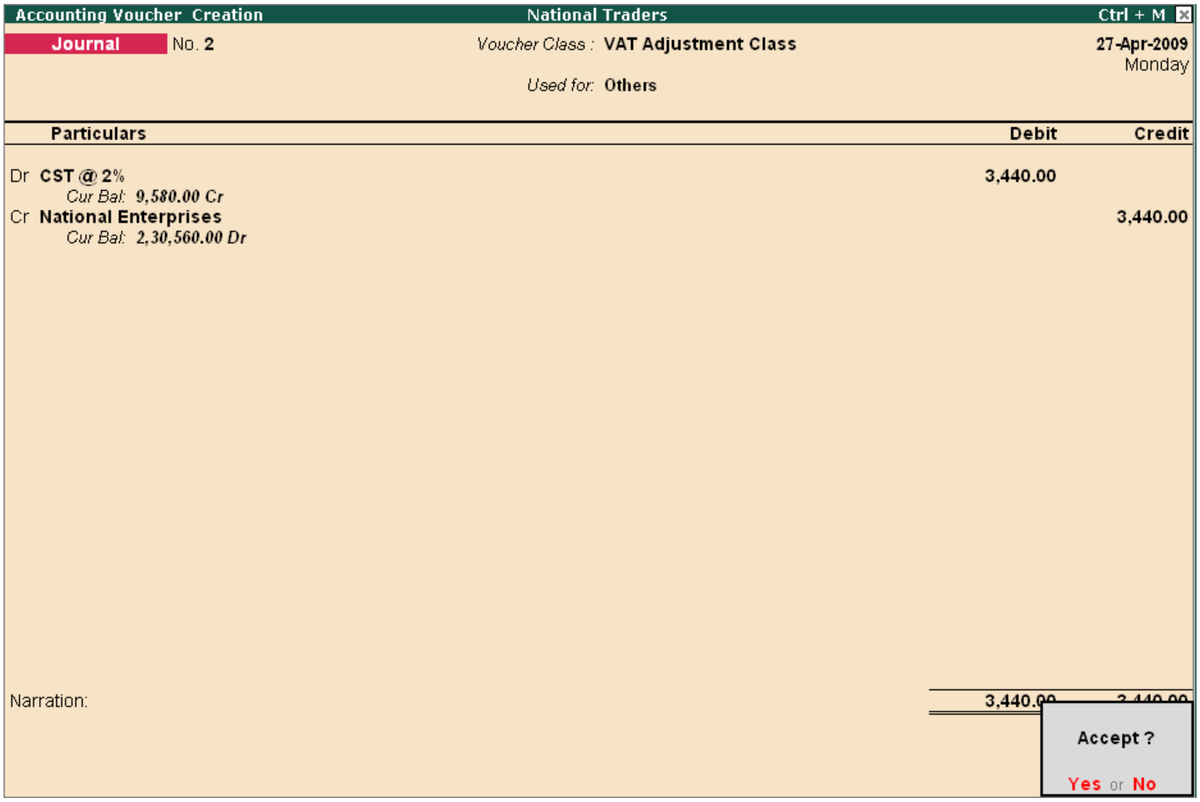



Figure 2.51 Sales Outside the State – Reversing the CST amount

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

## 2.11 Sales to SEZ Units against Form – I

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

**Example 13:**

*On 27-4-2009, M/s National Traders sold the following items to Tech Apparels, Gujarat against Form I vide invoice number 012.*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** |
|---|---|---|---|
| *Fax Machines* | *2* | *15,000* | *30,000* |
| *Photo Copying Machines* | *1* | *43,000* | *43,000* |

Step 1:

**i. Sundry Debtor Ledger**

Create the Sundry Debtor ledger by following the steps given in Example 2.

Step 2:

Let us enter the transaction in Tally.ERP 9.

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

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

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

11.Select the **Form to Receive** as **I Form**

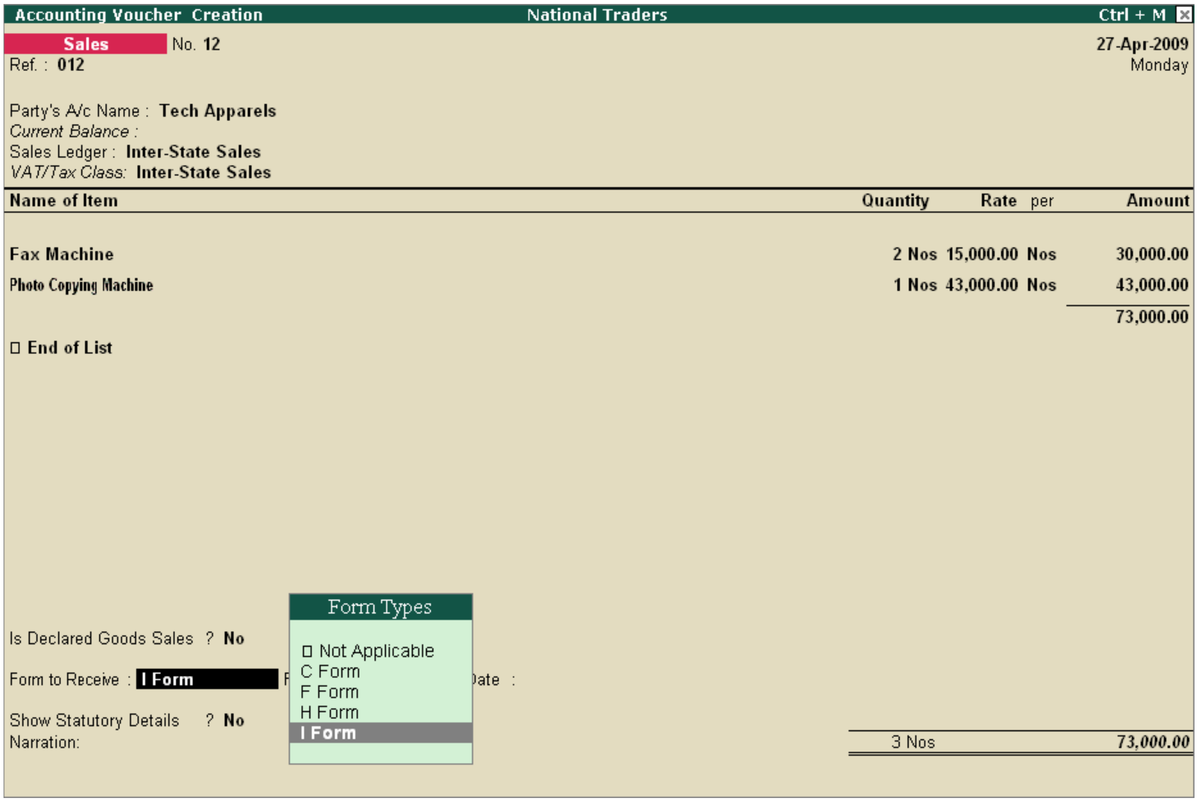



Figure 2.52 Sales Invoice – Sales against Form I

12.Set the field **Show Statutory Details** as **No**

13.Accept the

14.Enter the details in the **Narration** field if required

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

## 2.12 Sale of Special Category Goods

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

**Example 14:**

*M/s National Traders, decided to add textiles into its line of business. So on 27-4-2009, it purchases 150 nos of silk fabrics (commodity code – 2127) at Rs. 1,500 each from Kiran Textiles, Chennai vide invoice number 03. The silk fabrics were taxable at 4% VAT.*

Step 1:

Create the stock item – Silk Fabrics and sundry creditor ledger by following the steps given in example 1.

**i. Input VAT Ledger**

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

Create the input VAT ledger with the following details:

| Name | Under | Type of Duty /Tax | VAT/Tax Class | Inventory values are affected | Percent-age of Calcula-tion | Method of Calcu-lation | Rounding Method |
|---|---|---|---|---|---|---|---|
| Input VAT @ 4% | Duties & Taxes | VAT | Input VAT @ 4% | No | No | On VAT Rate | Not Appli-cable |

**ii. Purchase Ledger**

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Purchases @ 4% | Purchase Accounts | Yes | Yes | Purchases @ 4% | No |

Step 2:

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

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

1. Enter the Reference number in the **Ref.** field
2. Select the **Party's A/c Name** as **Kiran Textiles** from the **List of Ledger Accounts**
3. Select the **Name of Item** as **Silk Fabrics** from the **List of Items**
4. Enter the **Quantity** as **200** and **Rate** as **1,500**. The amount is automatically displayed in the **Amount** field
5. Select **Input VAT @ 4%** from the **List of Ledger Accounts**

6. Enter the details of the **Narration** field, if required

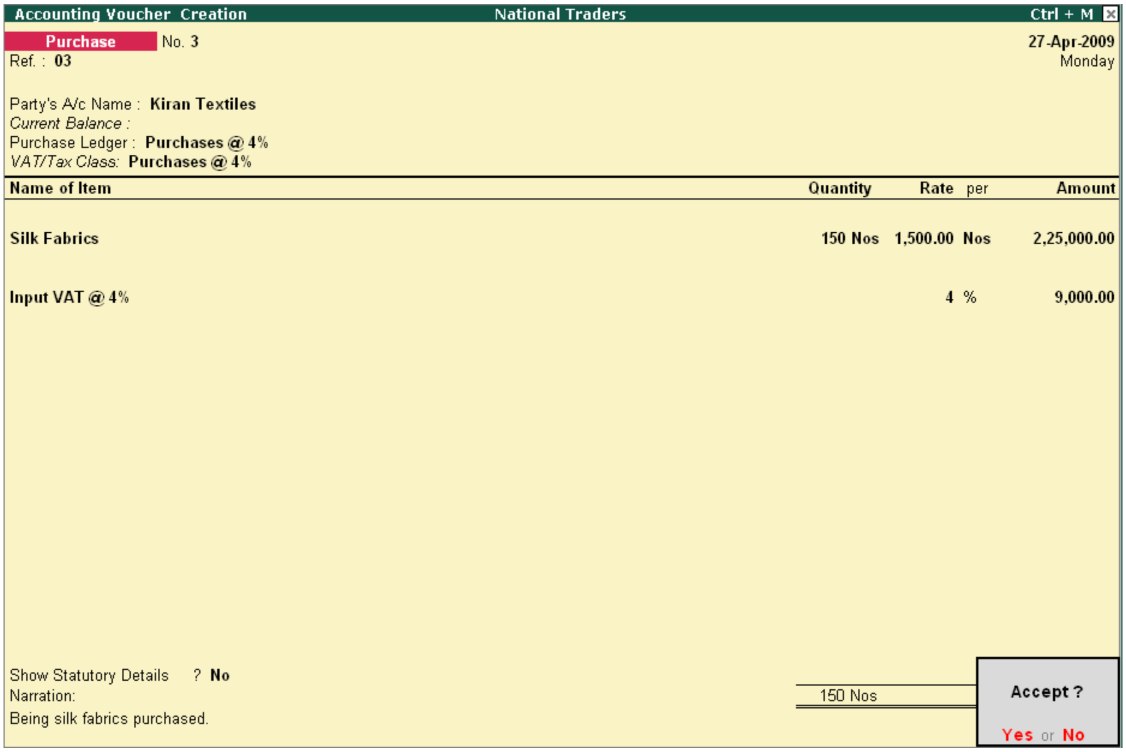



Figure 2.53 Purchase Invoice

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

**Example 15:**

*On 28-4-2009, M/s National Traders sold 50 nos of Silk Fabrics at Rs. 1,700 each to Raj Textiles, Karnataka vide invoice number 013.*

Step 1:

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

**Creating Ledgers**

**i. Sale – Special Category Goods**

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Sale – Special Category Goods | Sales Accounts | Yes | Yes | Inter-State Sales – Spl. Category Goods | No |

**ii. Sundry Debtor Ledger**

Create the ledger – Raj Textiles under Sundry Debtors.

Step 2:

Let us now record the entry in Tally.ERP 9. To create an entry for Inter-State Sale of Special Category goods,

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

1. Enter the reference in the **Ref.** field
2. Select the **Party's A/c Name** as **Raj Textiles** from the List of Ledger Accounts
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select **Sale – Special Category Goods** ledger in the **Sales Ledger** field from the List of Ledger Accounts
5. On selecting the **Sale – Special Category Goods**, the VAT/Tax Class appears as **Inter-State Sales–Spl. Category Goods** from the VAT/Tax Class list
6. Select the **Name of Item** as **Silk Fabrics**
7. Enter the **Quantity** as **50** and **Rate** as **1,700**. The value is automatically displayed in the **Amount** field.
8. Set the option **Is Declared Goods Sales** to **Yes**
9. Set the field **Show Statutory Details** as **No**
10. Enter the details in the **Narration** field, if required

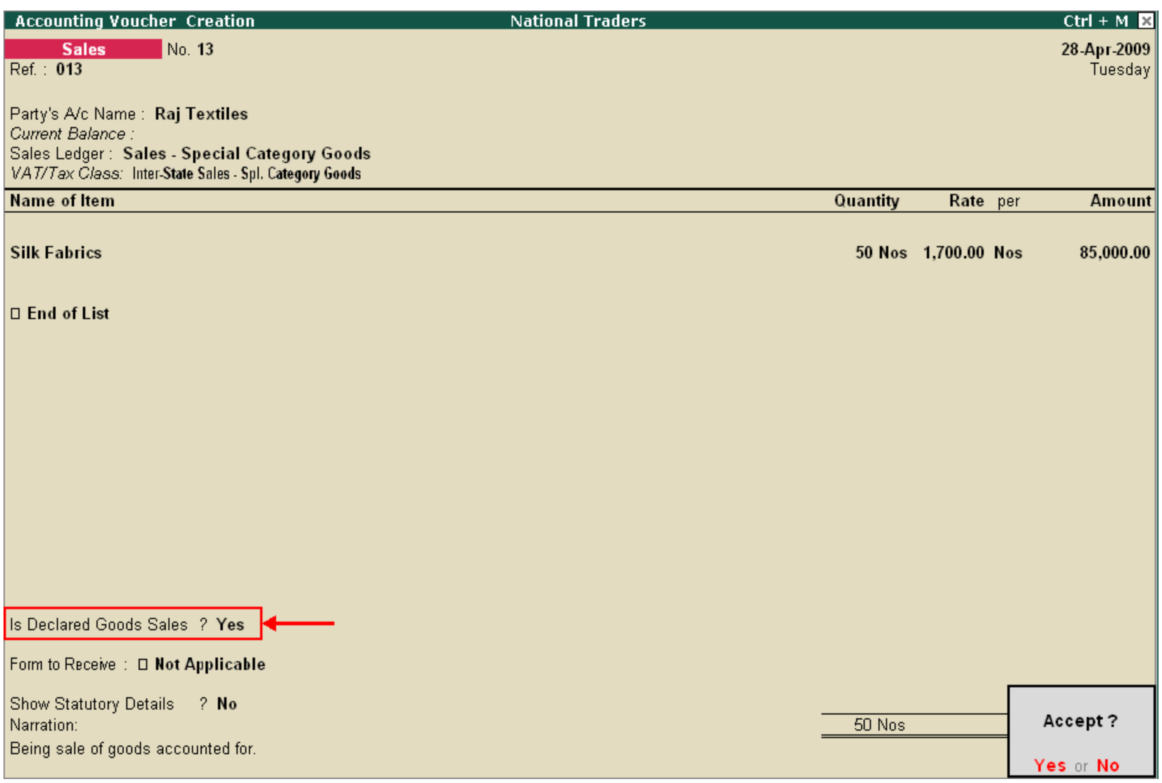



Figure 2.54 Sales Invoice – Sale of Special Category Goods

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

Notes

*The option **Is Declared Goods Sales** will be set to **Yes**, when sale of special category goods are categories as declared under CST Act. On selling the goods exempted or taxed at lower rate under a state government notification the option **Is Declared Goods Sales** will be set to **No**.*

## 2.13 Taxable Local Sales

**Example 16:**

*On 28-3-2009, M/s National Traders sold 70 nos of silk fabrics at Rs. 1,600 each to Harshita Textiles vide invoice number 014. Output VAT was charged @ 4%.*

Step 1:

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

**Creating Ledger**

**i. Output VAT @ 4%**

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

Create the ledger with the following details:

| Name | Under | Type of Duty /Tax | VAT/Tax Class | Inventory values are affected | Percent-age of Calcula-tion | Method of Calcu-lation | Rounding Method |
|---|---|---|---|---|---|---|---|
| Output VAT @ 4% | Duties & Taxes | VAT | Output VAT @ 4% | No | No | On VAT Rate | Not Appli-cable |

**ii. Sales Ledger**

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

Create the ledger with the following details:

| Name | Under | Inventory values are affected | Use in VAT Returns | VAT/Tax Class | Use for Assessable Value Calculation |
|---|---|---|---|---|---|
| Sale @ 4% | Sales Accounts | Yes | Yes | Sales @ 4% | No |

**iii. Sundry Debtor Ledger**

Create the ledger – Harshita Textiles under Sundry Debtors

Step 2:

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

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

1. Enter the reference in the **Ref.** field, if required.
2. Select **Harshita Textiles** in the **Party's A/c Name** field from the List of Ledger Accounts.
3. Enter the **Despatch Details** in the **Party Details** screen
4. Select the Name of Item as Silk Fabrics
5. Enter the **Quantity** as **70** and **Rate** as **1,600**. The amount is automatically displayed in the **Amount** field
6. Select **Output VAT @ 4%** from the **List of Ledger Accounts**
7. Set **Show Statutory Details** field to **Yes**
8. Accept the **Statutory Details** screen
9. Enter the details in the **Narration** field, if required

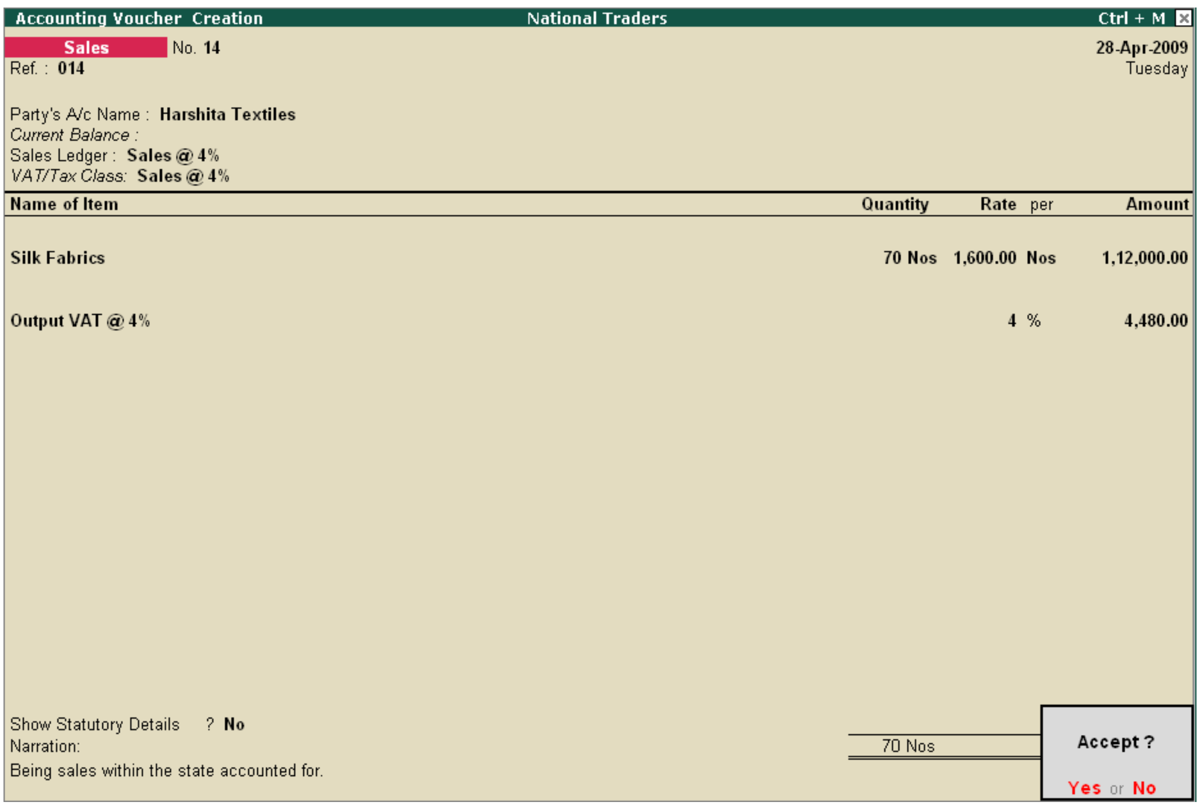



Figure 2.55 Sales Invoice

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

# Lesson 3: Accounting for CST Adjustments & Payment

## Lesson Objectives

On completion of this lesson, you will be able to

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

## 3.1 Sales Returns

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

Let us record the entries pertaining to sales returns for:

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

**Sales made against C Forms**

**i. Returns**

**Example 17:**

*On 4-4-2009, M/s National Traders received the following items returned by Mc Millan Techsys against C Form. The goods returned was against the sales recorded on 2-4-2009.*

| ***Item Description*** | ***Quantity (in Nos)*** | ***Rate*** | ***Amount*** |
|---|---|---|---|
| *Air Conditioner* | *1* | *28,000* | *28,000* |
| *Refrigerator* | *2* | *10,500* | *21,000* |

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

Enable the following fields:

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

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

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

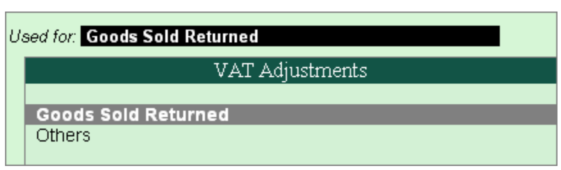



Figure 3.1 Credit Note – VAT Adjustments

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

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

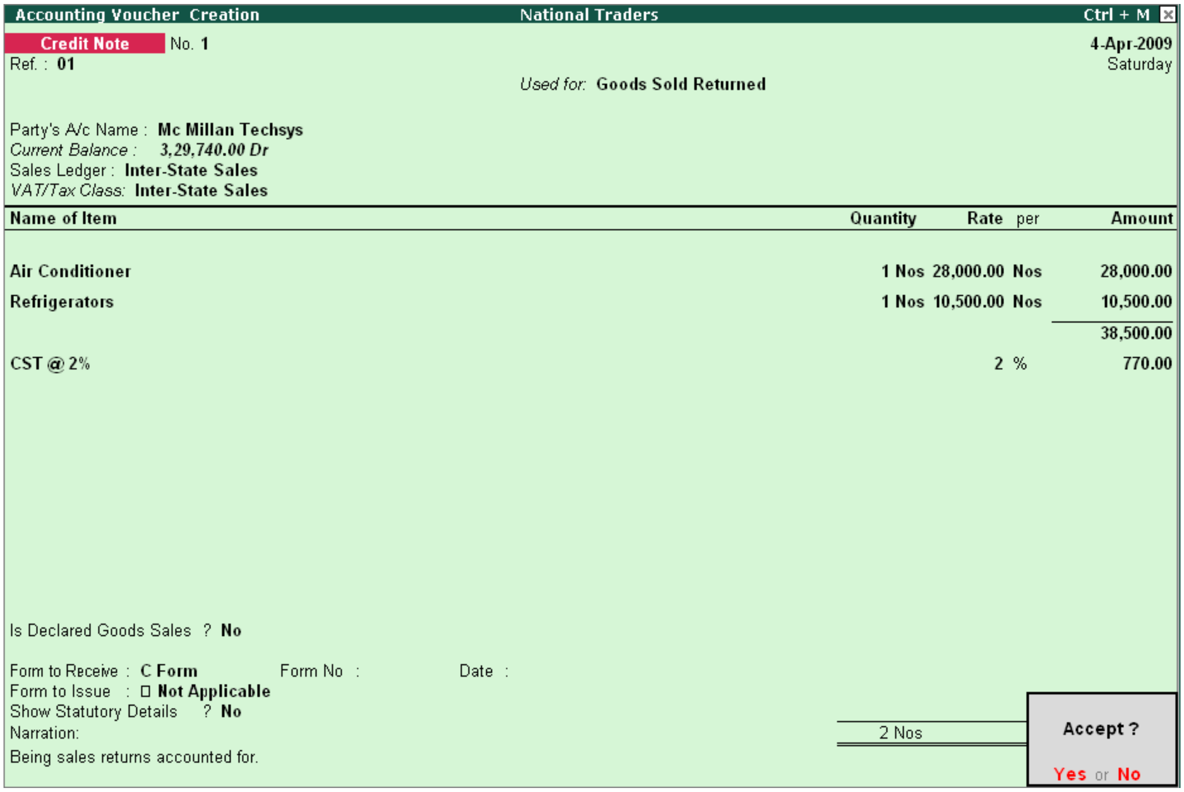



Figure 3.2 Credit Note – Inter-State Sales

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

**Sales against Form E1/E2**

**i. Returns**

**Example 18:**

*On 10-4-2009, M/s National Traders received 1 Washing Machine worth Rs. 12,000 from Rishita Traders against Form E1. The sales return was against the sales dated 7-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Enter the reference number in the **Ref.** field.
2. Select **Goods Sold Returned** from list of **VAT Adjustments** in the **Used For** field
3. Select **Rishita Traders** as the **Party's A/c Name** from the List of Ledger Accounts
4. Select **Inter-State Sales – Form E1** as the **Sales Ledger**
5. On selecting **Inter-State Sales – Form E1**, the VAT /Tax Class appears as **Inter-State Sales Against Form – E1**

6. Select the **Name of Item** as **Washing Machine** from the **List of Items**
7. Enter the **Quantity** as **1** and **Rate** as **12,000**. The **Amount** will be automatically displayed
8. In the **Annexure II – Transit Sale Details**, select the **Seller's Name and Address** as **Universal Traders** and **Purchase Value – 10,500**
9. Select **Form C** as the **Form to Receive**
10. Select **Form E1** as the **Form to Issue**
11. The field **Show Statutory Details** will be set to **No** by default
12. Enter the details in the field **Narration**, if required

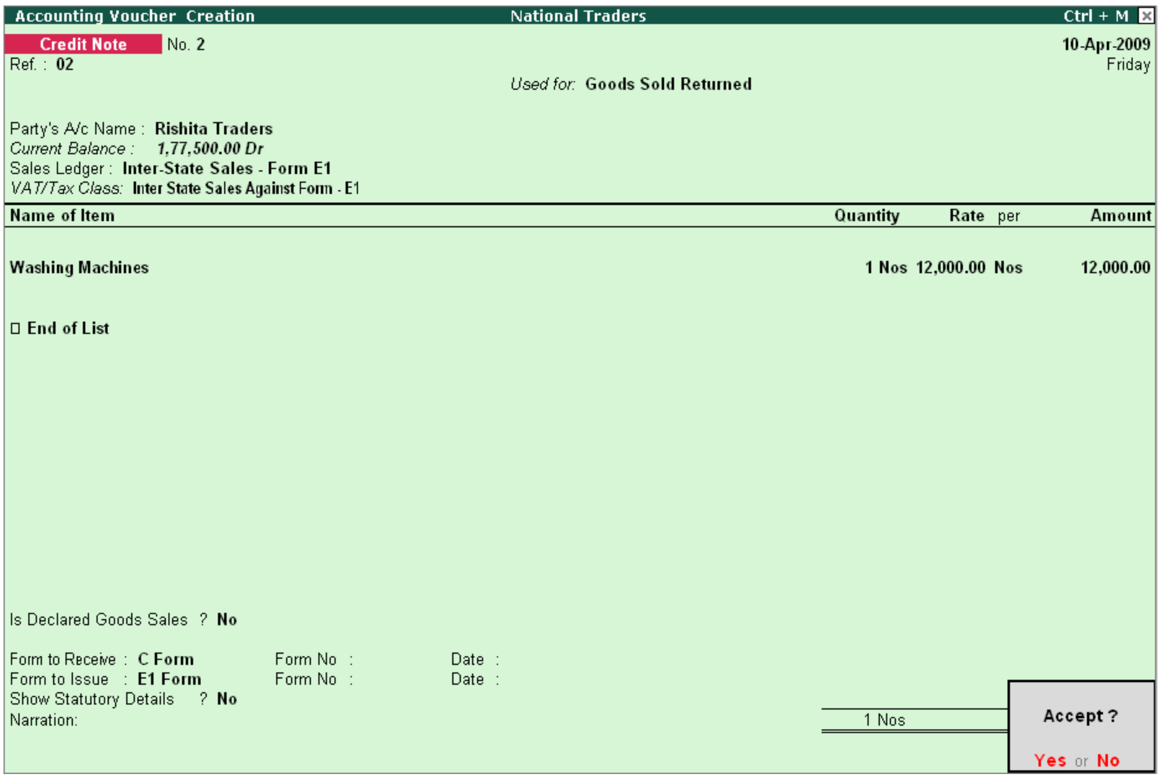



Figure 3.3 Credit Note – Inter-State Sales against Form E1

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

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

**Example 19:**

*On 11-4-2009, M/s National Traders raised a debit note on Rishita Traders for an increase in Sale value of the following items against Form E1 on sales dated 7-4-2009:*

| *Item Description* | *Amount* |
|---|---|
| *Water Purifier* | *2,000* |
| *Washing Machine* | *3,150* |

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Select the **Voucher** mode (use the key combination **Ctrl+V**) to record the increase in sale value.
2. Enter the reference number in the **Ref.** field
3. Select **Others** from the list of **VAT Adjustments** in the **Used For** field.
4. Debit **Rishita Traders** from the **List of Ledger Accounts** and enter the amount as **5,150** in the **Debit** field
5. In the **Bill-wise Details** screen select the reference dated 7-4-2009 and debit 5,150
6. Credit **Inter-State Sales – Form E1** from the List of Ledger Accounts
7. In the **Inventory Allocation** screen, select
   - **Water Purifier** and enter the amount as **2,000**
   - **Washing Machines** and enter the amount as **3,150**
8. Select the VAT/Tax Class as **Inter-State Sales Against Form – E1** from the **VAT/Tax Class** list
9. Set **Is Declared Goods Sales** to **No**
10. Select **Form C** as the **Form to Issue** and **E1 Form** as the **Form to Receive**
11. Enter the details in the **Narration** field, if required

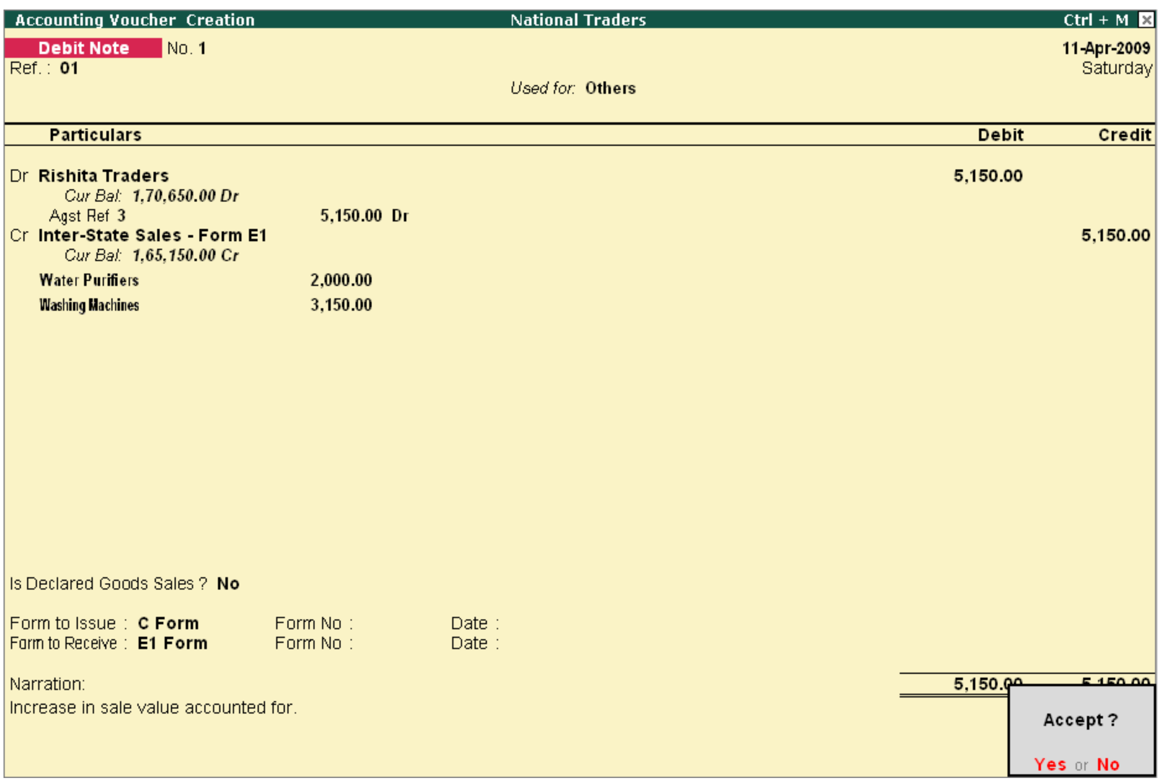



Figure 3.4 Debit Note – Increase in Sale Value

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

**Stock Transfers**

**i. Returns**

**Example 20:**

*On 14-4-2009, National Enterprises returned 1 vacuum cleaner worth Rs. 15,000 to M/s National Traders against Form F towards goods despatched on 13-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Enter the reference number in the **Ref.** field.
2. Select **Goods Sold Returned** from list of **VAT Adjustments** in the **Used For** field
3. Select **National Enterprises** as the **Party's A/c Name** from the List of Ledger Accounts
4. Select **Branch Transfer Outwards** as the **Sales Ledger**
5. On selecting **Branch Transfer Outwards**, the VAT /Tax Class appears as **Consignment/ Branch Transfer Outward**
6. Select the **Name of Item** as **Vacuum Cleaner** from the **List of Items**
7. Enter the **Quantity** as **1** and **Rate** as **15,000**. The **Amount** will be automatically displayed
8. Set **Is Sale in Principal's A/c** to **No**
9. Select **Form F** as the **Form to Receive**
10. Set **Show Statutory Details** to **No**

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

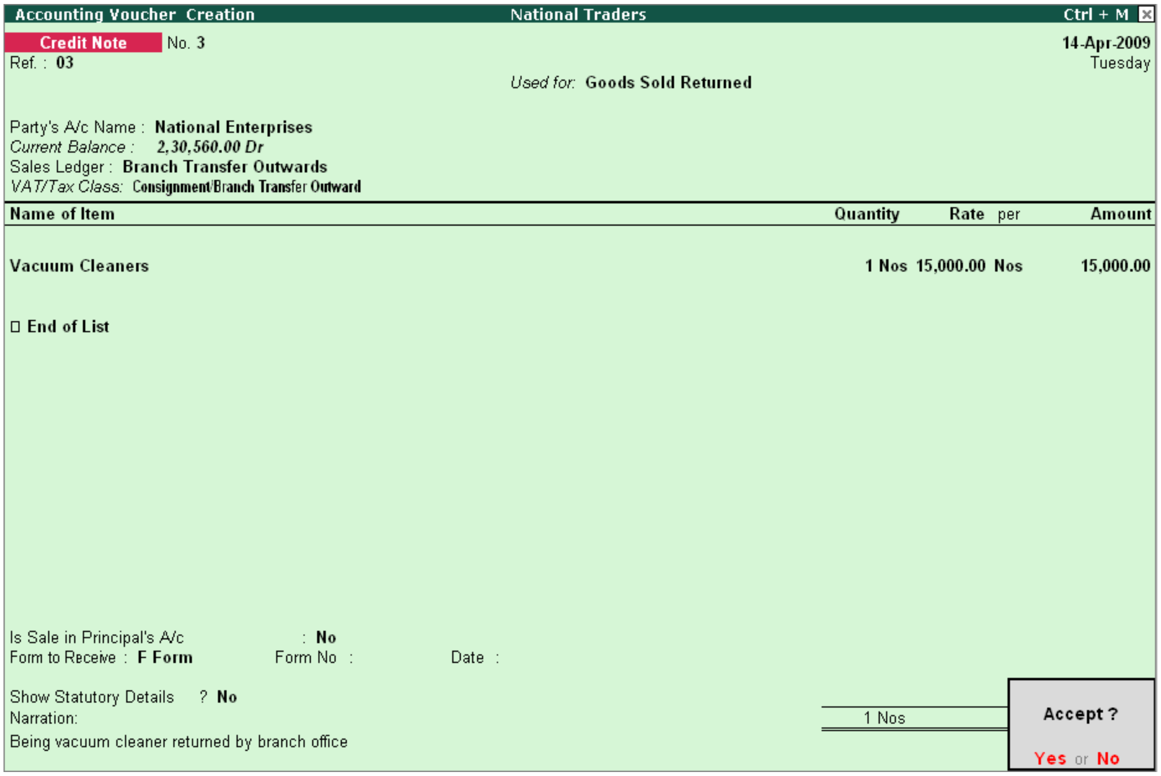



Figure 3.5 Credit Note – Stock Transfer

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

### ii. Additions

**Example 21:**

*On 15-4-2009, M/s National Traders raised a debit note of Rs. 2,800 on National Enterprises to account for an increase in the price of Washing Machines despatched on 13-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Select the **Voucher** mode (use the key combination **Ctrl+V**) to record the increase in sale value.
2. Enter the reference number in the **Ref.** field
3. Select **Others** from the list of **VAT Adjustments** in the **Used For** field.
4. Debit **National Enterprises** from the **List of Ledger Accounts** and enter the amount as **2,800** in the **Debit** field
5. Credit **Branch Transfer Outwards** from the List of Ledger Accounts
6. In the **Inventory Allocation** screen, select **Washing Machine** and enter the amount as **2,800**

7. Select the VAT/Tax Class as **Consignment/Branch Transfer Outwards** from the **VAT/Tax Class** list
8. Set **Is Declared Goods Sales** to **No**
9. Select **Form F** as the **Form to Issue**
10. Enter the details in the **Narration** field, if required

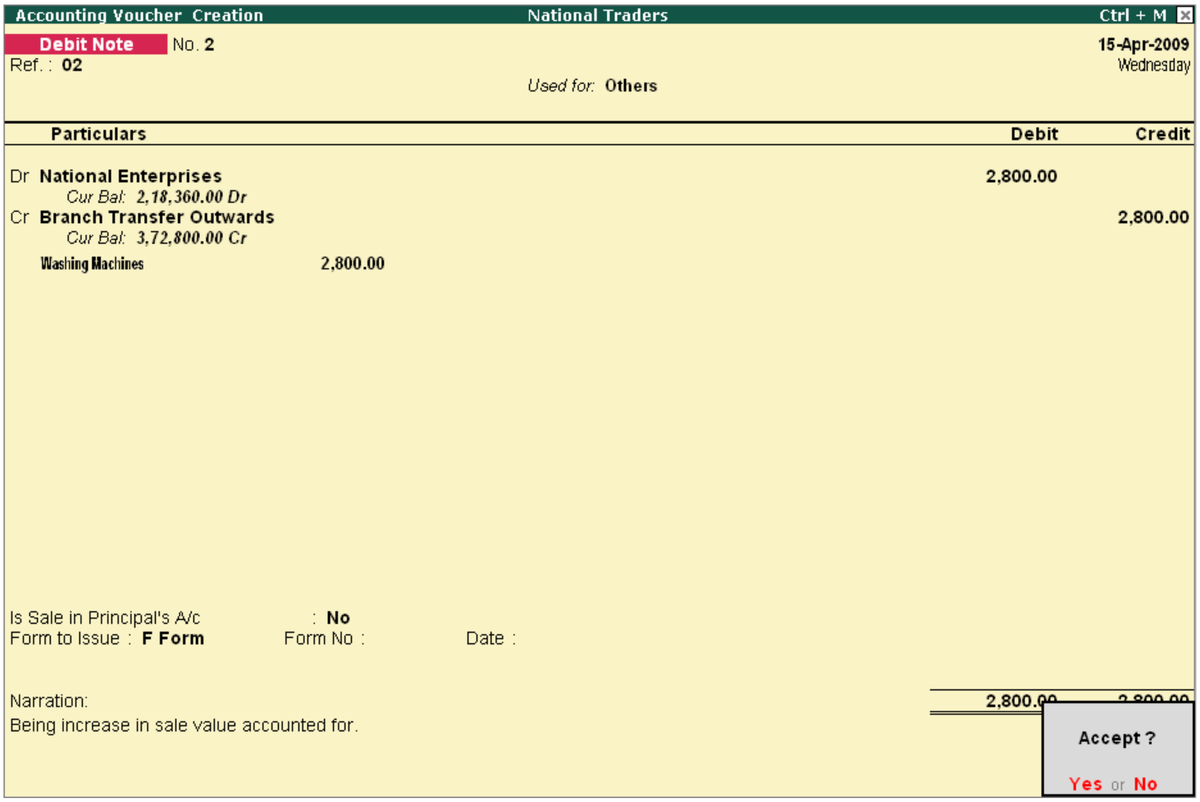



Figure 3.6 Debit Note – Stock Transfer

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

### Consignment Transfers

### i. Returns

**Example 22:**

*On 17-4-2009, Parijata Enterprises returned 1 Refrigerator worth Rs. 8,500 to M/s National Traders against Form F towards goods despatched on 16-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

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

3. Select **Parijata Enterprises** as the **Party's A/c Name** from the List of Ledger Accounts
4. Select **Branch Transfer Outwards** as the **Sales Ledger**
5. On selecting **Branch Transfer Outwards**, the VAT /Tax Class appears as **Consignment/ Branch Transfer Outward**
6. Select the **Name of Item** as **Refrigerator** from the **List of Items**
7. Enter the **Quantity** as **1** and **Rate** as **8,500**. The **Amount** will be automatically displayed
8. Set **Is Sale in Principal's A/c** to **Yes**
9. Select **Form F** as the **Form to Receive**
10. Set **Show Statutory Details** to **No**
11. Enter the details in the field **Narration**, if required

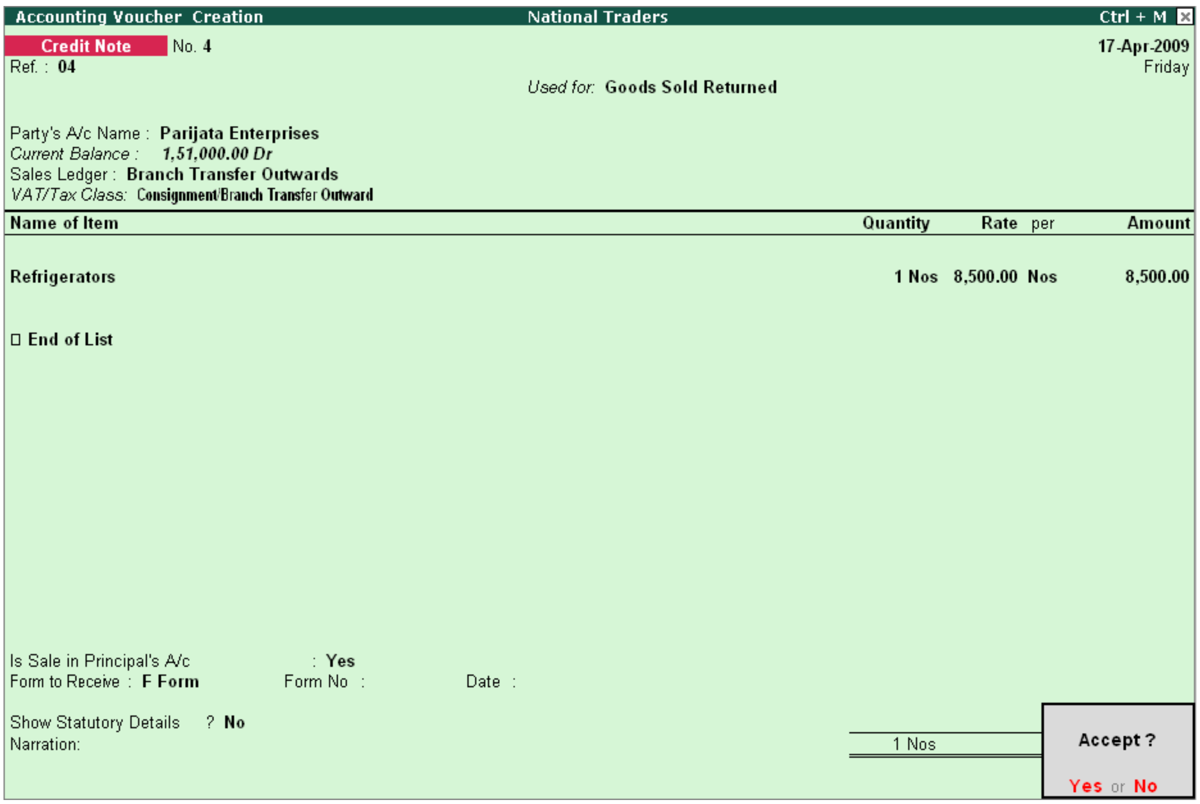



Figure 3.7 Credit Note – Consignment Transfer

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

### ii. Additions

**Example 23:**

*On 18-4-2009, M/s National Traders raised a debit note against Form F for Rs. 4,800 on Parijata Enterprises towards increase in the price of Water Purifier despatched on 16-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

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

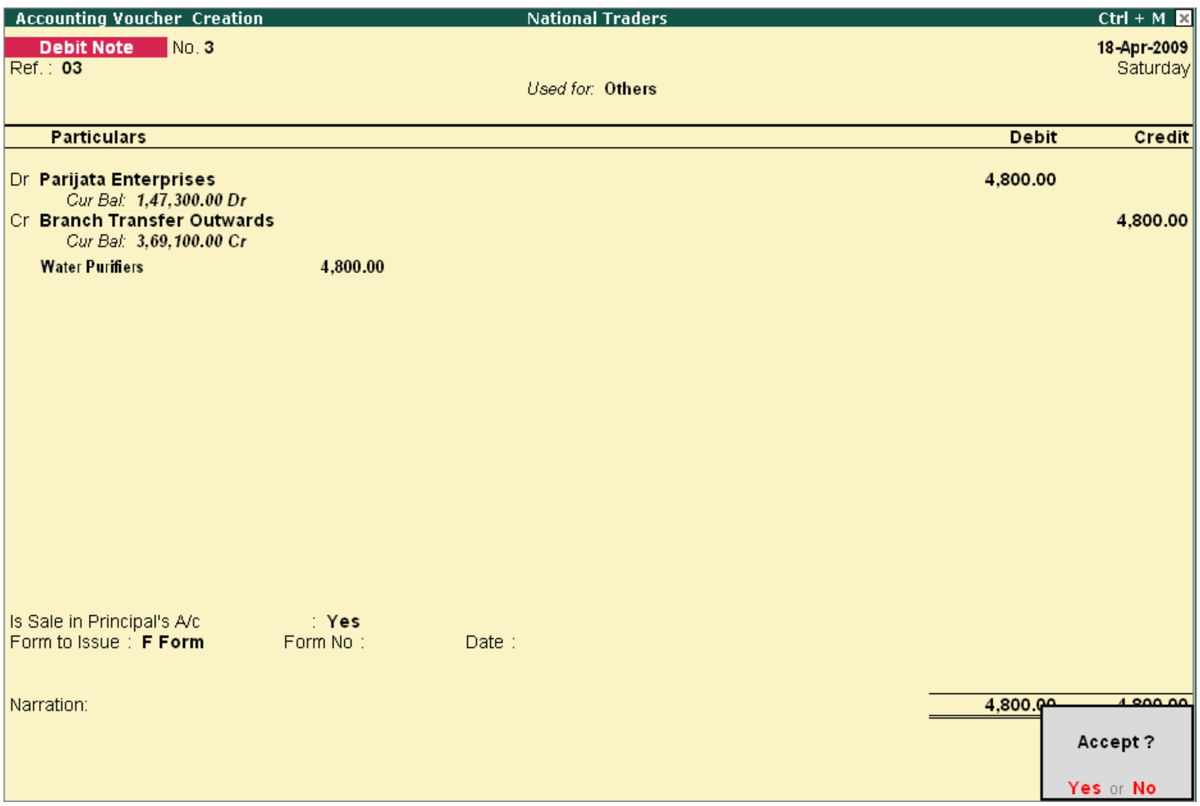



Figure 3.8 Debit Note – Consignment Transfer

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

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

**i. Returns**

**Example 24:**

*On 24-4-3009, M/s National Traders received 1 Fax Machine worth Rs. 15,000 returned by Home Electronics against the sales recorded on 23-4-2009.*

Step 1:

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

To create a Credit Note for Goods Sold Returned,

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

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

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

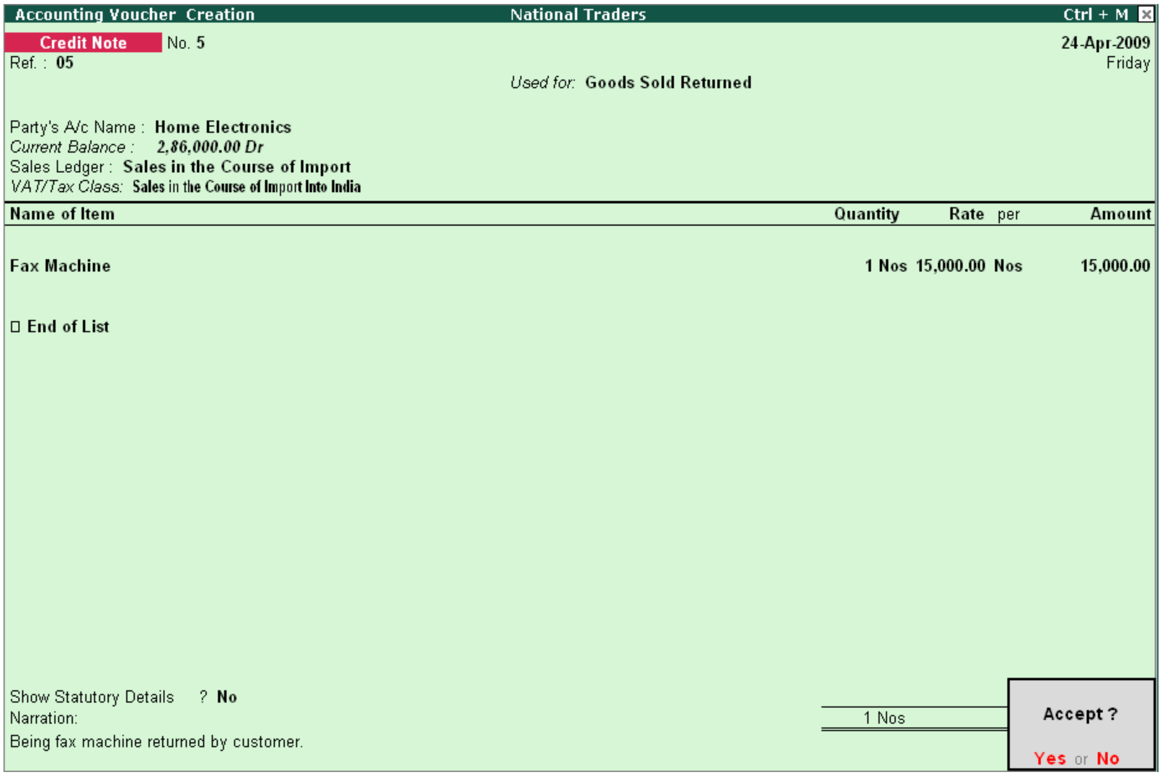



Figure 3.9 Credit Note – Sales in the Course of Import

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

### ii. Additions

**Example 25:**

*On 25-4-2009, M/s National Traders raised a debit note of Rs. 4,000 on Home Electronics towards increase in the price of Vending Machines despatched on 23-4-2009.*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

1. Select the **Voucher** mode (use the key combination **Ctrl+V**) to record the increase in sale value.
2. Enter the reference number in the **Ref.** field
3. Select **Others** from the list of **VAT Adjustments** in the **Used For** field.
4. Debit **Home Electronics** from the **List of Ledger Accounts** and enter the amount as **4,000** in the **Debit** field
5. Credit **Sale in the Course of Import** from the List of Ledger Accounts
6. In the **Inventory Allocation** screen, select **Vending Machine** and enter the amount as **4,000**

7. Select the VAT/Tax Class as **Sales in the Course of Import into India** from the **VAT/Tax Class** list
8. Enter the details in the **Narration** field, if required

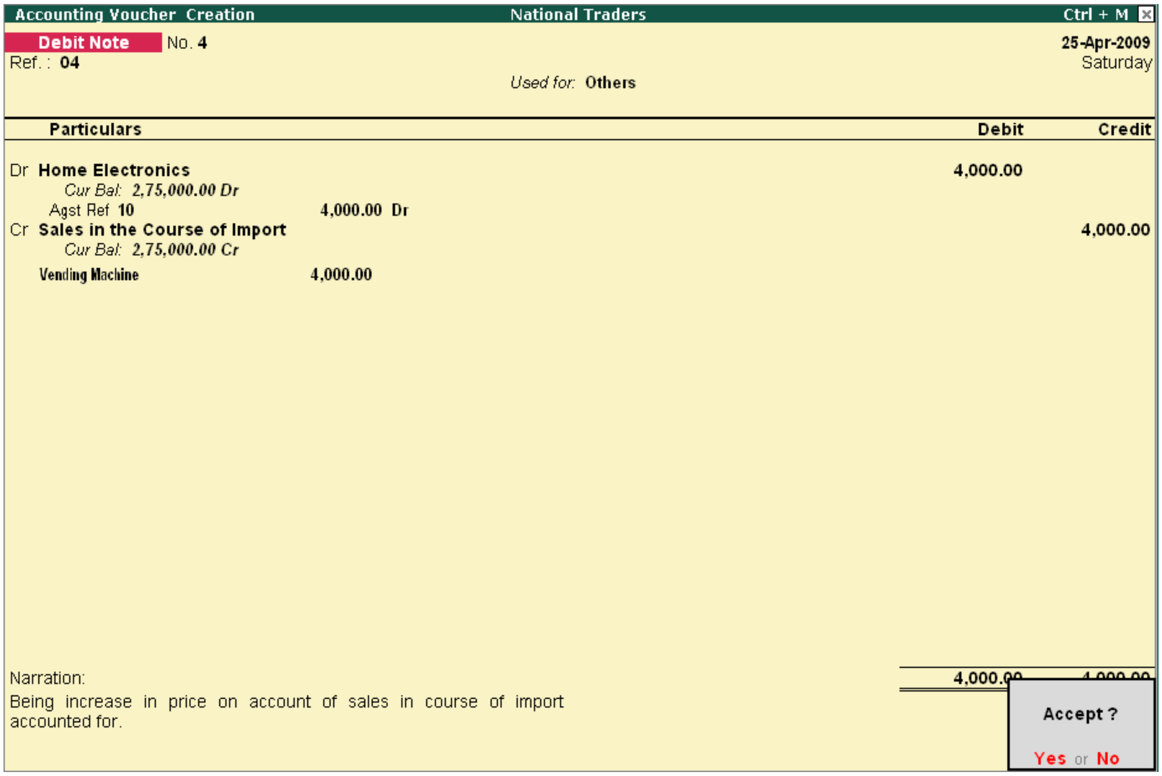



Figure 3.10 Debit Note – Sales in the Course of Import

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

## 3.2 Adjustment Entries Pertaining to CST

### 3.2.1 Adjustment Towards Advance Tax or Refund

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

**Example 26:**

*On 2-4-2009, M/s National Traders paid Rs. 500 as advance payment towards CST. On 30-4-2009, the advance amount paid was adjusted against a portion of the actual CST liability.*

Step 1:

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

### Advance Tax ledger

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

Create the ledger with the following details:

| Name | Under | Currency of Ledger | Inventory values are affected |
|---|---|---|---|
| Advance Tax | Current Assets | Rs. | No |

Step 2:

Let us record the transaction in Tally.ERP 9

### i. Advance CST Payment voucher

To create an advance CST payment voucher,

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

1. Select the Bank ledger as **National Bank** in the **Account** field (create a bank ledger with the name National Bank by using **Alt+C** key combination)
2. Debit the **Advance Tax** ledger
3. Enter the amount as **500**
4. Enter the details in the field **Narration**, if required

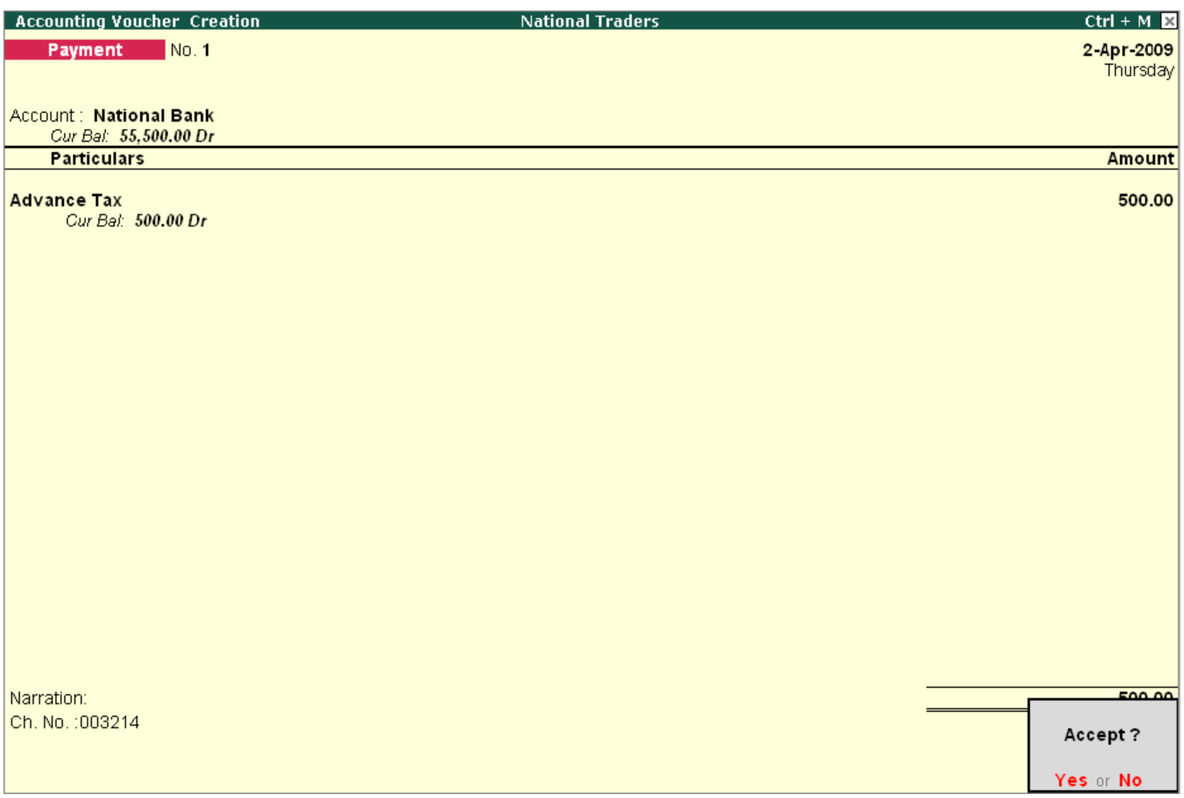



Figure 3.11 Advance CST Payment Voucher

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

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

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

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

1. Select the **Voucher Class** as **VAT Adjustment Class**
2. Select **Adjustment Towards Advance Tax or Refund** as the **VAT Adjustment** in the **Used for** field.
3. Debit **CST @ 2%** ledger. In the **VAT Class Details** screen, select the VAT/Tax Class as **Inter-State Sales** and do not enter the assessable value
4. Enter the amount as **500** in the **Debit** field
5. Credit the **Advance Tax** ledger grouped under **Current Assets**
6. The **Credit** amount is automatically entered
7. Enter the details in the field **Narration**, if required

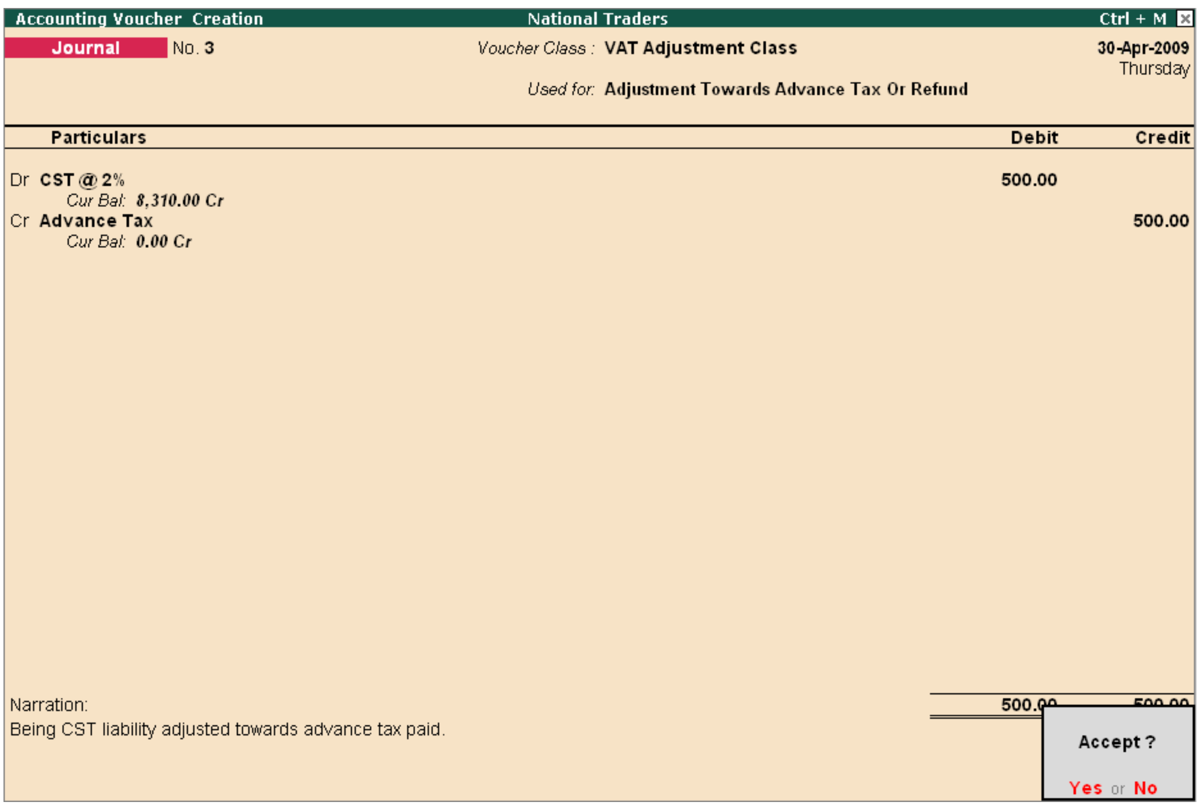



Figure 3.12 Journal Voucher – Adjustment Towards Advance Tax or Refund

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

## 3.2.2 Adjustment Towards Entry Tax Paid

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

## Example 27:

*On 30-4-2009, M/s National Traders recorded an adjustment entry for entry tax of Rs. 1,000 paid towards goods imported on 23-4-2009.*

Step 1:

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

**Entry Tax Ledger**

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

Create the ledger with the following details:

| Name | Under | Currency of Ledger | Inventory values are affected |
|---|---|---|---|
| Entry Tax | Current Assets | Rs. | No |

Step 2:

**i. Entry Tax Payment voucher**

Create a payment voucher by following the steps given in example 26. The completed payment voucher displays as shown:

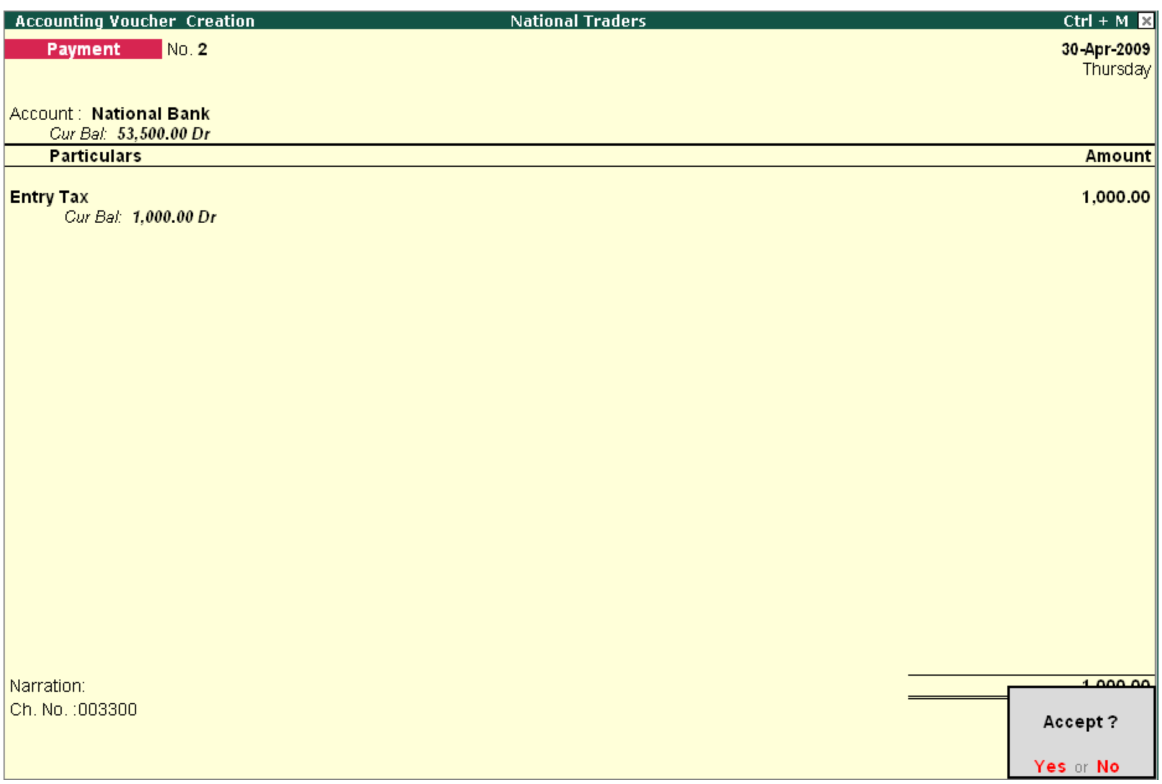



Figure 3.13 Entry Tax Payment Voucher

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

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

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

1. Select **Adjustment Towards Entry Tax Paid** as the **VAT Adjustment** in the **Used for** field
2. Debit the **CST @ 2%** ledger. In the VAT Class Details screen, select **Inter-State Sales** as the **VAT/Tax Class** and do not enter the Assessable Value.
3. Enter the amount as **1,000** in the **Debit** field
4. Credit the **Entry Tax** ledger grouped under **Current Assets**
5. The **Credit** amount is automatically entered
6. Enter the details in the field **Narration**, if required

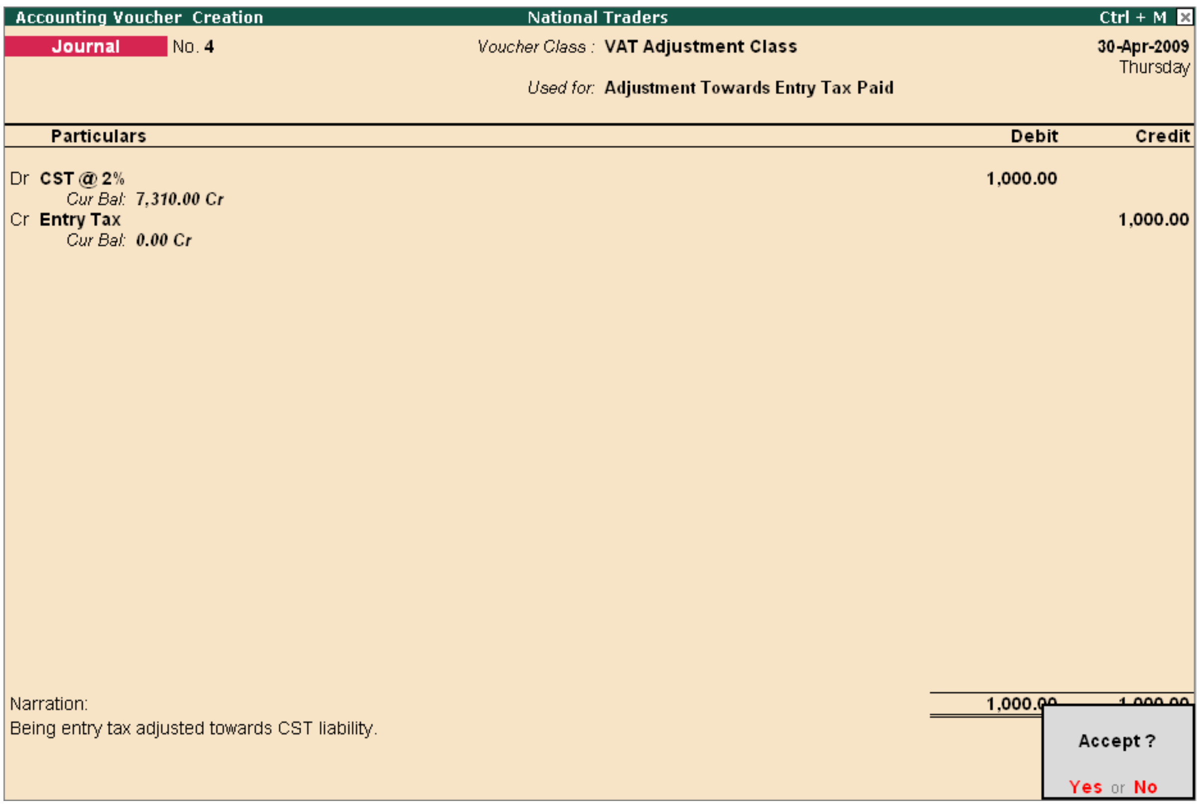



Figure 3.14 Journal Voucher – Adjustment Towards Entry Tax Paid

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

## 3.2.3 Adjusting Excess Input Tax Credit against CST Dues

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

**Example 28:**

*On 30-4-2009, M/s National Traders made the following entries:*

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

*2. Adjustment of CST dues against the excess available ITC after setting-off the output tax*

Step 1:

Let us enter the transaction in Tally.ERP 9.

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

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal** > Select the Voucher Class as **Not Applicable**

1. Debit the **Output VAT @ 4%** ledger
2. Enter the amount as **4,480** in the **Debit** field
3. Credit the **Input VAT @ 4%** ledger and the **VAT/Tax Class** appears as **Input VAT @ 4%** automatically
4. The **Credit** amount is automatically entered
5. Enter the details in the field **Narration**, if required

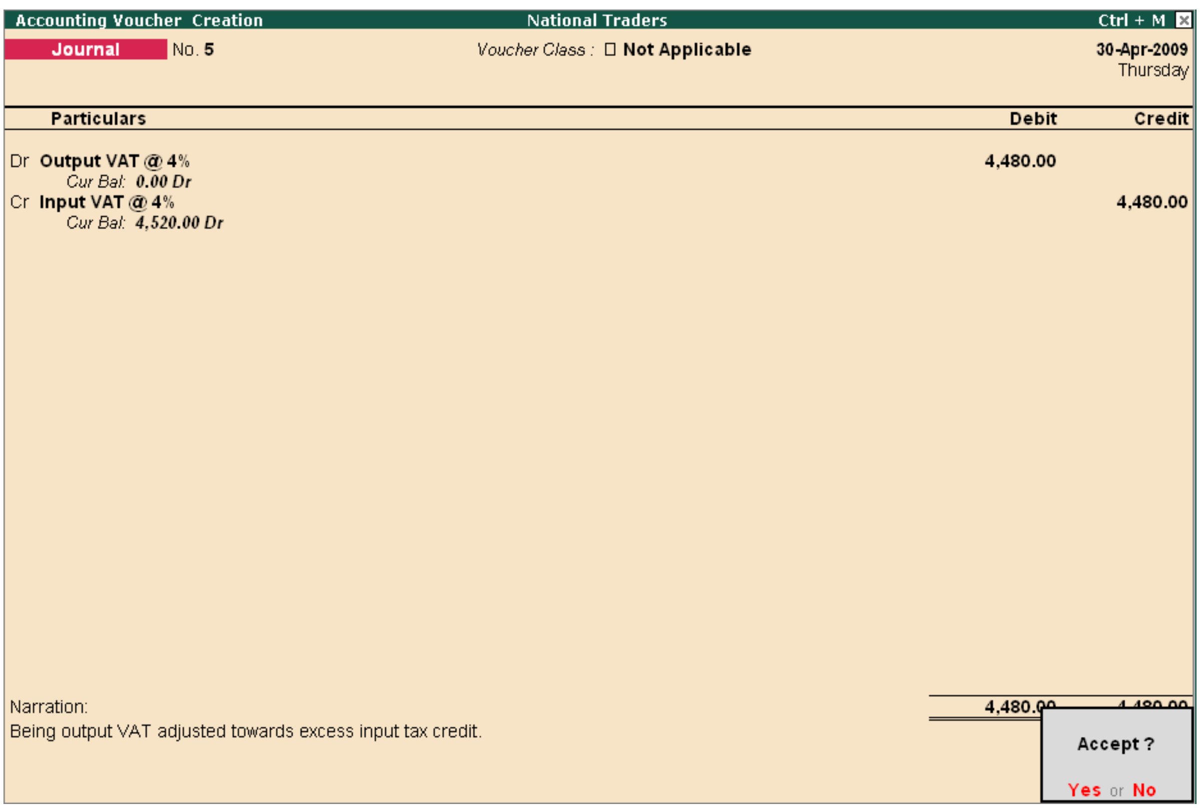



Figure 3.15 Journal Voucher – Entry to set–off Output VAT against Input tax credit

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

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

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

1. Select **Adjustment Towards CST** as the **VAT Adjustment** in the **Used for** field
2. Debit the **CST @ 2%** ledger. In the VAT Class Details screen, select **Inter-State Sales** as the **VAT/Tax Class** and do not enter the assessable value
3. Enter the amount as **4,520** in the **Debit** field
4. Credit the **Input VAT @ 4%** ledger and the **VAT/Tax Class** appears as **Input VAT @ 4%** automatically
5. The **Credit** amount is automatically entered
6. Enter the details in the field **Narration**, if required

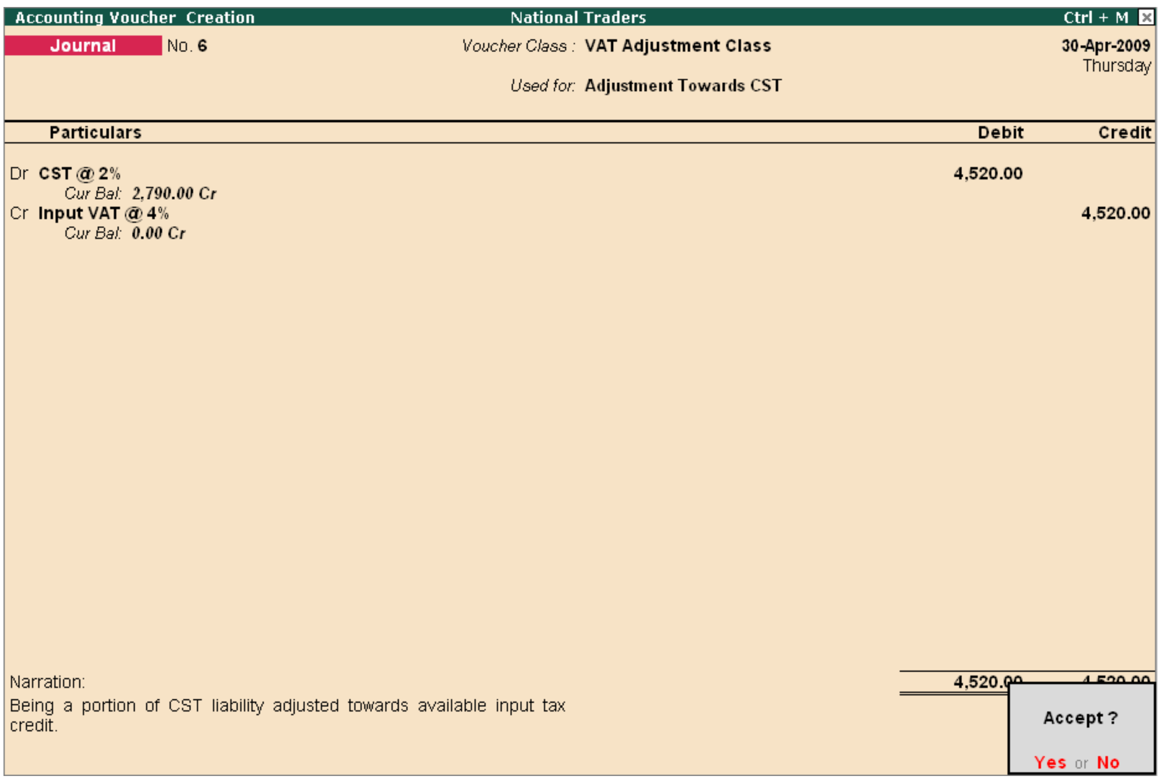



Figure 3.16 Journal Voucher – Adjustment Towards CST

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

## 3.3 Payment of CST

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

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

**Example 29:**

*On 30-4-2009, M/s National Traders paid Rs. 2,790 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. In the Payment voucher screen, click the **VAT Payment** button or press **Alt + V** to display the VAT **Payment Details** sub-screen

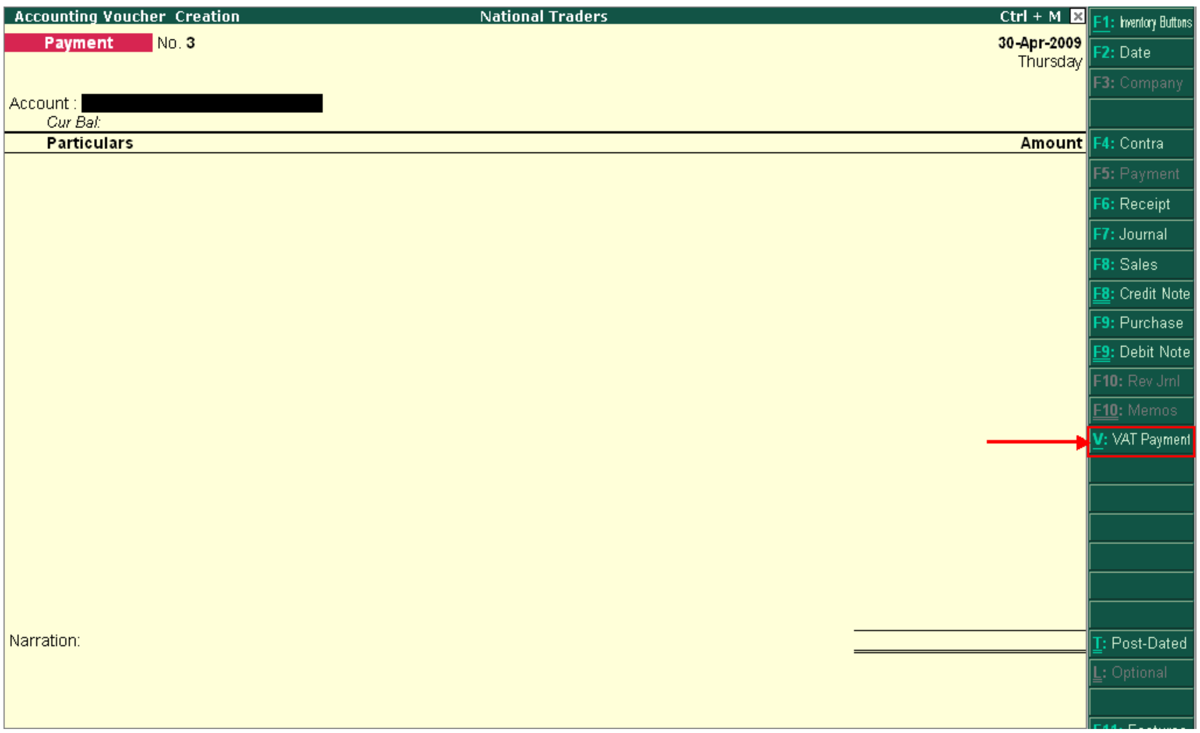



Figure 3.17 Payment Voucher – VAT Payment Button

2. In the **Period From** field, enter the dates as **1-4-2009** to **30-4-2009**, as the period for which payment is being made
3. Select **CST** as the type of payment in the **Payment Towards** field
4. Select **Type of Payment** as **Not Applicable**
5. Enter the date as **30-4-2009** in **Deposit Date** field

6. Enter the **Name of Bank & Branch (remittance)** as **National Bank**, **Branch code (remittance)** as **21582** and **Instrument No.** as **003214**

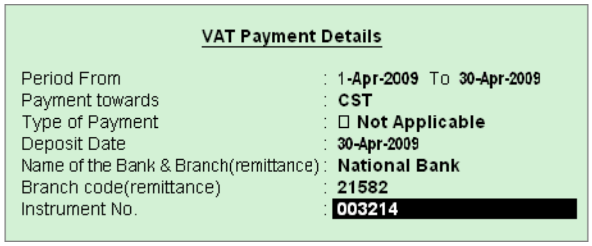



Figure 3.18 VAT Payment Details

7. Accept the **VAT Payment Details** screen and the **Payment voucher** screen will be displayed.
8. Select **National Bank** in the **Account** field
9. Debit the ledger **CST @ 2%** and enter **2,790** in the amount field
10. Enter the details in the field **Narration**, if required

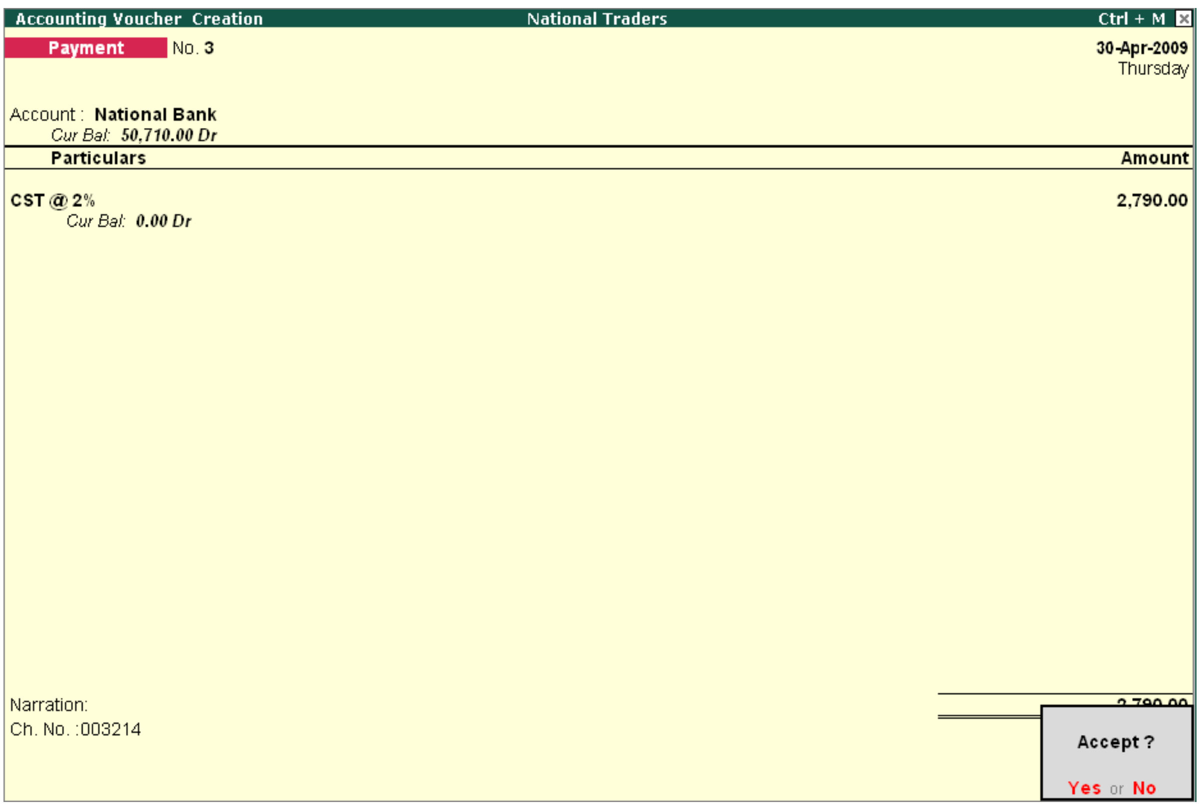



Figure 3.19 CST payment Voucher

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

# Lesson 4: CST Reports

## Lesson Objectives

On completion of this lesson, you will be able to

- Generate VAT Computation and view CST details
- Generate Group-wise Forms Receivable and Form Issuable report
- Generate Ledger-wise Forms Receivable and Form Issuable report
- Generate Reminder and Covering Letter
- Use the autofill option to enter the Form Number and Date in Forms Receivables and Issuables
- Generate CST Return and Annexure

## 4.1 CST Details in VAT Computation

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

To view the VAT Computation report,

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

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

| VAT Computation — National Traders — Ctrl + M | National Traders 1-Apr-2009 to 30-Apr-2009 | |
|---|---|---|
| Particulars | Assessable Value | Tax Amount |
| **Sales** | | |
| **A. Output Tax** | | |
| Inter-State Sales | 3,41,500.00 | 2,790.00 |
| Inter State Sales Against Form - E1 | 1,70,650.00 | |
| Inter State Sales Against Form - E2 | 1,40,000.00 | |
| Inter- State Sales - Exempted | 5,100.00 | |
| Inter-State Sales - Spl. Category Goods | 85,000.00 | |
| Inter- State Sales - Tax Free | 1,72,000.00 | |
| Output VAT @ 4% | 1,12,000.00 | 4,480.00 |
| **Total Output Tax** | **10,26,250.00** | **7,270.00** |
| **Purchases** | | |
| **B. Input Tax** | | |
| *Excess Input Credit Brought Forward* | | |
| Input VAT @ 4% | 2,25,000.00 | 4,480.00 |
| **Total Input Credit** | **2,25,000.00** | **4,480.00** |
| **VAT Payable** | | **2,790.00** |

Figure 4.1 VAT Computation

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

### Assessable Value

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

### Tax Amount

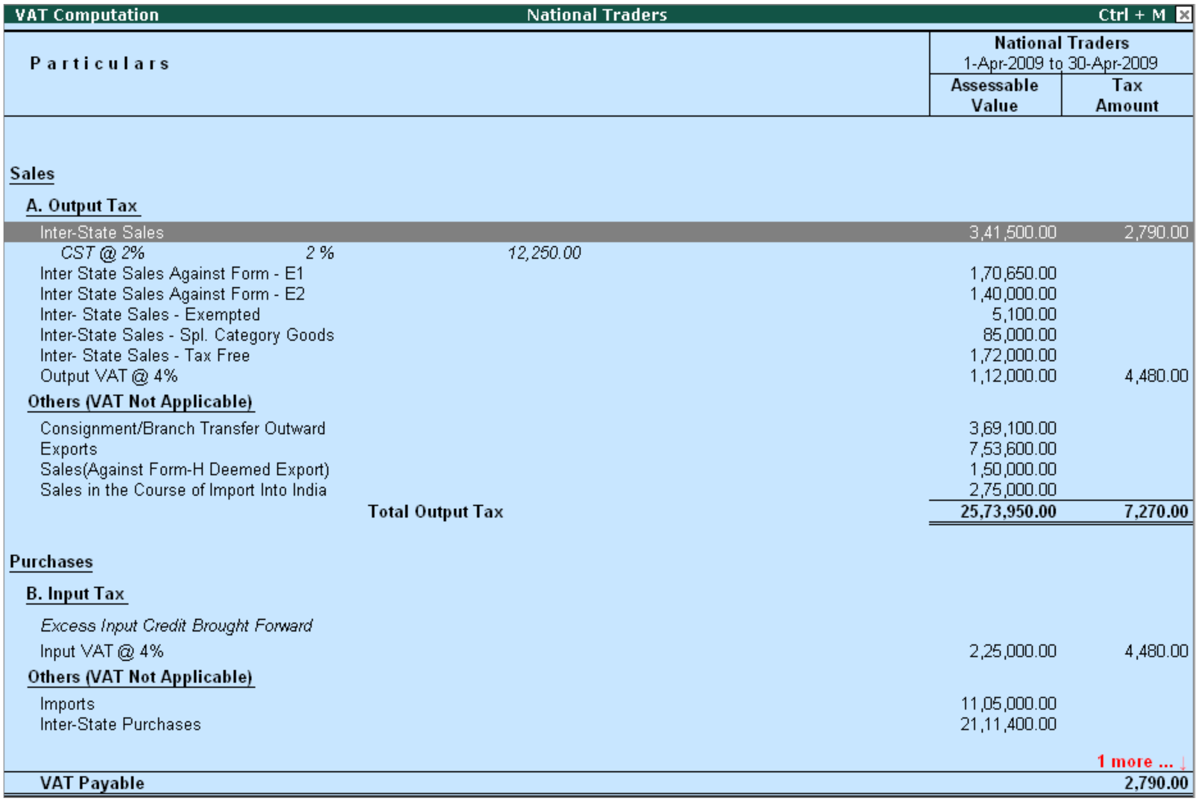
The total Tax Amount calculated on Assessable value using the respective Tax percentage is the Tax Amount.

Notes

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

## Show CST Details

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



VAT Computation — National Traders — Ctrl + M

| Particulars | | | National Traders 1-Apr-2009 to 30-Apr-2009 Assessable Value | Tax Amount |
|---|---|---|---|---|
| **Sales** | | | | |
| **A. Output Tax** | | | | |
| Inter-State Sales | | | 3,41,500.00 | 2,790.00 |
| *CST @ 2%* | *2 %* | *12,250.00* | | |
| Inter State Sales Against Form - E1 | | | 1,70,650.00 | |
| Inter State Sales Against Form - E2 | | | 1,40,000.00 | |
| Inter- State Sales - Exempted | | | 5,100.00 | |
| Inter-State Sales - Spl. Category Goods | | | 85,000.00 | |
| Inter- State Sales - Tax Free | | | 1,72,000.00 | |
| Output VAT @ 4% | | | 1,12,000.00 | 4,480.00 |
| **Others (VAT Not Applicable)** | | | | |
| Consignment/Branch Transfer Outward | | | 3,69,100.00 | |
| Exports | | | 7,53,600.00 | |
| Sales(Against Form-H Deemed Export) | | | 1,50,000.00 | |
| Sales in the Course of Import Into India | | | 2,75,000.00 | |
| **Total Output Tax** | | | **25,73,950.00** | **7,270.00** |
| **Purchases** | | | | |
| **B. Input Tax** | | | | |
| *Excess Input Credit Brought Forward* | | | | |
| Input VAT @ 4% | | | 2,25,000.00 | 4,480.00 |
| **Others (VAT Not Applicable)** | | | | |
| Imports | | | 11,05,000.00 | |
| Inter-State Purchases | | | 21,11,400.00 | |
| | | | | 1 more ... |
| **VAT Payable** | | | | **2,790.00** |

Figure 4.2 VAT Computation with CST Break-up

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

**VAT Computation** — **National Traders** — Ctrl + M

| Particulars | | | | National Traders 1-Apr-2009 to 30-Apr-2009 Assessable Value | Tax Amount |
|---|---|---|---|---|---|
| **Sales** | | | | | |
| **A. Output Tax** | | | | | |
| Inter-State Sales | | | | 3,41,500.00 | 2,790.00 |
| *CST @ 2%* | 2 % | | 12,250.00 | | |
| *Gross value* | | 7,24,000.00 | 13,020.00 | | |
| *Adjustment Towards Advance Tax Or Refund* | | | (-)500.00 | | |
| *Adjustment Towards CST* | | | (-)4,520.00 | | |
| *Adjustment Towards Entry Tax Paid* | | | (-)1,000.00 | | |
| *Goods Sold Returned* | | (-)38,500.00 | (-)770.00 | | |
| *Others* | | (-)1,72,000.00 | (-)3,440.00 | | |
| *Sale of Goods Outside the State* | | (-)1,72,000.00 | | | |
| Inter State Sales Against Form - E1 | | | | 1,70,650.00 | |
| *Gross value* | | 1,77,500.00 | | | |
| *Goods Sold Returned* | | (-)12,000.00 | | | |
| *Others* | | 5,150.00 | | | |
| Inter State Sales Against Form - E2 | | | | 1,40,000.00 | |
| Inter- State Sales - Exempted | | | | 5,100.00 | |
| Inter-State Sales - Spl. Category Goods | | | | 85,000.00 | |
| Inter- State Sales - Tax Free | | | | 1,72,000.00 | |
| *Sale of Goods Outside the State* | | 1,72,000.00 | | | |
| Output VAT @ 4% | | | | 1,12,000.00 | 4,480.00 |
| **Others (VAT Not Applicable)** | | | | | |
| Consignment/Branch Transfer Outward | | | | 3,69,100.00 | |
| *Gross value* | | 3,85,000.00 | | | |
| *Goods Sold Returned* | | (-)23,500.00 | | | |
| *Others* | | 7,600.00 | | | |
| Exports | | | | 7,53,600.00 | |
| Sales(Against Form-H Deemed Export) | | | | 1,50,000.00 | |
| Sales in the Course of Import Into India | | | | 2,75,000.00 | |
| *Gross value* | | 2,86,000.00 | | | |
| *Goods Sold Returned* | | (-)15,000.00 | | | |
| *Others* | | 4,000.00 | | | |
| | | **Total Output Tax** | | **25,73,950.00** | **7,270.00** |
| **Purchases** | | | | | |
| **B. Input Tax** | | | | | |
| *Excess Input Credit Brought Forward* | | | | | |
| Input VAT @ 4% | | | | 2,25,000.00 | 4,480.00 |
| *Gross value* | | 2,25,000.00 | 9,000.00 | | |
| *Adjustment Towards CST* | | | (-)4,520.00 | | |
| **Others (VAT Not Applicable)** | | | | | |
| Imports | | | | 11,05,000.00 | |
| Inter-State Purchases | | | | 21,11,400.00 | |
| | | **Total Input Credit** | | **34,41,400.00** | **4,480.00** |
| **VAT Payable** | | | | | **2,790.00** |

Figure 4.3 VAT Computation – CST Adjustment Entries

## 4.2 CST Reports

CST Reports display forms to be received and issued along with CST Forms. It allows you to track pending forms, reconcile the forms and file CST returns.

To view CST Reports:

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

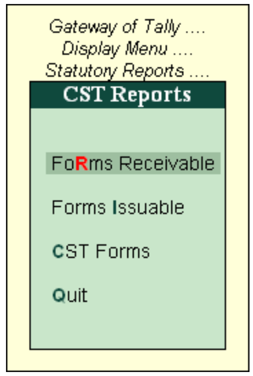



Figure 4.4 CST Reports Menu

The **CST Reports** menu consists of:

- Forms Receivable
- Forms Issuable
- CST Forms

## 4.3 Forms Receivables

The Forms Receivable report comments on various forms to be received from the dealer at any given point of time. It displays the date of transaction, CST Sales ledger used, gross amount inclusive of CST, form types and also contains two additional fields Form Number and Date, which have to be filled when the prescribed forms are received from the purchasing dealer or the customer.

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

To view **Form Receivables Report**

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

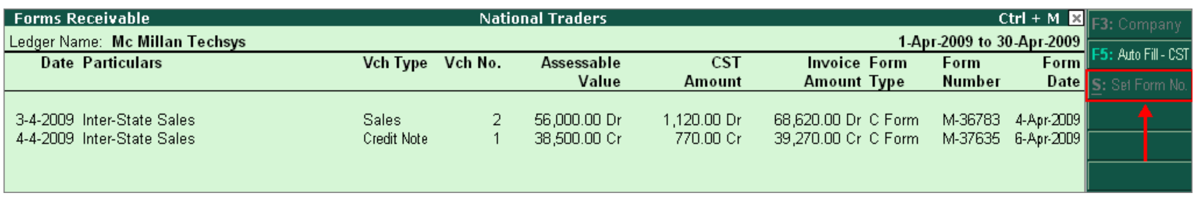
### i. Ledger-Wise Forms Receivables Report

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


Figure 4.5 Forms Receivables – Ledger Selection

The Forms to be received, for **Mc Millan Techsys** are displayed in the Forms Receivable screen

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




Ledger Name: Mc Millan Techsys — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 3-4-2009 | Inter-State Sales | Sales | 2 | 56,000.00 Dr | 1,120.00 Dr | 68,620.00 Dr | C Form | M-36783 | 4-Apr-2009 |
| 4-4-2009 | Inter-State Sales | Credit Note | 1 | 38,500.00 Cr | 770.00 Cr | 39,270.00 Cr | C Form | M-37635 | 6-Apr-2009 |

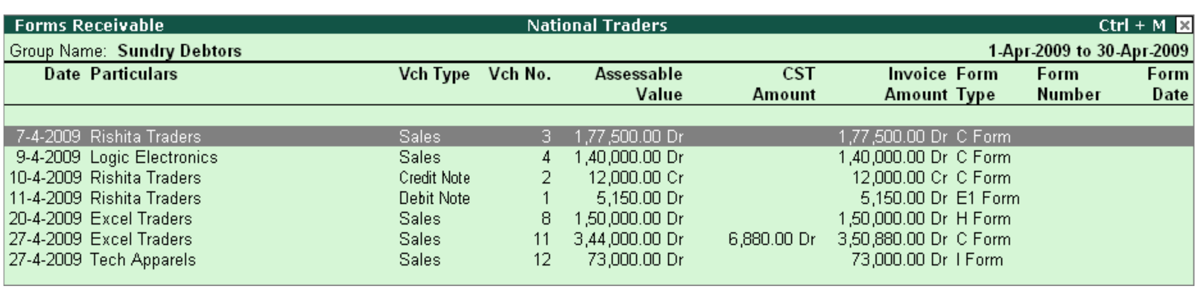
Figure 4.6 Forms Receivables – Set Form Number

Press **Enter** to accept and save.


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

### i. Group-Wise Forms Receivables Report

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




Group Name: Sundry Debtors — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 7-4-2009 | Rishita Traders | Sales | 3 | 1,77,500.00 Dr | | 1,77,500.00 Dr | C Form | | |
| 9-4-2009 | Logic Electronics | Sales | 4 | 1,40,000.00 Dr | | 1,40,000.00 Dr | C Form | | |
| 10-4-2009 | Rishita Traders | Credit Note | 2 | 12,000.00 Cr | | 12,000.00 Cr | C Form | | |
| 11-4-2009 | Rishita Traders | Debit Note | 1 | 5,150.00 Dr | | 5,150.00 Dr | E1 Form | | |
| 20-4-2009 | Excel Traders | Sales | 8 | 1,50,000.00 Dr | | 1,50,000.00 Dr | H Form | | |
| 27-4-2009 | Excel Traders | Sales | 11 | 3,44,000.00 Dr | 6,880.00 Dr | 3,50,880.00 Dr | C Form | | |
| 27-4-2009 | Tech Apparels | Sales | 12 | 73,000.00 Dr | | 73,000.00 Dr | I Form | | |

Figure 4.7 Forms Receivables – Sundry Debtors Group

Click on **F12: Configure** and set the option **Sort by Party Name** to **Yes** as shown:

**Configuration**

| | | |
|---|---|---|
| Show All Vouchers | ? | No |
| Show Vouchers of | : | ◻ Not Applicable |
| Sort by Party Name | ? | Yes |

Figure 4.8 F12: Configuration

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

Forms Receivable | National Traders | Ctrl + M

Group Name: **Sundry Debtors** | 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 20-4-2009 | Excel Traders | Sales | 8 | 1,50,000.00 Dr | | 1,50,000.00 Dr | H Form | | |
| 27-4-2009 | Excel Traders | Sales | 11 | 3,44,000.00 Dr | 6,880.00 Dr | 3,50,880.00 Dr | C Form | | |
| 9-4-2009 | Logic Electronics | Sales | 4 | 1,40,000.00 Dr | | 1,40,000.00 Dr | C Form | | |
| 7-4-2009 | Rishita Traders | Sales | 3 | 1,77,500.00 Dr | | 1,77,500.00 Dr | C Form | | |
| 10-4-2009 | Rishita Traders | Credit Note | 2 | 12,000.00 Cr | | 12,000.00 Cr | C Form | | |
| 11-4-2009 | Rishita Traders | Debit Note | 1 | 5,150.00 Dr | | 5,150.00 Dr | E1 Form | | |
| 27-4-2009 | Tech Apparels | Sales | 12 | 73,000.00 Dr | | 73,000.00 Dr | I Form | | |

Figure 4.9 Forms Receivables – Sorted by Party Name

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

**Configuration**

| | | |
|---|---|---|
| Show All Vouchers | ? | No |
| Show Vouchers of | : | C Form |
| Sort by Party Name | ? | Yes |

**Form Types**

- ◻ Not Applicable
- C Form
- D Form
- E1 Form
- E2 Form
- F Form
- H Form
- I Form

Figure 4.10 F12: Configuration – Selection of Form Type

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

Forms Receivable | National Traders | Ctrl + M

Group Name: **Sundry Debtors** | 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 27-4-2009 | Excel Traders | Sales | 11 | 3,44,000.00 Dr | 6,880.00 Dr | 3,50,880.00 Dr | C Form | E-3452 | 28-Apr-2009 |
| 9-4-2009 | Logic Electronics | Sales | 4 | 1,40,000.00 Dr | | 1,40,000.00 Dr | C Form | L-2541 | 10-Apr-2009 |
| 7-4-2009 | Rishita Traders | Sales | 3 | 1,77,500.00 Dr | | 1,77,500.00 Dr | C Form | | |
| 10-4-2009 | Rishita Traders | Credit Note | 2 | 12,000.00 Cr | | 12,000.00 Cr | C Form | | |

Figure 4.11 Forms Receivables – Group – Form Number and Date

Accept the **Forms Receivable** screen.

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

## 4.4 Forms Issuable

Forms Issuable report comments on various forms to be issued to the dealer at any given point of time. It displays the date of transaction, CST Purchases ledger employed, gross amount inclusive of CST, form types and also contains two additional fields viz., Form Number and Date, which can be filled when the prescribed forms are issued to the selling dealer or supplier.

To view Form Issuable Report

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

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

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

### i. Group-wise Form Issuables Report

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

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

Form Issuable — National Traders — Ctrl + M

Group Name : **Sundry Creditors** — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Reference | Effective Date | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-4-2009 | Universal Traders | Purchase | 1 | 01 | 1-4-2009 | 20,70,000.00 Cr | 41,400.00 Cr | 21,11,400.00 Cr | C Form | 05412 | 1-Apr-2009 |

Figure 4.12 Forms Issuables – Sundry Creditors

*In Group-Wise Forms Issuables report, the Form Number and Form Dates for inter-state purchases made from all the Sundry Creditors can be entered in a single screen. In case of ledger-wise report, the required party ledger can be selected and the details pertaining to Form Number and Date can be specified.*

### ii. Ledger-Wise Forms Issuables Report

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

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

Forms Issuable — National Traders — Ctrl + M

Ledger Name : **Rishita Traders** — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Reference | Effective Date | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 7-4-2009 | Inter-State Sales - Form E1 | Sales | 3 | 03 | 7-4-2009 | 1,77,500.00 Dr | | 1,77,500.00 Dr | E1 Form | | |
| 10-4-2009 | Inter-State Sales - Form E1 | Credit Note | 2 | 02 | 10-4-2009 | 12,000.00 Cr | | 12,000.00 Cr | E1 Form | | |
| 11-4-2009 | Inter-State Sales - Form E1 | Debit Note | 1 | 01 | 11-4-2009 | 5,150.00 Dr | | 5,150.00 Dr | C Form | | |

Figure 4.13 Forms Issuable – Rishita Traders

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

Forms Issuable — National Traders — Ctrl + M

Ledger Name : **Rishita Traders** — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Reference | Effective Date | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 7-4-2009 | Inter-State Sales - Form E1 | Sales | 3 | 03 | 7-4-2009 | 1,77,500.00 Dr | | 1,77,500.00 Dr | E1 Form | R-2435 | 9-Apr-2009 |
| 10-4-2009 | Inter-State Sales - Form E1 | Credit Note | 2 | 02 | 10-4-2009 | 12,000.00 Cr | | 12,000.00 Cr | E1 Form | R-4556 | 11-Apr-2009 |
| 11-4-2009 | Inter-State Sales - Form E1 | Debit Note | 1 | 01 | 11-4-2009 | 5,150.00 Dr | | 5,150.00 Dr | C Form | R-6644 | 13-Apr-2009 |

Figure 4.14 Forms Issuable – Rishita Traders

Accept the **Forms Issuable** screen.

## 4.5 Auto–Fill Option for CST

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

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

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

Forms Receivable — National Traders — Ctrl + M

Ledger Name: **National Enterprises** — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 13-4-2009 | Branch Transfer Outwards | Sales | 5 | 2,34,000.00 Dr | | 2,34,000.00 Dr | F Form | | |
| 14-4-2009 | Branch Transfer Outwards | Credit Note | 3 | 15,000.00 Cr | | 15,000.00 Cr | F Form | | |

F3: Company
F5: Auto Fill - CST
S: Set Form No.

Figure 4.15 Forms Receivables – Auto Fill

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

In the **Set Form Numbers** screen,

Select the **Form** from **Form Types**

Enter the **Form Number** and **Form Date** for the group of vouchers

**Configuration**

| Form Type | Form No | Form Date |
|---|---|---|
| F Form | 025412 | 15-4-2009 |

Figure 4.16 Auto–Fill – Set Form Numbers

Press **Enter** to accept the configuration.

Form Number and Form Date are captured and displayed as shown:

**Forms Receivable** — **National Traders** — **Ctrl + M**

Ledger Name: **National Enterprises** — **1-Apr-2009 to 30-Apr-2009**

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 13-4-2009 | Branch Transfer Outwards | Sales | 5 | 2,34,000.00 Dr | | 2,34,000.00 Dr | F Form | 025412 | 15-Apr-2009 |
| 14-4-2009 | Branch Transfer Outwards | Credit Note | 3 | 15,000.00 Cr | | 15,000.00 Cr | F Form | 025412 | 15-Apr-2009 |

Figure 4.17 Forms Receivables – Form Numbers and Date using Auto Fill Option

Press **Enter** to accept and save.

## 4.6 Viewing All Vouchers

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

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

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

Accept the configuration. The **Forms Receivables** screen displays as shown:

Forms Receivable — National Traders — Ctrl + M

Group Name: **Sundry Debtors** — 1-Apr-2009 to 30-Apr-2009

| Date | Particulars | Vch Type | Vch No. | Assessable Value | CST Amount | Invoice Amount | Form Type | Form Number | Form Date |
|---|---|---|---|---|---|---|---|---|---|
| 27-4-2009 | Excel Traders | Sales | 11 | 3,44,000.00 Dr | 6,880.00 Dr | 3,50,880.00 Dr | C Form | E-3452 | 28-Apr-2009 |
| 9-4-2009 | Logic Electronics | Sales | 4 | 1,40,000.00 Dr | | 1,40,000.00 Dr | C Form | L-2541 | 10-Apr-2009 |
| 2-4-2009 | Mc Millan Techsys | Sales | 1 | 2,51,000.00 Dr | 5,020.00 Dr | 2,56,020.00 Dr | C Form | 12452 | 2-Apr-2009 |
| 3-4-2009 | Mc Millan Techsys | Sales | 2 | 56,000.00 Dr | 1,120.00 Dr | 68,620.00 Dr | C Form | M-36783 | 4-Apr-2009 |
| 4-4-2009 | Mc Millan Techsys | Credit Note | 1 | 38,500.00 Cr | 770.00 Cr | 39,270.00 Cr | C Form | M-37635 | 6-Apr-2009 |
| 7-4-2009 | Rishita Traders | Sales | 3 | 1,77,500.00 Dr | | 1,77,500.00 Dr | C Form | | |
| 10-4-2009 | Rishita Traders | Credit Note | 2 | 12,000.00 Cr | | 12,000.00 Cr | C Form | | |
| | | | Total | 9,18,000.00 Dr | 12,250.00 Dr | 9,41,750.00 Dr | | | |

Figure 4.18 Forms Receivables – Show All Vouchers

## 4.7 Reminder and Covering Letters

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

### 4.7.1 Reminder Letters

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

- Select **Rishita Traders** from **List of Ledgers**
- Change the period as **1-4-2009** to **11-4-2009**
- In the **Forms Receivable** screen, click on the **P**: **Print** button (Alt + P)

In the **Report Generation** screen, set **Print Reminder Letter** to **Yes**

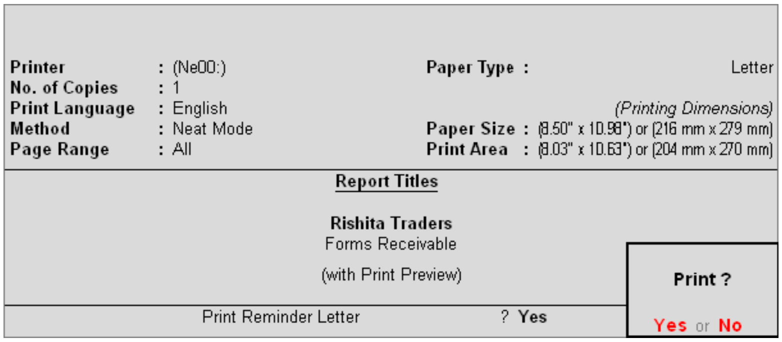
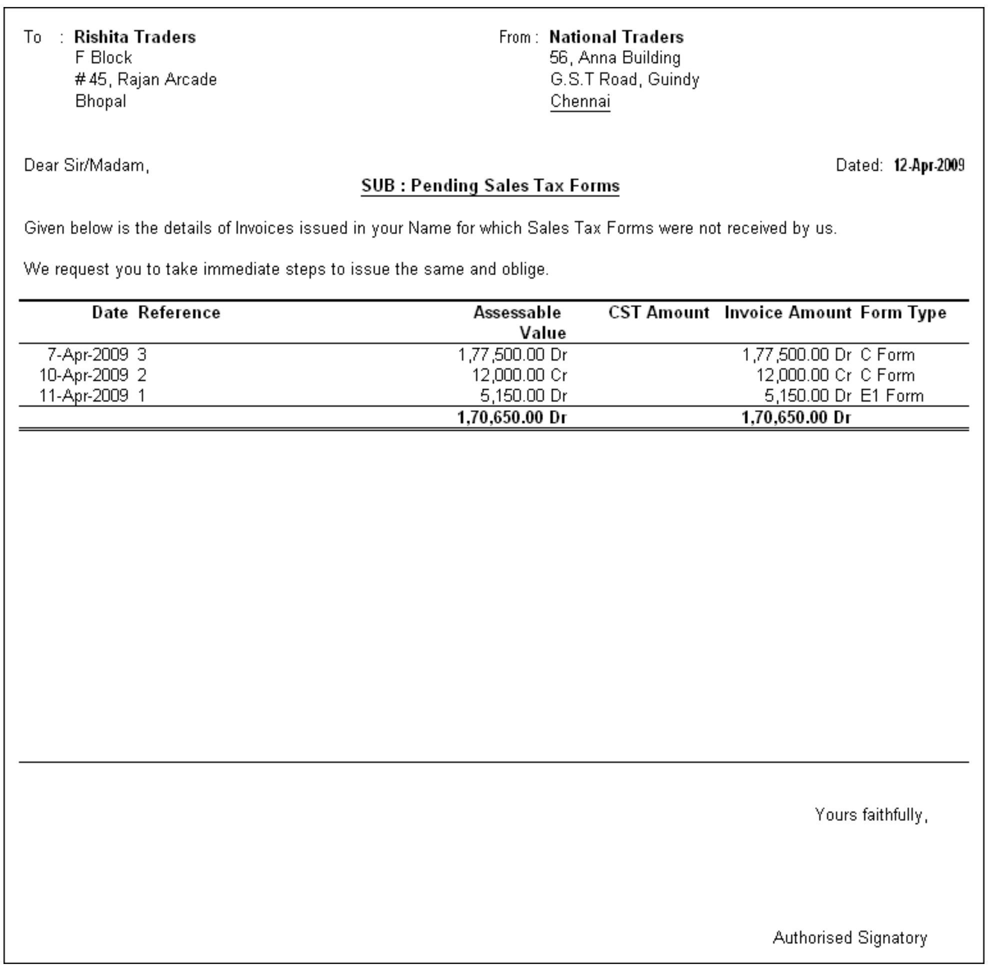



Figure 4.19 Report Generation screen – Reminder Letter

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



To : **Rishita Traders**
F Block
# 45, Rajan Arcade
Bhopal

From : **National Traders**
56, Anna Building
G.S.T Road, Guindy
Chennai

Dear Sir/Madam,

Dated: **12-Apr-2009**

**SUB : Pending Sales Tax Forms**

Given below is the details of Invoices issued in your Name for which Sales Tax Forms were not received by us.

We request you to take immediate steps to issue the same and oblige.

| Date | Reference | Assessable Value | CST Amount | Invoice Amount | Form Type |
|---|---|---|---|---|---|
| 7-Apr-2009 | 3 | 1,77,500.00 Dr | | 1,77,500.00 Dr | C Form |
| 10-Apr-2009 | 2 | 12,000.00 Cr | | 12,000.00 Cr | C Form |
| 11-Apr-2009 | 1 | 5,150.00 Dr | | 5,150.00 Dr | E1 Form |
| | | **1,70,650.00 Dr** | | **1,70,650.00 Dr** | |

Yours faithfully,

Authorised Signatory

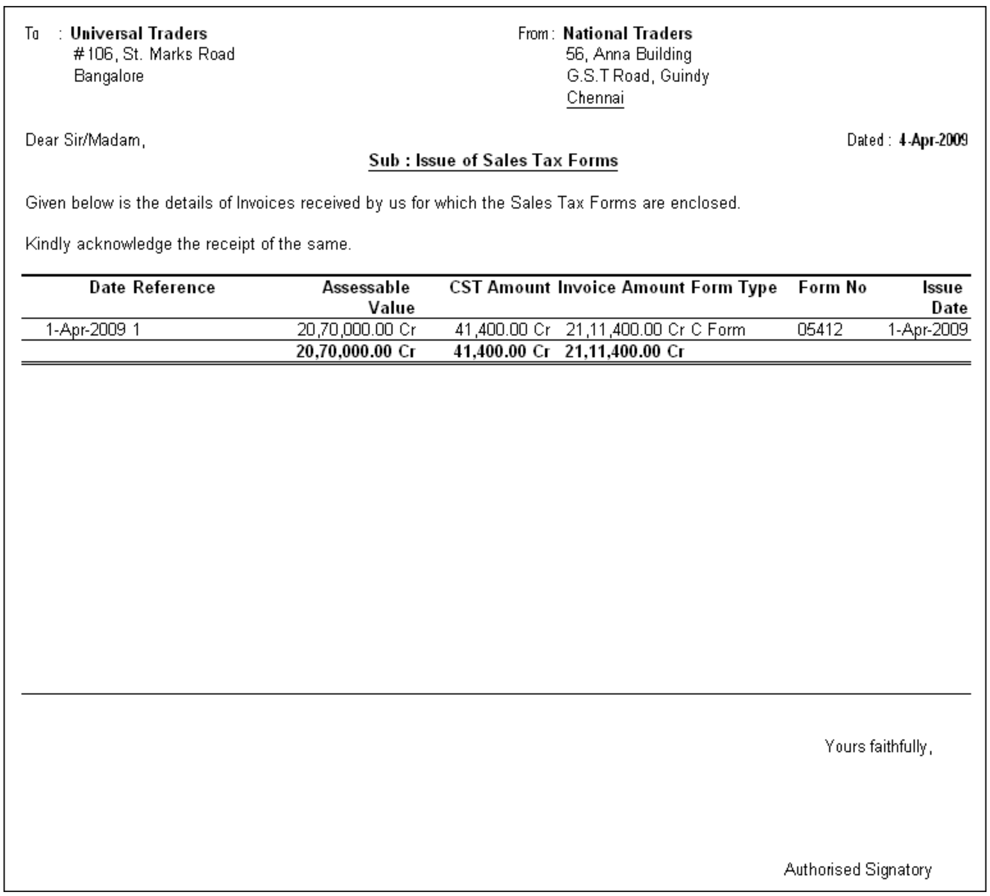
Figure 4.20 Reminder Letter – Print Preview screen

### 4.7.2 Covering Letters

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

- Select **Universal Traders** from **List of Ledgers**
- In the **F12: Configuration**, set **Show All Vouchers** to **Yes**
- Change the period as **1-4-2009** to **3-4-2009**
- In the **Forms Issuable** screen, click on **P**: **Print** (Alt + P)
- In the **Report Generation** screen, set **Print Covering Letter** to **Yes**

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



To : **Universal Traders**
#106, St. Marks Road
Bangalore

From : **National Traders**
56, Anna Building
G.S.T Road, Guindy
Chennai

Dear Sir/Madam,

Dated : **4-Apr-2009**

**Sub : Issue of Sales Tax Forms**

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

Kindly acknowledge the receipt of the same.

| Date | Reference | Assessable Value | CST Amount | Invoice Amount | Form Type | Form No | Issue Date |
|---|---|---|---|---|---|---|---|
| 1-Apr-2009 | 1 | 20,70,000.00 Cr | 41,400.00 Cr | 21,11,400.00 Cr | C Form | 05412 | 1-Apr-2009 |
| | | **20,70,000.00 Cr** | **41,400.00 Cr** | **21,11,400.00 Cr** | | | |

Yours faithfully,

Authorised Signatory

Figure 4.21 Covering Letter – Print Preview screen

# 4.8 CST Return Form

To view the CST Return Form,

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

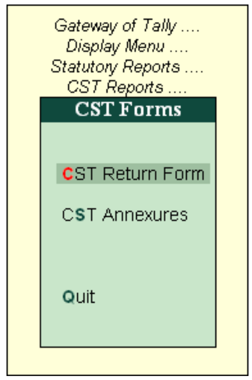



Figure 4.22 CST Forms Menu

The **CST Returns** option will display the **Report Generation** screen. Enter the **Tax Period** in the **From** and **To** fields, **Name**, **Status/Designation**, **Place**, **Date**, the **Area Code** and the **Name of Circle/Sector** in their respective fields.

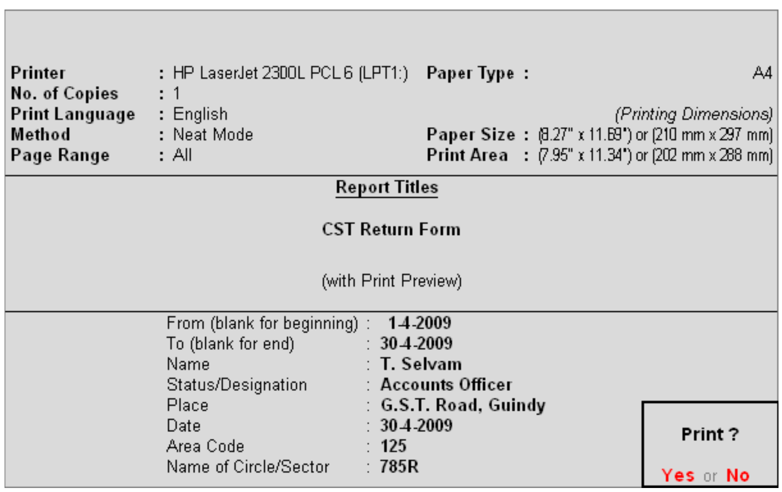



Figure 4.23 CST Return Form – Report Generation screen

The print preview of **CST Form I** displays as shown:

*FORM I*
**FORM OF RETURN UNDER RULE 5 OF THE CENTRAL SALES TAX (TAMIL NADU) RULES, 1957**

| | | | | | |
|---|---|---|---|---|---|
| **FORM No.1** | Area Code | 1 | 2 | 5 | |
| **FORM OF RETURN** Under Rule 5 of Central Sales Tax (Tamil Nadu) Rules, 1957 | CST Regn. No. | 12345678901 | | | |
| Return for the period from 1-Apr-2009 to 30-Apr-2009 | TNGST / TIN Registration No. | 22452148522 | | | |
| To The Assessing Authority 785R Assessment Circle | Telephone No. | 044-22387994 | | | |
| Name of the Dealer | National Traders | | | | |
| Principal place of business and address | 56, Anna Building, G.S.T Road, Guindy, Chennai, PIN Code :600 032 | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 1. | Transfer of goods otherwise than by way of sale as referred to in Section 6-A of the Act. | | | | 3,69,100.00 |
| | 1-A Value of goods transferred to the assessee's place of business in the other States. | | | Rs. | 2,21,800.00 |
| | 1-B Value of goods transfered to the assessee's agent or principal in the other States. | | | Rs. | 1,47,300.00 |
| 2. | GROSS amount received or receivable by the dealer during the period in respect of sales of goods. | | | Rs. | 24,39,870.00 |
| *Deduct:* | (i) Sales of goods outside the State (as defined in Section 4 of the Act) | Rs. | 1,75,440.00 | | |
| | (ii) Sales of goods in the course of export outside India [as defined in Section 5(1) of the Act] | Rs. | 7,53,600.00 | | |
| | (iii) Sales of goods in the course of import into India [as defined in Section 5(2) of the Act] - Details to be furnished in Annexure I. | Rs. | 2,75,000.00 | | |
| | (iv) Last sale of goods preceding the sale occasioning the export of those goods outside India [as defined in Section 5( 3) of the Act] | Rs. | 1,50,000.00 | | |
| | **TOTAL OF 2(i), (ii), (iii) & (iv)** | | | Rs. | 13,54,040.00 |
| 3. | BALANCE - Turnover on inter-State sales and sales within the State | | | Rs. | 10,85,830.00 |
| | Deduct - Turnover on sales within the State | | | Rs. | 1,12,000.00 |
| 4. | BALANCE - Turnover on inter-State sales | | | Rs. | 9,73,830.00 |
| *Deduct:* | (i) Cash discount allowed according to the practice normally prevailing in the trade and cost of freight, delivery or installation when such cost is separately charged. | Rs. | 11,500.00 | | |
| | (ii) Tax collections deducted according to Section 8-A(1)(a) | Rs. | 8,810.00 | | |
| | (iii) Sale price repaid to purchasers in respect of goods returned by them according to Section 8-A(1)(b) of the Act. | Rs. | 2,11,270.00 | | |
| | **TOTAL OF 4(i), (ii) & (iii)** | | | Rs. | 2,31,580.00 |
| 5. | BALANCE - Total turnover on inter-State sales | | | Rs. | 7,42,250.00 |
| | 5-A. Turnover on account of subsequent sales to registered dealers exempt under Section 6(2) of the Act - Details to be furnished in Annexure II. | Rs. | 3,10,650.00 | | |
| | 5-B. Turnover in goods exempt from tax under Section 8(2-A) of the Act - (Commodity wise turnover should be furnished) | Rs. | 5,100.00 | | |
| | 5-C. Turnover exempt under Section 8(5) of the Act - (Commodity wise turnover should be furnished) | Rs. | 85,000.00 | | |
| | **TOTAL OF 5-A, 5-B & 5-C** | | | Rs. | 4,00,750.00 |
| 6. | BALANCE turnover on account of sales taxable under the Act. | | | Rs. | 3,41,500.00 |

Figure 4.24 CST Form I – Page 1

| GOODS-WISE BREAK-UP OF TURNOVER ON ACCOUNT OF SALE TAXABLE UNDER THE ACT | | | | | | |
|---|---|---|---|---|---|---|
| APPENDIX I - DECLARED GOODS | | | | | | |
| Sl. No. | NAME OF THE COMMODITY | Commodity Code Number | Rate of Tax | Taxable Turnover | Tax Due | Tax Collected |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | Silk Fabrics | 2127 | | 85,000.00 | | |
| | | TOTAL | | 85,000.00 | | |
| APPENDIX II - OTHER GOODS | | | | | | |
| 1 | Periodicals | 711 | | 5,100.00 | | |
| | | TOTAL | | 5,100.00 | | |

| | | | |
|---|---|---|---|
| 1. Tax payable as per return in Form 1 | | | Rs. 8,810.00 |
| 2. (a) Adjustment of Advance tax / Refund | Rs. | 500.00 | |
| (b) Entry Tax, if any paid | Rs. | 1,000.00 | |
| (c) Input Tax Credit available on Form I of the Tamil Nadu VAT Rules, 2007 | Rs. | 4,520.00 | |
| TOTAL | Rs. | 6,020.00 | |
| 3. Balance to be paid or Excess carried forward to the next month | | | Rs. 2,790.00 |

4. **Payment Details**

| Sl. No. | Amount(Rs.) | Crossed Cheque / Crossed DD / Crossed Banker's Cheque No. | Date | Bank | Bank Code |
|---|---|---|---|---|---|
| 1 | 2,790.00 | 003214 | 30-Apr-2009 | National Bank | 21582 |
| TOTAL | 2,790.00 | (in words) Rupees Two Thousand Seven Hundred Ninety Only | | | |

**DECLARATION**

1. I/We T. Selvam declare that the best of my / our knowledge and belief, the information furnished in the above statement is true and complete
2. I/We T. Selvam declare that I/We am/are authorised by proprietor / deed of partnership / resolution of the Board of Directors of the company to sign the return.

Signature:
Place: G.S.T. Road, Guindy Name: T. Selvam
Date: 30-Apr-2009 Status and Relationship to the dealer: Accounts Officer

Note:
1. The turnover details required in the above apendices should be furnished commodity-wise.
2. Commodity code in Column No. 3 need not be filled in by the dealer.

Figure 4.25 CST Form I – Page 2

## 4.9 CST Annexure

To view the CST Annexure,

Go to **Gateway of Tally > Display > Statutory Reports > CST Reports > CST Annexure**

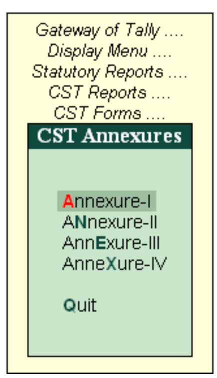



Figure 4.26 CST Annexures Menu

## 4.9.1 Annexure – I

This Annexure lists out the details of turnover claimed as sales in the course of import during the month.

The print preview of **CST Annexure I** for M/s. National Traders displays as shown:

**ANNEXURE I - DETAILS OF TURNOVER CLAIMED AS SALES OF GOODS IN THE COURSE OF IMPORT INTO INDIA**

| Sl. No | Bill of lading number and date | Name of the commodity | Name and address of the foreign seller from whom these goods were purchased | Purchase invoice number and date | Value of the goods purchased | Name of the ship and name and address of the shipping company / agent | Date of endorsement of bill of lading | Bill of entry No. & date( please specify whether bill of entry was for home consumption or warehousing) | Invoice number and date of the sale in the course of import | Value of the goods sold | Name and address of the buyer | Name and address of the clearing agent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| 1 | 1450 | | Glamour Appliances, 350/S, 45 Street, New York - 10001, USA | 010 | | Cargo Flight | 23-Apr-2009 | 65412 | 10, 23-Apr-2009 | 2,86,000.00 | Home Electronics, #9, Sector II, Dargha Road, Chandigarh | |
| | | Fax Machine | | | 1,30,000.00 | | | | | 1,50,000.00 | | |
| | | Vending Machine | | | 1,20,000.00 | | | | | 1,36,000.00 | | |
| | | | | TOTAL | 2,50,000.00 | | | | | 2,86,000.00 | | |

Signature :

Place: G.S.T. Road, Guindy | Name : T. Selvam

Date: 30-Apr-2009 | Status & relationship of the dealer : Accounts Officer

Figure 4.27 CST Annexure I – Sale of Goods in the Course of Import into India

### Returns and Additions

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

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

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

**Sales Returns/Additions Statement of Sales of Goods in the course of import into india**

| Sl No. | Credit/Debit Note No. and Date | Name and Address of the buyer | Name of Commodity | Value of Goods |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| | **Returns** | | | |
| 1 | 5, 24-Apr-2009 | Home Electronics, #9, Sector II, Dargha Road, Chandigarh | | 15,000.00 |
| | | | *Fax Machine* | *15,000.00* |
| | | | **Total of Returns** | 15,000.00 |
| | **Additions** | | | |
| 1 | 4, 25-Apr-2009 | Home Electronics, #9, Sector II, Dargha Road, Chandigarh | | 4,000.00 |
| | | | *Vending Machine* | *4,000.00* |
| | | | **Total of Additions** | 4,000.00 |
| | | | **Net Total** | (-)11,000.00 |

Signature :

Place: G.S.T. Road, Guindy — Name : T. Selvam

Date: 30-Apr-2009 — Status & relationship of the dealer : Accounts Officer

Figure 4.28 Annexure – I – Returns & Additions screen

### 4.9.2 Annexure – II

This Annexure lists out the details of turnover claimed as exempted in the course of Inter-state sales against Form E1/E2 as specified u/s 6(2) of the Act during the month.

The print preview of **CST Annexure II** for M/s. National Traders displays as shown:

**ANNEXURE II - DETAILS OF TURNOVER CLAIMED AS EXEMPTED UNDER SECTION 6(2) OF THE ACT**

| Sl. No. | LR/RR number and date | Name of the commodity | Name and address of the seller from whom these goods were purchased | Purchase invoice number and date | value of the goods purchased | Name and address of the carrier | Date of endorsement of the LR /RR | Date of landing of the goods in the place of dealer effecting the transit sales | Transit sale invoice number and date | Value of the goods sold | Name and address of the buyer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| 1 | 7845 | | Universal Traders, # 106, St. Marks Road, Bangalore | 03 | | Goods Train | 7-Apr-20-09 | 568 | 3, 7-Apr-20-09 | 1,77,500.00 | Manasa Traders, # 45, 1st Main Road, 2nd Cross, Malleshwaram, Bangalore, Karnataka |
| | | Water Purifiers | | | 44,000.00 | | | | | 54,444.44 | |
| | | Washing Machines | | | 1,05,000.00 | | | | | 1,23,055.56 | |
| 2 | 25972 | Air Conditioner | Universal Traders, # 106, St. Marks Road, Bangalore | 04 | 1,25,000.00 | Goods Train | 9-Apr-20-09 | DD/023 | 4, 9-Apr-20-09 | 1,40,000.00 | Logic Electronics, # 56, Phase II, Sector 1, Bhubaneshwar |
| | | | | TOTAL | 2,74,000.00 | | | | | 3,17,500.00 | |

Signature :

Place: G.S.T. Road, Guindy — Name : T. Selvam

Date: 30-Apr-2009 — Status & relationship of the dealer : Accounts Officer

Figure 4.29 Annexure II

### Returns and Additions

CST **Annexure II** can be printed along with a statement displaying the details of Sales Returns/ Additions on Sales of Goods against Form E1/E2.

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

**Sales Returns/Additions Statement of Sales of Goods against Form E1 and E2**

| Sl No. | Credit/Debit Note No. and Date | Name and Address of the buyer | Name of Commodity | Value of Goods |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| | **Returns** | | | |
| 1 | 2, 10-Apr-2009 | Rishita Traders, F Block, # 45, Rajan Arcade, Bhopal | | 12,000.00 |
| | | | *Washing Machines* | *12,000.00* |
| | | | **Total of Returns** | 12,000.00 |
| | **Additions** | | | |
| 1 | 1, 11-Apr-2009 | Rishita Traders, F Block, # 45, Rajan Arcade, Bhopal | | 5,150.00 |
| | | | *Water Purifiers* | *2,000.00* |
| | | | *Washing Machines* | *3,150.00* |
| | | | **Total of Additions** | 5,150.00 |
| | | | **Net Total** | (-)6,850.00 |

Signature :

Place: G.S.T. Road, Guindy    Name : T. Selvam

Date: 30-Apr-2009    Status & relationship of the dealer : Accouns Officer

Figure 4.30 Annexure – II – Returns & Additions screen

## 4.9.3 Annexure – III

This Annexure lists out the details of all the Consignment transfers made directly to branch outside the state by the dealer. All the entries made using VAT/Tax class Consignment / Branch Transfer outward will be captured here when the option **Is Sale in Principal's A/c** is set to **No** in the sales invoice.

The print preview of CST **Annexure III** for M/s. National Traders displays as shown:

**ANNEXURE III - STOCK TRANSFERS**

| Sl. No. | Form XX under Tamil Nadu General Sales Tax Rules, 1959/Form JJ under Tamil Nadu Value Added Tax Rules, 2007 Stock Transfer Invoice / Memo / Challan number and date | Goods vehicle number | Lorry receipts / Railway receipts number and date | Description of the goods | Qu-anti-ty | Approx-imate value (in Rupees) | Full address and Telephone number, if any of the place of business in the other States | General Sales Tax, Central Sales Tax and Value Added Tax TIN Registration number with date, of other States | Form F number under Central Sales Tax (Registration and Turnover) Rules, 1957, and date, if it has been received |
|---|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | 05 | Goods Train | 623764 | | | 2,34,000.00 | National Traders, #56, 2nd Main Road, Shahid Bhagat Singh Marg, Mumbai | 28541232541 | 025412/ 15-Apr -2009 |
| | | | | Vacuum Cleaners | 10 Nos | 1,50,000.00 | | | |
| | | | | Washing Machines | 8 Nos | 84,000.00 | | | |
| | | | | TOTAL | | 2,34,000.00 | | | |

Signature : ____________

Place: G.S.T. Road, Guindy — Name : T. Selvam

Date: 30-Apr-2009 — Status & relationship of the dealer : Accouns Officer

Figure 4.31 Annexure – III

### Returns and Additions

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

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

**Sales Returns/Additions Statement of Goods Transferred to the place of business in the other states**

| Sl No. | Credit /Debit Note No. and Date | Name and address of the business in the other states | Registration Number | Description of Goods | Quantity | Approximate Value of Goods |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| | **Returns** | | | | | |
| 1 | 3, 14-Apr -2009 | National Enterprises, # 56, 2nd Main Road, Shahid Bhagat Singh Marg, Mumbai | 28541232541 | | 1 Nos | 15,000.00 |
| | | | | *Vacuum Cleaners* | *1 Nos* | *15,000.00* |
| | | | | **Total of Returns** | | 15,000.00 |
| | **Additions** | | | | | |
| 1 | 2, 15-Apr -2009 | National Enterprises, # 56, 2nd Main Road, Shahid Bhagat Singh Marg, Mumbai | 28541232541 | | | 2,800.00 |
| | | | | *Washing Machines* | | *2,800.00* |
| | | | | **Total of Additions** | | 2,800.00 |
| | | | | **Net Total** | | (-)12,200.00 |

Signature :

Place: G.S.T. Road, Guindy    Name : T. Selvam

Date: 30-Apr-2009    Status & relationship of the dealer : Accounts Officer

Figure 4.32 Annexure – III – Returns & Additions screen

### 4.9.4 Annexure – IV

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

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

**ANNEXURE IV - FOR CONSIGNMENT SALES**

| Sl. No. | Form XX under Tamil Nadu General Sales Tax Rules, 1959/Form JJ under Tamil Nadu Value Added Tax Rules, 2007 Delivery Note/ Challan number and date | Goods vehicle number | Lorry receipts / Railway receipts number and date | Description of the goods | Qu-anti-ty | Approx-imate value (in Rupees) | Name and full address of the Consignee in other States with Telephone number, if any | General Sales Tax, Central Sales Tax and Value Added Tax TIN Registration number with date, of the consignee in other States | Form F number under Central Sales Tax (Registration and Turnover) Rules, 1957, and date, if it has been received |
|---|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1 | 06 | Goods Train | 8445 | | | 1,51,000.00 | Parijata Enterprises, # 19, 12th Main Road, K R Puram, Bangalore | 29857412563 | |
| | | | | Water Purifiers | 12 Nos | 66,000.00 | | | |
| | | | | Refrigerators | 10 Nos | 85,000.00 | | | |
| | | | | TOTAL | | 1,51,000.00 | | | |

Signature :

Place: G.S.T. Road, Guindy　　Name : T. Selvam

Date: 30-Apr-2009　　Status & relationship of the dealer : Accounts Officer

Figure 4.33 Annexure IV

## Returns and Additions

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

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

**Sales Returns/Additions Statement of Goods Transferred on Consignment**

| Sl No. | Credit /Debit Note No. and Date | Name and address of the Consignee | Registration Number | Description of Goods | Quantity | Approximate Value of Goods |
|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| | **Returns** | | | | | |
| 1 | 4, 17-Apr -2009 | Parijata Enterprises, # 19, 12th Main Road, K R Puram, Bangalore | 29857412563 | | 1 Nos | 8,500.00 |
| | | | | *Refrigerators* | *1 Nos* | *8,500.00* |
| | | | | **Total of Returns** | | 8,500.00 |
| | **Additions** | | | | | |
| 1 | 3, 18-Apr -2009 | Parijata Enterprises, # 19, 12th Main Road, K R Puram, Bangalore | 29857412563 | | | 4,800.00 |
| | | | | *Water Purifiers* | | *4,800.00* |
| | | | | **Total of Additions** | | 4,800.00 |
| | | | | **Net Total** | | (-)3,700.00 |

Signature :

Place: G.S.T. Road, Guindy                Name : T. Selvam

Date: 30-Apr-2009                Status & relationship of the dealer : Accounts Officer

Figure 4.34 Annexure IV – Returns & Additions