Example 1

A dealer is purchasing taxable goods within the State and selling those goods as such within the State, without any Inter-state sales. His total turnover is Rs.9,90,000.

He need not get himself registered under TNVAT Act,2006, since his turnover is below Rs.10 lakhs. If he voluntarily registers himself, he can collect tax on sales. He ha to pay that tax amount to the Deparment, even if his turnover does not exceed Rs.10 lakhs in that year.

EXAMPLE 2

A Registered dealer under VAT effects purchase and sales,both locally,in a year.

INPUT

	Value in Rs.
Exempted goods	200000
Goods taxable at 4%	300000
Goods taxable at 12.5%	800000
TOTAL	**1300000**

OUTPUT

	Value in Rs.
Exempted goods	150000
Goods taxable at 4%	180000
Goods taxable at 12.5%	670000
TOTAL	**1000000**

INPUT TAX CREDIT

Exempted goods	0
Goods taxable at 4%	12000
Goods taxable at 12.5%	100000
	112000
Less: Input Tax Credit	112000
Excess: (to be carried over to next month)	**21050**

OUTPUT TAX

Exempted goods	0
Goods taxable at 4%	7200
Goods taxable at 12.5%	83750
	90950
Tax payable	**NIL**

EXAMPLE 3

A Registered dealer (trader)under VAT effects purchases locally.He sells locally and in inter-State trade ,in a year.

INPUT		**OUTPUT (VAT)**	
Exempted goods	200000	Exempted goods	150000
Goods taxable at 4%	200000	Goods taxable at 4%	180000
TOTAL	**400000**	TOTAL	**330000**
		VAT payable	**NIL**
		No liability under VAT Act,since his total turnover under VAT Act is less than Rs.5 lakhs	
		OUTPUT(CST)	
		Goods taxable at 4% (with form C)	**150000**

He is liable under the CST Act irrespective of his total turnover under VAT Act.He has to register himself.
There is no liability under the VAT Act.But he can avail input tax credit for his liability under CST Act

INPUT TAX CREDIT under VAT		**OUTPUT TAX(CST)**	
Exempted goods	0	CST due	6000
Goods taxable at 4%	8000		
TOTAL	**8000**	Adjustment from ITC	6000
ITC (to be carried over to next month) 2000		CST payable	**NIL**

EXAMPLE 4

A dealer not registered under VAT Act, effects purchases and sales locally ,in a year.
He has collected tax on sales at 4% on taxable goods,but not paid tax.

INPUT		**OUTPUT (VAT)**	
Exempted goods	200000	Exempted goods	150000
Goods taxable at 4%	200000	Goods taxable at 4%	180000
TOTAL	**400000**	TOTAL	**330000**
		VAT payable	**NIL**

There is no liability under the VAT Act,since his total turnover is less than Rs.10 lakhs..He cannot avail input taxcredit (ITC) Out put tax collected has to be recovered under VAT Act and to be forfeited to Government(.(ie.,) Rs.7200/- forfeited)

EXAMPLE 5

A dealer not registered under VAT Act, effects purchases locally ,and effects local as well as inter-state sales in a year.
He has collected tax on sales at 4% on taxable goods,but not paid tax.

INPUT		**OUTPUT (VAT)**	
Exempted goods	200000	Exempted goods	150000
Goods taxable at 4%	200000	Goods taxable at 4%	180000
TOTAL	**400000**	TOTAL	**330000**
		VAT payable	**NIL**
		OUTPUT (CST)	
		Goods taxable at 4% (not covered by C Form)	50000
		OUTPUT TAX(CST)	
		CST due	5000

There is no liability under the VAT Act,since his total turnover is less than Rs.10 lakhs..He cannot avail input tax`credit (ITC)Tax collected has to be recovered under VAT Act and to be forfeited to Government.
Action to be initiated for failure to get himself registered under both Acts.
Liable for Penalty under Sec 9 A of the CST Act, if tax collected for interstate sales.

EXAMPLE 6

A Registered dealer(trader) effects local and inter-state purchases & local sales in Vatable goods,in a year.(ie) goods for which Input Tax Credit is available generally.

VAT

INPUT	(Value in Rs.)	**OUTPUT**	(Value in Rs.)
Goods taxable at 4%(local)	1000000	Goods taxable at 4%	1200000
Goods taxable at 12.5%(Local)	500000	Goods taxable at 12.5%	300000
Goods taxable at 4%(Inter-state)	500000		
TOTAL	**2000000**	TOTAL	**1500000**

INPUT TAX CREDIT		**OUTPUT TAX**	
Goods taxable at 4%(local)	40000	Goods taxable at 4%	48000
Goods taxable at 12.5%(Local)	62500	Goods taxable at 12.5%	37500
Goods taxable at 4%(Inter-state)	0		
	102500		**85500**
Excess:(to be carried over to next month)	**17000**	Tax payable	**NIL**

EXAMPLE 7

A Registered dealer(trader) effects local and inter-state purchases & sales in Vatable goods,in a year.

INPUT	(Value in Rs.)
Goods taxable at 4%(local)	1000000
Goods taxable at 12.5%(Local)	500000
Goods taxable at 4%(Inter-state)	500000
TOTAL	**2000000**

OUTPUT	(Value in Rs.)
Goods taxable at 4%	1200000
Goods taxable at 12.5%	300000
TOTAL	**1500000**

INPUT TAX CREDIT	
Goods taxable at 4%(local)	40000
Goods taxable at 12.5%(Local)	62500
Goods taxable at 4%(Inter-state)	0
TOTAL	**102500**
Excess available after adjustment	
102500-(85500+16000=101500)	**1000**
(to be carried over to next month)	

OUTPUT	**TAX**
Goods taxable at 4%	48000
Goods taxable at 12.5%	37500
TOTAL	**85500**
Adjustment (set-off) from ITC	85500

CST

Goods taxable at 4%(Inter-state)

VAT payable **NIL**

OUTPUT	
Sales covered by C Form	400000

OUTPUT	**TAX**
CST due	**16000**
Adjustment (set-off) from ITC	16000
CST payable	**NIL**

EXAMPLE 8

A Registered dealer(trader) effects local and inter-state purchases & sales in Vatable goods,in a year.

VAT

INPUT	(Value in Rs.)	OUTPUT	(Value in Rs.)
Goods taxable at 4%(local)	1000000	Goods taxable at 4%	1200000
Goods taxable at 12.5%(Local)	500000	Goods taxable at 12.5%	300000
Goods taxable at 4%(Inter-state)	500000		
TOTAL	**2000000**	TOTAL	**1500000**
INPUT TAX CREDIT		**OUTPUT TAX**	
Goods taxable at 4%(local)	40000	Goods taxable at 4%	48000
Goods taxable at 12.5%(Local)	62500	Goods taxable at 12.5%	37500
Goods taxable at 4%(Inter-state)	0		
TOTAL	**102500**	TOTAL	**85500**
		Adjustment (set-off) from ITC	85500
Reverse credit	1818		
ITC eligible	**100682**		

CST

INPUT			OUTPUT	
Goods taxable at 4%(Inter-state)			Sales covered by C Form	400000
			Sales NOT covered by C Form	50000
(no closing stock in 4% items)				
Input in 4% goods	=	1500000	**OUTPUT TAX**	
Output (VAT+CST)in 4% goods		1650000	CST @ 4% on Rs.400000	16000
			CST @ 10% on Rs.50000	5000
Input related to CST @10%				
$\frac{1500000}{1650000} \times 50000$	=	45455	Total CST payable	**21000**
Input Tax related to this input	=	1818	Adjustment (set-off) from ITC*	15182
			CST payable	**5818**
Input tax credit to be reversed	=	1818	(*100682-85500)	
ITC to be carried over is NIL				

EXAMPLE 9

A Registered dealer(trader) effects local and inter-state purchases and inter-state sales alone in Vatable goods, in a year.

VAT

INPUT	(Value in Rs.)	OUTPUT	
Goods taxable at 4%(local)	1000000		
Goods taxable at 12.5%(Local)	500000		
Goods taxable at 4%(Inter-state)	500000		
TOTAL	**2000000**	TOTAL	**0**

INPUT TAX CREDIT		OUTPUT TAX	
Goods taxable at 4%(local)	40000		
Goods taxable at 12.5%(Local)	62500		
Goods taxable at 4%(Inter-state)	0		
TOTAL	**102500**	VAT Payable	**0**
Less:Adjusted for CST	32800		
ITC to be carried over	**69700**		

CST

OUTPUT	
Sales taxable at 4%(4% items)	300000
Sales taxable at 4%(12.5% items) (both covered by form C)	520000
TOTAL	**820000**

OUTPUT TAX	
CST due 4% on Rs.8,20,000	**32800**
Adjustment of ITC	32800
CST payable	**NIL**

EXAMPLE 10

A Registered dealer(trader) effects local, inter-state and import purchases and inter-state sales alone in Vatable goods,in a year.

VAT

INPUT	(Value in Rs.)		**OUTPUT**	
Goods taxable at 12.5%(Local)	500000			
Goods taxable at 4%(Inter-state)	500000			
Goods taxable at 4%(Import)	500000			
TOTAL	**1500000**		TOTAL	**0**
INPUT TAX CREDIT			**OUTPUT TAX**	
Goods taxable at 12.5%(Local)	62500			
Goods taxable at 4%(Inter-state)	0			
Goods taxable at 4%(Import)	0			
TOTAL	**62500**		VAT Payable	**0**
Less:ITC reversed	50000			
ITC eligible	12500			
ITC to be carried over(since adjusted for CST)	**NIL**			

CST

			OUTPUT	
			Sales taxable at 4%(4% items)	600000
a) ITC related to 4% items	nil		Sales taxable at 4%(12.5% items)	400000
b) ITC related 12.5% items			(both NOT covered by form C)	
$\frac{400000}{500000} \times 62500$	=	50000	TOTAL	**1000000**
			OUTPUT TAX	
			CST due 10%	60000
			CST due at 12.5%	50000
			Total CST due	**110000**
			Less: ITC adjusted	12500
			CST payable	**97500**

BILLING SYSTEM UNDER VAT		
	Wrong Way	**Correct Way**
COST PRICE	100.00	100.00
TAX @ 12.5% (in Bill) Paid	12.50	12.50
	112.50	100.00
Add : TRANSPORT Charges etc.	2.50	2.50
LANDING COST	115.00	102.50
Add : MARGIN	23.00	20.50
SELLING PRICE	138.00	123.00
VAT Tax @ 12.5%	17.25	15.36
FINAL PRICE TO CUSTOMER	155.25	138.36

ACCOUNTING

Rs. 12.50 Tax Paid on purchase has to be taken as Input Tax Credit (ITC) in VAT Account and NOT to be considered while calculating cost price

OPEN VAT A/C IN YOUR LEDGER

VAT A/C

Dr.		Cr.	
Tax collected	15.36	Tax Paid (ITC)	12.50
		Tax to be paid	2.86
	15.36		15.36

VAT TO BE PAID		
Tax collected as above	15.36	
Tax paid on purchase as above	12.50	
VAT To-Pay	**2.86** only	