POWER OF SIMPLICITY

# Implementation of Service Tax in Tally.ERP 9

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

# Contents

# Introduction

Service Tax is an indirect tax levied by the Government of India on certain category of services provided by a person, firm, agency, etc.

The responsibility of collection and payment of Service Tax rests with the service provider. The person one who renders the service and liable to pay Service Tax is required to file Service Tax returns periodically with the Commissionerate of Service Tax.

Service Tax contributes 55% of the Gross Domestic Product of our economy and is envisaged as the tax of the future. However, until 1994, there was no tax on services. In 1994, decision was taken to impose Service Tax on various categories of services.

Economics does not differentiate between production of goods and rendering of services. Both are productive activities, which enhances a nation's income. In that sense, Service Tax is similar to Excise Duty.

## Scope & Applicability

### Charge of Service Tax

Section 66 of Finance Act, 1994 provides that there shall be levied a tax (Service Tax) @ 10% of the value of taxable service. In addition, 2% Education Cess and 1% Higher Education Cess is payable on service tax. Thus, total service tax is 10.30% and it will be collected in such manner as prescribed.

### Taxable Service

Service tax is payable on ***taxable service***. The definition of taxable service is different for each class of services, e.g. in case of advertising agency, any service provided to a client, by an advertising agency in relation to advertisement, in any manner will be ***taxable service***.

### Value of Taxable Service

Service tax is payable on ***value of services***. Value of Service shall be the gross amount charged by the service provider for such service rendered by him. Provisions in respect of each type of 'service' are discussed in Appendix.

## Service Provider

As defined u/s 65(105) a service provider is one who provides taxable service.

## Person who has to pay service tax

As per section 68(1) of Finance Act, 1994, every person providing taxable service to any person has to pay service tax at the prescribed rates. However, as per section 68(2), Central Government can provide that service tax shall be paid by another person in the manner as may be prescribed.

## No tax on reimbursement of expenses:

In certain cases, the service provider makes some payments on behalf of principal and gets it reimbursed from the principal. Principally, there is no tax payable on reimbursement of expenses, which are out of pocket expenses incurred on behalf of client. Typically

- advertisement expenses incurred by manpower recruitment agency or event Management or Business Exhibition services
- octroi, CFS, Freight charges paid by Custom House Agent or Clearing and Forwarding Agent on behalf of the principal
- out of pocket expenses like travelling, boarding and lodging on reimbursable basis.

are not subject to service tax. The documentary evidence substantiating such claim from the gross amount needs to be provided.

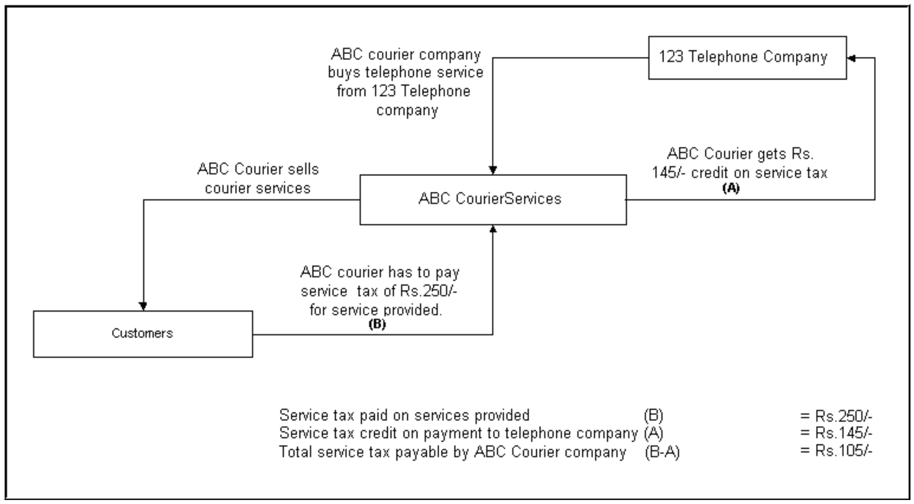
## No tax on goods and material supplied by service provider:

If the service provider supplies goods and materials while providing the service, cost of goods and material will be excluded for the purpose of payment of service tax. This exclusion is allowed only if sale of such goods is evidenced and sale value is quantified and shown separately in invoice. There should be documentary proof specifically indicating the value of said goods and materials. For example, in case of an interior decorator, deduction will be available only for the value of supply of materials, items of furniture or decoration, which are priced. But services concerning planning, design or beautification of spaces provided will be subjected to service tax, i.e. it will not be allowable as deduction.

## Tax is not payable on services provided on sub-contract:

Only final services provided to customer / client are taxable and services to intermediaries are not taxable e.g. services provided by one courier to another or by one rent-a-cab operator to another or by one ISP to another ISP, are not taxable.

## Chart showing Implication of Service Tax




## Rules in levy of Service Tax

- Service Tax is levied only on the final party who renders service to the client. Thus, sub-contractors are not within the ambit of levy of the Service Tax.
- Service Tax is not levied on reimbursement of out-of-pocket expenses.
- Service Tax is not payable on payments that are received in India in convertible foreign exchange, provided the payment is not repatriated outside India.
- Services that are rendered outside India are not subject to Service Tax.

## List of Taxable Services

Service Tax is applicable on 102 categories of services. A few of the listed services have Abatement facility.

| Sl.No. | Taxable Services | Sl.No. | Taxable Services |
|---|---|---|---|
| 1 | Advertising Agency | 53 | Maintenance Or Repair Services |
| 2 | Advertising Space or Time | 54 | Management Consultants |
| 3 | Airport Services | 55 | Mandap Keeper |
| 4 | Air Transport of Passenger | 56 | Manpower Recruitment Agency |
| 5 | Air Travel Agency | 57 | Market Research Agency |
| 6 | Architects Services | 58 | Mechanized Slaughter House |
| 7 | Asset Management | 59 | Membership of Clubs |

| | | | |
|---|---|---|---|
| 8 | ATM Operations | 60 | Mining of Minerals, Oil Or Gas |
| 9 | Auctioneer's Services | 61 | Online Information and Data |
| 10 | Banking and Financial | 62 | Opinion Poll Services |
| 11 | Beauty Parlours | 63 | Outdoor Catering |
| 12 | Broadcasting Services | 64 | Packaging Services |
| 13 | Business and Exhibition Services | 65 | Pager Services |
| 14 | Business Auxiliary Services | 66 | Pandal and Shamiana Services |
| 15 | Business Support Services | 67 | Photography Service |
| 16 | Cable Operators | 68 | Port Services |
| 17 | Cargo Handling Services | 69 | Public Relations Service |
| 18 | Chartered Accountants | 70 | Rail Travel Agent |
| 19 | Cleaning Services | 71 | Real Estate Agents |
| 20 | Clearing and Forwarding Services | 72 | Recovery Agent |
| 21 | Commercial Training and Coaching | 73 | Registrar to an Issue |
| 22 | Company Secretaries | 74 | Rent-A-Cab Service |
| 23 | Construction of Res. Complex | 75 | Renting a Immovable Property |
| 24 | Construction Services in Commercial/Industrial/Civil | 76 | Scientific and Technical Consultancy |
| 25 | Consulting Engineer | 77 | Security Agencies |
| 26 | Containers by Rail | 78 | Servicing of Motor Vehicles |
| 27 | Convention Service | 79 | Share Transfer Agent |
| 28 | Cost Accountants | 80 | Ship Management Service |
| 29 | Courier Agency | 81 | Site Preparation and Clearance |
| 30 | Credit Card Related services | 82 | Sound Recording Service |
| 31 | Credit Rating Agencies | 83 | Sponsorship Service |
| 32 | Custom House Agent | 84 | Steamer Agent |
| 33 | Design Services | 85 | Stock Broker |
| 34 | Development and Supply of Content | 86 | Storage and Warehouse Service |
| 35 | Dredging Services | 87 | Survey and Exploration of Mineral |
| 36 | Dry Cleaning Services | 88 | Survey and Map Making |
| 37 | Erection, Commissioning and Installation | 89 | Telecommunication Service |
| 38 | Event Management Service | 90 | Telegraph Service |
| 39 | Facsimile Services | 91 | Telephone Services |
| 40 | Fashion Designer Services | 92 | Telex Services |
| 41 | Forward Contract Services | 93 | Test, Inspection, Certification |

| | | | |
|---|---|---|---|
| 42 | Franchise Services | 94 | Tour Operator |
| 43 | General Insurance Business | 95 | Transport by Cruise Ships |
| 44 | Goods Transport Operators | 96 | Transport of Goods by Air |
| 45 | Health Club and Fitness Centre | 97 | Transport of Goods by Pipeline |
| 46 | Insurance Auxiliary | 98 | Transport of Goods by Road |
| 47 | Intellectual Property Services Other Than Copyright | 99 | Travel Agents (Other Than Air/Rail Travel Agents) |
| 48 | Interior Decorators | 100 | TV or Radio Programme Production |
| 49 | Internet Cafe | 101 | Under Writers |
| 50 | Leased Circuits | 102 | Video Tape Production |
| 51 | Life Insurance Services | 103 | Works Contract Service |
| 52 | Mailing List Compilation | | |

As per Finance Act 2008, the following services were also brought under Service Tax:

| Sl.No. | Taxable Services | Sl.No. | Taxable Services |
|---|---|---|---|
| 1 | Information Technology Software Service | 5 | Recognized or Registered Association Service |
| 2 | Internet Telecommunication Services | 6 | Recognized Stock Exchange Service |
| 3 | Management of Investment in ULIP | 7 | Supply of Tangible Goods Service |
| 4 | Processing and Clearing House Agent Service | | |

## Features of Service Tax in Tally.ERP 9

Tally.ERP 9 comprises of the following salient features:

- It is simple & easy to setup
- tracks bill-wise (bill-by-bill) detail and automatically calculates service tax payable and input credit on each bill and also allows you the flexibility to make adjustments later.
- Computes Service Tax on the taxable Services based on preset Service Tax rates for each Service Tax category
- Provides flexibility to make provisions for Abatement, expenses and other notification details
- Helps in generating & printing statutory Service Challans & Returns in the prescribed formats viz., GAR 7, ST 3 Returns
- Generates Service Reports and other related MIS reports for better management of tax administration.

# Lesson 1: Enabling Service Tax in Tally.ERP 9

The Service Tax feature in Tally.ERP 9 takes care of all your service tax transactions and reports. It eliminates errors in the entry of data, generates statutory reports and ensures greater compliance and tax administration in accordance with the provisions of the statutes. It also helps in reducing possibilities of incorrect remittances, penalties, interests by providing error free computation of Service tax and thereby ensuring timely payment of tax.

## 1.1 Enabling Service Tax in Tally.ERP 9

It takes a one time configuration for Service Tax features to be enabled in Tally.ERP 9. Follow the steps given below to configure Service Tax for a new company Crystal Services (P) Ltd.

1. Create Company
2. Enable Service Tax

*To enable Service Tax for Companys' which are already created in Tally.ERP 9, follow the instruction provided under the head **Enable Service Tax**.*

**Crystal Services (P) Ltd.**, is a Company engaged in providing multiple services to their clients. The services provided by Crystal Services (P) Ltd., fall within the ambit of Tax net and are taxable @ **10.30%** Service Tax.

**Step 1: Create Company**

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

In the **Company Creation** Screen,

- Specify **Crystal Services (P) Ltd.,** as the **Company Name** and **Address details**
- Select **India** in the **Statutory Compliance for** field
- Specify the **State**, **Pin code** & **Accounts with** or **without Inventory** details

The completed **Company Creation** screen displays as shown.

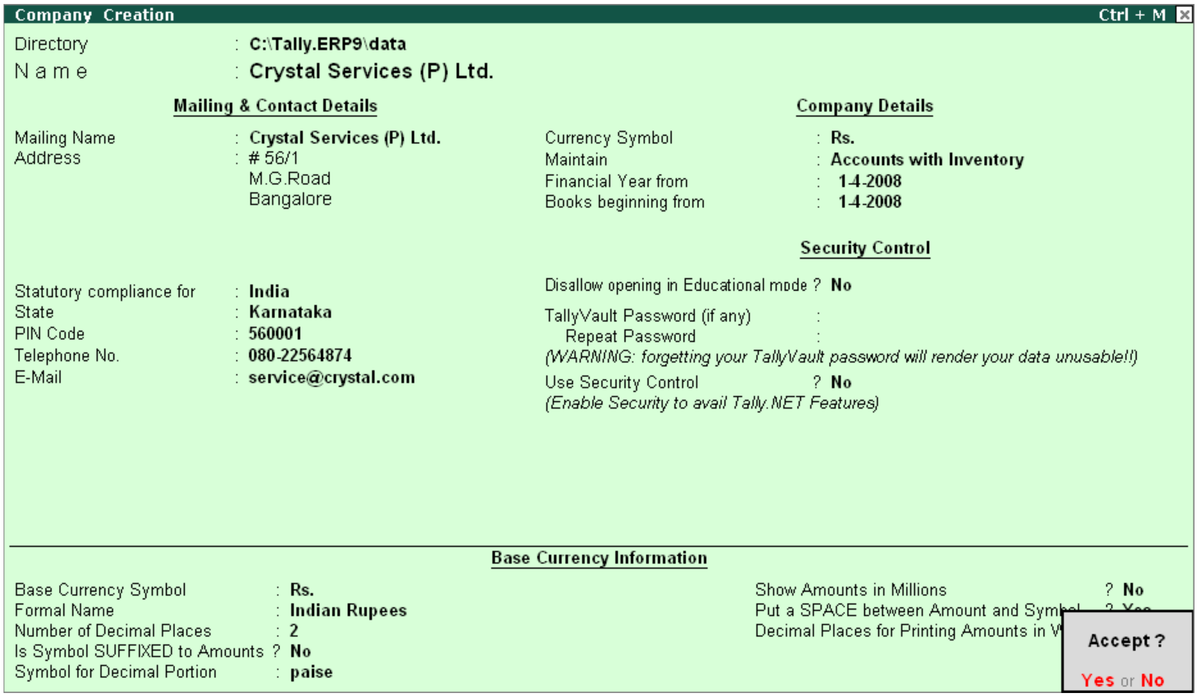



Figure 1.1 Company Creation Screen

- Press **Enter** to accept

*For complete details on **Company Creation** refer **Tally.ERP 9 Help**, topic **Creating Company in Tally.ERP 9***

**Step 2: Enable Service Tax**

To enable **Service Tax Feature**, for a company

1. Activate Service Tax Feature
2. Enable Set/Alter TDS Details
3. Specify the Company Service Tax Details
4. Enter Company's PAN / Income – Tax No

To enable **Service Tax Feature** for **Crystal Services (P) Ltd.**

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

- Set **Enable Service Tax** to **Yes**

- Enable **Set/Alter Service Tax Details** to **Yes**

The **Statutory & Taxation** features screen appears as shown.

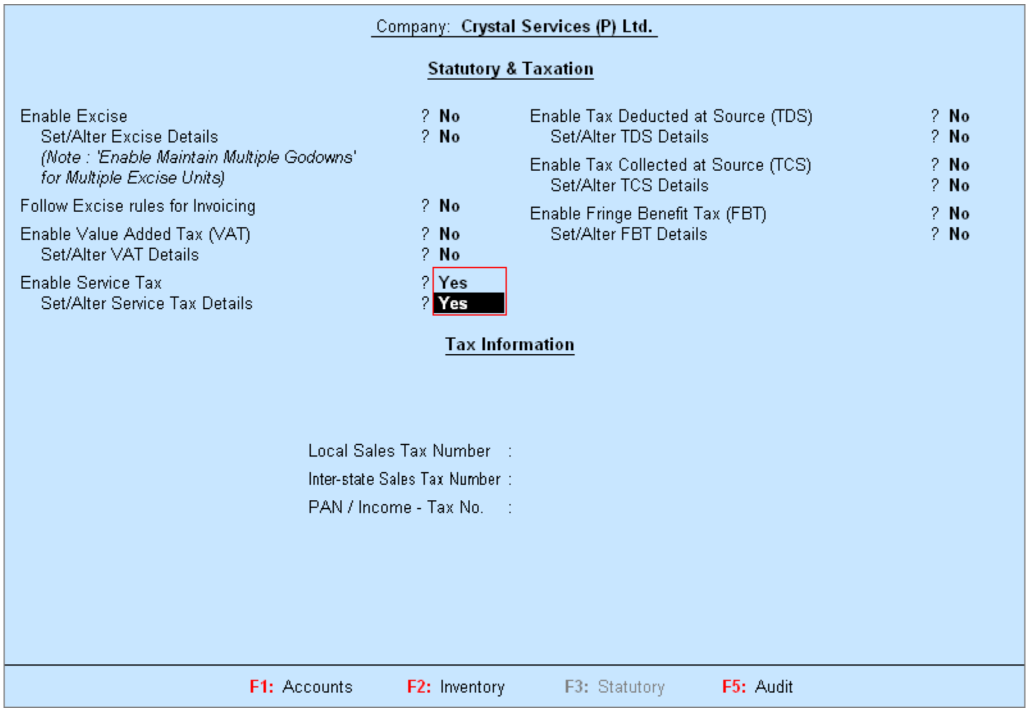



Figure 1.2 F11: Statutory & Taxation Features

5. Press **Enter** the **Company Service Tax Details** screen displays

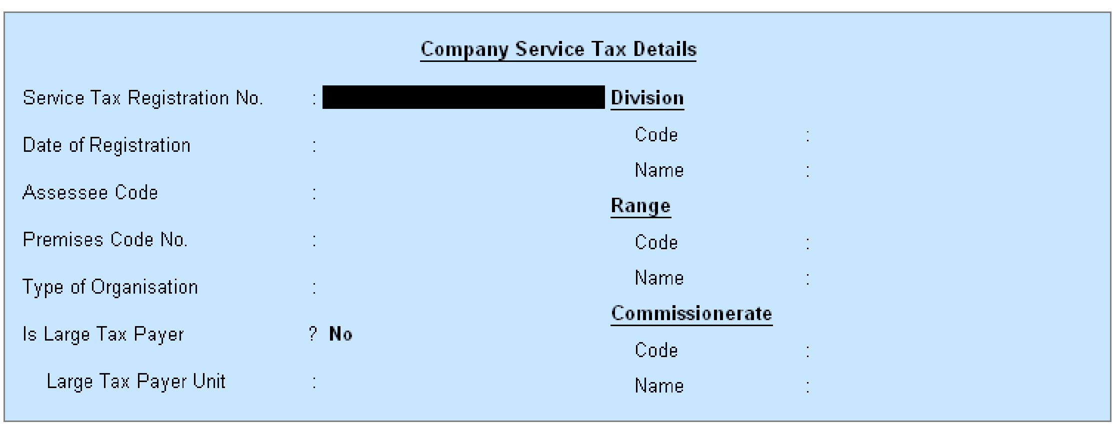



Figure 1.3 Company Service Tax Details Screen

In the **Company Service Tax Details screen**

- In the **Service Tax Registration No.** field enter the **Service Tax Registration Number** of the company

- In the Date of Registration field specify the **Date o**f service tax registration of the company
- In the **Assessee Code** field enter the **Assessee Code** allotted by the Department
- In the **Premises Code No.** field enter **Premises code** of the company allotted by Department (Premises code is the identification number provided to the service tax payers)
- In the Type of Organisation field select **Registered Private Ltd. Company Type** from the **List of Organisations**.
- **Is Large Tax Payer** field is set to **YES/NO** based on the amount of tax paid by the assessee. Set this field to **No**.

Notes

*Large Tax payers are those assesses who pay large amount of Tax. They are the eligible taxpayer for the purposes of being served by the LTU. For e.g.: Rs.5,00,00,000.*

- In **Large Tax Payer Unit** enter the name of the unit where the large tax payers pay Service Tax.

Notes

***Large Tax Unit** is self-contained tax office under the Department of Revenue acting as a single window clearance point for all matters relating to Central Excise, Income Tax/ Corporate Tax and Service Tax. Eligible Tax Payers who opt for assessment in LTU shall be able to file their excise return, direct taxes returns and service tax return at such LTUs and for all practical purposes will be assessed to all these taxes there under. These units are being equipped with modern facilities and trained manpower to assist the tax payers in all matters relating direct and indirect tax/ duty payments, filing of documents and returns, claim of rebates/ refunds, settlement of disputes etc.*

- Under **Division**, enter the **Division Code** and **Name** under which your company falls.
- Under **Range**, enter **Code** and **Name** of the range under which your company falls
- Under **Commissionerate**, enter **Code** and **Name** of the Commissionerate of Service Tax, Department, under which the address of your Company’s registered office is located.

The completed **Company Service Tax Details** screen appears as shown

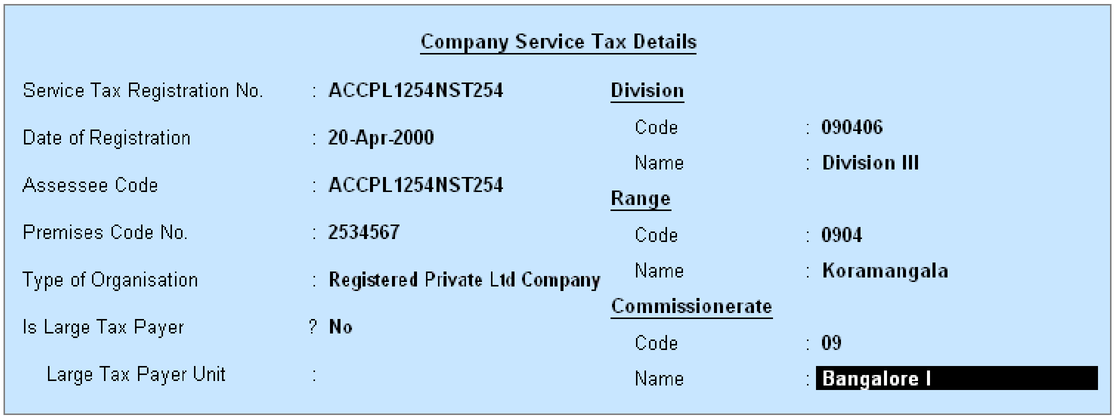



Figure 1.4 Completed Company Service Tax Details Screen

6. Accept the **Company Service Tax Details** screen
7. In the **PAN / Income -Tax No.** field enter the PAn No. of the company.

The completed **Statutory & Taxation** screen is displayed as shown

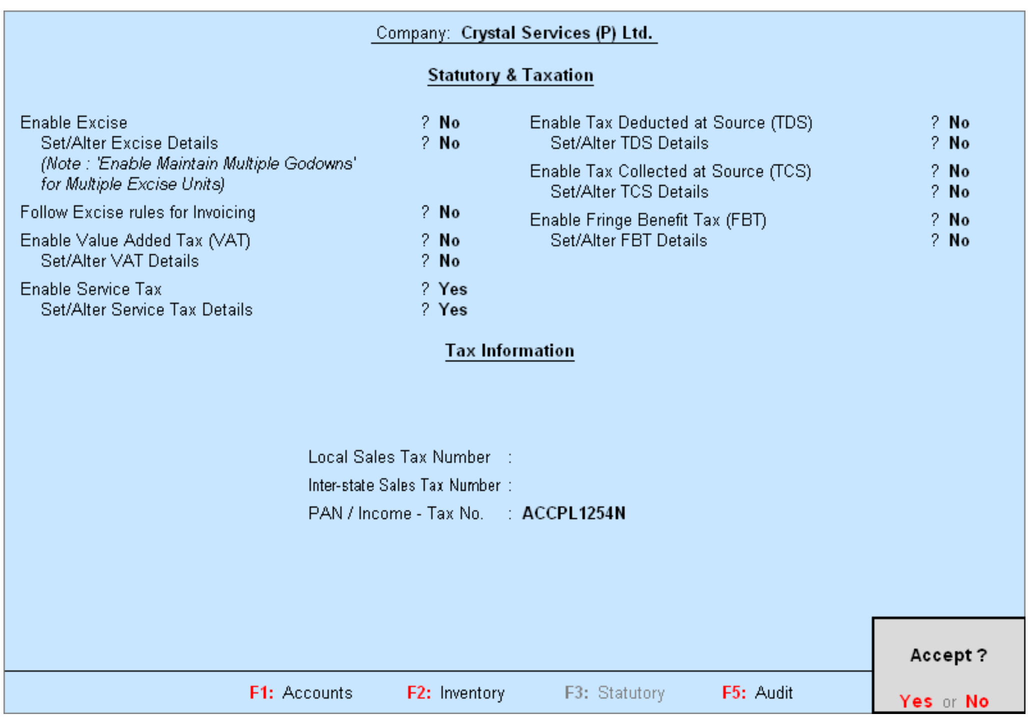



Figure 1.5 Completed Statutory & Taxation Features Screen

8. Press **Enter** to accept.

## 1.2 Service Tax Statutory Master

Before creating masters, the following Statutory Master is loaded into Tally.ERP 9:

- Service Categories

### 1.2.1 Service Categories

Go to **Gateway of Tally > Display > Statutory Info. > Service Categories**

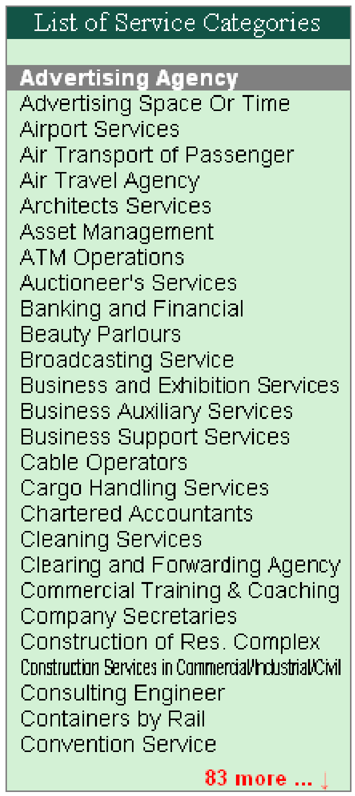
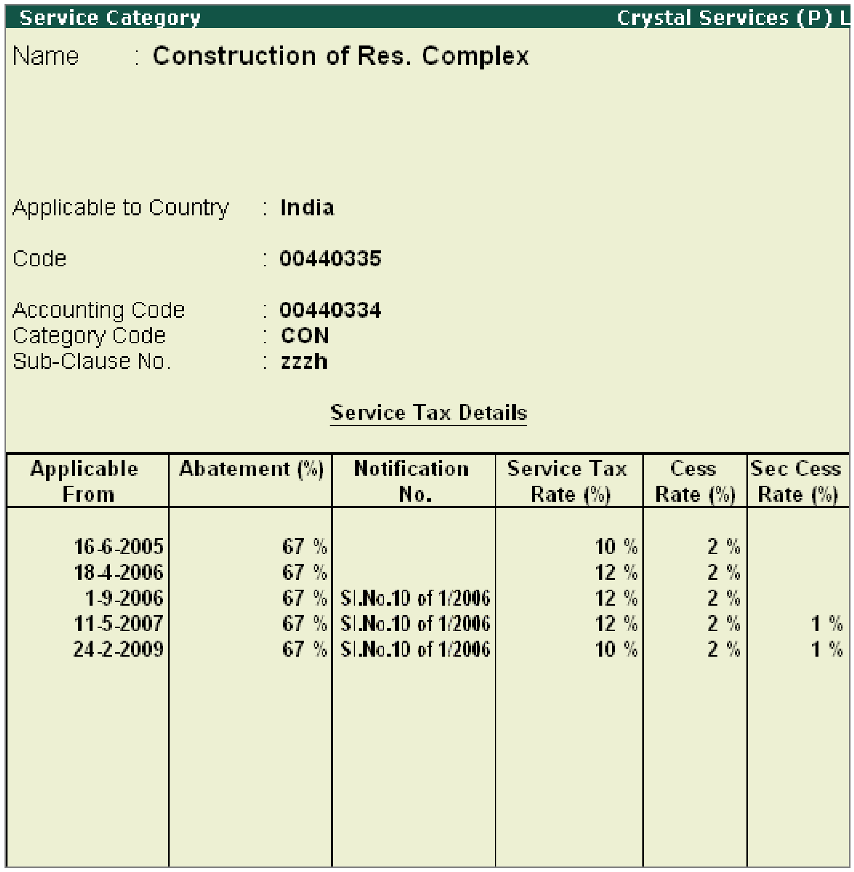



Figure 1.6 List of Service Categories

- From the **List of Service Categories** select **Construction of Res.Complex** to view the details of the Service Category.



Service Category    Crystal Services (P) L

Name : Construction of Res. Complex

Applicable to Country : India

Code : 00440335

Accounting Code : 00440334
Category Code : CON
Sub-Clause No. : zzzh

Service Tax Details

| Applicable From | Abatement (%) | Notification No. | Service Tax Rate (%) | Cess Rate (%) | Sec Cess Rate (%) |
|---|---|---|---|---|---|
| 16-6-2005 | 67 % | | 10 % | 2 % | |
| 18-4-2006 | 67 % | | 12 % | 2 % | |
| 1-9-2006 | 67 % | Sl.No.10 of 1/2006 | 12 % | 2 % | |
| 11-5-2007 | 67 % | Sl.No.10 of 1/2006 | 12 % | 2 % | 1 % |
| 24-2-2009 | 67 % | Sl.No.10 of 1/2006 | 10 % | 2 % | 1 % |

Figure 1.7 Statutory Info. – Service Category

The Service Category screen has a **Name** field showing the category. This is followed by the fields Applicable to **Country, Code, Accounting Code, Category Code** and **Sub-Clause No.** fields.

Under **Service Tax Details**, the **Applicable From** column displays the period for which the **Abatement (%), Service Tax Rate (%), and Cess Rate (%) and Secondary Cess Rate** are applicable.

Notes

*Any changes to the values will be updated on the Tally website.*

# Lesson 2: Creating Masters

Once you have enabled the **Service Tax** feature for the company, create the necessary ledgers to account service tax transactions.

## 2.1 Ledger Classification

The following Ledger masters are required to be created with the relevant Service Tax information

1. Direct Incomes / Expenses Ledgers
2. Tax Ledgers
3. Party Ledgers
4. Bank Ledgers

### 2.1.1 Direct Expenses / Incomes Ledgers

| Ledger | Under | Inventory values are affected | Is Service Tax Applicable | Service Category |
|---|---|---|---|---|
| Advertising Services | Direct Expenses | No | Yes | Advertising Agency |
| Telephone Services | Direct Expenses | No | Yes | Telephone Services |
| Placement Services | Direct Expenses | No | Yes | Manpower Recruitment Agency. |
| Event Management Services | Direct Incomes | No | Yes | Event Management Service |

To create **Direct Expenses / Direct Incomes** Ledgers

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

**i. Create Direct Expenses Ledgers**

1. In the **Name** field enter **Advertising Services** as the **Ledger Name**
2. Select **Direct Expenses** in the **Group** field
3. Set **Inventory values are affected** to **No**
4. Set **Is Service Tax Applicable** to **Yes** and press **Enter** to view **Category Name** Screen
5. In **Category Name** screen select **Advertising Agency** as **Category Name**

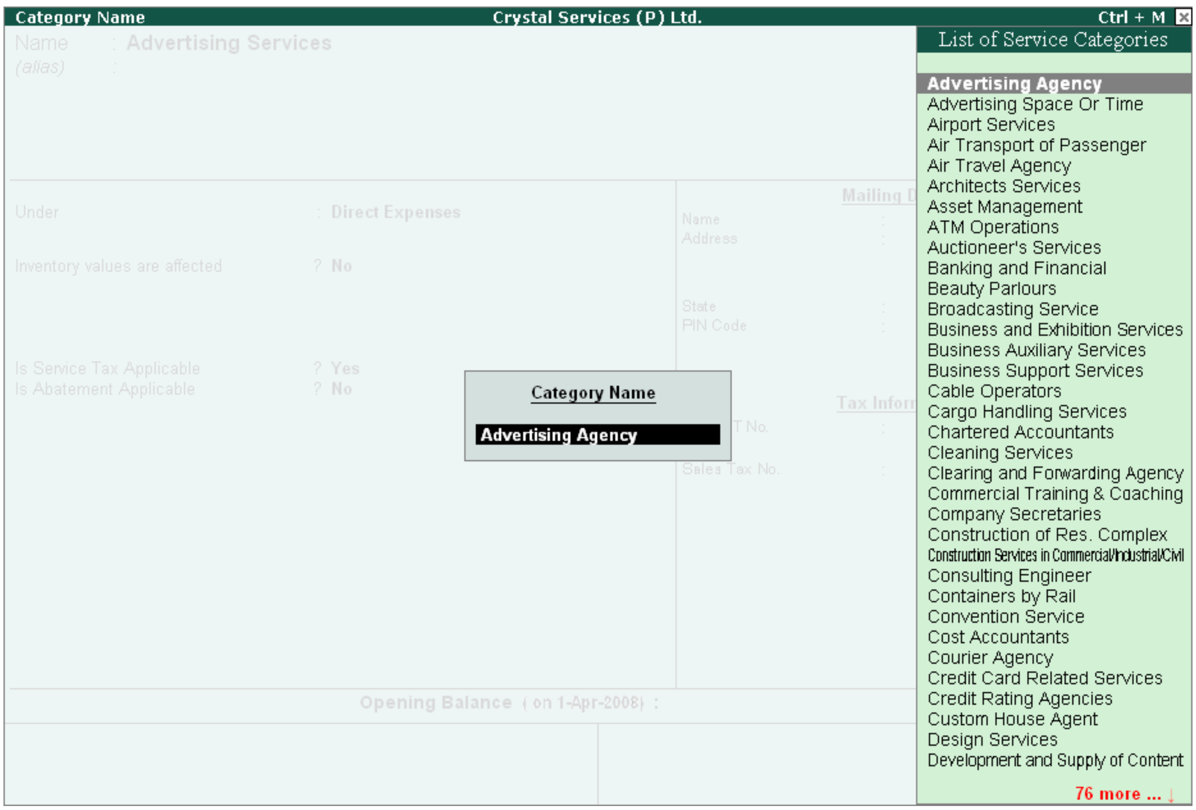



Figure 1.1 Category Name Selection Screen

6. Set **Is Abatement Applicable** to **No**

*If the field **Is Abatement Applicable** is set to **Yes** in the Income/Expenses or Sales/ Purchase ledger masters, the **Abatement Details** screen appears, in which **Notification No.** and **Percentage** can be entered, which is captured in the invoice and can be altered.*

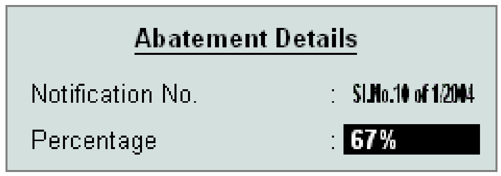



Figure 1.2 Abatement Details – Notification No. & Percentage

*The Service Tax values adjusted against CENVAT Credit are displayed in ST3 Report,*

The completed **Direct Expenses Ledger** screen appears as shown.

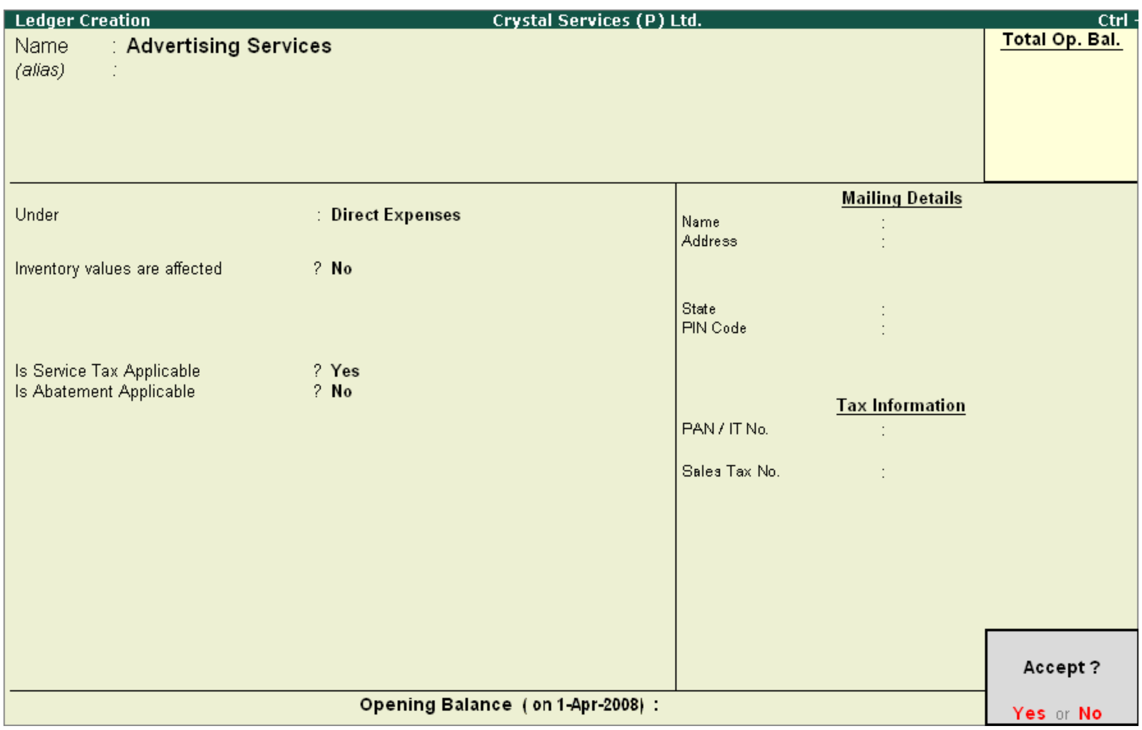



Figure 1.3 Completed Ledger Creation Screen

7. Press **Enter** to Accept

Similarly create **Telephone Services** and **Placement Services** Ledger

## ii. Create Direct Incomes Ledgers

1. In the **Name** field enter **Event Management Services** as the **Ledger Name**
2. Select **Direct Incomes** in the **Group** field
3. Set **Inventory values are affected** to **No**
4. Set **Is Service Tax Applicable** to **Yes** and press **Enter** to view **Category Name** Screen
5. In **Category Name** screen select **Event Management Service** as **Category Name**

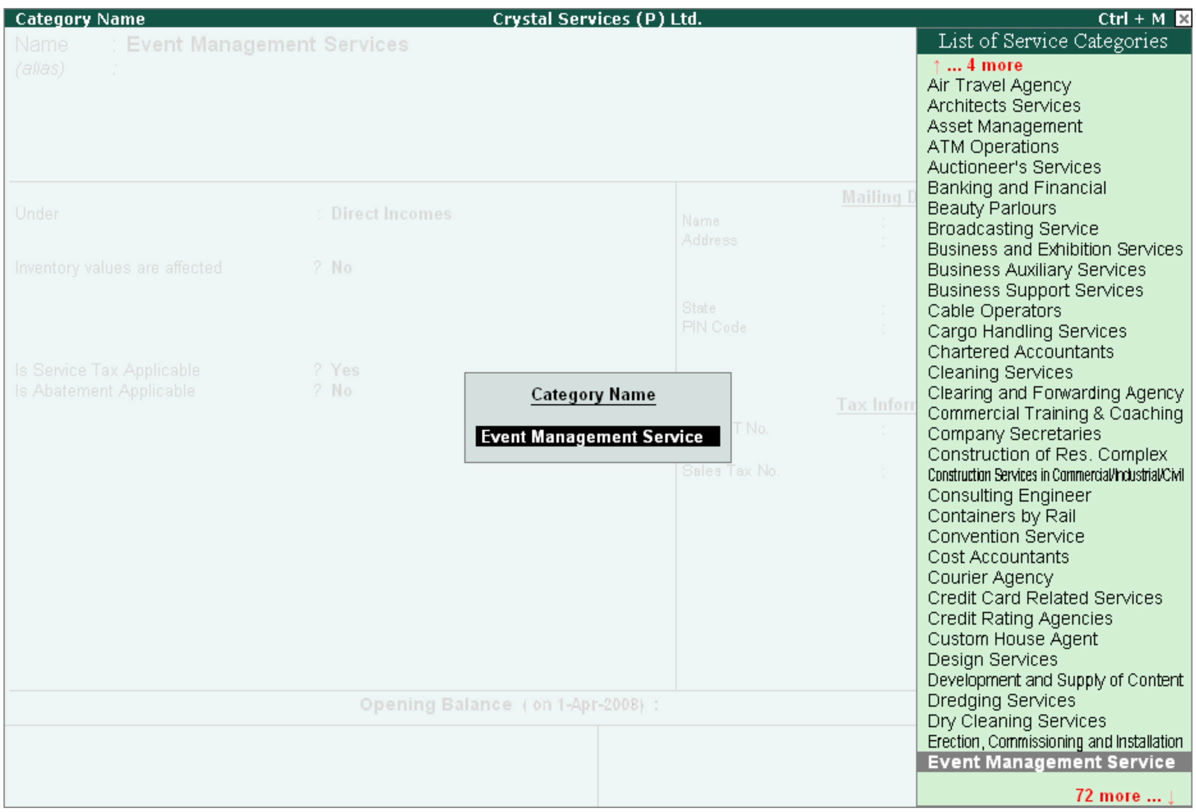



Figure 1.4 Category Name Selection Screen

6. Set **Is Abatement Applicable** to **No**

The Completed **Direct Incomes** Ledger appears as shown.

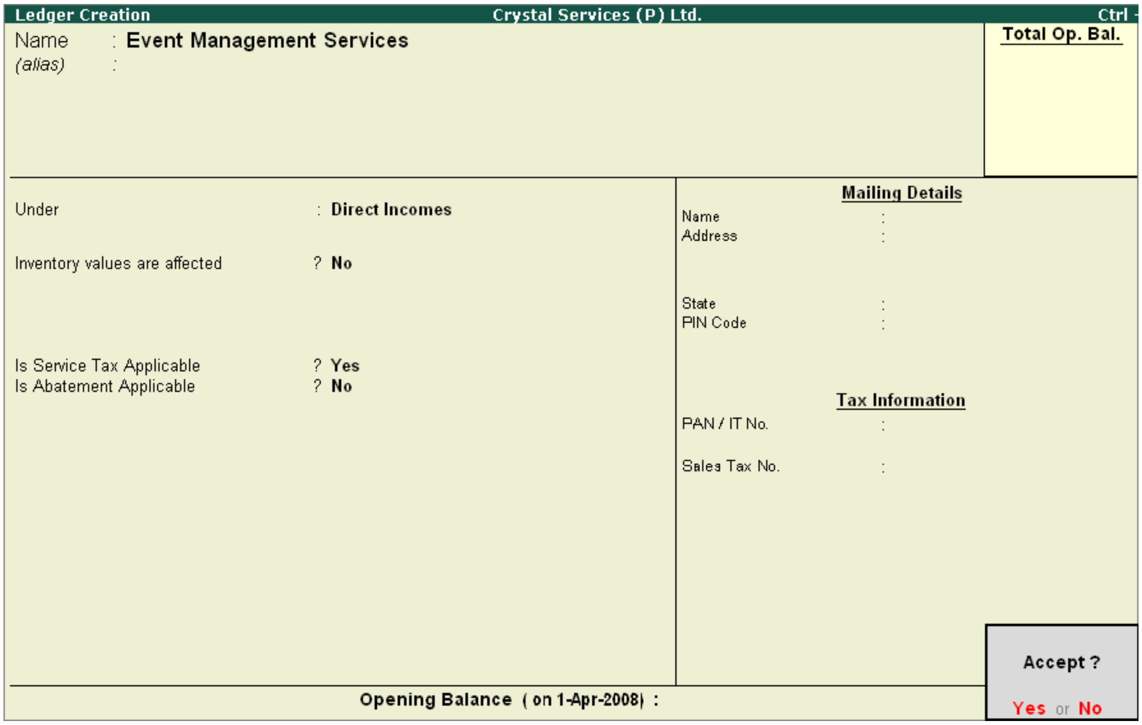



Figure 1.5 Completed Ledger Creation Screen

7. Press **Enter** to Accept.

### 2.1.2 Tax Ledgers

| Ledger | Under | Type of Duty/Tax | Category Name | Inventory values are affected |
|---|---|---|---|---|
| Service Tax @ 12.36% | Duties & Taxes | Service Tax | Event Management Service | No |
| Input ST– Advertising Services | Duties & Taxes | Service Tax | Advertising Agency | No |
| Input ST– Telephone Services | Duties & Taxes | Service Tax | Telephone Services | No |
| Input ST– Placement Services | Duties & Taxes | Service Tax | Manpower Recruitment Agency. | No |

To Create **Tax Ledgers**

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

## i. Create Output Service Tax Ledgers

1. In the Name field enter **Service Tax @ 12.36%** as the **Ledger Name**
2. Select **Duties & Taxes** in the **Group** field
3. In **Type of Duty/Tax** field select **Service Tax** from the list of **Type of Duty/Tax**
4. In the **Category Name** field select **Event Management Service** from the List of Servi ce Categories
5. Set **Inventory values are affected** to **No**

The Completed **Service Tax @ 12.36%** ledger is displayed as shown

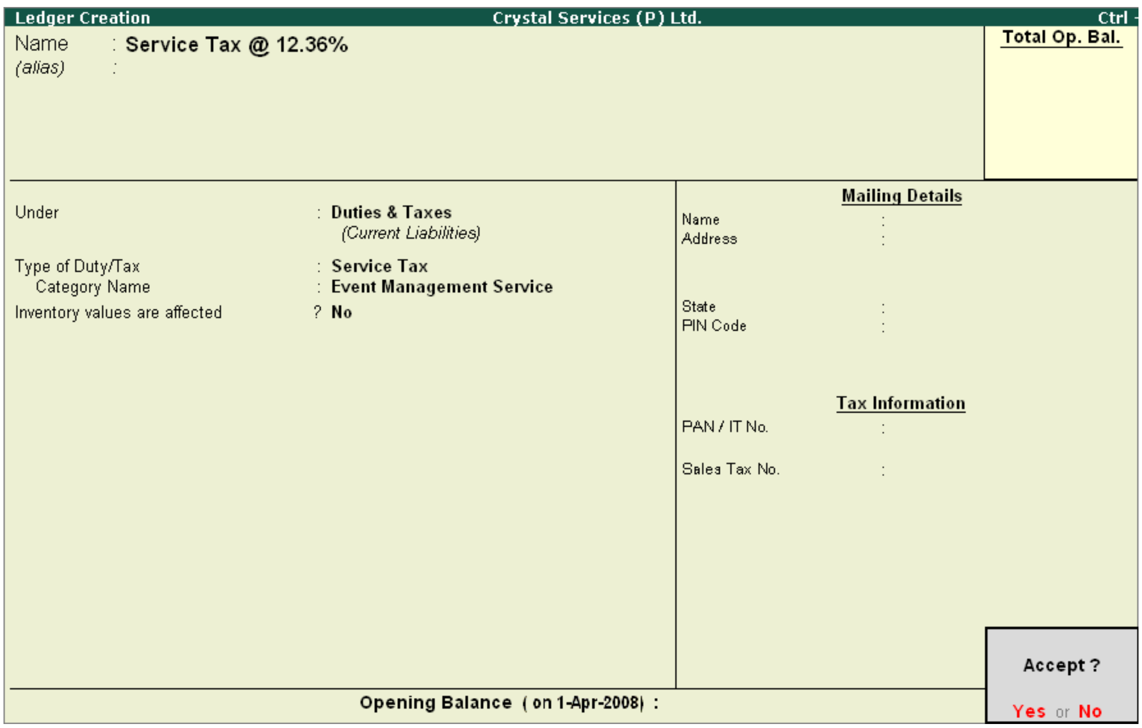



Figure 1.6 Completed Ledger Creation Screen

6. Press **Enter** to Accept

## ii. Create Input Service Tax Ledgers

1. In the **Name** field enter **Input ST– Advertising Services** as the **Ledger Name**
2. Select **Duties & Taxes** in the **Group** field
3. In the **Type of Duty/Tax** field select **Service Tax** from the **Type of Duty/Tax** list
4. In **Category Name** field select **Advertising Agency** from the **List of Service Tax Categories**

5. Set **Inventory values are affected** to **No**

The Completed **Input Service Tax** ledger is displayed as shown

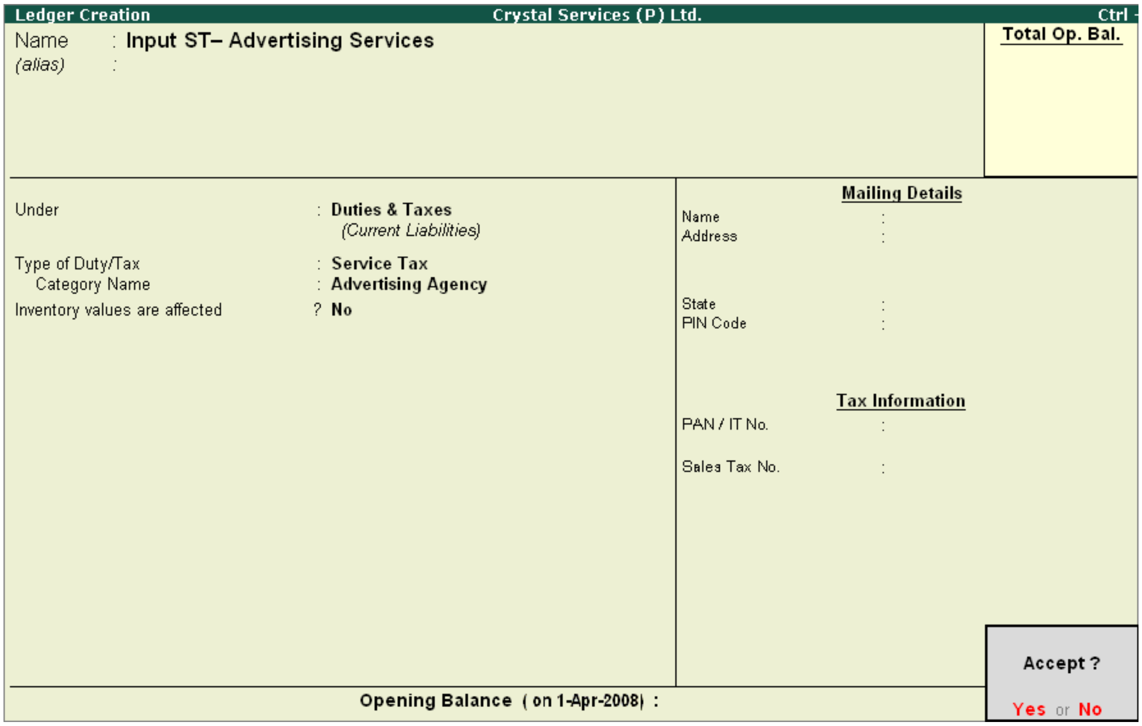



Figure 1.7 Completed Ledger Creation Screen

6. Press **Enter** to Accept.

Similarly create **Input ST – Telephone Services** and **Input ST – Placement Services** ledgers

### 2.1.3 Party Ledgers

| Ledger | Under | Maintain Balances bill-by-bill | Is Service Tax Appli-cable? | Exemption Detail |
|---|---|---|---|---|
| Karthik Agencies | Sundry Debtors | Yes | Yes | Not Applicable |
| Excel Agencies | Sundry Debtors | Yes | Yes | Not Applicable |
| Krypton Agency | Sundry Creditors | Yes | Yes | Not Applicable |
| Smart Agencies | Sundry Creditors | Yes | Yes | Not Applicable |
| Shreya Communication | Sundry Creditors | Yes | Yes | Not Applicable |

**i. Create Debtors Ledgers**

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

In the **Ledger Creation** screen,

1. In the Name field enter **Karthik Agencies** as the **Ledger Name**
2. Select **Sundry Debtors** group in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if any
5. Set **Is Service Tax Applicable** to **Yes** and press enter to view **Exemption Details** screen.

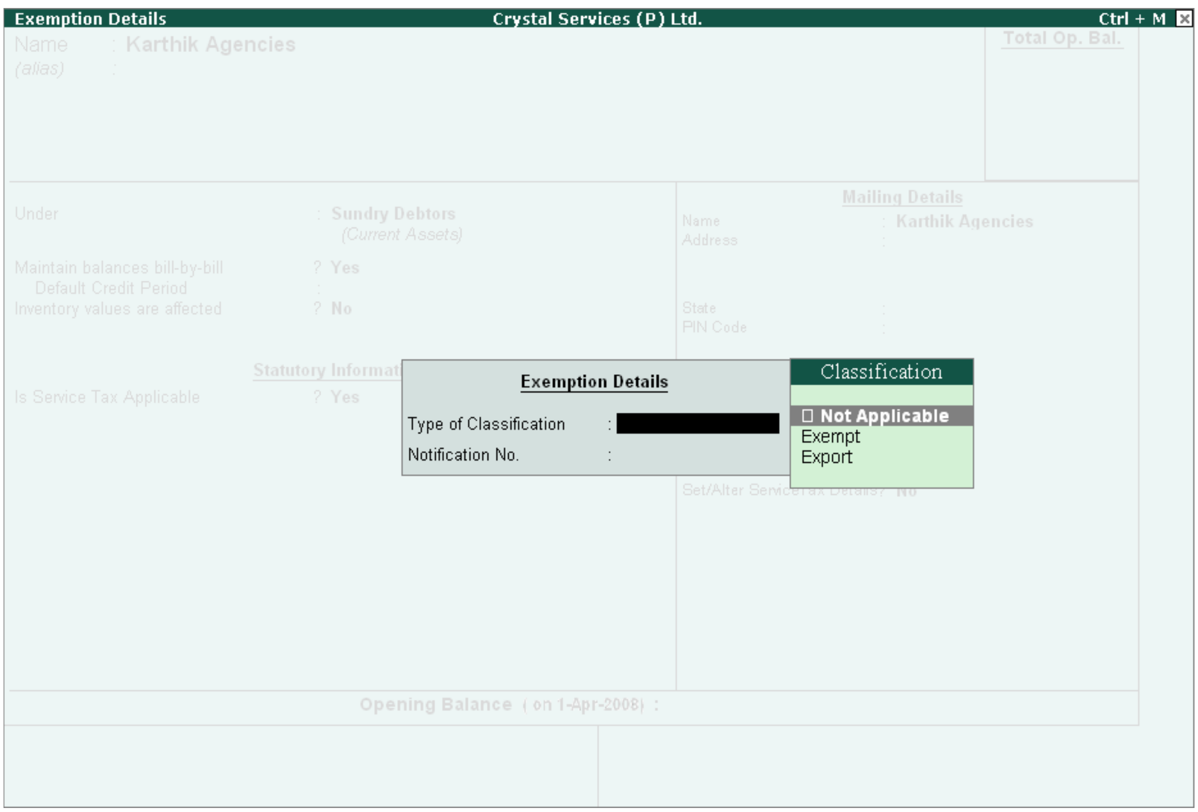



Figure 1.8 Service Tax Exemption Details Screen

6. In **Exemption Details** Screen select **Not Applicable** for **Type of Classification**


Figure 1.9 Exemption Details Screen

7. Under **Mailing Details** enter the **Address**, **State** and **PIN Code** details
8. Under **Tax Information** enter the **PAN/IT No.**
9. Enable **Set/Alter Service Tax Details** to **Yes** to view **Service Tax Details** screen
10. In the **Service Tax Details** screen

- In the **Service TAx No.** field enter the service tax registration number of the party
- In the **Service Tax Reg. Date** field enter the service tax registration date

The **Service Tax Details** screen is displayed as shown

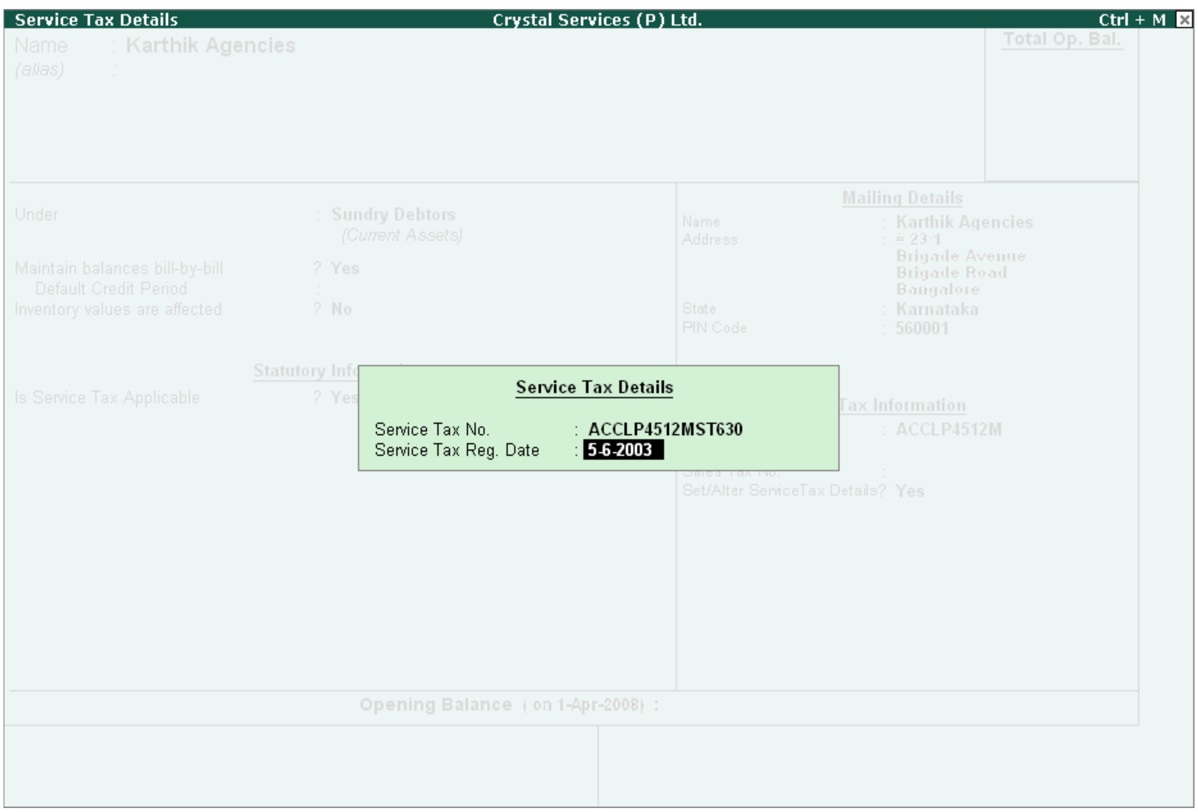



Figure 1.10 Service Tax Details Screen

11. Accept the **Service Tax Details** screen

The completed **Sundry Debtors** ledger screen is displayed as shown

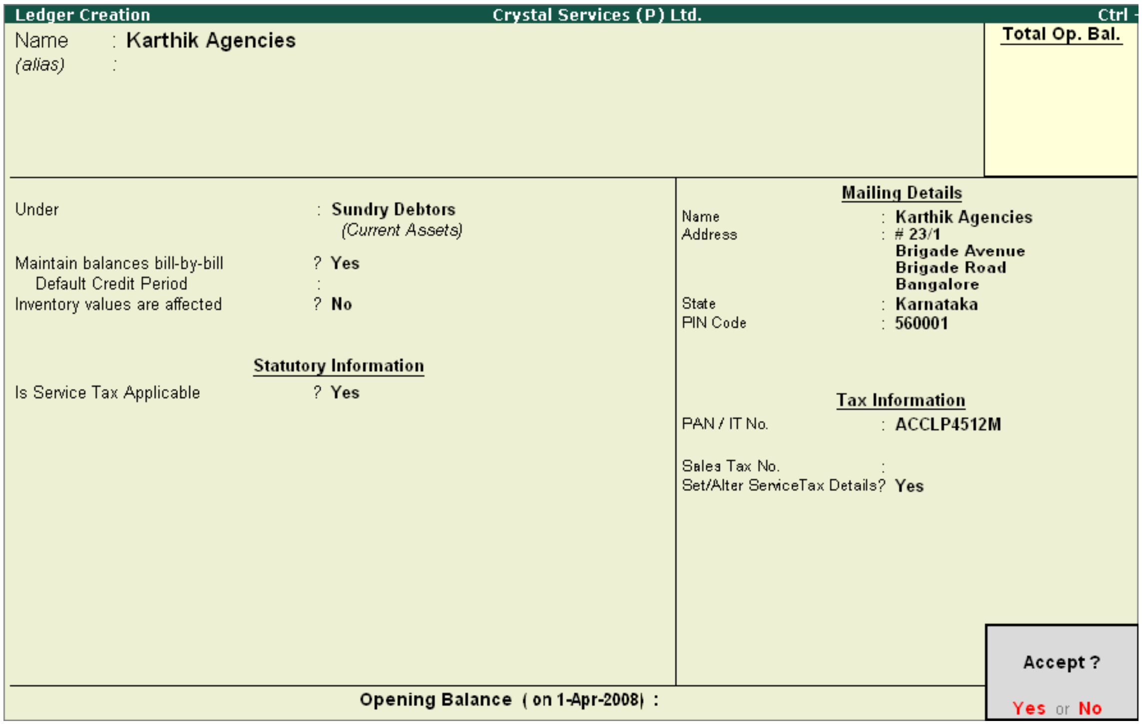



Figure 1.11 Sundry Debtors Ledger Creation Screen

12. Press **Enter** to accept.

Similarly, create **Excel Agencies** ledger.

### Exemption Details

Exemption under Service Tax is applicable to those customers whose services do not come under the preview of the Act as they are;

- Totally exempt by the Govt.

  or

- They are export oriented companies

All other services other than the above mentioned, are taxable under the Service Tax Act.

The parties which are totally exempt can mention the exemption details (Notification no.) in their service invoices. This information helps the parties who use services from the exempted service providers.

**Exemption details in ledger master creation in Tally.ERP 9:**

Tally.ERP 9 provides facility to classify party ledger accounts as **Not Applicable**/ **Exempt** / **Export**.

- **Not Applicable**: If the classification is Not Applicable, it means the services are not exempted from the levy of service tax. In other words it means the services are taxable under the Act.
- **Exempt**: If the classification is Exempt for a party providing service, then service tax is not charged by the party in its bill/invoice. In other words the party is exempt by the Central Govt. and need not charge the output service tax for its services.

  If the classification is Exempt for a party who is receiving the service, then the service provider cannot charge service tax for the services rendered. Exemption in this case is permitted by the Central Govt.

***Example**: Advertising/Courier services provided to Diplomatic missions in the Country are not liable to be taxed as service- (Notification No. 44/98- ST dt. 22.1.98)*

- **Export**: If a service provider provides service to a party who is situated outside the territorial boundary of India, the classification of Export applies to the party. In such a case service tax cannot be levied on the party. The incidence of the service is important to decide whether service tax cannot be levied or not on a party.

***Example**: Any export of services to an overseas buyer, the service being provided outside the territory of the country is not leviable under Service Tax.*

The classification details are reflected in the ST-3 return as per the Service Tax Rules.

**ii. Create Creditors Ledgers**

In the **Ledger Creation** screen,

1. In the **Name** field enter **Krypton Agency** as the **Ledger Name**
2. Select **Sundry Creditors** group in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if any
5. Set **Is Service Tax Applicable** to **Yes** and press enter to view **Exemption Details** screen.
6. In **Exemption Details** Screen, select **Not Applicable** for **Type of Classification**
7. Under **Mailing Details** enter **Address, State** and **PIN Code** details
8. Under **Tax Information** enter **PAN/IT No.**
9. Enable **Set/Alter Service Tax Details** to **Yes** to view **Service Tax Details** screen
10. In Service Tax Details screen

- Enter the Service tax Registration number in the **Service Tax No.** field
- Enter the date of Registration in the **Service Tax Reg. Date** field

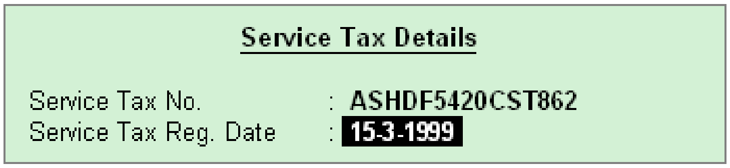



Figure 1.12 Service Tax Details Screen

The completed **Sundry Creditors** ledger is displayed as shown

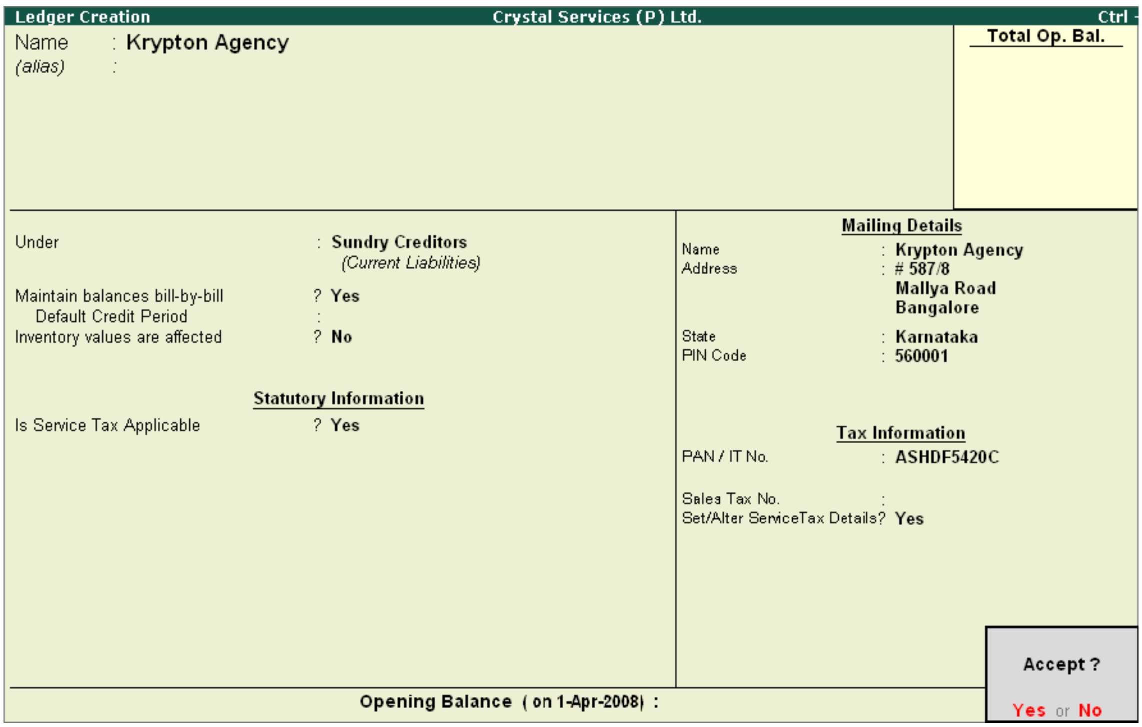



Figure 1.13 Sundry Creditors Ledger Creation Screen

11. Press **Enter** to Accept

Similarly create **Smart Agencies** and **Shreya Communication** Ledgers

### 2.1.4 Bank Ledgers

| Ledger | Under | Opening Balance (Rs.) |
|---|---|---|
| Indian Bank | Bank Accounts | 20,00,000 |

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

In the **Ledger Creation** screen,

1. In the Name field enter **Indian Bank** as the **Ledger Name**
2. Select **Bank Accounts** group in the **Under** field
3. under **Mailing Details** enter the **Address**, **Stare PIN Code**, **A/c No.**, **Branch Name** and **BSR Code** of the Bank
4. Enter **Rs.20,00,000** as **Opening Balance**

The completed **Indian Bank** ledger screen is displayed as shown

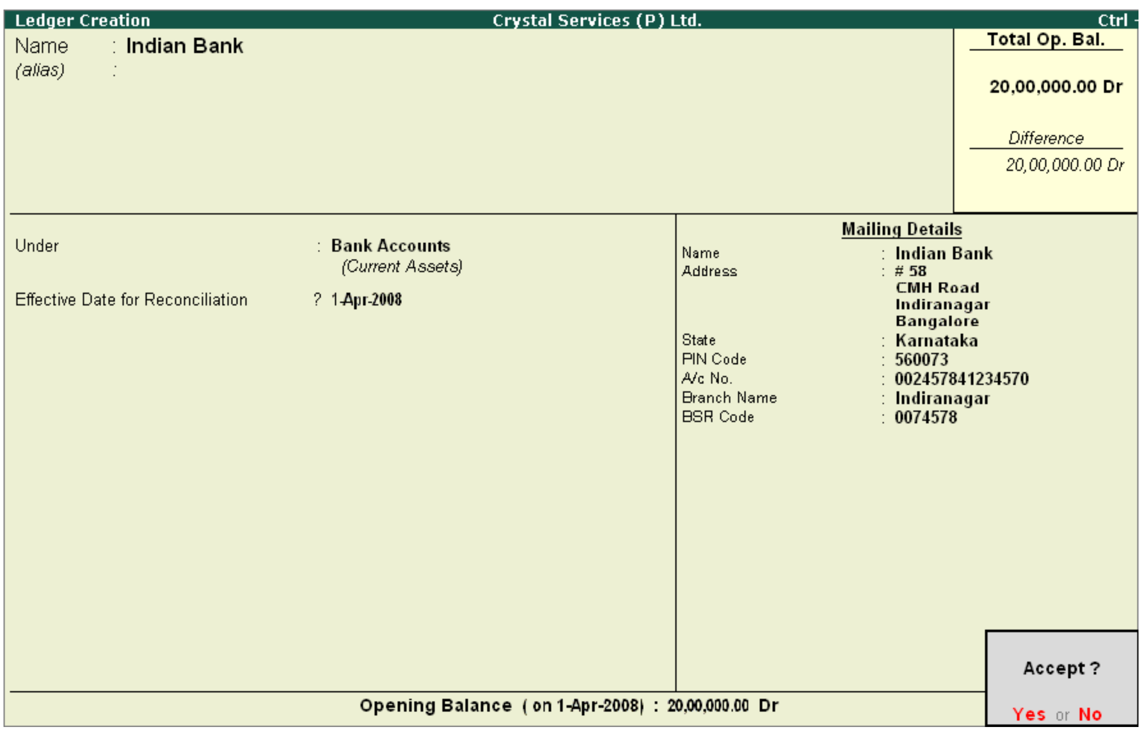



Figure 1.14 Completed Ledger Creation screen

5. Press **Enter** to Accept

# Lesson 3: Transactions

## 3.1 Purchases and Sales

A business or a commercial agency is said to provide a single taxable service when it is engaged in offering a service that contributes a major portion of its revenue. It charges the final customer Service Tax, on the gross amount charged for service, excluding expenses incurred on behalf of the client. While rendering the output service, the entrepreneur may also purchase services, which are directly or indirectly consumed.

## 3.2 Purchase of Services

**Example 1:**

*On April 5, 20008 M/s. Crystal Services (P) Ltd. received a purchase invoice for Advertising services rendered by M/s. Krypton Agency for Rs.25,000 with Service Tax @ 12.36%.*

**Setup:**

In **F12: Configure (Purchase Invoice Configuration)**

- Set **Use Common Ledger A/c for Item Allocation** to **No**
- Set **Use Defaults for Bill Allocations** to **No**

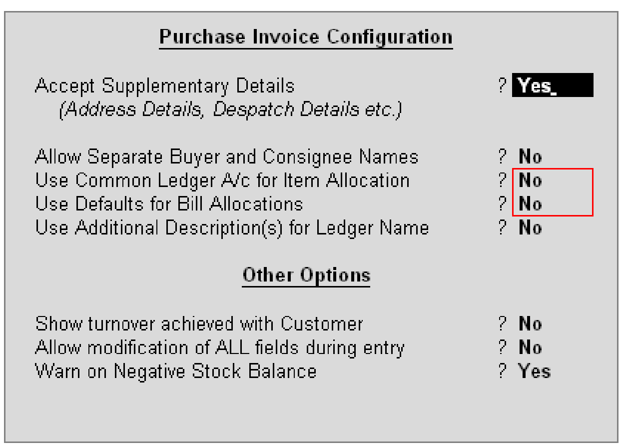



Figure 1.1 F12: Configure

**Create a Purchase Invoice**

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **05-04-2008**
3. Select **Krypton Agency** from in **Party's A/c Name**
4. Select **Advertising Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 25000** in **Amount** field
6. Select **Input ST – Advertising Services** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** screen
7. In **Service Tax-Bill Wise Details** screen

- The **Service Tax** and the **Cess** percentage and **Amounts** are defaulted automatically.
- In **Service Tax–Bill Wise Details for: Input ST – Advertising Services** section, **Bill-Wise Details** such as **Type of Ref**, **Name** are defaulted automatically which can be changed to the required reference number.

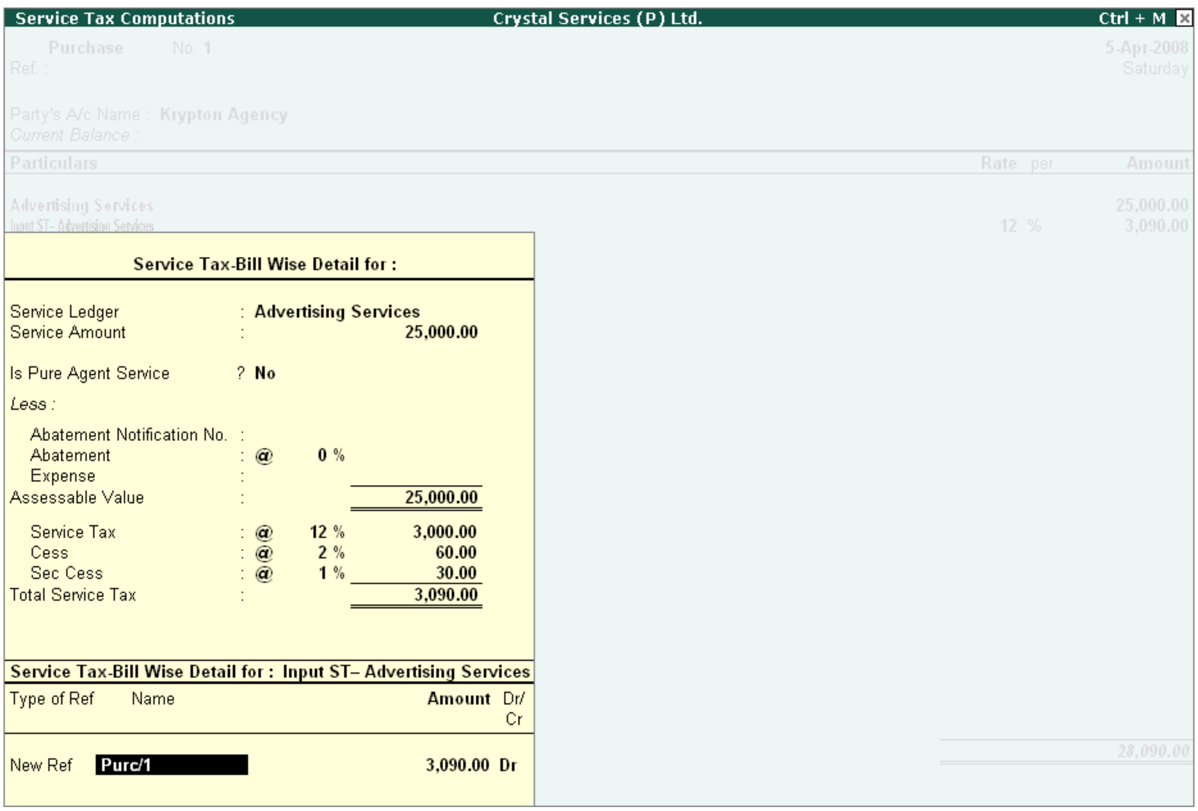



Figure 1.2 Service Tax-Bill Wise Details Screen

8. Accept the **Service Tax–Bill Wise Details** screen.
9. In the **Bill-Wise Details** screen

- In **Type of Ref** field select **New Ref**

- In the **Name** field enter bill reference name as **ST-3547**.
- In Service Tax Ledger field select **Input ST – Advertising Services** from **List of Service Tax Ledgers**
- The bill **Amount** is defaulted automatically.

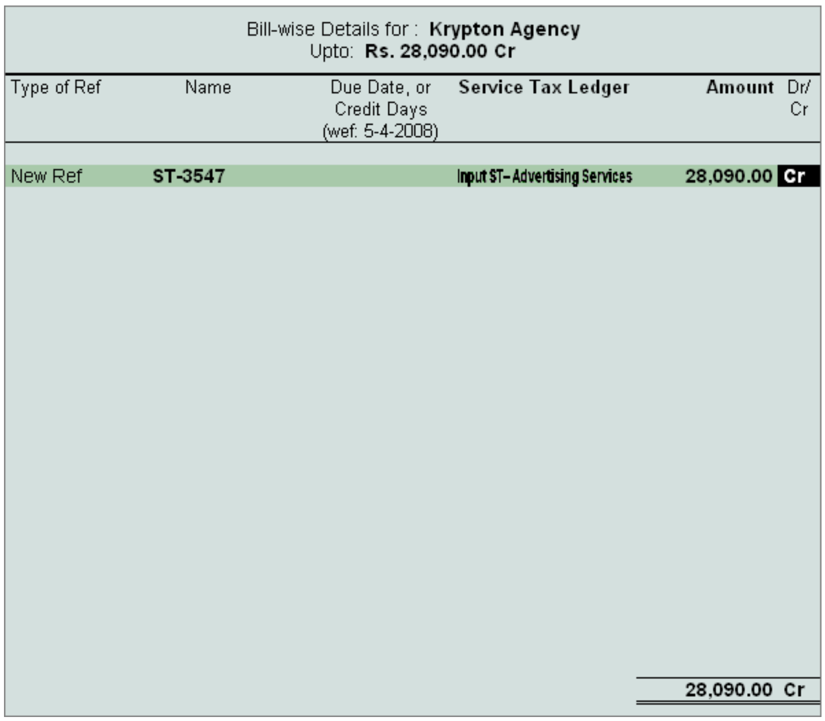



Figure 1.3 Bill–wise Details Screen

10. Accept the **Bill-wise Details** screen

The completed **Purchase Invoice** is displayed as shown.

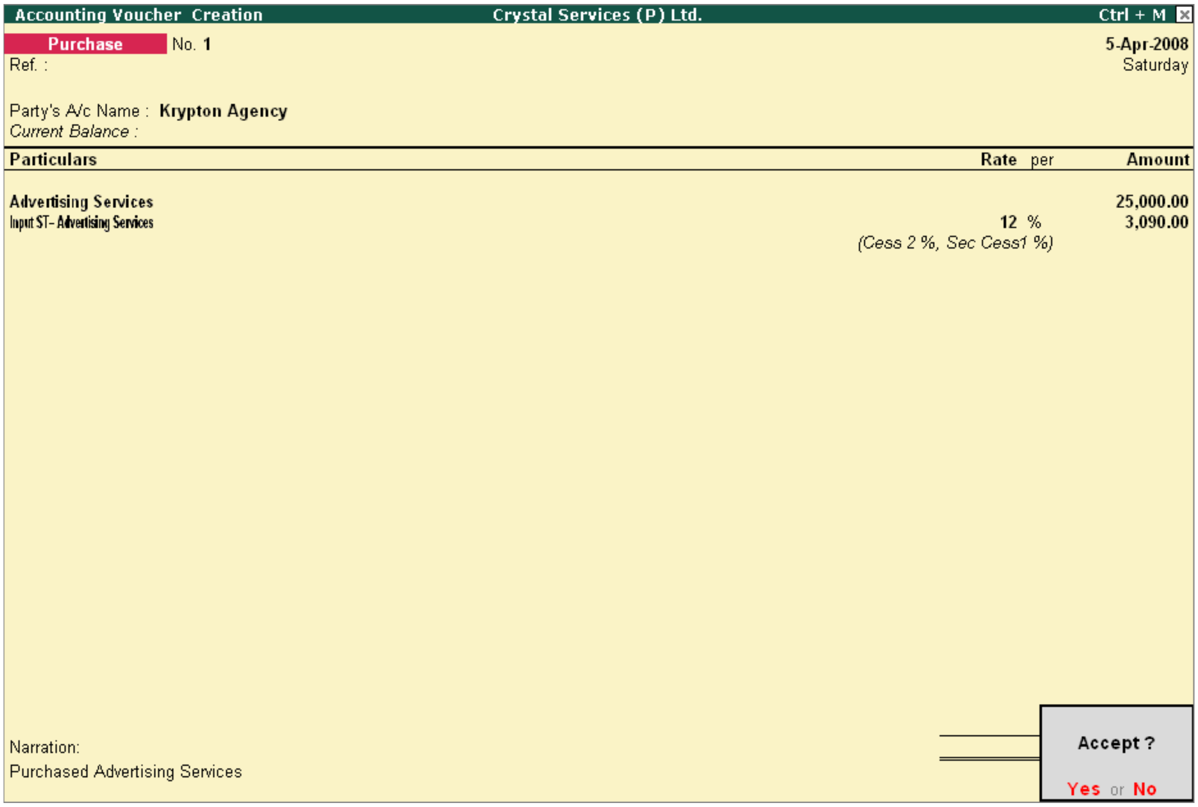



Figure 1.4 Completed Purchase Invoice

11. Press **Enter** to Accept.

## Example 2:

*On April 8, 20008 M/s. Crystal Services (P) Ltd. received a purchase invoice for Placement Services rendered by M/s. Smart Agencies for Rs.50000 with Service Tax @ 12.36%.*

### Create a Purchase Invoice

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **08-04-2008**
3. Select **Smart Agencies** from in **Party's A/c Name**
4. Select **Placement Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 50000** in **Amount** field
6. Select **Input ST – Placement Services** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** Screen

7. Press **Enter** to accept the default **Service Tax-Bill Wise Details** screen.
8. In the **Bill-Wise Details screen**

- Select **New Ref** in **Type of Ref** field and enter **647/ST/08-09** in **Name** Field.
- Select **Input ST – Placement Services** from **List of Service Tax Ledgers** in **Service Tax Ledger** field and press enter to accept the screen.

The completed **Purchase Invoice** is displayed as shown.

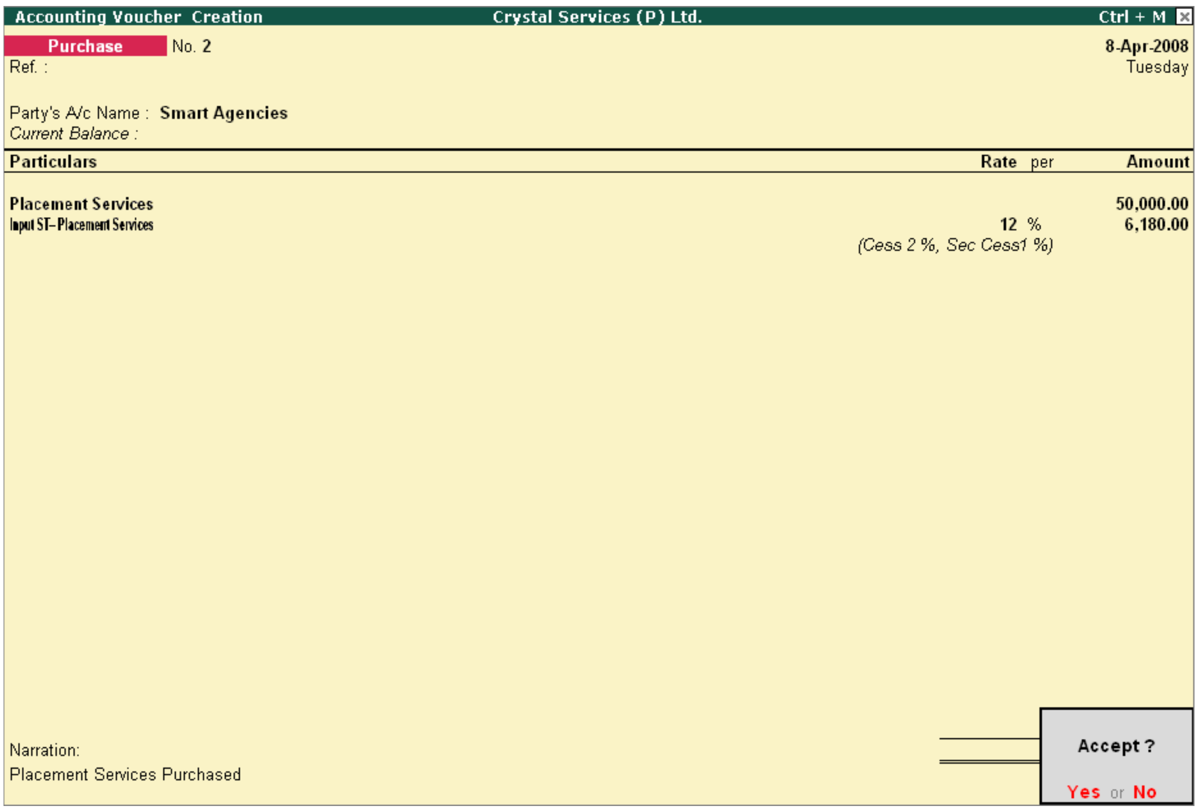



Figure 1.5 Completed Purchase Invoice

9. Press **Enter** to Accept.

**Example 3:**

*On April 13, 20008 M/s. Crystal Services (P) Ltd. received a purchase invoice for Telephone services rendered by M/s. Shreya Communications for Rs.40000/- with Service Tax @ 12.36%.*

**Create a Purchase Invoice**

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **13-04-2008**
3. Select **Shreya communications** from in **Party's A/c Name**
4. Select **Telephone Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 40000** in **Amount** field
6. Select **Input ST – Telephone Services** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** screen
7. Press **Enter** to accept the default **Service Tax-Bill Wise Details** screen.
8. In the **Bill-Wise Details screen**

- Select **New Ref** in **Type of Ref** field and enter **ST 874/08-09** in **Name** Field.
- Select **Input ST – Telephone Services** from **List of Service Tax Ledgers** in **Service Tax Ledger** field and press enter to accept the screen.

The completed **Purchase Invoice** is displayed as shown.

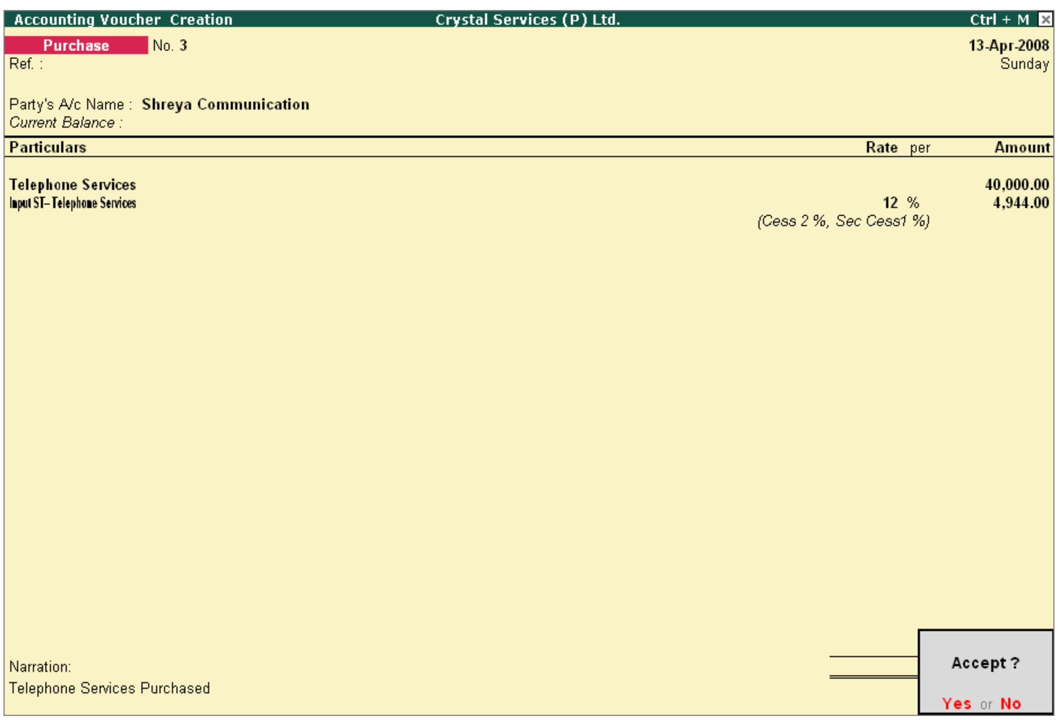



Figure 1.6 Completed Purchase Invoice

9. Press **Enter** to Accept.

# 3.3 Sale of Services

## 3.3.1 Sale of Taxable Services

### Example 4:

*On April 18, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice for Event Management Services rendered to M/s. Karthik Agencies for Rs. 60000 with Service Tax @ 12.36%.*

### Step 1: Create a Sales Invoice

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **18-04-2008**
3. Select **Karthik Agencies** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from List of Ledger Accounts in **Particulars** field
5. Enter **Rs. 60000** in **Amount** field
6. Select **Service Tax @ 12.36%** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** screen
7. In **Service Tax-Bill Wise Details** screen

- The **Service Tax** and the **Cess** percentage and **Amounts** are defaulted automatically.
- In **Service Tax–Bill Wise Details for: Service Tax @ 12.36%** section, **Bill-Wise Details** such as **Type of Ref**, **Name** are defaulted automatically which can be changed to the required reference number.

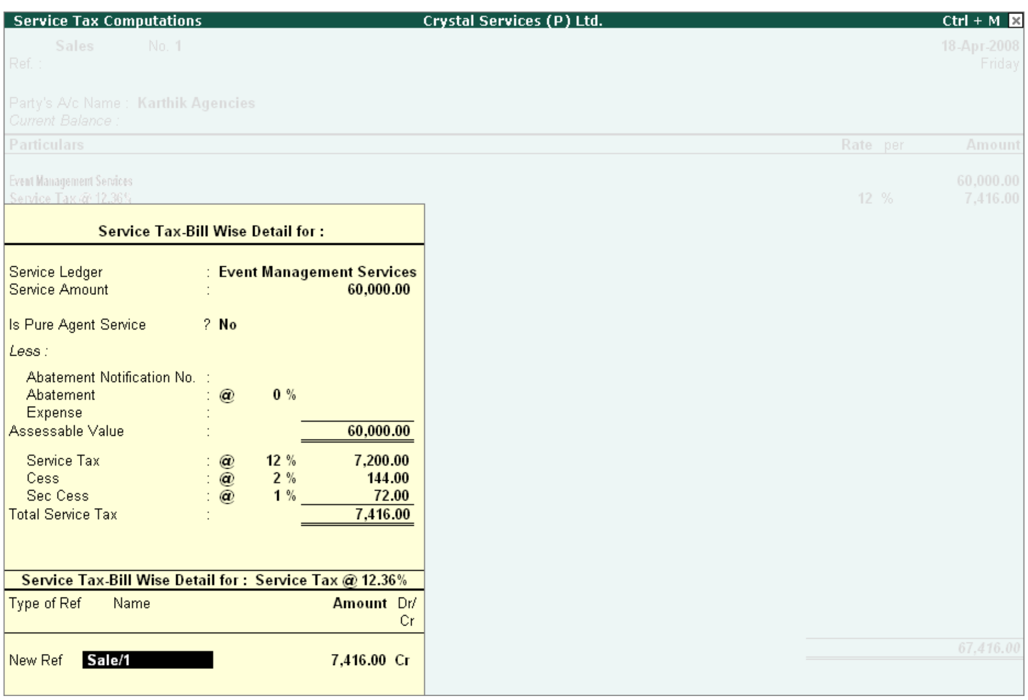



Figure 1.7 Service Tax-Bill Wise Details Screen

8. Accept the **Service Tax–Bill Wise Details** screen
9. In the **Bill-Wise Details** screen

- Select **New Ref** in **Type of Ref** field and enter **654/08-09** in **Name** field.
- Select **Service Tax @ 12.36%** from **List of Service Tax Ledgers** in **Service Tax Ledger** field.
- The bill **Amount** is defaulted automatically.

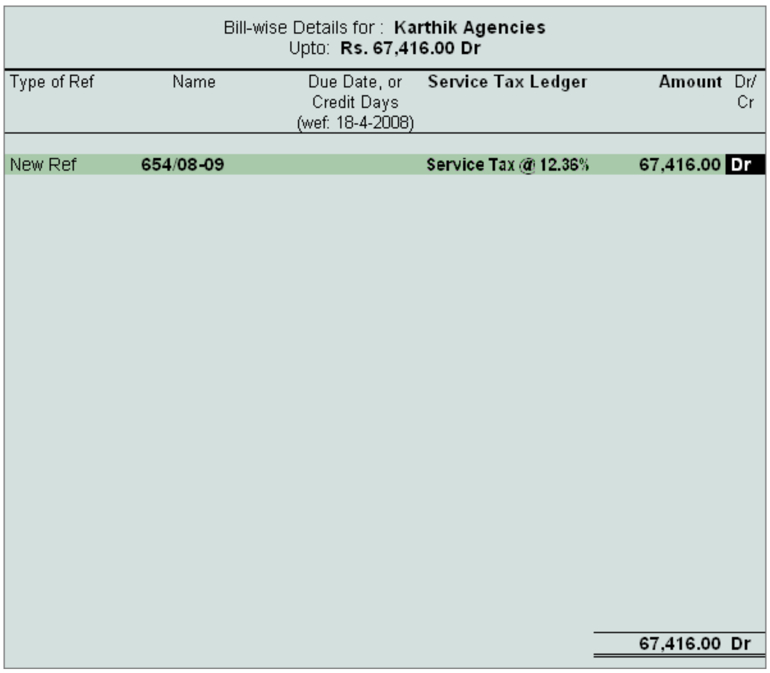



Figure 1.8 Bill–wise Details Screen

10. Press **Enter** to accept the Bill-wise Details screen

The completed **Sales Invoice** is displayed as shown.

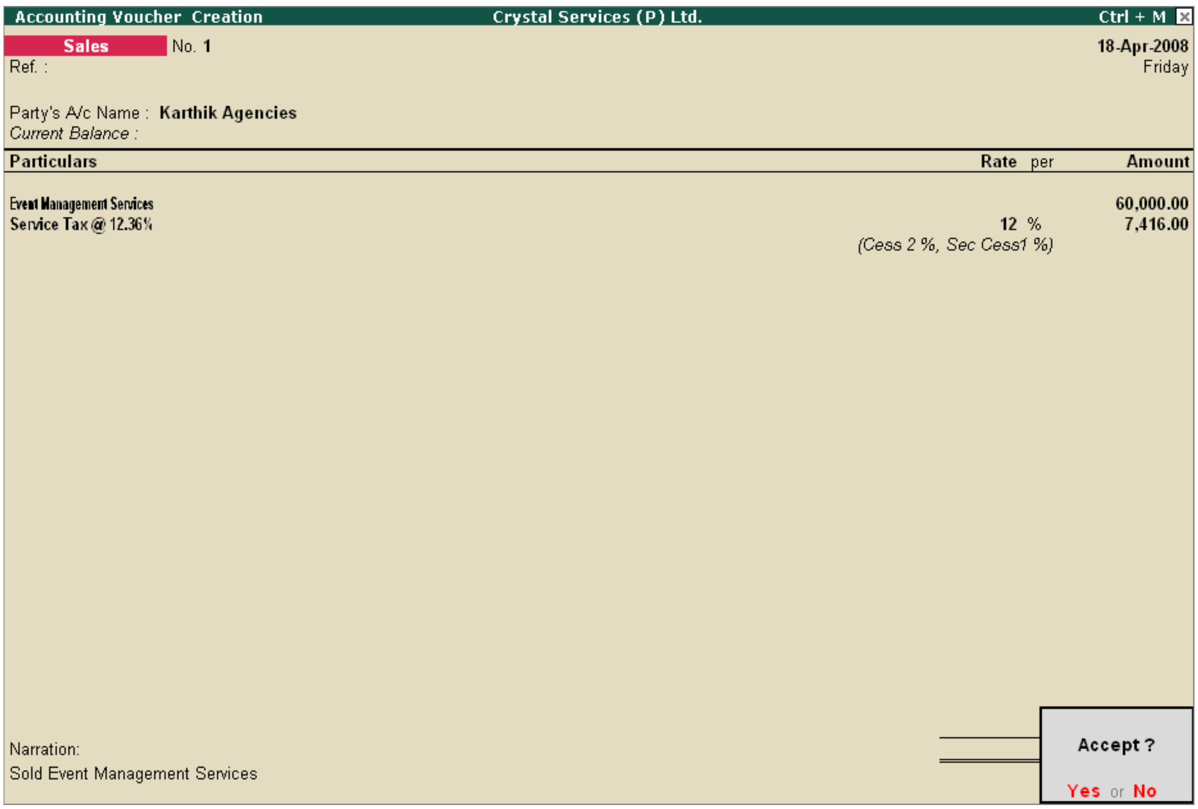



Figure 1.9 Completed Sales Invoice

11. Press **Enter** to Accept.

**Step 2: Printing Service Invoice**

1. Press **Pg Up** from the above voucher entry screen
2. Press **Alt+P,** the **Voucher Printing** screen appears
3. Press **F12: Configure** and

- Enter **INVOICE** in the **Title of the Document** field and ensure other settings are as shown in the screen.

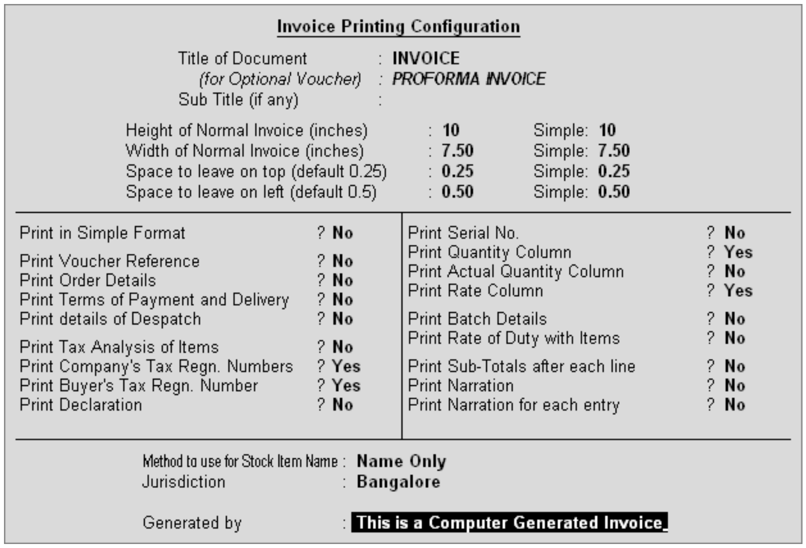
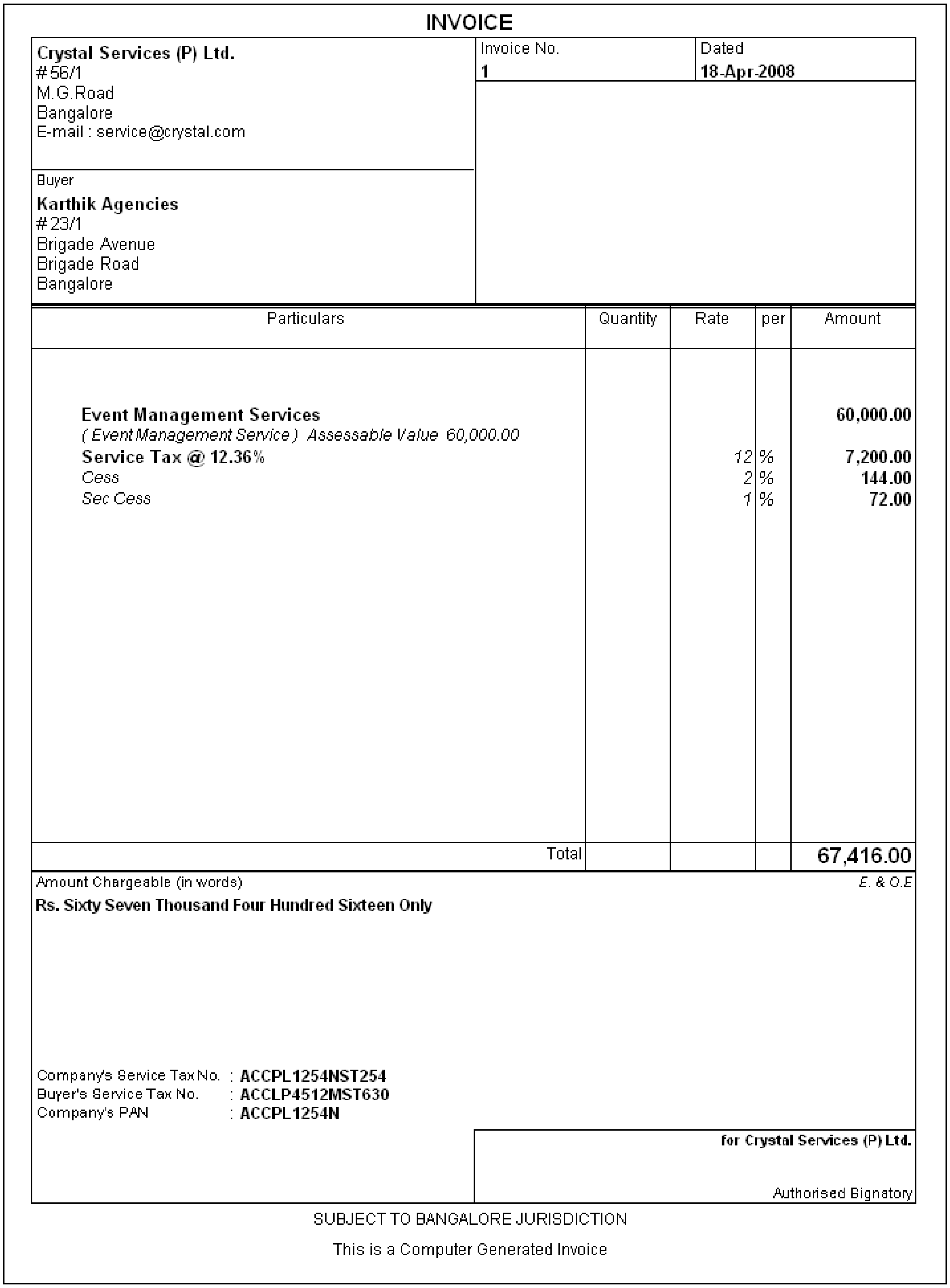



Figure 1.10 Print Configuration Screen

- Press **Ctrl+A** to accept the Invoice Printing Configurations and return to **Voucher Printing** screen

4. Ensure **I: With Preview** option is selected
5. Press **Enter** to print **Service Invoice**

The print preview of **Service Invoice** is displayed as shown



**INVOICE**

**Crystal Services (P) Ltd.**
#56/1
M.G.Road
Bangalore
E-mail : service@crystal.com

| Invoice No. | Dated |
|---|---|
| **1** | **18-Apr-2008** |

Buyer
**Karthik Agencies**
#23/1
Brigade Avenue
Brigade Road
Bangalore

| Particulars | Quantity | Rate | per | Amount |
|---|---|---|---|---|
| **Event Management Services** | | | | **60,000.00** |
| *( Event Management Service ) Assessable Value 60,000.00* | | | | |
| **Service Tax @ 12.36%** | | *12* | % | **7,200.00** |
| *Cess* | | *2* | % | **144.00** |
| *Sec Cess* | | *1* | % | **72.00** |
| Total | | | | **67,416.00** |

Amount Chargeable (in words) *E. & O.E*
**Rs. Sixty Seven Thousand Four Hundred Sixteen Only**

Company's Service Tax No. : **ACCPL1254NST254**
Buyer's Service Tax No. : **ACCLP4512MST630**
Company's PAN : **ACCPL1254N**

**for Crystal Services (P) Ltd.**

Authorised Signatory

SUBJECT TO BANGALORE JURISDICTION

This is a Computer Generated Invoice

Figure 1.11 Print Preview of Service Invoice

### 3.3.2 Sale of Taxable Services with Expenses

**Example 5:**

*On April 25, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice on M/s. Excel Agencies for Rs. 35000 i.e., Rs.30000 as Event Management Services and Rs. 5000 towards Furniture hiring expenses, with Service Tax @ 12.36%.*

**Create a Sales Invoice**

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **25-04-2008**
3. Select **Excel Agencies** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 35000** in **Amount** field
6. Select **Service Tax @ 12.36%** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** Screen
7. In **Service Tax-Bill Wise Details** screen

- Enter **Rs. 5000** in **Expense** field and press enter to accept the screen

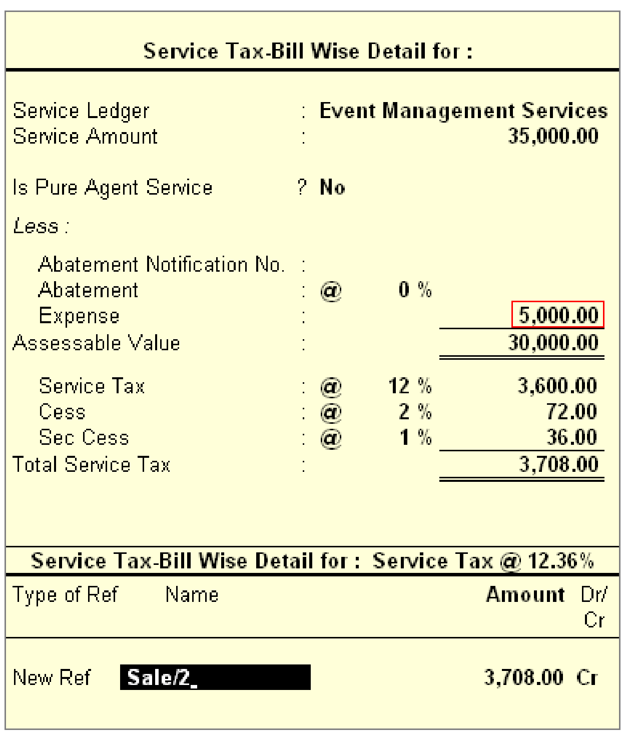



Figure 1.12 Service Tax-Bill Wise Details Screen

8. In the **Bill-Wise Details** screen

- Select **New Ref** in **Type of Ref** field and enter **670/08-09** in **Name** Field.
- Select **Service Tax @ 12.36%** from **List of Service Tax Ledgers** in **Service Tax Ledger** field and press enter to accept the screen.

The completed **Sales Invoice** is displayed as shown.

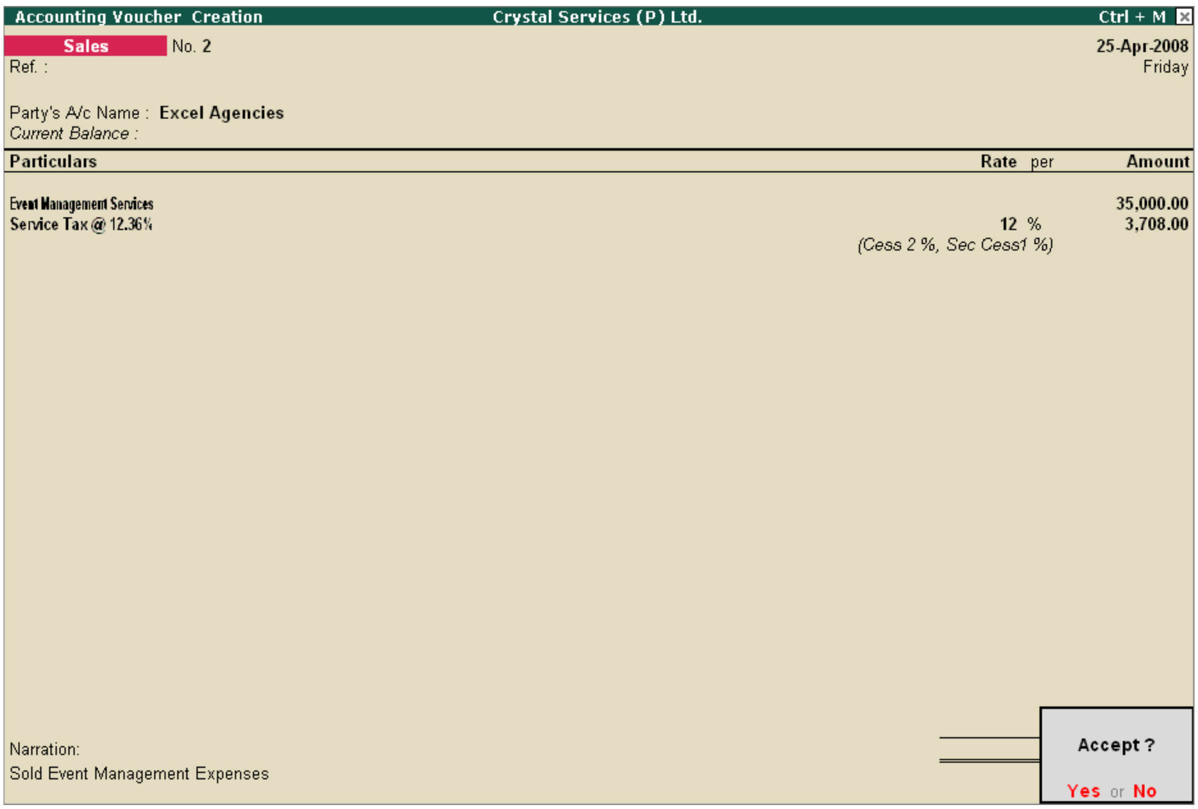



Figure 1.13 Completed Sales Invoice

9. Press **Enter** to Accept.

### 3.3.3 Sale of Taxable Services with Abatement

**Example 6:**

*On April 30, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice for Convention Services rendered to M/s. Karthik Agencies for Rs. 75000 with Service Tax @ 12.36%.*

**Step 1: Create Direct Income Ledger**

| Ledger | Under | Inventory values are affected | Is Service Tax Applicable | Service Category | Is abatement applicable |
|---|---|---|---|---|---|
| Convention Services | Direct Incomes | No | Yes | Convention Service | Yes |

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

1. In the **Name** field enter **Convention Services** as the **Ledger Name**
2. Select **Direct Incomes** group in **Under** field
3. Set **Inventory values are affected** to **No**
4. Set **Is Service Tax Applicable** to **Yes** and press **Enter** to view **Category Name** Screen
5. In **Category Name** Screen select **Convention Service** as **Category Name**
6. Set **Is abatement applicable** to **Yes** and press **Enter** to view **Abatement Details** Screen

The **Abatement Details** screen appears as shown

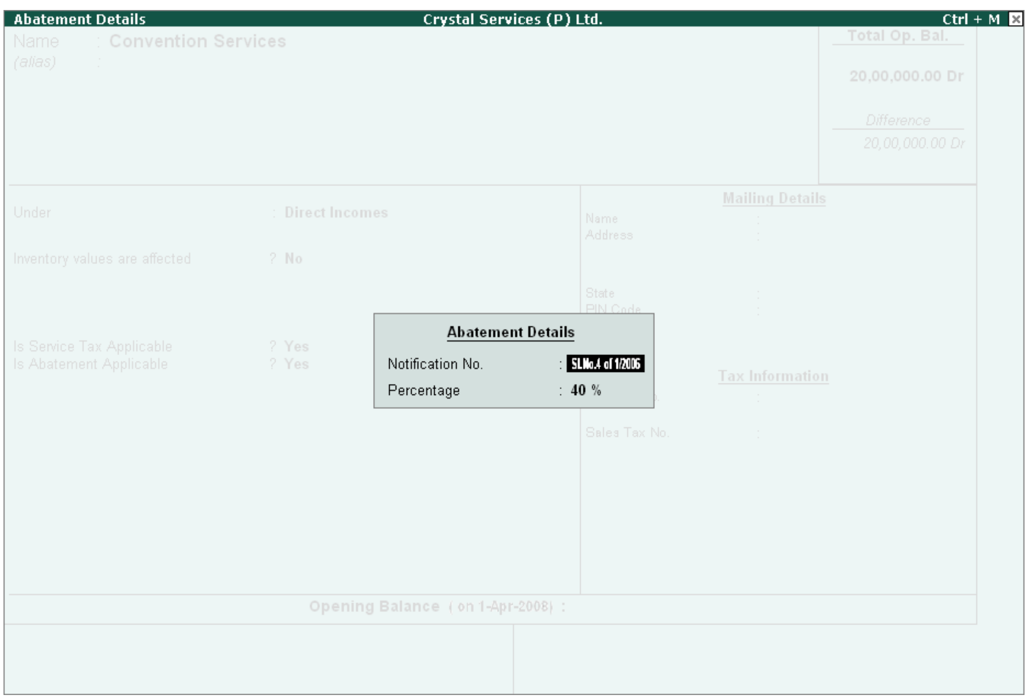



Figure 1.14 Abatement Details Screen

7. In **Abatement Details** screen

- **Notification Number** and **Percentage** are defaulted automatically based on the service category selected.

*In Tally.ERP 9 Notification Number and Abatement Percentage Details are defined in the Service Tax Statutory Masters, **Service Categories**.*

The completed ledger creation screen is displayed as shown

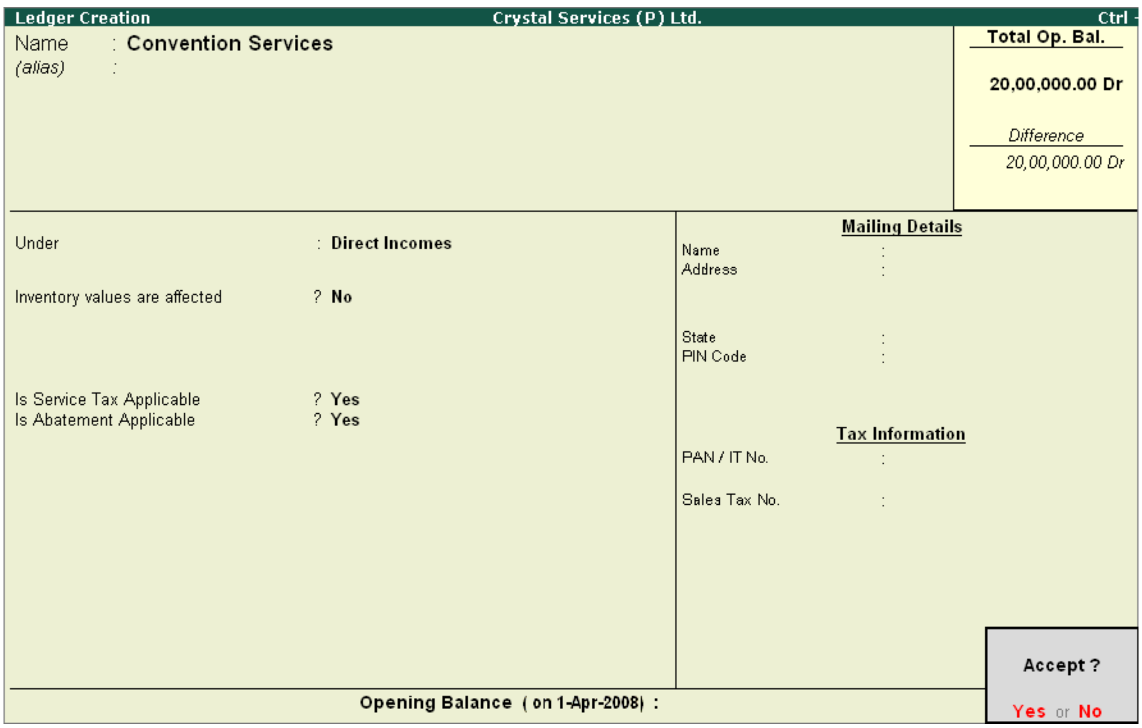



Figure 1.15 Completed Ledger Creation Screen

8. Press **Enter** to accept.

**Step 2: Create Tax Ledger**

| Ledger | Under | Type of Duty/Tax | Category Name | Inventory values are affected |
|---|---|---|---|---|
| Service Tax – Convention Service | Duties & Taxes | Service Tax | Convention Service | No |

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

1. In the **Name** field enter **Service Tax – Convention Service** as the **Ledger Name**
2. Select **Duties & Taxes** group in **Under** field
3. In **Type of Duty/Tax** field select **Service Tax** from Type of Duty/Tax list
4. In **Category Name** field select **Convention Service** from the **List of Service Categories**.
5. Set **Inventory values are affected** to **No**
6. Press **Enter** to accept.

**Step 3: Create a Sales Invoice**

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **30-04-2008**
3. In **Party's A/c Name** field select **Karthik Agencies** from **List of Ledger Accounts**
4. Select **Convention Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 75000** in **Amount** field
6. Select **Service Tax –Convention Service** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax-Bill Wise Details** Screen

The **Service Tax-Bill Wise Details** screen appears as shown

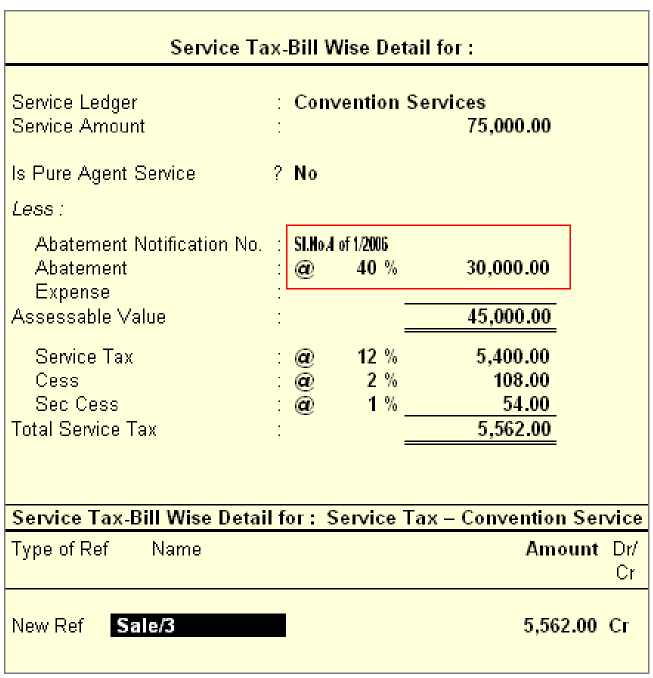



Figure 1.16 Service Tax-Bill Wise Details Screen

*__Service Tax__ is calculated on the __Assessable Value__. Here the Assessable value for the convention Service is arrived by d__educting the abatement amount from the Service Amount__.*

*Abatement amount is calculated @ 40% on Service Amount i.e. Rs 75000*

7. Accept the **Service Tax-Bill Wise Details** screen
8. In the **Bill-Wise Details screen**

- Select **New Ref** in **Type of Ref** field and enter **682/08-09** in **Name** Field.
- Select **Service Tax – Convention Services** from **List of Service Tax Ledgers** in **Service Tax Ledger** field and press enter to accept the screen.

The completed **Sales Invoice** is displayed as shown.

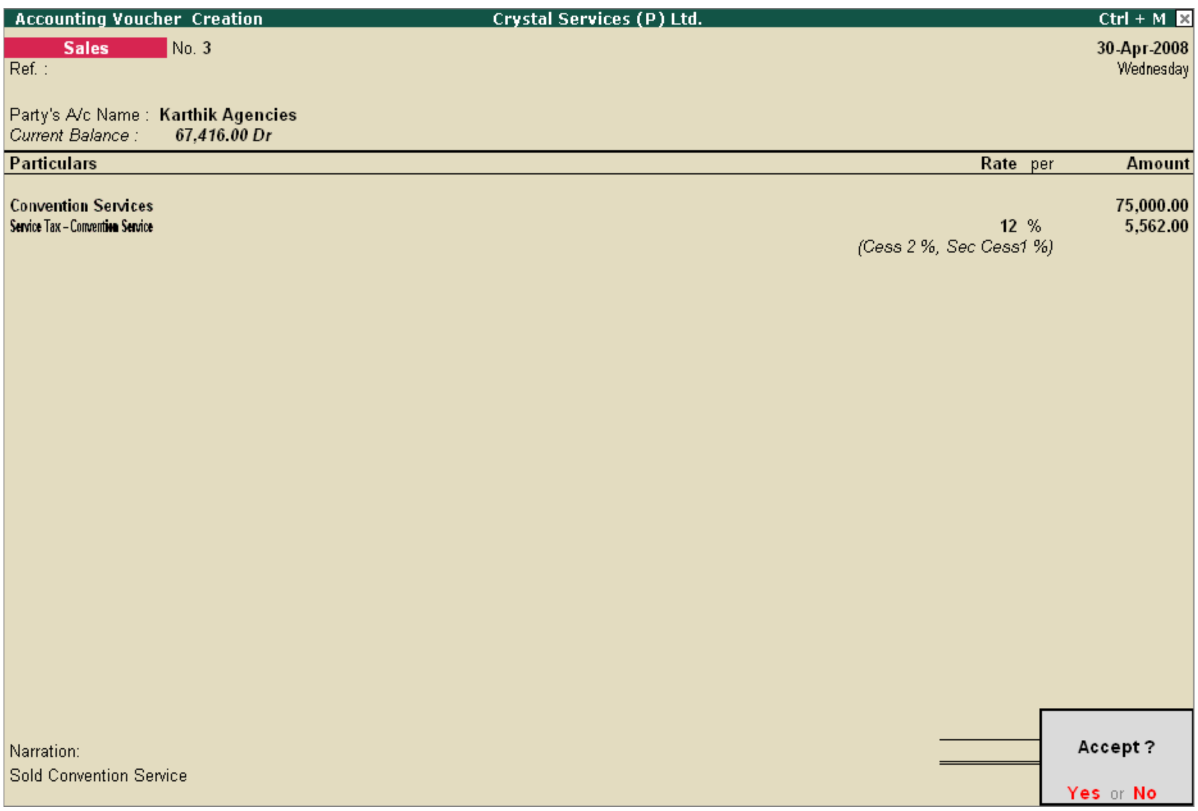



Figure 1.17 Completed Sales Invoice

Press **Enter** to Accept.

## 3.4 Sale of Exempt Services

**Example 7:**

*On May 8, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice for Event Management Services rendered to M/s. AOL Solutions, a unit in Special Economic Zone for Rs. 65000.*

**Step 1: Create Debtors Ledger**

| Ledger | Under | Maintain balances bill-by-bill | Inventory values are affected | Is Service Tax Applicable |
|---|---|---|---|---|
| AOL Solutions | Sundry Debtors | Yes | No | Yes |

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

1. In the **Name** field enter **AOL Solutions** as the **Ledger Name**
2. Select **Sundry Debtors** Group in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes**
4. Set **Inventory values are affected** to **No**
5. Set **Is Service Tax Applicable** to **Yes** and press **Enter** to view **Exemption Details** Screen
6. In **Exemption Details** Screen

- In **Type of Classification** field select **Exempt** from the **Classification** list.
- Enter the **Notification Number**

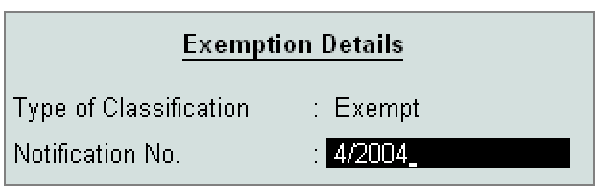



Figure 1.18 Completed Exemption Details Screen

Notes

*As per Notification No 4/2004, dated 31-3-2004 all the services provided to units in Special Economic Zone (SEZ) are exempt from Service Tax.*

7. Enter the **Mailing Details** and **Tax Information**.
8. Enable **Set/Alter Service Tax Details** to **Yes** and enter the **Service Tax No.** and **Service Tax Reg. Date**
9. Press **Enter** to Accept the ledger creation.

### Step 2: Create a Sales Invoice

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **08-05-2008**
3. Select **AOL Solutions** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 65000** in **Amount** field
6. The **Exemption Notification Number** is displayed automatically

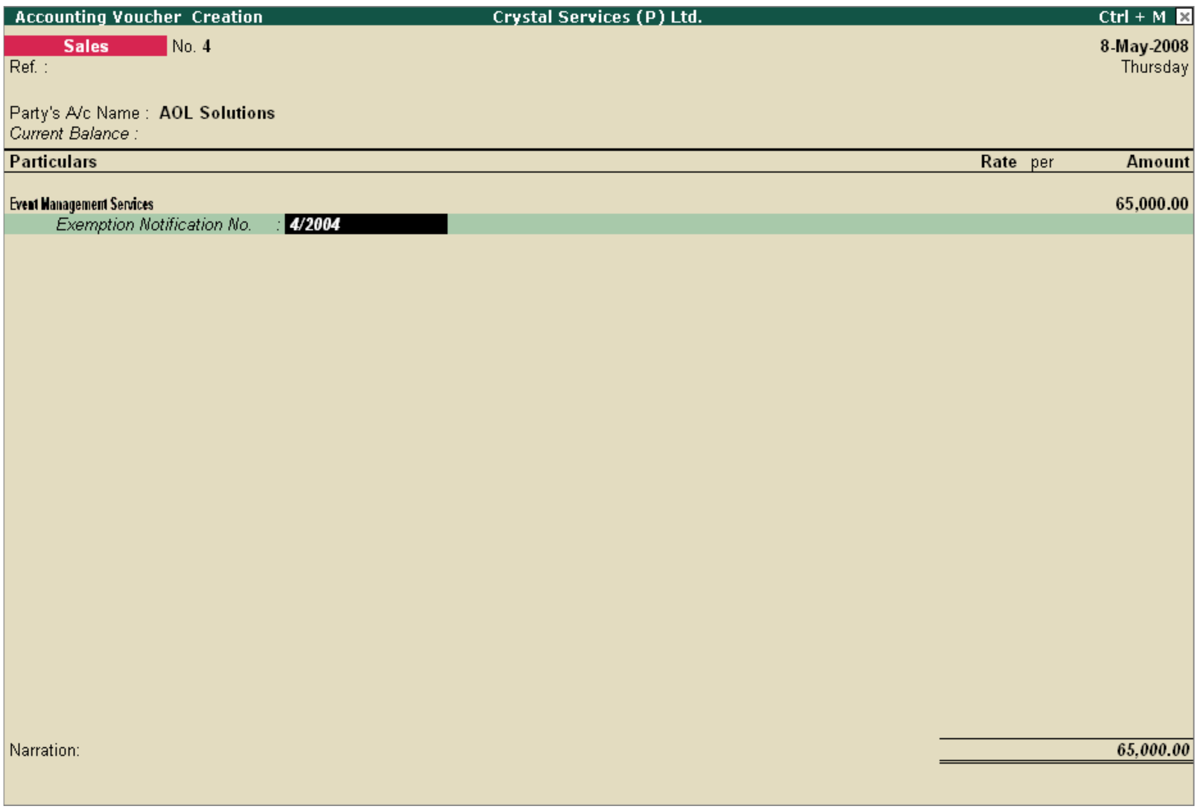



Figure 1.19 Sales Invoice With Exemption Notification Number

7. In **Bill-wise Details** Screen

- Select **New Ref** as **Type of Ref** and enter **765/08-09** in the **Name** field
- Select **Service Tax @ 12.36%** in **Service Tax Ledger** field

*__Service tax ledger__ must be selected in __bill-wise details__ screen for service tax exempt transactions to capture the transaction details in __ST 3 Report__.*

The completed **Sales Invoice** is displayed as shown

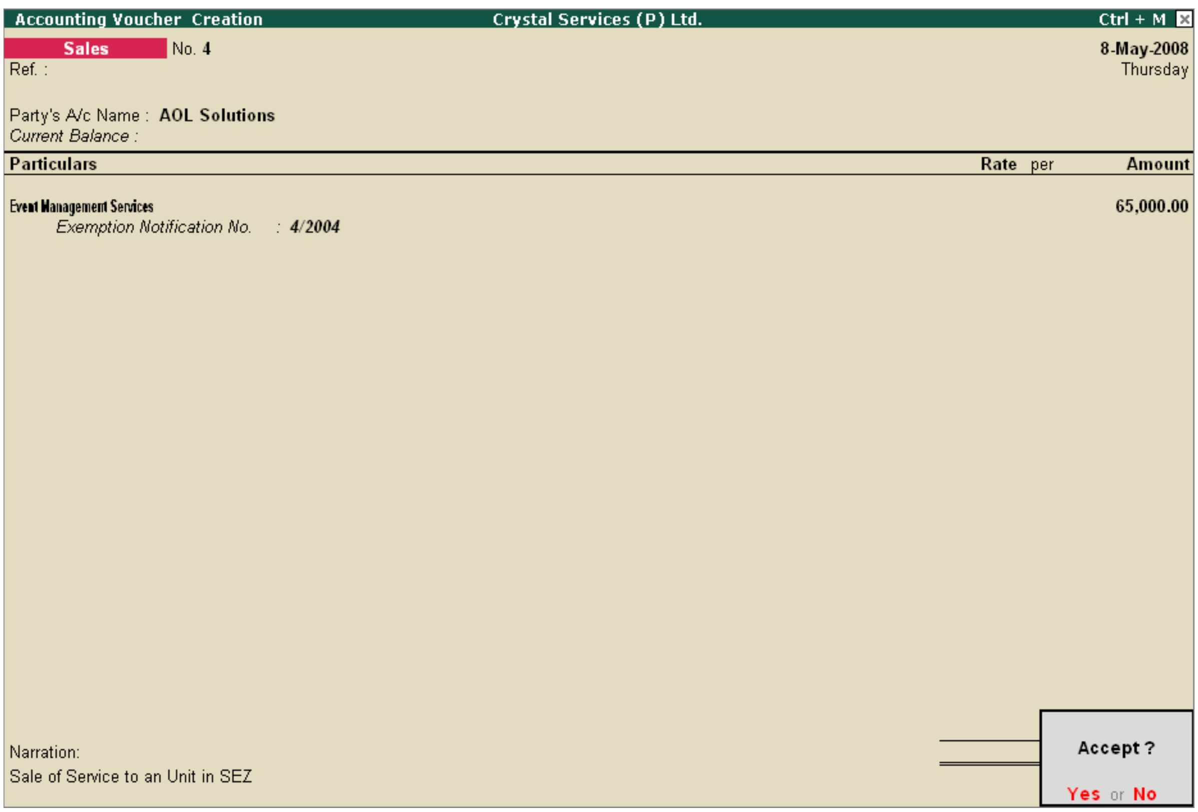



Figure 1.20 Completed Sales Invoice

8. Press **Enter** to Accept.

*The __Exemption Notification No.__ which was entered in the customer ledger master is displayed. This Notification Number can be altered while invoicing.*

## 3.5 Export of Services

**Example 8:**

*On May 20, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice for Event Management Services rendered to M/s. SHOWBIZ, located at Singapore for Rs. 200000.*

**Step 1: Create Debtors Ledger**

| Ledger | Under | Maintain balances bill-by-bill | Inventory values are affected | Is Service Tax Applicable |
|---|---|---|---|---|
| SHOWBIZ | Sundry Debtors | Yes | No | Yes |

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

1. In the Name field enter **SHOWBIZ** as the **Ledger Name**
2. Select **Sundry Debtors** group in the **Under** field
3. Set **Maintain balances bill-by-bill** to **Yes**
4. Set **Inventory values are affected** to **No**
5. Set **Is Service Tax Applicable** to **Yes** and press **Enter** to view **Exemption Details** Screen
6. In **Exemption Details** Screen

- In **Type of Classification** field select **Export** from the **Classification** list.


Figure 1.21 Exemption Details Screen

7. Enter the **Mailing Details** and **Tax Information**
8. Enable **Set/Alter Service Tax Details** to **Yes** and enter the **Service Tax No.** and **Service Tax Reg. Date** if any.
9. Press **Enter** to accept the ledger creation.

### Step 2: Create a Sales Invoice

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **20-05-2008**
3. Select **SHOWBIZ** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 200000** in **Amount** field
6. In **Bill-wise Details** Screen

- Select **New Ref** as **Type of Ref** and enter **830/08-09** in the **Name** field
- Select **Service Tax @ 12.36%** in **Service Tax Ledger** field

The completed **Sales Invoice** is displayed as shown

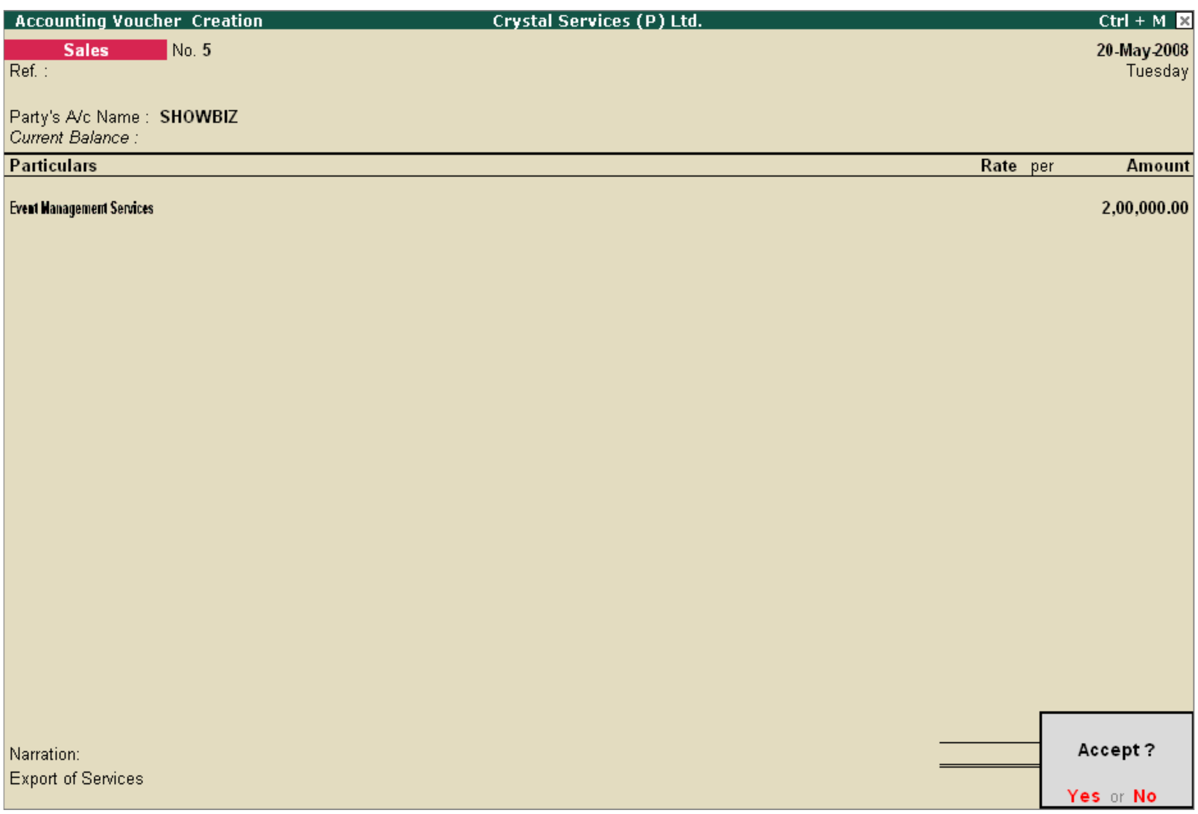



Figure 1.22 Completed Sales Invoice

7. Press **Enter** to Accept.

## 3.6 Sale of Pure Agent Services

**Example 9:**

*On June 10, 20008 M/s. Crystal Services (P) Ltd. raised a sales invoice for Event Management Services rendered to Karthik Agencies for Rs. 150000. Invoice includes the expense of Rs. 25000 incurred by M/s. Crystal Services (P) Ltd. (as an agent) for hiring Dusters.*

**Create a Sales invoice**

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

1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **10-06-2008**
3. Select **Karthik Agencies** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 150000** in **Amount** field
6. Select **Service Tax @ 12.36%** from **List of Ledger Accounts** in **Particulars** field and press enter to view **Service Tax Details** screen
7. In **Service Tax Details** Screen

- Set **Is Pure Agent Service** to **Yes**
- Enter **Rs.25000** (expenses incurred as an agent to hire dusters) in the **Expense** field

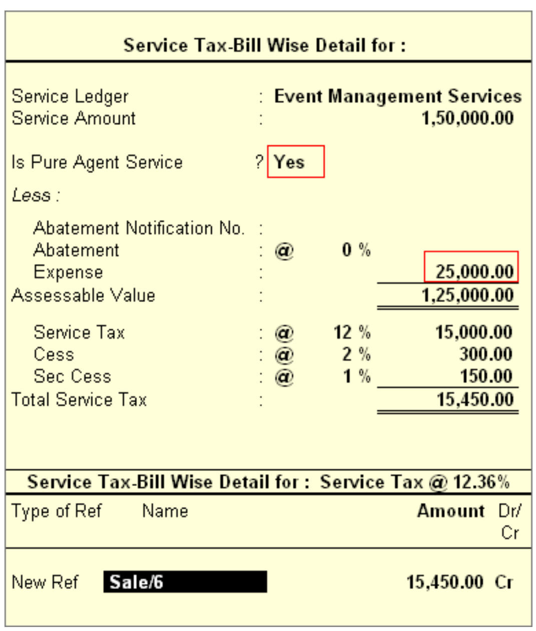



Figure 1.23 Service Tax-Bill Wise Details Screen

8. In **Bill-wise Details** screen

- Select **New Ref** as **Type of Ref** and enter **910/08-09** in the **Name** field
- Select **Service Tax @ 12.36%** in **Service Tax Ledger** field

The completed **Sales Invoice** is displayed as shown

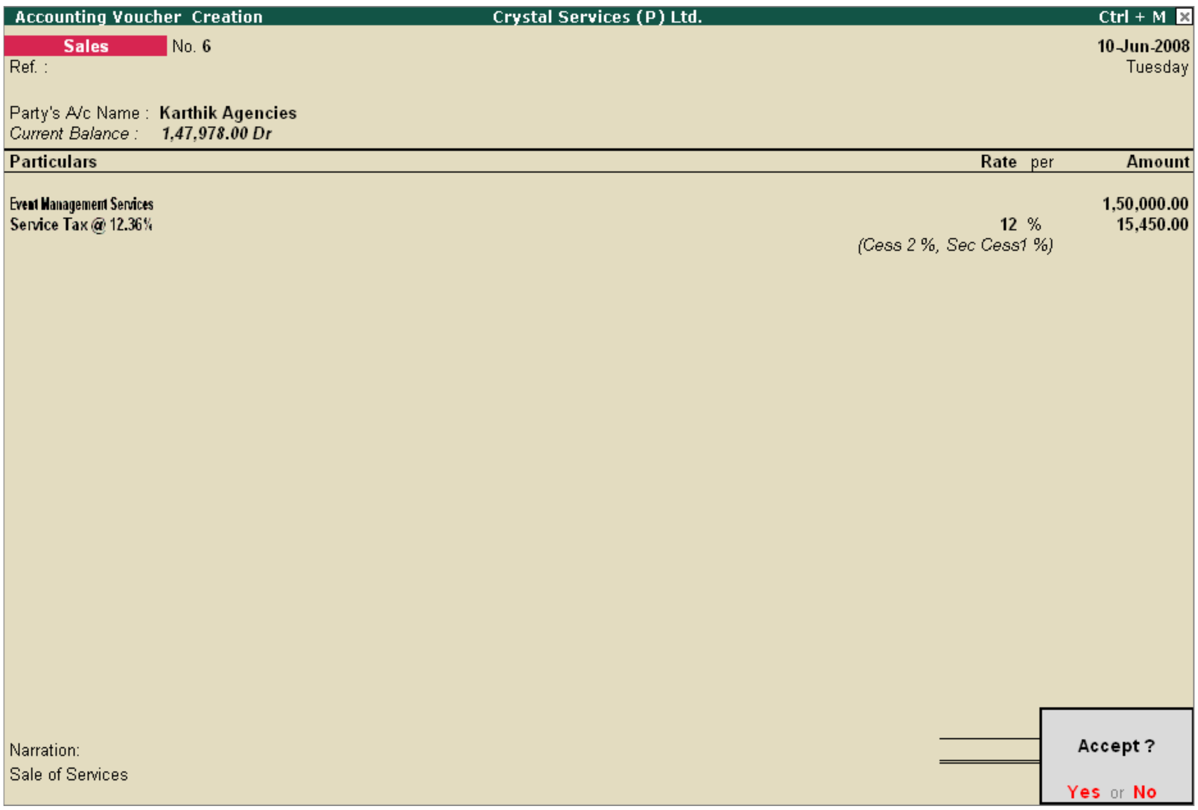



Figure 1.24 Completed Sales Invoice

9. Press **Enter** to Accept

## 3.7 Receipts and Payments

### 3.7.1 Receipts

**1. Receipt of Payment in Full Settlement of Bill**

**Example 10:**

*On June 12, 2008, received Rs.232866 from M/s. Karthik Agencies vide cheque no. 568901 towards sales bills no. 654/08-09 (Rs.67416) and 910/08-09 (Rs.165450).*

**Create a Receipt Voucher**

Go to **Gateway of Tally > Accounting Vouchers** > **F6**: **Receipt**

1. Press **F2** and change date to **12/06/2008**
2. In **Credit** field select **Karthik Agencies** from the **List of Ledger Accounts**
3. Enter **Rs. 232866** in **Amount** field and press enter to view **Bill-wise Details** screen
4. In **Bill-wise Details** screen

- Select **Agst Ref** in the **Type of ref**
- Select the bill **654/08-09** from the **List of Pending Bills** in **Name** field, S**ervice Tax Ledger** and **Amount** are defaulted automatically.
- Press enter and select the **Type of Ref** as **Against Ref** and bill **910/08-09** to default **Service Tax Ledger** and **Amount**.

Completed **Bill-wise Details** screen is displayed as shown.

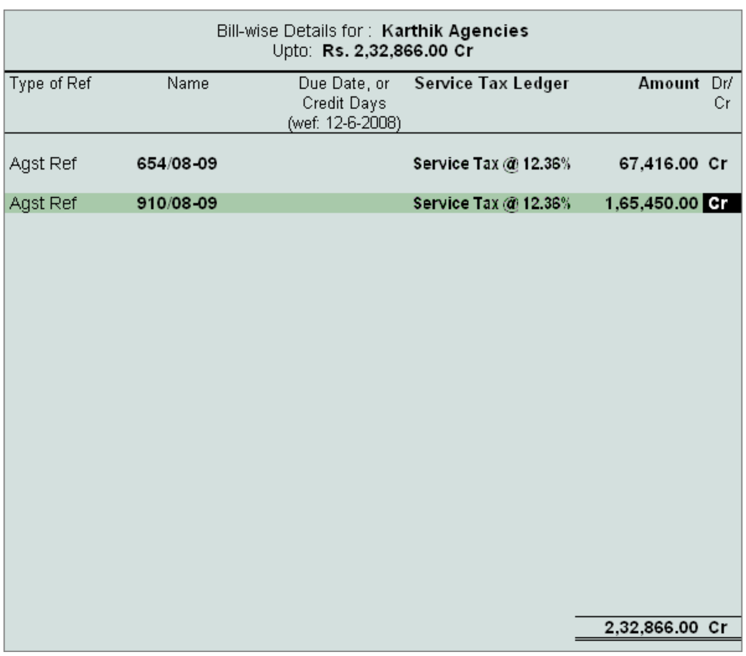



Figure 1.25 Bill-wise Details Screen

*Payment received can be adjusted against any number of pending bills.*

5. Accept the **Bill-wise Details** screen
6. In **Debit** field select **Indian Bank** from the List of Ledger Accounts, **Amount** is defaulted automatically
7. In **Narration** field enter the Cheque Number **568901**.

The completed **Receipt Voucher** is displayed as shown

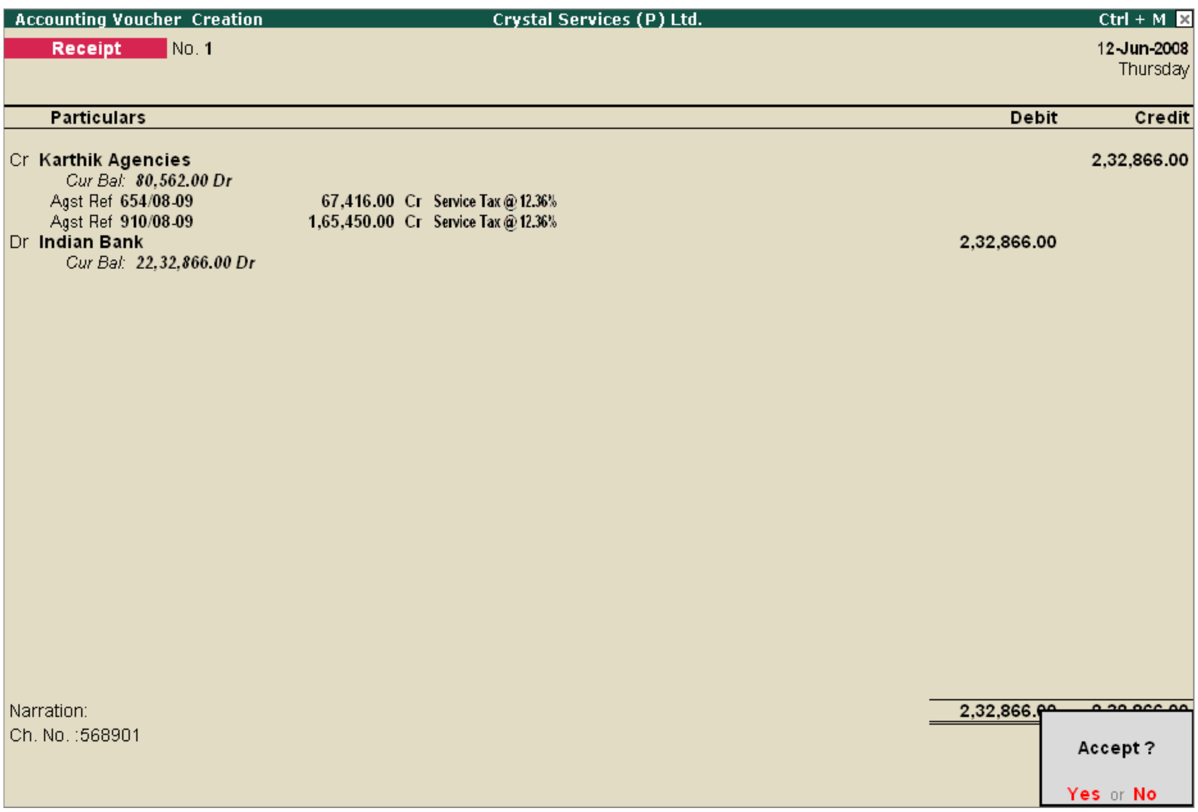



Figure 1.26 Completed Receipt Voucher

8. Press **Enter** to accept.

### 2. Receipt of Payment in Part Settlement of Bill

**Example 11:**

*On June 18, 2008, received Rs.20000 from M/s. Excel Agencies in part settlement of bill no. 670/08-09, vide cheque no. 568905.*

**Create a Receipt Voucher**

Go to **Gateway of Tally > Accounting Vouchers** > **F6**: **Receipt**

1. Press **F2** and change date to **18/06/2008**
2. In **Credit** field select **Excel Agencies** from the **List of Ledger Accounts**
3. Enter **Rs. 20000** in **Amount** field and press enter to view **Bill-wise Details** screen
4. In **Bill-wise Details** screen

- Select **Agst Ref** in the **Type of ref**
- Select the bill **670/08-09** from the **List of Pending Bills** in **Name** field, S**ervice Tax Ledger** and **Amount** are defaulted automatically.

5. Press **Enter** to accept the bill adjustment.
6. In **Debit** field select **Indian Bank** from the **List of Ledger Accounts**, **Amount** is defaulted automatically
7. In **Narration** field enter the **Cheque No. 568905**

The completed **Receipt Voucher** is displayed as shown

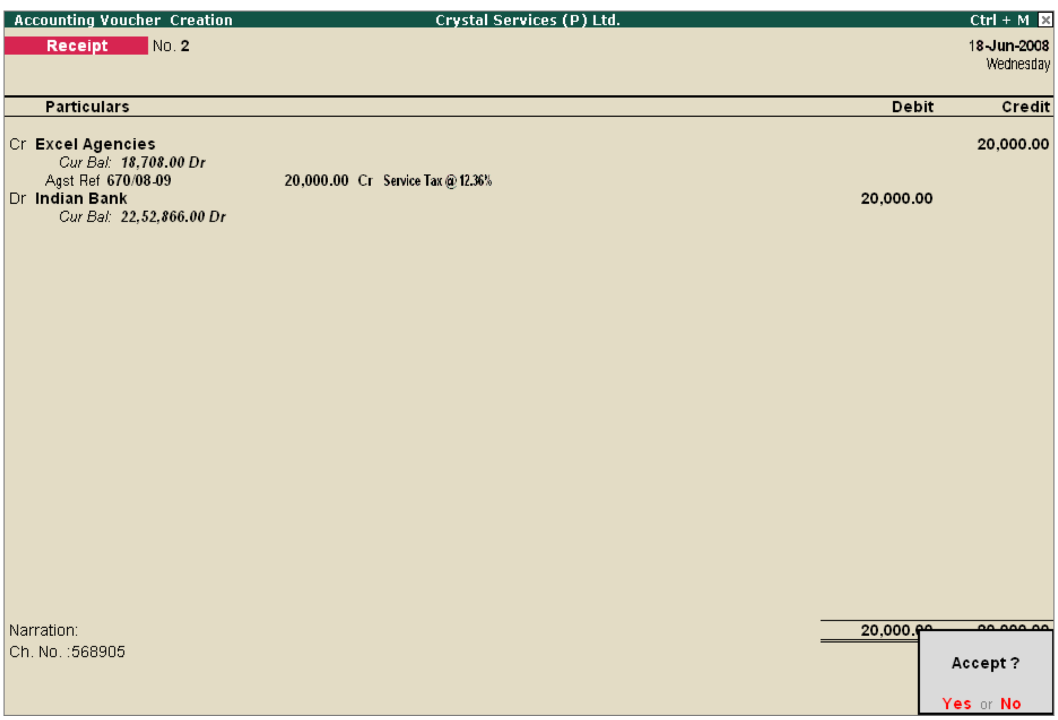



Figure 1.27 Completed Receipt Voucher

8. Press **Enter** to Accept

On receipt of payment against the service bills, Service Tax due to be paid by the company as on a specified date can be viewed in **Service Tax Payable** report.

## 3.7.2 Payments

### 1. Payment in Full Settlement of Bill

**Example 12:**

*On June 20, 2008, payment of Rs.56180 is made towards bill no. 647/ST/08-09 to M/s. Excel Agencies towards the purchase of Placement Services including Service Tax of 12.36%, vide cheque no. 541232.*

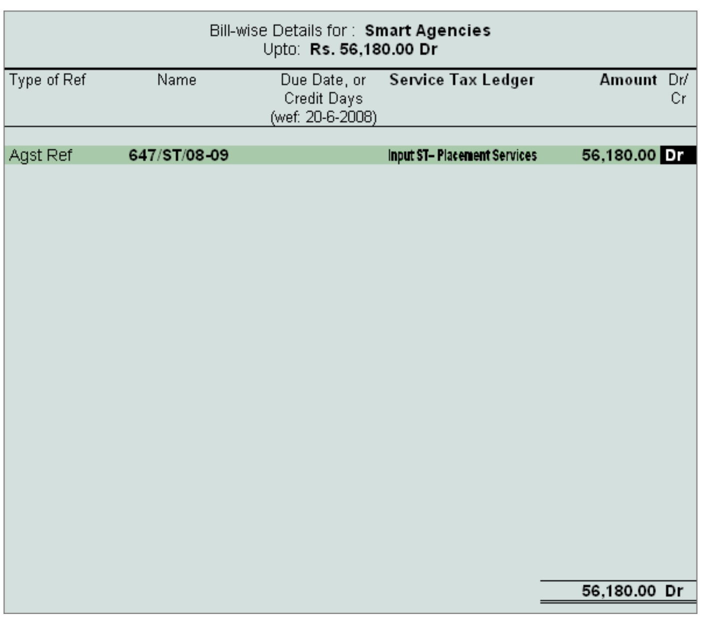
**Create a Payment Voucher**

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

1. Press **F2** and change date to **20/06/2008**
2. In **Debit** field select **Excel Agencies** from the **List of Ledger Accounts**
3. Enter **Rs. 56180** in **Amount** field and press enter to view **Bill-wise Details** screen
4. In **Bill-wise Details** screen

- Select **Agst Ref** in the **Type of Ref**
- Select the bill **647/ST/08-09** from the **List of Pending Bills** in **Name** field, S**ervice Tax Ledger** and **Amount** are defaulted automatically.

The **Bill-wise Details** screen is displayed as shown.



Bill-wise Details for : **Smart Agencies**
Upto: **Rs. 56,180.00 Dr**

| Type of Ref | Name | Due Date, or Credit Days (wef: 20-6-2008) | Service Tax Ledger | Amount | Dr/ Cr |
|---|---|---|---|---|---|
| Agst Ref | 647/ST/08-09 | | Input ST- Placement Services | 56,180.00 | Dr |
| | | | | 56,180.00 | Dr |

Figure 1.28 Bill-wise Details Screen

5. Accept the **Bill-wise Details** screen

6. In **Credit** field select **Indian Bank** from the List of Ledger Accounts, **Amount** is defaulted automatically
7. In the **Narration** field enter the **Cheque No. 541232**.

The completed **Payment Voucher** is displayed as shown

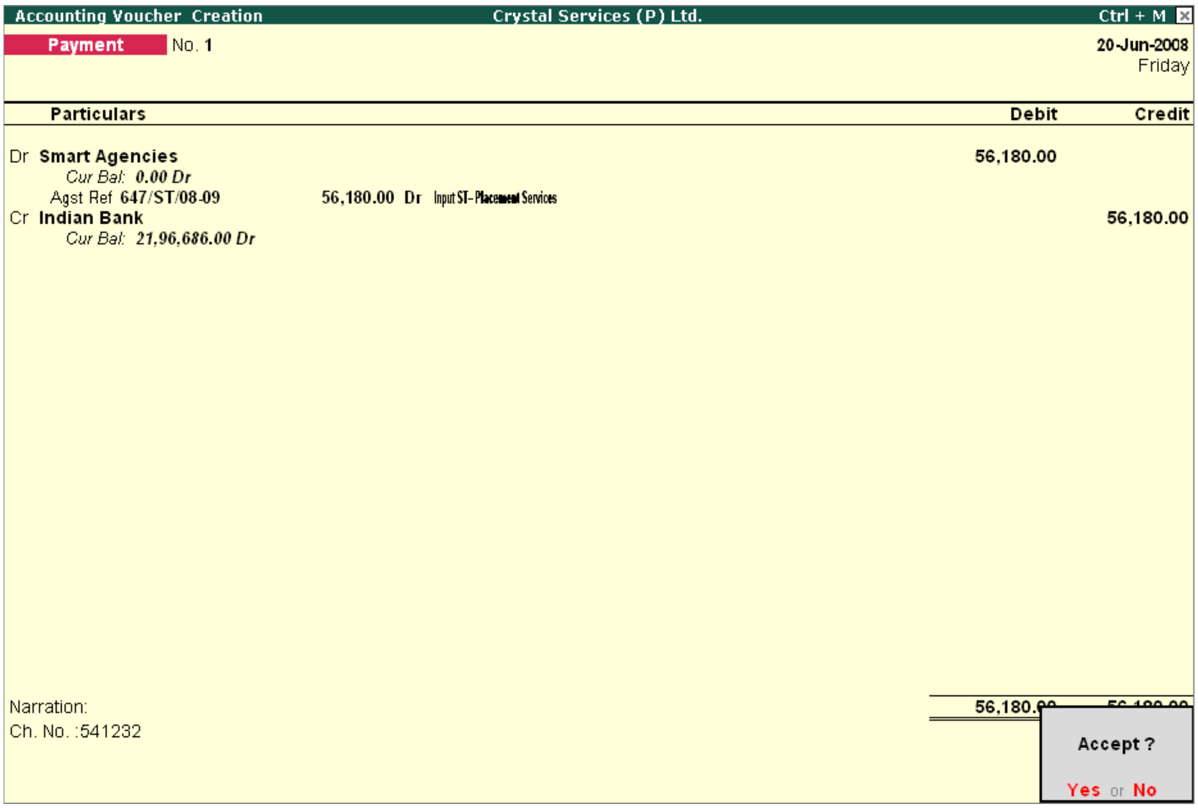



Figure 1.29 Completed Payment Voucher

8. Press **Enter** to accept.

**2. Payment in part settlement of bill**

**Example 13:**

*On June 26, 2008, part payment of Rs.35000 is made towards bill no. ST 874/08-09 to M/s. Shreya Communication including Service Tax of 12.36%, vide cheque no. 541356.*

**Create a Receipt Voucher**

Go to **Gateway of Tally > Accounting Vouchers** > **F6**: **Receipt**

1. Press **F2** and change date to **26/06/2008**
2. In **Debit** field select **Shreya Communication** from the **List of Ledger Accounts**
3. Enter **Rs. 35000** in **Amount** field and press enter to view **Bill-wise Details** screen

4. In **Bill-wise Details** screen

- Select **Agst Ref** in the **Type of ref**
- Select the bill **ST 874/08-09** from the **List of Pending Bills** in **Name** field, S**ervice Tax Ledger** and **Amount** are defaulted automatically.

5. Accept the **Bill-wise Details** screen
6. In **Credit** field select **Indian Bank** from the List of Ledger Accounts, **Amount** is defaulted automatically
7. In the **Narration** field enter the Cheque No. **541356**

The completed **Payment Voucher** is displayed as shown

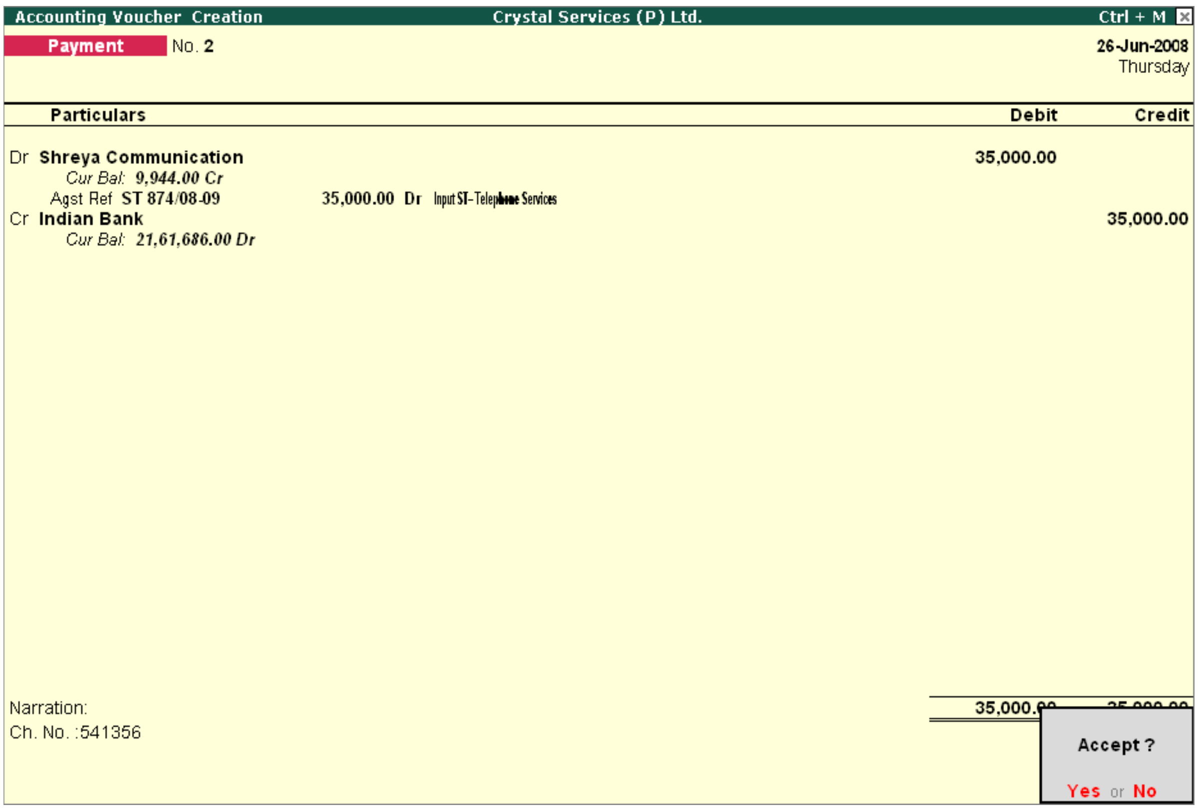



Figure 1.30 Completed Payment Voucher

8. Press **Enter** to Accept

On payment of service purchase bills, **Input credit** available with the company as on a specified date can be viewed in **Input Credit Form** Report.

## 3.8 Service Tax Credit

The mechanism of offsetting the input tax credit against the tax payable on output services benefits both the Taxpayer and the Tax Department.

This System

- promotes transparency.
- Reduces the cascading effect of taxes.
- Ensures greater tax compliance.
- Increases competitiveness in the service sector.
- Reduces immediate tax liability.
- Minimises disputes in service tax administration.

As per sec 2 (c) of Service Tax Credit Rules 2002, “Input Service means any taxable service received or consumed by a service provider in relation to rendering of Output Service”.

The service provider shall take credit only on that portion of input service, which is intended for use in relation to rendering output services, which are chargeable to service tax. The balance tax amount payable is remitted to the Govt. In case of any service tax credit availed on Input Service, enclose the Proforma in terms of rule 5(4) of the Service Tax Credit Rules, 2002 along with the ST-3 Challan.

In case of wrong availing of credit or in cases where Service Tax has not been paid, the Service Tax credit will be recoverable and penal provisions will be applicable.

### 3.8.1 Documents prescribed for availing credit of Service Tax:

According to the Service Tax Rules, the burden of proof regarding the admissibility of service tax credit lies upon the person taking such credit.

Therefore a Service Tax Assessee is required to maintain the following documents as evidence to claim the credit:

1. An invoice, bill or challan issued by the provider of Input Service containing the following details:
   - The name, address and registration number of the providers of the Input Service.
   - The name and address of the person receiving taxable service.
   - Description, classification and value of taxable service provided.
   - The Service Tax payable thereon.
2. Receipt issued by the Input Service provider with respect to payment made.

### 3.8.2 Adjustment of Excess Service Tax paid (Rule 6(3))

The amount refunded for non providing of the service for which service tax was paid on receipt of such money can be adjusted against the liability of the subsequent period U/S 6(3). This adjustment entry can be recorded in Journal using the voucher class by selecting Service tax Adjustment U/S 6(3).

### 3.8.3 Adjustment of Excess Service Tax paid (Rule 6(4A))

Any amount paid in excess of the liability in any month or quarter can be adjusted against subsequent month or quarter subject to conditions U/S 6(4A). This adjustment entry can be recorded in Journal using the voucher class by selecting Service tax Adjustment U/S 6(4A).

Notes

*Assessee needs to produce the source documents to claim the benefit of credit adjustment **U/S 6(3)** and **U/S 6(4A)**. The source document details can be viewed in **ST3 Report** under **section 4B**.*

## 3.9 Payment of Service Tax

Service Tax is payable on the ‘value of services’. The value of a service is the gross amount charged by the service provider for the service rendered by him. Service Tax is payable only on Amount received towards the taxable services, and not on the billed amount.

As per Rule 6 (1), when the assessee is a Non-corporate bodies such as individuals, proprietary firms and partnership firms pay service tax for the fiscal quarter. The payment is to be made by the 5th day of the month, following the quarter. For example, service tax for the quarter ending June 30, is to be paid by July 5th. In case of a corporate, service tax is payable on a monthly basis by the 5th of the following month. For example, service tax has to be paid by January 5, for the month of December.

GAR–7 Challan is used to make Service Tax payment to the Government.

### 3.9.1 . Payment Using GAR-7 Challan

**Example 14:**

*On JUly 5, 2008, Crystal Services (P) Ltd., paid Service Tax of Rs.7416 towards Event Management Services, vide cheque no. 056330 for the month of June, 2008.*

**Step 1: Create a Payment Voucher**

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

1. Press **F2** and change date to **05/07/2008**
2. In **Debit** field select **Service Tax @ 12.36%** from the **List of Ledger Accounts** and press enter to view **Service Tax Bill Details** screen.
3. In **Service Tax Bill Details** Screen

- Select **Agst Ref** in **Type of Ref** field
- Select **Sale/1** from the **List of Service Tax Bills** in the **Name** field, **service tax payable amount** of the selected bill will be defaulted automatically.

The **Service Tax Bill Details** screen is displayed as shown

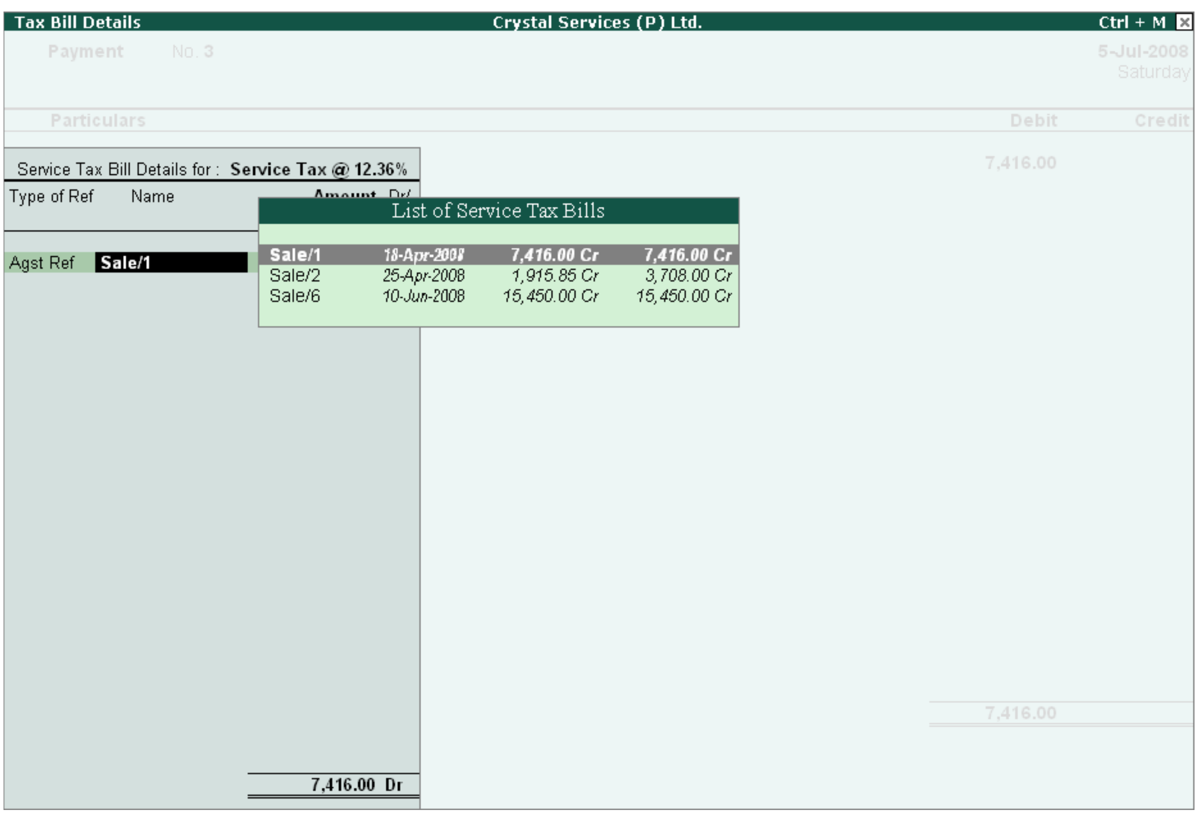



Figure 1.31 Service Tax Bill Details Screen

4. Bill amount will be defaulted in the **Amount** column
5. Accept the **Service Tax Bill Details** screen
6. In **Credit** field select **Indian Bank** from the **List of Ledger Accounts** and the amount is defaulted automatically
7. Set **Provide Details** to **Yes** and press enter to view **Payment Details** screen

The **Payment Details** screen is displayed as shown

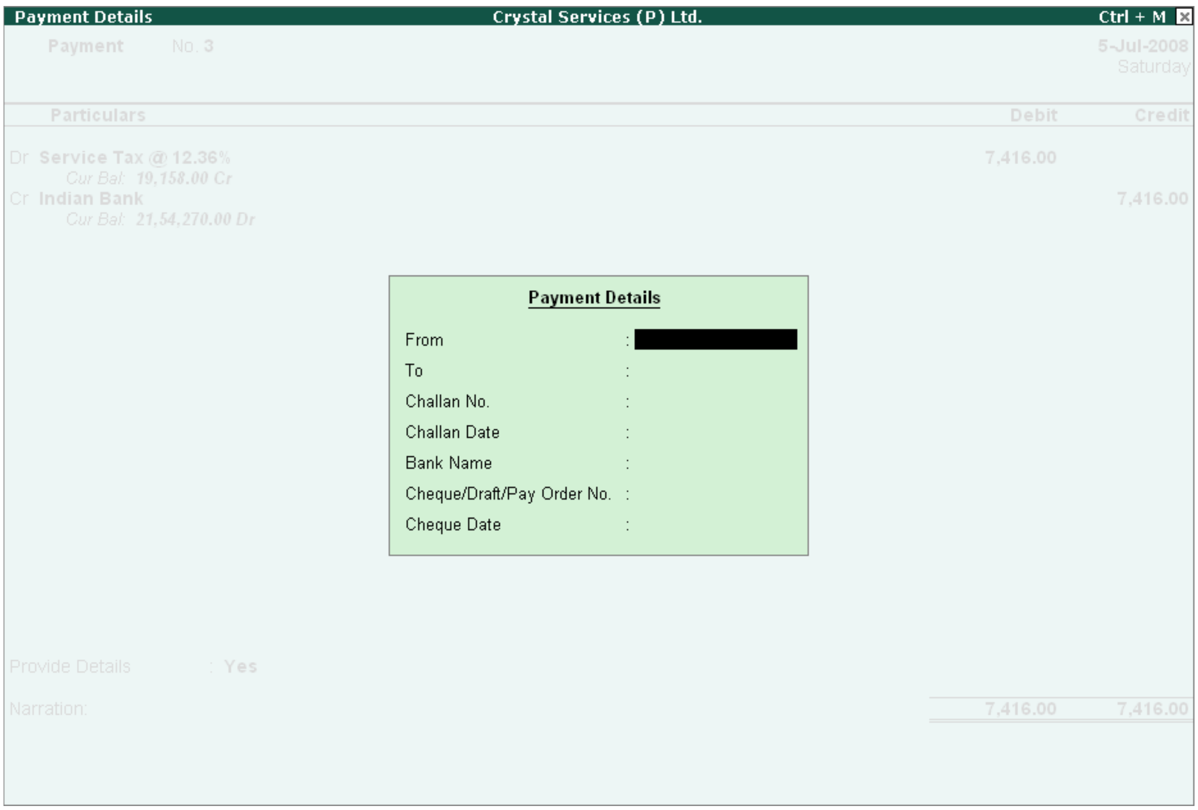



Figure 1.32 Payment Details Screen

8. In **Payment Details** Screen

- In **From** and **To** date field mention the period for which the Service Tax payment is made.
- Enter the challan number and date in the **Challan Number** and **Challan Date**
- Specify the **Bank Name**, **Cheque/Draft/Pay Order No.** and **Cheque Date**

The completed **Payment Details** screen is displayed as shown

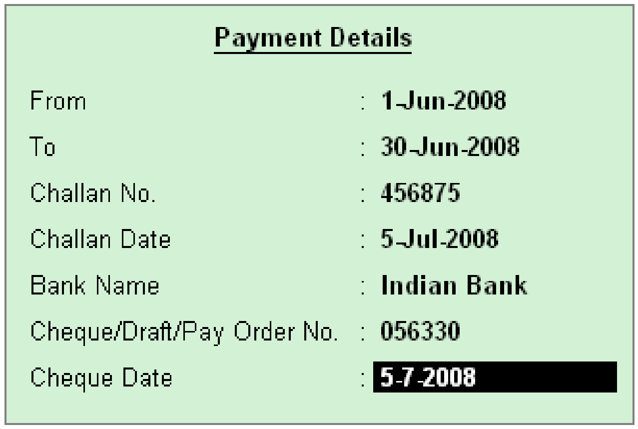



Figure 1.33 Payment Detail Screen

9. Press **Enter** to accept the Payment Details screen
10. Enter the cheque number in the **Narration** field

The completed **Payment Voucher** is displayed as shown

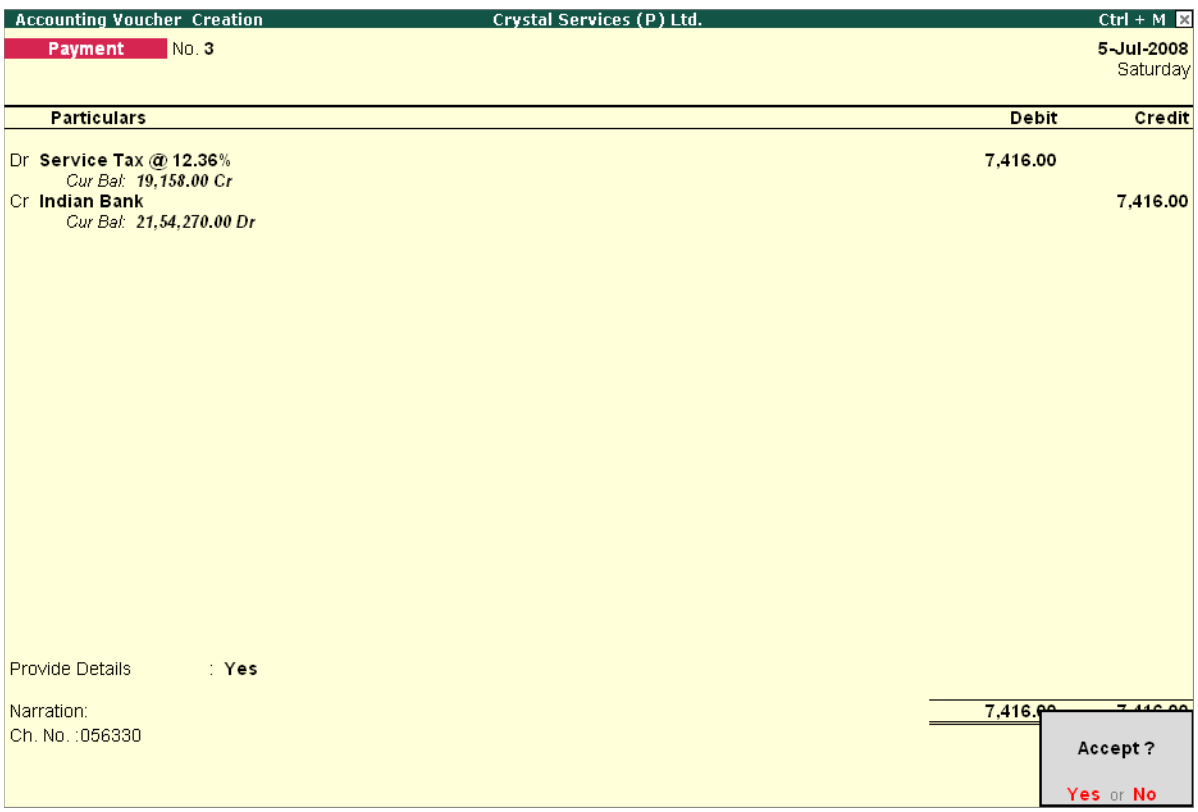



Figure 1.34 Completed Payment Voucher

11. Press **Enter** to Accept.

**Step 2: Print GAR–7 Challan**

GAR–7 Challan was introduced effective from Apr 2007 for payment of Service Tax and other duties. This challan replaces the earlier **TR-6** used for payments.

The assessee has the option of making the payment of tax either through physical mode of filling out the challan and paying the duty in the designated bank branch or login into the Netbanking facility.

In the physical mode the assessee generates the **GAR 7** using the feature in Tally.ERP 9. This challan contains details of viz., name, address, contact info and Commissionerate. It also contains amount of duties remitted with corresponding codes into the designated bank.

In the electronic mode, the assessee logs into the Netbanking facility, fills out the payment details and submits it electronically. A instant cyber receipt is generated by the payment facility. The bank mails the acknowledgement to the assessee at its address the next day after payment. The assessee can also view the details of the payment by logging into the website **www.nsdl.co.in** and submitting the 20 digit **CIN** mentioned in the acknowledgement sent by the bank.

While filing ST-3 Form, copies of the **GAR 7** Challan should be attached.

To print **GAR–7 Challan**

1. Press **Pg Up** from the above voucher entry screen
2. Press **Alt+P,** the **Voucher Printing** screen appears

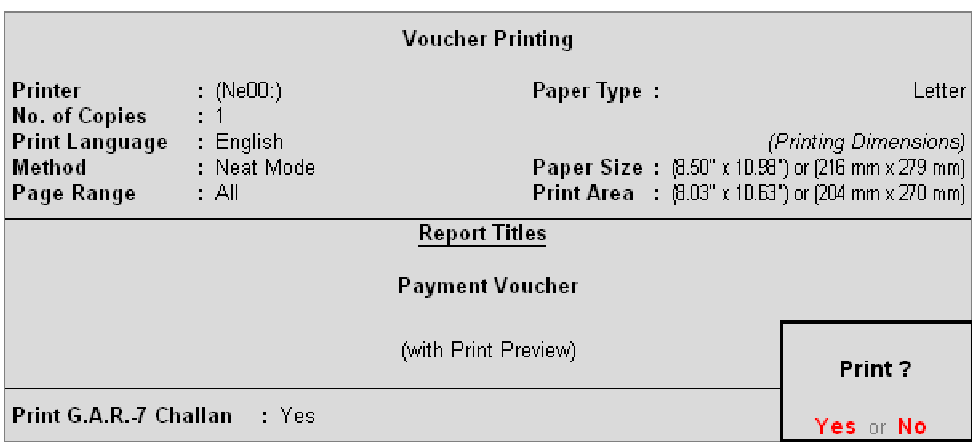
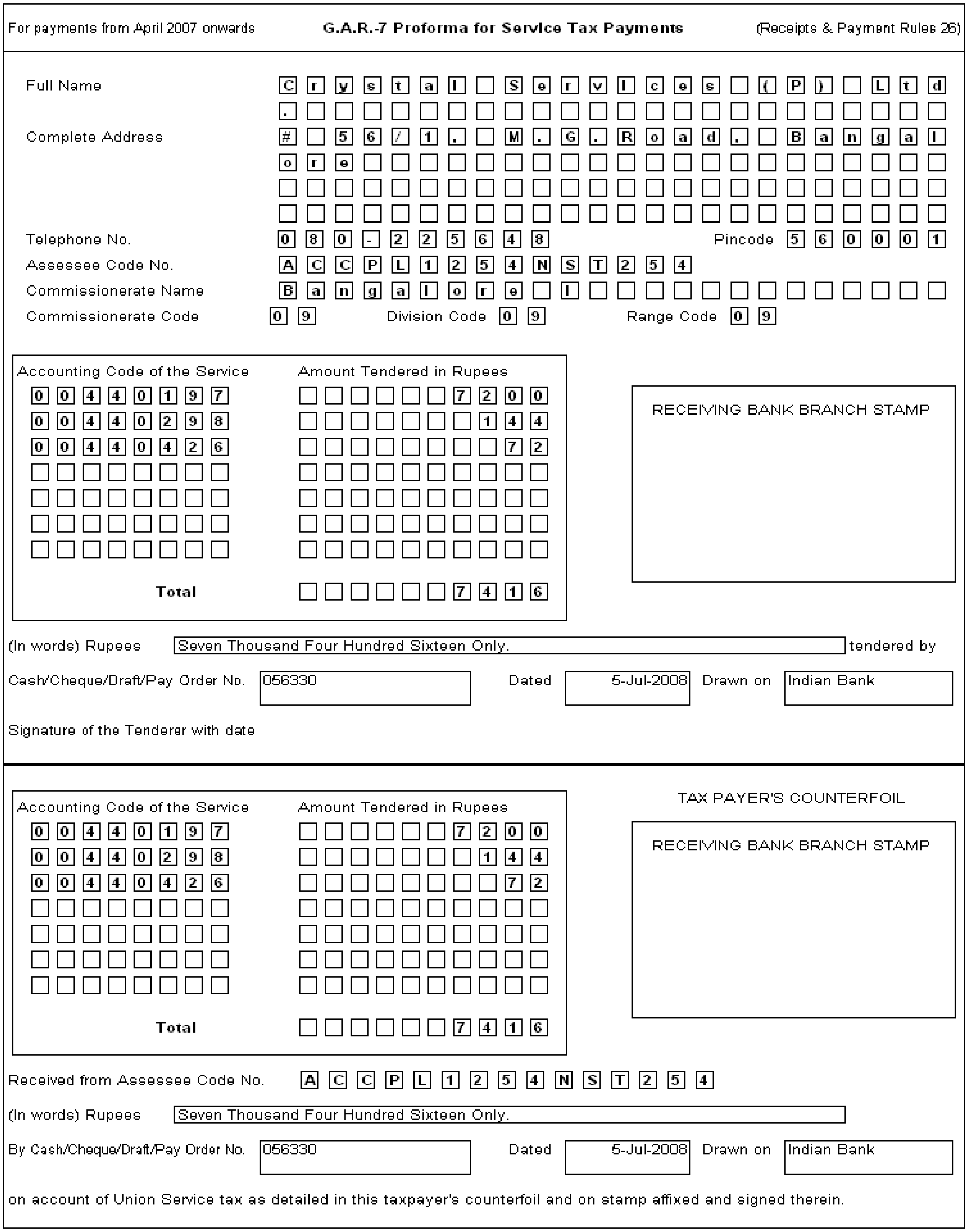



Figure 1.35 Voucher Printing Screen

3. Press **Enter** to view the print preview of **GAR–7 Challan**

The Print Preview of **GAR–7 Challan** is displayed as shown



For payments from April 2007 onwards | **G.A.R.-7 Proforma for Service Tax Payments** | (Receipts & Payment Rules 26)

Full Name: Crystal Services (P) Ltd.

Complete Address: # 56/1, M.G. Road, Bangalore

Telephone No.: 080-225648 Pincode: 560001

Assessee Code No.: ACCPL1254NST254

Commissionerate Name: Bangalore I

Commissionerate Code: 09 Division Code: 09 Range Code: 09

| Accounting Code of the Service | Amount Tendered in Rupees |
|---|---|
| 00440197 | 7200 |
| 00440298 | 144 |
| 00440426 | 72 |
| **Total** | 7416 |

RECEIVING BANK BRANCH STAMP

(In words) Rupees: Seven Thousand Four Hundred Sixteen Only. tendered by

Cash/Cheque/Draft/Pay Order No. 056330 Dated 5-Jul-2008 Drawn on Indian Bank

Signature of the Tenderer with date

| Accounting Code of the Service | Amount Tendered in Rupees |
|---|---|
| 00440197 | 7200 |
| 00440298 | 144 |
| 00440426 | 72 |
| **Total** | 7416 |

TAX PAYER'S COUNTERFOIL

RECEIVING BANK BRANCH STAMP

Received from Assessee Code No. ACCPL1254NST254

(In words) Rupees: Seven Thousand Four Hundred Sixteen Only.

By Cash/Cheque/Draft/Pay Order No. 056330 Dated 5-Jul-2008 Drawn on Indian Bank

on account of Union Service tax as detailed in this taxpayer's counterfoil and on stamp affixed and signed therein.

Figure 1.36 GAR–7 Challan

### 3.9.2 Service Tax Payment after Adjusting Input Credit

**Example 15:**

*On July 12, 2008, Crystal Services (P) Ltd., paid Service tax of **Rs. 9270** towards Event Management Services, vide cheque no. 057230 after adjusting Input service Tax Credit on Placement Services.*

**Step 1: Create a Payment Voucher**

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

1. Press **F2** and change date to **05/07/2008**
2. In **Debit** field select **Service Tax @ 12.36%** from the **List of Ledger Accounts** and press enter to view **Service Tax Bill Details** screen.
3. In **Service Tax Bill Details** Screen

- Select **Agst Ref** in **Type of Ref** field
- Select **Sale/6** from the **List of Service Tax Bills** in the **Name** field, **service tax payable amount** of the selected bill will be defaulted automatically.
- Bill amount will be defaulted in the **Amount** column

The **Service Tax Bill Details** screen is displayed as shown

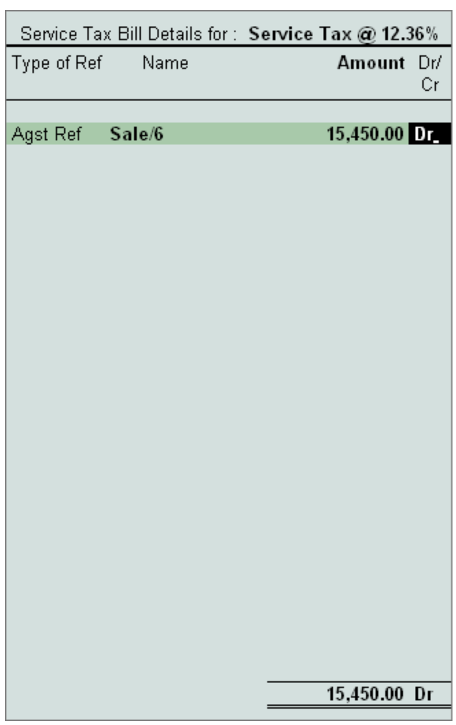



Figure 1.37 Service Tax Bill Details

4. Accept the **Service Tax Bill Details** screen
5. In Credit field select **Input ST– Placement Services** and press enter to view **Service Tax Bill Details** screen
6. In **Service Tax Bill Details** screen

- In **Type of Ref** field select **Agst Ref**
- In the **Name** field select **Purc/2** from the **List of Service Tax Bills**
- In the **Amount** field the bill amount will be defaulted automatically

The **Service Tax Bill Details** screen appears as shown


Figure 1.38 Service Tax Bill Details Screen

7. Accept the **Service Tax Bill Details** screen
8. In **Credit** field select **Indian Bank** from the **List of Ledger Accounts** and the amount is defaulted automatically

*Amount displayed for the Bank Ledger is the actual amount payable after adjusting the input credit against the service tax payable.*

9. Set **Provide Details** to **Yes** and enter the **Payment Details** as shown

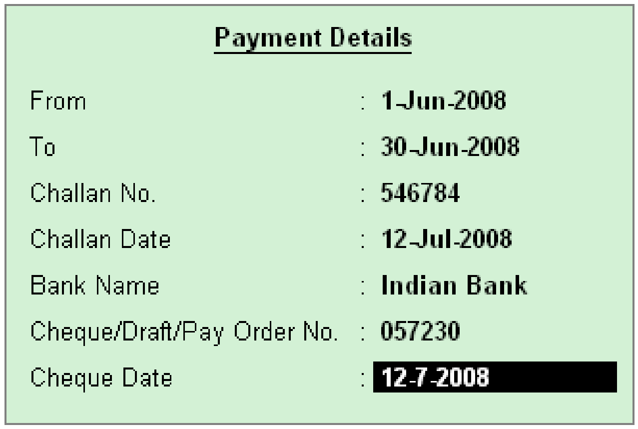



Figure 1.39 Payment Details Screen

10. Accept the **Payment Details** screen
11. Enter the Cheque number in the **Narration** field.

The completed **Payment Voucher** is displayed as shown

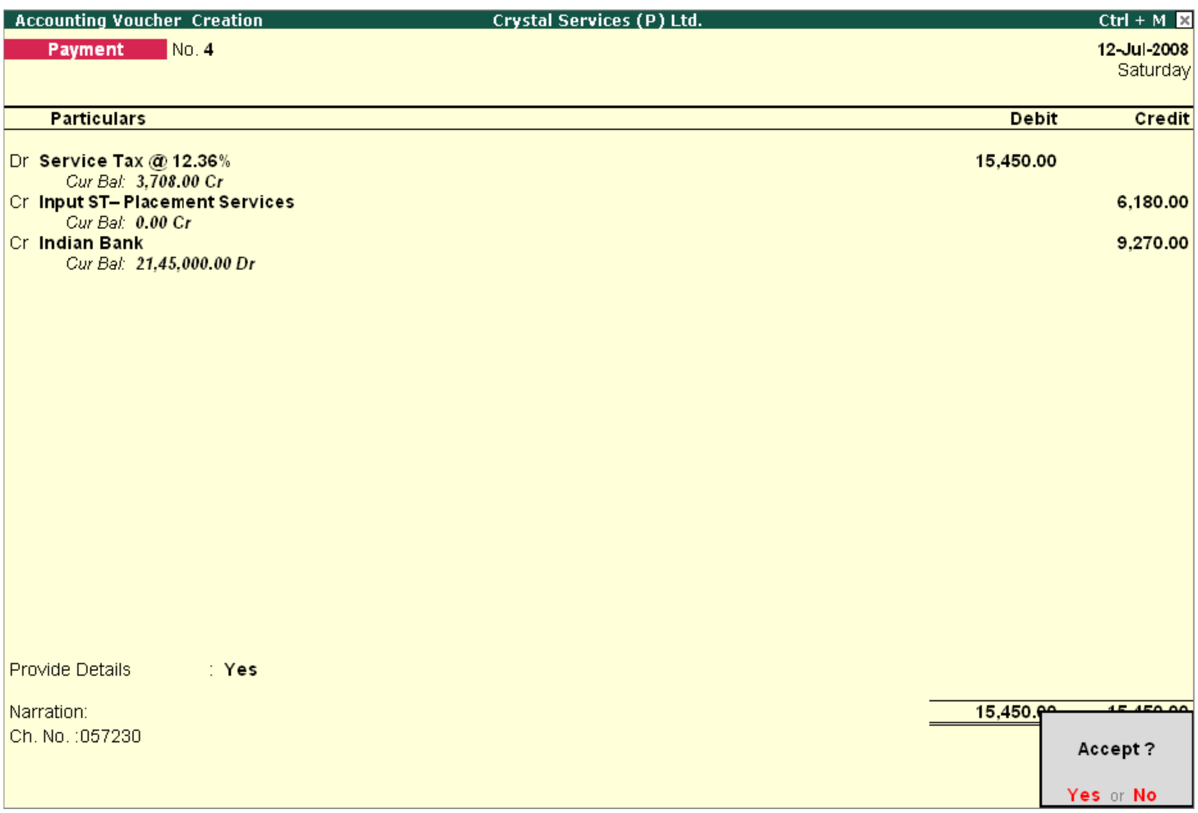



Figure 1.40 Payment Voucher

12. Press **Enter** to accept

### 3.9.3 CENVAT Credit Adjustment

The procedure explained below is applicable only when the users are not using Excise Module of Tally.ERP 9, to adjust CENVAT Credit against Service Tax.

**Example 16:**

*On July 15, 2008, Crystal Services (P) Ltd., adjusting CENVAT credit of Rs.3200 towards Event Management Services (Sale/2).*

**Step1: Create Current Assets Ledger**

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

1. In the **Name** field enter **CENVAT Credit** as the **Ledger Name**
2. Select **Current Assets** group in the **Under** field
3. Set **Inventory values are affected** to **No**
4. Enter **Rs. 3200** in **Opening Balance** field
5. Press **Enter** to Accept.

**Step 2: Create Voucher Class in Journal Voucher Type**

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

1. Tab down to **Name Class** field
2. Enter **Service Tax** as the name in **Name of Class** field and press enter to view Voucher Type Class screen.
3. In **Voucher Type Class** screen set **Use Class for Service Tax Adjustments** to **Yes**.

The **Voucher Type Class** screen is displayed as shown

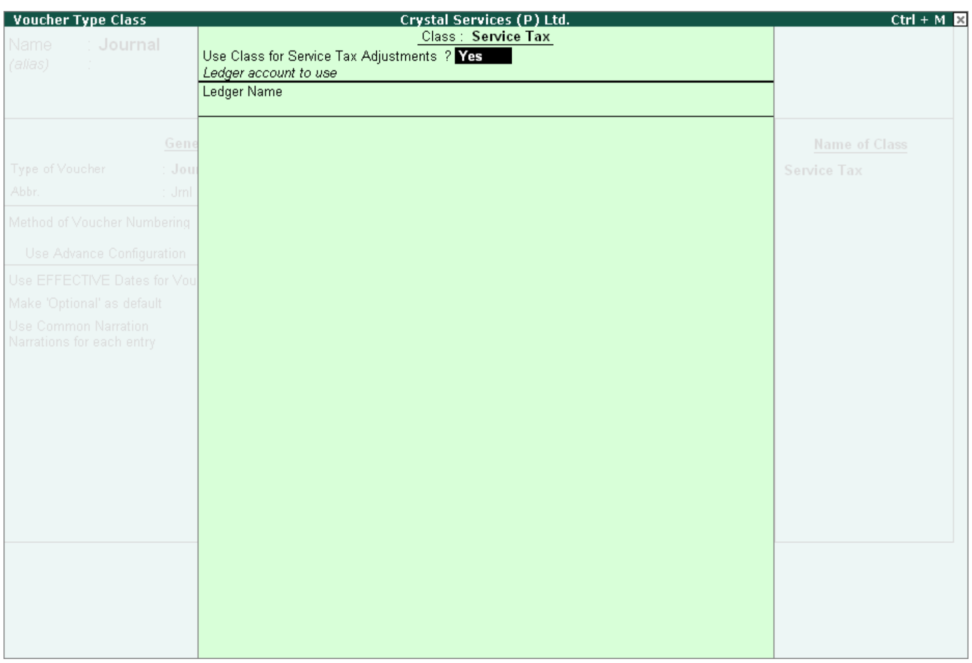



Figure 1.41 Voucher Type Class Screen

4. Press **Enter** to accept the **Voucher Type Class** screen
5. Press **Enter** to accept the voucher alteration.

**Step 3: Create Journal Voucher**

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

1. Select **Service Tax** from the **Voucher Class List** in **Class** field
2. Press **F2** and change date to **15/07/2008**
3. Select **CENVAT Credit Adjustment** in **Used for** field

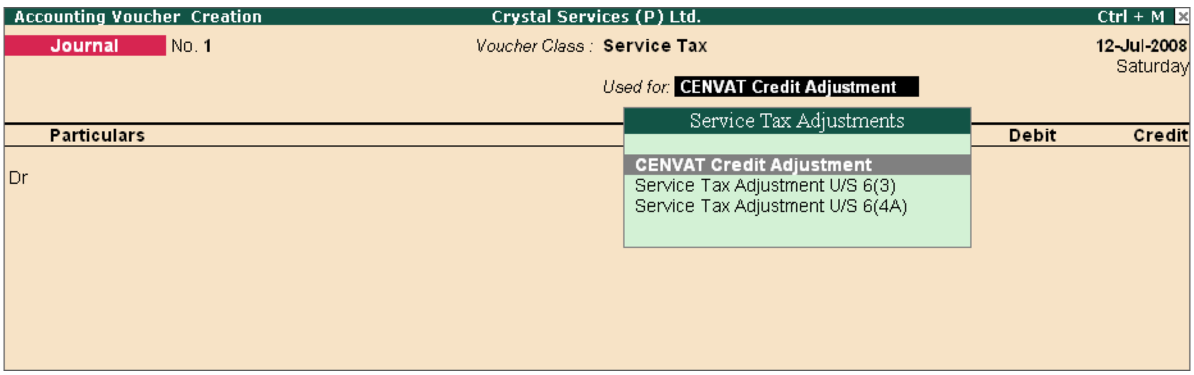



Figure 1.42 Selection of Service Tax Adjustment

4. In **Debit** field select **Service Tax @ 12.36%** from the **List of Ledger Accounts** and press enter to view **Service Tax–Bill Wise Details screen.**
5. In **Service Tax Bill Details** Screen

- Select **Agst Ref** in **Type of Ref** field
- Select **Sale/2** from the **List of Service Tax Bills** in the **Name** field,
- Enter the **Rs.3200** in **Amount** field.

The **Service Tax Bill Details** screen is displayed as shown

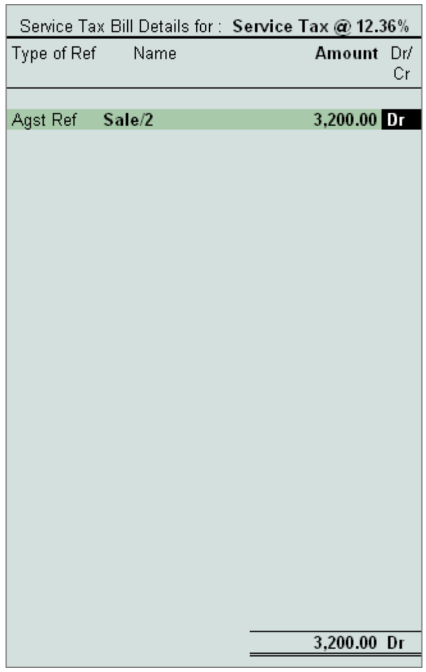



Figure 1.43 Service Tax Bill Details Screen

***Service Tax Payable** amount can be adjusted only to the extent of available CENVAT Credit.*

6. Press **Enter** to accept the Bill allocation
7. In the **Credit** field select **CENVAT Credit** form the **List of Ledger Accounts**
8. **Amount** will be defaulted automatically.
9. Enter the transaction details in the **Narration** field

The completed **Journal Voucher** is displayed as shown

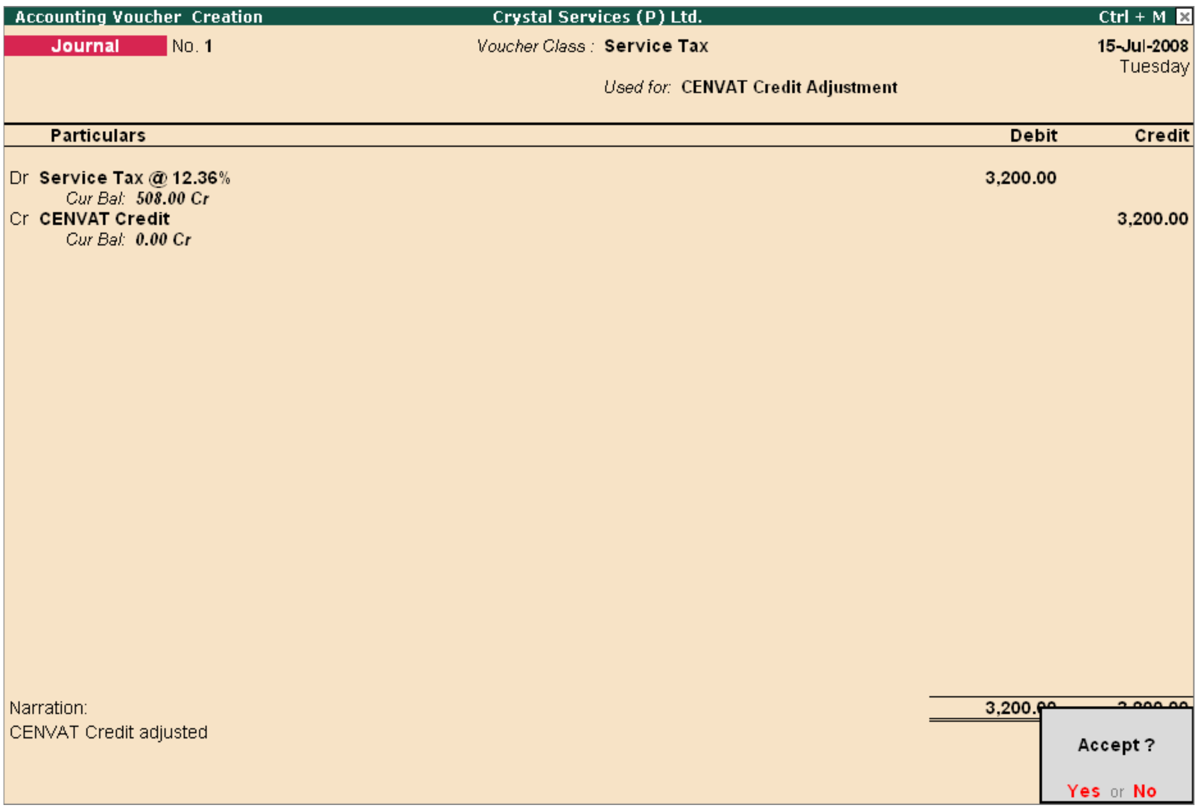



Figure 1.44 Journal Voucher

10. Press **Enter** to Accept.

*The Service Tax values adjusted against CENVAT Credit are displayed in ST3 Report,*

# Lesson 4: Reports

According to Service Tax Rules, every registered service provider is required to maintain proper Books of Accounts and Records for all input services consumed and output services provided by them during the specified period. In the first return, the assessee should furnish a list of all accounts maintained by assessee, including the memoranda received from his branch offices.

This system of taxation emphasises self-assessment and verification of returns by every person liable to pay tax. Proper documentation and bookkeeping are therefore of vital importance. Tally.ERP 9 helps the assessee generate Service Tax forms, Challans and Reports, as prescribed under Service Tax rules. This lesson discusses using Tally.ERP 9 how to generate Forms and Reports that help in managing a business and ensuring compliance with Service Tax Rules.

## 4.1 Service Tax Payable

Service Tax Payable report displays the Total Service Tax Payables as on a specified date.

The **Service Tax Payables** Report contains:

- **Date** of transactions
- **Reference Number** of the transaction
- **Party's Name**, to whom the services were provided.
- Name of the **Service Category** rendered.
- **Bill value** of such output service including Assessable Value, Service Tax and Cess amount.
- **Realised Value** against referred bills, including Assessable Value, Service Tax and Cess amount.
- **Total Service Tax payable** on output services.

To view **Service Tax Payable** report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables.**

The **Service Tax Payable** report is displayed as shown

**Service Tax Payable** | **Crystal Services (P) Ltd.** | Ctrl + M

Service Tax Payable | as at 15-Jul-2008

| Date | Ref. No. | Partys' Name | Category Name | Bill Value | | | Realised Value | | | Total Payable |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Assessable Value | Service Tax | Cess | Assessable Value | Service Tax Payable | Cess Payable | |
| 25-Apr-2008 | Sale/2 | Excel Agencies | Event Management Service | 30,000.00 | 3,600.00 | 108.00 | 4,110.00 | 493.20 | 14.80 | 508.00 |
| 30-Apr-2008 | Sale/3 | Karthik Agencies | Convention Service | 45,000.00 | 5,400.00 | 162.00 | 45,000.00 | 5,400.00 | 162.00 | 5,562.00 |
| | | **Total** | | **75,000.00** | **9,000.00** | **270.00** | **49,110.00** | **5,893.20** | **176.80** | **6,070.00** |

Figure 1.1 Service Tax Payables Report

Press **Alt+F1** or click on **F1: Detailed** button on the buttons bar to view the **Service Tax Payables** report in detailed mode.

To Configure **Service Tax Payables** report to display Category-wise details, press **F4** or click on **F4: Category** button on the buttons bar.

Press **Alt+P** to **Print** the **Service Tax Payables** report.

## 4.2 Input Credit Form

If the assessee has availed credit of Service Tax, he/she is required to furnish a return in proforma in terms of rule 5(4) of the service tax credit rules, along with his half yearly return. Return of Service tax has to be filed within prescribed period, if not filed, penalty is leviable.”

If the input credit is in excess of output service tax payable during a particular month or quarter, the surplus is transferred to the next period and is available for set off during that month or quarter as the case may and vice versa.

The **Input Credit Form** contains:

- **Date** of transactions
- **Reference Number** of the transaction
- **Party’s Name** with **Service Tax No.** and **Address**
- Name of the **Service Category** purchased
- **Bill Value** of the input service including **Assessable Value, Service Tax** and **Cess** amount.
- **Realised Value** of the input service including **Assessable Value, Service Tax** and **Cess** amount.
- **Total Credit** available on input services.

To view **Input Credit Form**

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Input Credit Form.**

Input Credit Form   Crystal Services (P) Ltd.   Ctrl + M

Input Credit Form   as at 15-Jul-2008

| Date | Ref. No. | Partys' Name/ Tax No. | Party Address | Category Name | Bill Value | | | Realised Value | | | Total Credit |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Assessable Value | Service Tax | Cess | Assessable Value | Service Tax Credit | Cess Credit | |
| 5-Apr-2008 | Purc/1 | Krypton Agency / ASHDF5420CS-T862 | #587/8, Mallya Road, Bangalore | Advertising Agency | 25,000.00 | 3,000.00 | 90.00 | 25,000.00 | 3,000.00 | 90.00 | 3,090.00 |
| 13-Apr-2008 | Purc/3 | Shreya Communication / ASEHF4005MS-T547 | #85/2, Residency Road, Bangalore | Telephone Services | 40,000.00 | 4,800.00 | 144.00 | 40,000.00 | 4,800.00 | 144.00 | 4,944.00 |
| | | Total | | | 65,000.00 | 7,800.00 | 234.00 | 65,000.00 | 7,800.00 | 234.00 | 8,034.00 |

Figure 1.2 Input Credit Form

Press **Alt+F1 or click F1: Detailed** to view the **Input Credit Form** in detailed mode.

To Configure **Input Credit Form** to display Category-wise details, press **F4** or click on **F4: Category** button on the buttons bar.

Press **Alt+P** to **Print** the **Input Credit Form**.

## 4.3 ST3 Report

According to Service Tax Rules, an assessee is required to submit half-yearly return in Form ST3 in triplicate within 25 days from the end of the half-year. ‘Half year’ refers to the period from April 1 to September 30, and October 1 to March 31, of the relevant financial year. The return should be supported with GAR-7 Challans, evidencing payment of duty.

Tally.ERP 9 facilitates the generation of half-yearly ST3 Challans in the manner prescribed under Rule 7 of the Service Tax rules 1994.

To view **ST3 Report**

Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **Service Tax Reports** > **ST3 Report**

- Press **Enter** to view **ST3 Report Print Screen**
- Press Backspace, select **April–September** as period in **Period For** field

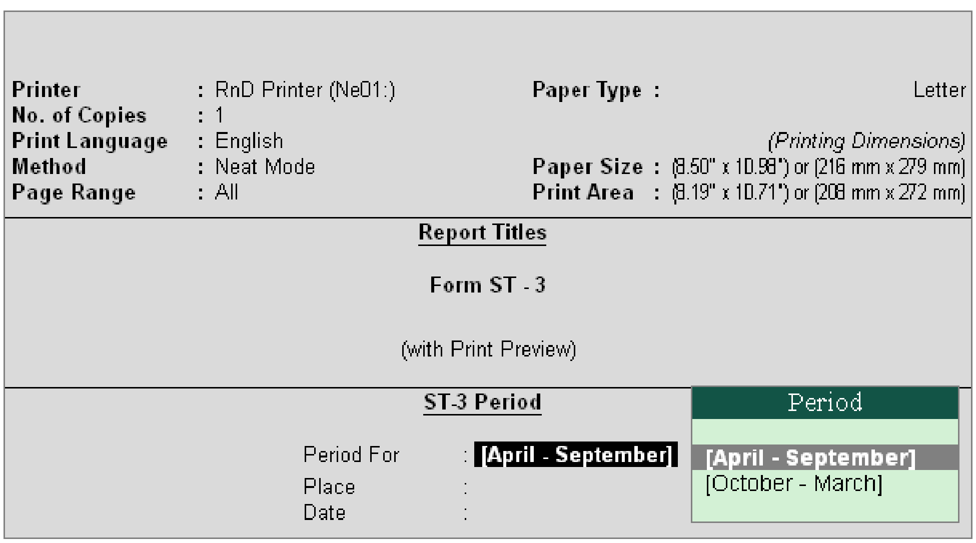



Figure 1.3 ST3 Form Print Screen - Period Selection

- Enter the **Place** and **Date** details

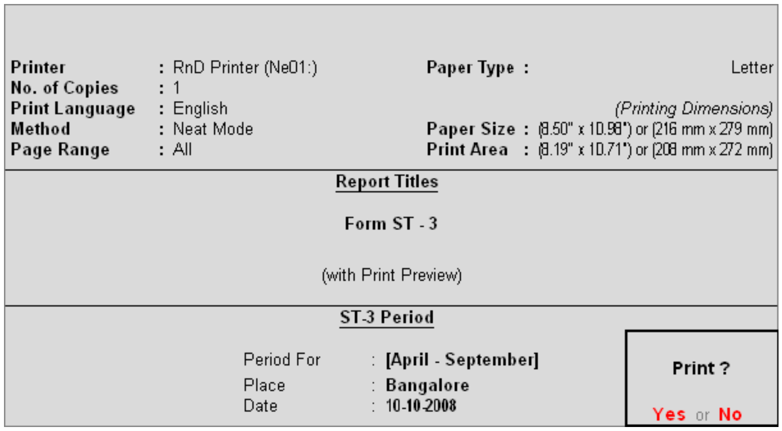



Figure 1.4 ST3 Form Print Screen

- Ensure the **Alt + I: With Preview** option is selected.
- Press **Enter** to view the Print Preview of **ST3 Form**

The print preview of **ST3 Form** is displayed as shown

**FORM ST-3**

**(Return under section 70 of the Finance Act, 1994)**

**[ ORIGINAL / REVISED RETURN ]**

**Financial Year** 2008-09

**For the period**

[X] **April-September** [ ] **October-March**

**1A. Has the assessee opted to operate as Large Taxpayer** No

*(As defined under Rule 2 (ea) of the Central Excise Rules, 2002 read with rule 2 (1)(cccc) of the Service Tax Rules, 1994)*

**1B. If reply to column "1A" is 'yes', name of Large Taxpayer Unit (LTU) opted for**

| | |
|---|---|
| **2A. Name of the assessee** | Crystal Services (P) Ltd. |
| **2B. STC No.** | ACCPL1254NST254 |
| **2C. Premises code No.** | 2534567 |

**2D. Constitution of assessee**

| | |
|---|---|
| (i) Individual / Proprietary | |
| (ii) Partnership | |
| (iii) Registered Public Ltd Company | |
| (iv) Registered Private Ltd Company | X |
| (v) Registered Trust | |
| (vi) Society/Co-op Society | |
| (vii) Other | |

Figure 1.5 ST3 Report – Page 1

3. Computation of Service Tax

A1. Name of Taxable service

Convention Service

A2. Assessee is liable to pay Service Tax on this taxable service as,-

(i) a service provider; or — Yes

(ii) a service receiver liable to make payment of Service Tax — No

B. Sub-clause No. of clause(105) of section 65 — zc

C1. Has the assessee availed benefit of any exemption notification ('Y/N') — No

C2. If reply to column "C1" is 'Yes', please furnish notification nos.

D. If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed

Sl.No.4 of 1/2006

E1. Whether provisionally assessed ('Y/N') E2. Prov. assessment order No. ('if any')

F. Value of taxable service, service tax payable and gross amount charged

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| (I) | Service Tax Payable | | | | | | |
| (a) | Gross amount received / (paid) in money | | | | | | |
| | (i) against service provided | | | 75,000.00 | | | |
| | (ii) in advance for service to be provided | | | | | | |
| (b) | Money equivalent of considerations received / (paid) in a form other than money | | | | | | |
| (c) | Value on which Service Tax is exempt / not payable | | | | | | |
| | (i) Amount received against export of service | | | | | | |
| | (ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above) | | | | | | |
| | (iii) Amount received as / (paid to) pure agent | | | | | | |
| (d) | Abatement amount claimed | | | 30,000.00 | | | |
| (e) | **Taxable value = (a+b) minus (c+d)** | | | 45,000.00 | | | |
| (f) | **Service Tax rate wise break-up of taxable value = (e)** | | | | | | |
| | (i) Value on which Service Tax is payable @ 5% | | | | | | |
| | (ii) Value on which Service Tax is payable @ 8% | | | | | | |
| | (iii) Value on which Service Tax is payable @ 10% | | | | | | |
| | (iv) Value on which Service Tax is payable @ 12% | | | 45,000.00 | | | |
| | (v) other rate, if any | | | | | | |
| (g) | **Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)** | | | 5,400.00 | | | |
| (h) | **Education Cess payable = (@2% of Service Tax)** | | | 108.00 | | | |
| (i) | **Secondary and Higher Education Cess payable = (@1% of Service Tax)** | | | 54.00 | | | |
| (II) | **Taxable amount charged** | | | | | | |
| (j) | Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service) | 75,000.00 | | | | | |
| (k) | Money equivalent of other consideration charged, if any, in a form other than money | | | | | | |
| (l) | Amount charged for exported service provided / to be provided | | | | | | |
| (m) | Amount charged for exempted service provided / to be provided (other than export of service given at (l) above) | | | | | | |
| (n) | Amount charged as pure agent | | | | | | |
| (o) | Amount claimed as Abatement | 30,000.00 | | | | | |
| (p) | **Net taxable amount charged = (j + k) minus (l + m + n + o)** | 45,000.00 | | | | | |

Figure 1.6 ST3 Report – Page 2

**3. Computation of Service Tax**

**A1. Name of Taxable service**

Event Management Service

**A2. Assessee is liable to pay Service Tax on this taxable service as,-**

(i) a service provider; or — Yes

(ii) a service receiver liable to make payment of Service Tax — No

**B. Sub-clause No. of clause(105) of section 65** — zu

**C1. Has the assessee availed benefit of any exemption notification ('Y/N')** — Yes

**C2. If reply to column "C1" is 'Yes', please furnish notification nos.**

4/2004

**D. If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed**

**E1. Whether provisionally assessed ('Y/N')** **E2. Prov. assessment order No. ('if any')**

**F. Value of taxable service, service tax payable and gross amount charged**

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **(I)** | **Service Tax Payable** | | | | | | |
| (a) | Gross amount received / (paid) in money | | | | | | |
| | (i) against service provided | | | 5,05,000.00 | | | |
| | (ii) in advance for service to be provided | | | | | | |
| (b) | Money equivalent of considerations received / (paid) in a form other than money | | | | | | |
| (c) | Value on which Service Tax is exempt / not payable | | | | | | |
| | (i) Amount received against export of service | | | 2,00,000.00 | | | |
| | (ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above) | | | 65,000.00 | | | |
| | (iii) Amount received as / (paid to) pure agent | | | 25,000.00 | | | |
| (d) | Abatement amount claimed | | | | | | |
| (e) | **Taxable value = (a+b) minus (c+d)** | | | 2,15,000.00 | | | |
| (f) | **Service Tax rate wise break-up of taxable value = (e)** | | | | | | |
| | (i) Value on which Service Tax is payable @ 5% | | | | | | |
| | (ii) Value on which Service Tax is payable @ 8% | | | | | | |
| | (iii) Value on which Service Tax is payable @ 10% | | | | | | |
| | (iv) Value on which Service Tax is payable @ 12% | | | 2,15,000.00 | | | |
| | (v) other rate, if any | | | | | | |
| (g) | **Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)** | | | 25,800.00 | | | |
| (h) | **Education Cess payable = (@2% of Service Tax)** | | | 516.00 | | | |
| (i) | **Secondary and Higher Education Cess payable = (@1% of Service Tax)** | | | 258.00 | | | |
| **(II)** | **Taxable amount charged** | | | | | | |
| (j) | Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service) | 90,000.00 | 2,65,000.00 | 1,50,000.00 | | | |
| (k) | Money equivalent of other consideration charged, if any, in a form other than money | | | | | | |
| (l) | Amount charged for exported service provided / to be provided | | 2,00,000.00 | | | | |
| (m) | Amount charged for exempted service provided / to be provided (other than export of service given at (l) above) | | 65,000.00 | | | | |
| (n) | Amount charged as pure agent | | | 25,000.00 | | | |
| (o) | Amount claimed as Abatement | | | | | | |
| (p) | **Net taxable amount charged = (j + k) minus (l + m + n + o)** | 90,000.00 | | 1,25,000.00 | | | |

Figure 1.7 ST3 Report – Page 3

**4. Amount of service tax paid in advance under sub-rule(1A) of rule 6.**

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) | ( 6 ) | ( 7 ) |
| (a) | Amount deposited in advance | | | | | | |
| (b) | Challan Nos. | | | | | | |
| (c) | Challan Dates | | | | | | |

**4A. Service Tax, Education Cess and other amounts paid**

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) | ( 6 ) | ( 7 ) |
| **(I)** | **Service Tax, Education Cess, Secondary and Higher Education Cess paid** | | | | | | |
| **(a)** | **Service Tax Paid** | | | | | | |
| | (i) in cash | | | 16,200.00 | | | |
| | (ii) by CENVAT Credit | | | 6,000.00 | | | |
| | (iia) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A) | | | | | | |
| | (iii) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules | | | | | | |
| | (iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules | | | | | | |
| **(b)** | **Education Cess Paid** | | | | | | |
| | (i) in cash | | | 324.00 | | | |
| | (ii) by CENVAT Credit | | | 120.00 | | | |
| | (iia) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A) | | | | | | |
| | (iii) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules | | | | | | |
| | (iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules | | | | | | |
| **(c)** | **Secondary and Higher Education Cess Paid -** | | | | | | |
| | (i) in cash | | | 162.00 | | | |
| | (ii) by CENVAT Credit | | | 60.00 | | | |
| | (iia) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A) | | | | | | |
| | (iii) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules | | | | | | |
| | (iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules | | | | | | |
| **(d)** | **Other Amounts Paid** | | | | | | |
| | (i) Arrears of revenue paid in cash | | | | | | |
| | (ii) Arrears of revenue paid in credit | | | | | | |
| | (iii) Arrears of Education Cess paid in cash | | | | | | |
| | (iv) Arrears of Education Cess paid in credit | | | | | | |
| | (v) Arrears of Sec & Higher Edu Cess paid in cash | | | | | | |
| | (vi) Arrears of Sec & Higher Edu Cess paid in credit | | | | | | |
| | (vii) Interest paid | | | | | | |
| | (viii) Penalty paid | | | | | | |
| | (ix) Section 73A amount paid | | | | | | |
| | (x) Any other amount | | | | | | |

Figure 1.8 ST3 Report – Page 4

**(II) Details of Challan (Vide which Service Tax, Education Cess, Secondary and Higher Education Cess and other amounts paid in cash)**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (a) | Challan Nos | (i) | | | 456875 | | | |
| | | (ii) | | | 546784 | | | |
| | | (iii) | | | | | | |
| | | (iv) | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (b) | Challans Date | (i) | | | 5-Jul-2008 | | | |
| | | (ii) | | | 12-Jul-2008 | | | |
| | | (iii) | | | | | | |
| | | (iv) | | | | | | |

**4B. Source documents details for entries at column 4A(I)(a) (iii), 4A(I)(a) (iv), 4A(I)(b)(iii), 4A(I)(b) (iv), 4A(I)(c) (iii), 4A(I)(c) (iv), 4A(I) (d)(i) to (vii)**

| Entry in table 4A above | | | Source documents date |
|---|---|---|---|
| Sl. No. | Month / Quarter | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

**4C. Details of amount of Service Tax payable but not paid as on the last day of the period for which return is filed..............................**
**......................................................................................................................................**

**5. Details of input stage CENVAT credit**

**5A. Whether the assessee providing exempted / non taxable service or exempted goods**

| | (1) | (2) |
|---|---|---|
| (a) | Whether providing any exempted or non taxable service ('Y/N') | |
| (b) | Whether manufacturing any exempted goods ('Y/N') | |
| (c) | If any one of the above is yes, whether maintaining separate account for receipt or consumption of input service and input goods (refer to rule 6 (2) of CENVAT credit Rule, 2004) | |
| (d) | If any one of the (a) and (b) is 'yes', and (c) is 'no', which option is being availed under rule 6 (3) of the Cenvat Credit Rules, 2004 | |
| | (i) Opted to pay an amount equal to 10% of the value of exempted goods and 8% of the value of exempted service (Y/N); or | |
| | (ii) Opted to pay an amount equivalent to CENVAT Credit attributable to inputs and input services used in or in relation to manufacture of exempted goods or provision of exempted | |

**5AA. Amount payable under rule 6 (3) of the Cenvat Credit Rules, 2004**

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) | ( 6 ) | ( 7 ) |
| (a) | Value of exempted goods cleared | | | | | | |
| (b) | Value of exempted services provided | | | | | | |
| (c) | Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by CENVAT Credit | | | | | | |
| (d) | Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by cash | | | | | | |
| (e) | Total amount paid = (c) +(d) | | | | | | |
| (f) | Challan Nos, vide which amount mentioned in (d) is paid | | | | | | |
| (g) | Challan Dates | | | | | | |

Figure 1.9 ST3 Report – Page 5

5B. CENVAT Credit Taken and Utilized

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) | ( 6 ) | ( 7 ) |
| **(I)** | **CENVAT Credit of Service Tax and Central Excise Duty** | | | | | | |
| **(a)** | **Opening Balance** | | | | | | |
| **(b)** | **Credit Taken** | | | | | | |
| | (i) On Inputs | | | | | | |
| | (ii) On Capital Goods | | | | | | |
| | (iii) On Input Services received directly | | | | | | |
| | (iv) As received from input service distributor | | | | | | |
| | (v) From inter unit transfer by a LTU | | | | | | |
| | **Total Credit Taken = (i+ii+iii+iv+v)** | | | | | | |
| **(c)** | **Credit Utilized** | | | | | | |
| | (i) For Payment of Service Tax | | | | | | |
| | (ii) For Payment of Education Cess on taxable service | | | | | | |
| | (iii) For Payment of Excise or any Other Duty | | | | | | |
| | (iv) Towards clearance of Input Goods and Capital Goods removed as such | | | | | | |
| | (v) Towards inter unit transfer of LTU | | | | | | |
| | (vi) for payment under rule 6 (3) of the Cenvat Credit Rules, 2004 | | | | | | |
| | **Total Credit Utilized = (i+ii+iii+iv+v+vi)** | | | | | | |
| **(d)** | **Closing Balance of CENVAT Credit = (a+b-c)** | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **(II)** | **CENVAT Credit of Education Cess and Secondary and Higher Education Cess** | | | | | | |
| **(a)** | **Opening Balance** | | | | | | |
| **(b)** | **Credit of Education Cess and Secondary and Higher Education Cess Taken** | | | | | | |
| | (i) On Inputs | | | | | | |
| | (ii) On Capital Goods | | | | | | |
| | (iii) On Input Services received directly | | | | | | |
| | (iv) As received from input service distributor | | | | | | |
| | (v) From inter unit transfer by a LTU | | | | | | |
| | **Total Credit of Education Cess and Secondary and Higher Education Cess Taken = (i+ii+iii+iv+v)** | | | | | | |
| **(c)** | **Credit of Education Cess and Secondary and Higher Education Cess Utilized** | | | | | | |
| | (i) For Payment of Education Cess and Secondary and Higher Education Cess on services | | | | | | |
| | (ii) For Payment of Education Cess and Secondary and Higher Education Cess on goods | | | | | | |
| | (iii) Towards Payment of Education Cess and Secondary and Higher Education Cess on clearance of Input Goods and Capital Goods removed as such | | | | | | |
| | (iv) Towards inter unit transfer of LTU | | | | | | |
| | **Total Credit of Education Cess and Secondary and Higher Education Cess Utilized = (i+ii+iii+iv)** | | | | | | |
| **(d)** | **Closing Balance of Education Cess and Secondary and Higher Education Cess = (a+b-c)** | | | | | | |

Figure 1.10 ST3 Report – Page 6

**6. Credit details for Input service distributor**

| | Month / Quarter | April | May | June | July | August | September |
|---|---|---|---|---|---|---|---|
| | (1) | ( 2 ) | ( 3 ) | ( 4 ) | ( 5 ) | ( 6 ) | ( 7 ) |
| **(I)** | **CENVAT Credit of Service Tax and Central Excise Duty** | | | | | | |
| **(a)** | Opening Balance of CENVAT Credit | | | | | | |
| **(b)** | Credit taken (for distribution) on Input Service | | | | | | |
| **(c)** | Credit distributed | | | | | | |
| **(d)** | Credit not eligible for distribution(rule 7(b) of CENVAT Credit Rules, 2004) | | | | | | |
| **(e)** | Closing Balance | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **(II)** | **CENVAT Credit of Education Cess and Secondary and Higher Education Cess Credit** | | | | | | |
| **(a)** | Opening Balance of Education Cess and Secondary and Higher Education Cess credit | | | | | | |
| **(b)** | Credit of Education Cess and Secondary and Higher Education Cess taken (for distribution) on Input Service | | | | | | |
| **(c)** | Credit of Education Cess and Secondary and Higher Education Cess distributed | | | | | | |
| **(d)** | Credit of Education Cess and Secondary and Higher Education Cess not eligible for distribution (rule 7(b) of CENVAT Credit Rules, 2004) | | | | | | |
| **(e)** | Closing Balance | | | | | | |

**7. Self Assessment memorandum**

**(a) I / We declare that the above particulars are in accordance with the records and books maintained by me / us and are correctly stated.**

**(b) I / We have assessed and paid the Service Tax and / or availed and distributed CENVAT credit correctly as per the provisions of the Finance Act, 1994 and the rules made thereunder.**

**(c) I / We have paid duty within the specified time limit and in case of delay, I / We have deposited the interest leviable thereon.**

**Place:** Bangalore
**Date :** 10-Oct-2008

**(Name and Signature of Assessee or Authorised Signatory)**

**ACKNOWLEDGEMENT**

**I hereby acknowledge the receipt of your ST-3 return for the period** April 2008 - September 2008

Place: Bangalore

Date : 10-Oct-2008

(Signature of the Officer of Central Excise & Service Tax)
(With Name & Official Seal)

Figure 1.11 ST3 Report – Page 7

### 4.3.1 ST3A Report

The **ST3A Report** is similar to ST 3 report and is a provisional Assessment report only.

Go to **Gateway of Tally** > **Display** > **Statutory Reports** > **Service Tax Reports** > **ST3 Report**.