



POWER OF SIMPLICITY

Implementation of Service Tax in Tally.ERP 9

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Introduction

Service Tax is a destination based consumption tax in the form of Value Added Tax. Service Tax is an indirect tax imposed on specified services (taxable services) provided by a service provider (Company, Individual, Firm etc.).

Service Tax was first brought into force with effect from 1 July 1994. All service providers in India, except those in the state of Jammu and Kashmir, are required to pay a Service Tax in India.

Initially only three services were brought under the net of service tax and the tax rate was 5%. Gradually more services came under the ambit of Service Tax. The rate of tax was increased. On February 24, 2009 in order to give relief to the industry under the impact of economic recession, the rate of Service Tax was reduced from 12 per cent to 10 per cent.

Scope & Applicability

Scope

Service Tax is charged only on the receipt of the consideration for the services provided / to be provided (advance receipts). The liability of tax is on the service provider (in some cases service receiver), i.e. person who is providing the service is liable to pay tax to the government.

Example: Royal Agency provided advertising services of Rs. 1,00,000 to SysImage. On the service amount of Rs.1,00,000, Royal Agency is liable to pay the tax of Rs. 10,300 @ 10.30% (10% as Service Tax, 2% of Education Cess, 1% of Secondary Education Cess)



*Though the **tax liability** is on **service provider**, the tax can be collected by the service provider from the **service receiver**.*

*The service provider does not have to pay service tax on the total bill amount but only on the **payment received**.*

Applicability

Service tax is applicable on taxable services

1. **Provided and taxable in the hands of service provider**
2. **Received and taxable in the hands of service receiver:** Generally it is the service provider who is liable to collect service tax from his customer/client and pay the same to the government. But section 68(2) empowers the government to notify the services with regard to which the service receiver would be held liable to pay service tax to the government. For the below mentioned services the service receiver is liable to pay service tax (ss per Notification 36/2004 ST dated 31.12.2004 as amended from time to time)
 - ❑ Goods Transport Agency service
 - ❑ Business auxiliary service of distribution of mutual fund by a mutual fund distributor or agent
 - ❑ Sponsorship service provided to any body corporate/firm
 - ❑ Taxable services received by any person in India from abroad
 - ❑ Insurance auxiliary service by an insurance agent

The definition of taxable service is different for each class of services, e.g. in case of Stock Broker agency, any service provided to a investor by buy or sell securities listed on a recognised stock exchange will be a **taxable service**.

Registration

As per section 69 of the Finance Act 1994, every person liable for paying service tax has to register as set out in the rules.

According to Rule 4 of the Service Tax Rules, 1994 following is the manner and time for registration

- ❑ Application for registration to the concerned superintendent in form **ST -1** with in **30 days** from the date on which service tax is levied or 30 days from the commencement of business providing a taxable service, which ever is later.
- ❑ **Assessee** providing **Service from more than one Premises or Office**, has to make separate applications for each of such premises or Offices.

If the assess has **centralised billing System** or **Centralised accounting system**, then assessee can obtain **Centralised Registration** covering all the premises or offices.
- ❑ In case of **transfer of business** from **Registered Assessee** to **new person**, Transferee has to obtain the **fresh registration certificate**.



*For every Registered Assessee there is a provision under **Service Tax Rules** to **Surrender Registration Certificate** to Superintendent of Central Excise when he ceases to provide taxable services for which he is registered.*

❑ **Registration requirement for Small Service Provider (SSP)**

A person who is eligible for availing exemption under **notification no. 6/2005** is required to apply for service tax registration **within 30 days** from the date when his **turnover of services** exceeds **rupees 3 lakhs**.

❑ **Input Service Distributor (ISD) Registration**

Service Provider having **multiple offices** other than from where the **services are provided** and wants to distribute the input services and cenvat credit thereon to the other location which is liable for payment of service tax, a separate registration (in the manner as that of service provider) will be required for each such office.

Service Tax Assessee Code (Service Tax Registration Number)

Service Tax Assessee Code is a **PAN** based **15** digit alpha numeric numbers e.g. **ASDCE1588ST001**.

The first part denotes (10 characters – alpha numeric) **Permanent Account Number** issued by Income tax authorities to the concerned person to whom the Service Tax Registration Number is to be allotted. Second part comprises of a fixed **2 character alpha code – ST** (Service Tax). This is followed by **3-Character numeric code** representing the registered **Premises or Office** of the service provider

The Service Tax Registration Number has to be quoted on GAR-7 Challans covering deposit of Service Tax, Cess and other dues to the Government.

Valuation of Taxable Service

Valuation of the services provides the methodology of arriving at the service amount on which the applicable service tax to be charged.

Value of the taxable service is determined as under

- ❑ **Consideration fully in Money:** The **gross amount** charged by the service provider for such services provided/to be provided
- ❑ **Consideration not in Money:** The **Equivalent Value** of the Non monetary consideration.
- ❑ **Consideration partly in money and partly in other form:** Amount charged monetarily and the Equivalent value of the Non monetary consideration
- ❑ **Consideration not Ascertained:** Valuation based on the Valuation Rules (as per section 67, Service Tax (Determination of value) rules, 2006
- ❑ **Consideration Inclusive of Tax:** Value of taxable service will be such amount, in addition of service tax payable is equal to Gross amount charged.

Example: Royal Agency provides taxable service for As. 1,32,360 inclusive of service tax @ 10.30%. The taxable service value shall be computed as shown

Taxable Service Value (1,20,000) = 1,32,360 X (100/110.30)

Charge of Service Tax

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

Exemption from service tax

In some cases Central government can grant exemption on the service tax, by issuing an notification u/s 93 of Finance Act, 1944. The service tax exemption provided may

- **Partial** or **Total** service tax
- **Conditional** or **unconditional**

Following are the general exemptions from service tax

- Small Service Providers (whose turnover is less than Eight Lakhs)
- Export of Services
- Service to UN Agencies
- Services provided within Special Economic Zone (SEZ)
- Services provided to foreign diplomatic missions, family members of diplomatic missions etc.
- Services provided by RBI
- Goods and materials supplied while provided services

Abatement

Abatement is a deduction allowed (by the Government) on the value to be considered for service tax. Abatement is also known as **Specific Exemption**.

Abatement is given on few categories of services where goods/materials are used to provide the services and where it is not possible to distinguish between the value of materials and the actual service cost.

Example: Taaza Caterers has to procure materials to prepare food products and sell services. Service tax is charged only on the total amount for the service and does not include the rate of the materials procured. Abatement available on catering service is 50%.

Pure Agent

Pure agent means a person who

- ❑ Enters into a contract with the recipient of service to act only as his agent to incur expenditure or costs in the course of providing taxable services
- ❑ Has no intention to hold the title to goods or services provided (to service recipient) as pure agent
- ❑ Does not use the procured goods or services
- ❑ Receives only the actual amount incurred to procure the services or goods.

Example: **Royal Agency** entered with an agreement with **Isac Computers** to procure advertising services by acting as a **Pure agent**. Royal Agency procured the advertising services from **ADMAG**.

In the above example

- **Royal Agency** is a pure agent
- **Isac Computers** is the recipient of service
- **ADMAG** is the service provider

Expenses or cost incurred by the service provider acting as a pure agent can be deducted from the total service charge to get the taxable amount.

Money Equivalent

Any consideration (something in return) received towards services provided or paid towards services received in a form other than money is called Money equivalent.

Example: **Royal Agency**, procured **catering services** from **Taaza Caterers** from **Rs. 15,000** and provided **advertising** services for **Rs. 30000**. Royal Agency instead of making payment of Rs.15,000 to Taaza Caterers adjusted the amount towards advertisement services provided (to arrive at the Net amount receivable).

This adjustment of Rs. 15,000 is known as **Money equivalent** as the consideration is received towards the services provided in a form other than Money i.e. bill adjustment.

Adjusting Credit

While you pay service tax on sale of services that come under the service tax category, you can adjust service tax credit on purchase of services. This is called adjusting credit against service tax. The difference between the service tax that you have to pay for selling services and the service tax credit on purchases that can be adjusted is the payable service tax.

Service tax (sales) that is adjustable against service tax credit (purchases) is also called **availing input credit**.

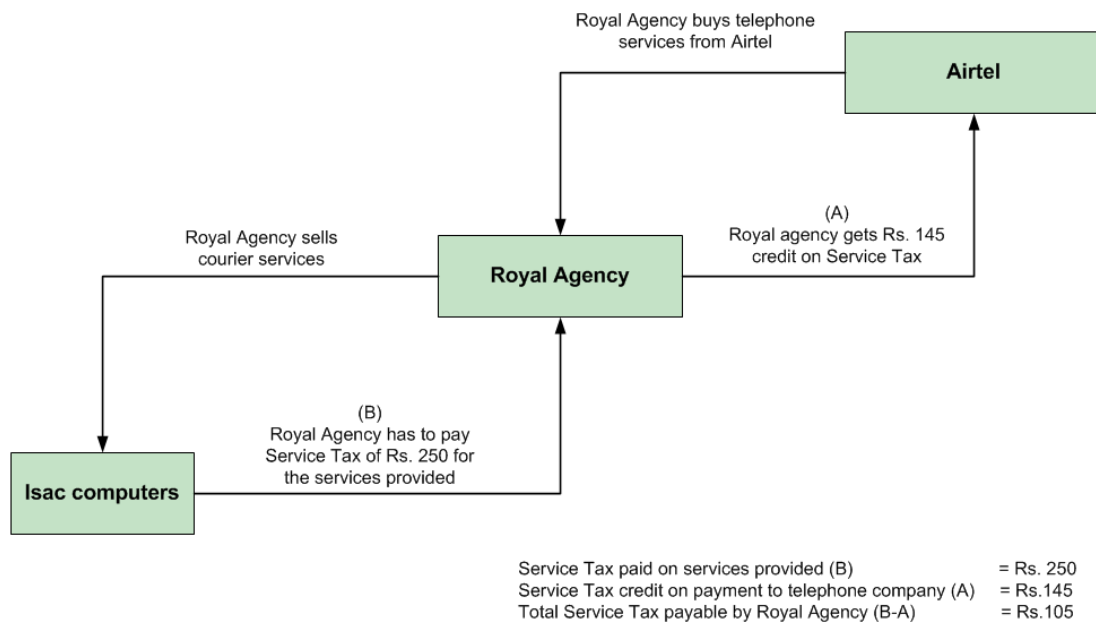


Figure Adjusting Input Credit

Time and Mode of Payment

1. By individuals, proprietary firms and partnership firms

Payable on the Amount received during the Quarter	Payable By
1st April to 30th June	5th July
1st July to 30th September	5th October
1st October to 31st December	5th January
1st January to 31st March	31st March

2. By Others

Payable on the Amount received during the Month	Payable By
On amount received during each month except March	5th of following month
on amount received during March	31st March

Service Tax shall be paid to the government account through any designated branches of the authorised banks, along with G.A.R.-7 Challans.

Returns & Time lines

The Service Tax returns are to be filed half yearly in the prescribed **Form ST-3** or **Form ST - 3A**

1. **Form ST-3** - For all the registered assessee, including Input Service Distributors,

The returns have to be submitted, along with copies of all TR-6 challans within 25 days of the expiry of the fiscal half-year

- For half year **1st April to 30th September** – by **25th October**
- For half year **1st October to 31st March** – by **25th April**.

2. **Form ST-3A** -The assessee who is making provisional assessment for any month/quarter submit the memorandum in from ST-3A by providing the details of difference between the provisional amount of service tax deposited and actual amount of service tax payable for each month along with the half yearly return in Form ST - 3.

Service Tax Features in Tally.ERP 9

Tally.ERP 9's simple yet powerful Service tax feature enables you to record transactions related to service tax with ease. The service tax functionality in Tally.ERP9 has the following features:

- ❑ Simple and user-friendly
- ❑ Flexibility to have common/Tax head specific tax ledger to account both Input Credit and Output Tax
- ❑ Flexibility to create common Purchase (expenses)/ sales (Income) ledger to account purchase and sale of services of all categories.
- ❑ Record Service Tax transactions in Journal or Purchase/Sales Voucher
- ❑ Service Tax Billing (for professionals) through Receipt Voucher and print Receipt -Cum-Challan
- ❑ Record multiple services in a single voucher
- ❑ Account service Bill Inclusive of Service Tax
- ❑ Account Services Partly Subject to Service Tax (Works Contract)
- ❑ Record Cash Purchases and Sales and print the invoice in the name of the party.
- ❑ Manage Advance Receipts and adjust the advances towards the service bill
- ❑ Record purchase of services from (GTA) and calculate the service tax payable.
- ❑ Record Import of services and calculate the service tax payable
- ❑ Record Exempt, Export, Pure Agent and Abatement services
- ❑ Manage Advance Service Tax payments to Government and adjust the tax payable towards the advance
- ❑ Support for Amount deducted as TDS on Services Received are considered as realised
- ❑ Supports Service Tax Calculation in Sales / Purchase Orders
- ❑ Supports Service Consideration adjustments in Journal Vouchers
- ❑ Adjust Full / Partial Service Tax input credit towards Service Tax payable
- ❑ Adjust CENVAT credit towards service tax payable
- ❑ Record Money Equivalent Transactions
- ❑ Provision to account Service Tax Opening Balance
- ❑ Reversal of Service amount with Service Tax (before realisation)
- ❑ Record Rule 6(3) and 6(4A) Adjustments
- ❑ Facility to Print G.A.R. 7 Challan
- ❑ Generate Service Tax Payables report based on Bill date wise or Receipt Date wise
- ❑ Separate Service Tax Payables report for Tax on Service Received and Import of Services
- ❑ Maintain Input Credit Summary report
- ❑ Generate ST 3 Form

Lesson 1: Enabling Service Tax in Tally.ERP 9

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%**.

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	: 1-4-2010	
		Books beginning from	: 1-4-2010	
<u>Statutory compliance for</u>		<u>Security Control</u>		
State	: India	TallyVault Password (if any)	:	
PIN Code	: Karnataka	Repeat Password	:	
Telephone No.	: 560085	(WARNING: forgetting your TallyVault password will render your data unusable!)		
Mobile No.	: 22589651	Use Security Control	: No	
E-Mail	: 9985745142	(Enable Security to avail Tally.NET Features)		
	: sales@crystal.com			
<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

Enable Service Tax feature in F11: Features

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

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

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

The **Company Service Tax Details** sub-form appears as shown

Company Service Tax Details

Service Tax Registration No. :		Assessee Code :	
Date of Registration :		Premises Code No. :	
Type of Organisation :		Is Large Tax Payer ?	No
Enable Service Tax Round Off :	Yes	Large Tax Payer Unit :	

<u>Range</u>	<u>Division</u>	<u>Commissionerate</u>
Code :	Code :	Code :
Name :	Name :	Name :

(Note: All the above details will be used in Challan, Forms & Returns)

Figure 1.3 Company Service Tax Details Screen

In **Company Service Tax Details** screen enter the following details:

1. **Service Tax Registration No.:** In this field enter the Service Tax Registration Number of the company allotted by the department. (before the circular No. 35/3/2001-ST dated 27-08-2001)
2. **Date of Registration:** Specify the **Date** of service tax registration of the company. e.g. **15-03-2002**
3. **Type of Organisation:** In this field select the appropriate organisation type from the **List of Organisations**. e.g. **Registered Private Ltd. Company**
4. **Enable Service Tax Round Off:** By default this option will be set to **Yes**. If this option is Yes, service tax will get Rounded off to nearest Rupee and round off will happen for each tax head. If You don't want round Off (for every tax heads) then set this option to **NO**
In this case Crystal Services (P) Ltd. does not want to round off the service tax amount, hence this option is set to **No**.



*If the option **Enable Service Tax Round Off** is enabled (**set to yes**) and for a service bill the tax is calculated as shown below then each Tax head gets rounded off.*

- ❑ Service tax of **1012.85 to 1013**
- ❑ Education Cess of **20.53 to 21**
- ❑ Secondary Education Cess of **10.12 to 10**

*If the option **Enable Service Tax Round Off** is disabled (**set to No**) and for a service bill the tax is calculated as shown below then each Tax head will not get rounded off.*

- ❑ Service tax of **1012.85**
- ❑ Education Cess of **20.53**
- ❑ Secondary Education Cess of **10.12**

*While creating the Company if you had enabled the option **Enable Service Tax Round Off** and recorded few transactions in the books of accounts. Later because of accounting requirements if you change the settings to **Enable Service Tax Round Off** (set to No)*

*In this scenario if you alter the existing service tax transactions, then automatically application will change the **present rounded off values** into **values with decimals**.*

5. **Assessee Code:** In this field enter the Service Tax Assessee Code of the company. e.g. **ASDCE1588PST001**.
6. **Premises Code No.:** In this field enter company's **Premises code** allotted by Department. e.g. **SC0500012**



Premises code is the identification number provided to the **premises of the service tax payers**. Premises code is issued to an assessee under **S.No. 5** of the certificate for Registration (**ST-2**).

7. **Is Large Tax Payer:** This option will be set to **YES/NO** based on the amount of tax paid by the assessee. Set this field to **No**.



Large Tax Payers are those assesseees 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 Crores**

8. **Large Tax Payer Unit:** Enter the name of the unit where the large tax payers pay Service Tax. Tally.ERP 9 skips Large Tax Payer Unit when the option Is Large Tax Payer is set to **No**.



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.

Large Tax Unit location Code for **Bangalore** is **L-10000**

More information on LTU is available on - <http://www.cbec.gov.in/cae1-english.htm>

9. Under **Range**, enter **Code** and **Name** of the range under which your company falls
 10. Under **Division**, enter the **Division Code** and **Name** under which your company falls.
 11. 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. :		Assessee Code :		ASDCE1588PST001	
Date of Registration :		Premises Code No. :		SC0500012	
Type of Organisation :		Is Large Tax Payer ?		No	
Enable Service Tax Round Off : No		Large Tax Payer Unit :			
<u>Range</u>		<u>Division</u>		<u>Commissionerate</u>	
Code :	090206	Code :	0902	Code :	09
Name :	Bommanahalli	Name :	Division II	Name :	Bangalore I
(Note: All the above details will be used in Challan, Forms & Returns)					

Figure 1.4 Completed Company Service Tax Details Screen

12. Accept the **Company Service Tax Details** screen.
13. 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
(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)		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. : ASDCE1588PS001			
			Accept ?
F1: Accounts F2: Inventory F3: Statutory F5: Audit			Yes or No

Figure 1.5 Completed Statutory & Taxation Features Screen

14. Press **Enter** to accept.

Lesson 2: Service Tax Transactions

This lesson is divided into **Two** parts

1. **Part I – Recording Basic Service Tax Transactions**
2. **Part II – Recording Advanced Service Tax Transactions**

Part – I

Recording Basic Service Tax Transactions

In this section we shall emphasis on understanding how Tally.ERP 9's Service Tax feature can be used to record basic service tax transactions to generate G.A.R.7 Challan.

Let us take the example of **Crystal Services (P) Ltd.** (created and service tax feature enabled, as discussed in the earlier chapter) to record service tax transactions such as

- ❑ Purchase of Services
- ❑ Payment to Service Provider
- ❑ Sale of Services
- ❑ Receipt from Service Receiver
- ❑ Adjustment of Input Service Credit towards Service Tax Payable
- ❑ Payment of service Tax
- ❑ Generate G.A.R 7 Challan

In Tally.ERP 9, you can account transactions involving service tax with the help of **Payment/ Receipt Voucher, Journal Voucher** or **Purchase /Sales Voucher (Voucher/Account Invoice/ Item Invoice mode)**, as required.

Transactions Involving Service Tax

2.1 Purchase of Services

Under this, we will learn to account purchase of services and service tax payable to the party.

Example 1:

*On April 1, 2010 M/s. Crystal Services (P) Ltd. received a purchase invoice (No.RA/8596) for Advertising services rendered by M/s. Ram Agency for Rs. 60,000 with Service Tax @ 10.3% (Total invoice amount **Rs. 66,180**)*

Please note, the liability to pay service tax is on the service provider and the tax liability is only to the extent of the payment received and not on the total bill amount. Hence, the **liability to pay tax** on the above bill will arise only when the **payment is received** by the Ram Agency.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Purchase Ledger
 - ii. Service Provider (supplier) ledger
 - iii. Tax Ledger
2. Record the Transaction in Purchase Voucher

All the services purchased can be recorded in **Purchase Voucher** (Account Invoice Mode). In case of **Non-Service Organisations** where the services purchased are considered as expenses the same can be recorded in **Journal Voucher**.

1. Create Masters

i. Purchase Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Purchase - Advertising Services	Purchase Accounts	Yes	Advertising Agency

To Create Purchase Ledger

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

- ❑ In Name field, enter **Purchase - Advertisement Services** as the **Ledger Name**
- ❑ Select **Purchase Accounts** in **Under** field
- ❑ Set **Inventory values are affected** to **No**
- ❑ Set the option **Is Service Tax Applicable** to **Yes**
- ❑ In **Default Service Category** filed select **Advertising Agency** from the **List of Service Categories**



*All the **Services** subject to **service Tax** have to be associated with relevant pre-defined **Service Category**.*

The screenshot shows the 'Ledger Creation' window for 'Crystal Services (P) Ltd'. The 'Name' field is 'Purchase - Advertising Services' and the 'Under' field is 'Purchase Accounts'. The 'Inventory values are affected' checkbox is unchecked, and 'Is Service Tax Applicable' is set to 'Yes'. The 'Default Service Category' is 'Advertising Agency'. A 'List of Service Categories' window is open on the right, showing a scrollable list of categories with 'Advertising Agency' selected at the top. The list includes categories like 'Advertising Space Or Time', 'Airport Services', 'Air Transport of Passenger', etc. A 'Ctrl + M' shortcut is visible in the top right corner of the list window.

Figure 2.1 Selection of Service Category



The option **Any** can be selected from the **List of Service Categories**, where the user doesn't want to define the **Service Category** during **Ledger creation**. This allows the user to use an **Purchase/Expense Ledger** (as a common ledger) to account **multiple Service Categories**.

The completed **Purchase Ledger** is displayed as shown

Ledger Creation		Crystal Services (P)
Name : Purchase - Advertising Services (alias) :		Total Op. Bal.
Under : Purchase Accounts		
Inventory values are affected	? No	
<u>Statutory Information</u>		
Is Service Tax Applicable	? Yes	
Default Service Category	: Advertising Agency	
Opening Balance (on 1-Apr-2010) :		Accept ? Yes or No

Figure 2.2 Completed Service Purchase Ledger Creation Screen

- Press **Enter** to save.

ii. Service Provider (supplier) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Ram Agency	Sundry Creditors	Yes	Yes

To Create Service Provider (supplier) ledger

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

Setup:

Before creating the Service Provider (supplier) ledger enable the following options in **F12: Configure (Ledger Configuration)**

- Set **Allow ADVANCED entries in Masters** to **Yes**

- Set **Use ADDRESSES for Ledger Accounts** to **Yes**

In the **Ledger Creation** screen,

- In **Name** field enter **Ram Agency** as the **Ledger Name**
- In **Under** field select **Sundry Creditors** as the group
- Set the option **Maintain Balances bill-by-bill** to **Yes**
- Specify the **Default Credit Period**, if required
- Set **Is Service Provider/Receiver** to **Yes**



*In day-to-day business scenario a **party** can **provide services** as well as **receive services**. In such cases, same party ledger can be used to account both the sale and purchase of services.*

- Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view **Service Tax Details** screen
- In **Service Tax Details** screen enter
 - **Registration Number:** Enter **15** digits **Service Tax Registration Number** of the Service Provider. E.g. **ACDDL6585DST001**



*Service Tax Registration Number is a **PAN Based Number**. For more information refer the topic - **Service Tax Assessee Code***

- **Date of Registration:** Enter the Registration Date. E.g. **13-9-2000**
- **Type of Classification:** In this field select the classification, if applicable. For Ram Agency **Not Applicable** is selected.



- i. **Not Applicable:** Select this option when the service purchased/sold is a taxable service and eligible to avail input credit
- ii. **Exempt:** Select this option when the Service Provider/Receiver is exempt from Service Tax.
- iii. **Export:** Select this option when the services are Exported
- iv. **Import:** Select this option when the services are Imported
- v. **Pure Agent:** Select this option when the Service provider/Receiver acts as a pure agent
- vi. **Tax On Service Received:** Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver

*The **Type of Classification** selected in the **Service Provider/Receiver** will determine the **Type of Service** which can be overridden during voucher entry.*

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

Service Tax Details		Classification
Registration No.	: ACDDL6585DST001	Not Applicable Exempt Export Import Pure Agent Tax on Service Received
Date of Registration	: 13-Sep-2000	
Type of Classification	: Not Applicable	
Notification No.	:	

Figure 2.3 Service Tax Details Screen

- Enter the **Mailing Details** and **Tax Information**

The completed **Service Provider Ledger** is displayed as shown

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name : Ram Agency (alias) :		Total Op. Bal.	
Under : Sundry Creditors (Current Liabilities)		Mailing Details Name : Ram Agency Address : # 56 Raheja Arcade 5th Main Koramangala Bangalore State : Karnataka PIN Code : 560047	
Maintain balances bill-by-bill : ? Yes Default Credit Period : Inventory values are affected : ? No		Tax Information PAN / IT No. : ACDDL6585D Sales Tax No. : CST No. :	
Statutory Information Is Service Provider/Receiver : ? Yes Set/Alter Service Tax Details : ? Yes		Accept ? Yes or No	
Opening Balance (on 1-Apr-2010) :			

Figure 2.4 Completed Ledger Creation Screen

- Press **Enter** to save.

iii. Tax Ledgers

On all the taxable services, three heads of taxes are applicable. They are, Service Tax @ 10%, Education Cess @ 2% and Secondary & Higher Education Cess @ 1%.

In Tally.ERP9 you can create the Tax Ledger in **Three** ways

1. Common Service Tax Ledger

Single Tax ledger to account both **Input service Credit** and **Output Service Tax** of all the service Categories.

Example: Service Tax Ledger (to account tax of all the tax heads)

2. Tax Head based Tax Ledgers

Three separate ledger to account both **Input service Credit** and **Output Service Tax** of all the service Categories based on the Tax Heads.

Example:

- ❑ Service Tax @ 10%
- ❑ Education Cess @ 2%
- ❑ Secondary Education Cess @ 1%

3. Input or Output Tax Ledgers

a. Common Input and Output Tax Ledgers

Two separate Tax ledgers - one to account **input service credit** and another for **output service tax** for all the service categories.

b. Input and Output Tax Head based on Tax Ledgers

- ❑ **Three separate Input Credit ledger** - to account Input Credit of Service Tax, Education Cess and Secondary Education Cess
- ❑ **Three separate Output ledgers** - to account Output Tax of Service Tax, Education Cess and Secondary Education Cess.



*You can create the **Input Tax ledger** under the group **Duties & Taxes** or **Current Assets**. The Ledgers created under Current assets should be used only to account service input credit.*

Crystal Services (P) Ltd. wants to account the different components of service tax by creating separate ledgers, so that they can adjust the CENVAT credit towards the Service tax and vice versa.

Ledger	Under	Type of Duty/Tax	Tax Head
Service Tax @ 10%	Duties & Taxes	Service Tax	Service Tax
Education Cess @ 2%	Duties & Taxes	Service Tax	Education Cess
Secondary Education Cess @ 1%	Duties & Taxes	Service Tax	Secondary Education Cess

1. Service Tax @ 10%

This ledger allows to account **Input service Credit** and **Output Service Tax** of tax head **Service Tax**, on all service categories.

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

- ❑ In **Name** field, enter the name of the tax ledger you wish to create, for e.g., **Service Tax @ 10%**.
- ❑ In **Under** field select **Duties & Taxes** as group.
- ❑ In **Type of Duty/Tax** field, select **Service Tax** from Type of Duty/Tax list.
- ❑ In **Tax Head** field select **Service Tax**

Ledger Creation		Crystal Services (P) Ltd		Ctrl
Name	: Service Tax @ 10%			Total Op. Bal.
(alias)	:			
Under	: Duties & Taxes (Current Liabilities)			
Type of Duty/Tax	: Service Tax			
Tax Head	: Service Tax			
Inventory values are affected	? No			
		Tax Head - Any - Education Cess - Secondary Education Cess Service Tax		
		Mailing Details Tax Information		
		PAN / IT No. Sales Tax No. CST No.		
Opening Balance (on 1-Apr-2010) :				

Figure 2.5 Selection of Tax Head



The option **Service Tax** allows to use the tax ledger to account only **Service Tax** on taxable Services.

- Set the option **Inventory values are affected** to **No**

The completed **Service Tax Ledger** is displayed as shown

Ledger Creation		Royal Services (P) Ltd.		Ctrl
Name	: Service Tax @ 10%			Total Op. Bal.
(alias)	:			
Under	: Duties & Taxes (Current Liabilities)	Mailing Details		
Type of Duty/Tax	: Service Tax	Name	:	
Tax Head	: Service Tax	Address	:	
Inventory values are affected	? No	State	:	
		PIN Code	:	
		Tax Information		
		PAN / IT No.	:	
		Sales Tax No.	:	
		CST No.	:	
Opening Balance (on 1-Apr-2010) :				Accept ? Yes or No

Figure 2.6 Completed Service Tax Ledger Creation Screen

- Press **Enter** to save.



Crystal Services (P) Ltd. follows the system of maintaining **different tax ledgers** based on the **Tax Head**.

2. Education Cess @ 2%

This ledger allows to account both **Input service Credit** and **Output Service Tax** of tax head **Education Cess**, on all service categories.

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

- ❑ In **Name** field enter the name of the tax ledger you wish to create, for e.g., **Education Cess @ 2%**.
- ❑ In **Under** field select **Duties & Taxes** as group.
- ❑ In **Type of Duty/Tax** field, select **Service Tax** from Type of Duty/Tax list.
- ❑ In **Tax Head** field select **Education Cess**



*The option **Education Cess** allows to use the tax ledger to account only **Education Cess** on taxable Services.*

- ❑ Set the option **Inventory values are affected** to **No**

Completed Education Cess Ledger is displayed as shown

Ledger Creation		Crystal Services (P) Ltd		Ctrl
Name	: Education Cess @ 2%			Total Op. Bal.
(alias)	:			
Under	: Duties & Taxes (Current Liabilities)	Mailing Details		
Type of Duty/Tax	: Service Tax	Name	:	
Tax Head	: Education Cess	Address	:	
Inventory values are affected	? No	State	:	
		PIN Code	:	
		Tax Information		
		PAN / IT No.	:	
		Sales Tax No.	:	
		CST No.	:	
		Accept ?		
Opening Balance (on 1-Apr-2010) :		Yes or No		

Figure 2.7 Completed Education Cess Ledger Creation Screen

- ❑ Press **Enter** to save.

This ledger allows to account **Input Service Credit** and **Output Service Tax** of tax head **Secondary Education Cess**, on all service categories.

- ❑ In **Name** field, enter the Name of the tax ledger you wish to create, for e.g., **Secondary Education Cess @ 1%**.
- ❑ In **Under** field select **Duties & Taxes** as group.
- ❑ In **Type of Duty/Tax** field, select **Service Tax** from Type of Duty/Tax list.
- ❑ In **Tax Head** field select **Secondary Education Cess**



- The completed Secondary Education Cess ledger is displayed as shown.

Figure 2.8 Completed Secondary Education Cess Ledger Creation Screen

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2. Record the transaction in Purchase Voucher (Account Invoice Mode)

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

Set up

In **F12: Purchase Invoice Configuration**, set the following options to **No**

- **Use Common Ledger A/c for Item Allocation**
- **Use Defaults for Bill Allocations**

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **01-04-2010**
3. In **Supplier Invoice No.** field enter the invoice reference number if any
4. In **Party's A/c Name** field select the service provider e.g. **Ram Agency**
5. Under **Particulars** select the Service (purchases) Ledger e.g. **Purchase - Advertising Services** and press enter to view **Service Tax Details** screen
6. In **Service Tax Details** screen
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., **Agst Ref**, **New Ref** and **Advance**. **New Ref** is selected for new Financial Transactions. Where as, **Agst Ref** is selected to setoff the advance payments made.
 - **Name:** This field displays the **Reference Number** for the service tax calculation. The default Reference Number displayed, is a combination of abbreviation of Purchase, Voucher Number and Line Number **Example: Purc/1-1** which can be changed by the user. Service input credits are tracked by this Reference Numbers.



*If the invoice no is mentioned in the **Supplier Invoice No.** field, then Tally.ERP 9 captures **invoice number** instead of **voucher number** in **Reference Number** displayed in **Name** field.*

- **Type of Service:** Based on the **Type of Classification** selected in the Service Provider, **Type of Service** will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.

In Type of Service field



- i. **Exempt** is defaulted for the Type of Classification **Exempt**
- ii. **Import** is defaulted for the Type of Classification **Import**
- iii. **Pure Agent** is defaulted for the Type of Classification **Pure Agent**
- iv. **Input Credit** is defaulted for the Type of Classification set to **Not Applicable**
- v. **Tax on Service Received** is defaulted for the transportation services purchased from the Goods transport Operators (GTOs)

*The default Type of service can be overridden. Press **Back Space** key to move to **Type of Service** field and select the applicable Type of service. The type of service selected in the voucher entry will determine the Type of service.*

- ❑ **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Advertising Agency** is displayed and Tally.ERP 9 skips the field.
- ❑ **Service Amount:** In this field enter the **Service Amount**, where in you can ascertain Service Amount in the invoice issued by the service provider. Enter **Rs. 60,000**. On providing the service amount Service tax gets calculated.
- ❑ **Amount (Incl. of Tax):** In this field the **cumulative (collective)** amount of **Service amount** and **Tax** will be displayed in this field.



*In cases where the invoice received from the service provider is inclusive of tax, you can enter the invoice amount in the **Amount (Incl. of Tax)** field. Tally.ERP 9 back calculates the amount to arrive at the Service amount and Tax portion. The service amount will be displayed in **Service Amount** field and **Tax** details against the **Tax Head**.*

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

Service Tax Details				Crystal Services (P) Ltd		Ctrl + M
Purchase No. 1		Date :		1-Apr-2010 Thursday		
Supplier Invoice No. :						
Party's A/c Name : Ram Agency						
Current Balance :						
Service Tax Details for : Purchase - Advertising Services						
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)	
New Ref	Purc/1-1	Input Credit	Advertising Agency	60,000.00	66,180.00	
	Service Tax	@ 10 %	(On Assessable Value 60,000.00)	6,000.00		
	Ed Cess	@ 2 %	(On Tax Value 6,000.00)	120.00		
	Sec Ed Cess	@ 1 %	(On Tax Value 6,000.00)	60.00		
					<u>6,180.00</u>	
Total				60,000.00	66,180.00	

Figure 2.9 Completed Service Tax Details screen

7. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
8. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
9. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
10. In **Bill-wise Details** screen
 - ❑ In **Type of Ref** field select **New Ref**

- In **Name** field enter the Bill name - **MA/4796**
- **Amount** will be defaulted automatically

Bill-wise Details for : Ram Agency Upto: Rs. 66,180.00 Cr			
Type of Ref	Name	Due Date, or Credit Days (wef: 1-4-2010)	Amount Dr/ Cr
New Ref	RA/8596		66,180.00 Cr
			66,180.00 Cr

Figure 2.10 Bill-wise Details Screen

The completed Purchase Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase	No. 1	Date :	1-Apr-2010 Thursday
Supplier Invoice No. :			
Party's A/c Name : Ram Agency			
Current Balance :			
Particulars	Rate per	Amount	
Purchase - Advertising Services		60,000.00	
Service Tax @ 10%		6,000.00	
Education Cess @ 2%		120.00	
Secondary Education Cess @ 1%		60.00	
Narration:			
			Accept ? Yes or No

Figure 2.11 Completed Service Purchase Voucher

11. Press **Enter** to save.

Input Credit Summary

In the earlier service Tax Module of Tally.ERP 9, Purchase of Services recorded were not displayed in the **Input Credit Form** till the payment was made to Service Provider. But in the new re-modelled service tax, purchase of services can be viewed in **Input Credit Summary** report.

To view the report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Input Credit Summary**. To view the un-realised bills press **F12: Configuration** and

- In **Show bills of the following Type** field select **Un-realised Bills** from the **Type of Bills**

Configuration			
Show Service Tax Registration No.	? No		
Show Abatement Amount	? No		
Show Rate & Notification No.	? No		
Show Assessable Value	? No		
Show Billed Assessable Value	? No		
Show Realised Assessable Value	? No		
Show Tax Break-up	? No		
Show Tax Break-up for Bill Amount	? No		
Show Tax Break-up for Realised Amount	? No		
Show Tax Paid / Adjusted / Utilised Amount	? No		
Range of Bills to show	: All Bills		
Show Bills of the following type	: Unrealised Bills		
		Type of Bills	
		Paid Bills	
		Realised Bills	
		Unrealised Bills	

Figure 2.12 Input Credit Summary - F12 Configuration

The Input Credit Summary report appears as shown

Input Credit Summary		Crystal Services (P) Ltd					Ctrl + M	
1-Apr-2010 to 30-Apr-2010								
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
1-Apr-2010	Purc/1-1	Ram Agency	Advertising Agency	66,180.00	6,180.00			

Figure 2.13 Input Credit Summary Report

Report displays the **invoice details, Party Name, Service Category, Bill Amount and Total Tax.**

2.2 Payment to Service Provider

Under this, we will learn to record payments towards the invoice received towards the services purchased. Input credit on the services purchased will be available for adjustment only on the payment and to the extent of the payment made to the service provider.

Example 2:

*On April 3, 2010 M/s. Crystal Services (P) Ltd. paid **Rs. 66,180** (full payment) to Ram Agency towards the advertising services purchases on 1-4-2010 vide. no. RA/8596.*

To account the above transaction follow the steps given below

1. Create Masters

i. Bank Ledger

2. Record the Transaction in Payment Voucher

1. **Create Masters**

i. **Bank Ledger**

Ledger	Under	Opening Balance
Canara Bank	Bank Accounts	10,00,000

Create Bank Ledger

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

- ❑ Type **Canara Bank** as the **Ledger Name**
- ❑ Select **Bank Accounts** in the **Under** field
- ❑ Enter **Mailing Details** and enter **Rs. 10,00,000** in **Opening Balance** filed.

Ledger Creation		Crystal Services (P) Ltd		Ctrl
Name	: Canara Bank			Total Op. Bal.
(alias)	:			10,00,000.00 Dr
				Difference
				10,00,000.00 Dr
Under	: Bank Accounts (Current Assets)	Name	: Canara Bank	
Effective Date for Reconciliation	? 1-Apr-2010	Address	: # 10 5th Cross BTM Bangalore	
		State	: Karnataka	
		PIN Code	: 560072	
		A/c No.	: 00659878754	
		Branch Name	: BTM	
		BSR Code	: 0078935	
Opening Balance (on 1-Apr-2010) : 10,00,000.00 Dr				Accept ? Yes or No

Figure 2.14 Completed Bank Ledger Creation Screen

- ❑ Press **Enter** to save.

2. Record the Transaction in Payment Voucher

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

1. Press **F2** and change the date to **03-04-2010**
2. In **Debit** field select the party ledger – **Ram Agency** and press enter to view **Service Tax Details** screen
3. In **Service Tax Details** screen
 - **Type of Ref:** In this field select **Agst Ref.**
 - In **Name** field select the **tax bill - Purc/1-1** dated **1-4-2010** from the list of **Pending Tax Bills** against which the payment is made.

Service Tax Details		Crystal Services (P) Ltd		Ctrl + M x	
Payment	No. 1			3-Apr-2010 Saturday	
Particulars				Debit	Credit
Service Tax Details for : Ram Agency					
Type of Ref	Name	Type of	Category	Amount	Service
Pending Tax Bills					
Agst Ref	Purc/1-1	Name	Date	Category	Amount Service Amount
		Purc/1-1	1-Apr-2010	Advertising Agency	66,180.00 60,000.00
Service Tax	@ 10 % (On Taxable Value)				
Ed Cess	@ 2 % (On Tax Value)				
Sec Ed Cess	@ 1 % (On Tax Value)				
Total				66,180.00	60,000.00

Figure 2.15 Selection of Bill

- On selection of bill, details in **Type of Service**, **Category**, **Amount (incl. of tax)**, **Service Amount** fields and tax bifurcation will be displayed automatically. Press **Enter** to accept the Service tax details.

Service Tax Details for : Ram Agency					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Purc/1-1	Input Credit	Advertising Agency	66,180.00	60,000.00
	Service Tax	@ 10 % (On Assessable Value	60,000.00)	6,000.00	
	Ed Cess	@ 2 % (On Tax Value	6,000.00)	120.00	
	Sec Ed Cess	@ 1 % (On Tax Value	6,000.00)	60.00	
				<u>6,180.00</u>	
Total				66,180.00	60,000.00

Figure 2.16 Service Tax Details screen

As there is a possibility that the service receiver may make full or partial payment to the Service provider, Tally.ERP 9 allows the user to alter the amount. If partial payment is made, based on the amount specified in the **Amount** field **Service Tax** and **Cess** amount will be re-calculated and displayed.



Example: Partial payment of Rs.30,000 is made to Ram Agency. Service Tax and Cess amount will be re-calculated and displayed as shown:

Service Tax Details for : Ram Agency					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Purc/1-1	Input Credit	Advertising Agency	30,000.00	27,198.55
	Service Tax	@ 10 % (On Assessable Value	27,198.55)	2,720.00	
	Ed Cess	@ 2 % (On Tax Value	2,719.86)	54.00	
	Sec Ed Cess	@ 1 % (On Tax Value	2,719.86)	27.00	
				<u>2,801.00</u>	
Total				30,000.00	27,198.55

Figure 2.17 Service Tax Details – on Partial Payment

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

- In **Type of Ref** filed select **Agst Ref** from **Method of Adj.** list to adjust the payment towards the bill
- In **Name** field select the bill - **RA/8596** dated 1-4-2010
- **Amount** will be displayed automatically

Bill-wise Details for : Ram Agency Upto: Rs. 66,180.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 3-4-2010)	Amount	Dr/ Cr
Agst Ref	RA/8596		66,180.00	Dr
			66,180.00	Dr

Figure 2.18 Bill-wise Details screen

5. In **Credit** field the Bank Ledger - **Canara Bank**. Amount will be displayed automatically.

6. Enter **Narration**, if required

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 1		3-Apr-2010 Saturday
Particulars	Debit	Credit	
Dr Ram Agency	66,180.00		
Cur Bal: 0.00 Dr			
Agst Ref RA/8596	66,180.00 Dr		
Cr Canara Bank		66,180.00	
Cur Bal: 9,33,820.00 Dr			
Narration:	66,180.00	66,180.00	
Ch. No. :			

Accept ?
 Yes or No

Figure 2.19 Completed Payment Voucher

7. Press **Enter** to save.

On payment to party towards the services purchased, the Input credit on such purchases will be available for adjustment towards service tax. Details of Input credit can be viewed in Input Credit Summary report

To view **Input Credit Summary** report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Input credit Summary**

Input Credit Summary		Crystal Services (P) Ltd					Ctrl + M	
1-Apr-2010 to 30-Apr-2010								
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
1-Apr-2010	Purc/1-1	Ram Agency	Advertising Agency	66,180.00	6,180.00	66,180.00	6,180.00	6,180.00
Total				66,180.00	6,180.00	66,180.00	6,180.00	6,180.00

Figure 2.20 Input Credit Summary

2.3 Sale of Taxable Services

Under this, we will learn to account sale of taxable services and service tax chargeable to the customer.

Example 3:

*On April 5, 2010 M/s. Crystal Services (P) Ltd. raised a sales invoice (No.CS/5621) for Event Management Services rendered to M/s. Siesta Advertisers for Rs.7,50,000 with Service Tax @ 10.3% (Total invoice amount **Rs. 8,27,250**)*

Service tax liability on the services provided to Siesta Advertisers is on Crystal Services (P) Ltd. (service provider). But the **liability to pay tax** (to government) on the services provided will arise only when the payment is received from Siesta Advertisers and it will be to the **extent of the payment received**.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Sales Ledger
 - ii. Customer Ledger
2. Record the Transaction in Sales Voucher
 1. Create Masters

i. Sales Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Sale - Event Mgt Services	Sales Accounts	Yes	Event Management Service

To Create Sales Ledger

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

- ☐ In Name field, enter **Sales - Event Mgt Services** as the **Ledger Name**
- ☐ Select **Sales Accounts** in **Under** field
- ☐ Set **Inventory values are affected** to **No**
- ☐ Set the option **Is Service Tax Applicable** to **Yes**
- ☐ In **Default Service Category** filed select **Event Management Service** from the **List of Service Categories**.



*All the **Services** subject to **service Tax** have to be associated with relevant pre-defined **Service Category**.*

Ledger Creation		Crystal Services (P) Ltd		Ctrl + M
Name : Sale - Event Mgt Services (alias) :				List of Service Categories
				↑ ... 6 more
				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
				Cosmetic and Plastic Surgery Services
				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
				75 more ... ↓
Under : Sales Accounts		Mailing D		
Inventory values are affected ? No		Name : Address :		
		State : PIN Code :		
		PAN / IT No. :		
		Sales Tax No. :		
		CST No. :		
		Tax Infor		
Statutory Information				
Is Service Tax Applicable ? Yes				
Default Service Category : Event Management Service				
Opening Balance (on 1-Apr-2010) :				

Figure 2.21 Selection of Service Category



The option **Any** can be selected from the **List of Service Categories**, where the user doesn't want to define the **Service Category** during **Ledger creation**. This allows the user to use an **Sales/Income Ledger** (as a common ledger) to account **multiple Service Categories**.

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name :	Sale - Event Mgt Services	Total Op. Bal.	
(alias) :		10,00,000.00 Dr	
		Difference	
		10,00,000.00 Dr	
Under :	Sales Accounts	Mailing Details	
Inventory values are affected ?	No	Name :	
		Address :	
		State :	
		PIN Code :	
		Tax Information	
Is Service Tax Applicable ?	Yes	PAN / IT No. :	
Default Service Category :	Event Management Service	Sales Tax No. :	
		CST No. :	
Opening Balance (on 1-Apr-2010) :		Accept ?	
		Yes or No	

- Press **Enter** to save.

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Siesta Advertisers	Sundry Debtors	Yes	Yes

In the **Ledger Creation** screen,

- ❑ In **Name** field enter **Siesta Advertisers** as the **Ledger Name**
- ❑ In **Under** field select **Sundry Debtors** as the group
- ❑ Set the option **Maintain Balances bill-by-bill** to **Yes**
- ❑ Specify the **Default Credit Period**, if required
- ❑ Set **Is Service Provider/Receiver** to **Yes**



*In day-to-day business scenario a **party** can **provide services** as well as **receive services**. In such cases, same party ledger can be used to account both the sale and purchase of services.*

- Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view **Service Tax Details** screen
- In **Service Tax Details** screen enter
 - **Registration Number:** Enter **15** digits **Service Tax Registration Number** of the Service Provider. E.g. **APGFL6592MST001**



*Service Tax Registration Number is a **PAN Based Number**. For more information refer the topic - **Service Tax Assessee Code***

- **Date of Registration:** Enter the Registration Date. E.g. **10-5-2003**
- **Type of Classification:** In this field select the classification, if applicable. For Sesta Advertisers **Not Applicable** is selected.



- i. **Not Applicable:** Select this option when the service purchased/sold is a taxable service and eligible to avail input credit
- ii. **Exempt:** Select this option when the Service Provider/Receiver is exempt from Service Tax.
- iii. **Export:** Select this option when the services are Exported
- iv. **Import:** Select this option when the services are Imported
- v. **Pure Agent:** Select this option when the Service provider/Receiver acts as a pure agent
- vi. **Tax On Service Received:** Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver

*The **Type of Classification** selected in the **Service Provider/Receiver** will determine the **Type of Service** which can be overridden during voucher entry.*

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

Service Tax Details		Classification
Registration No.	: APGFL6592MST001	Not Applicable Exempt Export Import Pure Agent Tax on Service Received
Date of Registration	: 10-May-2003	
Type of Classification	: Not Applicable	
Notification No.	:	

Figure 2.23 Service Tax Details Screen

- Enter the **Mailing Details** and **Tax Information**

The completed **Customer (Service Receiver) Ledger** is displayed as shown

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name	: Siesta Advertisers		Total Op. Bal.
(alias)	:		10,00,000.00 Dr
			Difference
			10,00,000.00 Dr
Under	: Sundry Debtors (Current Assets)	Mailing Details	
Maintain balances bill-by-bill	? Yes	Name	: Siesta Advertisers
Default Credit Period	:	Address	: # 304 15th Main 3rd Block Jayanagar Bangalore
Inventory values are affected	? No	State	: Karnataka
		PIN Code	: 560084
Statutory Information		Tax Information	
Is Service Provider/Receiver	? Yes	PAN / IT No.	: APGFL6592M
Set/Alter Service Tax Details	? Yes	Sales Tax No.	:
		CST No.	:
Opening Balance (on 1-Apr-2010) :		Accept ?	
		Yes or No	

Figure 2.24 Completed Ledger Creation Screen

- Press **Enter** to save.

2. Record the transaction in Sales Voucher (Account Invoice Mode)

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

- Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
- Press **F2** and change the date to **05-04-2010**

3. In **Party's A/c Name** field select the service provider e.g. **Siesta Advertisers**
4. Under **Particulars** select the Service (sales) Ledger e.g. **Sale - Event Mgt Services** and press enter to view **Service Tax Details** screen
5. In **Service Tax Details** screen
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., **Agst Ref** and **New Ref**. **New Ref** is selected for new Financial Transactions. Where as, **Agst Ref** is selected to setoff the advance payments made.
 - **Name:** This field displays the Reference Number for the service tax calculation. The default Reference Number displayed, is a combination of abbreviation of **Sales**, **Voucher Number** and **Line Number** Example: **Sale/1-1** which can be changed by the user. Service Tax payments are tracked with these Reference Numbers.



*If the reference number is mentioned in **Ref.** field, then Tally.ERP 9 captures **Ref. number** instead of **voucher number** in **Reference Number** displayed in **Name** field.*

- **Type of Service:** Based on the **Type of Classification** selected in the Service Receiver, **Type of Service** will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.



*In **Type of Service** field*

- i. **Exempt** is defaulted for the Type of Classification **Exempt**
- ii. **Export** is defaulted for the Type of Classification **Export**
- iii. **Pure Agent** is defaulted for the Type of Classification **Pure Agent**
- iv. **Taxable** is defaulted for the Type of Classification set to **Not Applicable**

*The default Type of service can be overridden. Press **Back Space** key to move to **Type of Service** field and select the applicable Type of service. The type of service selected in the voucher entry will determine the Type of service.*

- **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed and Tally.ERP 9 skips the field.
- **Service Amount:** In this field enter the **Service Amount**. Enter **Rs. 7,50,000**. On providing the service amount service tax gets calculated.
- **Amount (Incl. of Tax):** In this field the **cumulative (collective)** amount of **Service amount** and **Tax** will be displayed in this field.



*In cases where the invoice raised is inclusive of tax, you can enter the invoice amount in the **Amount (Incl. of Tax)** field. Tally.ERP 9 back calculates the amount to arrive at the Service amount and Tax portion. The service amount will be displayed in **Service Amount** filed and **Tax** details against the **Tax Head**.*

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

Service Tax Details for : Sale - Event Mgt Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/1-1	Taxable	Event Management Service	7,50,000.00	8,27,250.00
Service Tax @ 10 % (On Assessable Value 7,50,000.00)				75,000.00	
Ed Cess @ 2 % (On Tax Value 75,000.00)				1,500.00	
Sec Ed Cess @ 1 % (On Tax Value 75,000.00)				750.00	
				<u>77,250.00</u>	
Total				7,50,000.00	8,27,250.00

Figure 2.25 Service Tax Details Screen

6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. In **Bill-wise Details** screen
 - In **Type of Ref** field select **New Ref**
 - In **Name** field enter the Bill name - **CS/5621**
 - **Amount** will be defaulted automatically

Bill-wise Details for : Siesta Advertisers Upto: Rs. 8,27,250.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 5-4-2010)	Amount	Dr/ Cr
New Ref	CS/5621		8,27,250.00	Dr
			8,27,250.00 Dr	

Figure 2.26 Bill-wise Details screen

10.Enter **Narration**, if any

The completed Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 1		5-Apr-2010 Monday
Ref. :			
Party's A/c Name : Siesta Advertisers			
Current Balance :			
Particulars	Rate per	Amount	
Sale - Event Mgt Services		7,50,000.00	
Service Tax @ 10%		75,000.00	
Education Cess @ 2%		1,500.00	
Secondary Education Cess @ 1%		750.00	
Narration:			
			Accept ? Yes or No

Figure 2.27 Completed Service Sales Voucher

11.Press **Enter** to save.

Service Tax Payables

In the earlier service Tax Module of Tally.ERP 9, sales of Services recorded were not displayed in the **Service Tax Payables** report till the receipt of Payment from Service Receiver.

But in the new re-modelled service tax, sale of services can be viewed in **Bill Date Wise** Service Tax Payables report.

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Bill Date wise**

To view the un-realised bills press **F12: Configuration** and

- In **Show bills of the following Type** field select **Un-realised Bills** from the Type of Bills

Configuration		
Show Service Tax Registration No.	? No	
Show Abatement Amount	? No	
Show Rate & Notification No.	? No	
Show Allowable Expenses	? No	
Show Assessable Value	? No	
Show Billed Assessable Value	? No	
Show Realised Assessable Value	? No	
Show Tax Break-up	? No	
Show Tax Break-up for Bill Amount	? No	
Show Tax Break-up for Realised Amount	? No	
Show Tax Paid / Adjusted / Utilised Amount	? No	
Range of Bills to show	: All Bills	
Show Bills of the following type	: Unrealised Bills	
		Type of Bills
		Paid Bills
		Realised Bills
		Unrealised Bills

Figure 2.28 F12: Configuration

The **Bill Date Wise Service Tax Payables** report appears as shown

Service Tax Payable (Bill Date - wise)				Crystal Services (P) Ltd		Ctrl + M		
1-Apr-2010 to 30-Apr-2010								
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
5-Apr-2010	Sale/1-1	Siesta Advertisers	Event Management Service	8,27,250.00	77,250.00			
Total				8,27,250.00	77,250.00			

Figure 2.29 Service Tax Payables Report - Bill Date Wise

Report displays the **invoice details, Party Name, Service Category, Bill Amount and Total Tax.**

2.4 Receipt from Service Receiver

Under this, we will learn to record receipts towards the invoice raised for the services Sold.

Liability to pay service tax on services sold will arise only on the receipt of payment and to the extent of the payment received from the customer.

Example 4:

*On April 7, 2010 M/s. Crystal Services (P) Ltd. received **Rs. 8,27,250** (full payment) from Siesta Advertisers towards the Event Management Services sold on 7-4-2010 vide. no. CS/5621.*

To account the above transaction

1. Record Transaction in Receipt Voucher

1. Press **F2** and change the date to **07-04-2010**
2. In **Credit** field select the customer ledger – **Siesta Advertisers** and press enter to view **Service Tax Details** screen
3. In **Service Tax Details** screen
 - **Type of Ref:** Select **Agst Ref.** In **Type of Ref** field Tally.ERP 9 displays 2 options - **Advance** and **Agst Ref**
 - **Agst Ref:** Is selected to set off payment against the previously entered service bills.
 - **Advance:** To account the advance payments made to the service provider
 - In **Name** field select the **tax bill - Sale/1-1** dated **5-4-2010** from the list of **Pending Tax Bills** against which the payment is made.

Service Tax Details for : Siesta Advertisers						
Type of Ref	Name	Type of Ref	Category	Amount	Service	
Pending Tax Bills						
Agst Ref	Name	Date	Category	Amount	Service Amount	
	Sale/1-1	5-Apr-2010	Event Management Service	8,27,250.00	7,50,000.00	
Service Tax	@ 10 % (On Taxable Value)					
Ed Cess	@ 2 % (On Tax Value)					
Sec Ed Cess	@ 1 % (On Tax Value)					
Total				8,27,250.00	7,50,000.00	

Figure 2.30 Selection of bill

- On selection of bill, details in **Type of Service, Category, Amount (incl. of tax), Service Amount** fields and tax bifurcation will be displayed automatically. Press **Enter** to accept the Service tax details.

Service Tax Details for : Siesta Advertisers					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Sale/1-1	Taxable	Event Management Service	8,27,250.00	7,50,000.00
Service Tax @ 10 % (On Assessable Value 7,50,000.00) 75,000.00					
Ed Cess @ 2 % (On Tax Value 75,000.00) 1,500.00					
Sec Ed Cess @ 1 % (On Tax Value 75,000.00) 750.00					
				77,250.00	
Total				8,27,250.00	7,50,000.00

Figure 2.31 Service Tax Details Screen

As there is a possibility that the service receiver may make full or partial payment to the service provider, Tally.ERP 9 allows the user to alter the amount. If partial payment is made, based on the amount specified in the **Amount** field **Service Tax** and **Cess** amount will be re-calculated and displayed



Example: Siesta Advertisers paid **Rs. 3,00,000** (partial amount) as against the bill amount of 5,51,500. **Service Tax** and **Cess** amount will be re-calculated and displayed as shown:

Service Tax Details for : Siesta Advertisers					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Sale/1-1	Taxable	Event Management Service	3,00,000.00	2,71,985.49
Service Tax @ 10 % (On Assessable Value 2,71,985.49)				27,199.00	
Ed Cess @ 2 % (On Tax Value 27,198.55)				544.00	
Sec Ed Cess @ 1 % (On Tax Value 27,198.55)				272.00	
				<u>28,015.00</u>	
Total				3,00,000.00	2,71,985.49

Figure 2.32 Service Tax Details – on Partial Receipt

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

- ❑ In **Type of Ref** filed select **Agst Ref** from **Method of Adj.** list to adjust the payment towards the bill
- ❑ In **Name** field select the bill - **CS/5621** dated 5-4-2010
- ❑ **Amount** will be displayed automatically

Bill-wise Details for : Siesta Advertisers Upto: Rs. 8,27,250.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 7-4-2010)	Amount	Dr/ Cr
Agst Ref	CS/5621		8,27,250.00	Cr
			<u>8,27,250.00</u>	Cr

Figure 2.33 Bill-wise Details Screen

5. In **Debit** field the Bank Ledger - **Canara Bank**. Amount will be displayed automatically.

The completed Receipt Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Receipt No. 1				7-Apr-2010 Wednesday
Particulars	Debit	Credit		
Cr Siesta Advertisers Cur Bal: 0.00 Cr Agst Ref CS/5621	8,27,250.00 Cr		8,27,250.00	
Dr Canara Bank Cur Bal: 17,61,070.00 Dr		8,27,250.00		
			8,27,250.00	8,27,250.00
Narration: Ch. No. :				
		Accept ? Yes or No		

Figure 2.34 Completed Receipt Voucher

6. Press **Enter** to save.

On receipt of payment from customers towards the services sold, the service tax on such sales will be displayed as the liability. Details of Service Tax can be viewed in Service Tax Payable report

To view **Service Tax Payable** report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Bill Date wise**

Service Tax Payable (Bill Date - wise)		Crystal Services (P) Ltd		Ctrl + M				
				1-Apr-2010 to 30-Apr-2010				
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
5-Apr-2010	Sale/1-1	Siesta Advertisers	Event Management Service	8,27,250.00	77,250.00	8,27,250.00	77,250.00	77,250.00

Figure 2.35 Service Tax Payables Report

Service Tax Payable details can also be checked from **Receipt Date Wise** report.

2.5 Adjustment of Input Service Credit towards Service Tax Payable

As per Service Tax credit Rules, 2002, every service provider (output service provider) shall be eligible to avail credit of the service tax paid by him to other service providers, in respect of the services (Input service) purchased. Such availment should be in relation to the rendering of service by the service provider.

Under Service Tax Rules, service tax is payable monthly or quarterly depending on the Type of organisation. For the payment of Service Tax, service tax Credit available to a unit will be adjusted towards the service tax payable to arrive at the Net Service Tax Payable to the Government.

Provided that while paying service tax on the output service, the service tax credit shall be utilized only to the extent of such credit is available on the last day of a month, for payment of service tax relating to the month or in case where the assessee is an individual or proprietary firm or partnership firm, to the extent such credit is available on the last day of the quarter for payment of service tax relating to the quarter.

In Tally.ERP 9 to record the adjustment entry **Service Tax Ledgers** will be **Debited** and **Credited** respectively to nullify the **Input Service Credit** and **Service Tax Liability** and the net balance in the service tax ledgers will be paid to the Government.

Example 5:

On April 30, 2010 M/s. Crystal Services (P) Ltd. adjusted Input Service Credit of Rs. 6,180 (Service Tax - Rs. 6000, Education Cess Rs. 120 and Secondary Education Cess of Rs. 60) towards Service Tax Payable for the month of April.

To account the above transaction follow the steps given below

1. Create the Voucher Class in Journal Voucher (to adjust input service credit)
2. Record the Transaction in Journal Voucher

1. Create Voucher Class in Journal Voucher (to adjust input service credit)

To alter the voucher type

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter** > select **Journal** from the List of Voucher Types

In **Voucher Type Alteration** screen

- Tab down to **Name of Class** field and enter **Service Credit Adjustment** as the class name and press Enter to view **Voucher Type Class** screen
- In **Voucher Type Class** screen
 - Set the option **Use Class for Service Tax Adjustments** to **Yes**

Voucher Type Class		Crystal Services (P) Ltd	Ctrl + M
Name : Journal (alias) :	Class : Service Credit Adjustment		
	Use Class for Service Tax Adjustments ? Yes		
	Ledger account to use		Name of Class Service Credit Adjustment
	Ledger Name		
Type of Voucher : Joun Abbr. : Jrn			
Method of Voucher Numbering			
Use Advance Configuration			
Use EFFECTIVE Dates for Vou			

Figure 2.36 Voucher Type Class Screen

- Press enter to save **Voucher Type Class** screen and **Voucher Type Alteration** screen.

2. Record the Transaction in Journal Voucher

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

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **30-04-2010**
3. In **Used for** field select **Input Credit Adjustments** flag from **Service Tax Adjustments** list

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal No. 1	Voucher Class : Service Credit Adjustment		30-Apr-2010 Friday
		Used for: Input Credit Adjustments	
Particulars	Service Tax Adjustments		Credit
Dr	Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment		

Figure 2.37 Selection of Service Tax Adjustments

4. In **Debit** field, select **Service Tax @ 10%** ledger and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust service tax liability against input credit
 - In **Name** field select **Sale/1-1** dated 5-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the sales bill selected. E.g. **Event Management Service** will be defaulted for the sale made on 5-4-2010.

- In **Amount** field enter the **Input Service Tax Credit** i.e. **Rs. 6,000** which is adjusted towards the Service Tax portion of service tax Payable

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/1-1	Event Management Service	6,000.00

Figure 2.38 Service Tax Details Screen

6. In **Debit** field, select **Education Cess @ 2%** ledger and press enter to view Service Tax Details screen
7. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust service tax liability against input credit
 - In **Name** field select **Sale/1-1** dated 5-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the sales bill selected. E.g. **Event Management Service** will be defaulted for the sale made on 5-4-2010.
 - In **Amount** field enter the **Input Education Cess Credit** i.e. **Rs. 120** which is adjusted towards the Education Cess portion of service tax payable
8. In **Debit** field, select **Secondary Education Cess @ 1%** ledger and press enter to view Service Tax Details screen
9. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust service tax liability against input credit
 - In **Name** field select **Sale/1-1** dated 5-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the sales bill selected. E.g. **Event Management Service** will be defaulted for the sale made on 5-4-2010.
 - In **Amount** field enter the **Input Secondary Education Cess Credit** i.e. **Rs. 60** which is adjusted towards the Secondary Education Cess portion of service tax payable
10. To nullify the input service credit available, in **Credit** field select **Service Tax @ 10%** and press enter to view Service Tax Details screen
11. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust input credit towards the service tax liability
 - In **Name** field select **Purc/1-1** dated 1-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the purchase bill selected. E.g. **Advertising Agency** will be defaulted for the purchase made on 1-4-2010.
 - In **Amount** field **Rs.6,000** will be defaulted.



For the month of April, Crystal Services (P) Ltd. has a Service Tax Input credit of Rs. 5,150. the tax bifurcation is as follows

- **Service Tax of Rs. 6000**
- **Education Cess of Rs.120**
- **Secondary Education Cess of Rs.60**

The company has decided to adjust full credit available. So in the Service Tax Details screen the default amount of **Rs. 6,000** is accepted.

If you want to adjust partial credit, then you can specify the adjusted credit amount in **Amount** filed.

12. To nullify the input education cess, in **credit** field, select **Education Cess @ 2%** ledger and press enter to view Service Tax Details screen
13. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust input credit towards the service tax liability
 - In **Name** field select **Purc/1-1** dated 1-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the purchase bill selected. E.g. **Advertising Agency** will be defaulted for the purchase made on 1-4-2010.
 - In **Amount** field **Rs. 120** will be defaulted.
14. In **Credit** field, select **Secondary Education Cess @ 1%** ledger and press enter to view Service Tax Details screen
15. In **Service Tax Details** screen
 - In **Type of Ref.** field select **Agst Ref** to adjust service tax liability against input credit
 - In **Name** field select **Purc/1-1** dated 1-4-2010 to adjust the Bill.
 - **Category** details will be defaulted based on the purchase bill selected. E.g. **Advertising Agency** will be defaulted for the purchase made on 1-4-2010.
 - In **Amount** **Rs. 60** will be defaulted.
16. Set the option **Provide Details** to **Yes** to enter the period for which the Service Credit Adjustment is done
 - In **Service Tax Payment Details**
 - In **From** field enter **1-4-2010**
 - In **To** filed enter **30-4-2010**

<u>Service Tax Payment Details</u>	
From	: 1-Apr-2010
To	: 30-Apr-2010
(Note : This Payment Belongs to the Above Period)	

Figure 2.39 Service Tax Payment Details

17. Enter **Narration**, if any

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 1	Voucher Class : Service Credit Adjustment	30-Apr-2010 Friday
Used for: Input Credit Adjustments			
Particulars	Debit	Credit	
Dr Service Tax @ 10%	6,000.00		
Cur Bal: 69,000.00 Cr			
Dr Education Cess @ 2%	120.00		
Cur Bal: 1,380.00 Cr			
Dr Secondary Education Cess @ 1%	60.00		
Cur Bal: 690.00 Cr			
Cr Service Tax @ 10%		6,000.00	
Cur Bal: 69,000.00 Cr			
Cr Education Cess @ 2%		120.00	
Cur Bal: 1,380.00 Cr			
Cr Secondary Education Cess @ 1%		60.00	
Cur Bal: 690.00 Cr			
Provide Details : Yes			
Narration:	6,180.00	6,180.00	
			Accept ? Yes or No

Figure 2.40 Completed Journal Voucher

18. Press **Enter** to accept

2.6 Payment of Service Tax

Under Service Tax Rules, service tax is payable monthly or quarterly depending on the Type of organisation. All the service tax charged (for which payment is received from the service receiver) is to be paid to the credit of Government on or before 5th of the next month.

Service Tax amount shall be paid to the government account through any designated branches of the authorised banks, along with G.A.R.- 7.

Example 6:

On May 4, 2010 M/s. Crystal Services (P) Ltd. Service Tax of Rs. 71,070 for the month of April, 2010 (Service Tax - Rs. 69,000, Education Cess Rs. 1,380 and Secondary Education Cess of Rs. 690) through cheque.

To account the above transaction

1. Record the Transaction in Payment Voucher

1. Record the Transaction in Payment Voucher

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

Set up:

In **F12: Payment Configuration**

- ☐ Set the option **Use Single Entry mode for Pymt/Rcpt/Contra** to **Yes**

In Accounting Voucher creation screen

1. Press **F2** and change the date to **04-05-2010**
2. In **Account** field, select the Bank or Cash ledger depending on the mode of payment. Here the payment is made through cheque select **Canara Bank**.
3. Under **Particulars** select Service Tax ledger - **Service Tax @ 10%** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - ☐ In **Type of Ref** field select **Agst Ref**
 - ☐ In **Name** field select the tax bill which is pending for payment. Select **Sale/1-1** from the list of **Pending Tax Bills**
 - ☐ In **Amount** field the tax amount payable to government **Rs. 69,000** will be displayed automatically.

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/1-1	Event Management Service	69,000.00

Figure 2.41 Service Tax Details screen

5. Under **Particulars** select education cess ledger - **Education Cess @ 2%** and press enter to view Service Tax Details screen
6. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **Agst Ref**
 - ❑ In **Name** field select the tax bill which is pending for payment. Select **Sale/1-1** from the list of **Pending Tax Bills**
 - ❑ In **Amount** field the cess amount payable to government **Rs.1,380** will be displayed automatically.
7. Under **Particulars** select secondary education cess ledger - **Secondary Education Cess @ 1%** and press enter to view Service Tax Details screen
8. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **Agst Ref**
 - ❑ In **Name** field select the tax bill which is pending for payment. Select **Sale/1-1** from the list of **Pending Tax Bills**
 - ❑ In **Amount** field the cess amount payable to government **Rs. 690** will be displayed automatically.
9. Set the option **Provide Details** to **Yes** to enter service tax payment details.
10. In **Service Tax Payment Details** Screen
 - ❑ **From:** In this field enter the **From** date of the period for which the service tax is paid
 - ❑ **To:** In this field enter the **To** date of the period for which the service tax is paid.
 - ❑ **Cheque/DD No:** In this field user can enter either the cheque or the DD No through which the service tax payment is made. In this transaction payment is made through cheque no.- **585917**
 - ❑ **Name of the Bank:** In this field mention the Name of the Bank through which the tax is paid to the Government. Select **Canara Bank** from the **List of Banks**.
 - ❑ In this field Tally.ERP 9 displays the List of Banks which lists
 - All the banks which are already created to carry out the regular business.
 - The option **New Name** is provided to create **New Bank**

- The option **Not applicable** if the payment is made by **Cash**.



*The option **New Name** will be selected when the authorised bank through which the payment is made is different from the regular bank where the deposit account is maintained. The Bank name created here will not be available under the List of Ledgers.*

- **Bank Account Number:** Enter the bank account number in this field.
- **Branch Name:** Enter the bank Branch name in this field.



***Bank Account Number** and **Branch Name** details will be defaulted automatically, if the user selects the bank which is already created to carry out the regular business (with **Bank Account Number** and **Branch Name**) in the **Name of Bank** field. User can change such defaulted details.*

- **Cheque Date:** If the payment is made through cheque enter the cheque date in this field.
- **Challan No.:** In this field enter the service tax payment Challan number.
- **Challan Date:** Enter the Challan Date



*If the service tax payment **Challan Details** are not available at the time of recording the service tax payment entry, such details can be updated by altering the payment voucher.*

Service Tax Payment Details	
From	: 1-Apr-2010
To	: 30-Apr-2010
(Note : This Payment Belongs to the Above Period)	
Cheque / DD.No.	: 585917
Name of Bank	: Canara Bank
Bank Account No.	: 00659878754
Branch Name	: BTM
Cheque Date	: 4-May-2010
Challan No.	: 658274
Challan Date	: 4-5-2010
ePayment No.	:
(Note : All the Above Details Will Be Used in Challan, Forms & Returns)	

Figure 2.42 Service Tax Payment Details Screen

11. Enter cheque number in **Narration** filed

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 2		4-May-2010 Tuesday
Account : Canara Bank Cur Bal: 16,90,000.00 Dr			
Particulars	Amount		
Service Tax @ 10% Cur Bal: 0.00 Dr	69,000.00		
Education Cess @ 2% Cur Bal: 0.00 Dr	1,380.00		
Secondary Education Cess @ 1% Cur Bal: 0.00 Dr	690.00		
			71,070.00
Provide Details : Yes			
Narration:			
Ch. No. :585917			
			Accept ? Yes or No

Figure 2.43 Completed Payment Voucher

12.Press **Enter** to accept

Generate G.A.R.-7 Challan

Tax is remitted to the government account through Challans. For making the Service Tax payment, G.A.R.-7 Challan is used.

In Tally.ERP 9 Service Tax Challan (G.A.R.-7) can be printed from the service tax payment voucher.

To print the G.A.R.-7 Challan for the transaction entered on 05-05-2010

- ❑ From **Accounting Voucher Creation** screen, press **PageUp** to view the Accounting Voucher Alteration screen of payment voucher recorded on 5-5-2010
- ❑ Click on **P: Print** button or Press **Alt + P** from the payment voucher to view the Voucher Printing screen
- ❑ Ensure **Print G.A.R.- 7 Challan** field is set to **Yes**

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			
Print G.A.R.-7 Challan : Yes			Print ? Yes or No

Figure 2.44 Voucher Printing Screen

- Press **Enter** to accept **Voucher Printing** screen to view **Accounting Voucher Display** screen. To zoom the preview press **Alt+Z** or click on **Zoom**.



Ensure the **Alt+I: Print Preview** option is selected to view the print preview of **G.A.R.- 7 Challan**.

The Print Preview of G.A.R.- 7 Challan will be 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.	2 2 5 8 9 6 5 1			Pincode	5 6 0 0 8 5												
Assessee Code No.	A S D C E 1 5 8 8 P S T 0 0 1																
Commissionerate Name	B a n g a l o r e																
Commissionerate Code	0 9	Division Code	0 9	Range Code	0 9												
<table style="width: 100%; border: none;"> <tr> <td style="width: 35%;">Accounting Code of the Service</td> <td style="width: 35%;">Amount Tendered in Rupees</td> <td style="width: 30%;"></td> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td>6 9 0 0 0</td> <td rowspan="4" style="border: 1px solid black; text-align: center; vertical-align: middle;">RECEIVING BANK BRANCH STAMP</td> </tr> <tr> <td>0 0 4 4 0 2 9 8</td> <td>1 3 8 0</td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td>6 9 0</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>7 1 0 7 0</td> </tr> </table>						Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7	6 9 0 0 0	RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8	1 3 8 0	0 0 4 4 0 4 2 6	6 9 0	Total	7 1 0 7 0
Accounting Code of the Service	Amount Tendered in Rupees																
0 0 4 4 0 1 9 7	6 9 0 0 0	RECEIVING BANK BRANCH STAMP															
0 0 4 4 0 2 9 8	1 3 8 0																
0 0 4 4 0 4 2 6	6 9 0																
Total	7 1 0 7 0																
(In words) Rupees <u>Seventy One Thousand Seventy Only.</u> tendered by																	
Cash/Cheque/Draft/Pay Order No. <u>585917</u> Dated <u>4-May-2010</u> Drawn on <u>Canara Bank</u>																	
Signature of the Tenderer with date																	
<table style="width: 100%; border: none;"> <tr> <td style="width: 35%;">Accounting Code of the Service</td> <td style="width: 35%;">Amount Tendered in Rupees</td> <td style="width: 30%;"></td> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td>6 9 0 0 0</td> <td rowspan="4" style="border: 1px solid black; text-align: center; vertical-align: middle;">RECEIVING BANK BRANCH STAMP</td> </tr> <tr> <td>0 0 4 4 0 2 9 8</td> <td>1 3 8 0</td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td>6 9 0</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>7 1 0 7 0</td> </tr> </table>						Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7	6 9 0 0 0	RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8	1 3 8 0	0 0 4 4 0 4 2 6	6 9 0	Total	7 1 0 7 0
Accounting Code of the Service	Amount Tendered in Rupees																
0 0 4 4 0 1 9 7	6 9 0 0 0	RECEIVING BANK BRANCH STAMP															
0 0 4 4 0 2 9 8	1 3 8 0																
0 0 4 4 0 4 2 6	6 9 0																
Total	7 1 0 7 0																
Received from Assessee Code No. <u>A S D C E 1 5 8 8 P S T 0 0 1</u>																	
(In words) Rupees <u>Seventy One Thousand Seventy Only.</u>																	
By Cash/Cheque/Draft/Pay Order No. <u>585917</u> Dated <u>4-May-2010</u> Drawn on <u>Canara Bank</u>																	
on account of Union Service tax as detailed in this taxpayer's counterfoil and on stamp affixed and signed therein.																	

Figure 2.45 Print Preview of G.A.R.-7 Challan

To print the challan, in **Accounting Voucher Display** screen click the option **Print**.

Part – II

Recording Advanced Service Tax Transactions

In this section we shall understand how Tally.ERP 9's Service Tax feature can be used to process advanced service Tax transactions.

We shall learn to record advanced Service Tax transactions such as

- ❑ Accounting Opening Service Tax Bills (Opening Balance of Service tax payables and Input Credit)
- ❑ Sale/Purchase Order for Services
- ❑ Purchase of services and Partial Payment to Service Provider
- ❑ Accounting multiple services in single voucher
- ❑ Purchase of Services - Inclusive of Service Tax
- ❑ Services Partly Subject to Service Tax
- ❑ Accounting Service Tax on Expenses (Journal Voucher)
- ❑ Accounting Cash Sales and Cash Purchases of Services
- ❑ Service Tax Billing for Professionals
- ❑ Advances from Service Receivers and Adjusting Advance received against the Service Bill
- ❑ Sale of Services with Inventory
- ❑ Accounting Sale of Services Exempted from Service Tax
- ❑ Accounting Export of Services
- ❑ Accounting Import of Services
- ❑ Accounting Pure Agent Services
- ❑ Account Services with Abatement
- ❑ Reversal of Service amount with Tax
- ❑ Account Service Tax on total transaction amount including TDS
- ❑ Tax on Service Purchased (GTA etc.)
- ❑ Accounting Service consideration Receipts/ Payments through Journal
- ❑ Accounting Money Equivalent Transactions
- ❑ Advance Service Tax Payment and Adjust Advances against the Tax Liability
- ❑ Accounting CENVAT Credit Adjustments
- ❑ Payment of Interest and Penalties
- ❑ Accounting Adjustments under Rule 6(3)
- ❑ Receipt/Payment of Normal Advances and Adjusting Advance against the Service Bill

2.7 Accounting Opening Service Tax Bills (Opening Balance of Service Tax Payables and Input Credit)

Tally.ERP 9 gives the flexibility to account the opening balance of Service Input credit and service tax at anytime during the Financial Year at your convenience. To account Opening balance of Input Credit and Service tax, in Journal Voucher a flag - **Opening Balance** has been Provided.

In re-modelled service tax, service tax/input credit opening balances can be brought forward / accounted only for those services which are already realised in the Previous Financial Year.

2.7.1 Accounting Opening Balance of Service Tax Payables

Example 7:

On May 1, 2010 M/s. Crystal Services (P) Ltd. has service tax payable opening balance of Rs. 5,150 (Service Tax of Rs. 5000, Education Cess of Rs. 100 and Secondary Education Cess of Rs. 50) on services sold to the Service Receiver Kamal Advertisers.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Tax Ledger - for Current Year
 - ii. Service Receiver (Customer) ledger
 - iii. Service Tax Ledger - of Previous Year.
2. Create the Voucher Class in Journal Voucher
3. Record the Transaction in Journal Voucher

1. Create Masters

i. Service Tax Ledger - for Current Year

Ledger	Under	Type of Duty/Tax	Tax Head
Service Tax Ledger	Duties & Taxes	Service Tax	Any

As per the details given in the table create the service tax ledger.

The completed Service Tax Ledger is displayed as shown

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name	: Service Tax Ledger		Total Op. Bal.
(alias)	:		10,00,000.00 Dr
			Difference
			10,00,000.00 Dr
Under	: Duties & Taxes (Current Liabilities)	Name	:
Type of Duty/Tax	: Service Tax	Address	:
Tax Head	: Any	State	:
Inventory values are affected	? No	PIN Code	:
		Tax Information	
		PAN / IT No.	:
		Sales Tax No.	:
		CST No.	:
Opening Balance (on 1-Apr-2010) :			Accept ?
			Yes or No

Figure 2.46 Service Tax Ledger



Single Ledger can be used account both **input** and **output** service tax or create 2 ledgers to account input and output separately.

If you want to account **Service tax, Education Cess and Secondary Education Cess** separately create separate ledgers

ii. Service Receiver (Customer) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Kamal Advertisers	Sundry Debtors	Yes	Yes
Enter the Mailing Details and Tax Information			

iii. Service Tax Ledger - of Previous Year

Ledger	Under	Opening Balance	Dr/Cr
Output Service Tax Ledger	Suspense A/c	Rs. 5,150	Cr

The completed **Service Tax Ledger of Previous Year** is displayed as shown

Ledger Creation		Crystal Services (P) Ltd		Ctrl
Name	: Output Service Tax Ledger			Total Op. Bal.
(alias)	:			10,00,000.00 Dr
				5,150.00 Cr
				Difference
				9,94,850.00 Dr
Under	: Suspense A/c	Mailing Details		
Inventory values are affected	? No	Name		:
		Address		:
		State		:
		PIN Code		:
		Tax Information		
		PAN / IT No.		:
		Sales Tax No.		:
		CST No.		:
				Accept ?
Opening Balance (on 1-Apr-2010) : 5,150.00 Cr				Yes or No

Figure 2.47 Service Tax Ledger of Previous Year

2. Create the Voucher Class in Journal Voucher

Ensure **Voucher Class** is created for **Journal Voucher** by enabling the option **Use Class for Service Tax Adjustments** to **Yes**

3. Record the Transaction in Journal Voucher

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **1-5-2010**
3. In **Used for** field select **Opening Balance** flag from **Service Tax Adjustments** list

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Journal	No. 2	Voucher Class : Service Credit Adjustment		1-May-2010 Saturday
		Used for: Opening Balance		
Particulars		Service Tax Adjustments		Credit
Dr	Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment			

Figure 2.48 Selection of Service Tax Adjustment

4. In **Debit** field select **Output Service Tax Ledger** from the List of Ledger Accounts created for the current year
5. In **Amount** field enter the Service Tax (Liability) amount. Enter **Rs. 5,150**
6. In **Credit** field select **Service Tax Ledger** created for the current Financial Year and press enter to view Service Tax Details screen
7. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - In **Name** field the **Reference Number** will be defaulted as **Jrnl/2-1**
 - In **Type of Service** field select **Taxable**
 - In **Party Ledger** field select **Kamal Services** from the List of Ledgers



From **Party Ledger** field Tally.ERP 9 does not allow to create the ledger.

- In **Category** field select the service category for which opening balance of service Tax is accounted.
- In **Service Amount** field enter the service amount on which the credit is available. Enter **Rs. 50,000**
- Based on the amount specified in Service Amount field **Service Tax**, **Education Cess** and **Secondary Education Cess** will get calculated and displayed

Service Tax Details for : Service Tax Ledger					
Type of Ref	Name	Type of Service	Party Ledger	Category	Service Amount
New Ref	Jrnl/2-1	Taxable	Kamal Advertisers	Event Management Service	50,000.00
Service Tax	@ 10 %	(On Assessable Value	50,000.00)	5,000.00	
Ed Cess	@ 2 %	(On Tax Value	5,000.00)	100.00	
Sec Ed Cess	@ 1 %	(On Tax Value	5,000.00)	50.00	
				<u>5,150.00</u>	
Total					50,000.00

Figure 2.49 Service Tax Details Screen

8. Accept the Service Tax Details screen.



In a single voucher, Tally.ERP 9 allows to account Opening Balance of service tax of Multiple Services provided to multiple parties

This journal will transfer the pending Service Tax of the Previous Financial Year to current Financial Years Service Tax ledger.

The completed Opening balance entry is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 2	Voucher Class : Service Credit Adjustment	1-May-2010 Saturday
Used for: Opening Balance			
Particulars	Debit	Credit	
Dr Output Service Tax Ledger Cur Bal: 0.00 Dr	5,150.00		
Cr Service Tax Ledger Cur Bal: 5,150.00 Cr		5,150.00	
Narration:		5,150.00	5,150.00

Accept ?
 Yes or No

Figure 2.50 Completed Journal Voucher

9. Press **Enter** to accept.

On Accounting service Tax Opening balance details will be displayed in Service Tax Payables report

To view the details

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Bill Date Wise**

Service Tax Payable (Bill Date - wise)			Crystal Services (P) Ltd			Ctrl + M		
1-May-2010 to 31-May-2010								
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
1-May-2010	Jrn1/2-1	Kamal Advertisers	Event Management Service	55,150.00	5,150.00	55,150.00	5,150.00	5,150.00

Figure 2.51 Service Tax Payable Report

2.7.2 Accounting Opening Balance of Service Input Credit

Example 8:

*On May 1, 2010 M/s. Crystal Services (P) Ltd. has Input Credit opening balance of **Rs. 10,300** (Service Tax of Rs. 10000, Education Cess of Rs. 200 and Secondary Education Cess of Rs. 100) on services purchased from the Service Provider Matrix Ad.*

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Provider (supplier) ledger
 - ii. Service Tax Ledger - of Previous Year.
2. Record the Transaction in Journal Voucher

1. Create Masters

i. Service Provider (supplier) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Matrix Ad	Sundry Creditors	Yes	Yes
Enter the Mailing Details and Tax Information			

ii. Service Tax Ledger - of Previous Year

Ledger	Under	Opening Balance	Dr/Cr
Input Service Tax Ledger	Suspense A/c	Rs. 10,300	Dr

As per the information given in the table create the Ledgers.

The completed **Service Tax Ledger of Previous Year** is displayed as shown

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name	: Input Service Tax Ledger		Total Op. Bal.
{alias}	:		10,10,300.00 Dr
			5,150.00 Cr
			Difference
			10,05,150.00 Dr
Under	: Suspense A/c	Name	: Mailing Details
Inventory values are affected	? No	Address	:
		State	:
		PIN Code	:
		PAN / IT No.	: Tax Information
		Sales Tax No.	:
		CST No.	:
Opening Balance (on 1-Apr-2010) : 10,300.00 Dr		Accept ?	
		Yes or No	

Figure 2.52 Service Tax Ledger of Previous Year

2. Record the Transaction in Journal Voucher

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **1-5-2010**
3. In **Used for** field select **Opening Balance** flag from **Service Tax Adjustments** list
4. In **Debit** field select **Service Tax Ledger** from the **List of Ledger Accounts** created for the current year and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - In **Name** field the Reference Number will be defaulted as **Jrnl/3-1**
 - In **Type of Service** field select **Input Credit**

- In **Party Ledger** field select **Matrix Ad**



Form Party ledger field, Tally.ERP 9 does not allow to create the ledger.

- In **Category** field select the service category for which opening balance of Input Credit is accounted.
- In **Service Amount** field enter the service amount on which the credit is available. Enter **Rs. 1,00,000**
- Based on the amount specified in Service Amount field **Service Tax, Education Cess and Secondary Education Cess** will get calculated and displayed.

Service Tax Details for : Service Tax Ledger				
Type of Ref	Name	Type of Service	Party Ledger	Category
New Ref Jnl/3-1	Input Credit	Matrix Ad	Advertising Agency	1,00,000.00
Service Tax	@ 10 %	(On Assessable Value	1,00,000.00)	10,000.00
Ed Cess	@ 2 %	(On Tax Value	10,000.00)	200.00
Sec Ed Cess	@ 1 %	(On Tax Value	10,000.00)	100.00
				<u>10,300.00</u>
Total				1,00,000.00

Figure 2.53 Service Tax Details Screen

- In **Credit** field select the **Input Service Tax Ledger** created under Suspense A/c for previous year. Amount of **Rs. 10,300** will be defaulted automatically

This journal will transfer the pending Input Service Credit of the previous Financial Year current Financial Years Service Tax ledger.

The completed Opening balance entry is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Journal	No. 3	Voucher Class : Service Credit Adjustment		1-May-2010 Saturday
Used for: Opening Balance				
Particulars	Debit	Credit		
Dr Service Tax Ledger Cur Bal: 5,150.00 Dr	10,300.00			
Cr Input Service Tax Ledger Cur Bal: 0.00 Cr		10,300.00		
Narration:		10,300.00	10,300.00	
				Accept ? Yes or No

Figure 2.54 Completed Journal Voucher

7. Press **Enter** to accept.

On Accounting Input service credit Opening balance details will be displayed in Input Credit Summary report.

To view the details

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

Input Credit Summary		Crystal Services (P) Ltd						Ctrl + M
		1-May-2010 to 31-May-2010						
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
1-May-2010	Jrn/3-1	Matrix Ad	Advertising Agency	1,10,300.00	10,300.00	1,10,300.00	10,300.00	10,300.00

Figure 2.55 Input Credit Summary Report

2.8 Sale/Purchase Order for Services

Tally.ERP 9 provides a facility to record sales order and purchase order for the services and to calculate service tax amount in the Purchase or Sales order.

Purchase Order for Services may be with or without stock items. Tally.ERP 9 supports to account purchase orders with or without stock items

2.8.1 Purchase Order for Services (Without Item)

Example 9:

On May 2, 2010 M/s. Crystal Services (P) Ltd. placed a purchase order for advertising services with Ram Agency for Rs.40,000

To account the above transaction follow the steps given below

1. Record the Transaction in Purchase Order

Set up:

In F11: Features (F2: Inventory Features)

- Set the option **Allow Purchase Order Processing** to **Yes**

1. Record the Transaction in Purchase Order

Go to **Gateway of Tally > Inventory Vouchers > F4: Purchase Order**

1. Press **F2** and change the date to **02-05-2010**
2. In **Party A/c Name** field select **Ram Agency** from List of Ledger accounts
3. In **Order No.** field enter the purchase order number - **PO - 01**
4. In **Name of Item** field select **End of List** and press Enter
5. Select **Purchase- Advertising Services** and press enter to view Service Tax Details screen
6. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - **Name:** This field displays the Reference Number for the service tax calculation. The default Reference Number is displayed. It is a combination of abbreviation of **Purchase Order, Order Number** and **Line Number**. Example: **Purc Order /PO - 01-1** which can be changed by the user.
 - **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service **Category** selected in the Purchase Ledger, category will be defaulted (displayed). By default **Advertising Agency** is displayed and Tally.ERP 9 skips the field.
 - **Service Amount:** In this field enter the Service Amount which is ordered **Rs. 40,000**

- **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field

Service Tax Details for : Purchase - Advertising Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purchase Order PO-01	Input Credit	Advertising Agency	40,000.00	44,120.00
	Service Tax	@ 10 %	(On Assessable Value 40,000.00)	4,000.00	
	Ed Cess	@ 2 %	(On Tax Value 4,000.00)	80.00	
	Sec Ed Cess	@ 1 %	(On Tax Value 4,000.00)	40.00	
				4,120.00	
Total				40,000.00	44,120.00

Figure 2.56 Service Tax Details Screen

7. In **Amount** field Service Amount of **Rs. 40,000** will be displayed
8. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
9. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
10. Select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.

The completed Purchase Order is displayed as shown

Inventory Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase Order No. 1		2-May-2010 Sunday	
Party's A/c Name : Ram Agency		Order No. : PO - 01	
Current Balance :			
Name of Item	Quantity	Rate per	Amount
[End of List			
Purchase - Advertising Services			40,000.00
Service Tax @ 10%			4,000.00
Education Cess @ 2%			80.00
Secondary Education Cess @ 1%			40.00
Narration:		Accept ? Yes or No	

Figure 2.57 Completed Purchase Order

11. Press **Enter** to accept.

2.8.2 Purchase Order for Services (With Item)

Example 10:

On May 2, 2010 ABC Company placed a purchase order with Ram Agency for the purchase of 15 computer @ 30,000 per computer and agreed for installation and Maintenance to be made by the supplier with extra charges of Rs. 15,000

To account the above transaction follow the steps given below

1. Create Masters
 - i. Expenses Ledger
 - ii. Purchase Ledger
 - iii. Input VAT Ledger
 - iv. Stock Item
2. Record the Transaction in Purchase Order Voucher

1. Create Masters

i. Expenses Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Installation & Maintenance	Indirect Expenses	Yes	Information Technology Software Service

ii. Purchase Ledger

Ledger	Under	Used in VAT Returns	VAT/Tax Class
Purchase @ 5%	Purchase Accounts	Yes	Purchases @ 5%

iii. Input VAT Ledger

Ledger	Under	Type of Duty/Tax	VAT/Tax class
Input VAT @ 5%	Duties & Taxes	VAT	Input VAT @ 5%

iv. Stock Item

Stock Item	Under	Units
Computers	Primary	Nos

As per the information given, in the table create the ledgers and Stock item.

2. Record the Transaction in Purchase Order Voucher

Go to **Gateway of Tally > Inventory Vouchers > F4: Purchase Order**

- Press **F2** and change the date to **02-05-2010**
- In **Party A/c Name** field select **Ram Agency** from List of Ledger accounts
- In **Order No.** field enter the purchase order number - **PO- 02**
- In **Name of Item** field select **Computers** and in **Stock Item Allocations** screen specify **Quantity** as **15** and **Rate** as **30,000**
- In **Accounting Details** screen ledger select the **Purchase Ledger** and press **Enter**
- Select **Installation & Maintenance** ledger and press enter to view Service Tax Details screen
- In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - Name:** This field displays the Reference Number for the service tax calculation. The default Reference Number is displayed. It is a combination of abbreviation of **Purchase Order**,

Order Number and Line Number. Example: **Purc Order /PO - 02-1** which can be changed by the user.

- ❑ **Type of Service:** Based on the **Type of Classification** selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
- ❑ **Category:** Based on the service **Category** selected in the **Expense Ledger**, category will be defaulted (displayed). By default **Information Technology Software Service** is displayed and Tally.ERP 9 skips the field.
- ❑ **Service Amount:** In this field enter the Service Amount which is ordered **Rs. 15,000**
- ❑ **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field

Service Tax Details for : Installation & Maintenance					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purc Order PO - 02-1	Input Credit	Information Technology Software Service	15,000.00	16,545.00
Service Tax @ 10 % (On Assessable Value 15,000.00)				1,500.00	
Ed Cess @ 2 % (On Tax Value 1,500.00)				30.00	
Sec Ed Cess @ 1 % (On Tax Value 1,500.00)				15.00	
				<u>1,545.00</u>	
Total				15,000.00	16,545.00

Figure 2.58 Service Tax Details Screen

8. In **Amount** field of Service Amount of **Rs. 15,000** will be displayed
9. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
10. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
11. Select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
12. Select **Input VAT Ledger** to calculate VAT amount

The completed Purchase Order is displayed as shown

Inventory Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Purchase Order No. 2				2-May-2010 Sunday
Party's A/c Name : Ram Agency		Order No. : PO - 02		
Current Balance :				
Name of Item	Quantity	Rate per	Amount	
Computers	15 Nos	30,000.00	Nos	4,50,000.00
Installation & Maintenance				15,000.00
Service Tax @ 10%				1,500.00
Education Cess @ 2%				30.00
Secondary Education Cess @ 1%				15.00
Input VAT @ 5%		5 %		22,500.00
Show Statutory Details ? Yes Narration: 15 Nos Accept ? Yes or No				

Figure 2.59 Completed Purchase Order

13. Press **Enter** to accept.



Similarly, user can record the Sales orders for Services (with or without stock item) in Sales Order.

2.9 Purchase of services and Partial Payment to Service Provider

In practice, payments towards the services purchased or sold can be made in full or partial depending on terms & conditions. Tally.ERP 9 allows to account full or partial payments /receipts on the service purchased or sold.

Example 11:

On May 3, 2010 M/s. Crystal Services (P) Ltd. purchased Advertising Services from Ram Agency for Rs.30,000 on which service tax is charged @ 10.30%(vide no. RA/012/10-11) and on the same day made partial payment of Rs.10, 000 towards the bill.

To account the above transaction follow the steps given below

1. Record the purchase of services in Purchase Voucher
2. Record the Payment Voucher to account Partial payment

1. Record the purchase of services in Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase (Account Invoice Mode)**

1. Press **F2** and change the date to **03-05-2010**
2. In **Party's A/c Name** field select the service provider e.g. **Ram Agency**
3. Under **Particulars** select the Service (purchases) Ledger e.g. **Purchase- Advertising Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - ❑ **Type of Ref.:** Select **New Ref** from the method of Adjustment. New Ref is selected for new Financial Transactions. Where as, Agst Ref is selected to set off the advance payments made.
 - ❑ **Name:** This field displays the Reference Number - **Purc/2-1** for the service tax calculation.
 - ❑ **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.



*The default **Type of Service** can be overridden. Press **Back Space** key to move to **Type of Service** field and select the applicable **Type of service**. The type of service selected in the voucher entry will determine the **Type of service**.*

- ❑ **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Advertising Agency** is displayed and Tally.ERP 9 skips the field.
- ❑ **Service Amount:** In this field enter the Service Amount, where in you can ascertain Service Amount in the invoice issued by the service provider. On providing the service amount Service tax gets calculated. Enter **Rs. 30,000**
- ❑ **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field
- ❑ Accept the **Service Tax Details** screen

5. In **Amount** filed the Service Amount of **Rs. 30,000** will be defaulted automatically
6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. Enter the **Bill-wise Details** as shown below

Bill-wise Details for : Ram Agency Upto: Rs. 33,090.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 3-5-2010)	Amount	Dr/ Cr
New Ref	RA/012/10-11		33,090.00	Cr

Figure 2.60 Bill-wise Details Screen

The completed service purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Purchase	No. 2			3-May-2010
Supplier Invoice No. :	Date :			Monday
Party's A/c Name : Ram Agency				
Current Balance :				
Particulars	Rate	per	Amount	
Purchase - Advertising Services			30,000.00	
Service Tax @ 10%			3,000.00	
Education Cess @ 2%			60.00	
Secondary Education Cess @ 1%			30.00	
Narration:				
				Accept ? Yes or No

Figure 2.61 Completed Purchase Voucher

10. Press **Enter** to accept.

2. Record the Payment Voucher to account Partial Payment

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

1. Enter the **Date** as **03-05-2010**

2. In **Debit** field select **Ram Agencies** and press enter to view Service Tax Details screen

3. In **Service Tax Details** screen

- In **Type of Ref** field select **Agst Ref** to adjust the service tax of the bill dated 3-5-2010
- In **Name** field select the tax bill - **Purc/2-1** dated 3-5-2010 from the List of Pending Tax Bills against which the payment is made.
- On selection of bill, details in **Type of Service, Category, Amount (incl. of tax), Service Amount** will be displayed automatically.
- As Crystal Services (P) Ltd. is making partial payment of **Rs. 10,000** (inclusive of service Tax) in **Amount (incl. of tax)** filed specify **10,000**. Based on the amount specified Service Tax and Cess amount will be re-calculated and displayed

Service Tax Details for : Ram Agency					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Purc/2-1	Input Credit	Advertising Agency	10,000.00	9,066.18
	Service Tax	@ 10 % (On Assessable Value	9,066.18)	907.00	
	Ed Cess	@ 2 % (On Tax Value	906.62)	18.00	
	Sec Ed Cess	@ 1 % (On Tax Value	906.62)	9.00	
				<u>934.00</u>	
Total				10,000.00	9,066.18

Figure 2.62 Service Tax Details Screen

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

- In **Type of Ref** filed select **Agst Ref** from Method of Adj. list to adjust the payment towards the bill dated 3-5-2010
- In **Name** field select the bill - **RA/012/10-11** dated 3-5-2010
- **Amount** will be displayed automatically

Bill-wise Details for : Ram Agency Upto: Rs. 10,000.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 3-5-2010)	Amount	Dr/ Cr
Agst Ref	RA/012/10-11		10,000.00	Dr

Figure 2.63 Bill-Wise Details Screen

5. In **Credit** field select the bank ledger - **Canara Bank**. **Amount** will be displayed automatically

Completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Payment No. 2				3-May-2010 Monday
Particulars		Debit	Credit	
Dr Ram Agency		10,000.00		
Cur Bal: 23,090.00 Cr				
Agst Ref RA/012/10-11	10,000.00 Dr			
Cr Canara Bank			10,000.00	
Cur Bal: 16,80,000.00 Dr				
Narration:		10,000.00	10,000.00	
Ch. No. :				
		Accept ? Yes or No		

Figure 2.64 Completed Payment Voucher

6. Press **Enter** to Accept.

2.10 Accounting Multiple Services in Single Voucher

While carrying on business, it is possible that you can buy multiple services from a single service provider and for all the services provided service provider may issue a single invoice.

Tally.ERP 9 allows to account purchase of multiple services in single invoice by using single purchase ledger.

Example 12:

On May 5, 2010 M/s. Crystal Services (P) Ltd. purchased Advertising Services for Rs. 20,000 and Design Services for Rs. 40,000 from Ram Agency (Vide No. RA/044/10-11) on which service tax is charged @ 10.30%.

To account the above transaction follow the steps given below

1. Record the purchase of services in Purchase Voucher

1. Record the purchase of services in Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase** (Account Invoice mode)

1. Press **F2** and change the date to **05-05-2010**
2. In **Party's A/c Name** field select the service provider e.g. **Ram Agency**
3. Under **Particulars** select the Service (purchases) Ledger e.g. **Purchase- Advertising Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Purc/3-1** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default Advertising Agency is displayed and Tally.ERP 9 skips the field.
 - **Service Amount:** In this field enter the Service Amount of advertising services. Enter **Rs. 20,000**
 - **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field
 - To account the second service purchased in **Type of Ref** field select **New Ref**
 - In **Name** field tax bill reference number - **Purc/3-2** will be defaulted. **Type of Service** and **Category** defined for **Purchase- Advertising Services** ledger will be defaulted.
 - As the second Service Purchased is **Design Services**, to alter the default Service Category Press **F12 Configure**
 - Set the **Option Allow to override Service Category** during entry to **Yes**

Figure 2.65 F12: Configuration

- | Service Tax Details | | | | | Crystal Services (P) Ltd | | Ctrl + M | |
|---|----------|-----------------------------------|--------------------|-----------------|----------------------------|--|-----------------|--|
| Purchase No. 3 | | | | | List of Service Categories | | | |
| Supplier Invoice No. : | | Date : | | | Advertising Agency | | | |
| Party's A/c Name : Ram Agency | | | | | Advertising Space Or Time | | | |
| Current Balance : 23,000.00 Cr | | | | | Airport Services | | | |
| Service Tax Details for : Purchase - Advertising Services | | | | | Air Transport of Passenger | | | |
| Type of Ref | Name | Type of Service | Category | Service Amount | Amount (Incl. of Tax) | Air Travel Agency | | |
| New Ref | Purc/3-1 | Input Credit | Advertising Agency | 20,000.00 | 22,060.00 | Architects Services | | |
| Service Tax | @ 10 % | (On Assessable Value 20,000.00) | | 2,000.00 | | Asset Management | | |
| Ed Cess | @ 2 % | (On Tax Value 2,000.00) | | 40.00 | | ATM Operations | | |
| Sec Ed Cess | @ 1 % | (On Tax Value 2,000.00) | | 20.00 | | Auctioneer's Services | | |
| | | | | <u>2,060.00</u> | | Banking and Financial | | |
| New Ref | Purc/3-2 | Input Credit | Design Services | | | Beauty Parlours | | |
| Service Tax | @ 10 % | (On Assessable Value) | | | | Broadcasting Service | | |
| Ed Cess | @ 2 % | (On Tax Value) | | | | Business and Exhibition Services | | |
| Sec Ed Cess | @ 1 % | (On Tax Value) | | | | 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 | | |
| | | | | | | Cosmetic and Plastic Surgery Services | | |
| | | | | | | Cost Accountants | | |
| | | | | | | Courier Agency | | |
| | | | | | | Credit Card Related Services | | |
| | | | | | | Credit Rating Agencies | | |
| | | | | | | Custom House Agent | | |
| Total | | | | | 20,000.00 | 22,060.00 | Design Services | |

Figure 2.66 Selection of Service Category

- In **Service Amount** field enter Design services amount of **Rs. 40,000**. Based on the service amount Service Tax will be calculated and displayed automatically

Service Tax Details for : Purchase - Advertising Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/3-1	Input Credit	Advertising Agency	20,000.00	22,060.00
	Service Tax	@ 10 % (On Assessable Value	20,000.00)	2,000.00	
	Ed Cess	@ 2 % (On Tax Value	2,000.00)	40.00	
	Sec Ed Cess	@ 1 % (On Tax Value	2,000.00)	20.00	
				<u>2,060.00</u>	
New Ref	Purc/3-2	Input Credit	Design Services	40,000.00	44,120.00
	Service Tax	@ 10 % (On Assessable Value	40,000.00)	4,000.00	
	Ed Cess	@ 2 % (On Tax Value	4,000.00)	80.00	
	Sec Ed Cess	@ 1 % (On Tax Value	4,000.00)	40.00	
				<u>4,120.00</u>	
Total				60,000.00	66,180.00

Figure 2.67 Service Tax Details Screen



Observe, in the above case purchase of service of **2 difference service Categories** are accounted using **single Purchase ledger**.

When multiple services purchased are accounted using single purchase ledger, in all the service tax reports Tally.ERP 9 captures the service purchase details based on the **Service Category** selected in the **Service Tax Details** screen.

In Tally.ERP 9 multiple services can also be accounted in single voucher by creating **separate service category specific purchase ledgers** or by **creating a common purchase ledger**.

5. In **Amount** field of Service Amount of Rs. 60,000 (20,000 + 40,000) will be displayed
6. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. Specify the Bill details

Completed Purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Purchase	No. 3			5-May-2010
Supplier Invoice No. :		Date :		Wednesday
Party's A/c Name : Ram Agency				
Current Balance : 23,090.00 Cr				
Particulars	Rate	per	Amount	
Purchase - Advertising Services			60,000.00	
Service Tax @ 10%			6,000.00	
Education Cess @ 2%			120.00	
Secondary Education Cess @ 1%			60.00	
Narration:				
				Accept ? Yes or No

Figure 2.68 Completed Purchase Voucher

10. Press **Enter** to accept

To view the details of Multiple services purchased

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Input Credit Summary > press F12: Configure**

- For the option **Show Bills of the following type** select **Un-realised Bills** from the **Type of Bills**

The Input credit Summary report is displayed as shown

Input Credit Summary			Crystal Services (P) Ltd				Ctrl + M	
1-May-2010 to 31-May-2010								
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
5-May-2010	Purc/3-1	Ram Agency	Advertising Agency	22,060.00	2,060.00			
5-May-2010	Purc/3-2	Ram Agency	Design Services	44,120.00	4,120.00			

Figure 2.69 Input Credit Summary Report

Observe for the transaction recorded on **5-5-2010**, Tally.ERP 9 displays the details of services purchased based on the Service Category.

2.11 Purchase of Services - Inclusive of Service Tax

Example 13:

On May 6, 2010 M/s. Crystal Services (P) Ltd. purchased advertising services from Ram Agency and received the service bill for Rs.22,060 (vide no. RA/085/10-11) inclusive of service tax.

1. Record the Transaction in Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase** (Account Invoice mode)

1. Press **F2** and change the date to **06-05-2010**
2. In **Party's A/c Name** field select the service provider e.g. **Ram Agency**
3. Under **Particulars** select the Service (purchases) Ledger e.g. **Purchase- Advertising Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Purc/4-1** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Advertising Agency** is displayed and Tally.ERP 9 skips the field.
 - **Amount (Incl. of Tax):** In this field specify the cumulative (collective) amount of Service amount and Tax **Rs. 22060**. After specifying the Inclusive of service tax amount, service tax of Rs. 20,000 and tax bifurcation will be displayed automatically.

Service Tax Details for : Purchase - Advertising Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/4-1	Input Credit	Advertising Agency	20,000.00	22,060.00
Service Tax @ 10 % (On Assessable Value 20,000.00)				2,000.00	
Ed Cess @ 2 % (On Tax Value 2,000.00)				40.00	
Sec Ed Cess @ 1 % (On Tax Value 2,000.00)				20.00	
				<u>2,060.00</u>	
Total				20,000.00	22,060.00

Figure 2.70 Service Tax Details Screen

5. In **Amount** field Service Amount of **Rs. 20,000** will be displayed.
6. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. In **Bill-wise Details** screen, specify the bill details

The completed Purchase Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase No. 4 Supplier Invoice No. : Date : 6-May-2010 Thursday			
Party's A/c Name : Ram Agency Current Balance : 89,270.00 Cr			
Particulars	Rate per	Amount	
Purchase - Advertising Services		20,000.00	
Service Tax @ 10%		2,000.00	
Education Cess @ 2%		40.00	
Secondary Education Cess @ 1%		20.00	
Narration:		Accept ? Yes or No	

Figure 2.71 Completed Purchase Voucher

10. Press **Enter** to accept

2.12 Services Partly Subject to Service Tax

In cases where a part of the expenditure is not subject to service Tax and the balance amount is subject to Service Tax, it is crucial to determine the accurate value of expenses to calculate Service Tax.

Tally.ERP 9 provides the flexibility to enter information in the same voucher. Consider the following scenario to illustrate the expenses partly subject to Service Tax.

Example 14:

On May 7, 2010 M/s. Crystal Services (P) Ltd. raised a invoice (no. CS/732) in the name of Kamal Advertisers for Rs.50,000. Out of which Rs. 40,000 is service amount and Rs. 4,120 is Service tax amount towards the Event Management Services provided.

In the above transaction Bill amount includes other expenses of Rs. 5,880 on which Service tax is not applicable. Let us understand how to configure Tally.ERP 9 to compute tax only on the Assessable Value (40,000).

1. Record the Transaction in Sales Voucher

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales** (Account Invoice Mode)

1. Press **F2** and change the date to **07-05-2010**
2. In **Party's A/c Name** field select the service receiver e.g. **Kamal Advertisers**
3. Under **Particulars** select the Service (purchases) Ledger e.g. **Sales - Event Mgt Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Sale/2-1** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the Service Receiver, Type of Service will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed.
 - **Service Amount:** In this field enter the **Service Amount** on which **Tax** is applicable. Enter **Rs. 40,000**
 - **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field
 - **Type of Ref.:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Sale/2-2** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the party ledger Taxable will be displayed. As on **Rs. 5,880** service tax is not applicable press **backspace** and select **Not Applicable**
 - **Category:** In this field **Not Applicable** will be displayed as on this portion of amount service tax is not applicable.

- **Service Amount:** In this field enter **Amount** on which service tax is not applicable. Observe on **Rs. 5,880** Service Tax will not be calculated and the same amount will be displayed in Amount (Incl. of Tax) field also.

Service Tax Details for : Sale - Event Mgt Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/2-1	Taxable	Event Management Service	40,000.00	44,120.00
	Service Tax	@ 10 % (On Assessable Value 40,000.00)		4,000.00	
	Ed Cess	@ 2 % (On Tax Value 4,000.00)		80.00	
	Sec Ed Cess	@ 1 % (On Tax Value 4,000.00)		40.00	
				<u>4,120.00</u>	
New Ref	Sale/2-2	[Not Applicable]	[Not Applicable]	5,880.00	5,880.00
Total				45,880.00	50,000.00

Figure 2.72 Service Tax Details Screen

5. In **Amount** filed **Rs. 45,880** will be defaulted automatically
6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount on both the services will be calculated and displayed automatically.
7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount on both the services will be calculated and displayed automatically.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount on both the services will be calculated and displayed automatically.
9. Enter the **Bill-wise Details** (bill name **CS/732**)

The completed service sales voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 2		7-May-2010 Friday
Ref. :			
Party's A/c Name : Kamal Advertisers			
Current Balance :			
Particulars	Rate	per	Amount
Sale - Event Mgt Services			45,880.00
Service Tax @ 10%			4,000.00
Education Cess @ 2%			80.00
Secondary Education Cess @ 1%			40.00
Narration:			
			Accept ? Yes or No

Figure 2.73 Completed Sales Voucher

10. Press **Enter** to accept.

2.13 Accounting Service Tax on Expenses (Journal Voucher)

In case of Non-Service Organisations services purchased are considered as expenses. In Tally.ERP 9, Service Expenses can be recorded in Journal Voucher

Example 15:

On May 8, 2010 M/s. Crystal Services (P) Ltd. purchased Air ticket booking services from Ajay Tours for Rs.82,000 on which service tax is charged @ 10.30% (vide no. AT/1158/10-11) when their Managing Director went on a Foreign Tour.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Expense Ledger
 - ii. Service Provider (supplier) ledger
2. Record the Transaction in Journal Voucher

1. Create Masters

i. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Foreign Tour Expenses	Indirect Expenses	Yes	Air Travel Agency

The completed Expense Ledger is displayed as shown

Ledger Creation		Crystal Services (P) Ltd	Ctrl
Name : Foreign Tour Expenses			Total Op. Bal.
(alias) :			10,10,300.00 Dr
			5,150.00 Cr
			Difference
			10,05,150.00 Dr
Under : Indirect Expenses		Mailing Details Name : Address : State : PIN Code :	
Inventory values are affected ? No			
Type of Ledger ? ☒ Not Applicable			
Statutory Information Is Service Tax Applicable ? Yes Default Service Category : Air Travel Agency Used In VAT Returns ? No Use for Assessable Value Calculation ? No		Tax Information PAN / IT No. :	
		Accept ? Yes or No	
Opening Balance (on 1-Apr-2010) :			

Figure 2.74 Completed Expense Ledger Creation Screen

ii. Service Provider (Supplier) Ledger

Ledger	Under	Is Service Provider/Receiver	Set/Alter Service Tax Details
Ajay Tours	Sundry Creditors	Yes	Yes
Enter the Mailing Details and Tax Information			

2. Record the Transaction in Journal Voucher

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

1. Press **F2** and change the date to **08-05-2010**
2. In **Debit** field select **Foreign Tour Expenses** ledger and press enter to view Service Tax Details screen
3. In **Service Tax Details** screen
 - ❑ **Type of Ref:** Select **New Ref** from the Method of Adjustment. New Ref is selected for new financial transactions.
 - ❑ **Name:** Tally.ERP 9 displays the reference number, which is a combination of **abbreviation of Journal and Voucher Number** and **Line Number** (example: **Jrnl / 4-1**) which can be changed by the user. Input service credit are tracked with these Reference Numbers.
 - ❑ **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
 - ❑ **Category:** Based on the service Category selected in the Expense Ledger, category will be defaulted (displayed). By default **Air Travel Agency** is displayed and Tally.ERP 9 skips the field.
 - ❑ **Service Amount:** In this field enter the Service Amount, where in you can ascertain Service Amount in the invoice issued by the service provider. On providing the service amount Service tax gets calculated. Enter **Rs. 82,000**
 - ❑ **Amount (Incl. of Tax):** In this field the cumulative (collective) amount of Service amount and Tax will be displayed in this field.

Service Tax Details		Crystal Services (P) Ltd		Ctrl + M	
Journal	No. 4	Voucher Class : I Not Applicable		8-May-2010 Saturday	
Particulars			Debit	Credit	
Service Tax Details for : Foreign Tour Expenses					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Jrnl/4-1	Input Credit	Air Travel Agency	82,000.00	90,446.00
(Abtmt @ 0%, Notif.No. Rule 6 (7) STR)					
Service Tax	@ 10 % (On Assessable Value	82,000.00)		8,200.00	
Ed Cess	@ 2 % (On Tax Value	8,200.00)		164.00	
Sec Ed Cess	@ 1 % (On Tax Value	8,200.00)		82.00	
				<u>8,446.00</u>	
Total				82,000.00	90,446.00

Figure 2.75 Service Tax Details Screen



In cases where the invoice received from the service provider is **inclusive of tax**, you can enter the invoice amount in the **Amount (Incl. of Tax)** field. Tally.ERP 9 back calculates the amount to arrive at the Service amount and Tax portion. The service amount will be displayed in Service Amount filed and Tax details against the Tax Head.

4. In debit **Amount** filed the Service Amount of Rs. 82,000 will be defaulted automatically
5. In **Debit** field select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
6. In **Debit** field select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
7. In **Debit** field select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
8. In **Credit** field select the party ledger - **Ajay Tours**. Total amount **Rs. 90,446** i.e. Service Cost plus the Service Tax will be displayed in the **Amount** field.
9. Enter the **Bill** details (Bill name - **AT/1158/10-11**)

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Journal	No. 4	Voucher Class : [Not Applicable		8-May-2010 Saturday
Particulars	Debit	Credit		
Dr Foreign Tour Expenses Cur Bal: 82,000.00 Dr	82,000.00			
Dr Service Tax @ 10% Cur Bal: 15,200.00 Dr	8,200.00			
Dr Education Cess @ 2% Cur Bal: 304.00 Dr	164.00			
Dr Secondary Education Cess @ 1% Cur Bal: 152.00 Dr	82.00			
Cr Ajay Tours Cur Bal: 90,446.00 Cr New Ref AT/1158/10-11		90,446.00		
	90,446.00	90,446.00		
Narration:				

Accept ?

Yes or No

Figure 2.76 Completed Journal Voucher

10. Press **Enter** to accept.

2.14 Accounting Cash Sales or Cash Purchases of Services

While purchasing or selling services one can decide on the nature of transaction - Credit Or Cash. Usually cash transactions will have attractive offers over credit transactions as there is immediate flow of cash. Because of cost effectiveness some organisations may prefer to carry out the cash purchase or cash sale of services

Tally.ERP 9 supports to record cash purchases and sales by allowing, capturing the details of Service Provider and Receiver.

2.14.1 Cash Sale of Services

Example 16:

On May 9, 2010 M/s. Crystal Services (P) Ltd. sold event management services on Cash to Matrix Ad for Rs. 10,00,000 on which service tax is charged @ 10.30%

Record the transaction in Sales Voucher

Go to **Gateway of Tally > Accounting vouchers > F8: Sales** (Account Invoice mode)

Setup:

In **F12: Configuration**

- Set the option **Accept Supplementary Details** to **Yes**

1. Press **F2** and change the date to **09-05-2010**
2. In **Party's A/c Name** field select **Cash**
3. In **Party Details** screen, you can enter the **Customer Name** and **Address**. If you have party ledger which is already created, then select the same from the List of Ledger Accounts to auto fill the details. To select the ledger click **M: Party List** button or press **Alt+M**.

Party Details		Crystal Services (P) Ltd		Ctrl + M
Sales No. 3		Ref. :		List of Ledger Accounts
Party's A/c Name : Cash		Current Balance :		Ajay Tours
Particulars				Cash
				Kamal Advertisers
				Matrix Ad
				Ram Agency
				Siesta Advertisers
Despatch Details				
Delivery Note No(s) :		Despatch Doc. No. :		
		Despatched through :		
		Destination :		
Order Details				
Order No(s) :		Mode/Terms of Payment :		
		Other Reference(s) :		
		Terms of Delivery :		
Buyer's Details				
Buyers :	Matrix Ad			
Address :	# 311 5th Cross Rajajinagar Industrial Area Rajajinagar Bangalore			
TIN/Sales Tax No. :				
CST Number :				
Type of Dealer :	I Not Applicable			

Figure 2.77 Party Details Screen



Customer Name and Address details provided here will be printed on the Sales Invoice instead of Cash, which helps in identifying the customer even though the services are sold on cash

4. Under **Particulars** select the Service (sales) Ledger e.g. **Sales- Event Mgt Services** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - **Type of Ref:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Sale/3-1** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the Service Receiver, Type of Service will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed and Tally.ERP 9 skips the field.
 - **Service Amount:** In this field enter the Service Amount of advertising services. Enter **Rs. 10,00,000**. **Amount (Incl. of Tax)** will be displayed automatically
6. In **Amount** field the Service Amount of **Rs. 10,00,000** will be defaulted automatically
7. Under **Particulars** select **service tax, education cess** and **secondary education Cess** ledgers to account tax

The completed service sales voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales No. 3		9-May-2010 Sunday	
Ref. :			
Party's A/c Name : Cash			
Current Balance :			
Particulars		Rate per	Amount
Sale - Event Mgt Services			10,00,000.00
Service Tax @ 10%			1,00,000.00
Education Cess @ 2%			2,000.00
Secondary Education Cess @ 1%			1,000.00
Narration:			
			Accept ? Yes or No

Figure 2.78 Completed Cash Sales Invoice

8. Press **Enter** to accept.

Print Sales Invoice

The Print Preview of Sales Invoice is displayed as shown. In the invoice the service receiver selected in party details will be printed.

INVOICE					
Crystal Services (P) Ltd #56/1 M.G.Road Bangalore E-mail : sales@crystal.com		Invoice No. 3		Dated 9-May-2010	
Buyer Matrix Ad #311 5th Cross Rajajinagar Industrial Area Rajajinagar Bangalore		Delivery Note		Mode/Terms of Payment	
		Supplier's Ref.		Other Reference(s)	
		Buyer's Order No.		Dated	
		Despatch Document No.		Dated	
		Despatched through		Destination	
		Terms of Delivery			
Sl No.	Particulars	Quantity	Rate	per	Amount
	Sale - Event Mgt Services <i>(Category : Event Management Service)</i>				10,00,000.00
	Service Tax (On Assessable Amount 10,00,000.00)			10 %	1,00,000.00
	Education Cess			2 %	2,000.00
	Secondary and Higher Education Cess			1 %	1,000.00
	Total				11,03,000.00
Amount Chargeable (in words) E. & O.E Rs. Eleven Lakh Three Thousand Only Service Tax Payable (in words) Rs. One Lakh Three Thousand Only					
Company's PAN : ASDCE1588PS001 for Crystal Services (P) Ltd Authorized Signatory					
This is a Computer Generated Invoice					

Figure 2.79 Print Preview of Cash Sales Invoice

2.14.2 Cash Purchase of Services

Example 17:

On May 10, 2010 M/s. Crystal Services (P) Ltd. purchased advertisement services on Cash from Ram Agency for Rs. 4,00,000 on which service tax is charged @ 10.30%

Record the transaction in Purchase Voucher

Go to **Gateway of Tally > Accounting vouchers > F9: Purchase** (Account Invoice mode)

1. Press **F2** and change the date to **10-05-2010**
2. In **Party's A/c Name** field select **Cash**
3. In **Party Details** screen, you can enter the **Service Provider Name** and **Address**. If you have party ledger which is already created, then select the same from the List of Ledger Accounts to auto fill the details. To select the ledger click **M: Party List** button or press **Alt+M**

Party Details		Crystal Services (P) Ltd	Ctrl + M
Purchase No. 5	Supplier Invoice No. :	Date :	List of Ledger Accounts
Party's A/c Name : Cash	Current Balance : 11,03,000.00 Dr		Ajay Tours Cash Kamal Advertisers Matrix Ad Ram Agency Siesta Advertisers
Particulars			
Order Details			
Order No(s)	: [End of List		
Supplier's Details			
Supplier	: Ram Agency		
Address	: #55 Rahaja Arcade 5th Main Koramangala Bangalore		
TIN/Sales Tax No.	:		
CST Number	:		
Type of Dealer	: [Not Applicable		

Figure 2.80 Party Details Screen



Service Provider Name and Address details provided here will be printed on the Purchase Invoice instead of Cash, which helps in identifying the service provider even though the services are sold on cash.

4. Under **Particulars** select the Service (purchases) Ledger e.g. **Purchase- Advertising Services** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - **Type of Ref:** Select **New Ref** from the method of Adjustment.
 - **Name:** This field displays **Purc/5-1** as the Reference Number accept the default number.
 - **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Input Credit** is displayed and Tally.ERP 9 skips the field.
 - **Category:** Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default **Advertising Agency** is displayed and Tally.ERP 9 skips the field.
 - **Service Amount:** In this field enter the Service Amount of advertising services. Enter **Rs. 4,00,000**. **Amount (Incl. of Tax)** will be displayed automatically
6. In **Amount** filed the Service Amount of **Rs. 4,00,000** will be defaulted automatically
7. Under **Particulars** select **service tax, education cess** and **secondary education Cess** ledgers to account the tax.

The completed service purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase No. 5		10-May-2010	
Supplier Invoice No. :	Date :	Monday	
Party's A/c Name : Cash			
Current Balance : 11,03,000.00 Dr			
Particulars	Rate	per	Amount
Purchase - Advertising Services			4,00,000.00
Service Tax @ 10%			40,000.00
Education Cess @ 2%			800.00
Secondary Education Cess @ 1%			400.00
Narration:			Accept ? Yes or No

Figure 2.81 Completed Cash Purchase Invoice

8. Press **Enter** to accept.

The Print Preview of Purchase Invoice is displayed as shown. In the invoice the service provider selected in party details will be printed.

Figure 2.82 Print Preview of Cash Purchase Invoice

2.15 Service Tax Billing for Professionals

In practice, professionals issue receipts for services rendered. Tally.ERP 9 allows you to record receipts for services provided, calculate the service tax and print the service bills from the receipt voucher.

Crystal Services (P) Ltd. provides Architect Consultant Service to customers. For the services provided, Crystal Services (P) Ltd. receives payments from his customers and issues receipts on the collection of money and generates the receipt- cum- challan.

Example 18:

On May 11, 2010 M/s. Crystal Services (P) Ltd. provided Architect Consultant Service to Sahakar Constructions for Rs. 3,50,000 on which service tax is charged @ 10.30%. On 12-5-2010, Crystal Services (P) Ltd. received payment of Rs. 3,86,050 and issued Receipt to the customer.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Receiver (Customer) ledger
 - ii. Income Ledger
2. Record the Transaction in Receipt Voucher

1. Create Masters

i. Service Receiver (Customer) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Sahakar Constructions	Sundry Debtors	Yes	Yes
Enter the Mailing Details and Tax Information			

ii. Income Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Consultancy Income	Direct Incomes	Yes	Architects Services

As per the information given in the table create the ledgers.

2. Record the Transaction in Receipt Voucher

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

1. Press **F2** and change the date to **12-05-2010**
2. In **Credit** field select income ledger - **Consultancy Income** and press enter to view Service Tax Details screen
3. In **Service Tax Details** screen
 - **Type of Ref:** Select **New Ref** from the Method of Adjustment. New Ref is selected for new financial transactions.

- **Name:** Tally.ERP 9 displays the reference number, which is a combination of **abbreviation of Receipt and Voucher Number** and **Line Number** (example: **Rcpt /2-1**) which can be changed by the user. Input service Credit are tracked with these Reference Numbers.
- **Party Ledger:** In this field select the party ledger - **Sahakar Constructions** to whom the service is provided.
- **Type of Service:** Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.



*To select the party ledger, it is must to have a party ledger created. If the ledger is not created use **Alt+C** from party ledger field to create the ledger.*

- **Category:** Based on the service Category selected in the Income Ledger, category will be defaulted (displayed). By default **Architects Services** is displayed and Tally.ERP 9 skips the field.
- **Amount (Incl. of Tax):** In this field enter the cumulative (collective) amount of Service amount and Tax. Enter **Rs. 3,86,050**



*When invoice amount is mentioned in **Amount (Incl. of Tax)** field, Tally.ERP 9 back calculates the amount to arrive at the **Service amount** and **Tax** portion. The service amount will be displayed in **Service Amount** filed and **Tax** details against the **Tax Head**.*

Service Tax Details for : Consultancy Income						
Type of Ref	Name	Party Ledger	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
New Ref	Rcpt/2-1	Sahakar Constructions	Taxable	Architects Services	3,86,050.00	3,50,000.00
Service Tax @ 10 % (On Assessable Value 3,50,000.00) 35,000.00 Ed Cess @ 2 % (On Tax Value 35,000.00) 700.00 Sec Ed Cess @ 1 % (On Tax Value 35,000.00) 350.00 36,050.00						
Total					3,86,050.00	3,50,000.00

Figure 2.83 Service Tax Details Screen

4. In credit **Amount** filed the Service Amount of Rs. 3,50,000 will be defaulted automatically.
5. In **Credit** field select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
6. In **Credit** field select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
7. In **Credit** field select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
8. In **Debit** field select **Cash** ledger. Total amount (**Rs. 3,86,050**) of Service Cost plus the Service Tax will be displayed in **Amount** column.

The completed Receipt Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Receipt	No. 2		12-May-2010 Wednesday
Particulars	Debit	Credit	
Cr Consultancy Income		3,50,000.00	
<i>Cur Bal: 3,50,000.00 Cr</i>			
Cr Service Tax @ 10%		35,000.00	
<i>Cur Bal: 79,800.00 Cr</i>			
Cr Education Cess @ 2%		700.00	
<i>Cur Bal: 1,596.00 Cr</i>			
Cr Secondary Education Cess @ 1%		350.00	
<i>Cur Bal: 798.00 Cr</i>			
Dr Cash	3,86,050.00		
<i>Cur Bal: 10,47,850.00 Dr</i>			
Narration:			
	3,86,050.00	3,86,050.00	

Accept ?
 Yes or No

Figure 2.84 Completed Receipt Voucher

9. Press **Enter** to accept.

Print Receipt- cum- Challan from Receipt Voucher

To print Receipt -cum -Challan for Receipts towards professional services provided

- Press **Page Up** from **Accounting Voucher Creation** screen to view earlier entered Receipt Voucher. Click **P: Print** button or press **Alt+P** to view Voucher Printing screen
- In **Voucher Printing** screen press **Back Space** and set the option **Print Service Tax Professional Receipt Cum Challan** to **Yes** to print Receipt -cum- Challan.

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 Receipt Voucher			
Print Service Tax Professional Receipt Cum Challan : Yes			Print ? Yes or No

Figure 2.85 Voucher Printing Screen

- Press **Enter** to save Voucher Printing screen.



*Ensure **I: With Preview** option is enabled to view the Invoice Preview.*

- **Accounting Voucher Display** screen appears click on **Zoom** or press **Alt + Z** to view the preview.

The **Receipt Cum Challan** is displayed as shown

Crystal Services (P) Ltd #56/1 M.G.Road Bangalore E-mail : sales@crystal.com			
Receipt Cum Challan			
Party : Sahakar Constructions #45 10 Main BTM Bangalore	No. : 2 Dated : 12-May-2010		
Particulars	Rate	per	Amount
Consultancy Income (Category: Architects Services)			3,50,000.00
Service Tax (On Assessable Amount 3,50,000.00)	10	%	35,000.00
Education Cess	2	%	700.00
Secondary and Higher Education Cess	1	%	350.00
Total			3,86,050.00

Amount Chargeable (in words) E. & O.E
Rs. Three Lakh Eighty Six Thousand Fifty Only
 Service Tax Payable (in words)
Rs. Thirty Six Thousand Fifty Only
 Buyer's Service Tax No. : **ACCEP8562CST001**
 Company's PAN : **ASDCE1588PS001**

for Crystal Services (P) Ltd

Authorised Signatory

This is a Computer Generated Invoice

Figure 2.86 Print Preview of Receipt Cum Challan

2.16 Advances from Service Receivers and Adjusting Advance received towards the Service bill

2.16.1 Accounting Advances from Service Receivers

Example 19:

On May 13, 2010 M/s. Crystal Services (P) Ltd. received Advance of Rs. 25,000 from Matrix Ad towards Design Services.

Record the transaction in Receipt Voucher

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

Setup:

In **F12: Receipt Configuration**

- Set the option **Use Single entry mode for Pymt/Rcpt/Contra** to **Yes**

1. Press **F2** and change the date to **13-05-2010**
2. In **Account** field select **Canara Bank**
3. Under **Particulars** select **Matrix Ad** and press Enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - **Type of Ref:** In this field select **Advance** as the Method of Adjustment
 - **Name:** In this field accept the default Reference number displayed - **Rcpt/3-1**
 - **Type of Service:** Based on the Type of Classification selected in the **Service Receiver**, Type of Service will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.
 - **Category:** In this field, Tally.ERP 9 prompts the user to select the Service Category towards which Advance is received. Select **Design Services** from the List of Service Categories.
 - **Amount (Incl. of Tax):** In this field specify the amount received as advance. The amount received will be considered as inclusive of service tax. Enter **Rs. 25,000**. **Service Amount** and **Tax bifurcation** will be displayed by back calculating the amount to arrive at service amount and tax portion.

Service Tax Details for : Matrix Ad					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Advance Rcpt/3-1	Taxable	Design Services		25,000.00	22,665.00
Service Tax @ 10 % (On Assessable Value 22,665.00) 2,267.00					
Ed Cess @ 2 % (On Tax Value 2,267.00) 45.00					
Sec Ed Cess @ 1 % (On Tax Value 2,267.00) 23.00					
				<u>2,335.00</u>	
Total				25,000.00	22,665.00

Figure 2.87 Service Tax Details Screen

5. In **Amount** filed service amount of **Rs. 22,665** will be displayed
6. In **Bill-wise Details** provide the details as shown
 - ❑ Select **Advance** as the **Type of Ref**
 - ❑ In the **Name** field enter the Bill name as **MA/964/10-11**
 - ❑ Skip the **Due Date or Credit Days** field
 - ❑ Accept the default amount allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Advance amount** in the amount field as the credit balance.
 - ❑ Press Enter, select **Advance** as **Type of Ref** and Bill name will be defaulted as **MA/964/10-11**
 - ❑ Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/ Cr**. By default Tally.ERP 9 displays the **Service Tax amount** in the amount field as the debit balance

Bill-wise Details for : Matrix Ad Upto: Rs. 22,665.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 13-5-2010)	Amount	Dr/ Cr
Advance	MA/964/10-11		25,000.00	Cr
Advance	MA/964/10-11		2,335.00	Dr
				(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')
				22,665.00 Cr

Figure 2.88 Bill-Wise Details Screen

7. Under **Particulars** select service tax, education cess and secondary education cess ledger to account service tax.

The completed Advance Receipt voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Receipt	No. 3		13-May-2010 Thursday
Account : Canara Bank			
Cur Bal: 17,05,000.00 Dr			
Particulars	Amount		
Matrix Ad			22,665.00
Cur Bal: 22,665.00 Cr			
Advance MA/964/10-11	25,000.00 Cr		
Advance MA/964/10-11	2,335.00 Dr		
Service Tax @ 10%			2,267.00
Cur Bal: 82,067.00 Cr			
Education Cess @ 2%			45.00
Cur Bal: 1,641.00 Cr			
Secondary Education Cess @ 1%			23.00
Cur Bal: 821.00 Cr			
Narration:			
Ch. No. :			
			25,000.00
			Accept ?
			Yes or No

Figure 2.89 Completed Advance Receipt Voucher

8. Press **Enter** to accept.

2.16.2 Adjusting Advance received towards the Service Bill

Example 20:

On May 15, 2010 M/s. Crystal Services (P) Ltd. provided the Design Services to Matrix Ad and raised the bill for Rs. 1,00,000 (inclusive of service tax). Advance of Rs.25,000 received on 13-5-2010 adjusted towards the bill.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Sales Ledger
2. Record the Transaction in Sales Voucher

1. Create Masters

i. Service Sales Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Sales - Design Services	Sales Accounts	Yes	Design Services

As per the information provided in the table create the ledger.

2. Record the Transaction in Sales Voucher

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales** (Account Invoice mode)

1. Press **F2** and change the date to **15-05-2010**
2. In **Party's A/c Name** field select the service receiver e.g. **Matrix Ad**
3. Under **Particulars** select the Service (sales) Ledger e.g. **Sales- Design Services** and press enter to view Service Tax Details screen (Use Alt +C to create the ledger)
4. In **Service Tax Details** screen
 - **Type of Ref:** Select **Agst Ref** to adjust the advances received
 - **Name:** In this field select **Rcpt/3-1** (dated 13-5-2010) from the Pending Tax Bills
 - Based on the advance bill selected **Type of Service, Category, Service Amount** and **Amount (Incl.of Tax)** will be defaulted automatically.
 - In **Type of Ref** field select **New Ref**
 - In **Name** field **Sale/4-2** will be displayed.
 - **Type of Service** will be defaulted to **Taxable** and **Category** as **Design Services**
 - In **Amount (Incl. of Tax)** field enter balance bill amount of **Rs. 75,000**

Service Tax Details for : Sales - Design Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
Agst Ref	Rcpt/3-1	Taxable	Design Services	22,665.00	25,000.00
	Service Tax	@ 10 %	(On Assessable Value 22,665.00)	2,267.00	
	Ed Cess	@ 2 %	(On Tax Value 2,267.00)	45.00	
	Sec Ed Cess	@ 1 %	(On Tax Value 2,267.00)	23.00	
				2,335.00	
New Ref	Sale/4.2	Taxable	Design Services	37,335.00	41,180.00
	Service Tax	@ 10 %	(On Assessable Value 37,335.00)	3,734.00	
	Ed Cess	@ 2 %	(On Tax Value 3,734.00)	75.00	
	Sec Ed Cess	@ 1 %	(On Tax Value 3,734.00)	37.00	
				3,846.00	
Total				60,000.00	66,180.00

Figure 2.90 Service Tax Details Screen

5. In **Amount** filed the Service Amount of **Rs. 90,661** will be defaulted automatically.
6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. In **Bill-wise Details** screen
 - ❑ In **Type of Ref** field select **Agst Ref**
 - ❑ In **Name** field select **MA/964/10-11** dated 13-5-2010 to adjust the advances
 - ❑ In **Amount** field enter **Rs. 22,665** to adjust the advances
 - ❑ In **Type of Ref** select **New Ref**
 - ❑ In **Name** field enter the bill name as **CS/865**
 - ❑ In **Amount** field balance of **75,000** will be displayed.

Bill-wise Details for : Matrix Ad Upto: Rs. 97,665.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef. 15-5-2010)	Amount	Dr/ Cr
Agst Ref	MA/964/10-11		22,665.00	Dr
New Ref	CS/865		75,000.00	Dr
			97,665.00	Dr

Figure 2.91 Bill-wise Details Screen

The Completed Service Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 4		15-May-2010 Saturday
Ref. :			
Party's A/c Name : Matrix Ad			
Current Balance : 22,665.00 Cr			
Particulars	Rate	per	Amount
Sales - Design Services			90,661.00
Service Tax @ 10%			6,800.00
Education Cess @ 2%			136.00
Secondary Education Cess @ 1%			68.00
Narration:			
			Accept ? Yes or No

Figure 2.92 Completed Sales Voucher

10. Press **Enter** to accept.

2.17 Sale of Services with Inventory

Example 21:

On May 16, 2010 M/s. Crystal Services (P) Ltd. sold 10 computer @ 35,000 per computer to Matrix Ad and agreed for installation to be made by Crystal Services (P) Ltd. with extra charges of Rs. 20,000.

1. Create Masters
 - i. Income Ledger
2. Record the transaction in Sales Voucher

1. Create Masters

i. Income Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Installation Income	Indirect Incomes	Yes	Maintenance Or Repair Service

As per the details provided in the table create the ledger.

2. Record the transaction in Sales Voucher

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

1. In **Accounting Voucher Creation** screen, press **Alt+I** or click on **I: Item Invoice** if the voucher is in Account invoice mode
2. Press **F2** and change the date to **16-05-2010**
3. In **Party's A/c Name** field select the service receiver e.g. **Matrix Ad**
4. In **Name of Item** field select **Computers** and specify **Quantity** as **10** and **Rate** as **35,000**
5. In **Accounting Details** screen ledger select the **Sales Ledger** and press Enter
6. Select **Installation Income** ledger and press enter to view Service Tax Details screen
7. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **New Ref**
 - ❑ In **Name** field accept the default tax bill reference **Sale/5-1** will be displayed.
 - ❑ In **Type of Ref** field, based on the **Type of Classification** selected in the **Service Receiver**, Type of Service will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.
 - ❑ In **Category** field based on the service Category selected in the Income Ledger, category will be defaulted (displayed). By default **Maintenance Or Repair Service** is displayed
 - ❑ In **Service Amount** field enter the Service Amount of **Rs. 20,000**
 - ❑ The cumulative (collective) amount of Service amount and Tax will be displayed in **Amount (Incl. of Tax)** field.

Service Tax Details for : Installation Income					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/5-1	Taxable	Maintenance Or Repair Service	20,000.00	22,060.00
Service Tax @ 10 % (On Assessable Value 20,000.00)				2,000.00	
Ed Cess @ 2 % (On Tax Value 2,000.00)				40.00	
Sec Ed Cess @ 1 % (On Tax Value 2,000.00)				20.00	
				<u>2,060.00</u>	
Total				20,000.00	22,060.00

Figure 2.93 Service Tax Details Screen

8. Under **Particulars** select **service tax, education cess** and **secondary education cess** ledger to account service tax
 9. Select **Output VAT** ledger to account **VAT**.
- The completed Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Sales	No. 5			16-May-2010 Sunday
Ref. :				
Party's A/c Name : Matrix Ad				
Current Balance : 75,000.00 Dr				
Name of Item	Quantity	Rate per	Amount	
Computers	10 Nos	35,000.00 Nos	3,50,000.00	
Installation Income			20,000.00	
Service Tax @ 10%			2,000.00	
Education Cess @ 2%			40.00	
Secondary Education Cess @ 1%			20.00	
Output VAT @ 5%		5 %	17,500.00	
Show Statutory Details ? Yes				
Narration:				
			10 Nos	Accept ?
				Yes or No

Figure 2.94 Completed Sales Voucher

10. Press **Enter** to accept.

2.18 Accounting Sale of Services Exempted from Service Tax

In some cases Central government can grant exemption on the service tax, by issuing an notification U/s 93 of Finance Act, 1944. The service tax exemption provided may

- **Partial** or **Total** service tax
- **Conditional** or **Unconditional**

Example 22:

On May 17, 2010 M/s. Crystal Services (P) Ltd. sold Event Management Services for Rs. 3,00,000 to Mayank Creations, who is a small service provider and has a notification for exemption on service tax.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Receiver (Customer) ledger
2. Record the Transaction in Sales Voucher

1. Create Masters

i. Service Receiver (Customer) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Mayank Creations	Sundry Debtors	Yes	Yes

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

- Enter the **Name** of the Customer Ledger e.g. **Mayank Creations**.
- Select **Sundry Debtors** from the List of Groups in the **Under** field.
- Set the option **Is Service Provider/Receiver** to **Yes**.
- Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view Service Tax Details screen
- In **Service Tax Details** screen enter
 - Enter the Service tax **Registration Number** as **ACCDG0054DST001**
 - Enter the **Date of Registration** -**17-3-1999**
 - In **Type of Classification** field select the classification as **Exempt**
 - Enter the **Notification No.** under which a party is exempted from Service Tax. Example: 5/2005 dated 23-3-2005

Service Tax Details	
Registration No.	: ACCDG0054DST001
Date of Registration	: 17-Mar-1999
Type of Classification	: Exempt
Notification No.	: 5/2005 Dated 23-3-2005

Figure 2.95 Service Tax Details Screen



Exempt option is selected when the service provider/service receiver is exempt from Service Tax.

Notification number provided here is only as an example.

- ❑ Enter **Mailing Address** and **Tax information** and press **Enter** to accept the Ledger Creation screen.

2. Record the Transaction in Sales Voucher

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

1. Press **F2** and change the date to **17-05-2010**
2. In **Party's A/c Name** field select the service receiver e.g. **Mayank Creations**
3. Under **Particulars** select the Service (sales) Ledger e.g. **Sales- Event Mgt Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **New Ref** from the method of Adjustment.
 - ❑ In **Name** field accept the default reference number **Sale/3-1**
 - ❑ In **Type of Service** field based on the Type of Classification selected in the Service Receiver, Type of Service will be defaulted (displayed). By default **Exempt** is displayed
 - ❑ In **Category** field based on the service Category selected in the sales Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed
 - ❑ In **Service Amount** field enter the event management services amount of **Rs. 3,00,000**
 - ❑ **Rs. 3,00,000** will be displayed in **Amount (Incl. of Tax)** field, as the service provided is exempt from Service tax

Service Tax Details for : Sale - Event Mgt Services				
Type of Ref	Name	Type of Service	Category	Service Amount (Incl. of Tax)
New Ref	Sale/6-1	Exempt	Event Management Service	3,00,000.00
(Exempt Notification No. : 5/2005 Dated 23-3-2005)				
				3,00,000.00
				3,00,000.00

Figure 2.96 Service Tax Details Screen

5. In **Amount** field service amount of **Rs. 3,00,000** will be displayed.



Service Tax ledgers are not selected as the service provided is exempted from Service tax.

The completed Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 6	17-May-2010 Monday	
Ref. :			
Party's A/c Name : Mayank Creations			
Current Balance :			
Particulars	Rate	per	Amount
Sale - Event Mgt Services			3,00,000.00
Narration:			Accept ? Yes or No

Figure 2.97 Completed Sales Invoice

6. Press **Enter** to accept.

2.19 Accounting Export of Services

To make the export of services competitive in the international market all the Services exported are exempt from payment of Service tax

Example 23:

On May 18, 2010 M/s. Crystal Services (P) Ltd. exported Event Management services for Rs. 1,50,000 to Cosmic Visions

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Receiver (Customer) ledger
2. Record the Transaction in Sales Voucher

1. Create Masters

i. Service Receiver (Customer) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Cosmic Visions	Sundry Debtors	Yes	Yes

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

1. Enter the **Name** of the Customer Ledger e.g. **Cosmic Visions**.
2. Select **Sundry Debtors** from the List of Groups in the **Under** field.
3. Set the option **Is Service Provider/Receiver** to **Yes**.
4. Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen enter
 - ❑ Details of service tax **Registration Number** and **Date of Registration** are not Required as the receiver of service is placed outside India.
 - ❑ In **Type of Classification** field select the classification as **Export**
 - ❑ Enter the **Notification No.** under which services are exported. Example: **6/2002 dated 10-6-2002**

Service Tax Details	
Registration No.	:
Date of Registration	:
Type of Classification	: Export
Notification No.	: 6/2002 Dated 10-6-2002

Figure 2.98 Service Tax Details Screen



*Export option is selected when the services are Exported.
Notification number provided here is only as an example*

5. In **Amount** field service amount of **Rs. 1,50,000** will be displayed.



*Service Tax ledgers are not selected as all the Services **exported** are exempt from payment of Service tax.*

The completed Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 7	18-May-2010 Tuesday	
Ref. :			
Party's A/c Name : Cosmic Visions			
Current Balance :			
Particulars	Rate	per	Amount
Sale - Event Mgt Services			1,50,000.00
Narration:			Accept ? Yes or No

Figure 2.100 Completed Sales Invoice

6. Press **Enter** to accept.

2.20 Accounting Import of Services

As per Service tax rules, Import of services means any services provided from outside India and received in India. Tax on such services is known as tax on Import of Services and service receiver is liable to pay service tax on Import of Services. The liability to pay service tax on imports will arise only on making the payment to the service provider.

The service tax paid on imports cannot be considered for availing the Input Credit because, Rule 5 of section 66A provides that the service tax liability created against the imported services cannot be treated as Output Services for the purpose of availing credit of tax or duty paid on inputs/input services. Further the Credit available cannot be used for payment of service tax liability created towards Imports.



*In some Cases, assessee may be allowed to **avail** the **Input Credit** on the **Tax paid** on the **Import of Services**.*

Tally.ERP 9 allows the user to record import of services and calculate service tax on services imported. To account the service tax on imports a separate flag **Tax on Import of Service** is provided in **Journal Voucher**

Example 24:

On May 19, 2010 M/s. Crystal Services (P) Ltd. imported Architect services for Rs.8,00,000 from Townscape Architects. Crystal Services (P) Ltd. is liable to pay Service Tax on imported services. On May 20, 2010 Crystal Services (P) Ltd. made the payments towards the imports and raised the tax Liability on the same day.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Purchase Ledger
 - ii. Expense Ledger
 - ii. Service Provider (Supplier) ledger
2. Record the transaction in Purchase Voucher (to account Imports)
3. Record Payment Voucher (to account payments to party)
4. Record a Journal Voucher (to raise service tax liability)

1. Create Masters

i. Purchase Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Import - Architect Services	Purchase Accounts	Yes	Architects Services

ii. Expense Ledger

Ledger	Under
Tax on Imports	Indirect Expenses

As per the information given in the table, create the purchase ledger.

ii. Service Provider (Supplier) ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Townscape Architects	Sundry Creditors	Yes	Yes
Enter the Mailing Details and Tax Information			

To create the service provider ledger

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

1. Enter the **Name** of the service provider ledger e.g. **Townscape Architects**.
2. Select **Sundry Creditors** from the List of Groups in the **Under** field.
3. Set the option **Is Service Provider/Receiver** to **Yes**.
4. Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen enter
 - ❑ **Registration Number** and **Date of Registration** are not required to capture as we are importing the services
 - ❑ **Type of Classification**: In this field select **Import** from the list of Classifications.
 - ❑ **Notification No.**: In this field enter the notification no under which the services are imported.

<u>Service Tax Details</u>	
Registration No.	:
Date of Registration	:
Type of Classification	: Import
Notification No.	: 11/2006-ST Dated 19-4-2006

Figure 2.101 Service Tax Details Screen

6. Enter **Mailing Address** and **Tax information** and press **Enter** to accept the Ledger Creation screen.

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase** (Account Invoice mode)

- | Service Tax Details for : Import - Architect Services | | | | | |
|--|----------|-----------------|---------------------|--------------------|-----------------------|
| Type of Ref | Name | Type of Service | Category | Service Amount | Amount (Incl. of Tax) |
| New Ref | Purc/6-1 | Import | Architects Services | 8,00,000.00 | 8,00,000.00 |
| | | | | 8,00,000.00 | 8,00,000.00 |

Figure 2.102 Service Tax Details Screen

5. In **Amount** field the service amount of **Rs. 8,00,000** will be displayed.



*In case of **Imports**, Service Tax ledgers are not selected as Tax is not accounted during booking the purchases.*

6. In **Bill-wise Details** screen, select the **Reference** as **New Ref** and enter the bill **Name** as **TA/856/10-11**

The completed purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase	No. 6	Date :	19-May-2010 Wednesday
Supplier Invoice No. :			
Party's A/c Name : Townscape Architects			
Current Balance :			
Particulars	Rate per	Amount	
Import - Architd Services		8,00,000.00	
Narration:			
			Accept ? Yes or No

Figure 2.103 Completed Purchase Voucher

7. Press **Enter** to accept.

3. Record Payment Voucher (to account payments to party)

On 20-05-2010, record the payment voucher to make the payment towards the bill **TA/856/10-11** dated 19-05-2010

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 4	Date :	20-May-2010 Thursday
Particulars	Debit	Credit	
Dr Townscape Architects	8,00,000.00		
Cur Bal: 0.00 Dr			
Agst Ref: TA/856/10-11	8,00,000.00 Dr		
Cr Canara Bank		8,00,000.00	
Cur Bal: 9,05,000.00 Dr			
Narration:			
Ch. No. :			
			Accept ? Yes or No

Figure 2.104 Completed Payment Voucher

8. Press **Enter** to accept



The liability to pay service tax on imports will arise only on making the payment to the service provider.

4. Record a Journal Voucher (to raise service tax liability)

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

Ensure that **Voucher Class** is created for **Journal Voucher** to account service tax on imports

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustment** from Voucher Class list
2. Press **F2** and change the date to **20-05-2010**
3. In **Used for** field select **Tax on Import of Service** from the list of **Service Tax Adjustments**
4. Press **Enter** to view **Tax on Purchases - Imports** screen to calculate service tax liability
5. In Service Tax Liability screen
 - In **Till Date** field, by default Voucher Date **20-5-2010** will be displayed. User can specify the date to account service tax liability on all the imports made till the date mentioned.
 - In **Service Category** field select the service imported - **Architects Services** from the List of Service Categories



*User can select the option **Any** to consider all those service categories which are imported to compute the service tax liability.*

- Set the option **Avail CENVAT Credit** to **No** as Crystal Services is not allowed to avail credit on tax paid on Imports.
- In **Party** field select the party from services are imported - **Townscape Architects** from the List of Ledger Accounts



*You can select the option **Any** to consider all those partys' from whom the services are imported to compute the service tax liability.*

- In **Output Ledger** section, select
 - **Service Tax @ 10%** ledger to account Service Tax
 - **Education Cess @ 2%** ledger to account Education Cess

- **Secondary Education Cess @ 1%** ledger to account Secondary Education Cess



*In **Output Ledgers** section service tax ledgers are selected to **compute** (calculate) and **create** the service tax liability (to be payable) on the Imports.*

- In **Input /Expense Ledgers** section select
 - Select **Tax on Imports** ledger (created under indirect expenses)

Tax On Purchases - Import		Crystal Services (P) Ltd		Ctrl + M						
Journal	No. 5	Voucher Class : Service Credit Adjustment		List of Expense Ledgers						
		Used for: Tax on Import of Service		Tax on Imports						
Particulars										
Cr										
Service Tax Liability Till Date : 20-5-2010 Service Category : Architects Services Avail Input Credit : No Party Ledger : Townscape Architects Output Ledgers <table> <tr> <td>Service Tax @ 10%</td> <td>For Service Tax</td> </tr> <tr> <td>Education Cess @ 2%</td> <td>For Education Cess</td> </tr> <tr> <td>Secondary Education Cess @ 1%</td> <td>For Secondary Education Cess</td> </tr> </table> Input / Expense Ledgers Tax on Imports					Service Tax @ 10%	For Service Tax	Education Cess @ 2%	For Education Cess	Secondary Education Cess @ 1%	For Secondary Education Cess
Service Tax @ 10%	For Service Tax									
Education Cess @ 2%	For Education Cess									
Secondary Education Cess @ 1%	For Secondary Education Cess									

Figure 2.105 Service Tax Liability Screen



*In **Input/Expenses Ledgers** section the **Expense ledgers** are selected to transfer the computed tax liability as expense if he assess is not allowed to avail credit on tax paid on imports.*

*In case, the assess is allowed to avail credit and has set the option **Avail CENVAT Credit to Yes** then the Tally.ERP 9 will display the **list of service tax ledgers** in **Input /Expense Ledgers** section to consider the tax paid on imports as input Credit.*

6. On accepting the Service Tax Liability screen, Tally.ERP 9 auto fills the details in Journal Voucher

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 5	Voucher Class : Service Credit Adjustment	20-May-2010 Thursday
Used for: Tax on Import of Service			
Particulars	Debit	Credit	
Dr Tax on Imports	82,400.00		
Cur Bal: 82,400.00 Dr			
Cr Service Tax @ 10%		80,000.00	
Cur Bal: 1,70,867.00 Cr			
Cr Education Cess @ 2%		1,600.00	
Cur Bal: 3,417.00 Cr			
Cr Secondary Education Cess @ 1%		800.00	
Cur Bal: 1,709.00 Cr			
Narration:		82,400.00	82,400.00
		Accept ? Yes or No	

Figure 2.106 Completed Journal Voucher

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

2.21 Accounting Pure Agent Services

A pure agent is a service provider who is a liaison between another service provider and a service buyer. An expense incurred by the pure agent is exempt from service tax.

Tally.ERP 9 provides the facility to exclude the costs and expenses incurred by a service provider acting as a pure agent from total service charges to get taxable amount.

Example 25:

On May 21, 2010 M/s. Crystal Services (P) Ltd. acted as a pure agent in getting Event Management Services to TechMagic Creations. service cost including pure agent expenses of Rs. 15,000 amounted to Rs. 1,20,000.

To account the above transaction follow the steps given below

1. Create Master
 - i. Service Receiver (Customer) Ledger
2. Record the Transaction in Sales Voucher

1. Create Masters

i. Service Receiver (Customer) Ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
TechMagic Creations	Sundry Debtors	Yes	Yes
Enter the Mailing Details and Tax Information			

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

1. Enter the **Name** of the Customer Ledger e.g. **TechMagic Creations**.
2. Select **Sundry Debtors** from the List of Groups in the **Under** field.
3. Set the option **Is Service Provider/Receiver** to **Yes**.
4. Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen enter
 - Enter **Registration Number** and **Date of Registration** of the customer ledger
 - **Type of Classification**: In this field select **Pure Agent** from the list of Classifications.

Service Tax Details		Classification
Registration No.	: AEDRS7586DST001	☐ Not Applicable ☐ Exempt ☐ Export ☐ Import ☒ Pure Agent ☐ Tax on Service Received
Date of Registration	: 4-Jun-2002	
Type of Classification	: Pure Agent	
Notification No.	:	

Figure 2.107 Service Tax Details Screen

6. Enter **Mailing Address** and **Tax information** and press **Enter** to accept the Ledger Creation screen.

2. Record the Transaction in Sales Voucher

Go to **Gateway of Tally > Accounting Vouchers > F8: Sales** (Account Invoice Mode)

1. Press **F2** and change the date to **21-05-2010**
2. In **Party's A/c Name** field select the service receiver e.g. **TechMagic Creations**
3. Under **Particulars** select the Service (sales) Ledger e.g. **Sales- Event Mgt Services** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref** from the method of Adjustment.
 - In **Name** field accept the default reference number **Sale/8-1**
 - In **Type of Service** field by default **Pure Agent** is displayed based on the Type of Classification defined in the party ledger.
 - In **Allowable Expenses** field specify the expenses incurred by the pure agent in procuring taxable service to the service recipient. Enter **Rs. 15,000**

Allowable Expenses					Crystal Services (P) Ltd		Ctrl + M	
Sales		No. 8				20-May-2010		
Ref :						Thursday		
Party's A/c Name : TechMagic Creations								
Current Balance :								
Service Tax Details for : Sale - Event Mgt Services								
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)	Rate	per	
New Ref Sale/8-1	Pure Agent	Event Management Service						
Service Tax @ 10 % (On Assessable Value) Ed Cess @ 2 % (On Tax Value) Sec Ed Cess @ 1 % (On Tax Value)								

Expenses Amount

for Type of Service : Pure Agent

Allowable Expenses : **15,000.00**

(Note: Allowable Expenses will not be considered for Service Tax Calculation)

Figure 2.108 Allowable Expenses Screen

- ❑ In **Category** field based on the service Category selected in the sales Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed.
- ❑ In Service Amount field enter the Service Amount of advertising services, enter **Rs. 1,20,000**
- ❑ In **Amount (Incl. of Tax)** field, the cumulative (collective) amount of Service amount and Tax will be displayed in this filed

Service Tax Details for : Sale - Event Mgt Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref Sale/8-1	Pure Agent	Event Management Service		1,20,000.00	1,30,815.00
	Service Tax	@ 10 % (On Assessable Value)		10,500.00	
	Ed Cess	@ 2 % (On Tax Value)		210.00	
	Sec Ed Cess	@ 1 % (On Tax Value)		105.00	
				10,815.00	
				1,20,000.00	1,30,815.00

Figure 2.109 Service Tax Details Screen



Observe, service tax is calculated on **Rs.1,05,000** excluding the pure agent expenses amount of **Rs. 15,000**.

5. In **Amount** filed the **Rs. 1,20,000** will be defaulted automatically.
6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
9. Enter the **Bill** details

The completed Sales Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 8	21-May-2010 Friday	
Ref. :			
Party's A/c Name : TechMagic Creations			
Current Balance :			
Particulars	Rate	per	Amount
Sale - Event Mgt Services			1,20,000.00
Service Tax @ 10%			10,500.00
Education Cess @ 2%			210.00
Secondary Education Cess @ 1%			105.00
Narration: Accept ? Yes or No			

Figure 2.110 Completed Sales Voucher

10. Press **Enter** to accept.

2.22 Account Services with Abatement

Example 26:

On May 22, 2010 M/s. Crystal Services (P) Ltd. purchased catering services from Spice & Dice Caterers for Rs. 60,000 (service tax is charged @ 10.30%). On the catering services 50% Abatement is allowed.

To account the above transaction follow the steps given below

1. Create Master
 - i. Service Provider (Supplier) Ledger
 - ii. Expense Ledger
2. Record the Transaction in Sales Voucher

1. Create Master

i. Service Provider (Supplier) Ledger

Ledger	Under	Is Service Provider/Receiver	Set/Alter Service Tax Details
Spice & Dice Caterers	Sundry Creditors	Yes	Yes
1. In Service Tax Details screen, enter Registration Number , Date of Registration and Type of Classification as Not Applicable .			
2. Enter the Mailing Details and Tax Information			

ii. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Food Expenses	Indirect Expenses	Yes	Outdoor Catering

To create the Expense ledger

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

Setup:

In **12: Ledger Configuration**

- Set the option **Allow ADVANCED entries in Service Tax Master** to **Yes**

Ledger Configuration	
Allow ALIASES along with Names	? Yes
Allow Language ALIASES along with Names	? No
Allow ADVANCED entries in Masters	? Yes
Allow ADVANCED entries in Service Tax Master	? Yes
Add NOTES for Ledger Accounts	? No
Use ADDRESSES for Ledger Accounts	? Yes
Use CONTACT DETAILS for Ledger Accounts	? No

Figure 2.111 Ledger Configuration

- 

6. In **Abatement Details** screen

- ❑ **Category:** In this field select the service category/categories, which you are purchasing or selling for which the abatement is given.
- ❑ **Applicable From Date:** In this field mention the **date** from when the abatement is applicable for the service category.
- ❑ **Notification No.:** In this field mention the **notification no.** under which the abatement is allowed for the service category.
- ❑ **Abatement:** Mention the **Abatement Percentage** allowed for the service category.

<u>Abatement Details</u>			
Category	Applicable From Date	Notification No.	Abatement

Note : Specifying abatement percentage will override default percentages

Figure 2.112 Abatement Details Screen



Abatement Alteration can be used when the abatement rate are changed by the government. Where in from this screen you can select the **service category**, specify the **applicable from date**, **notification number** and the changed **Rate of abatement** which will be considered for calculating service tax.

Figure 2.113 Completed Expenses Ledger

2. Record the Transaction in Sales Voucher

1. Press **F2** and change the date to **22-05-2010**

2. In **Debit** field select **Food Expenses** ledger and press enter to view Service Tax Details screen

3. In **Service Tax Details** screen

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Service Tax Details for : Food Expenses					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref Jml/6-1	Input Credit	Outdoor Catering		60,000.00	63,090.00
			(Abtmt @ 50%, Notif. No. Sl.No.8 of 1/2006)		
Service Tax	@ 10 %	On Assessable Value	30,000.00	3,000.00	
Ed Cess	@ 2 %	(On Tax Value)	3,000.00	60.00	
Sec Ed Cess	@ 1 %	(On Tax Value)	3,000.00	30.00	
				<u>3,090.00</u>	
Total				60,000.00	63,090.00

Figure 2.114 Service Tax Details Screen



On **Outdoor Catering** service tax is applicable on **50%** of the service amount. Here you can observe the **assessable value** considered for calculating service Tax is **30,000 (50% of 60000)**.

Abatement percentage and Notification Number will be displayed in the service tax details screen.

Abatement Rate and notification no can be altered during entry by enabling the option **Allow alteration of Abatement Rate during Entry**

Configuration	
Allow to override Service Category during entry	? Yes
Allow alteration of Abatement Rate during entry	? Yes
Allow alteration of Tax Rate	? No

Tally.ERP 9 allows to enable the option **Allow alteration of Abatement Rate during Entry** only when the option **Allow to Override Service Category during entry** is set to **Yes** as the abatement is allowed for the service categories and **Abatement Details** screen will be displayed only when the cursor moves to **Category** field.

The **Abatement Details** screen appears as shown. From here you can alter the abatement rate.

Abatement Details	
Abatement Rate	: 50 %
Notification No.	: Sl.No.8 of 1/2006

4. In **Amount** filed the Service Amount of **Rs. 60,000** will be defaulted automatically
5. In **Debit** field select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
6. In **Debit** field select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
7. In **Debit** field select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
8. In **Credit** field select the party ledger - **Spice & Dice Caterers**. Total amount (Rs. 63,090) of Service Cost plus the Service Tax will be displayed in the **Amount** field.
9. Enter the **Bill** details and **Narration**

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 6	Voucher Class : I Not Applicable	22-May-2010 Saturday
Particulars	Debit	Credit	
Dr Food Expenses	60,000.00		
<i>Cur Bal: 60,000.00 Dr</i>			
Dr Service Tax @ 10%	3,000.00		
<i>Cur Bal: 1,78,367.00 Cr</i>			
Dr Education Cess @ 2%	60.00		
<i>Cur Bal: 3,567.00 Cr</i>			
Dr Secondary Education Cess @ 1%	30.00		
<i>Cur Bal: 1,784.00 Cr</i>			
Cr Spice & Dice Caterers		63,090.00	
<i>Cur Bal: 63,090.00 Cr</i>			
New Ref 6 63,090.00 Cr			
Narration:	63,090.00	63,090.00	

Accept ?
 Yes or No

Figure 2.115 Completed Journal Voucher

10. Press **Enter** to accept.

2.23 Reversal of Service amount with Tax

In case of Cancellation of transaction (s), the service amount and service tax accounted needs to be reversed. In Tally.ERP 9, such reversal of services with service tax is possible only when the cancellation of transaction is made before the payment/ receipt of payment towards the service purchased or sold.

In Tally.ERP 9, reversal of services and tax are accounted using Debit /Credit Note.

Example 27:

On May 23, 2010 M/s. Crystal Services (P) Ltd. cancelled advertising services purchased on 21-5-2010(Purc/7-1) for Rs. 33,090 (Bill-RA/925/10-11) as Ram Agency failed to provide the services as per the terms & conditions of the contract.

To account the above transaction follow the steps given below

1. Record the Transaction in Purchase Voucher (to account purchase of services)
2. Record the transaction in Debit Note (to reverse the services with tax)

1. Record the Transaction in Purchase Voucher (to account purchase of services)

Record the purchase of service as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase	No. 7		21-May-2010 Friday
Supplier Invoice No. :	Date :		
Party's A/c Name : Ram Agency			
Current Balance : 1,11,330.00 Cr			
Particulars	Rate	per	Amount
Purchase - Advertising Services			30,000.00
Service Tax @ 10%			3,000.00
Education Cess @ 2%			60.00
Secondary Education Cess @ 1%			30.00
Narration:			
			Accept ? Yes or No

Figure 2.116 Completed Purchase Voucher

2. Record the transaction in Debit Note (to reverse the services with tax)

Setup:

In **F11: Features (Accounting Features)**

- ❑ Set **Use Debit/Credit Notes** to **Yes**
- ❑ Set **Use Invoice Mode for Debit Notes** to **Yes**

To create **Debit Note**

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F9: Debit Note** (Account Invoice mode)

1. Press **F2** and change the date to **23-05-2010**
2. In **Party's A/c Name** field select **Ram Agency** from the List of Ledger Accounts.
3. Under **Particulars** select **Purchase- Advertising Services** ledger
4. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **Agst Ref**
 - ❑ In **Name** field select purchase reference number **Purc/7-1** dated 21-5-2010
 - ❑ Based on the purchase reference number selected **Type of Service, Category, Amount (Incl. of Tax)** and **Service Amount** will be displayed automatically.

Service Tax Details for : Purchase - Advertising Services						
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount	
Agst Ref	Purc/7-1	Input Credit	Advertising Agency	33,090.00	30,000.00	
	Service Tax	@ 10 % (On Assessable Value	30,000.00)	3,000.00		
	Ed Cess	@ 2 % (On Tax Value	3,000.00)	60.00		
	Sec Ed Cess	@ 1 % (On Tax Value	3,000.00)	30.00		
				<u>3,090.00</u>		
Total					33,090.00	30,000.00

Figure 2.117 Service Tax Details Screen

5. In **Amount** filed the Service Amount of **Rs. 30,000** will be defaulted automatically.
6. Under **Particulars** select service tax ledger e.g. **Service Tax @ 10%** to reverse service tax amount.

7. Under **Particulars** select education cess ledger e.g. **Education Cess @ 2%** to reverse education cess amount.
8. Under **Particulars** select secondary education cess ledger e.g. **Secondary Education Cess @ 1%** to reverse secondary education cess amount.
9. In **Bill-wise Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select the bill **RA/925/10-11** dated **21-5-2010** to reverse the service bill.
 - **Amount** will be defaulted automatically

Bill-wise Details for : Ram Agency Upto: Rs. 33,090.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 23-5-2010)	Amount	Dr/ Cr
Agst Ref	RA/925/10-11		33,090.00	Dr

Figure 2.118 Bill-wise Details

The completed Debit Note is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Debit Note No. 1		23-May-2010 Sunday	
Ref. :			
Party's A/c Name : Ram Agency			
Current Balance : 1,44,420.00 Cr			
Particulars	Rate	per	Amount
Purchase - Advertising Services			30,000.00
Service Tax @ 10%			3,000.00
Education Cess @ 2%			60.00
Secondary Education Cess @ 1%			30.00
Narration:			
			Accept ? Yes or No

Figure 2.119 Completed Debit Note

10. Press **Enter** to accept.

2.24 Account Service Tax on total transaction amount including TDS

Example 28:

On May 24, 2010 M/s. Crystal Services (P) Ltd. Purchased Auditing Services for Rs. 94,527 (inclusive of service tax) from Sampath Associates. On this payment TDS deducted to arrive at the Net amount payable.

To account the above transaction follow the steps given below

1. Create /Alter Masters
 - i. Expense Ledger
 - ii. TDS Ledger
 - iii. Service Provider Ledger
 - iv. Alter the Service Tax Ledger (to enable TDS)
 - v. Alter the Education Cess Ledger (to enable TDS)
 - vi. Alter the Secondary Education Cess Ledger (to enable TDS)
2. Record the transaction in Purchase Voucher

1. Create Masters

i. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category	Is TDS Applicable	Default Nature of Payment
Auditing Charges	Indirect Expenses	Yes	Chartered Accountants	Yes	Fees for Professional Or Technical Services

ii. TDS Ledger

Ledger	Under	Type of Duty/Tax	Default Nature of Payment
TDS - Professional Charges	Duties & Taxes	TDS	Fees for Professional Or Technical Services

iii. Service Provider Ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details	Is TDS Applicable	Deductee Type
Sampath Associates	Sundry Creditors	Yes	Yes	Yes	Association of Persons

iv. Alter the Service Tax Ledger (to enable TDS)

Ledger	Is TDS Applicable	Default Nature of Payment
Service Tax @ 10%	Yes	Fees for Professional Or Technical Services

TDS is Deducted even on Service Tax amount charged. To calculate TDS on Service Tax amount.

To alter the service tax ledger

Go to **Gateway of Tally > Accounting Info. > Ledgers > Alter >** select **Service Tax @ 10%** and enable **TDS option** and select the appropriate **Nature of Payment**

Ledger Alteration		Crystal Services (P) Ltd	Ctrl
Name	: Service Tax @ 10%		Total Op. Bal.
(alias)	:		10,10,300.00 Dr
			5,150.00 Cr
			Difference
			10,05,150.00 Dr
Under	: Duties & Taxes (Current Liabilities)	Name	:
Type of Duty/Tax	: Service Tax	Address	:
Tax Head	: Service Tax	State	:
Inventory values are affected	? No	PIN Code	:
Is TDS Applicable	? Yes	Tax Information	
Default Nature Of Payment	: Fees for Professional Or Technical Services	PAN / IT No. : (PAN / IT No. is mandatory for eTDS, should be of 10 Characters)	
Use for Assessable Value Calculation	? No		
Opening Balance (on 1-Apr-2010) :			Accept ?
			Yes or No

Figure 2.120 Service Tax Ledger Alteration



Similarly, alter education cess and secondary education cess ledger to enable TDS

2. Record the transaction in Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase** (Account Invoice Mode)

1. Press **F2** and change the date to **24-05-2010**
2. In **Party's A/c Name** field select **Sampath Associates**
3. Under **Particulars** select **Auditing Charges** ledger and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - In **Name** field select the default tax reference **Purc/8-1**
 - In **Type of Service** field **Input Credit** will be defaulted
 - In **Category** field the Service Category selected in the Expense ledger will be defaulted. Tally.ERP 9 displays **Chartered Accountants** in this field.
 - In **Amount (Incl. of Tax)** field specify the cumulative (collective) amount of Service amount and Tax **Rs. 94,527**. After specifying the Inclusive of service tax amount, service tax of Rs. 85,700 and tax bifurcation will be displayed automatically

Service Tax Details for : Auditing Charges					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/8-1	Input Credit	Chartered Accountants	85,700.00	94,527.00
Service Tax	@	10 %	(On Assessable Value 85,700.00)	8,570.00	
Ed Cess	@	2 %	(On Tax Value 8,570.00)	171.00	
Sec Ed Cess	@	1 %	(On Tax Value 8,570.00)	86.00	
				<u>8,827.00</u>	
Total				85,700.00	94,527.00

Figure 2.121 Service Tax Details Screen

5. **Service Amount** of **Rs. 85,700** will be displayed in **Amount** field.
6. Press **Enter** from amount field to view **TDS Nature of Payment Details** screen, in this screen by default the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen

TDS Nature of Payment Details	
Ledger Name : Auditing Charges	
Nature of Payment	Assessable Value
Fees for Professional Or Technical Services	85,700.00

Figure 2.122 TDS Nature of Payment Details



The **TDS Nature of Payment Details** screen will display only when the option **Allow Alteration of TDS Nature of Payment in Expenses** is set to **Yes** in **F12: Configuration**.

7. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
8. From **Amount** field press enter to view **TDS Nature of Payment Details** screen, in this screen by default the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen

TDS Nature of Payment Details	
Ledger Name : Service Tax @ 10%	
Nature of Payment	Assessable Value
Fees for Professional Or Technical Services	8,570.00

Figure 2.123 TDS Nature of Payment Details



Selection of **TDS Nature of Payment** is must as **Tax to be deducted at Source** even on the **Service Tax and Cess** portion.

9. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

10. From **Amount** field press enter to view **TDS Nature of Payment Details** screen, in this screen by default the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen
11. Select secondary education cess ledger e.g. **Secondary Education Cess @ 1%**. secondary Education Cess amount will be calculated and displayed automatically.
12. From **Amount** field press enter to view **TDS Nature of Payment Details** screen, in this screen by default the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen
13. Under **Particulars**, select TDS ledger - **TDS- Professional Charges** to view the **TDS Details** screen. TDS Details screen displays the **reference, bill name, Nature of payment Assessable Value (Service Amount + Service Tax Amount)** with the **TDS Amount**.

TDS Details				
Type of Ref	Name	Nature of Payment	Assessable Amount	TDS Amount
New Ref	Purc / 8-1	Fees for Professional Or Technical Services	94,527.00 Cr	9,453.00 Cr
	Income Tax	10 % On	94,527.00 Cr	9,453.00 Cr
	Surcharge	0 % On	9,452.70 Cr	
	Education Cess	0 % On	9,453.00 Cr	
	Secondary Education Cess	0 % On	9,453.00 Cr	
			Assessable Amount = Service Amount + Service Tax 94,527 = 85,700 + 8,827 (8570 + 171 + 86)	
Total			94,527.00 Cr	9,453.00 Cr

Figure 2.124 TDS Details

14. **TDS Deducted** will be displayed with **Negative** sign.
15. Provide the **Bill Details** as shown

Bill-wise Details for : Sampath Associates Upto: Rs. 85,074.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 24-5-2010)	Amount	Dr/ Cr
New Ref	Bill- 01		94,527.00	Cr
New Ref	Bill- 01		9,453.00	Dr
			85,074.00	Cr

(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')

Figure 2.125 Bill-wise Details

16. On accepting the **Bill-wise Details** screen Tally.ERP 9 displays **Service Tax Realisation for TDS Deducted Amount** screen

Tax Object Allocations		Crystal Services (P) Ltd	Ctrl + M
Purchase No. 8	Supplier Invoice No. :	Date :	List of Categories
Party's A/c Name : Sampath Associates			End of List
Current Balance :			Chartered Accountants
Particulars			
Service Tax Realisation for TDS Deducted Amount : 9,453.00			
Category	Amount (Incl. of Tax)	Realised Amount	

Figure 2.126 Service Tax Realisation for TDS Deducted Amount

17. If the user want to consider the **TDS deducted amount** as the **Realised amount for Service Tax Bill** you can select the **Category**. Based on the Category selected the **Service Amount**

Inclusive of tax and the TDS portion which is considered as realised will be displayed along with Service Tax on Realised amount of Rs. 9,453.

Service Tax Realisation for TDS Deducted Amount : 9,453.00			
Category		Amount (Incl. of Tax)	Realised Amount
Chartered Accountants		94,527.00	9,453.00
Service Tax	@ 10 % (On Assessable Value	8,570.00)	857.00
Ed Cess	@ 2 % (On Tax Value	857.00)	17.00
Sec Ed Cess	@ 1 % (On Tax Value	857.00)	9.00
			<u>883.00</u>

Figure 2.127 Completed Service Tax Realisation for TDS Deducted Amount

The completed Purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase	No. 8		24-May-2010
Supplier Invoice No. :	Date :		Monday
Party's A/c Name : Sampath Associates			
Current Balance :			
Particulars	Rate per	Amount	
Auditing Charges		85,700.00	
Service Tax @ 10%		8,570.00	
Education Cess @ 2%		171.00	
Secondary Education Cess @ 1%		86.00	
TDS - Professional Charges		(-)9,453.00	
Narration:			
			Accept ?
			Yes or No

Figure 2.128 Completed Purchase Voucher

18. Press **Enter** to accept.

2.25 Tax on Service Purchased (GTA etc.)

When a Goods Transport Agency (GTA) is hired by you for transporting raw material or finished goods or any other purpose relevant to business, liability to pay the service tax on the transport service received will be on the service receiver.

As per Service tax Rules, Services provided by a GTA in relation to transportation of goods is leviable to service tax under GTA service [section 65(105)(zzp)]. Service tax for the GTA service provided is payable only on 25% of the amount charged for providing the GTA service and the balance amount is exempt from levy of service tax.

Service Input Credit on Services Purchased

- If the Service Receiver pays the Service tax on the gross amount of GTA services received. He will be eligible to avail the input credit of the tax paid on the services purchased.
- If the Service provider opts for 75% abatement and pays the service tax on 25% of the Gross Amount GTA services received, then No Credit will be available.

Tally.ERP 9 facilitates the recording of purchase of services from goods transport agency (GTA) and calculating the service tax payable.

Example 29:

On May 25, 2010 M/s. Crystal Services (P) Ltd. purchased transportations services from SR Road Lines for Rs. 40,000.

On the same day payment was made to the transporter and service tax liability towards goods transport is raised.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Service Provider Ledger
 - ii. Expense ledger
2. Record the Transaction in Purchase Voucher (to account the expenses)
3. Record the Payment Voucher (to account the payment)
4. Record a Journal Voucher (to raise service tax liability)

1. Create Masters

i. Service Provider Ledger

Ledger	Under	Is Service Provider/Receiver	Set/Alter Service Tax Details
SR Road Lines	Sundry Creditors	Yes	Yes

To create the service provider ledger

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

1. Enter the **Name** of the service provider ledger e.g. **SR Road Lines**.

2. Select **Sundry Creditors** from the List of Groups in the **Under** field.
3. Set the option **Is Service Provider/Receiver** to **Yes**.
4. Set the option **Set/Alter Service Tax Details** to **Yes** and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen enter
 - ❑ **Registration Number** and **Date of Registration** are not required to capture as we are importing the services
 - ❑ **Type of Classification:** In this field select **Tax on Service Received** from the list of Classifications.

Service Tax Details		Classification
Registration No.	: AEFVR4589DST001	❑ Not Applicable
Date of Registration	:	Exempt
Type of Classification	: Tax on Service Received	Export
Notification No.	:	Import
		Pure Agent
		Tax on Service Received

Figure 2.129 Service Tax Details Screen

6. Enter **Mailing Address** and **Tax information** and press **Enter** to accept the Ledger Creation screen.

ii. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Freight Expenses	Direct Expenses	Yes	Transport of Goods by Road

As per the details given in the table create the expense ledger.

2. Record the Transaction in Purchase Voucher (to account the expenses)

Go to **Gateway of Tally > Accounting Voucher > F9: Purchase** (Account Invoice Mode)

1. Press **F2** and change the date to **25-05-2010**
2. In **Party's A/c Name** field select **SR Road Lines**
3. Under **Particulars** select **Freight Expenses** ledger and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - ❑ In **Type of Ref** field select **New Ref** from the Method of Adjustment.
 - ❑ In **Name** field accept the default reference Number displayed **Purc/9-1** which can be changed by the user.

- In **Type of Service** field based on the **type of classification** defined in the party ledger by default **Tax on Service Received** will be defaulted.
- In **Category** field for Type of Service - Tax on Service Received, **Transport of Goods by Road** will be defaulted.
- Press **F12: Configure** and enable the option **Allow alteration of Abatement Rate during entry** to **Yes**



*Tally.ERP 9 allows to enable the option **Allow alteration of Abatement Rate during Entry** only when the option **Allow to Override Service Category during entry** is set to **Yes** as the abatement is allowed for the service categories and Abatement Details screen will be displayed only when the cursor moves to Category field.*

- The **Abatement Details** screen appears and set the Abatement rate to **Zero**

Abatement Details

Abatement Rate : **0%**

Notification No. : **Sl.No.6 of 1/2006**

Figure 2.130 Abatement Details Screen



*Crystal Services (P) Ltd. is taking **Input credit** on Service Tax paid on GTA. As already mentioned Input Credit can be availed only when the tax is paid on the actual cost of the service. On GTA transactions Abatement allowed is 75% which will be considered by default. To avail credit, for this transaction rebate rate is set to **ZERO** and tax will be paid on actual cost.*

- In **Service Amount** field enter the service amount of **Rs. 40,000**
- In **Amount (Incl. of Tax)** field, the amount specified in the Service Amount field will be taken as Amount inclusive of taxies on transport services the service tax liability is on the service receiver and not on the provider. So service Tax will not get calculated.

Service Tax Details for : Freight Expenses					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/9-1	Transport of Goods by Road		40,000.00	40,000.00
(Abtmt @ 0% is 0, Notif.No: SI.No.6 of 1/2006)					
				40,000.00	40,000.00

Figure 2.131 Service Tax Details Screen

5. Accept the Service Tax Details screen

6. Enter the **bill details**. select **Type of Ref** as **New Ref** and Bill name as **SR/865/10-11**

The completed Purchase voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Purchase	No. 9		25-May-2010 Tuesday
Supplier Invoice No. :	Date :		
Party's A/c Name : SR Road Lines			
Current Balance :			
Particulars	Rate	per	Amount
Freight Expenses			40,000.00
Narration:			
			Accept ? Yes or No

Figure 2.132 Completed Purchase Voucher

7. Press **Enter** to accept

3. Record the Payment Voucher (to account the payment)

The liability of tax towards Service received will arise only on payment to the service provider.

1. Record the Payment to the party against the bill **SR/865/10-11**(Tax bill **Purc/9-1** dated **25-05-2010**)

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Payment No. 5				25-May-2010 Tuesday
Particulars		Debit	Credit	
Dr SR Road Lines		40,000.00		
Cur Bal: 0.00 Dr				
Agst Ref SR/865/10-11	40,000.00 Dr			
Cr Canara Bank			40,000.00	
Cur Bal: 8,65,000.00 Dr				
Narration:		40,000.00	40,000.00	
Ch. No. :				
				Accept ? Yes or No

Figure 2.133 Completed Payment Voucher

2. Press **Enter** to save.

4. Record a Journal Voucher (to raise service tax liability)

To account service tax on Goods Transported, ensure that the Voucher Class is created in Journal Voucher.

To record Journal Voucher

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments** from Voucher Class list
2. Press **F2** and change the date to **25-05-2010**
3. In **Used for** filed select **Tax on Service Received** from the list of **Service Tax Adjustments**

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 7	Voucher Class : Service Credit Adjustment	25-May-2010 Tuesday
		Used for: Tax on Service Received	
Particulars	Service Tax Adjustments		Credit
Cr	Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment		

Figure 2.134 Selection of Service Tax Adjustment Flag

4. Press Enter to view Tax on **Purchases - GTA** screen to calculate service tax.
5. In **Service Tax Liability** screen
 - In **Till Date** by default Voucher Date **25-05-2010** will be displayed. In this field user can mention the date to consider the goods transport services purchased till the date specified in the till date field.
 - In **Service Category** field select the service purchased - **Transport of Goods by Road** from the List of Service Categories



You can select the option **Any** to consider all those service categories which are received on which service receiver is liable to compute the service tax liability.

:

- Set the option **Avail Input Credit** to **Yes** to consider the service tax amount paid towards the transport services purchased as input credit availed.



As per CENVAT Credit Rules, **Input Credit of service tax paid by the service receiver on GTA Services** will be available **only if the service receiver is a taxable service provider**.

- If the option **Avail Input Credit** is set to **Yes** the service tax paid will be eligible to Avail Input Credit and on payment of Tax to the government details will be displayed in **Input Credit Summary** report.
- If the option **Avail Input Credit** is set to **No** the service tax paid will be considered as a **Expense**.

Crystal Services (P) Ltd. has opted to avail input credit on the service tax paid on the GTA services.

- In **Party Ledger** field select the party from services are imported - **SR Road Lines** from the List of Ledger Accounts.

Tax On Purchases - GTA		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 7	Voucher Class : Service Credit Adjustment	List of Ledger Accounts
Used for: Tax on Service Received			Any
			SR Road Lines
Particulars			
Cr			
<u>Service Tax Liability</u> Till Date : 25-5-2010 Service Category : Transport of Goods by Road Avail Input Credit : Yes Party Ledger : SR Road Lines <u>Output Ledgers</u> <u>Input / Expense Ledgers</u>			

Figure 2.135 Service Tax Liability Screen



You can select the option **Any** to consider all those partys' from whom the GTA services are received/purchased to compute the service tax liability.

- In **Output Ledgers** section select
 - **Service Tax @ 10%** to account Service Tax
 - **Education Cess @ 2%** to account Education Cess
 - **Secondary Education Cess @ 1%** to account Secondary Education Cess



In **Output Ledgers** section service tax ledgers are selected to **compute** (calculate) and **create** the service tax liability (to be payable) on the GTA Services Purchased.

- In **Input /Expense Ledgers** section select
 - **Service Tax @ 10%** to account Service Tax

- **Education Cess @ 2%** to account Education Cess
- **Secondary Education Cess @ 1%** to account Secondary Education Cess

Tax On Purchases - GTA		Crystal Services (P) Ltd	Ctrl + M												
Journal	No. 7	Voucher Class : Service Credit Adjustment	List of Ledger Accounts												
Used for: Tax on Service Received			Secondary Education Cess @ 1%												
Particulars															
Cr															
Service Tax Liability Till Date : 25-5-2010 Service Category : Transport of Goods by Road Avail Input Credit : Yes Party Ledger : Any Output Ledgers <table> <tr> <td>Service Tax @ 10%</td> <td>For Service Tax</td> </tr> <tr> <td>Education Cess @ 2%</td> <td>For Education Cess</td> </tr> <tr> <td>Secondary Education Cess @ 1%</td> <td>For Secondary Education Cess</td> </tr> </table> Input / Expense Ledgers <table> <tr> <td>Service Tax @ 10%</td> <td>For Service Tax</td> </tr> <tr> <td>Education Cess @ 2%</td> <td>For Education Cess</td> </tr> <tr> <td>Secondary Education Cess @ 1%</td> <td></td> </tr> </table>				Service Tax @ 10%	For Service Tax	Education Cess @ 2%	For Education Cess	Secondary Education Cess @ 1%	For Secondary Education Cess	Service Tax @ 10%	For Service Tax	Education Cess @ 2%	For Education Cess	Secondary Education Cess @ 1%	
Service Tax @ 10%	For Service Tax														
Education Cess @ 2%	For Education Cess														
Secondary Education Cess @ 1%	For Secondary Education Cess														
Service Tax @ 10%	For Service Tax														
Education Cess @ 2%	For Education Cess														
Secondary Education Cess @ 1%															

Figure 2.136 Completed Service Tax Details Screen



*In **Input/Expenses Ledgers** section the **Tax ledgers** are selected to transfer the computed tax liability as **Input Credit** if assess has opted to avail credit on tax paid on GTA services purchased/ received.*

*If the assess has not opted to avail the credit and has set the option **Avail CENVAT Credit** to **No** then the Tally.ERP 9 will display the **list of Expense ledgers** in **Input / Expense Ledgers** section to consider the tax paid on GTA services purchased/ received as **Expense**.*

6. On accepting the Service Tax Liability screen, Tally.ERP 9 Auto fills the details in Journal Voucher

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 7	Voucher Class : Service Credit Adjustment	25-May-2010 Tuesday
Used for: Tax on Service Received			
Particulars	Debit	Credit	
Dr Service Tax @ 10%	4,000.00		
Cur Bal: 1,69,797.00 Cr			
Dr Education Cess @ 2%	80.00		
Cur Bal: 3,396.00 Cr			
Dr Secondary Education Cess @ 1%	40.00		
Cur Bal: 1,698.00 Cr			
Cr Service Tax @ 10%		4,000.00	
Cur Bal: 1,69,797.00 Cr			
Cr Education Cess @ 2%		80.00	
Cur Bal: 3,396.00 Cr			
Cr Secondary Education Cess @ 1%		40.00	
Cur Bal: 1,698.00 Cr			
Narration:	4,120.00	4,120.00	
			Accept ? Yes or No

Figure 2.137 Completed Journal Voucher

7. Press **Enter** to accept.

On payment of **Service tax to the Government**, the tax paid towards GTA services will be displayed in Input Credit Summary Report

To view the Input Credit Summary report

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

2.26 Accounting Service consideration Receipts/ Payments through Journal

Currently in Tally.ERP 9 all the service consideration receipts or payments are accounted through Receipts and Payments Vouchers.

The re-modelled service Tax provides you the facility to account service consideration receipts and payments through Journal Voucher. To account service consideration - Service Consideration Adjustments flag has been provided in Journal Voucher.

Example 30:

On May 26, 2010 M/s. Crystal Services (P) Ltd. received payment of Rs. 75,000 from Matrix Ad towards the Tax bill -Sale/4-2 dated 15-5-2010 (bill No. CS/865 dated 15-5-2010)

Record the Transaction in Journal Voucher

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

To Service consideration Receipts/ Payments, ensure that the **Voucher Class** is created in Journal Voucher.

Setup:

In **F12: Journal Configuration**

- Set the option **Allow Cash Accounts in Journals** to **Yes**

To record Journal Voucher

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments** from Voucher Class list
2. Press **F2** and change the date to **26-05-2010**
3. In **Used for** field select **Service Consideration Adjustments** from the list of **Service Tax Adjustments**

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 8	Voucher Class : Service Credit Adjustment	26-May-2010 Wednesday
		Used for: Service Consideration Adjustments	
Particulars	Service Tax Adjustments		Credit
Dr	Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment		

Figure 2.138 Selection of Service Consideration Adjustments Flag

4. In **Debit** field select bank ledger - **Canara Bank** and Enter the amount received **Rs. 75,000**
5. In **Credit** field select **Matrix Ad** and press enter to view Service Tax Details screen
6. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select tax bill Sale/4-2 dated 15-05-2010 from Pending Tax Bills
 - On selecting the Tax bill **Type of Service, Category, Amount (Incl. of tax)** and **Service Amount** details will be defaulted

Service Tax Details for : Matrix Ad					
Type of Ref	Name	Type of Service	Category	Amount (Incl. of Tax)	Service Amount
Agst Ref	Sale/4-2	Taxable	Design Services	75,000.00	67,996.00
	Service Tax	@ 10 %	(On Assessable Value 67,996.00)	6,800.00	
	Ed Cess	@ 2 %	(On Tax Value 6,799.60)	136.00	
	Sec Ed Cess	@ 1 %	(On Tax Value 6,799.60)	68.00	
				<u>7,004.00</u>	

Figure 2.139 Service Tax Details Screen

7. In **Bill-wise Details** screen,
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** of field select **CS/865** from the pending bills. In amount field retain the default amount displayed.

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 8	Voucher Class : Service Credit Adjustment	26-May-2010 Wednesday
Used for: Service Consideration Adjustments			
Particulars	Debit	Credit	
Dr Canara Bank Cur Bal: 9,40,000.00 Dr	75,000.00		
Cr Matrix Ad Cur Bal: 3,89,560.00 Dr Agst Ref CS/865		75,000.00	
	75,000.00 Cr		
Narration:		75,000.00	75,000.00
		Accept ? Yes or No	

Figure 2.140 Completed Journal Voucher

8. Press **Enter** to accept.



Similarly, user can record even the service consideration payments in journal voucher.

2.27 Accounting Money Equivalent Transactions

Any consideration (something in return) received towards services provided or paid towards services received in a form other than money is called Money Equivalent.

Tally.ERP9 allows the user to record money equivalent of consideration transactions.

Example 31:

On May 27, 2010 M/s. Crystal Services (P) Ltd. sold Event Management Services to Ram Agency for Rs. 30,000 (inclusive of tax) Bill No. CS/365

On 28-4-2010 Crystal Services (P) Ltd. purchased Advertising services from Ram Agency for Rs. 70,000 (inclusive of tax) Bill No. RA/1085/10-11

On 28- 4-2010 Crystal Services (P) Ltd. instead of making payment to Ram Agency towards Advertising services purchased for Rs. 30,000 (Tax Bill -Purc/10-1 dated 28-4-2010,Bill No- RA/1085/10-11) they are adjusting this bill towards the services sold (Tax Bill -Sale/9-1 dated 27-4-2010, Bill No- CS/365) on which the payment is pending from Ram agency.

Before making the money equivalent transaction, ensure the **Purchase** and **Sale** entry is recorded.

Record the Transaction in Journal Voucher

To account Money Equivalent Transactions through Journal, Ensure that the Voucher Class is created in Journal Voucher.

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

1. In **Change Voucher Type** screen, in **Class** filed select **Service Tax Adjustments**
2. Press **F2** and change the date to 28-05-2010
3. In **Used for** field select the flag - **Money Equivalent of Consideration**
4. In **Debit** field select **Ram Agency** ledger and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Purc/10-1** dated **28-5-2010** from the Pending Tax Bills
 - Based on the Tax bill selected **Type of Service, Category, Amount (incl. of Tax)** and **Service Tax details** will be defaulted
 - In **Amount (incl. of Tax)** field enter **Rs. 30,000**. As Crystal Services (P) Ltd.is adjusting the service sale of Rs. 30,000 towards the purchase of advertisement services.
 - In **Debit amount** field **Rs 30,000**
6. In **Bill-wise Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **RA/1085/10-11** dated **28-05-2010** from the Pending Bills
 - **Amount** will be defaulted automatically.
7. In **Credit** field select **Ram Agency** and press enter to view Service Tax Details screen
8. In **Service Tax Details** screen

- ❑ In **Type of Ref** field select **Agst Ref**
 - ❑ In **Name** field select tax bill **Sale/9-1** from Pending Tax Bills
 - ❑ On selecting the Tax bill **Type of Service, Category, Amount (Incl. of tax)** and **Service Amount** details will be defaulted. Accept the default amount as entire tax bill amount is adjusted towards the purchase of services.
 - ❑ In **Credit amount** field Rs 30,000 will be displayed automatically.
9. In **Bill-wise Details** screen
- ❑ In **Type of Ref** select **Agst Ref**
 - ❑ In **Name** field select **CS/365** dated **27-05-2010** from the pending Bills list to adjust towards receipts
 - ❑ **Amount** will be defaulted automatically to **Rs. 30,000**.

The completed Journal voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Journal	No. 9	Voucher Class : Service Credit Adjustment		28-May-2010 Friday
Used for: Money Equivalent of Consideration				
Particulars		Debit	Credit	
Dr Ram Agency		30,000.00		
Cur Bal: 1,51,330.00 Cr				
Agst Ref RA/1085/10-11	30,000.00 Dr			
Cr Ram Agency			30,000.00	
Cur Bal: 1,51,330.00 Cr				
Agst Ref CS/365	30,000.00 Cr			
Narration:		30,000.00	30,000.00	
				Accept ? Yes or No

Figure 2.141 Completed Money Equivalent Consideration Adjustment Journal

10. Press **Enter** to accept.



Details of **Money Equivalent** transactions will be captured in **section 3F (I) (b)** of Form ST3

2.28 Advance Service Tax Payment and Adjust Advances against the Tax Liability

As per Rule 6 sub-rule (1A), all the taxable persons can pay service tax in advance. Service tax paid in advance is allowed to be self-adjusted towards service tax liable to be paid for the subsequent period.

Advance Service Tax payment transactions can be accounted in Tally.ERP 9. The advances paid to the government can be adjusted against the Tax payable for any period.

2.28.1 Advance Payment of Service Tax

Example 32:

On May 29, 2010 M/s. Crystal Services (P) Ltd. paid Advance service tax of Rs. 15,000 to the Government towards Event Management Service.

Record the transaction in Payment Voucher

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

Set up:

In **F12: Payment Configuration**

- Set the option **Use Single Entry mode for Pymt/Rcpt/Contra** to **Yes**

1. Press **F2** and change the date to **29-05-2010**
2. In **Account** field select the bank ledger - **Canara Bank**
3. Under **Particulars** select **Service Tax @ 10%** and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - In **Type of Ref** field select **Advance** as the Method of Adjustment
 - In **Name** field, application displays the reference number, which is a combination of **abbreviation of Payment and Voucher Number** and **Line Number** (example: **Pymt/6-1**) which can be changed by the user.
 - In **Category** field select the service category towards which the service tax advance payment is made. select **Event Management Service** from the List of Service Categories.
 - In **Amount** field enter the amount paid as advance. Enter **Rs. 15,000**

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Advance	Pymt/6-1	Event Management Service	15,000.00

Figure 2.142 Service Tax Details Screen

5. Set the option **Provide Details** to **Yes** to enter Service Tax Payment Details
6. In Service Tax Payment Details screen
 - **From and To:** In this field enter the period as **1-5-2010** to **31-5-2010**
 - **Cheque/DD No:** In this field user can enter either the cheque or the DD No through which the service tax payment is made. In this transaction payment is made through cheque. Mention the cheque number as **857152**.
 - **Name of the Bank:** In this field mention the **Name of the Bank** through which the tax amount is paid to the Government. Select **Canara Bank** from the List of Banks.
In this field Tally.ERP 9 displays the List of Banks which lists all the banks which are already created to carry out the regular business, option (New Name) to create new Bank and the option Not applicable if the payment is made by Cash.



*New Name will be selected when the **authorised bank** through which the payment is made is different from the regular bank where the deposit account is maintained. The **Bank name** created here will not be available under the **List of Ledgers**.*

- **Bank Account Number:** Enter the bank account number in this field.
- **Branch Name:** Enter the bank Branch name in this field.



Bank Account Number and Branch Name details will be defaulted automatically, if the user selects the bank which is already created to carry out the regular business in the Name of Bank field. User can change such defaulted details.

- **Cheque Date:** If the payment is made through cheque enter the cheque date in this field.
- **Challan No.:** In this field enter the service tax payment Challan number.
If the service tax payment challan details are not available at the time of recording the service tax payment entry, such details can be updated by altering the payment voucher.
- **Challan Date:** Enter the Challan Date.
- **ePayment Number:** If you are making ePayment enter e payment number in this field. If cheque Number is not specified then the cursor will move to this field otherwise application slips this field

Service Tax Payment Details	
From	: 1-May-2010
To	: 31-May-2010
(Note : This Payment Belongs to the Above Period)	
Cheque / DD.No.	: 857152
Name of Bank	: Canara Bank
Bank Account No.	: 00659878754
Branch Name	: BTM
Cheque Date	: 28-May-2010
Challan No.	: 569874
Challan Date	: 29-5-2010
ePayment No.	:
(Note : All the Above Details Will Be Used in Challan, Forms & Returns)	

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 6		29-May-2010 Saturday
Account : Canara Bank Cur Bal: 9,25,000.00 Dr			
Particulars	Amount		
Service Tax @ 10% Cur Bal: 1,51,171.00 Cr	15,000.00		
Provide Details : Yes			
Narration: Ch. No. :857152			
			15,000.00
			Accept ? Yes or No

Figure 2.143 Completed Payment Voucher

7. Press **Enter** to accept.

2.28.2 Adjustment of Advances against the Tax Liability

Example 33:

On May 30, 2010 M/s. Crystal Services (P) Ltd. adjusted Service Tax Liability of Rs. 6,800 (Tax bill- Sale/4-2 dated 15-5-2010) towards advances (Pymt/6-1 dated 29-5-2010).

Record the transaction in Journal Voucher

To Adjustment of Advance Service tax against the Tax Liability, ensure that Voucher Class is created in Journal Voucher.

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments**
2. Press **F2** and change the date to **30-05-2010**
3. In **Used for** field select **Advance Tax Paid Rule 6(1A) Adjustment** from the list of Service Tax Adjustments

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 10	Voucher Class : Service Credit Adjustment	30-May-2010 Sunday
		Used for: Advance Tax Paid Rule 6(1A) Adjustment	
Particulars		Service Tax Adjustments	Credit
Dr		Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment	

Figure 2.144 Selection of Service Tax Adjustment Flag

4. In **Debit** filed select Service tax Ledger - **Service Tax @ 10%** (to adjust the service Tax liability against the advances) and press enter to view Service Tax Details screen
5. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/4-2** dated 15-5-2010 from the Pending Tax Bills
 - In **Category** field **Event Management Service** will be defaulted based on the tax bill selected
 - The **service tax amount** of the bill selected will be displayed in **Amount** field. Depending on the advance adjusted you can alter the amount. For the tax bill - **Sale/4-2** tax liability is **6,800** and entire 6,800 is adjusted against the advance.

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/4-2	Design Services	6,800.00

Figure 2.145 Service Tax Details Screen

6. In **Debit Amount** field tax amount **Rs.6,800** will be displayed
7. In **Credit** field select the Service tax Ledger - **Service Tax @ 10%** (adjust the advances) and press enter to view Service Tax Details screen.
8. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Pynt/6-1** dated 29-5-2010 from the Pending Tax Bills
 - In **Category** field **Event Management Service** will be defaulted based on the tax bill selected
 - The **service tax amount** of the bill selected will be displayed in **Amount** field. Depending on the advance adjusted you can alter the amount. For the tax bill - Pynt/6-1 advance adjusted is 6,800. Enter **Rs. 6,800** in **Amount** filed.

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Pynt/6-1	Event Management Service	6,800.00

Figure 2.146 Service Tax Details Screen

9. Set the option **Provide Details** to **Yes** and specify the period for which the advances are adjusted in Service Tax Payment Details screen.

Service Tax Payment Details

From : 1-May-2010

To : 31-May-2010

(Note : This Payment Belongs to the Above Period)

Figure 2.147 Service Tax Payment Details Screen

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 10	Voucher Class : Service Credit Adjustment	30-May-2010 Sunday
Used for: Advance Tax Paid Rule 6(1A) Adjustment			
Particulars	Debit	Credit	
Dr Service Tax @ 10%	6,800.00		
Cur Bal: 1,51,171.00 Cr			
Cr Service Tax @ 10%		6,800.00	
Cur Bal: 1,51,171.00 Cr			
Provide Details : Yes			
Narration:		6,800.00	6,800.00
		Accept ? Yes or No	

Figure 2.148 Completed Journal Voucher

10. Press **Enter** to accept.

2.29 Accounting CENVAT Credit Adjustments

As per CENVAT Credit rules, credit available on Inputs/Capital goods (CENVAT Credit) can be adjusted towards the Service tax Liability. Similarly the Service input Credit can be adjusted towards Duty Payable.

Example 34:

On June 1, 2010 M/s. Crystal Services (P) Ltd. has CENVAT Credit

Basic Excise Duty - Rs. 15,000

Education Cess - Rs. 300

Secondary Education cess - Rs. 150, on purchase of 1,50,000 Pet Bottles (input) @ 1 per bottle from Tega Manufacturers dated 19-5-2010. CENVAT credit is adjusted towards Service tax bill Sale/3-1

If the user is using **Excise for Manufacturer Module of Tally.ERP 9**, follow the below mentioned procedure to record the purchase voucher to account excise duty and later adjust CENVAT credit towards service tax.

To account the above transaction follow the steps given below

1. Record the transaction in Excise Purchase Voucher
2. Create Voucher Class in Journal Voucher
3. Record the transaction in Journal Voucher (to adjust CENVAT Credit)

1. Record the transaction in Excise Purchase Voucher

To record Excise Purchase voucher, ensure **Excise Manufacturer feature is enabled**, **CENVAT Ledgers**, **Tariff Classification**, **Stock Item** and **Voucher Types** are created. For more details on Excise for Manufacturer please refer - Excise for Manufacturer module in **Help** file or **Implementation Guide** available in the **Tally Website**.

To record **Excise Purchases**

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase (select Excise - Purchase)**

Record the **Excise - Purchase** as shown below

Accounting Voucher - Creation		Crystal Services (P) Ltd		Ctrl + M
Excise - Purchase No. 1		Date :		19-May-2010
Supplier Invoice No. :		Excise Unit : Crystal Services (P) Ltd		Wednesday
Party's A/c Name : Tega Manufacturers Nature of Purchase : Manufacturer Current Balance : 1,73,722.50 Cr Purchase Ledger : Purchase @ 5% VAT/Tax Class: Purchases @ 5%				
Name of Item	Quantity	Rate per	Amount	
Pet Bottles	1,50,000 Nos	1.00 Nos	1,50,000.00	
Rate : 10%				
Basic Excise Duty (CENVAT)		10 %	15,000.00	
Education Cess (CENVAT)		2 %	300.00	
Secondary Education Cess (CENVAT)		1 %	150.00	
Input VAT @ 5%		5 %	8,272.50	
Show Statutory Details ? Yes Narration:				
				1,50,000 Nos Accept ? Yes or No

Figure 2.149 Completed Excise-Purchase Invoice

Press **Enter** to accept.



CENVAT Credit on the above transaction is availed while booking the purchases by selecting CENVAT ledgers.

2. Create Voucher Class in Journal Voucher

To adjust the CENVAT Credit availed towards the Service Tax liability it is necessary to create a separate voucher class in Journal voucher.

To create voucher class in Journal Voucher

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter > In Select Item screen select Journal**

- In **Voucher Type Alteration** screen, Tab down to **Name of Class** field and enter the class name as **CENVAT Adjustment**
- In **Voucher Type Class** screen
 - Set the option **Use Class for Excise /CENVAT Adjustments** to **Yes**

Voucher Type Class		Crystal Services (P) Ltd	Ctrl + M X
Name : Jour (alias)	Class : <u>CENVAT Adjustment</u>		
	Use Class for VAT Adjustments ? No		
	Use Class for Excise / CENVAT Adjustments ? Yes		
	Use Class for Service Tax Adjustments ? No		
	Ledger account to use		
Type of Voucher	Ledger Name	Name of Class	
Abbr.		Use Credit Adjustment	
Method of Voucher		VAT Adjustment	
Use Advance Cont			
Use EFFECTIVE Da			

Figure 2.150 Voucher Type Class Screen

- Press **Enter** to save **Voucher Type Class** screen and **Voucher Type Alteration** screen.

3. Record the transaction in Journal Voucher (to adjust CENVAT Credit)

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

1. In **Change Voucher Type** screen, select **CENVAT Adjustment** in **Class** field.
2. Press **F2** and change the date to **01-06-2010**
3. In **Used for** field select **CENVAT Adjustment** from the list of **Excise Adjustments**

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M	
Journal	No. 11	Voucher Class : CENVAT Adjustment		1-Jun-2010 Tuesday	
Excise Unit :		Used for: CENVAT Adjustment			
		Excise Adjustments			
Particulars		Adjustment towards Advance Duty Paid		Debit	Credit
Dr		CENVAT Adjustment			

Figure 2.151 Selection of CENVAT Adjustment Flag

4. In **Excise Unit** field select **Crystal Services (P) Ltd**.
5. In **Debit** field select **Service Tax @ 10%** ledger
6. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/3-1** from Pending Tax Bills
 - On selecting the bill the **service category** and **tax** will be defaulted. Enter **15,000** in **Amount** filed

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/3-1	Event Management Service	15,000.00

Figure 2.152 Service Tax Details Screen

7. In **Debit** field select **Education Cess @ 2%** ledger
8. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/3-1** from Pending Tax Bills
 - On selecting the bill the **service category** and **tax** will be defaulted. Enter **300** in **Amount** filed
9. In **Debit** field select **Secondary Education Cess @ 1%** ledger
10. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/3-1** from Pending Tax Bills

- On selecting the bill the **service category** and **tax** will be defaulted. Enter **150** in **Amount** filed
- 11. In **Credit** field select **Basic Excise Duty (CENVAT)** ledger
- 12. In **Excise Duty Allocation** screen
 - In **Type of Ref** select **Agst Ref**
 - In **Name** field select the tax bill -1
 - Based on the bill selected **Amount** will be defaulted accept the details displayed.

Duty Details for : Basic Excise Duty (CENVAT)			
Type of Ref	Name	Amount	Dr/Cr
Agst Ref	1	15,000.00	Cr

Figure 2.153 Duty Details Screen

- 13. In **Credit** field select **Education Cess (CENVAT)** ledger
- 14. In **Excise Duty Allocation** screen
 - In **Type of Ref** select **Agst Ref**
 - In **Name** field select the tax bill -1
 - Based on the bill selected **Amount - Rs. 300** will be defaulted.
- 15. In **Credit** field select **Secondary Education Cess (CENVAT)** ledger
- 16. In **Excise Duty Allocation** screen
 - In **Type of Ref** select **Agst Ref**
 - In **Name** field select the tax bill -1
 - Based on the bill selected **Amount - Rs. 150** will be defaulted.
- 17. Set the option **Provide Details** to **Yes** to provide **Adjustment Details** for Excise.

<u>Adjustment Details</u>	
for Excise	
Period From	: 1-May-2010 To 31-May-2010

Figure 2.154 Adjustment Details Screen

The completed CENVAT Adjustment Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 11	Voucher Class : CENVAT Adjustment	1-Jun-2010 Tuesday
Excise Unit : Crystal Services (P) Ltd		Used for: CENVAT Adjustment	
Particulars	Debit	Credit	
Dr Service Tax @ 10%	15,000.00		
Cur Bal: 1,36,171.00 Cr			
Dr Education Cess @ 2%	300.00		
Cur Bal: 3,023.00 Cr			
Dr Secondary Education Cess @ 1%	150.00		
Cur Bal: 1,512.00 Cr			
Cr Basic Excise Duty (CENVAT)		15,000.00	
Cur Bal: 0.00 Cr			
Cr Education Cess (CENVAT)		300.00	
Cur Bal: 0.00 Cr			
Cr Secondary Education Cess (CENVAT)		150.00	
Cur Bal: 0.00 Cr			
Provide Details : Yes			
Narration:	15,450.00	15,450.00	
			Accept ? Yes or No

Figure 2.155 Completed CENVAT Adjustment Journal Voucher

18. Press **Enter** to accept.

2.30 Payment of Interest and Penalties

As per Section 75, Interest is payable @ 13% p.a. on all the short or non payment of service tax. Tally.ERP 9 allows the user to record the Interest payment entries.

Example 35:

On June 2, 2010 M/s. Crystal Services (P) Ltd. paid,
Service tax of Rs. 2,720 on tax bill Sale/9-1
Education Cess of Rs. 54 on Tax bill Sale/9-1
Secondary Education Cess of Rs. 27 on Tax bill Sale/9-1
Arrears of Rs. 5,000 (towards Event Management services)
Interest of Rs. 800 (towards Event Management services)

To account the above transaction follow the steps given below

1. Create Masters
 - i. Arrears Ledger
 - ii. Interest Ledger
2. Record the transaction in Payment Voucher

1. Create Masters

i. Arrears Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
ST Arrears	Indirect Expenses	Yes	Any

ii. Interest Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
ST Interest	Indirect Expenses	Yes	Any

As per the details provided in the table create the masters.

2. Record the transaction in Payment Voucher

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

1. Press **F2** to change the date to **02-06-2010**
2. In **Account** field select **Canara Bank**
3. Under **Particulars** select service tax ledger - **Service Tax @ 10%**
4. In **Service Tax Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/9-1**. Based on the bill selected **Category** and **Amount** will be defaulted. Accept the default details.

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/9-1	Event Management Service	2,720.00

Figure 2.156 Service Tax Details Screen

5. Under **Particulars** select education cess ledger - **Education Cess @ 2%**
6. In **Service Tax Details** screen

- In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/9-1**. Based on the bill selected Category and Amount will be defaulted. Accept the default details.
7. Under **Particulars** select secondary education cess ledger - **Secondary Education Cess @ 1%**
8. In **Service Tax Details** screen
- In **Type of Ref** field select **Agst Ref**
 - In **Name** field select **Sale/9-1**. Based on the bill selected Category and Amount will be defaulted. Accept the default details.
9. Under **Particulars** select arrears ledger - **ST Arrears**
10. In **Arrears Details** screen
- In **Type of Ref** field select **New Ref**
 - In **Type of Payment** field select **Arrears** from Nature of Payment list
 - In **Category** field select **Event Management Service** from the List of Service Categories
 - In **Amount** field enter **Rs. 5,000**

Service Tax Details for : ST Arrears			
Type of Ref.	Type of Payment	Category	Amount
New Ref	Arrears	Event Management Service	5,000.00

Figure 2.157 Service Tax Details Screen - Arrears

11. Under **Particulars** select interest ledger - **ST Interest**
12. In **Arrears Details** screen
- In **Type of Ref** field select **New Ref**
 - In **Type of Payment** field select **Interest** from Nature of Payment list
 - In **Category** field select **Event Management Service** from the List of Service Categories
 - In **Amount** field enter **Rs. 800**

Service Tax Details for : ST Interest			
Type of Ref.	Type of Payment	Category	Amount
New Ref	Interest	Event Management Service	800.00

Figure 2.158 Service Tax Details Screen - Interest

13.Set the option **Provide Details** to **Yes** to provide Service Tax Payment Details

Service Tax Payment Details	
From	: 1-May-2010
To	: 31-May-2010
(Note : This Payment Belongs to the Above Period)	
Cheque / DD.No.	: 586955
Name of Bank	: Canara Bank
Bank Account No.	: 00659878754
Branch Name	: BTM
Cheque Date	: 2-Jun-2010
Challan No.	: 456847
Challan Date	: 2-6-2010
ePayment No.	:
(Note : All the Above Details Will Be Used in Challan, Forms & Returns)	

Figure 2.159 Service Tax Payment Details

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 7		2-Jun-2010 Wednesday
Account : Canara Bank Cur Bal: 9,16,399.00 Dr			
Particulars	Amount		
Service Tax @ 10%	2,720.00		
Cur Bal: 1,33,451.00 Cr			
Education Cess @ 2%	54.00		
Cur Bal: 2,969.00 Cr			
Secondary Education Cess @ 1%	27.00		
Cur Bal: 1,485.00 Cr			
ST Arrears	5,000.00		
Cur Bal: 5,000.00 Dr			
ST Interest	800.00		
Cur Bal: 800.00 Dr			
Provide Details : Yes			
Narration:			
Ch. No. :586955			
			9,604.00
			Accept ?
			Yes or No

Figure 2.160 Completed Payment Voucher

14.Press **Enter** to accept.

Printed G.A.R.-7 Challan will be 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.	2 2 5 8 9 6 5 1		Pincode 5 6 0 0 8 5																		
Assessee Code No.	A S D C E 1 5 8 8 P S T 0 0 1																				
Commissionerate Name	B a n g a l o r e I																				
Commissionerate Code	0 9	Division Code	0 9	Range Code																	
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 35%;">Accounting Code of the Service</th> <th style="width: 35%;">Amount Tendered in Rupees</th> <th style="width: 30%;"></th> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td>2 7 2 0</td> <td rowspan="5" 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>5 4</td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td>2 7</td> </tr> <tr> <td>0 0 4 4 0 1 9 8</td> <td>5 0 0 0</td> </tr> <tr> <td>0 0 4 4 0 1 9 8</td> <td>8 0 0</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>8 6 0 1</td> <td></td> </tr> </table>					Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7	2 7 2 0	RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8	5 4	0 0 4 4 0 4 2 6	2 7	0 0 4 4 0 1 9 8	5 0 0 0	0 0 4 4 0 1 9 8	8 0 0	Total	8 6 0 1	
Accounting Code of the Service	Amount Tendered in Rupees																				
0 0 4 4 0 1 9 7	2 7 2 0	RECEIVING BANK BRANCH STAMP																			
0 0 4 4 0 2 9 8	5 4																				
0 0 4 4 0 4 2 6	2 7																				
0 0 4 4 0 1 9 8	5 0 0 0																				
0 0 4 4 0 1 9 8	8 0 0																				
Total	8 6 0 1																				
(In words) Rupees Eight Thousand Six Hundred One Only. tendered by																					
Cash/Cheque/Draft/Pay Order No. 586955 Dated 2-Jun-2010 Drawn on Canara Bank																					
Signature of the Tenderer with date																					
<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 35%;">Accounting Code of the Service</th> <th style="width: 35%;">Amount Tendered in Rupees</th> <th style="width: 30%;"></th> </tr> <tr> <td>0 0 4 4 0 1 9 7</td> <td>2 7 2 0</td> <td rowspan="5" 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>5 4</td> </tr> <tr> <td>0 0 4 4 0 4 2 6</td> <td>2 7</td> </tr> <tr> <td>0 0 4 4 0 1 9 8</td> <td>5 0 0 0</td> </tr> <tr> <td>0 0 4 4 0 1 9 8</td> <td>8 0 0</td> </tr> <tr> <td style="text-align: right;">Total</td> <td>8 6 0 1</td> <td></td> </tr> </table>					Accounting Code of the Service	Amount Tendered in Rupees		0 0 4 4 0 1 9 7	2 7 2 0	RECEIVING BANK BRANCH STAMP	0 0 4 4 0 2 9 8	5 4	0 0 4 4 0 4 2 6	2 7	0 0 4 4 0 1 9 8	5 0 0 0	0 0 4 4 0 1 9 8	8 0 0	Total	8 6 0 1	
Accounting Code of the Service	Amount Tendered in Rupees																				
0 0 4 4 0 1 9 7	2 7 2 0	RECEIVING BANK BRANCH STAMP																			
0 0 4 4 0 2 9 8	5 4																				
0 0 4 4 0 4 2 6	2 7																				
0 0 4 4 0 1 9 8	5 0 0 0																				
0 0 4 4 0 1 9 8	8 0 0																				
Total	8 6 0 1																				
Received from Assessee Code No. A S D C E 1 5 8 8 P S T 0 0 1																					
(In words) Rupees Eight Thousand Six Hundred One Only.																					
By Cash/Cheque/Draft/Pay Order No. 586955 Dated 2-Jun-2010 Drawn on Canara Bank																					
on account of Union Service tax as detailed in this taxpayer's counterfoil and on stamp affixed and signed therein.																					

Figure 2.161 GAR 7 Challan

2.31 Accounting Adjustments under 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 Tax Paid but service not rendered Rule 6(3) Adjustment.

Example 36:

On May 24, 2010 M/s. Crystal Services (P) Ltd. received Advance of Rs. 40,000 from Matrix Ad towards the Event Management Services to be provided.

On 27-5-2010, Crystal Services (P) Ltd. paid Service Tax on the advance received to the Government.

On 28-5-2010 Matrix Ad cancelled the Services and Crystal Services (P) Ltd. paid the Advance received Rs. 40,000 (including the Service Tax paid to the Government)

On 31-5-2010 Crystal Services (P) Ltd. adjusted the service tax paid (ST - Rs. 3,627, Education Cess Rs. 73, SHE cess Rs. 36) on the services cancelled towards the tax Liability of Sale/3-1 dated 15-5-2010.

To account the above transaction follow the steps given below

1. Create Masters
 - i. Suspense Account Ledger
2. Record the Receipt Voucher (to account advance received)
3. Record the Payment Voucher (to account tax payment to government)
4. Record the Journal Voucher (To account Service tax portion paid to the government)
5. Record Payment Voucher (To pay the balance to the party)
6. Record the Journal Voucher (To account adjust the tax paid on the cancelled services towards the tax liability)

1. Create Masters

i. Suspense Account Ledger

Ledger	Under
Service Tax Paid to Government	Suspense A/c

2. Record the Receipt Voucher (to account advance received)

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

1. In **Account** field select **Canara Bank**
2. Select **Matrix Ad** under **Particulars**
3. In **Service Tax Details** screen, select **Type of Ref** as **Advance**, **Name** and **Type of Service** will be defaulted. In **Category** field select **Event Management Services** and in **Service Amount** specify **Rs. 40,000**. Tax will be calculated and displayed.

Figure 2.162 Service Tax Details Screen

- The completed Receipt Voucher is displayed as shown

Figure 2.163 Completed Receipt Voucher

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3. Record the Payment Voucher (to account tax payment to government)

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

1. In **Account** field select **Canara Bank**
2. Under **Particulars** select service Tax ledger - **Service Tax @ 10%**
3. In **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field. In **Name** field select **Rcpt/4-1** dated **24-05-2010**. based on the bill selected **Category** and **Amount** will be defaulted.

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Rcpt/4-1	Event Management Service	3,627.00

Figure 2.164 Service Tax Details Screen

4. Under **Particulars** select Education Cess ledger - **Education Cess @ 2%**
5. In **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field. In **Name** field select **Rcpt/4-1** dated **24-05-2010**. based on the bill selected **Category** and **Amount** will be defaulted.
6. Similarly select **Secondary education Cess** ledger and select the tax bill **Rcpt/4-1** dated 24-05-2010
7. In **Service Tax Payment Details** screen provide the service tax payments details.

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 6		27-May-2010 Thursday
Account : Canara Bank Cur Bal: 9,60,027.00 Dr			
Particulars	Amount		
Service Tax @ 10% Cur Bal: 1,33,451.00 Cr	3,627.00		
Education Cess @ 2% Cur Bal: 2,969.00 Cr	73.00		
Secondary Education Cess @ 1% Cur Bal: 1,485.00 Cr	36.00		
Provide Details : Yes			
Narration:			
Ch. No. :			
			Accept ? Yes or No

Figure 2.165 Completed Payment Voucher

8. Press **Enter** to accept.

4. Record the Journal Voucher (To account Service tax portion paid to the government)

Service Tax portion on the advance received is paid to government. On cancellation of service contract, service tax amount already paid to the government is also returned to the party. To account such portion of tax paid to the government and adjust towards the mount payable to the party record a adjustment entry in Journal Voucher

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

1. In **Debit** field select the control account created to account the tax already paid to government - **Service Tax Paid to Government** and mention **Rs. 3,736** in **Amount** field.
2. In **Credit** field select the party ledger - **Matrix Ad.** **Amount** will be defaulted to **Rs. 3,736**
3. In **Bill-wise Details** screen, select the **Type of Ref** as **New Ref** and reference **Name** as **ADJ - 01**

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 10	Voucher Class : I Not Applicable	28-May-2010 Friday
Particulars	Debit	Credit	
Dr Service Tax Paid to Government Cur Bal: 3,736.00 Dr	3,736.00		
Cr Matrix Ad Cur Bal: 3,49,559.00 Dr New Ref ADJ - 01 3,736.00 Cr		3,736.00	
Narration:		3,736.00	3,736.00

Accept ?
Yes or No

Figure 2.166 Completed Journal Voucher

4. Press **Enter** to accept.

5. Record Payment Voucher (To pay the balance to the party)

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

1. In **Account** field select **Canara Bank**
2. Under **Particulars** select **Matrix Ad**. In **Service Tax Details** screen in **Type of Re** field select **End of List** to come out of the screen.
3. In **Amount** field enter **Rs. 40,000**
4. In **Bill-wise Details** screen, select **Agst Ref** as **Type of Ref** and select the bill **ADV - 02** for **Rs. 36,265** and **ADJ - 01** for **Rs. 3735**

The completed Payment Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Payment	No. 7	28-May-2010 Friday	
Account : Canara Bank Cur Bal: 9,12,664.00 Dr			
Particulars	Amount		
Matrix Ad	40,000.00		
Cur Bal: 3,89,559.00 Dr			
Agst Ref ADV - 02	36,265.00 Dr		
Agst Ref ADJ - 01	3,735.00 Dr		
Narration:			
Ch. No. :			
			40,000.00
			Accept ?
			Yes or No

Figure 2.167 Completed Payment Voucher

5. Press **Enter** to accept.

6. Record the Journal Voucher (To account adjust the tax paid on the cancelled services towards the tax liability)

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

1. In **Change Voucher Type** screen select **Service Tax Adjustments** in **Class** field
2. In **Used for** field select **Tax Paid But Service Not Rendered Rule 6(3) Adjustment** from Service Tax Adjustments list

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 12	Voucher Class : Service Credit Adjustment	31-May-2010 Monday
		Used for: Tax Paid But Service Not Rendered Rule 6(3) Adjustment	
Particulars	Service Tax Adjustments		Credit
Dr	Advance Tax Paid Rule 6(1A) Adjustment CENVAT Adjustment Excess Service Tax Paid earlier Rule 6(4A) Adjustment Input Credit Adjustments Money Equivalent of Consideration Opening Balance Service Consideration Adjustments Tax on Import of Service Tax on Service Received Tax Paid but service not rendered Rule 6(3) Adjustment		

Figure 2.168 Selection of Service Tax Adjustment Flag

3. In **Debit** field select service tax ledger - **Service Tax @ 10%**
4. In **Service Tax Details** screen
 - In **Type of Ref** select **Agst Ref**
 - In **Name** field select the tax bill **Sale/3-1**. **Category** and **amount** will be defaulted based on the bill selected
 - In **Amount** field enter **Rs. 3,627**

Service Tax Details for : Service Tax @ 10%			
Type of Ref.	Name	Category	Amount
Agst Ref	Sale/3-1	Event Management Service	3,627.00

Figure 2.169 Service Tax Details Screen

5. In **Debit** field select **Education Cess @ 2%** and in Service Tax Details screen Select the tax bill **Sale/3-1**, enter the Amount **Rs. 73**

6. In **Debit** field select **Secondary Education Cess @ 1%** and in Service Tax Details screen Select the tax bill **Sale/3-1**, enter the Amount **Rs. 36**
7. In **Credit** field select the control ledger used to adjust service tax paid - **Service Tax Paid to Government**. Amount Rs. 3,736 will be displayed automatically.
8. Enable the option **Provide Details** to **Yes** to enter the **Service Tax Payment Details**

Service Tax Payment Details

From : 1-May-2010

To : 31-May-2010

(Note : This Payment Belongs to the Above Period)

Figure 2.170 Service Tax Payment Details Screen

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Journal	No. 12	Voucher Class : Service Credit Adjustment	31-May-2010 Monday
Used for: Tax Paid But Service Not Rendered Rule 6(3) Adjustment			
Particulars	Debit	Credit	
Dr Service Tax @ 10%	3,627.00		
Cur Bal: 1,29,824.00 Cr			
Dr Education Cess @ 2%	73.00		
Cur Bal: 2,896.00 Cr			
Dr Secondary Education Cess @ 1%	36.00		
Cur Bal: 1,449.00 Cr			
Cr Service Tax Paid to Government		3,736.00	
Cur Bal: 0.00 Cr			
Provide Details : Yes			
Narration:		3,736.00	3,736.00
		Accept ? Yes or No	

Figure 2.171 Completed Journal Voucher

9. Press **Enter** to accept.



The values of Tax adjusted under Rule 6(3) will be captured in section (4A)(iii).

2.32 Receipt/Payment of Normal Advances and Adjusting Advance against the Service Bill

In some cases, businesses receive advance from the customer and will account such advances with out calculating the service tax. Later (after providing service) while raising the service bill advance received will be adjusted towards the bill and balance will be displayed as the pending for payment.

Tally.ERP 9 supports to adjust normal advances received (tax not calculated while accounting advances) form the customers towards the sales bill. The adjusted amount will be displayed in all the service tax reports as amount realised towards the service rendered.

Adjustment of Normal Advance received/ paid towards service bill (Sales/Purchase) is supported in Tally.ERP 9 from Release 2.1.

Example 37:

On June 2, 2010 M/s. Crystal Services (P) Ltd. received an Advance of Rs. 80,000 from Mayank Creations.

On June 7, 2010 M/s. Crystal Services (P) Ltd. raised a Service Bill for Rs. 2,50,000 (Exclusive of tax) for Event Management Services rendered and adjusted the advance received Rs.80000 towards the service bill

To account the above transaction

1. Record Transaction in Receipt Voucher
2. Record the Transaction in Sales Voucher

1. Record the Transaction in Receipt Voucher (to account the receipt of advance)

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

1. Press **F2** and change the date to **02-06-2010**
2. In **Credit** field select **Mayank Creations** and press enter to view **Service Tax Details** screen
3. In **Service Tax Details** screen
 - In **Type of Ref** select **End of List** and press **Enter** to come out of Service Tax Details screen
4. In **Credit** Amount field enter **Rs. 80,000** and press enter to view Bill-wise Details screen
5. In **Bill-wise Details** screen
 - In **Type of Ref** field select **Advance** from Method of Adjustment



- Ensure in party ledger the option **Maintain balances bill-by-bill** is set to **Yes**.
- The **Type of Ref** selected should be **Advance**

- In **Name** field enter the **Bill Name - ADV/525**
- **Amount** will be displayed automatically

Bill-wise Details for : Mayank Creations Upto: Rs. 80,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef. 2-6-2010)	Amount	Dr/ Cr
Advance	ADV/525		80,000.00	Cr
			80,000.00	Cr

Figure 2.172 Bill-wise Details Screen

6. Press **Enter** to accept the Bill details
 7. In **Debit** field select **Cash** or **Bank** Ledger depending on the nature of payment received. Here ABC Company received payment in cheque hence Bank Ledger - Canara Bank is selected.
 8. **Amount** will be displayed automatically
 9. Enter **Narration**, if any
- The completed receipt voucher is displayed as shown

Accounting Voucher Creation		Crystal Services (P) Ltd		Ctrl + M
Receipt No. 5		2-Jun-2010 Wednesday		
Particulars	Debit	Credit		
Cr Mayank Creations Cur Bal: 2,20,000.00 Dr Advance ADV/525	80,000.00 Cr	80,000.00		
Dr Canara Bank Cur Bal: 9,92,664.00 Dr	80,000.00			
Narration: Ch. No. :458792		80,000.00	80,000.00	

Accept ?
 Yes or No

Figure 2.173 Completed Receipt Voucher

10. Press **Enter** to accept.

2. Record the Transaction in Sales Voucher (to account the sale of services and adjust advance received towards the service bill)

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

1. Press **F2** and change the date to **07-06-2010**
2. In **Party A/C Name** field select **Mayank Creations** from the List of Ledger Accounts
3. Under **Particulars** select **Sales- Event Mgt Services** ledger and press enter to view Service Tax Details screen
4. In **Service Tax Details** screen
 - In **Type of Ref** field select **New Ref**
 - In **Name** field **Sale/10-1** will be displayed as the Reference Number. Accept the default number.
 - Based on the **Type of Classification** selected in the Service Receiver, **Type of Service** will be defaulted (displayed). By default **Taxable** is displayed and Tally.ERP 9 skips the field.
 - Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default **Event Management Service** is displayed and Tally.ERP 9 skips the field.
 - In **Service Amount** field enter the value of service provided **Rs. 2,50,000**
 - In **Amount (Incl. of Tax)** field the cumulative (collective) amount of Service amount and Tax will be displayed in this field

Service Tax Details for : Sale - Event Mgt Services					
Type of Ref	Name	Type of Service	Category	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/10-1	Taxable	Event Management Service	2,50,000.00	2,75,750.00
Service Tax @ 10 % (On Assessable Value 2,50,000.00) 25,000.00					
Ed Cess @ 2 % (On Tax Value 25,000.00) 500.00					
Sec Ed Cess @ 1 % (On Tax Value 25,000.00) 250.00					
				25,750.00	
				2,50,000.00	2,75,750.00

Figure 2.174 Service Tax Details Screen

5. In **Amount** field of Service Amount of **Rs. 2,50,000** will be displayed
6. Select service tax ledger e.g. **Service Tax @ 10%**. Service Tax amount will be calculated and displayed automatically.
7. Select education cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

- | Bill-wise Details for : Mayank Creations
Upto: Rs. 2,75,750.00 Dr | | | |
|--|---------------------|--|-----------------------|
| Type of Ref | Name | Due Date, or
Credit Days
(wef: 7-6-2010) | Amount Dr
Cr |
| Agst Ref | ADV/525 | | 80,000.00 Dr |
| New Ref | CS/458/10-11 | | 1,95,750.00 Dr |

10. On accepting the **Bill-wise Details** screen Tally.ERP 9 displays **Service Tax Realisation for Advance Receipt Amount** screen.

[illegible]

- ❑ If the user want to consider the Advance Received as Realised Amount for Service Tax Bill you can select **Type of Ref** as **Agst Ref**.

- In **Name** field select **Sale 10/1** from the Pending Tax bill to adjust the advances towards the service sale. On selection of tax bill the **Type of Service**, **Category** and **Realised Amount** will be defaulted automatically.

Service Tax Realisation for Advance Receipt Amount : 80,000.00				
Type of Ref.	Name	Type of Service	Category	Realised Amount
Agst Ref Sale/10-1	Taxable	Event Management Service		80,000.00
Service Tax	@ 10 % (On Assessable Value 72,528.80)			7,252.88
Ed Cess	@ 2 % (On Tax Value 7,252.88)			145.06
Sec Ed Cess	@ 1 % (On Tax Value 7,252.88)			72.53
				<u>7,470.47</u>

Figure 2.177 Completed Service Tax Realisation for Advance Receipt Amount Screen

The completed sales voucher appears as shown

Accounting Voucher Creation		Crystal Services (P) Ltd	Ctrl + M
Sales	No. 10		7-Jun-2010 Monday
Ref. :			
Party's A/c Name : Mayank Creations			
Current Balance : 2,20,000.00 Dr			
Particulars	Rate	per	Amount
Sale - Event Mgt Services			2,50,000.00
Service Tax @ 10%			25,000.00
Education Cess @ 2%			500.00
Secondary Education Cess @ 1%			250.00
Narration:			
			Accept ? Yes or No

Figure 2.178 Completed Sales Voucher

11.Press **Enter** to save.

Service Tax Payable Report

The normal advances adjusted towards the service sales will be reflected in Service Tax Payable report and From ST 3 Form

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Bill Date wise**

Service Tax Payable (Bill Date - wise)				Crystal Services (P) Ltd			Ctrl + M	
Type of Bills		: Realised Bills			1-Jun-2010 to 30-Jun-2010			
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
7-Jun-2010	Sale/10-1	Mayank Creations	Event Management Service	2,75,750.00	25,750.00	80,000.00	7,470.47	7,470.47

Figure 2.179 Service Tax Payable Report



*Tally.ERP 9 will not display the **voucher reference** for the realised amount. the advance adjusted will be considered as the **realised** on the **date of sale**.*

Lesson 3: Service Tax Reports

3.1 Service Tax Reports

Tally.ERP 9 helps the user to generate the Service tax Computation Report, Service Tax Payables, Input Credit Summary and ST3 Report at the end of the month or half yearly, as prescribed under the Act. To view the **Service Tax Reports**.

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

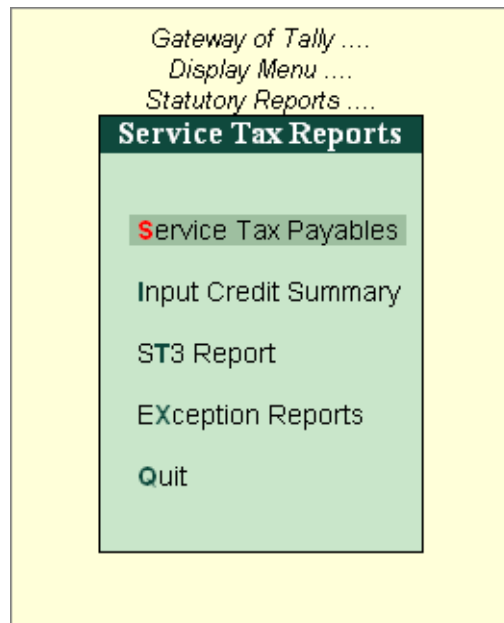


Figure 3.1 Service Tax Reports

3.2 Service Tax Payables

Service Tax Payables report displays the Total Service Tax Payables as on a specified date. In Tally.ERP 9 Service Tax Payables can be viewed based on sales Bill Date, Receipt Date and for tax payable on services received like GTA and Imports.

To view Service Tax Payables report

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

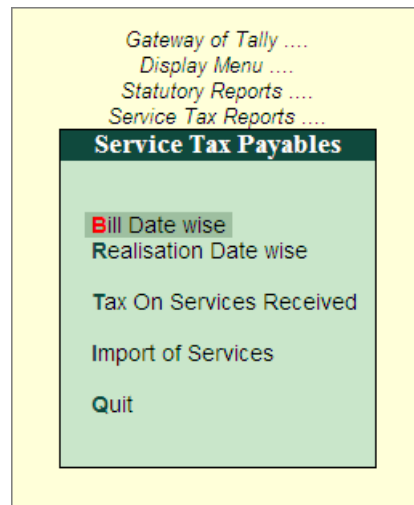


Figure 3.2 Service Tax Payables

Service Tax Payables report can be viewed

- ❑ Bill Date Wise
- ❑ Realisation Date Wise
- ❑ Tax on Services Received
- ❑ Import of Services

3.2.1 Bill Date Wise

Bill Date Wise Service Tax Payables report displays the Total Service Tax Payables as on a specified date based on the bill date of the services provided.

To view Bill Date Wise report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Bill Date Wise**

By default, report displays **Realised Service Tax Bills**

Service Tax Payable (Bill Date - wise)			Crystal Services (P) Ltd			Ctrl + M		
Type of Bills : Realised Bills			1-May-2010 to 30-Jun-2010					
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
1-May-2010	Jrnl/2-1	Kamal Advertisers	Event Management Service	55,150.00	5,150.00	55,150.00	5,150.00	5,150.00
9-May-2010	Sale/3-1	Cash	Event Management Service	11,03,000.00	1,03,000.00	11,03,000.00	1,03,000.00	83,814.00
12-May-2010	Rcpt/2-1	Sahakar Constructions	Architects Services	3,86,050.00	36,050.00	3,86,050.00	36,050.00	36,050.00
13-May-2010	Rcpt/3-1	Matrix Ad	Design Services	25,000.00	2,335.00	25,000.00	2,335.00	2,335.00
15-May-2010	Sale/4-2	Matrix Ad	Design Services	75,000.00	7,004.00	75,000.00	7,004.00	204.00
7-Jun-2010	Sale/10-1	Mayank Creations	Event Management Service	2,75,750.00	25,750.00	80,000.00	7,470.47	7,470.47
Total				19,19,950.00	1,79,289.00	17,24,200.00	1,61,009.47	1,35,023.47

Figure 3.3 Service Tax Payables - Bill Date -Wise

Configuration for Bill Date Wise report

To configure Bill Date Wise report press **F12** key or click on **F12: Configure** button

The Configuration screen appears as shown

<u>Configuration</u>	
Show Service Tax Registration No.	? No
Show Abatement Amount	? No
Show Rate & Notification No.	? No
Show Allowable Expenses	? No
Show Assessable Value	? No
Show Billed Assessable Value	? No
Show Realised Assessable Value	? No
Show Realised Abatement Amount	? No
Show Realised Allowable Expenses	? No
Show Tax Break-up	? No
Show Tax Break-up for Bill Amount	? No
Show Tax Break-up for Realised Amount	? No
Show Tax Paid / Adjusted / Utilised Amount	? No
Range of Bills to show	: All Bills
Show Bills of the following type	: Realised Bills
Show Tax on Services Received / Import Tax Bills	: No

Figure 1.4 F12: Configuration

3.2.2 Realisation Date Wise

Realisation Date Wise Service Tax Payables report displays the Total Service Tax Payables as on a specified date based on the Receipt (of payments from the customers) date of the services provided.

To view Realisation Date Wise report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Realisation Date Wise**

Service Tax Payable (Realisation Date-wise)			Crystal Services (P) Ltd		Ctrl + M		
1-May-2010 to 30-Jun-2010							
Date	Vch Type	Vch No.	Party's Name	Category	Realised Amount	Realised Assessable Value	Total Tax Payable
1-May-2010	Journal	2	Kamal Advertisers	Event Management Service	55,150.00	50,000.00	5,150.00
9-May-2010	Sales	3	Cash	Event Management Service	11,03,000.00	10,00,000.00	1,03,000.00
12-May-2010	Receipt	2	Sahakar Constructions	Architects Services	3,86,050.00	3,50,000.00	36,050.00
13-May-2010	Receipt	3	Matrix Ad	Design Services	25,000.00	22,665.00	2,335.00
24-May-2010	Receipt	4	Matrix Ad	Event Management Service	40,000.00	36,265.00	3,736.00
26-May-2010	Journal	8	Matrix Ad	Design Services	75,000.00	67,996.00	7,004.00
28-May-2010	Journal	9	Ram Agency	Event Management Service	30,000.00	27,199.00	2,801.00
7-Jun-2010	Sales	10	Mayank Creations	Event Management Service	80,000.00	72,528.80	7,470.47
Total					17,94,200.00	16,26,653.80	1,67,546.47

Figure 3.5 Service Tax Payables (Realisation Date -Wise)

3.2.3 Tax on Service Received

Tax on Service Received report displays the tax payable as on a specified date, for the services received on which the service receiver is liable to pay service tax. on all the Goods Transport Agency services received, service receiver is liable to pay the tax to the government. Such service tax payables will be displayed in Tax on Service Received report

To view Tax on Service Received report

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

Tax on Services Received		Crystal Services (P) Ltd					Ctrl + M	
Type of Bills : Party Paid Bills		1-May-2010 to 31-May-2010						
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Tax Payable	Balance to be Paid
								1 more ... →
25-May-2010	Purc/9-1	SR Road Lines	Transport of Goods by Roa...	40,000.00	4,120.00	40,000.00	4,120.00	4,120.00

Figure 1.6 Tax on Service Received Report

3.2.4 Import of Services

As per service tax rules, the liability to pay service tax on imported services lies with the service receiver. Service Tax Payables - Import of Services report displays the service tax payable as on a specified date on all the services imported.

To view Import report

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

Import of Services		Crystal Services (P) Ltd					Ctrl + M	
Type of Bills : Party Paid Bills		1-May-2010 to 31-May-2010						
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Tax Payable	Balance to be Paid
19-May-2010	Purc/6-1	Townscape Architects	Architects Services	8,00,000.00	82,400.00	8,00,000.00	82,400.00	82,400.00

Figure 1.7 Import of Services Report

3.3 Input Credit Summary

As per Service Tax Credit Rules 2002, the output service provider availing service tax credit shall maintain proper records in which the relevant information regarding the Sl. No. and date of document on which service tax credit is availed, service tax registration No. and name of the input service provider, description and value of input service, service tax credit availed, service tax credit utilized for payment of service tax on output service shall be recorded.

Input Credit Summary report gives the details of Total input credit availed, utilised and Balance Input Credit available for the specified period.

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.

To view the **Input Credit Summary** report

Go to **Gateway of Tally > Display > Statutory Reports > Input Credit Summary**

By default, report displays **Paid Service Tax Bills**.

Input Credit Summary		Crystal Services (P) Ltd				Ctrl + M		
Type of Bills : Paid Bills		1-May-2010 to 31-May-2010						
Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
1-May-2010	Jrnl/3-1	Matrix Ad	Advertising Agency	1,10,300.00	10,300.00	1,10,300.00	10,300.00	10,300.00
3-May-2010	Purc/2-1	Ram Agency	Advertising Agency	33,090.00	3,090.00	10,000.00	934.00	934.00
10-May-2010	Purc/5-1	Cash	Advertising Agency	4,41,200.00	41,200.00	4,41,200.00	41,200.00	41,200.00
24-May-2010	Purc/8-1	Sampath Associates	Chartered Accountants	94,527.00	8,827.00	9,453.00	883.00	883.00
28-May-2010	Purc/10-1	Ram Agency	Advertising Agency	70,000.00	6,536.00	30,000.00	2,801.00	2,801.00

Figure 3.8 Input Credit Summary Report

3.4 ST3 Report

The ST3 Report is a statutory report. This report displays the ST3 Form in the government prescribed format that is used to file Half – Yearly Service Tax returns to the Commissionerate of Service Tax.

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

Use the **Alt+P** key or click on **Print** option to print your report.

This will display the **Form ST-3**.

- In **Period For** field, select the **period** for which **ST3 Report** to be printed.
- Specify the **Place** and **Date** for Printing ST3 Report.

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			
Form ST - 3			
(with Print Preview)			
ST-3 Period			
Period For	: [April - September]	Print ? Yes or No	
Place	: Bangalore		
Date	: 10-10-2010		

Figure 3.9 Form ST - 3

- Press enter to view Print Preview of From ST 3

The **Print Preview** of **Form ST-3** appears as shown

FORM ST-3	
(Return under section 70 of the Finance Act, 1994)	
[ORIGINAL / REVISED RETURN]	
Financial Year 2010-11	
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. 	
2C. Premises code No. SC0500012	
2D. Constitution of assessee	
(i) Individual / Proprietary	☐
(ii) Partnership	☐
(iii) Registered Public Ltd Company	☐
(iv) Registered Private Ltd Company	☒
(v) Registered Trust	☐
(vi) Society/Co-op Society	☐
(vii) Other	☐

Figure 3.10 Page 1

3. Computation of Service Tax

A1. Name of Taxable service
Event Management Service

A2. Assessee is liable to pay Service Tax on this taxable service as:-
 (i) a service provider; or
 (ii) a service receiver liable to make payment of Service Tax

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

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

C2. If reply to column "C1" is 'Yes', please furnish notification nos.
5/2005 Dated 23-3-2005

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

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

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

Month / Quarter	April	May	June	July	August	September
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I) Service Tax Payable						
(a) Gross amount received / (paid) in money						
(i) against service provided	7,50,000.00	10,00,000.00				
(ii) in advance for service to be provided		36,265.00				
(b) Money equivalent of considerations received / (paid) in a form other than money		27,199.00				
(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						
(e) Taxable value = (a+b) minus (c+d)	7,50,000.00	10,63,464.00				
(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%	7,50,000.00	10,63,464.00				
(iv) Value on which Service Tax is payable @ 12%						
(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)	75,000.00	1,06,346.40				
(h) Education Cess payable = (@2% of Service Tax)	1,500.00	2,126.93				
(i) Secondary and Higher Education Cess payable = (@1% of Service Tax)	750.00	1,063.46				
(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)	7,50,000.00	10,37,199.00				
(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		1,50,000.00				
(m) Amount charged for exempted service provided / to be provided (other than export of service given at (l) above)		3,00,000.00				
(n) Amount charged as pure agent		15,000.00				
(o) Amount claimed as Abatement						
(p) Net taxable amount charged = (j + k) minus (l + m + n + o)	7,50,000.00	11,72,199.00				

Figure 3.11 Page 2

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		15,000.00				
(b)	Challan Nos.		456847				
(c)	Challan Dates		2-Jun-2010				

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	69,000.00	6,347.00					
(ii) by CENVAT Credit	6,000.00		15,000.00				
(iia) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)		6,800.00					
(iii) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules		3,627.00					
(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	1,380.00	127.00					
(ii) by CENVAT Credit	120.00		300.00				
(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		73.00					
(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	690.00	63.00					
(ii) by CENVAT Credit	60.00		150.00				
(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		36.00					
(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		5,000.00					
(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		800.00					
(viii) Penalty paid							
(ix) Section 73A amount paid							
(x) Any other amount							

Figure 3.12 Page 3

(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)	658274	45826				
		(ii)		569874				
		(iii)		456847				
		(iv)						

(b)	Challans Date	(i)	4-May-2010	27-May-2010				
		(ii)		28-May-2010				
		(iii)		2-Jun-2010				
		(iv)						

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

Entry in table 4A above		Source documents No. / Period	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 3.13 Page 4

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			73,483.51	58,483.51	58,483.51	58,483.51
(b)	Credit Taken						
	(i) On Inputs		15,000.00				
	(ii) On Capital Goods						
	(iii) On Input Services received directly	6,000.00	58,483.51				
	(iv) As received from input service distributor						
	(v) From inter unit transfer by a LTU						
	Total Credit Taken = (i+ii+iii+iv+v)	6,000.00	73,483.51				
(c)	Credit Utilized						
	(i) For Payment of Service Tax	6,000.00		15,000.00			
	(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)	6,000.00		15,000.00			
(d)	Closing Balance of CENVAT Credit = (a+b-c)		73,483.51	58,483.51	58,483.51	58,483.51	58,483.51
(II) CENVAT Credit of Education Cess and Secondary and Higher Education Cess							
(a)	Opening Balance			2,204.51	1,754.51	1,754.51	1,754.51
(b)	Credit of Education Cess and Secondary and Higher Education Cess Taken						
	(i) On Inputs		450.00				
	(ii) On Capital Goods						
	(iii) On Input Services received directly	180.00	1,754.51				
	(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)	180.00	2,204.51				
(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	180.00		450.00			
	(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)	180.00		450.00			
(d)	Closing Balance of Education Cess and Secondary and Higher Education Cess = (a+b-c)		2,204.51	1,754.51	1,754.51	1,754.51	1,754.51

Figure 3.14 Page 5

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.															
8. If the return has been prepared by a Service Tax Return Preparer (STRP), furnish further details as below:															
(a) Identification No. of STRP			<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>												
(b) Name of STRP			<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>												
(Signature of Service Tax Return Preparer)															
Place: Bangalore			(Name and Signature of Assessee or												
Date : 10-Oct-2010			Authorised Signatory)												

Figure 3.15 Page 6

<u>ACKNOWLEDGEMENT</u> Date : 10-Oct-2010 Place: Bangalore I hereby acknowledge the receipt of your ST-3 return for the period <u>April 2010 - September 2010</u> (Signature of the Officer of Central Excise & Service Tax) (With Name & Official Seal)

Figure 3.16 Page 7



*Details in **Exception Report** will be displayed in data migrated from Tally 9 to Tally.ERP 9 or Tally.ERP 9 Release 1.61 to Tally. ERP 9 Release 1.8 which is not completely migrated.*