



POWER OF SIMPLICITY

Implementation of Service Tax in Tally.ERP 9

The information contained in this document is current as of the date of publication and subject to change. Because Tally must respond to changing market conditions, it should not be interpreted to be a commitment on the part of Tally, and Tally cannot guarantee the accuracy of any information presented after the date of publication. The information provided herein is general, not according to individual circumstances, and is not intended to substitute for informed professional advice.

This document is for informational purposes only. TALLY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, IN THIS DOCUMENT AND SHALL NOT BE LIABLE FOR LOSS OR DAMAGE OF WHATEVER NATURE, ARISING OUT OF, OR IN CONNECTION WITH THE USE OF OR INABILITY TO USE THE CONTENT OF THIS PUBLICATION, AND/OR ANY CONDUCT UNDERTAKEN BY PLACING RELIANCE ON THE CONTENTS OF THIS PUBLICATION.

Complying with all applicable copyright and other intellectual property laws is the responsibility of the user. All rights including copyrights, rights of translation, etc., are vested exclusively with TALLY SOLUTIONS PRIVATE LIMITED. No part of this document may be reproduced, translated, revised, stored in, or introduced into a retrieval system, or transmitted in any form, by any means (electronic, mechanical, photocopying, recording, or otherwise), or for any purpose, without the express written permission of Tally Solutions Pvt. Ltd.

Tally may have patents, patent applications, trademarks, copyrights, or other intellectual property rights covering subject matter in this document. Except as expressly provided in any written licence agreement from Tally, the furnishing of this document does not give you any licence to these patents, trademarks, copyrights, or other intellectual property.

© 2009 Tally Solutions Pvt. Ltd. All rights reserved.

Tally, Tally 9, Tally9, Tally.ERP, Tally.ERP 9, Shoper, Shoper 9, Shoper POS, Shoper HO, Shoper 9 POS, Shoper 9 HO, TallyDeveloper, Tally Developer, Tally.Developer 9, Tally.NET, Tally Development Environment, Tally Extender, Tally Integrator, Tally Integrated Network, Tally Service Partner, TallyAcademy & Power of Simplicity are either registered trademarks or trademarks of Tally Solutions Pvt. Ltd. in India and/or other countries. All other trademarks are properties of their respective owners.

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

Contents

Introduction

Scope & Applicability	1
<i>Charge of Service Tax</i>	1
<i>Taxable Service</i>	1
<i>Value of Taxable Service</i>	1
<i>Service Provider</i>	2
<i>Person who has to pay service tax</i>	2
<i>No tax on reimbursement of expenses</i>	2
<i>No tax on goods and material supplied by service provider</i>	2
<i>Tax is not payable on services provided on sub-contract</i>	2
Chart showing Implication of Service Tax	3
Rules in levy of Service Tax	3
List of Taxable Services	3
Features of Service Tax in Tally.ERP 9	5

Lesson 1: Enabling Service Tax in Tally.ERP 9

1.1 Enabling Service Tax in Tally.ERP 9	6
1.2 Service Tax Statutory Master	11
1.2.1 Service Categories	11

Lesson 2: Creating Masters

2.1 Ledger Classification	13
2.1.1 Direct Expenses / Incomes Ledgers	13
2.1.2 Tax Ledgers	17
2.1.3 Party Ledgers	19
2.1.4 Bank Ledgers	25

Lesson 3: Transactions

3.1 Purchases and Sales	26
3.2 Purchase of Services	26
3.3 Sale of Services	32
3.3.1 Sale of Taxable Services	32
3.3.2 Sale of Taxable Services with Expenses	37
3.3.3 Sale of Taxable Services with Abatement	39
3.4 Sale of Exempt Services	43
3.5 Export of Services	46
3.6 Sale of Pure Agent Services	48
3.7 Receipts and Payments	50
3.7.1 Receipts	50
3.7.2 Payments	53
3.8 Service Tax Credit	56

3.8.1 Documents prescribed for availing credit of Service Tax	56
3.8.2 Adjustment of Excess Service Tax paid (Rule 6(3))	57
3.8.3 Adjustment of Excess Service Tax paid (Rule 6(4A))	57
3.9 Payment of Service Tax	57
3.9.1 . Payment Using GAR-7 Challan	58
3.9.2 Service Tax Payment after Adjusting Input Credit	63
3.9.3 CENVAT Credit Adjustment	66

Lesson 4: Reports 70

4.1 Service Tax Payables	70
4.2 Input Credit Form	72
4.3 ST3 Report	73
4.3.1 ST3A Report	82

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.

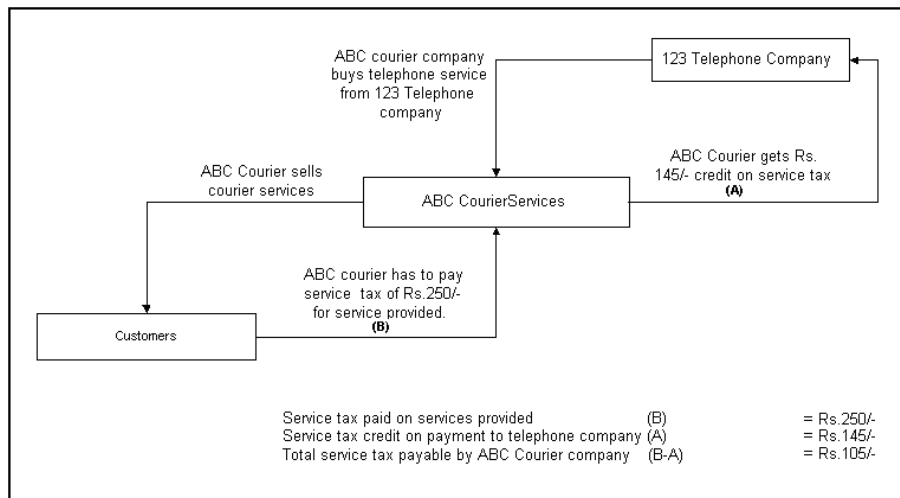
No tax on goods and material supplied by service provider:

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 Commer- cial/Industrial/Civil	76	Scientific and Technical Consul- tancy
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 Instal- lation	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 Companies' 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.

Company Creation		Ctrl + M	
Directory	: C:\Tally.ERP9\data		
Name	: Crystal Services (P) Ltd.		
<u>Mailing & Contact Details</u>		<u>Company Details</u>	
Mailing Name	: Crystal Services (P) Ltd.	Currency Symbol	: Rs.
Address	: # 56/1 M.G.Road Bangalore	Maintain	: Accounts with Inventory
		Financial Year from	: 1-4-2008
		Books beginning from	: 1-4-2008
		<u>Security Control</u>	
Statutory compliance for	: India	Disallow opening in Educational mode ?	No
State	: Karnataka	TallyVault Password (if any)	:
PIN Code	: 560001	Repeat Password	:
Telephone No.	: 080-22564874	(WARNING: forgetting your TallyVault password will render your data unusable!)	
E-Mail	: service@crystal.com	Use Security Control	? No
		(Enable Security to avail Tally.NET Features)	
<u>Base Currency Information</u>			
Base Currency Symbol	: Rs.	Show Amounts in Millions	? No
Formal Name	: Indian Rupees	Put a SPACE between Amount and Symbol	? Yes
Number of Decimal Places	: 2	Decimal Places for Printing Amounts in V	:
Is Symbol SUFFIXED to Amounts ?	No		
Symbol for Decimal Portion	: paise		

Accept ?
 Yes or No

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.

Company: Crystal Services (P) Ltd.

Statutory & Taxation

Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? No
Set/Alter Excise Details	? No	Set/Alter TDS Details	? No
<i>(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)</i>			
Follow Excise rules for Invoicing	? No	Enable Tax Collected at Source (TCS)	? No
Enable Value Added Tax (VAT)	? No	Set/Alter TCS Details	? No
Set/Alter VAT Details	? No	Enable Fringe Benefit Tax (FBT)	? No
Enable Service Tax	? Yes	Set/Alter FBT Details	? No
Set/Alter Service Tax Details	? Yes		

Tax Information

Local Sales Tax Number :
Inter-state Sales Tax Number :
PAN / Income - Tax No. :

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

Figure 1.2 F11: Statutory & Taxation Features

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

Company Service Tax Details

Service Tax Registration No. :		Division
Date of Registration :		Code :
Assessee Code :		Name :
Premises Code No. :		Range
Type of Organisation :		Code :
Is Large Tax Payer ?	No	Name :
Large Tax Payer Unit :		Commissionerate
		Code :
		Name :

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** of 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**.



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.



***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

Company Service Tax Details			
Service Tax Registration No.	: ACCPL1254NST254	<u>Division</u>	
Date of Registration	: 20-Apr-2000	Code	: 090406
Assessee Code	: ACCPL1254NST254	Name	: Division III
Premises Code No.	: 2534567	<u>Range</u>	
Type of Organisation	: Registered Private Ltd Company	Code	: 0904
Is Large Tax Payer	? No	Name	: Koramangala
Large Tax Payer Unit	:	<u>Commissionerate</u>	
		Code	: 09
		Name	: Bangalore I

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

Company: Crystal Services (P) Ltd.			
Statutory & Taxation			
Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? No
Set/Alter Excise Details	? No	Set/Alter TDS Details	? No
<i>(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)</i>		Enable Tax Collected at Source (TCS)	? No
Follow Excise rules for Invoicing	? No	Set/Alter TCS Details	? No
Enable Value Added Tax (VAT)	? No	Enable Fringe Benefit Tax (FBT)	? No
Set/Alter VAT Details	? No	Set/Alter FBT Details	? No
Enable Service Tax	? Yes		
Set/Alter Service Tax Details	? Yes		
Tax Information			
Local Sales Tax Number :			
Inter-state Sales Tax Number :			
PAN / Income - Tax No. : ACCPL1254N			
			Accept ?
F1: Accounts F2: Inventory F3: Statutory F5: Audit			Yes or No

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**

List of Service Categories
Advertising Agency
Advertising Space Or Time
Airport Services
Air Transport of Passenger
Air Travel Agency
Architects Services
Asset Management
ATM Operations
Auctioneer's Services
Banking and Financial
Beauty Parlours
Broadcasting Service
Business and Exhibition Services
Business Auxiliary Services
Business Support Services
Cable Operators
Cargo Handling Services
Chartered Accountants
Cleaning Services
Clearing and Forwarding Agency
Commercial Training & Coaching
Company Secretaries
Construction of Res. Complex
Construction Services in Commercial/Industrial/Civil
Consulting Engineer
Containers by Rail
Convention Service
83 more ... ↓

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.



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**

Category Name		Crystal Services (P) Ltd.		Ctrl + M	
Name	: Advertising Services	List of Service Categories			
(alias)	:				
Under	: Direct Expenses	Name	:	Advertising Agency	
Inventory values are affected	? No	Address	:	Advertising Space Or Time	
Is Service Tax Applicable	? Yes	State	:	Airport Services	
Is Abatement Applicable	? No	PIN Code	:	Air Transport of Passenger	
		T No.	:	Air Travel Agency	
		Sales Tax No.	:	Architects Services	
				Asset Management	
				ATM Operations	
				Auctioneer's Services	
				Banking and Financial	
				Beauty Parlours	
				Broadcasting Service	
				Business and Exhibition Services	
				Business Auxiliary Services	
				Business Support Services	
				Cable Operators	
				Cargo Handling Services	
				Chartered Accountants	
				Cleaning Services	
				Clearing and Forwarding Agency	
				Commercial Training & Coaching	
				Company Secretaries	
				Construction of Res. Complex	
				Construction Services in Commercial/Industrial/Civil	
				Consulting Engineer	
				Containers by Rail	
				Convention Service	
				Cost Accountants	
				Courier Agency	
				Credit Card Related Services	
				Credit Rating Agencies	
				Custom House Agent	
				Design Services	
				Development and Supply of Content	
Opening Balance (on 1-Apr-2008) :		76 more ... ↓			

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.

Abatement Details	
Notification No.	: SL.No.10 of 12004
Percentage	: 67%

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.

Ledger Creation		Crystal Services (P) Ltd.	Ctrl
Name	: Advertising Services		Total Op. Bal.
(alias)	:		
Under	: Direct Expenses	Mailing Details	
Inventory values are affected	? No	Name	:
		Address	:
		State	:
		PIN Code	:
Is Service Tax Applicable	? Yes	Tax Information	
Is Abatement Applicable	? No	PAN / IT No.	:
		Sales Tax No.	:
		Accept ?	
Opening Balance (on 1-Apr-2008) :		Yes or No	

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**

Category Name		Crystal Services (P) Ltd.		Ctrl + M
Name	: Event Management Services			List of Service Categories
(alias)	:			↑ ... 4 more
Under	: Direct Incomes	Name	:	Air Travel Agency
Inventory values are affected	? No	Address	:	Architects Services
Is Service Tax Applicable	? Yes	State	:	Asset Management
Is Abatement Applicable	? No	PIN Code	:	ATM Operations
		T No.	:	Auctioneer's Services
		Sales Tax No.	:	Banking and Financial
				Beauty Parlours
				Broadcasting Service
				Business and Exhibition Services
				Business Auxiliary Services
				Business Support Services
				Cable Operators
				Cargo Handling Services
				Chartered Accountants
				Cleaning Services
				Clearing and Forwarding Agency
				Commercial Training & Coaching
				Company Secretaries
				Construction of Res. Complex
				Construction Services in Commercial/Industrial/Civil
				Consulting Engineer
				Containers by Rail
				Convention Service
				Cost Accountants
				Courier Agency
				Credit Card Related Services
				Credit Rating Agencies
				Custom House Agent
				Design Services
				Development and Supply of Content
				Dredging Services
				Dry Cleaning Services
				Erection, Commissioning and Installation
				Event Management Service
				72 more ... ↓

Figure 1.4 Category Name Selection Screen

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

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

Ledger Creation		Crystal Services (P) Ltd.		Ctrl
Name	: Event Management Services			Total Op. Bal.
(alias)	:			
Under	: Direct Incomes			
Inventory values are affected	? No			
Is Service Tax Applicable	? Yes			
Is Abatement Applicable	? No			
		Mailing Details Name : Address : State : PIN Code :		
		Tax Information PAN / IT No. : Sales Tax No. :		
Opening Balance (on 1-Apr-2008) :				Accept ? Yes or No

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

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

Ledger Creation		Crystal Services (P) Ltd.		Ctrl
Name	: Service Tax @ 12.36%			Total Op. Bal.
(alias)	:			
Under	: Duties & Taxes (Current Liabilities)	Mailing Details		
Type of Duty/Tax	: Service Tax	Name	:	
Category Name	: Event Management Service	Address	:	
Inventory values are affected	? No	State	:	
		PIN Code	:	
		Tax Information		
		PAN / IT No.	:	
		Sales Tax No.	:	
Opening Balance (on 1-Apr-2008) :				Accept ?
				Yes or No

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

Ledger Creation		Crystal Services (P) Ltd.	Ctrl
Name	: Input ST- Advertising Services		Total Op. Bal.
(alias)	:		
Under	: Duties & Taxes (Current Liabilities)	Name	:
Type of Duty/Tax	: Service Tax	Address	:
Category Name	: Advertising Agency	State	:
Inventory values are affected	? No	PIN Code	:
		Mailing Details PAN / IT No. : Sales Tax No. : Tax Information	
Opening Balance (on 1-Apr-2008) :		Accept ? Yes or No	

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.

The screenshot displays the 'Exemption Details' screen for 'Crystal Services (P) Ltd.'. The main window has a title bar with 'Exemption Details', 'Crystal Services (P) Ltd.', and 'Ctrl + M'. The screen is divided into several sections:

- Name:** Karthik Agencies (alias)
- Under:** Sundry Debtors (Current Assets)
- Maintain balances bill-by-bill:** ? Yes
- Default Credit Period:** :
- Inventory values are affected:** ? No
- Is Service Tax Applicable:** ? Yes
- Statutory Information:** A pop-up window titled 'Exemption Details' is shown over this section. It contains:
 - Type of Classification:** [Dropdown menu showing 'Not Applicable', 'Exempt', and 'Export']
 - Notification No.:** :
- Mailing Details:** Name: Karthik Agencies, Address: , State: , PIN Code:
- Opening Balance (on 1-Apr-2008):** :

Figure 1.8 Service Tax Exemption Details Screen

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

Exemption Details		Classification
Type of Classification	: ☐ Not Applicable	☐ Not Applicable
		Exempt
		Export

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

Service Tax Details		Crystal Services (P) Ltd.		Ctrl + M	
Name : Karthik Agencies (alias) :			Total Op. Bal.		
Under : Sundry Debtors (Current Assets)			Mailing Details		
Maintain balances bill-by-bill : ? Yes			Name : Karthik Agencies		
Default Credit Period : ?			Address : # 23-1 Brigade Avenue Brigade Road Bangalore		
Inventory values are affected : ? No			State : Karnataka		
			PIN Code : 560001		
Is Service Tax Applicable : ? Yes			Tax Information		
Statutory Info			Service Tax No. : ACCLP4512MST630		
			Service Tax Reg. Date : 5.6.2003		
			Set/Alter ServiceTax Details? Yes		
Opening Balance (on 1-Apr-2008) :					

Figure 1.10 Service Tax Details Screen

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

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

Ledger Creation		Crystal Services (P) Ltd.		Ctrl
Name	: Karthik Agencies			Total Op. Bal.
(alias)	:			
Under		Mailing Details		
	: Sundry Debtors	Name	: Karthik Agencies	
	(Current Assets)	Address	: # 23/1	
Maintain balances bill-by-bill	? Yes		Brigade Avenue	
Default Credit Period	:		Brigade Road	
Inventory values are affected	? No	State	: Karnataka	
		PIN Code	: 560001	
Statutory Information		Tax Information		
Is Service Tax Applicable	? Yes	PAN / IT No.	: ACCLP4512M	
		Sales Tax No.	:	
		Set/Alter ServiceTax Details?	Yes	
Opening Balance (on 1-Apr-2008) :		Accept ?		
		Yes or No		

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

<u>Service Tax Details</u>	
Service Tax No.	: ASHDF5420CST862
Service Tax Reg. Date	: 15-3-1999

Figure 1.12 Service Tax Details Screen

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

Ledger Creation		Crystal Services (P) Ltd.	Ctrl
Name : Krypton Agency (alias) :		Total Op. Bal.	
Under : Sundry Creditors (Current Liabilities)	Mailing Details	Name : Krypton Agency	
Maintain balances bill-by-bill ? Yes	Address : # 587/8	Mallya Road	
Default Credit Period :	Bangalore	State : Karnataka	
Inventory values are affected ? No	PIN Code : 560001	Tax Information	
Is Service Tax Applicable ? Yes	PAN / IT No. : ASHDF5420C	Sales Tax No. :	
	Set/Alter ServiceTax Details? Yes	Accept ?	
Opening Balance (on 1-Apr-2008) :		Yes or No	

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, State 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

Ledger Creation		Crystal Services (P) Ltd.		Ctrl
Name	: Indian Bank			Total Op. Bal.
(alias)	:			20,00,000.00 Dr
				Difference
				20,00,000.00 Dr
Under	: Bank Accounts (Current Assets)	Name	: Indian Bank	
Effective Date for Reconciliation	? 1-Apr-2008	Address	: # 58 CMH Road Indiranagar Bangalore	
		State	: Karnataka	
		PIN Code	: 560073	
		A/c No.	: 002457841234570	
		Branch Name	: Indiranagar	
		BSR Code	: 0074578	
Opening Balance (on 1-Apr-2008) : 20,00,000.00 Dr				Accept ?
				Yes or No

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, 2008 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**

Purchase Invoice Configuration	
Accept Supplementary Details (Address Details, Despatch Details etc.)	? Yes
Allow Separate Buyer and Consignee Names	? No
Use Common Ledger A/c for Item Allocation	? No
Use Defaults for Bill Allocations	? No
Use Additional Description(s) for Ledger Name	? No
Other Options	
Show turnover achieved with Customer	? No
Allow modification of ALL fields during entry	? No
Warn on Negative Stock Balance	? Yes

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.

Service Tax Computations		Crystal Services (P) Ltd.		Ctrl + M
Purchase	No. 1			5-Apr-2008 Saturday
Ref. :				
Party's A/c Name : Krypton Agency				
Current Balance :				
Particulars		Rate per	Amount	
Advertising Services			25,000.00	
Input ST- Advertising Services		12 %	3,090.00	
Service Tax-Bill Wise Detail for :				
Service Ledger	: Advertising Services			
Service Amount	: 25,000.00			
Is Pure Agent Service	? No			
Less :				
Abatement Notification No.	:			
Abatement	@	0 %		
Expense				
Assessable Value	25,000.00			
Service Tax	@	12 %	3,000.00	
Cess	@	2 %	60.00	
Sec Cess	@	1 %	30.00	
Total Service Tax	3,090.00			
Service Tax-Bill Wise Detail for : Input ST- Advertising Services				
Type of Ref	Name	Amount	Dr/	Cr
New Ref	Purc/1	3,090.00	Dr	
				28,090.00

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.

Bill-wise Details for : Krypton Agency Upto: Rs. 28,090.00 Cr					
Type of Ref	Name	Due Date, or Credit Days (wef: 5-4-2008)	Service Tax Ledger	Amount	Dr/ Cr
New Ref	ST-3547		Input ST-Advertising Services	28,090.00	Cr
				28,090.00	Cr

Figure 1.3 Bill-wise Details Screen

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

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Purchase	No. 1		5-Apr-2008 Saturday
Ref. :			
Party's A/c Name : Krypton Agency			
Current Balance :			
Particulars	Rate	per	Amount
Advertising Services			25,000.00
Input ST- Advertising Services	12 %		3,090.00
	(Cess 2 %, Sec Cess1 %)		
Narration: Purchased Advertising Services			
			Accept ? Yes or No

Figure 1.4 Completed Purchase Invoice

11. Press **Enter** to Accept.

Example 2:

On April 8, 2008 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.

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Purchase No. 2		8-Apr-2008 Tuesday	
Ref. :			
Party's A/c Name : Smart Agencies			
Current Balance :			
Particulars	Rate	per	Amount
Placement Services			50,000.00
Input ST-Placement Services		12 %	6,180.00
	(Cess 2 %, Sec Cess1 %)		
Narration: Placement Services Purchased			Accept ? Yes or No

Figure 1.5 Completed Purchase Invoice

9. Press **Enter** to Accept.

Example 3:

On April 13, 2008 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.

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Purchase	No. 3		13-Apr-2008 Sunday
Ref. :			
Party's A/c Name : Shreya Communication			
Current Balance :			
Particulars	Rate	per	Amount
Telephone Services			40,000.00
Input ST- Telephone Services		12 %	4,944.00
		(Cess 2 %, Sec Cess 1 %)	
Narration: Telephone Services Purchased			
			Accept ? Yes or No

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, 2008 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.

Service Tax Computations		Crystal Services (P) Ltd.		Ctrl + M
Sales	No. 1			18-Apr-2008 Friday
Ref. :				
Party's A/c Name :	Karthik Agencies			
Current Balance :				
Particulars	Rate per	Amount		
Event Management Services		60,000.00		
Service Tax @ 12.36%	12 %	7,416.00		
Service Tax-Bill Wise Detail for :				
Service Ledger	: Event Management Services			
Service Amount	: 60,000.00			
Is Pure Agent Service	? No			
Less :				
Abatement Notification No. :				
Abatement	@	0 %		
Expense				
Assessable Value	60,000.00			
Service Tax	@	12 %	7,200.00	
Cess	@	2 %	144.00	
Sec Cess	@	1 %	72.00	
Total Service Tax	7,416.00			
Service Tax-Bill Wise Detail for : Service Tax @ 12.36%				
Type of Ref	Name	Amount	Dt/ Cr	
New Ref	Sale/1	7,416.00	Cr	67,416.00

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.

Bill-wise Details for : Karthik Agencies Upto: Rs. 67,416.00 Dr					
Type of Ref	Name	Due Date, or Credit Days (wef: 18-4-2008)	Service Tax Ledger	Amount	Dr/ Cr
New Ref	654/08-09		Service Tax @ 12.36%	67,416.00	Dr
				67,416.00	Dr

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.

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales	No. 1		18-Apr-2008 Friday
Ref. :			
Party's A/c Name : Karthik Agencies			
Current Balance :			
Particulars	Rate	per	Amount
Event Management Services			60,000.00
Service Tax @ 12.36%	12 %		7,416.00
	(Cess 2 %, Sec Cess1 %)		
Narration: Sold Event Management Services			
			Accept ? Yes or No

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.

Invoice Printing Configuration			
Title of Document		: INVOICE	
(for Optional Voucher)		: PROFORMA INVOICE	
Sub Title (if any)		:	
Height of Normal Invoice (inches)	: 10	Simple:	10
Width of Normal Invoice (inches)	: 7.50	Simple:	7.50
Space to leave on top (default 0.25)	: 0.25	Simple:	0.25
Space to leave on left (default 0.5)	: 0.50	Simple:	0.50
Print in Simple Format	? No	Print Serial No.	? No
Print Voucher Reference	? No	Print Quantity Column	? Yes
Print Order Details	? No	Print Actual Quantity Column	? No
Print Terms of Payment and Delivery	? No	Print Rate Column	? Yes
Print details of Despatch	? No	Print Batch Details	? No
Print Tax Analysis of Items	? No	Print Rate of Duty with Items	? No
Print Company's Tax Regn. Numbers	? Yes	Print Sub-Totals after each line	? No
Print Buyer's Tax Regn. Number	? Yes	Print Narration	? No
Print Declaration	? No	Print Narration for each entry	? No
Method to use for Stock Item Name : Name Only			
Jurisdiction : Bangalore			
Generated by		: This is a Computer Generated Invoice	

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. 1	Dated 18-Apr-2008		
Buyer Karthik Agencies #23/1 Brigade Avenue Brigade Road Bangalore				
Particulars	Quantity	Rate	per	Amount
Event Management Services <i>(Event Management Service) Assessable Value 60,000.00</i> Service Tax @ 12.36% <i>Cess</i> <i>Sec Cess</i>				60,000.00 12 % 7,200.00 2 % 144.00 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. Authorized 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, 2008 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

Service Tax-Bill Wise Detail for :			
Service Ledger	:	Event Management Services	
Service Amount	:	35,000.00	
Is Pure Agent Service	?	No	
Less :			
Abatement Notification No.	:		
Abatement	:	@ 0 %	
Expense	:		5,000.00
Assessable Value	:		30,000.00
Service Tax	:	@ 12 %	3,600.00
Cess	:	@ 2 %	72.00
Sec Cess	:	@ 1 %	36.00
Total Service Tax	:		3,708.00
Service Tax-Bill Wise Detail for : Service Tax @ 12.36%			
Type of Ref	Name	Amount	Dr/ Cr
New Ref	Sale/2_	3,708.00	Cr

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.

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales		No. 2	25-Apr-2008 Friday
Ref. :			
Party's A/c Name : Excel Agencies			
Current Balance :			
Particulars	Rate	per	Amount
Event Management Services			35,000.00
Service Tax @ 12.36%		12 %	3,708.00
	(Cess 2 %, Sec Cess1 %)		
Narration:			
Sold Event Management Expenses			
			Accept ? Yes or No

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, 2008 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

Abatement Details Crystal Services (P) Ltd. Ctrl + M

Name : Convention Services
(alias) :

Total Op. Bal.
20,00,000.00 Dr
Difference
20,00,000.00 Dr

Under : Direct Incomes

Inventory values are affected : ? No

Is Service Tax Applicable : ? Yes

Is Abatement Applicable : ? Yes

Abatement Details
Notification No. : SLNo.4 of 1/2005
Percentage : 40 %

Mailing Details
Name :
Address :
State :
PIN Code :

Tax Information
Sales Tax No. :

Opening Balance (on 1-Apr-2008) :

Figure 1.14 Abatement Details Screen

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



Ledger Creation		Crystal Services (P) Ltd.	Ctrl
Name	: Convention Services		Total Op. Bal.
(alias)	:		20,00,000.00 Dr
			Difference
			20,00,000.00 Dr
Under	: Direct Incomes		Mailing Details
		Name	:
		Address	:
Inventory values are affected	? No		
		State	:
		PIN Code	:
Is Service Tax Applicable	? Yes		
Is Abatement Applicable	? Yes		
			Tax Information
		PAN / IT No.	:
		Sales Tax No.	:
Opening Balance (on 1-Apr-2008) :		Accept ?	
		Yes or No	

8. Press **Enter** to accept.

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

40

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

Service Tax-Bill Wise Detail for :			
Service Ledger	:	Convention Services	
Service Amount	:	75,000.00	
Is Pure Agent Service	?	No	
Less :			
Abatement Notification No.	:	Sl.No.1 of 1/2006	
Abatement	:	@ 40 %	30,000.00
Expense	:		
Assessable Value	:		45,000.00
Service Tax	:	@ 12 %	5,400.00
Cess	:	@ 2 %	108.00
Sec Cess	:	@ 1 %	54.00
Total Service Tax	:		5,562.00
Service Tax-Bill Wise Detail for : Service Tax – Convention Service			
Type of Ref	Name	Amount	Dr/ Cr
New Ref	Sale3	5,562.00	Cr

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 deducting 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.

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales	No. 3		30-Apr-2008 Wednesday
Ref. :			
Party's A/c Name : Karthik Agencies			
Current Balance : 67,416.00 Dr			
Particulars	Rate	per	Amount
Convention Services			75,000.00
Service Tax - Convention Service		12 %	5,562.00
	(Cess 2 %, Sec Cess1 %)		
Narration: Sold Convention Service			Accept ? Yes or No

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**

Exemption Details

Type of Classification : Exempt

Notification No. : 4/2004_

Figure 1.18 Completed Exemption Details Screen



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**

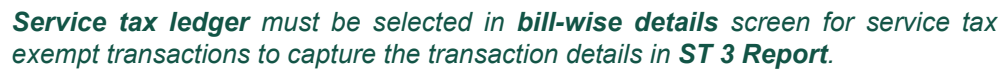
1. Press **Alt+I** for **Acct Invoice mode**
2. Press **F2** and change date to **08-05-2008**
3. Select **AOL Solutions** from **List of Ledger Accounts** in **Party's A/c Name**
4. Select **Event Management Services** from **List of Ledger Accounts** in **Particulars** field
5. Enter **Rs. 65000**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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales	No. 4		8-May-2008 Thursday
Ref. :			
Party's A/c Name : AOL Solutions			
Current Balance :			
Particulars	Rate	per	Amount
Event Management Services			65,000.00
Exemption Notification No. : 4/2004			
Narration:			65,000.00

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



Accounting Voucher Creation

Crystal Services (P) Ltd.

Ctrl + M

Sales

No. 4

8-May-2008

Ref. :

Thursday

Party's A/c Name : AOL Solutions

Current Balance :

Particulars	Rate	per	Amount
Event Management Services			65,000.00
Exemption Notification No. : 4/2004			

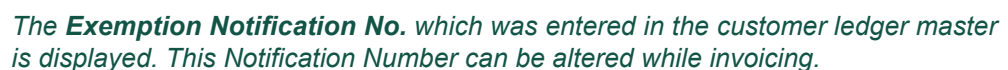
Narration:

Sale of Service to an Unit in SEZ

Accept ?

Yes or No

8. Press **Enter** to Accept.



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.

Exemption Details		Classification
Type of Classification	: Export	☐ Not Applicable Exempt
Notification No.	:	Export

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales No. 5		20-May-2008 Tuesday	
Ref. :			
Party's A/c Name : SHOWBIZ			
Current Balance :			
Particulars	Rate	per	Amount
Event Management Services			2,00,000.00
Narration: Export of Services			
			Accept ? Yes or No

Figure 1.22 Completed Sales Invoice

7. Press **Enter** to Accept.

3.6 Sale of Pure Agent Services

Example 9:

On June 10, 2008 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

Service Tax-Bill Wise Detail for :			
Service Ledger	:	Event Management Services	
Service Amount	:	1,50,000.00	
Is Pure Agent Service	?	☒ Yes	
Less :			
Abatement Notification No.	:		
Abatement	:	@ 0 %	
Expense	:		25,000.00
Assessable Value	:		1,25,000.00
Service Tax	:	@ 12 %	15,000.00
Cess	:	@ 2 %	300.00
Sec Cess	:	@ 1 %	150.00
Total Service Tax	:		15,450.00
Service Tax-Bill Wise Detail for : Service Tax @ 12.36%			
Type of Ref	Name	Amount	Dr/ Cr
New Ref	Sale/6	15,450.00	Cr

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Sales No. 6		10-Jun-2008 Tuesday	
Ref. :			
Party's A/c Name : Karthik Agencies Current Balance : 1,47,978.00 Dr			
Particulars	Rate	per	Amount
Event Management Services			1,50,000.00
Service Tax @ 12.36%	12 %		15,450.00
	(Cess 2 %, Sec Cess 1 %)		
Narration: Sale of Services			Accept ? Yes or No

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, **Service 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.

Bill-wise Details for : Karthik Agencies Upto: Rs. 2,32,866.00 Cr					
Type of Ref	Name	Due Date, or Credit Days (wef: 12-6-2008)	Service Tax Ledger	Amount	Dr/ Cr
Agst Ref	654/08-09		Service Tax @ 12.36%	67,416.00	Cr
Agst Ref	910/08-09		Service Tax @ 12.36%	1,65,450.00	Cr
				2,32,866.00	Cr

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

Accounting Voucher Creation		Crystal Services (P) Ltd.		Ctrl + M
Receipt No. 1				12-Jun-2008 Thursday
Particulars	Debit	Credit		
Cr Karthik Agencies Cur Bal: 80,562.00 Dr		2,32,866.00		
Agst Ref 654/08-09	67,416.00	Cr Service Tax @ 12.36%		
Agst Ref 910/08-09	1,65,450.00	Cr Service Tax @ 12.36%		
Dr Indian Bank Cur Bal: 22,32,866.00 Dr	2,32,866.00			
Narration: Ch. No. :568901		2,32,866.00	2,32,866.00	

Accept ?
Yes or No

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, **Service 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

Accounting Voucher Creation		Crystal Services (P) Ltd.		Ctrl + M
Receipt No. 2				18-Jun-2008 Wednesday
Particulars	Debit	Credit		
Cr Excel Agencies Cur Bal: 18,708.00 Dr		20,000.00		
Agst Ref 670/08-09	20,000.00	Cr Service Tax @12.36%		
Dr Indian Bank Cur Bal: 22,52,866.00 Dr	20,000.00			
Narration: Ch. No. :568905		20,000.00	20,000.00	
		Accept ? Yes or No		

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, **Service 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

Accounting Voucher Creation		Crystal Services (P) Ltd.		Ctrl + M	
Payment No. 1				20-Jun-2008 Friday	
Particulars		Debit	Credit		
Dr Smart Agencies		56,180.00			
Cur Bal: 0.00 Dr					
Agst Ref 647/ST/08-09		56,180.00	Dr Input ST-Placement Services		
Cr Indian Bank			56,180.00		
Cur Bal: 21,96,686.00 Dr					
Narration:					
Ch. No.: 541232					
		56,180.00	56,180.00		
		Accept ?			
		Yes or No			

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, **Service 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

Accounting Voucher Creation		Crystal Services (P) Ltd.		Ctrl + M
Payment No. 2				26-Jun-2008 Thursday
Particulars		Debit	Credit	
Dr Shreya Communication		35,000.00		
<i>Cur Bal: 9,944.00 Cr</i>				
Agst Ref ST 874/08-09	35,000.00	Dr Input ST-Telephone Services		
Cr Indian Bank			35,000.00	
<i>Cur Bal: 21,61,686.00 Dr</i>				
Narration:				
Ch. No. :541356				
		35,000.00	35,000.00	

Accept ?
 Yes or No

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).



*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.

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

Payment Details		Crystal Services (P) Ltd.		Ctrl + M
Payment	No. 3			5-Jul-2008 Saturday
Particulars		Debit	Credit	
Dr Service Tax @ 12.36%		7,416.00		
<i>Cur Bal: 19,158.00 Cr</i>				
Cr Indian Bank			7,416.00	
<i>Cur Bal: 21,54,270.00 Dr</i>				
Payment Details From : XXXXXXXXXX To : Challan No. : Challan Date : Bank Name : Cheque/Draft/Pay Order No. : Cheque Date :				
Provide Details	: Yes			
Narration:		7,416.00	7,416.00	

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

<u>Payment Details</u>	
From	: 1-Jun-2008
To	: 30-Jun-2008
Challan No.	: 456875
Challan Date	: 5-Jul-2008
Bank Name	: Indian Bank
Cheque/Draft/Pay Order No.	: 056330
Cheque Date	: 5-7-2008

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Payment	No. 3		5-Jul-2008 Saturday
Particulars	Debit	Credit	
Dr Service Tax @ 12.36%	7,416.00		
<i>Cur Bal: 19,158.00 Cr</i>			
Cr Indian Bank		7,416.00	
<i>Cur Bal: 21,54,270.00 Dr</i>			
Provide Details	: Yes		
Narration:			
Ch. No.: 056330			
	7,416.00	7,416.00	
	Accept ?		
	Yes or No		

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

Voucher Printing	
Printer : (Ne00:)	Paper Type : Letter
No. of Copies : 1	
Print Language : English	(Printing Dimensions)
Method : Neat Mode	Paper Size : (8.50" x 10.98") or (216 mm x 279 mm)
Page Range : All	Print Area : (8.03" x 10.63") or (204 mm x 270 mm)
Report Titles	
Payment Voucher	
(with Print Preview)	
Print G.A.R.-7 Challan : Yes	Print ? Yes or No

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	C r y s t a l S e r v i c e s (P) L t d																						
Complete Address	# 5 6 / 1 M . G . R o a d , B a n g a l o r e																						
Telephone No.	0 8 0 - 2 2 5 6 4 8		Pincode 5 6 0 0 0 1																				
Assessee Code No.	A C C P L 1 2 5 4 N S T 2 5 4																						
Commissionerate Name	B a n g a l o r e I																						
Commissionerate Code	0 9	Division Code	0 9	Range Code 0 9																			
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 40%; text-align: left; font-size: small;">Accounting Code of the Service</th> <th style="width: 40%; text-align: left; font-size: small;">Amount Tendered in Rupees</th> <th style="width: 20%;"></th> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td></td> <td rowspan="6" style="text-align: center; vertical-align: middle; border: 1px solid black; padding: 10px;">RECEIVING BANK BRANCH STAMP</td> </tr> <tr> <td>0 0 4 4 0 2 9 8</td> <td></td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> </tr> </table>					Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7		RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8		0 0 4 4 0 4 2 6								Total		
Accounting Code of the Service	Amount Tendered in Rupees																						
0 0 4 4 0 1 9 7		RECEIVING BANK BRANCH STAMP																					
0 0 4 4 0 2 9 8																							
0 0 4 4 0 4 2 6																							
Total																							
(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																							
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 40%; text-align: left; font-size: small;">Accounting Code of the Service</th> <th style="width: 40%; text-align: left; font-size: small;">Amount Tendered in Rupees</th> <th style="width: 20%;"></th> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td></td> <td rowspan="6" style="text-align: center; vertical-align: middle; border: 1px solid black; padding: 10px;">RECEIVING BANK BRANCH STAMP</td> </tr> <tr> <td>0 0 4 4 0 2 9 8</td> <td></td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> </tr> </table>					Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7		RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8		0 0 4 4 0 4 2 6								Total		
Accounting Code of the Service	Amount Tendered in Rupees																						
0 0 4 4 0 1 9 7		RECEIVING BANK BRANCH STAMP																					
0 0 4 4 0 2 9 8																							
0 0 4 4 0 4 2 6																							
Total																							
Received from Assessee Code No. A C C P L 1 2 5 4 N S T 2 5 4																							
(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

Service Tax Bill Details for : Service Tax @ 12.36%			
Type of Ref	Name	Amount	Dr/ Cr
Agst Ref	Sale/6	15,450.00	Dr.
		15,450.00	Dr

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

Service Tax Bill Details for : Input ST– Placement Services			
Type of Ref	Name	Amount	Dr/ Cr
Agst Ref	Purc/2	6,180.00	Cr
		6,180.00	Cr

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

<u>Payment Details</u>	
From	: 1-Jun-2008
To	: 30-Jun-2008
Challan No.	: 546784
Challan Date	: 12-Jul-2008
Bank Name	: Indian Bank
Cheque/Draft/Pay Order No.	: 057230
Cheque Date	: 12-7-2008

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Payment	No. 4		12-Jul-2008 Saturday
Particulars	Debit	Credit	
Dr Service Tax @ 12.36% Cur Bal: 3,708.00 Cr	15,450.00		
Cr Input ST- Placement Services Cur Bal: 0.00 Cr		6,180.00	
Cr Indian Bank Cur Bal: 21,45,000.00 Dr		9,270.00	
Provide Details : Yes			
Narration: Ch. No.: 057230	15,450.00	15,450.00	
			Accept ? Yes or No

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

Voucher Type Class		Crystal Services (P) Ltd.	Ctrl + M
Name : Journal (alias)	Class : <u>Service Tax</u>		
	Use Class for Service Tax Adjustments ? Yes		
	Ledger account to use		Name of Class Service Tax
	Ledger Name		
Type of Voucher : Joun Abbr. : Jml			
Method of Voucher Numbering			
Use Advance Configuration			
Use EFFECTIVE Dates for Vou			
Make 'Optional' as default			
Use Common Narration			
Narrations for each entry			

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

Accounting Voucher Creation		Crystal Services (P) Ltd.		Ctrl + M	
Journal	No. 1	Voucher Class : Service Tax		12-Jul-2008 Saturday	
		Used for: CENVAT Credit Adjustment			
Particulars		Service Tax Adjustments	Debit	Credit	
Dr		CENVAT Credit Adjustment			
		Service Tax Adjustment U/S 6(3)			
		Service Tax Adjustment U/S 6(4A)			

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

Service Tax Bill Details for : Service Tax @ 12.36%			
Type of Ref	Name	Amount	Dr/ Cr
Agst Ref	Sale/2	3,200.00	Dr
		3,200.00	Dr

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

Accounting Voucher Creation		Crystal Services (P) Ltd.	Ctrl + M
Journal	No. 1	Voucher Class : Service Tax	15-Jul-2008 Tuesday
Used for: CENVAT Credit Adjustment			
Particulars	Debit	Credit	
Dr Service Tax @ 12.36% Cur Bal: 508.00 Cr	3,200.00		
Cr CENVAT Credit Cur Bal: 0.00 Cr		3,200.00	
Narration: CENVAT Credit adjusted		3,200.00	3,200.00

Accept ?
 Yes or No

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
				Assessa-ble Value	Service Tax	Cess	Assessa-ble 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

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										
as at 15-Jul-2008										
Date	Ref. No.	Partys' Name/ Tax No.	Party Address	Category Name	Bill Value			Realised Value		
					Assessab- le Value	Service Tax	Cess	Assessab- le Value	Service Tax Credit	Cess Credit
5-Apr-2008	Purc/1	Krypton Agency / #587/8, Mallaya ASHDF5420CS- T862	Road, Bangalore	Advertising Agency	25,000.00	3,000.00	90.00	25,000.00	3,000.00	90.00
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
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

Printer	: RnD Printer (Ne01:)	Paper Type	: Letter
No. of Copies	: 1		
Print Language	: English		(Printing Dimensions)
Method	: Neat Mode	Paper Size	: (8.50" x 10.98") or (216 mm x 279 mm)
Page Range	: All	Print Area	: (8.19" x 10.71") or (208 mm x 272 mm)
Report Titles			
Form ST - 3			
(with Print Preview)			
ST-3 Period		Period	
Period For	: [April - September]	[April - September]	
Place	:	[October - March]	
Date	:		

Figure 1.3 ST3 Form Print Screen - Period Selection

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

Printer	: RnD Printer (Ne01:)	Paper Type	: Letter
No. of Copies	: 1		
Print Language	: English		(Printing Dimensions)
Method	: Neat Mode	Paper Size	: (8.50" x 10.98") or (216 mm x 279 mm)
Page Range	: All	Print Area	: (8.19" x 10.71") or (208 mm x 272 mm)
Report Titles			
Form ST - 3			
(with Print Preview)			
ST-3 Period			
Period For	: [April - September]	Print ? Yes or No	
Place	: Bangalore		
Date	: 10-10-2008		

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 ☒ 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							
<u>Convention Service</u>							
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			75,000.00			
	(i) against service provided						
	(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							
<u>Event Management Service</u>							
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			6,06,000.00			
	(i) against service provided						
	(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 (vi)

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**.