



Implementation of CST, TCS, Job Costing and Payroll in Tally 7.2

©Tally (India) Pvt. Ltd. 2006

All rights reserved except for normal review purposes, no parts of this book may be reproduced or utilised, in any form or by any means electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without the written permission of Tally (India) Pvt Ltd.

The contents of this book, the design and layout, is the intellectual property of Tally (India) Pvt. Ltd.

Disclaimer

The names of companies and persons used in this book have been used for illustrative purposes only.

Notices

Information in this book is subject to change without prior notice and does not represent a commitment on the part of Tally (India) Pvt. Ltd.

Trademarks

Tally, Power of Simplicity are registered trademark of Tally Solutions FZ-LLC.

Version: ICTJP /1.0/March 2006

Processing, type setting and composing at Tally Press,
a division of Tally (India) Pvt. Ltd.

Preface

The primary purpose of this book is to help you understand Central Sales Tax, Tax Collection at Source, Job Costing and Payroll. You will learn how these features work in Tally and how they can benefit you. The book takes you through the concepts, features, their configurations, applicability and compliance.

The section on Central Sales Tax (CST) shows you how to configure and enable CST in Tally. It covers interstate purchases and interstate sales as well as generation of various CST related reports.

Tax Collection at Source (TCS) covers TCS on sale of goods, contracts, license and leases as required by law. It also describes how TCS returns in electronic form can be prepared using Tally.

Job Costing covers how to track movements of stock for a job at multiple locations. Job Costing uses job as the basic cost unit.

Payroll covers how to record and maintain payroll records in Tally and generation of various employee related reports.

On the whole, this book is designed to facilitate better transparency and greater levels of compliance with tax statutes. It also provides an effective tool to manage external job works and generate standard, customised and analytical reports.

Lesson 1: Central Sales Tax (CST)

Lesson Objectives	1
Introduction	1
1.1 Basics of Central Sales Tax (CST)	2
1.1.1 Rate of Central Sales Tax	2
1.1.2 Forms for Declarations under CST Scheme	3
1.2 Enabling CST in Tally	6
1.2.1 Company Setup	6
1.2.2 Creation of Masters	7
1.3 Transactions	9
1.3.1 Inter-State Purchases	10
1.3.2 Inter-State Sales against 'C' form	11
1.3.3 Inter-State Sales against 'D' form	14
1.3.4 Transit Sales against 'E – I' and 'E – II' forms	17
1.3.5 Branch Transfers/ Consignment Sales against 'F' form	21
1.3.6 Exports against Form H	24
1.3.7 Sales to SEZ Units against Form I	26
1.4 Payment of CST	28
1.5 CST Reports	29
1.5.1 Forms Receivable Report	29
1.5.2 Forms Issuable Report	31
Summary	33

Lesson 2: Tax Collection at Source (TCS)

Lesson Objectives	35
2.1 Introduction	35
2.1.1 Sale of goods	35
2.1.2 TCS on contracts, license and leases	36
2.1.3 Time and Mode of Payment of TCS to Government Account	36
2.1.4 Credit for Tax Collected at Source	37
2.1.5 Issue of TCS certificate	37
2.1.6 Issue of Consolidated Certificate	37
2.1.7 TCS Returns	37
2.1.8 e-TCS Returns	38
2.1.9 Returns-Forms and periodicity	38
2.2 TCS Feature in Tally	38
2.2.1 Configuration	39
2.2.2 F11: Features	39
2.2.3 F12: Configure	40

2.2.4 Statutory Masters in Tally	40
2.2.5 Statutory Updates	43
2.3 Transactions	47
2.3.1 Sales	47
2.3.2 TCS Payment	48
2.3.3 Reconciliation	53
2.4 Reports	54
2.4.1 Form 27D	54
2.4.2 Form 27B	56
Summary	57

Lesson 3: Job Costing

Lesson Objectives	59
Introduction	59
3.1 Enabling Job Costing In Tally	60
3.1.1 Company Setup	60
3.1.2 F11: Features	64
3.2 Master Configuration	64
3.3 Transactions and Reports	75
3.3.1 Common Transactions for both the jobs	75
3.3.2 Reports for Job Costing Introduction	78
3.3.3 Recording of transactions for Upgrading Old Systems Job	79
3.3.4 Job Work Analysis where Service is Output	86
3.3.5 Material Consumption Summary	87
3.3.6 Godown Summary	88
3.3.7 Recording of transactions for New Systems Job1	88
3.3.8 Job Work Analysis where Product is Output	94
3.3.9 Comparative analysis of jobs	95
Summary	96

Lesson 4: Payroll

Lesson Objectives	97
Introduction	97
4.1 Payroll function in Tally	97
4.2 F11: Features	100
4.3 F12: Configure	101
4.4 Master Configuration	102

4.5 Ledger Creation	103
4.6 Units (Time/ Work)	109
4.7 Attendance/ Production Type	110
4.8 Employee Master Configuration	110
4.9 Creation of Employee Group	111
4.10 Creation of Individual Employee Master	113
4.11 Voucher Class Configuration	123
4.12 Transactions	125
4.13 Reports	137
4.14 Pay Slip	137
4.15 Payroll Statement	140
4.16 Payment Advice	140
4.17 Payroll Register	141
4.18 Employee Ledger Breakup	141
4.19 Ledger Employee Breakup	142
4.20 Attendance Sheet	143
4.21 Attendance Register	143
4.22 Expat Report	143
4.22.1 Passport Expiry	143
4.22.2 Visa Expiry	144
4.22.3 Contract Expiry	145
4.23 Gratuity Report	145
4.23.1 Gratuity report of all employees	145
4.24 Gratuity Calculation	146
Summary	147

Lesson 1: Central Sales Tax (CST)

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Configure and enable CST in Tally.
- ❑ Record Inter-State Purchase and Sales transactions.
- ❑ Generate CST related reports.

Introduction

Sales Tax is a tax levied on the sale of goods. The liability to pay sales tax arises on making sales of goods. In India, the law for levying sales tax is provided in the Central Sales Tax Act of 1956 which applies to the entire country.

Generally, the CST Act does not deal with sales made intra-state, or import/export sales. However, in respect of certain declared goods such as oil seeds, sugar, pulses, crude oil and so on, the CST Act imposes restrictions on the powers of state governments to levy sales tax even in the case of intra-state sales.

Accordingly, sales can broadly be classified into three categories.

- ❑ Intra-State sales, that is, sales within the state.
- ❑ Sales during import and export.
- ❑ Inter-State sales.

The Act also provides for the levy, collection and distribution of taxes on sale of goods in the course of inter-state trade or commerce.

1.1 Basics of Central Sales Tax (CST)

It is important to understand the meaning of certain terms used in the CST Act.

Inter-State Sale

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

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

The above two modes are mutually exclusive.

Declared Goods

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

Registration under CST Act

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

1.1.1 Rate of Central Sales Tax

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

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

Rates to various categories are discussed below

a. Sale to Government

Sale to government is taxable @ 4% or general sales tax rate for sale within the state, whichever is lower. The Government department, which purchases the goods, has to issue the certificate in 'D' form.

b. Sale to Registered Dealers

Sale to registered dealer is @ 4% or sales tax rate for sale within the state, whichever is lower, provided that the goods are 'eligible' and specified in the Registration Certificate issued to the purchasing dealer. The purchasing dealer has to submit declaration in prescribed 'C' form to the selling dealer.

c. Sale to Unregistered Dealers

The rate is twice the rate applicable to sale or purchase of such goods inside the state in respect of declared goods, and in respect of goods other than declared goods, the rate applicable for sale inside the state or 10%, whichever is higher. The purchaser does not have to give any declaration. In reality he cannot give any declaration as he is not registered.

1.1.2 Forms for Declarations under CST Scheme

A registered dealer has to issue certain declarations in prescribed forms to buyers/ sellers. Some of these forms, such as C, E-I, E-II, F and H are printed and supplied by Sales Tax Authorities. The dealer has to issue declarations in the forms printed and supplied by the Sales Tax Authorities only. These forms are generally in triplicate. Form D is to be issued by government and can be printed or typed by the government department making such purchases.

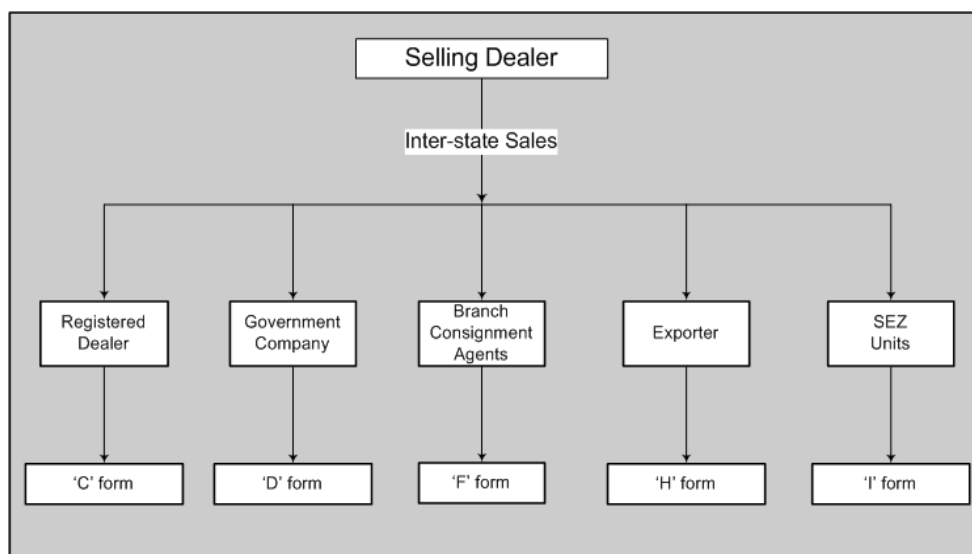


Figure 1.1 Chart showing incidence of various forms in the course of inter-state trade

Form C

As per the CST Act, sales tax on inter-state sale is 4% or sales tax rate for sale within the state, whichever is lower, if sale is to registered dealer and the goods are covered in the registration certificate of the purchasing dealer. Otherwise, the tax is higher, that is, 10% or tax leviable on sale of goods inside the state, whichever is higher. This concessional rate is applicable only if the purchasing dealer submits a declaration in prescribed Form C.

One 'C' form covers all transactions in one whole financial year, irrespective of total amount or value of transactions during the year. However, for transactions exceeding one financial year separate 'C' form is required for each financial year.

Form D

As per the CST Act, sales tax on inter-state sale is 4% or general sales tax rate for sale within the state whichever is lower, if sale is to government. Otherwise, the tax is higher, i.e., 10% or tax leviable on sale of goods inside the state, whichever is higher. This concessional rate is applicable only if government issues a certificate in prescribed Form D. As discussed earlier, 'D' forms are to be typed/ printed by the government department which purchases the goods and not issued by the Sales Authorities.

One 'D' form covers all transactions in one whole financial year, irrespective of the total amount or value of transactions during the year. However, for transactions exceeding one financial year a separate 'D' form is required for each financial year.

Forms E-I and E-II

According to Section 6(2) of CST Act, only the first inter-state sale is taxable and the subsequent sale during movement of goods by transfer of documents is exempt from tax, provided the purchasing dealer is government or a registered dealer.

When the document of title in favour of buyer, agent of seller, banker or self is transferred in favour of the purchaser by way of endorsement on the document of title and is duly signed by the endorser, it is called transfer of document of title. The document can be further transferred by subsequent endorsements.

The subsequent sellers have to obtain declaration from the selling dealers i.e., from whom goods were purchased and declaration in 'C' form or 'D' form as the case may be from the purchasing dealer. The selling dealer has to make a declaration in Form E-I in case of first sale and Form E-II in case of subsequent sale.

Consider the following example.

Assume **M** from Karnataka despatches goods to **P** of Kerala and raises an invoice on **N** in Andhra Pradesh, **M** charges 4% CST and remits the same in Karnataka. During movement of goods, **N** sells the goods to **O** in Tamil Nadu and **O** finally sells the goods to **P** in Kerala. **P** takes possession of goods and the 'movement of goods' comes to an end.

The sale from **N** to **O** and **O** to **P** is by way of transfer of documents of title. In the above case, **M** receives declaration in 'C' form from **N** and issues declaration in 'E-I' form to **N**. subsequently, **N**

receives declaration in 'C' form from **O** and issues declaration in 'E-II' form. Ultimately, **O** issues declaration in 'E-II' form to **P** and receives declaration in 'C' form from **P**, which completes the cycle. If this chain is broken, CST will be payable.

Similar to 'C' form and 'D' form, one declaration form in E-I and E-II (as the case may be) covers all transactions in one year, irrespective of the number of transactions and the total amount. However, separate declarations for each financial year are required to be furnished.

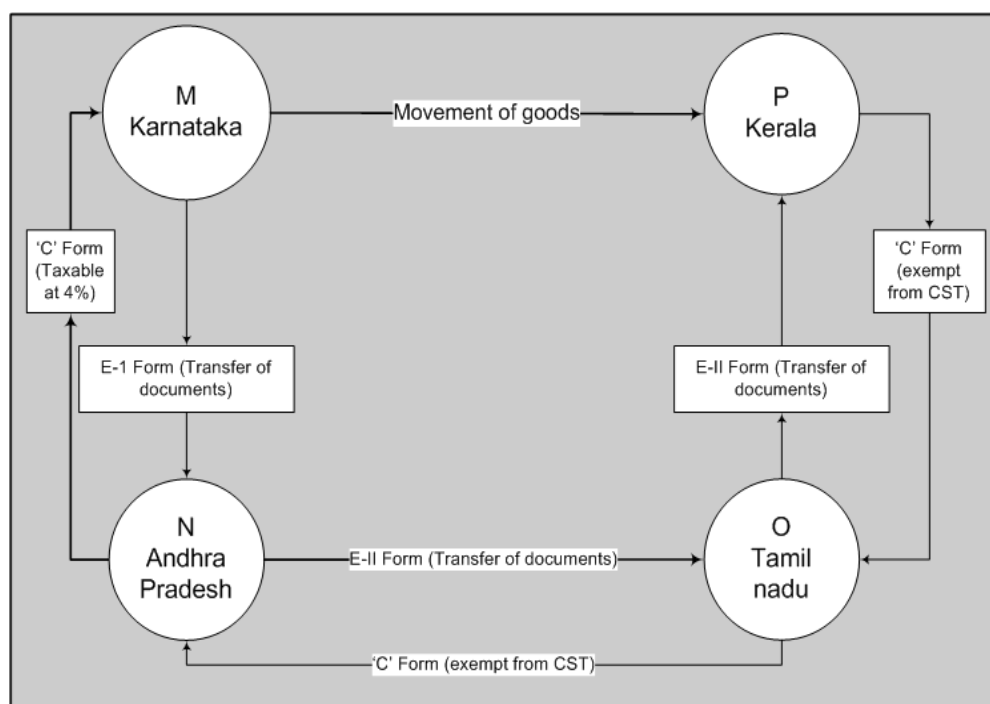


Figure 1.2 Chart showing E1 transactions

Form F

Businesses with branches or agents at several locations within or outside the state are required to transfer the goods for purpose of trade. When the goods are transferred from one place to another of the same principal, it is known as Branch Transfer. When goods are transferred to agents, it is termed as Consignment Sale. Though there is inter-state movement of goods, there is no sale and thus CST is not payable. Under the CST Act, in the event of a dealer claiming that the inter-state movement of goods is not a sale, he has to furnish a declaration in 'F' form received from the consignment agent or branch office in another state evidencing such a transfer.

One 'F' form covers all transactions in one month, irrespective of the number of transactions and the total amount.

Form H

A sale during the course of export is exempt from CST and the penultimate sale is also deemed to be exempt from CST under the CST Act. The dealer exporting the goods has documents of proof of export such as airway bill/ bill of lading, shipping bill, customs documents, bank certificate and so on. However, the penultimate seller may not have any proof evidencing that his sale is exempt. During such situations, the actual exporter is required to issue a certificate in Form H to the penultimate seller.

Form I

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations, duties and tariffs.

Under the CST Act, supplies made by a registered dealer to a unit in a Special Economic Zone (SEZ) will not be subject to CST, provided such a unit furnishes a declaration in Form I.

1.2 Enabling CST in Tally

Central Sales Tax integrated in Tally ies 7.2 takes care of your inter-state transactions. It eliminates error-prone information and comments on appropriate forms to be issued/ received at the end of the month or financial year or at any point of time. It takes a one-time configuration in Tally for Central Sales Tax features to be activated.

Features of CST in Tally 7.2

The CST functionality in Tally 7.2

1. Is simple and user-friendly.
2. Is quick, easy to setup and use.
3. Generates Party-wise, Form-wise forms issueables/ receivables report.
4. Provides flexibility in selection of forms and form numbers during voucher entry or at the time of report generation.
5. Has an auto-fill option in the Forms Receivables/ Issueables feature that prevents error-prone data entry.

1.2.1 Company Setup

Create a new company in Tally 7.2. You can migrate from older versions of Tally to the latest version. Consider the following example to enable CST.

Example: National Traders, a registered dealer under the CST Act, is among the leading All India distributors of industrial powder paints. It purchases various shades of powder paints from Unique Paints (P) Ltd., Margao, Goa and supplies them to registered dealers outside the state.

In the **Company Creation** screen,

Specify the **State**, **Pin code** and **VAT** Number along with other details.

The completed Company Creation screen displays as shown.

Company Creation		Ctrl + M
Directory	: C:\Tally\data	
N a m e	: National Traders	
Mailing Name	: National Traders	
Address	: 15, Pattulos Road, Bangalore	
State	: Karnataka	
PIN Code	: 560029	
E-Mail Address	: sales@national.com	
Use Indian VAT	? Yes Applicable From : 1-4-2005	
VAT TIN	: 25461326589	
Local Sales Tax Number	:	
Inter-state Sales Tax Number	: 415606/C22 dt. 1.4.2000	
Income-Tax Number	: NTA54621M4	
Currency Symbol	: Rs.	
Maintain	: Accounts with Inventory	
Financial Year from	: 1-4-2005	
Books beginning from	: 1-4-2005	
TallyVault Password (if any)	:	
	(WARNING: forgetting your TallyVault password will render your data unusable!!)	
Use Security Control	: No	
Base Currency Information		
Base Currency Symbol	: Rs.	
Formal Name	: Indian Rupees	
Number of Decimal Places	: 2	
Is Symbol SUFFIXED to Amounts?	: No	
Symbol for Decimal Portion	: paise	
		Show Amounts in Millions Put a SPACE between Amounts Decimal Places for Printing Amounts
		Accept ? Yes or No

Figure 1.3 Company Creation screen

Press **Enter** to Accept.

Once **VAT** is enabled, **Statutory Masters** related to VAT and CST are automatically loaded in Tally.

Note: The CST feature is available only when VAT is enabled.

1.2.2 Creation of Masters

Create Inter-State Sales, Inter-State Purchase, Party Ledgers and CST Tax Ledger by activating the relevant Tax Class options in the **Ledger Masters**.

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

Ledger	Under	Used in VAT returns	VAT/Tax Class	Inventory values are affected
CST Sales	Sales Accounts	Yes	Inter-State Sales	Yes
CST Purchases	Purchase Accounts	Yes	Inter-State Purchases	Yes

The completed Sales Ledger screen displays as shown.

Ledger Creation		National Traders	Total Op. Bal.
Name :	CST Sales		
(alias) :			
Under :	Sales Accounts		
Used In VAT Returns	? Yes		
VAT/Tax Class	: Inter-State Sales		
Inventory values are affected	? Yes		
Opening Balance (on 1-Apr-2005) :			
Mailing & Related Details			
Name :	Income Tax No. :		
Address :			
State :	PIN Code :		Accept ? Yes or No

Figure 1.4 Sales Ledger

Press **Enter** to Accept.

Similarly, create CST Purchases Ledger with the respective Tax Class.

Party Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
Sunrise industries	Sundry Debtors	Yes	No
Unique Paints (P) Ltd.,	Sundry Creditors	Yes	No

CST Ledgers

Output CST Ledger

Ledger	Under	Type of Duty/Tax	VAT/Tax Class	Inventory values are affected	Percentage of Calculation	Method of Calculation
CST @ 4%	Duties & Taxes	CST	Inter-State Sales	No	4	On Total Sales

Input CST Ledger

Ledger	Under	Used in VAT Returns	VAT/Tax Class	Inventory values are affected
Input CST	Purchase Accounts	Yes	Not Applicable	Yes

Stock Items

To enter transactions of Purchase and Sales, create **Stock Items** with **Unit of Measure**. Using this, you will be able to raise **Item Invoice** and get the Stock Summary with all the Item details.

In the illustration under consideration, powder paint has Kgs as the Unit of Measurement.

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

The completed Stock Item Creation screen displays as shown.

Stock Item Creation		National
Name	Black Matt	
(alias)		
Under	☐ Primary	
Units	Kgs	
Rate of Duty (eg 5)	0	
Rate of VAT (%)	0	
Opening Balance	Quantity	Rate per
		Accept ?
		Yes or No

Figure 1.5 Stock Item Creation

Press **Enter** to Accept.

1.3 Transactions

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

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

Consider the following example to understand the concept of CST.

1.3.1 Inter-State Purchases

Example: On April 5, 2005, M/s. National Traders purchased the following items amounting to Rs. 1,54,440. from M/s. Unique Paints (P) Ltd. Goa, vide Invoice No. 2458/05-06.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Black Matt	500	190
Golden Yellow	100	285
Metallic Blue	100	250

Create Purchase Invoice

Setup

Press **F11: Company Setup** and set **Enter Purchases in Invoice Format** to **Yes**.

Go to **Gateway of Tally > Accounting Vouchers > Press F9**

Voucher Entry		
Type	Format	F12: Configure
F9: Purchase	Item Invoice	Use common ledger A/c for item allocation – Yes

1. Press **F2** and change **Date** to '**05/04/2005**'.
2. Select '**Unique Paints**' in **Party's A/c Name**.
3. Select '**CST Purchases**' in **Purchase Ledger** and press **Enter**. **VAT Class** appears by default.
4. Select '**Black Matt**' in **Name of Item**.
5. Type **Quantity** as '**500**' Kgs.
6. Specify **Rate** as '**190**' and press **Enter**.
7. Select '**Golden Yellow**' as the second Item.
8. Type **Quantity** as '**100**' Kgs.
9. Specify **Rate** as '**285**' and press **Enter**.
10. Select '**Metallic Blue**' as the third Item.
11. Type **Quantity** as '**100**' Kgs, specify **Rate** as '**250**' and press **Enter**.
12. Press **Enter** twice.
13. Select '**Input CST**' ledger and press **Enter**.
14. Type **Rate** as '**4%**' and press **Enter** twice.

15. Select '**C Form**' from the list of **Form Types** and press **Enter** to skip **Form No.** and **Date** fields (You can also fill the Form No. during Voucher entry if the forms are issued at the time of purchase. But usually, they are submitted at the end of the year covering all the transactions from that dealer during the year.)

16. In the **Bill-wise** details screen, select **New Ref** and type '**2458/05-06**'.

The completed Purchase Invoice displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Purchase No. 1				5-Apr-2005 Tuesday
Ref :				
Party's Ac Name : Unique Paints (P) Ltd.,				
Current Balance :				
Purchase Ledger : CST Purchases				
VAT/Tax Class: Inter-State Purchases				
Name of Item	Quantity	Rate per	Amount	
Black Matt	500.00 Kgs	190.00 Kgs	95,000.00	
Golden Yellow	100.00 Kgs	285.00 Kgs	28,500.00	
Metallic Blue	100.00 Kgs	250.00 Kgs	25,000.00	
			1,48,500.00	
Input CST			5,940.00	
Form to Issue : C Form Form No : Date :				
Narration :			700.00 Kgs Accept ? Yes or No	

Figure 1.6 Purchase Invoice

17. Press **Enter** to Accept.

Note: Purchase Invoice can also be recorded in Double Entry mode in Tally.

1.3.2 Inter-State Sales against 'C' form

Example: On April 7, 2005, M/s. National Traders sold the following items to M/s. Sunrise Traders, Delhi against 'C' form. Freight charge of Rs. 750 was included in the Invoice.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Black Matt	100	240
Golden Yellow	20	365
Metallic Blue	10	290

Create Sales Invoice**Setup**

Press **F11: Company Setup** and set **Allow Invoicing** to **Yes**.

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

Voucher Entry		
Type	Format	F12: Configure
F8: Sales	Item Invoice	Use common ledger A/c for item allocation – Yes

1. Press **F2** and change **Date** to '**07/04/2005**'.
2. Select '**Sunrise Industries**' in **Party's A/c Name**.
3. Select '**CST – Sales**' in **Sales Ledger** field and press **Enter**. **VAT/Tax Class** appears by default.
4. Select '**Black Matt**' in **Name of Item**.
5. Type **Quantity** as '**100**' Kgs.
6. Specify **Rate** as '**240**' and press **Enter**.
7. Select '**Golden Yellow**' as the second Item.
8. Type **Quantity** as '**20**' Kgs.
9. Specify **Rate** as '**365**' and press **Enter**.
10. Select '**Metallic Blue**' as the third Item.
11. Type **Quantity** as '**10**' Kgs, specify **Rate** as '**290**' and press **Enter**.
12. Press **Enter** twice.
13. Select '**CST @ 4%**' ledger and press **Enter**. The tax will be calculated automatically.
14. Select '**Freight Charges**' and type **Amount** as '**750**' (if it does not exist, create using **Alt+C**).
15. Press **Enter** twice.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 1		7-Apr-2005 Thursday		
Ref: _____				
Party's Ac Name : Sunrise Industries Current Balance : _____ Sales Ledger: CST Sales VAT/Tax Class: Inter-State Sales				
Name of Item	Quantity	Rate	per	Amount
Black Matt	100.00 Kgs	240.00	Kgs	24,000.00
Golden Yellow	20.00 Kgs	365.00	Kgs	7,300.00
Metallic Blue	10.00 Kgs	290.00	Kgs	2,900.00
				34,200.00
CST @ 4%			4 %	1,368.00
Freight Charges				750.00
Form to Receive : C Form Form Types ☐ Not Applicable ☒ C Form ☐ D Form ☐ F Form ☐ H Form ☐ I Form Date : _____				
Narration :		130.00 Kgs 36,378.00		

17. Press **Enter** to skip **Form No.** and **Date** field.

18. In the **Bill-wise Details** screen, press **Enter** to Accept the default Bill allocation.

The completed Sales Voucher entry displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 1				7-Apr-2005 Thursday
Ref:				
Party's A/c Name : Sunrise Industries				
Current Balance :				
Sales Ledger : CST Sales				
VAT/Tax Class: Inter-State Sales				
Name of Item	Quantity	Rate	per	Amount
Black Matt	100.00 Kgs	240.00	Kgs	24,000.00
Golden Yellow	20.00 Kgs	365.00	Kgs	7,300.00
Metallic Blue	10.00 Kgs	290.00	Kgs	2,900.00
				34,200.00
CST @ 4%			4 %	1,368.00
Freight Charges				750.00
Form to Receive : C Form Form No : Date :				
Narration :				
130.00 Kgs				Accept ? Yes or No

Figure 1.8 Sales Invoice 2

19. Press **Enter** to Accept.

1.3.3 Inter-State Sales against 'D' form

Example: On April 11, 2005, M/s. National Traders sold the following items to M/s. Kochi Refineries Ltd., Kerala, a government organisation, against 'D' form.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Classic White	100	250
Chocolate Brown	50	270
P.O.Red	50	245

Step 1: Creation of Masters

Create required Party Ledgers and Stock Items.

Party Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
Kochi Refineries Ltd.	Sundry Debtors	Yes	No

Stock Items

Name	Under	Units
Classic White	Primary	Kgs
Chocolate Brown	Primary	Kgs
P.O.Red	Primary	Kgs

Create a purchase entry for the following items from M/s. Unique Paints (P) Ltd., against 'C' form on April 9, 2005, vide Invoice No. 2879/05-06 as shown earlier.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Classic White	100	250
Chocolate Brown	50	270
P.O.Red	50	245

Step 2: Create Sales Invoice

Setup

Press **F11: Company Setup** and set **Allow Invoicing** to **Yes**.

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

Voucher Entry		
Type	Format	F12: Configure
F8: Sales	Item Invoice	Use common ledger A/c for item allocation – Yes

1. Press **F2** and change **Date** to '**11/04/2005**'.
2. Select '**Kochi Refineries Ltd.**' in **Party's A/c Name**.
3. Select '**CST – Sales**' in **Sales Ledger** field and press **Enter**. **VAT/Tax Class** appears by default.
4. Select '**Classic White**' in **Name of Item**.
5. Type **Quantity** as '**100**' Kgs.

6. Specify **Rate** as '**250**' and press **Enter**.
7. Select '**Chocolate Brown**' as the second Item.
8. Type **Quantity** as '**50**' Kgs.
9. Specify **Rate** as '**270**' and press **Enter**.
10. Select '**P.O. Red**' as the third Item.
11. Type **Quantity** as '**50**' Kgs, specify **Rate** as '**245**' and press **Enter**.
12. Press **Enter** twice.
13. Select '**CST @ 4%**' ledger and press **Enter**, the tax will be calculated automatically.
14. Press **Enter** twice.
15. Select '**D**' **Form** in the **Form to Receive** field.
16. Press **Enter** to skip the **Form No.** and **Date** field.

(You can also fill the Form No. during Voucher entry if the forms are received at the time of sales. But usually, they are submitted at the end of the year covering all the transactions from that dealer during the year.)

17. In the **Bill-wise Details** screen, press **Enter** to accept the default Bill allocation.

The completed Sales Voucher entry displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 2				11-Apr-2005 Monday
Ref:				
Party's Ac Name : Kochi Refineries Ltd.,				
Current Balance :				
Sales Ledger : CST Sales				
VAT/Tax Class: Inter-State Sales				
Name of Item	Quantity	Rate per	Amount	
Classic White	100.00 Kgs	250.00 Kgs	25,000.00	
Chocolate Brown	50.00 Kgs	270.00 Kgs	13,500.00	
P.O. Red	50.00 Kgs	245.00 Kgs	12,250.00	
			50,750.00	
CST @ 4%		4 %	2,030.00	
Form to Receive : D Form		Form No :	Date :	
Narration :		200.00 Kgs		Accept ? Yes or No

Figure 1.9 Sales Invoice 3

18. Press **Enter** to Accept.

1.3.4 Transit Sales against 'E – I' and 'E – II' forms

As discussed earlier in the lesson, according to Section 6(2) of the CST Act, the first inter-state sale is taxable and subsequent sale during movement of goods by transfer of documents is exempt from tax, if the subsequent sale is to government or registered dealer. Consider the following example.

Example: On April 13, 2005, M/s. National Traders despatched the following goods to M/s. Star Power Controls, Orissa and raised an Invoice on M/s. Swastik Associates in Madhya Pradesh, charging 4% CST against 'C' form.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Black Matt	300	240
Chocolate Brown	50	270
P.O.Red	50	245

During the movement of goods, Swastik Associates subsequently sold the goods to M/s. Rainbow Colours in West Bengal and Rainbow Colours ultimately sold the goods to M/s. Star Power Controls in Orissa.

On the same day, National Traders received 'C' form, vide No. TC-2K-15023 dt. 13/04/05, from Swastik Associates and issued 'E-1' form, vide no. TE-1Q-0130 dt. 13/04/05.

In this case, the sale from Swastik Associates to Rainbow Colours and from Rainbow Colours to Star Power Controls is by way of transfer of documents. National Traders has to receive 'C' form from Swastik Associates and will issue 'E-I' form to Swastik Associates. Later, Swastik Associates will issue 'E-II' form to Rainbow Colours and receive 'C' form. Finally, Rainbow Colours will issue 'E-II' form to Star Power Controls and receive 'C' form.

The following chart shows the movement of goods under E-I & E-II.

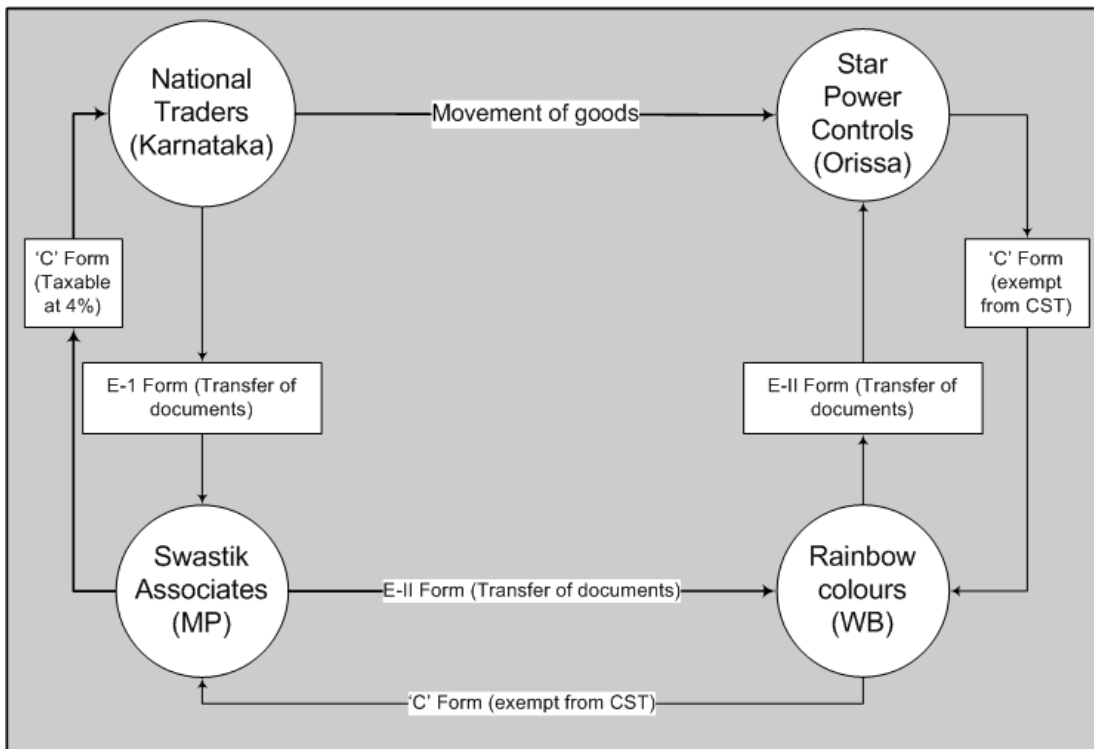


Figure 1.10. Chart showing movement of goods under E-I and E-II

Observe the entries to be made in the books of M/s.National Traders with regard to the above transaction.

Step 1: Creation of Masters

Create required Party Ledgers and Stock Items.

Party Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
Swastik Associates	Sundry Debtors	Yes	No

Step 2: Create Sales Invoice

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

Setup

Press **F12: Configure**

1. Set **Activate 'E1' and 'E2' Transaction** to **Yes** (because this transaction amounts to movement of goods by transfer of documents).
2. Set **Allow separate Buyer and Consignee names** to **Yes**.

The F12: Configure setup screen displays as shown.

Configure Invoices / Delivery Notes / Orders	
Accept Supplementary Details (Address Details, Despatch Details etc.)	? Yes
Use Common Ledger A/c for Item Allocation	? Yes
Use Defaults for Bill Allocations	? No
Use Excise Format	? No
Use Addl. Description(s) for Item Name	? No
Allow separate Buyer and Consignee names	? Yes
Exporters' Options	
Specify Export Shipping details	? No
Specify Marks & Nos./Container No.	? No
Specify No. and Kind of Packages	? No
Other Options	
Calculate Tax on current Sub-Total (else calculations are on Inventory Total only)	? No
Complete Acctg Allocations in Order/Dely. Note	? Yes
Show turnover achieved with Customer	? No
Allow modification of ALL fields during entry	? No
Allow selection of VAT/Tax Class during entry	? No
Warn on Mismatch in VAT Rates	? No
Warn on Negative Stock Balance	? Yes
Honor Expiry Dates usage for Batches	? Yes
Activate 'E1' or 'E2' Transaction	? Yes

Figure 1.11 F12: Configure

1. Press **F2** and change **Date** to '**13/04/2005**'.
2. Select '**Swastik Associates**' in **Party's A/c Name** and press **Enter**.
3. The Despatch Details screen displays as shown.

Despatch Details	
Delivery Note No(s) :	Despatch Doc. No. :
	Despatched thru :
	Destination :
Order Details	
Order No(s) :	Mode/Terms of Payment :
	Other Reference(s) :
	Terms of Delivery :
Buyer's Details	
Consignee : Star Power Controls	Buyer : Swastik Associates
Address : B-3/114, Bhushan Vihar, Bhubaneshwar, Orissa	Address : 603, Marvel Complex, Madhya Pradesh
TIN/Sales Tax No. : 8745210/2000	

Figure 1.12 Invoice Details

4. In the **Consignee Name** field, type '**Star Power Controls**', address of the dealer and press **Enter** to Accept the screen.
5. Select '**CST – Sales**' in **Sales Ledger** field and press **Enter**. **VAT/Tax Class** appears by default.
6. Select '**Black Matt**' in **Name of Item**.

7. Type **Quantity** as '**300**' Kgs.
 8. Specify **Rate** as '**240**' and press **Enter**.
 9. Select '**Chocolate Brown**' as the second Item.
 10. Type **Quantity** as '**50**' Kgs .
 11. Specify **Rate** as '**270**' and press **Enter**.
 12. Select '**P.O. Red**' as the third Item.
 13. Type **Quantity** as '**50**' Kgs, specify **Rate** as '**245**' and press **Enter**.
 14. Press **Enter** twice.
 15. Select '**CST @ 4%**' ledger and press **Enter**, the tax will be calculated automatically.
 16. Press **Enter** twice.
 17. Select **C Form** in the **Form to Receive** field and press **Enter**.
 18. Type **Form No.** as '**TC-2K-15023**' and **Date** as '**13/04/05**'.
 19. Select **E1 Form** in the **Form to Issue** field from the **E Form Types** list.
- (In the books of Swastik Traders, 'C' form received from Rainbow Colours has to be entered and 'E-II' form needs to be selected, which must then be issued since it is a subsequent inter-state sales by transfer of documents of title.)

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 3				13-Apr-2005 Wednesday
Ref:				
Party's Ac Name : Swastik Associates				
Current Balance :				
Sales Ledger : CST Sales				
VAT/Tax Class: Inter-State Sales				
Name of Item	Quantity	Rate per	Amount	
Black Matt	300.00 Kgs	240.00 Kgs	72,000.00	
Chocolate Brown	50.00 Kgs	270.00 Kgs	13,500.00	
P.O. Red	50.00 Kgs	245.00 Kgs	12,250.00	
			97,750.00	
CST @ 4%		4 %	3,910.00	
Form to Receive : C Form Form to Issue : E1 Form Narration : E Form Types ☐ Not Applicable ☒ E1 Form ☐ E2 Form Date : 13-Apr-2005 Date :				
		400.00 Kgs	1,01,660.00	

Figure 1.13 Sales Invoice 4

20. Type **Form No.** as '**TE-1Q-0130**' and **Date** as '**13/04/05**'.
21. You can also press **Enter** and skip **Form No.** and **Date** field if the prescribed forms are not received at the time of transaction. Generally, blank forms are received at the beginning of the

year or on commencement of inter-state transaction with the respective dealer. However, Tally gives you the flexibility to update Form No. and Date in the Reports Menu, which will be discussed later in this lesson.

22. In the **Bill-wise Details** screen, press **Enter** to Accept the default Bill allocation.

The completed Sales Voucher entry displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 3				13-Apr-2005 Wednesday
Ref :				
Party's Ac Name : Swastik Associates				
Current Balance :				
Sales Ledger : CST Sales				
VAT/Tax Class : Inter-State Sales				
Name of Item	Quantity	Rate per	Amount	
Black Matt	300.00 Kgs	240.00 Kgs	72,000.00	
Chocolate Brown	50.00 Kgs	270.00 Kgs	13,500.00	
P.O. Red	50.00 Kgs	245.00 Kgs	12,250.00	
			97,750.00	
CST @ 4%		4 %	3,910.00	
Form to Receive : C Form Form No : TC-2K-15023 Date : 13-Apr-2005 Form to Issue : E1 Form Form No : TE-1Q-0130 Date : 13-Apr-2005 Narration : 400.00 Kgs Accept ? Yes or No				

Figure 1.14 Sales Invoice 5

23. Press **Enter** to Accept.

1.3.5 Branch Transfers/ Consignment Sales against 'F' form

Example: On April 15, 2005, M/s. National Traders despatches the following goods to their Branch in Uttar Pradesh.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Golden Yellow	20	285
Metallic Blue	30	250

The Branch/ Consignment agent is required to furnish a declaration in 'F' form for every month.

Step 1: Creation of Masters

Create required Branch Ledgers and Sales Ledgers.

Branch Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
National Traders - U.P.	Branch/ Divisions	Yes	No

Sales Accounts

Ledger	Under	Used in VAT returns	VAT/Tax Class	Inventory values are affected
Branch Transfer Outward	Sales Accounts	Yes	Consignment/ Branch Transfer Outward	Yes

Step 2: Create Sales Invoice

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

1. Press **F2** and change **Date** to '15/04/2005'.
2. Select '**National Traders – U.P. Branch**' in **Party's A/c Name**.
3. Select '**Branch Transfer Outward**' in **Sales Ledger** field and press **Enter**. **VAT/Tax Class** appears by default.
4. Select '**Golden Yellow**' in **Name of Item**.
5. Type **Quantity** as '20' Kgs.
6. Specify **Rate** as '285' and press **Enter**.
7. Select '**Metallic Blue**' as the second Item.
8. Type **Quantity** as '30' Kgs.
9. Specify **Rate** as '250' and press **Enter** twice.
10. Select **F Form** in the **Form to Receive** field.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 4 Ref:		15-Apr-2005 Friday		
Party's Ac Name : National Traders - U.P. Branch Current Balance : Sales Ledger : Branch Transfer Outward VAT/Tax Class: Consignment Branch Transfer Outward				
Name of Item	Quantity	Rate	per	Amount
Golden Yellow	20.00 Kgs	285.00	Kgs	5,700.00
Metallic Blue	30.00 Kgs	250.00	Kgs	7,500.00
				13,200.00
☐ End of List				
Form Types ☐ Not Applicable ☐ C Form ☐ D Form ☒ F Form ☐ H Form ☐ I Form				
Form to Receive : F Form		Date :		
Narration :		50.00 Kgs 13,200.00		

Figure 1.15 Sales Invoice 6

11. Press **Enter** to skip **Form No.** and **Date** field.
12. In the **Bill-Wise details** screen, press **Enter** to Accept the default Bill allocation.

The completed Branch Transfer entry displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 4		15-Apr-2005 Friday		
Ref :				
Party's A/c Name : National Traders - U.P. Branch				
Current Balance :				
Sales Ledger : Branch Transfer Outward				
VAT/Tax Class: Consignment Branch Transfer Outward				
Name of Item	Quantity	Rate per	Amount	
Golden Yellow	20.00 Kgs	285.00 Kgs	5,700.00	
Metallic Blue	30.00 Kgs	250.00 Kgs	7,500.00	
			13,200.00	
☐ End of List				
Form to Receive : F Form		Form No :	Date :	
Narration :		50.00 Kgs		Accept ? Yes or No

Figure 1.16 Sales Invoice 7

13. Press **Enter** to Accept.

In the case of consignment sales made to agents, the same form has to be selected.

1.3.6 Exports against Form H

Example: On April 18, 2005, M/s. National Traders supplied the following item to M/s. Surya Exports against submission of Form H, vide No. 102504 dt. 18/04/05.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Black Matt	100	240

Step 1: Create required Party Ledgers and Sales Ledgers

Party Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
Surya Exports	Sundry Debtors	Yes	No

Sales Accounts

Ledger	Under	Used in VAT returns	VAT/Tax Class	Inventory values are affected
Sales deemed Exports	Sales Accounts	Yes	Not Applicable	Yes

Step 2: Create Sales Invoice

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

1. Press **F2** and change **Date** to '**18/04/2005**'.
2. Select '**Surya Exports**' in **Party's A/c Name**.
3. Select '**Sales deemed Exports**' in **Sales Ledger** field.
4. Select '**Inter-State Sales**' in **VAT/Tax Class** field.
5. Select '**Black Matt**' in **Name of Item**.
6. Type **Quantity** as '**100**' Kgs.
7. Specify **Rate** as '**240**' and press **Enter**.
8. Tab down to **Form to Receive** field, select '**H Form**' and press **Enter**.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 5				18-Apr-2005 Monday
Ref:				
Party's A/c Name : Surya Exports				
Current Balance :				
Sales Ledger : Sales Deemed Exports				
VAT/Tax Class : Inter-State Sales				
Name of Item	Quantity	Rate per	Amount	
Black Matt	100.00 Kgs	240.00 Kgs	24,000.00	
☐ End of List				
Form Types ☐ Not Applicable ☐ C Form ☐ D Form ☐ F Form ☒ H Form ☐ I Form				
Form to Receive : H Form		Rate :		
Narration :		100.00 Kgs		24,000.00

Figure 1.17 Sales Invoice 8

9. Type **Form No.** as '102504', **Date** as 18/04/05 and press **Enter**.

10. In the **Bill-Wise details** screen, press **Enter** to Accept the default Bill allocation.

The completed Sales entry displays as shown.

Accounting Voucher Creation		National Traders		Ctrl + M
Sales No. 5		Ref:		18-Apr-2005 Monday
Party's Alc Name : Surya Exports Current Balance : Sales Ledger : Sales Deemed Exports VAT/Tax Class: Inter-State Sales				
Name of Item	Quantity	Rate per	Amount	
Black Matt	100.00 Kgs	240.00 Kgs	24,000.00	
☐ End of List				
Form to Receive : H Form Form No : 102504 Date : 18-Apr-2005 Narration :				
			100.00 Kgs	Accept ? Yes or No

Figure 1.18 Sales Invoice 9

11. Press **Enter** to Accept.

1.3.7 Sales to SEZ Units against Form I

Example: On April 20, 2005, M/s. National Traders supplied the following item to M/s. Track Innovations (P) Ltd., a unit in SEZ at Chennai, against submission of Form I.

Product Description	Quantity (in Kgs)	Rate (in Rs.)
Metallic Blue	50	290

Step 1: Create required Party Ledgers and Sales Ledgers

Party Ledgers

Ledger	Under	Maintain balances bill-by-bill	Inventory values are affected
Track Innovations (P) Ltd.	Sundry Debtors	Yes	No

Sales Accounts

Ledger	Under	Used in VAT returns	VAT/Tax Class	Inventory values are affected
Sales – SEZ	Sales Accounts	Yes	Not Applicable	Yes

Step 2: Create Sales Invoice

Go to **Gateway of Tally > Accounting Vouchers > Press F8**

1. Press **F2** and change **Date** to '**20/04/2005**'.
2. Select '**Track Innovations (P) Ltd.,**' in **Party's A/c Name**.
3. Select '**Sales – SEZ**' in **Sales Ledger** field.
4. Select '**Inter-State Sales**' in **VAT/Tax Class** field.
5. Select '**Metallic Blue**' in **Name of Item**.
6. Type **Quantity** as '**50**' Kgs.
7. Specify **Rate** as '**290**' and press **Enter**.
8. Tab down to **Form to Receive** field and select '**I Form**'.

Accounting Voucher Creation National Traders Ctrl + M

Sales No. 5 20-Apr-2005 Wednesday

Ref :

Party's A/c Name : Track Innovations (P) Ltd.,
 Current Balance :
 Sales Ledger : Sales - SEZ
 VAT/Tax Class : Inter-State Sales

Name of Item	Quantity	Rate per	Amount
Metallic Blue	50.00 Kgs	290.00 Kgs	14,500.00

☐ End of List

Form to Receive : **I Form**

Narration :

Form Types

- ☐ Not Applicable
- ☐ C Form
- ☐ D Form
- ☐ F Form
- ☐ H Form
- ☒ I Form

50.00 Kgs 14,500.00

Figure 1.19 Sales Invoice 10

9. Press **Enter** to skip **Form No.** and **Date** fields.

10. In the **Bill-Wise details** screen, press **Enter** to Accept the default Bill allocation.

11. Press **Ctrl+A** to Accept.

1.4 Payment of CST

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

The due date is the period to submit returns under General Sales Tax of the appropriate state. CST payable should be rounded off to the nearest rupee.

Example: On May 20, 2005, M/s. National Traders paid an amount of Rs. 7,308 towards CST payable for the month of April 2005, vide Cheque No. 015630 dt. 20/05/05.

Step 1: Create Payment Entry

Go to **Gateway of Tally > Accounting Vouchers > Press F5**

1. Press **F2** and change **Date** to '**20/05/2005**'.
2. Select '**HDFC Bank**' in the **Account** (if it does not exist, create using **Alt+C**).
3. Select '**CST @ 4%**' and specify **Amount** as '**7,308**' .
4. Type Cheque No. '**015630**' in the **Narration** field and press **Enter**.

The completed Payment entry displays as shown.

Accounting Voucher Creation		National Traders	Ctrl + M
Payment	No. 1		20-May-2005 Friday
Account : HDFC Bank Ltd., Cur Bal : 7,308.00 Dr			
Particulars		Amount	
CST @ 4% Cur Bal : 0.00 Dr		7,308.00	
Narration : Ch. No. : 015630		7,308.00	
			Accept ? Yes or No

Figure 1.20 Payment Voucher

5. Press **Enter** to Accept.

1.5 CST Reports

Tally 7.2 facilitates the generation of CST related reports, that is, Forms Receivable and Forms Issuable Reports for any period of time or at any point of time. It also offers the facility of auto-filling the form number for the transactions relating to same dealer during that year which enables quicker voucher entry and reduces the possibility of errors.

1.5.1 Forms Receivable Report

In Tally, you can generate ledger-wise **Forms Receivable Report**. This report comments on various forms to be received from the dealer at any given point of time. It displays the date of transaction, CST Sales ledger employed, gross amount inclusive of CST, form types and also contains two additional fields – **Form Number** and **Date**, which have to be filled when the prescribed forms are received from the purchasing dealer or customer.

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

Go to **Gateway of Tally > Display > Statutory Reports > CST Reports > Forms Receivable > Select** the required ledger, that is, **Sunrise Industries > Press Enter**

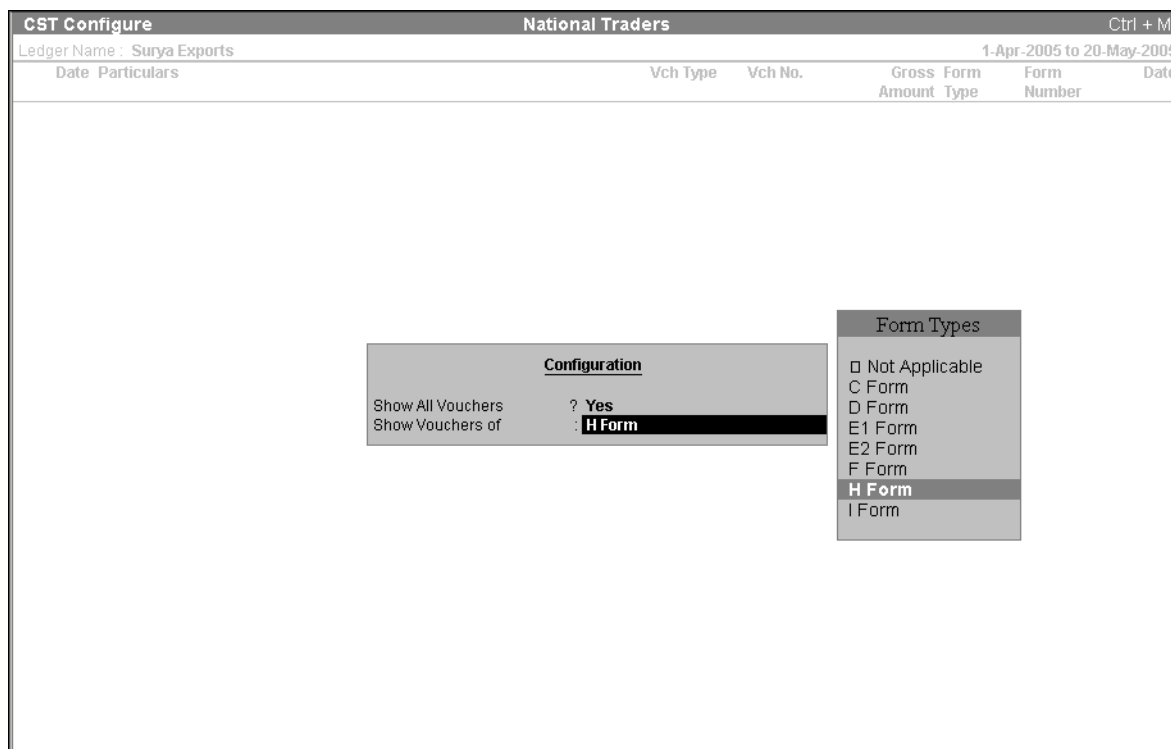
The Forms Receivable Report of M/s. Sunrise Industries displays as shown.

Forms Receivable		National Traders		Ctrl + M			
Ledger Name : Sunrise Industries		1-Apr-2005 to 20-May-2005					
Date	Particulars	Vch Type	Vch No.	Gross Form Amount	Type	Form Number	Date
7-4-2005	CST Sales	Sales	1	36,318.00	Dr C Form		

Figure 1.21 Forms Receivable 1

The above report shows that 'C' form is to be received from the said customer for the supplies made during the respective period. In this report, you can fill the **Form No.** and **Date** of such form when it is received.

View M/s. Surya Exports ledger for the forms to be received.



CST Configure		National Traders		Ctrl + M	
Ledger Name : Surya Exports				1-Apr-2005 to 20-May-2005	
Date	Particulars	Vch Type	Vch No.	Gross Amount	Form Type
					Form Number

Configuration

Show All Vouchers ? **Yes**

Show Vouchers of **H Form**

Form Types

☐ Not Applicable

☐ C Form

☐ D Form

☐ E1 Form

☐ E2 Form

☐ F Form

☒ **H Form**

☐ I Form

Figure 1.22 Forms Receivable 2

The report is blank as the prescribed declaration in Form H was received at the time of sale and entered in the Sales Invoice during voucher entry. However, you can view the vouchers for which forms have been received in advance or at the time of transaction.

To view all vouchers, press **F12: Configure** and enable the following.

- Set **Show All Vouchers** to **Yes**.
- Select '**H Form**' in **Show Vouchers of** field.

This feature allows you to view different Forms Receivable from the same dealer, if any. If this is set to **Not Applicable**, whatever forms are due from the dealer will be displayed.

The Forms Receivable report displays as shown.

Forms Receivable		National Traders			Ctrl + M		
Ledger Name : Surya Exports				1-Apr-2005 to 31-Mar-2006			
Date	Particulars	Vch Type	Vch No.	Gross Amount	Form Type	Form Number	Date
18-4-2005	Sales Deemed Exports	Sales	4	24,000.00	Dr H Form	102504	18-Apr-2005
					</		

Figure 1.23 Forms Receivable 3

Press **Alt+P** to print the report.

If there are many transactions, press **Alt+F5** and type **Form No.** and **Date** to auto-fill the same in all the transactions pertaining to the related form.

In the same manner, view other Forms Receivable from the rest of the dealers during the required period.

1.5.2 Forms Issuable Report

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

Similar to Forms Receivable Report, this report is also generated at the end of a financial year or during the month end (in specific cases) but can be generated at any point of time in Tally.

Go to **Gateway of Tally > Display > Statutory Reports > CST Reports > Forms Issuable > Select** the required ledger, that is, **Unique Paints (P) Ltd.** > Press **Enter**

The Forms Issuable Report of M/s Unique Paints (P) Ltd. displays as shown.

Forms Issuable		National Traders				Ctrl + M		
Ledger Name : Unique Paints (P) Ltd.,						1-Apr-2005 to 20-May-2005		
Date	Particulars	Vch Type	Vch No.	Reference	Effective Date	Gross Form Amount	Type	Form Number
5-4-2005	CST Purchases	Purchase	1		5-4-2005	1,54,440.00	Cr C Form	
9-4-2005	CST Purchases	Purchase	2		9-4-2005	65,700.00	Cr C Form	

Figure 1.24 Forms Issuable 1

As discussed earlier, fill **Form No.** and **Date**.

View Forms Issuable Report of M/s. Swastik Associates ledger, where the movement of goods has affected the transfer of documents.

Go to **Gateway of Tally > Display > Statutory Reports > CST Reports > Forms Issuable > Select Swastik Associates ledger > Press Enter**

Press **F12: Configure**

- Set **Show All Vouchers** to **Yes**.
- Select '**E1 Form**' in the **Show Vouchers of** field and press **Enter**.

The Forms Issuable Report displays as shown.

Forms Issuable		National Traders				Ctrl + M			
Ledger Name : Swastik Associates						1-Apr-2005 to 20-May-2005			
Date	Particulars	Vch Type	Vch No.	Reference	Effective Date	Gross Amount	Form Type	Form Number	Date
13-4-2005	CST Sales	Sales	3		13-4-2005	1,01,660.00 Dr	E1 Form	TE-1Q-0130	13-Apr-2005

Figure 1.25 Forms Issuable 2

In the above transaction, though the 'C' Form has been received and the transaction reflects in the **Forms Receivable** Report, as per the rules, the declaration in Form E-I must be furnished and is therefore shown in the **Form Issuable** Report.

Summary

On completion of this lesson, you should be able to

- ❑ Configure and enable Central Sales Tax in Tally.
- ❑ Record inter-state purchase and sales transactions.
- ❑ Generate CST related reports.

Lesson 2: Tax Collection at Source (TCS)

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Enable TCS in Tally.
- ❑ Create masters necessary for TCS transactions.
- ❑ Record TCS transactions.
- ❑ Generate TCS reports and challans in Tally.

2.1 Introduction

Tax Collection at Source is prescribed for business or trade in alcoholic liquor, forest produce, scrap, etc., as well as lease, license or contract related to parking lot, toll plaza, mines & quarry, etc., as defined in section 206C of the Income Tax Act, 1961. The following brief description covers the applicability of Act.

2.1.1 Sale of goods

TCS means collection of tax at source by the seller (collector) from the buyer (collectee/payee) for trading purposes of the goods specified u/s 206C (1) of the Income Tax Act, 1961. It is collected when accrued or when paid, whichever is earlier. The following table describes the Nature of Goods covered under TCS and the Rate applied thereon.

Sl.No.	Nature of Goods	Percentage
1	Alcoholic liquor for human consumption	1
2	Tendu leaves	5
3	Timber obtained under a forest lease	2.5
4	Timber obtained by any mode other than under a forest lease	2.5
5	Any other forest produce not being timber or Tendu leaves	2.5
6	Scrap	1

‘Scrap’ means waste and scrap from the manufacture or mechanical working of materials is not usable because of breakage, cutting up, wearing out, or other reasons.

Meaning of Seller

Seller means

- The Central Government
- A State Government
- Any local authority
- Corporation or authority established by or under a Central, State or Provincial Act
- Any company
- Firm
- Co-operative society

It also includes Individual or Hindu Undivided Family (HUF) whose total sales, gross receipts or turnover from the business or profession carried on by him exceeds the monetary limits specified under Clause (a) or Clause (b) of Section 44AB during the financial year immediately preceding the financial year in which the goods of the nature specified above are sold.

Meaning of buyer

Buyer means a person who obtains in any sale, by way of auction, tender, or any other mode, goods of the nature specified above or the right to receive any such goods, but does not include

- A public sector company, the central government, a state government, an embassy, a high commission, legation, commission, consulate and the trade representation of a foreign state and a club; or
- A buyer in the retail sale of such goods purchased by him for personal consumption.

2.1.2 TCS on contracts, license and leases

As per Sec 206C (1C), every person who grants a lease or license or enters into a contract or otherwise transfers any right or interest, either in whole or in part, in any parking lot or toll plaza or mine or quarry to another person, other than a public sector company (referred as licensee or lessee) for business shall, at the time of debiting of the amount or on actual receipt, whichever is earlier, collect from the licensee TCS at the rates specified in the following table.

Sl.No	Nature of contract, license, lease, etc.	Percentage
1	Parking Lot	2
2	Toll Plaza	2
3	Mining or Quarrying	2

2.1.3 Time and Mode of Payment of TCS to Government Account

All sums collected shall be paid to the credit of the Central Government within one week from the last day of the month in which the collection is made. Provided that where the collection is made by or on

behalf of the Government, the amount shall be credited within the time and in the manner aforesaid without the production of a challan.

2.1.4 Credit for Tax Collected at Source

Any amount collected and paid under Section 206C(3) to the credit of Central Government, the amount of tax collected and specified in the statement referred to in the second provision to sub-section (5) shall be deemed as payment of tax on behalf of the person from whom the amount has been collected and credit shall be given to him for the amount so collected in the assessment made under this Act for the assessment year for which such income is assessable without the production of certificate.

2.1.5 Issue of TCS certificate

The person responsible for collecting the tax is required to issue a certificate of collection of tax at source in new Form No. 27D to the buyer within one month of the end of the month, during which the amount is debited to the account of the buyer or the payment received from the buyer as the case may be.

Provided that no certificate may be furnished in a case where tax has been collected in accordance with the foregoing provisions of this section on or after 1-4-2005.

Provided further that the prescribed income-tax authority or the person authorised by such authority referred to in sub-section (3) shall, within the prescribed time (i.e. 15th June) after the end of each financial year, prepare and deliver to the buyer or to the licensee or lessee, a statement in the prescribed form (i.e. Form No. 26AS) specifying the amount of tax collected and such other particulars as may be prescribed.

The annual statement Form No. 26AS will be issued for all tax deducted and tax collected at source from financial year 2005-06 onwards after the expiry of the financial year.

2.1.6 Issue of Consolidated Certificate

Where more than one certificate is required to be furnished to a buyer for tax collected at source in respect of the period ending on 30th September and 31st March in each financial year, the person collecting the tax, may on request from such buyer, issue within one month from the end of such period, a consolidated certificate in new Form No. 27D for the tax collected during whole of such period.

2.1.7 TCS Returns

To ensure proper checks and balances on these collections (TCS) and subsequent credit taken there of by the collectee/payee, the collectors are required to file TCS returns with the Income Tax Department. TCS returns contain details of collectors (like TAN, Name, Address), tax deposited at the bank (like amount, challan identification number) collectee details (like PAN, Name, Amount paid, Tax collected at source) in the form prescribed by Income Tax Department.

2.1.8 e-TCS Returns

The Income Tax department has notified 'Electronic Filing of Returns of Tax Collection at Source Scheme, 2005'. It is applicable to all deductors furnishing their TCS return in electronic form. As per this scheme

- ❑ It is mandatory for corporate and government deductors to furnish their TCS returns in electronic form (e-TCS return) from financial year 2004-2005 onwards.
- ❑ Deductors (other than government and corporates) may file TCS returns in electronic or physical form.
- ❑ NSDL as e-TCS intermediary (appointed by ITD) receives, on behalf of ITD, e-TCS returns from deductors.

Deductors furnishing TCS returns in electronic form (e-TCS) have to furnish Form 27B. Form 27B is a control chart to be furnished in physical form along with CD/ Floppy containing the e-TCS annual return (Form 27E). Form No 27B is required to be furnished separately for each TCS return (Form 27E).

Form 27B is a summary of e-TCS returns (Form 27E) which contains control totals of 'Amount paid' and 'Income tax collected at source'. The control totals mentioned on Form 27B should match with the corresponding control totals in e-TCS returns.

2.1.9 Returns-Forms and periodicity

Revised forms for e-TCS returns and periodicity thereof prescribed under income tax laws are as follows.

Financial Year	Form No.	Particulars	Periodicity
2004-05	Form 27E	Annual return of collection of tax under section 206C of Income Tax Act, 1961	Annual
	Form 27B	Physical control charts containing control totals mentioned in TCS returns furnished electronically. Form 27B in physical form to be submitted along with e-TCS annual return Form 27E.	With each e-TCS returns Form 27E.
2005-06	Form 27EQ	Quarterly return of collection of tax.	Quarterly
	Form 27B	Physical control charts containing control totals mentioned in TCS returns furnished electronically. Form 27B in physical form to be submitted along with e-TCS quarterly return Form 27EQ.	With each e-TCS returns Form 27EQ.

2.2 TCS Feature in Tally

Tally's simple yet powerful TCS feature enables you to record transactions related to Tax Collection at Source with ease. It also helps you generate necessary reports and returns such as Form 27D, e-TCS Forms (Form 27E, Form 27EQ) and Form 27B.

2.2.1 Configuration

Create a company, Ganesh Timber Traders, to understand the TCS capabilities of Tally 7.2.

2.2.2 F11: Features

In **F11: Features**

- ❑ Set **Enable TCS** to **Yes**.
- ❑ **Set/ Modify other Company Features** to **Yes**.

The Company Operation Alteration screen displays as shown.

Company Operations Alteration			
Company : <u>Ganesh Timber Traders</u>			
Integrate Accounts and Inventory	? Yes	Maintain Budgets and Controls	? No
Allow Multi-Currency	? No	Allow 0 valued entries in Vouchers	? No
Allow Invoicing	? Yes	Allow Purchase Order Processing	? No
Enter Purchases in Invoice Format	? Yes	Allow Sales Order Processing	? No
Separate Discount column on Invoices	? No	Enable TDS	? No
Enable Service Tax	? No	Enable TCS	? Yes
Accounting Features		Inventory Features	
Maintain Billwise Details	? Yes	Maintain Stock Categories	? No
(for Non-Trading A/cs also)	? No	Maintain Batch-wise Details	? No
Maintain Payroll	? No	(set Expiry Dates for Batches)	? No
Maintain Cost Centres	? No	Maintain Multiple Godowns	? No
Use Cost Centre for Job Costing	? No	Use Tracking Numbers	? No
More than ONE Payroll / Cost Category	? No	Use Rejection Notes	? No
Use Rev. Journals & Optional Vouchers	? No	Use different Actual & Billed Qty	? No
Use Debit/Credit Notes	? No	Track additional costs of Purchase	? No
Use Invoice mode for Credit Notes	? No		
Use Invoice mode for Debit Notes	? No		
Activate Interest Calculation	? No		
(use advanced parameters)	? No		
Income/Expense Stmt instead of P & L	? No		
Set/Modify other Company Features ? Yes			

Figure 2.1 Features – Company Operations Alteration

Press **Enter** to view the Advanced Company Operations screen.

Set **Enter TCS Details** to **Yes**.

Advanced Company Operations	
Company : <u>Ganesh Timber Traders</u>	
Use Multiple Price Levels for Invoicing	? No
Follow Excise rules for Invoicing	? No
Enable Cheque Printing	? No
Enter TCS Details	? Yes

Figure 2.2 Advanced Company Operations

Press **Enter** to view the TCS Collector Details screen.

Ensure that the **TCS Collector Details** screen displays as shown.

TCS Collector Details	
Company TCS Collector Details	
Tax Assessment Number	: APJ143
Income Tax Circle/Ward (TCS)	: Circle 1 Ward 1
Collector Type	: Others
Name of person responsible	: Rajesh
Designation	: Chief Financial Officer

Figure 2.3 TCS Collector Details

2.2.3 F12: Configure

F12: Configure is used to configure settings for applications available in Tally. Configuration settings affect all companies maintained in the same data directory and setting configuration for one company will affect other companies in that data directory.

2.2.4 Statutory Masters in Tally

Before creating Masters, observe how TCS Masters is captured in Tally.

Collectee Types

The classification of persons collecting TCS is tabled in Collectee Types.

Go to **Gateway of Tally > Display > Statutory Masters > Collectee Types**

Ganesh Timber Traders

Name of Collectee Type

List of Collectee Types

Association of Persons

Body of Individuals
 Company - Non Resident
 Company - Resident
 Co-Operative Society
 Individual/HUF - Non Resident
 Individual/HUF - Resident
 Local Authority
 Partnership Firm

Figure 2.4 Name of Collectee Type

Select a **Collectee** from the above list. For example, select **Association of Persons**. The screen displays **Collectee TCS Details** such as Date from which rate is applicable, Surcharge Exemption Limit, Surcharge and Additional Surcharge.

Collectee Type Display			Gane
Name : Association of Persons			
Residential Status : Resident			
Collectee Status : Non Company			
Collectee TCS Details			
Applicable From	Surcharge Exemption Limit	Surcharge	Addl Surcharge (Cess)
1-4-2004	10,00,000.00	10 %	2 %

Figure 2.5 Collectee Type Display

Note: The buyers (customers) covered under TCS have to be identified with a Collectee Type.

List of TCS Types

The transactions covered under TCS are grouped under **List of TCS Types**.

Ganesh Timber Traders	
<u>List of TCS Types</u>	
List of TCS Types	
Alcoholic Liquor for Human Consumption	
Any Other Forest Produce (Not Being Tendu Leaves)	
Contractors/Licensee/Lease Relating to Mine/Quarry	
Contractors/Licensee/Lease Relating to Parking Lots	
Contractors/Licensee/Lease Relating to Toll Plaza	
Scrap	
Tendu Leaves	
Timber Obtained by Any Mode Other Than Forest Lease	
Timber Obtained Under Forest Lease	

Figure 2.6 List of TCS Types

Select a **TCS Type** from the above list. For example, select **Timber Obtained Under Forest Lease**. The screen displays **TCS Details** such as Collectee Type, Date from which the rate is applicable and TCS Rate.

TCS Nature Of Goods Display		
Name : Timber Obtained Under Forest Lease		
Section : 206C		
Payment Code : 6CB		
Collectee Type	Applicable From	Rate
Association of Persons		
Body of Individuals	1-4-2004	2.50 %
Company - Non Resident	1-4-2004	2.50 %
Company - Resident	1-4-2004	2.50 %
Co-Operative Society	1-4-2004	2.50 %
Individual/HUF - Non Resident	1-4-2004	2.50 %
Individual/HUF - Resident	1-4-2004	2.50 %
		4 more ... ☐

Figure 2.7 TCS Nature of Goods Display

Note: The nature of transaction has to be identified with the respective TCS ledger.

2.2.5 Statutory Updations

Whenever there is a change in the rates of TCS or Surcharge, Tally updates the latest rates on its website, www.Tallysolutions.com. The latest statutory master file can be imported from this website.

Tally POWER OF SIMPLICITY

Company Products Support Solutions Training

Location: India

Chat! with our Advisor

Call: BSNL & MTNL: 1-600-22-8859 for all other subscribers: 080-25732559

Attention Hard Lock Users

Important: (Read this before you download)

Tally 7.2 Release 2.1 supports Soft Lock security only. Hard Lock users who download Tally 7.2 Release 2.1, must complete download and thereafter change their security license from Hard Lock to Soft Lock. For detailed procedure on conversion from Hard Lock to Soft Lock, click **Conversion from Hard Lock to Soft Lock** or refer to section "Implementing Tally 7.2" in Tally Solutions home page.

[Conversion Process from Hard Lock to Soft Lock](#)

[FAQ's \(Frequently Asked Questions\)](#)

Tally 7.2 - Release 2.1

[Download Now](#)

Benefits:

At Tally Solutions, we continuously innovate so as to make your experience of using Tally simple and enjoyable, without any compromise on performance. As a result of these efforts, we are pleased to announce latest Tally 7.2 Release 2.1, which will offer the following unique and special benefits:

- Improved Security using Soft Lock licensing
- Maintenance free Lock system

Over the past few years, the Dongle (Hard Lock) technology has become obsolete due to improvements in technology for administering security in software products. The Dongle technology is no longer supported by IT vendors. In the current release, Tally Solutions has implemented the latest developments in technology and enhanced the security handling in Tally through the Soft Lock technology. Therefore, to overcome an obsolete technology, we are announcing the current update of Tally 7.2 Release 2.1, which supports only Soft Lock licensing. We request all Hard Lock users to implement the conversion process by January 31, 2006 after which support for Tally Hard Lock will no longer be available.

[Release notes for Tally 7.2 Release 2.1](#)

[Release notes for stat.slk version 35](#)

[Previous Release notes](#)

[Brief note on stat.slk](#)

[Save this page](#) [Send this page](#) [Print this page](#) [Most Popular](#)

Figure 2.8 Statutory Master Updation

Masters to be created

The following Master configurations are required to capture and generate TCS information.

- ❑ Customer Account
- ❑ TCS Ledger
- ❑ Sales Ledger
- ❑ Timber as Stock Item

Customers

When creating Customer ledger, a new option **Is TCS Applicable** appears. Once this is set to **Yes**, the **List of Collectee Types** displays to enable you to select the nature of Buyer/ Lessee. Select the appropriate **Nature of the Collectee**.

To view the Ledger Creation screen,

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

Create a customer ledger, **Chandra Timbers with TCS Applicable**. Select the Buyer/ Lessee as Body of Individuals as shown in the following figure.

Ledger Creation		Ganesh Timber Traders		Ctrl + M
Name	: Chandra Timbers	List of Collectee Types Association of Persons Body of Individuals Company - Non Resident Company - Resident Co-Operative Society Individual/HUF - Non Resident Individual/HUF - Resident Local Authority Partnership Firm		
(alias)	:			
Under	: Sundry Debtors (Current Assets)			
Is TCS Applicable Buyer/Lessee	: ? Yes : Body of Individuals			
Maintain balances bill-by-bill Inventory values are affected	: ? Yes : ? No	Default Credit Period	:	
Opening Balance (on 1-Apr-2005) :				
Mailing & Related Details				
Name	: Chandra Timbers	Contact Person :	Income Tax No.	
Address	:	Telephone :	Sales Tax No.	
		Fax :		
		E-Mail :		
State	:			
PIN Code	:			

Figure 2.9 Ledger Creation Chandra Timbers with List of Collectee Types

The completed screen displays as shown.

Ledger Creation		Ganesh Timber Traders		Ctrl + M
Name :	Chandra Timbers			Total Op. Bal.
(alias) :				
Under :	Sundry Debtors (Current Assets)			
Is TCS Applicable Buyer/Lessee :	? Yes Body of Individuals			
Maintain balances bill-by-bill Inventory values are affected :	? Yes ? No	Default Credit Period :		
Opening Balance (on 1-Apr-2005) :				
Mailing & Related Details				
Name :	Chandra Timbers	Contact Person :	Mr. Chandra	Income Tax No. : ABWE1258B
Address :	#56, Mico Layout Bangalore	Telephone :	080-25678954	Sales Tax No. :
		Fax :		
		E-Mail :	chandra@timber.com	
State :	Karnataka			Accept ?
PIN Code :				Yes or No

Figure 2.10 Ledger Creation Chandra Timbers Completed

TCS Ledgers

TCS Ledgers are created under Duties & Taxes with selection of Type of Tax as TCS and Nature of Goods/ Contract/ License/ Lease as Timber Obtained Under Forest Lease.

To view the Ledger Creation screen,

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

The Ledger Creation TCS Ledger screen displays as shown.

Ledger Creation		Ganesh Timber Traders	Ctrl + M
Name : TCS Ledger		List of TCS Types Alcoholic Liquor for Human Consumption Any Other Forest Produce (Not Being Tendu Leaves) Contractors/Licensee/Lease Relating to Mine/Quarry Contractors/Licensee/Lease Relating to Parking Lots Contractors/Licensee/Lease Relating to Toll Plaza Scrap Tendu Leaves Timber Obtained by Any Mode Other Than Forest Lease Timber Obtained Under Forest Lease	
(alias) :			
Under : Duties & Taxes (Current Liabilities)			
Type of Duty/Tax : TCS			
Nature Of Goods/Contract/License/Lease : Timber Obtained Under Forest Lease			
Inventory values are affected ? No			
Opening Balance (on 1-Apr-2005) :			
		Mailing & Related Details	
Name :	Contact Person :	Incon	
Address :	Telephone :	Sale	
	Fax :		
	E-Mail :		
State :			
PIN Code :			

Figure 2.11 Ledger Creation TCS Ledger

Complete the ledger creation and Accept the screen.

Similarly, create the following Masters.

1. Sales Ledger
2. Timber as a Stock Item
3. Bank Account (State Bank of India)
4. Freight

2.3 Transactions

2.3.1 Sales

Enter a Sales transaction of Timber for Rs. 75,000 to Chandra Timbers with TCS Applicable. While passing the sales entry, on selection of TCS ledger, TCS Calculation details display as follows.

TCS Details				
TCS Party Ledger	:	Chandra Timbers		
Gross Amount	:			75,000.00
Income Tax	:	@ 2.50 %		1,875.00
Surcharge	:	@ 10 %		188.00
Cess	:	@ 2 %		41.00
Total TCS	:			2,104.00
TCS - Bill Wise Detail for : TCS Ledger				
Type of Ref	Name	Due Date, or Credit Days	Amount	Dr/ Cr
New Ref	Sale/1	7-May-2005	2,104.00	Cr

Figure 2.12 TCS Details

TCS rate is picked from (**Gateway of Tally > Display > Statutory Masters > TCS Nature of Goods**) **TCS Nature of Goods Display** based on Collectee Type and Applicable period. In this case, it is **Timber Obtained Under Forest Lease** selected at the time of Creation of TCS ledger.

Surcharge and Cess are picked from (**Gateway of Tally > Display > Collectee Types**) **Name of Collectee Types** based on the nature of Buyer/Lessee. In this case, it is **Body of Individuals** selected at the time of Creation of Chandra Timbers.

The completed Sales transaction displays as shown.

Accounting Voucher Creation		Ganesh Timber Traders		Ctrl + M
Sales No. 1				1-Apr-2005 Friday
Ref :				
Party's Ac Name : Chandra Timbers				
Current Balance :				
Sales Ledger : Sales Ledger				
Name of Item	Quantity	Rate per	Amount	
Timber	100 MT	750.00 MT	75,000.00	
TCS Ledger		2.81 %	2,104.00	
Freight			250.00	
Narration : sales made to Chandra Timbers & TCS booked				
			100 MT	Accept ? Yes or No

Figure 2.13 Sales Voucher Completed

2.3.2 TCS Payment

Select TCS reference given in the TCS Details screen earlier.

Go to **Gateway of Tally > Accounting Vouchers > Press F5** for Payment

1. Press **Alt+R** or select **TCS Helper** from the buttons bar.
2. Select **TCS Ledger** and press **Enter**.

Figure 2.14 TCS Filters

3. Select **Non Company** as Buyer/ Lessee Status and press **Enter**.

Figure 2.15 TCS Filters

4. Press **Enter** to Accept To Date as **30-4-2005**.

5. The TCS payable amount will be auto-filled with the respective bill details.

6. Now, select the Bank as **State Bank of India**.

Accounting Voucher Creation		Ganesh Timber Traders	Ctrl + M
Payment	No. 1		7-May-2005 Saturday
Account : State Bank of India			
Cur Bal : 2,104.00 Cr			
Particulars		Amount	
TCS Ledger		2,104.00	
Cur Bal : 0.00 Dr			
TDS Details for : TCS Ledger			
Agst Ref	Sale/1	7-May-2005	2,104.00 Dr
Narration :		2,104.00	

Figure 2.16 Tax Details for TCS Ledger

7. The completed Payment Voucher displays as shown.

Accounting Voucher Creation		Ganesh Timber Traders	Ctrl + M
Payment	No. 1		7-May-2005 Saturday
Account : State Bank of India Cur Bal : 2,104.00 Cr			
Particulars	Amount		
TCS Ledger	2,104.00		
Cur Bal : 0.00 Dr			
TDS Details for : TCS Ledger			
Agst Ref	Sale/1	7-May-2005	2,104.00 Dr
Narration :			2,104.00
Ch. No. :56123 TCS paid			
			Accept ?
			Yes or No

Figure 2.17 Payment Voucher

8. Once payment is made, the challan can be printed using the **Print** option available on the buttons bar.

Voucher Printing	
Printer : HP LaserJet 2420 PCL Printer-06 (Ne01:)	Paper Type : A4
No. of Copies : 1	
(Printing Dimensions)	
Method : Neat Mode	Paper Size : (8.27" x 11.69") or (210 mm x 297 mm)
Page Range : All	Print Area : (7.95" x 11.34") or (202 mm x 288 mm)
Report Titles	
Payment Voucher	
(with Print Preview)	
Print as TCS Challan ? Yes	Print ? Yes or No
TDS/TCS Regular Assessment (Raised by I.T. Dept.) ? No	

Figure 2.18 Voucher Printing

9. Press **Y** or **Enter** to print the TCS Challan.

10. The printed TCS Challan displays as shown.

T.D.S./TCS TAX CHALLAN		Single Copy (to be sent to ZAD)												
CHALLAN No./ ITNS 281	Tax Applicable (Tick one)* TAX DEDUCTED/COLLECTED AT SOURCE FROM (0020) COMPANY DEDUCTEES ☐ (0021) NON-COMPANY DEDUCTEES ☒	Assessment Year 2006-07												
Tax Deduction Account No (T.A.N) APJ143														
Full Name GANESH TIMBER TRADERS														
Complete Address with City & State 10th Floor, Commerce@Mantri, Bannerghatta Road, Bangalore														
Karnataka														
Tel. No. :		Pin : 560001												
Type of Payment TDS/TCS Payable by Taxpayer (200) ☒ TDS/TCS Regular Assessment (Raised by I.T. Deptt.) (900) ☐		FOR USE IN RECEIVING BANK Debit to A/c / Cheque credited on DD MM YY SPACE FOR BANK SEAL												
DETAILS OF PAYMENTS Amount (In Rs. Only) <table style="width: 100%;"> <tr> <td style="width: 70%;">Income Tax</td> <td style="text-align: right; border: 1px solid black;">1,876</td> </tr> <tr> <td>Surcharge</td> <td style="text-align: right; border: 1px solid black;">187</td> </tr> <tr> <td>Education Cess</td> <td style="text-align: right; border: 1px solid black;">41</td> </tr> <tr> <td>Interest</td> <td style="text-align: right; border: 1px solid black;"></td> </tr> <tr> <td>Penalty</td> <td style="text-align: right; border: 1px solid black;"></td> </tr> <tr> <td>Total</td> <td style="text-align: right; border: 1px solid black;">2,104</td> </tr> </table>			Income Tax	1,876	Surcharge	187	Education Cess	41	Interest		Penalty		Total	2,104
Income Tax	1,876													
Surcharge	187													
Education Cess	41													
Interest														
Penalty														
Total	2,104													
Total (In words): <table style="width: 100%; font-size: small;"> <tr> <td style="width: 16.6%;">CRORES</td> <td style="width: 16.6%;">LACS</td> <td style="width: 16.6%;">THOUSANDS</td> <td style="width: 16.6%;">HUNDREDS</td> <td style="width: 16.6%;">TENS</td> <td style="width: 16.6%;">UNITS</td> </tr> <tr> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Two</td> <td style="text-align: center;">One</td> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Four</td> </tr> </table>		CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS	Zero	Zero	Two	One	Zero	Four	
CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS									
Zero	Zero	Two	One	Zero	Four									
Paid In Cash/Debit to A/c/Cheque No.														
Dated 7-May-2005														
drawn on State Bank of India (Name of the Bank and Branch)		Rs.												
Date: _____ Signature of the Person making payment														
----- Tear Here -----														
Taxpayers Counterfoil (To be filled up by tax payer)														
TAN APJ143														
Received from GANESH TIMBER TRADERS (Name)														
Cash/Debit to A/c/Cheque No.		For Rs. 2,104												
Rs.(In Words) Two Thousand One Hundred Four Only.														
drawn on State Bank of India (Name of the Bank and Branch)														
on account of Tax Deducted at Source (TDS)/ Tax Collected at Source(TCS) from / Non Company Deductees (Strike out whichever is not applicable)														
for the Assessment Year 2006-07														
		Rs.												

Figure 2.19 TCS Challan

2.3.3 Reconciliation

The challan particulars can be reconciled with the payment in their respective TCS ledgers.

Go to **Gateway of Tally > Display > Account Books > Ledger > Select TCS Ledger**

1. Press **ALT+F5** or click on **Challan Reconcile** on the buttons bar.

Ledger Vouchers		Ganesh Timber Traders		Ctrl + M	
Ledger : TCS Ledger		1-May-2005 to 7-May-2005		E-Mail	
Date	Particulars	Vch Type	Vch No.	Debit	Credit
7-5-2005	State Bank of India	Payment	1	2,104.00	
					F1: Detailed
					F2: Period
					F3: Company
					F4: Ledger
					F5: Reconcile
					F6: Dly Brk-up
					F7: Monthly
					F8: Columnar
					Bill-wise
					F5: Challan Reconcile
					F8: Other Rep
					F9: Inv Rep
					F10: Acc Rep
					F11: Features
		Opening Balance :		2,104.00	
		Current Total :		2,104.00	
		Closing Balance :			

2.4 Reports

2.4.1 Form 27D

Form 27D can be printed from Tally.

Go to **Gateway of Tally > Display > Statutory Reports > TCS Reports > Print Form 27D > Select Chandra Timbers.**

1. The print configuration can be set according to requirement.

Printing TCS Form27D	
Printer : HP LaserJet 2420 PCL Printer-06 (Ne01:)	Paper Type : A4
No. of Copies : 1	
Method : Neat Mode	Paper Size : (8.27" x 11.69") or (210 mm x 297 mm) <i>(Printing Dimensions)</i>
Page Range : All	Print Area : (7.95" x 11.34") or (202 mm x 288 mm)
Report Titles	
TCS Form27D	
(with Print Preview)	
TCS Ledger	TCS Ledger
From (blank for beginning)	1-4-2005
To (blank for end)	30-6-2005
Challan Date Till	30-6-2005
Type of Copy	Default
Certificate No	01
Place	Bangalore
Date	30-Jun-2005
Print ? Yes or No	

Figure 2.22 Print Configuration Form 27D

2. The printed Form 27D displays as shown.

01/206C										
FORM 27D [SEE RULE 37D]										
CERTIFICATE OF COLLECTION OF TAX AT SOURCE UNDER SUB SECTION(5) OF SECTION 206C OF THE INCOME-TAX ACT 1961										
[For Collection of tax at source from human consumption; tendu leaves; timber obtained under a forest lease; timber obtained by any mode other than a forest lease; any other forest produce not being timber or tendu leaves; Scrap; or from contract or license or lease in respect of parking lot; toll plaza; mining and quarrying]										
Name & Address of the person collecting Tax			Circle where return under Section 206C(5A) is to be delivered			Name & address of the buyer or licensee or lessee				
Ganesh Timber Traders 10th Floor Commerce@Mantri Bannerghatta Road Bangalore			Circle 1 Ward 1			Chandra Timbers #56, Mico Layout Bangalore				
Tax Collection A/c No. of the Collector APJ143			Nature of Goods referred to in the table in section 206C(1) or Nature of contract or license or lease referred to in the table in section 206C(1C) 206C Timber Obtained Under Forest Lease			PAN / GIR No. of the Buyer or Licensee or Lessee ABWE1258B				
PAN / GIR No. of the Collector ABVN0254K						For the Period 1-Apr-2005 to 30-Jun-2005				
DETAILS OF PAYMENT, TAX COLLECTION AND DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT										
S. No	Amount Paid / Credited	Date of Payment / Credit	TCS Rs.	Surcharge Rs.	Education Cess Rs.	Total Tax Deposited Rs.	Cheque /DD No.(if any)	BSR Code of Bank branch	Date on which tax deposited (dd/mm/yy)	Transfer voucher /Challan Identification No.
1	75,000.00	1-Apr-2005	1,875.00	188.00	41.00	2,104.00	56123	025 / SBI	07/05/05	545
Certified that a sum of Rs. (In words) Two Thousand One Hundred Four only has been collected at source and paid to the credit of the central government as per details given above										
Place : Bangalore Date : 30-Jun-2005						Signature of person responsible for collection of Tax Full Name : Rajesh Designation : Chief Financial Officer				

Figure 2.23 Printed Form 27D

2.4.2 Form 27B

Form 27B is a physical form to be attached with annual e-TCS returns Form 27E.

Go to **Gateway of Tally > Display > Statutory Reports > TCS Reports > Print Form 27B**

1. The Print configuration options available for Form 27B display as shown.

Printing TCSForm27B			
Printer :	HP LaserJet 2420 PCL Printer -06 (Ne01)	Paper Type :	A4
No. of Copies :	1		
Method :	Neat Mode	Paper Size :	(Printing Dimensions) (8.27" x 11.69") or (210 mm x 297 mm)
Page Range :	All	Print Area :	(7.95" x 11.34") or (202 mm x 288 mm)
Report Titles			
TCSForm27B			
(with Print Preview)			
Person Responsible Details		Other Details	
Flat No	: 10th Floor	From (blank for beginning)	: 1-4-2005
Name of the premises/building	: Commerce@Mantri	To (blank for end)	: 31-3-2006
Road/Street/Lane	: Bannerghatta Road	Challan Date Till	: 31-3-2006
Area/Location	: Bangalore	Enclosed Form Type	: Form 27E
Town/City/District	:	Previous Receipt No.	:
State	: Karnataka	No. of Annexures enclosed	: 2 Cds
Pin code	: 560001	Other Information	:
Telephone	: 080-25776642	Place	: Bangalore
E-mail	: sales@ganeshtimbers.com	Date	: 31-Mar-2006

Form Types
 Form 27E
 Form 27EQ

Figure 2.24 Print Configuration Form 27B

2. The printed form displays as shown.

Form No.27B

Form for furnishing information with the Statement of collection of tax at source filed on Computer media for the period
(From:1-4-2005 to 31-3-2006(dd/mm/yyyy))

1 (a) Tax Collection Account No. (c) Financial Year
 (b) Permanent Account No. (d) Assessment Year
 (e) Previous receipt number
(In Case return/ statement has been filed earlier)

2 Particulars of the collector

(a) Name	Ganesh Timber Traders
(b) Type of Collector*	Others
(b) Branch / Division(if any)	
(c) Address	
Flat No.	10th Floor
Name of the premises / building	Commerce@Mantri
Road / street / lane	Bannerghatta Road
Area / Location	Bangalore
Town / City / District	
State	Karnataka
Pin code	560001
Telephone	080-25776642
E-mail	sales@ganeshtimbers.com

3 Name of the person responsible for collection of tax

(a) Name	Rajesh
(b) Address	
Flat No.	10th Floor
Name of the premises / building	Commerce@Mantri
Road / street/ lane	Bannerghatta Road
Area / Location	Bangalore
Town / City / District	
State	Karnataka
Pin code	560001
Telephone	080-25776642
E-mail	sales@ganeshtimbers.com

4 Control Totals

Sr.No.	No. of party records	Amount paid Rs.	Tax Collected Rs	Tax deposited (Total challan amount) Rs.
Total	1	75,000.00	2,104.00	2,104.00

5 Total Number of Annexures enclosed

6 Other Information

VERIFICATION

I, Ganesh Timber Traders, hereby certify that all the particulars furnished above are correct and complete.

Place: Bangalore Signature of person responsible for collecting tax at source _____
 Date: 31-Mar-2006 Name and designation of person responsible for collecting tax at source Rajesh,Chief Financial Officer

Figure 2.25 Printed Form 27B

Summary

On completion of this lesson, you should be able to

- ❑ Enable TCS in Tally.
- ❑ Create masters necessary for TCS transactions.
- ❑ Record TCS transactions.
- ❑ Generate TCS reports and challans in Tally.

Lesson 3: Job Costing

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Enable and capture job costing details in Tally.
- ❑ Record consumption of materials for each job.
- ❑ Generate Job report for each job carried out in multiple godowns.
- ❑ Compare and analyse jobs.

Introduction

Job Costing is a form of specific order costing which applies to a job undertaken according to customer requirements and specifications. The basic cost unit is the job undertaken and Tally enables the tracking of cost and revenue information down to the smallest detail.

With a view to ascertain the actual costs incurred for each job, every job is assigned a job number or job name. Job costing systems then accumulate costs separately for each product or service, based on the jobs undertaken for each product or service.

In a typical job costing environment

- ❑ Many non-standard (customised) products/ service are produced/ rendered.
- ❑ Orders are executed based on customer requirements.
- ❑ Cost records are maintained for each distinct job.
- ❑ Costs are traced or allocated to jobs.

Advantages of Job Costing are as follows.

- ❑ Costs can be ascertained under each element while the job is in progress.
- ❑ On completion of the job, each element of cost, selling price and profit can be compared with estimates and other jobs.
- ❑ Suitable method can be obtained to determine price on cost plus contracts.

To support job costing principles/ cost centres, Tally needs to ensure that each transaction recorded is accounted for internally with respect to all the cost centres. This additional real-time processing task can potentially reduce the operating efficiency of Tally, thereby resulting in reduction of speed. This could be significant especially on computers unable to handle the additional computing load adequately. Users are therefore advised to create cost centres and job costing accounts within reasonable limits to get the optimum business benefit from the module and yet retain the unmatched speed of the software. For more information on this topic, please contact your nearest Tally office.

3.1 Enabling Job Costing In Tally

3.1.1 Company Setup

Create a company in **Tally version 7.2 Release 2.1** as per the example given.

Perfect Computers, a computer store in Bangalore, started with a capital of Rs. 500000, to supply computers configured as per customer requirements and upgrade old computers.

Perfect Computers received two orders from **Softech Solutions** to upgrade existing systems and deliver new systems, as per the order details given in the following table.

SL. NO	ORDER DESCRIPTION	TERMS OF CONTRACT	AMOUNT IN RS.
1)	Servicing and Upgrading of existing machines.	Lump sum contract, inclusive of replacement of parts	187500
2)	New systems as per specifications	Rate contract based on requirement of systems	25000 per system

Other Details

1. The company has given the upgrading job collectively to **Ramesh** and **Suresh** for Service Charge of Rs. 62500 and Travel Expenses of Rs. 25000 for visits made onsite.

2. The company has given the new systems job to **Mahesh** for Service Charge of Rs. 62500 and Travel Expenses of Rs. 25000 for visits made onsite.

3. The company has a stores Godown and regularly purchases items from **Hitech Computers**.

Go to **Company Info. > Create Company**

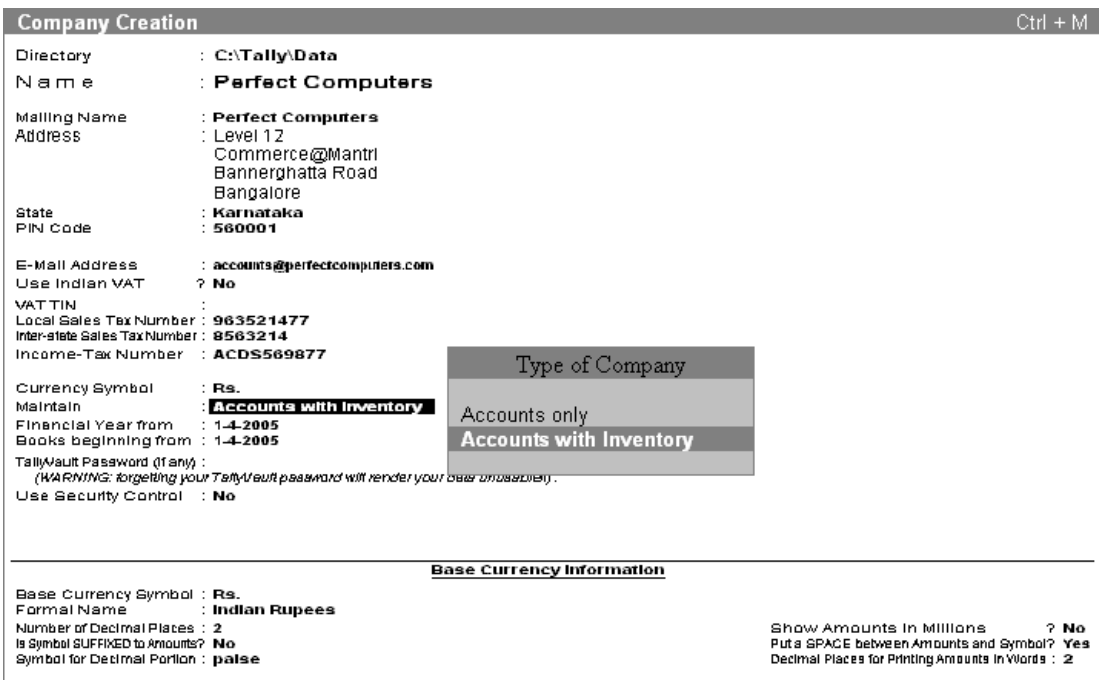
1. The Company Creation screen displays as shown.

Company Creation		Ctrl + M
Directory	: C:\Tally\Data	
Name	: [REDACTED]	
Mailing Name	:	
Address	:	
State	:	
PIN Code	:	
E-Mail Address	:	
Use Indian VAT	? No	
VAT TIN	:	
Local Sales Tax Number	:	
Inter-state Sales Tax Number	:	
Income-Tax Number	:	
Currency Symbol	: Rs.	
Maintain	: Accounts with Inventory	
Financial Year from	: 1-4-2005	
Books beginning from	: 1-4-2005	
TallyVault Password (if any)	:	
(WARNING: forgetting your TallyVault password will render your data unusable!)		
Use Security Control	: No	
Base Currency Information		
Base Currency Symbol	: Rs.	
Formal Name	: Indian Rupees	
Number of Decimal Places	: 2	
Is Symbol SUFFIXED to Amounts?	: No	
Symbol for Decimal Portion	: paise	
Show Amounts in Millions	? No	
Put a SPACE between Amounts and Symbol?	: Yes	
Decimal Places for Printing Amounts in Words	: 2	

Figure 3.1 Company Creation screen

COMPANY CREATION – PERFECT COMPUTERS	
FIELD	DATA TO BE ENTERED
Directory	Enter the path in which you want to save the company
Name	Perfect Computers
Mailing Name	Perfect Computers
Address	Level 12, Commerce@Mantri, Bannerghatta Road, Bangalore India
State	Karnataka
PIN Code	560001
E-Mail Address	accounts@perfectcompters.com
Use Indian VAT?	No
VATTIN	Skips field

Local Sales Tax Number	963521477
Inter-States Sales Tax Number	8563214
Income-Tax Number	ACDS569877
Currency Symbol	Skips field
Maintain	Accounts with Inventory
Note: In order to use Job Costing feature, the Accounts with inventory option has to be enabled.	



Company Creation Ctrl + M

Directory : C:\Tally\Data
 Name : Perfect Computers
 Mailing Name : Perfect Computers
 Address : Level 12
 Commerce@Mantri
 Bannerghatta Road
 Bangalore
 State : Karnataka
 PIN Code : 560001
 E-Mail Address : accounts@perfectcomputers.com
 Use Indian VAT ? No
 VAT TIN :
 Local Sales Tax Number : 963521477
 Inter-state Sales Tax Number : 8563214
 Income-Tax Number : ACDS569877
 Currency Symbol : Rs.
 Maintain : **Accounts with Inventory**
 Financial Year from : 1-4-2005
 Books beginning from : 1-4-2005
 Tally/Vault Password (if any) :
 (WARNING: forgetting your Tally/Vault password will render your data unusable).
 Use Security Control : No

Type of Company

Accounts only
Accounts with Inventory

Base Currency Information

Base Currency Symbol : Rs.
 Formal Name : Indian Rupees
 Number of Decimal Places : 2
 Is Symbol SUFFIXED to Amounts? No
 Symbol for Decimal Portion : paise

Show Amounts in Millions ? No
 Put a SPACE between Amounts and Symbol? Yes
 Decimal Places for Printing Amounts in Words : 2

Figure 3.2 Company Creation screen – Maintain field sub-window

Financial year from	1-4-2005
Books beginning from	1-4-2005 (Business started on 1-4-2005)
Tally/Vault Password (if any)	Skips field
Use Security Control	No
Base Currency Information	Skips field

BASE CURRENCY INFORMATION	
FIELD	DESCRIPTION
Base Currency symbol	Pre-set as a default currency - Rs.

Formal Name	Complete name for the currency symbol. By default, this is set to Indian Rupees.
Number of decimal places	By default, this is set to 2
Show amounts in millions?	Tally caters to currencies where the different parts of large amounts are called by special names. By default, this is set to No.
Is symbol suffixed to amounts?	By default, this is set to No. For example, In India, the 'Rs' symbol is placed in front of amounts.
Put a space between amounts and symbol?	By default, this is set to Yes.
Symbol for Decimal Portion	By default this is Paise.
Decimal Places for Printing Amounts in Words	By default this is set to 2.

2. The completed Company Creation screen displays as shown.

Company Creation
Ctrl + M

Directory : C:\Tally\Data

Name : **Perfect Computers**

Mailing Name : **Perfect Computers**

Address : Level 12
Commerce@Mantri
Bannerghatta Road
Bangalore

State : **Karnataka**

PIN Code : **560001**

E-Mail Address : **accounts@perfectcomputers.com**

Use Indian VAT ? **No**

VAT TIN :

Local Sales Tax Number : **963521477**

Inter-state Sales Tax Number : **8563214**

Income-Tax Number : **ACDS569877**

Currency Symbol : **Rs.**

Maintain : **Accounts with Inventory**

Financial Year from : **1-4-2005**

Books beginning from : **1-4-2005**

TallyVault Password (If any) :
(WARNING: forgetting your TallyVault password will render your data unusable!)

Use Security Control : **No**

Base Currency Information

Base Currency Symbol : **Rs.**

Formal Name : **Indian Rupees**

Number of Decimal Places : **2**

Is Symbol SUFFIXED to Amounts? **No**

Symbol for Decimal Portion : **paise**

Show Amounts in Million

Put a SPACE between Amounts

Decimal Places for Printing Amounts

Accept ?

Yes or No

Figure 3.3 Company Creation screen – Completed

3. Accept the screen to create the company, **Perfect Computers**.

3.1.2 F11: Features

F11: Features is used to modify the various features of a company. The company features are specific to the current company only and thus each company may have different features activated.

In the **F11: Features** screen, set the following options to **Yes**.

- ❑ Maintain Cost Centres.
- ❑ Use Cost Centre for Job Costing.
- ❑ Maintain Multiple Godowns.
- ❑ Use Tracking Numbers.
- ❑ Track Additional Costs of Purchase.

Ensure that the Company Features screen displays as shown.

Company Operations Alteration																									
Company : <u>Perfect Computers</u>																									
Integrate Accounts and Inventory? Yes	Maintain Budgets and Controls? No																								
Allow Multi-Currency? No	Allow 0 valued entries in Vouchers? No																								
Allow Invoicing? Yes	Allow Purchase Order Processing? No																								
Enter Purchases in Invoice Format? Yes	Allow Sales Order Processing? No																								
Separate Discount column on Invoices? No	Enable TDS? No																								
Enable Service Tax? No																									
<table border="0"> <tr> <th>Accounting Features</th> <th>Inventory Features</th> </tr> <tr> <td>Maintain Billwise Details (for Non-Trading A/c's also)? Yes</td> <td>Maintain Stock Categories? No</td> </tr> <tr> <td>Maintain Payroll? No</td> <td>Maintain Batch-wise Details (set Expiry Dates for Batches)? No</td> </tr> <tr> <td>Maintain Cost Centres? Yes</td> <td>Maintain Multiple Godowns? Yes</td> </tr> <tr> <td>Use Cost Centre for Job Costing? Yes</td> <td>Use Tracking Numbers? Yes</td> </tr> <tr> <td>More than ONE Payroll / Cost Category? No</td> <td>Use Rejection Notes? No</td> </tr> <tr> <td>Use Rev. Journals & Optional Vouchers? No</td> <td>Use different Actual & Billed Qty? No</td> </tr> <tr> <td>Use Debit/Credit Notes? No</td> <td>Track additional costs of Purchase? Yes</td> </tr> <tr> <td>Use Invoice mode for Credit Notes? No</td> <td></td> </tr> <tr> <td>Use Invoice mode for Debit Notes? No</td> <td></td> </tr> <tr> <td>Activate Interest Calculation (use advanced parameters)? No</td> <td></td> </tr> <tr> <td>Income/Expense Stmt instead of P & L? No</td> <td></td> </tr> </table>		Accounting Features	Inventory Features	Maintain Billwise Details (for Non-Trading A/c's also)? Yes	Maintain Stock Categories? No	Maintain Payroll? No	Maintain Batch-wise Details (set Expiry Dates for Batches)? No	Maintain Cost Centres? Yes	Maintain Multiple Godowns? Yes	Use Cost Centre for Job Costing? Yes	Use Tracking Numbers? Yes	More than ONE Payroll / Cost Category? No	Use Rejection Notes? No	Use Rev. Journals & Optional Vouchers? No	Use different Actual & Billed Qty? No	Use Debit/Credit Notes? No	Track additional costs of Purchase? Yes	Use Invoice mode for Credit Notes? No		Use Invoice mode for Debit Notes? No		Activate Interest Calculation (use advanced parameters)? No		Income/Expense Stmt instead of P & L? No	
Accounting Features	Inventory Features																								
Maintain Billwise Details (for Non-Trading A/c's also)? Yes	Maintain Stock Categories? No																								
Maintain Payroll? No	Maintain Batch-wise Details (set Expiry Dates for Batches)? No																								
Maintain Cost Centres? Yes	Maintain Multiple Godowns? Yes																								
Use Cost Centre for Job Costing? Yes	Use Tracking Numbers? Yes																								
More than ONE Payroll / Cost Category? No	Use Rejection Notes? No																								
Use Rev. Journals & Optional Vouchers? No	Use different Actual & Billed Qty? No																								
Use Debit/Credit Notes? No	Track additional costs of Purchase? Yes																								
Use Invoice mode for Credit Notes? No																									
Use Invoice mode for Debit Notes? No																									
Activate Interest Calculation (use advanced parameters)? No																									
Income/Expense Stmt instead of P & L? No																									
Set/Modify other Company Features? No																									
Accept ? Yes or No																									

Figure 3.4 F11: Features – Company Operations Alteration

3.2 Master Configuration

The Masters for job work analysis are as follows.

- ❑ Cost centres used for job costing.
- ❑ Sales or direct income accounts related to job revenue.
- ❑ Direct and Indirect expenses related to job costs.
- ❑ Suppliers, vendors and other party accounts.
- ❑ Godowns dedicated to specific jobs necessary to assess stock consumption.

- ❑ Stock items.
- ❑ Voucher types and classes for stock transfer, consumption.

Creation of Masters

1. Creation of Jobs as Job Cost Centres

Each job is identified with a name or number and this is usually used for naming the cost centre created for the job.

i. Create Cost Centre → Create Softech Upgrading Job, Softech New Systems Job as Job Cost Centres and Retail Trade as regular Cost Centre Under Primary

Go to **Gateway of Tally > Accounts Info > Cost Centres > Single Cost Centre > Create** to view the Cost Centre Creation screen

1. **Name:** Softech Upgrading Job
2. **(alias):** Skip field
3. **Under:** Select **Primary** from **List of Cost Centres**
4. **Use for Job Costing?:** Yes

Cost Centre Creation	
Name	: Softech Upgrading Job
(alias)	:
Under	: Primary
Use for Job Costing	: ? Yes
Accept ? Yes or No	

Figure 3.5 Cost Centre Creation – Softech Upgrading Job

5. Press **Y** or **Enter** to Accept the screen

Similarly, create the following Cost Centres.

Name	alias	Under	Use for Job Costing
Softech New Sys-tems Job	Skip Field	Primary	Yes
Retail Trade	Skip Field	Primary	No

Note: If more than one cost category is enabled, then parallel allocation of cost to regular cost centres apart from job specific cost centres can be done.

2. Creation of Ledgers involved in transactions

i. Create the following Income and Expense ledger accounts.

Go to **Gateway of Tally > Accounts Info > Ledgers > Single Ledger > Create** to view the Ledger Creation screen

1. **Name:** Purchases

2. **(alias):** Skip field

3. **Under:** Select **Purchase Accounts** from **List of Groups**.

4. **Cost centres are applicable?:** Yes

5. **Inventory Values are affected?:** Yes

6. **Opening Balance (on 1-Apr-2005):** Skip field

Ledger Creation		Perfect Computers	Total Op. Bal.
Name :	Purchases		
(alias) :			
Under :	Purchase Accounts		
Cost centres are applicable	? Yes		
Inventory values are affected	? Yes		
Opening Balance (on 1-Apr-2005) :			
Mailing & Related Details			
Name :	Income Tax No. :		
Address :	Sales Tax No. :		
State :			
PIN Code :			
			Accept ?
			Yes or No

Figure 3.6 Ledger Creation – Purchases

7. Press **Y** or **Enter** to Accept the screen.

Similarly, create the following Ledgers.

Ledger Name	Under Group	Cost Centre Applicable	Inventory Values are Affected
Sales	Sales Accounts	Yes	Yes
Service Charges	Direct Expenses	Yes	No
Travel Expenses	Indirect Expenses	Yes	No

3. Creation of Customer and Supplier accounts

i. Create Customer and Supplier ledger accounts.

Go to **Gateway of Tally > Accounts Info > Ledgers > Single Ledger > Create** to view the Ledger Creation screen

- **Hitech Computers** (Under Sundry Creditors).
- **Softech Solutions** (Under Sundry Debtors).

Note: Create **Capital Account** Under **Capital Account Group** and enter **Rs.500000** as Opening Balance for **Capital** and **Cash account**.

4. Creation of Godowns dedicated to jobs

Dedicated Godowns are created to keep track of stocks transferred, consumed and manufactured for each job. The **Godowns** can be geographical locations or persons responsible for stock handling.

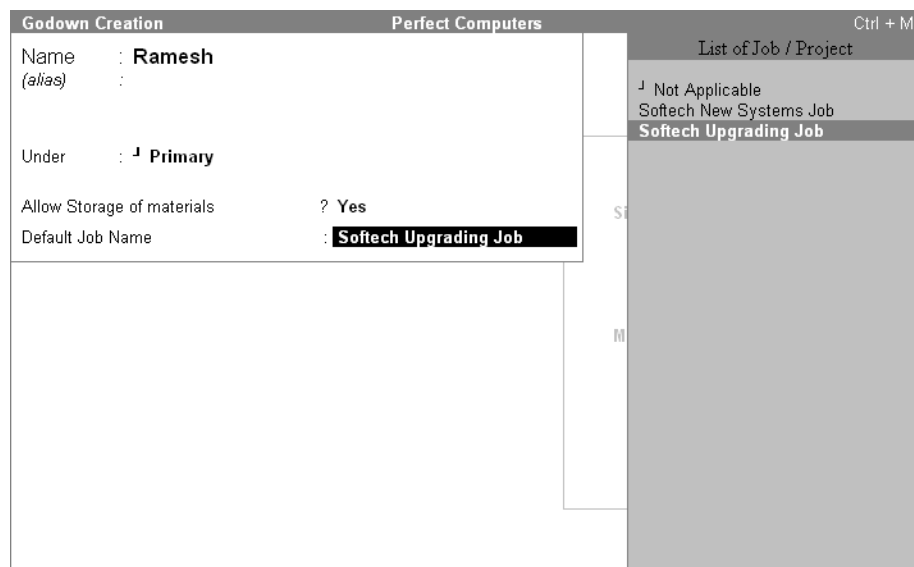
i. Create the following Godowns.

Create a Dedicated Godown responsible for holding stocks for a default job and a normal Godown, used regularly and not assigned to any particular job.

Go to **Gateway of Tally > Inventory Info > Godowns > Single Godown > Create** to view the Godown Creation screen

1. **Name:** Ramesh
2. **(alias):** Skip field
3. **Under:** Select **Primary** from **List of Godowns**
4. **Allow storage of materials?:** Yes

5. Default Job Name: Select Softech Upgrading Job from List of Job/Project



The screenshot shows the 'Godown Creation' window for 'Perfect Computers'. The 'Name' field is 'Ramesh', '(alias)' is empty, 'Under' is 'Primary', 'Allow Storage of materials' is 'Yes', and 'Default Job Name' is 'Softech Upgrading Job'. On the right, a 'List of Job / Project' is shown with 'Softech Upgrading Job' selected.

Figure 3.7 Godown Creation – Ramesh

6. Press **Y** or **Enter** to Accept the screen.

Similarly, create all the **Godowns** as shown in the following table.

GODOWN NAME	UNDER	ALLOW STORAGE OF MATERIALS	DEFAULT JOB NAME
Suresh	Primary	Yes	Softech Upgrading Job
Mahesh	Primary	Yes	Softech New Systems Job
Stores	Primary	Yes	Not Applicable

5. Creation of Units of Measure

Unit of Measure is created to measure the stock items.

i. Create Units of Measure → Numbers

Go to **Gateway of Tally > Inventory Info > Units > Create** to view the Unit Creation screen.

1. Ensure that the details are as shown in the following screen.

Unit Creation	
Type	: Simple
Symbol	: Nos
Formal Name	: Numbers
Number of Decimal Places	: 0
Accept ? Yes or No	

Figure 3.8 Unit Creation – Numbers

2. Press **Y** or **Enter** to Accept the screen.

6. Creation of Stock Items

i. Create the following Stock Item.

Go to **Gateway of Tally > Inventory Info > Stock Items > Create** to view the Stock Item Creation screen.

1. **Name:** Mother Boards
2. **(alias):** Skip field
3. **Under:** Select **Primary** from **List of Groups**
4. **Units:** Select **Nos** from **Units** list
5. **Rate of VAT:** Skip Field
6. **Opening Balance:** Do not enter any details

Stock Item Creation		Perfect Computers
Name	: Mother Boards	
(alias)	:	
Under	: Primary	
Units	: Nos	
Rate of Duty (eg 5)	: 0	
Opening Balance	:	
	Quantity	Rate per
Accept ? Yes or No		

Figure 3.9 Stock Item Creation – Mother Boards

7. Press **Y** or **Enter** to Accept the screen.

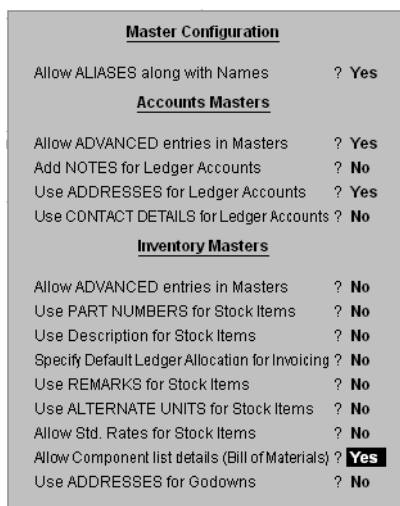
Similarly, create the following Stock Items.

Stock Item	Under	Units
HDD	Primary	Nos
Monitors	Primary	Nos
CPU	Primary	Nos
Keyboard	Primary	Nos
Mouse	Primary	Nos

Create Computers as Stock Item.

Go to **Gateway of Tally > Inventory Info > Stock Items > Create** to view the Stock Item Creation screen.

1. **Name:** Computers
2. **(alias):** Skip field
3. **Under:** Select **Primary** from **List of Groups**
4. **Units:** Select **Nos** from **Units** list
5. **Rate of VAT:** Skip Field
6. Press **F12: Configure**, set **Allow Component list details** (Bill of Materials) to **Yes** and Accept the screen.



Master Configuration

Allow ALIASES along with Names ? **Yes**

Accounts Masters

Allow ADVANCED entries in Masters ? **Yes**

Add NOTES for Ledger Accounts ? **No**

Use ADDRESSES for Ledger Accounts ? **Yes**

Use CONTACT DETAILS for Ledger Accounts ? **No**

Inventory Masters

Allow ADVANCED entries in Masters ? **No**

Use PART NUMBERS for Stock Items ? **No**

Use Description for Stock Items ? **No**

Specify Default Ledger Allocation for Invoicing ? **No**

Use REMARKS for Stock Items ? **No**

Use ALTERNATE UNITS for Stock Items ? **No**

Allow Std. Rates for Stock Items ? **No**

Allow Component list details (Bill of Materials) ? **Yes**

Use ADDRESSES for Godowns ? **No**

Figure 3.10 **F12: Configure**

7. Set **Components (BOM)** to **Yes**.

In the List of Components screen,
Define the Unit of Manufacture as '1' and Type the names of the components and godown details as given in the following table:

Item	Godown	Qty (Nos)
Monitors	Mahesh	1
CPU	Mahesh	1
Keyboard	Mahesh	1
Mouse	Mahesh	1

Components of : Computers Unit of manufacture : 1 Nos		
Item	Godown	Quantity
Monitors	Mahesh	1 Nos
CPU	Mahesh	1 Nos
Key Board	Mahesh	1 Nos
Mouse	Mahesh	1 Nos

Figure 3.11 Components List

Note: New systems jobs are despatched from Mahesh Godown.

9. Opening Balance: Do not enter any details.

Stock Item Creation		Perfect C
Name	: Computers	
(alias)	:	
Under	: ☐ Primary	
Units	: Nos	
Rate of Duty (eg 5)	: 0	
Set Components (BoM)	? Yes	
Opening Balance	:	
	Quantity Rate per	Accept ?
		Yes or No

Figure 3.12 Stock Item Creation – Computers

10. Press **Y** or **Enter** to Accept the screen.

7. Creation of Voucher Type and Voucher Class for Stock Journals

In Tally, stock journals are used for the following purposes.

- ❑ To record stages in the manufacturing process.
- ❑ To record transfer of materials between godowns.

- To record consumption of materials for Job Costing.

Create three new voucher types to deal with scenarios in a manufacturing as well as non-manufacturing environment.

i. Create Voucher Type and Voucher Class for Stock Transactions

a. Creation of a Voucher Type → Manufacturing Journal

Go to **Gateway of Tally > Inventory Info. > Voucher Types > Create** to view the Voucher Type Creation screen

1. **Name: Manufacturing Journal**
2. **Type of Journal: Stock Journal**
3. **Abbr.: Mfg**
4. Accept the other fields as shown in Figure 3.13
5. Set **Use as a Manufacturing Journal** to **Yes**.

Voucher Type Creation		Perfect Computers		Ctrl + M																			
Name	: Manufacturing Journal																						
Type of Voucher	: Stock Journal																						
Abbr.	: Mfg																						
Method of Voucher Numbering? Automatic																							
Starting Number	? 1		Prefill with ZERO	? No																			
Width of Numerical Part	: 0		Narrations for each entry	? No																			
Use Common Narration?	Yes		Use as a Manufacturing Journal?	Yes																			
Print after saving Voucher?	No																						
Use EFFECTIVE Dates for Vouchers?	No																						
Make 'Optional' as default?	No																						
<table border="1"> <thead> <tr> <th colspan="2">Restart Numbering</th> <th colspan="2">Prefix Details</th> <th colspan="2">Suffix Details</th> </tr> <tr> <th>Appl- table From</th> <th>Starting Particulars Number</th> <th>Appl- table From</th> <th>Particulars</th> <th>Appl- table From</th> <th>Particulars</th> </tr> </thead> <tbody> <tr> <td>T ... 1 more</td> <td></td> <td>T ... 1 more</td> <td></td> <td>T ... 1 more</td> <td></td> </tr> </tbody> </table>						Restart Numbering		Prefix Details		Suffix Details		Appl- table From	Starting Particulars Number	Appl- table From	Particulars	Appl- table From	Particulars	T ... 1 more		T ... 1 more		T ... 1 more	
Restart Numbering		Prefix Details		Suffix Details																			
Appl- table From	Starting Particulars Number	Appl- table From	Particulars	Appl- table From	Particulars																		
T ... 1 more		T ... 1 more		T ... 1 more																			
Accept ? Yes or No																							

Figure 3.13 Voucher Type Creation – Manufacturing Journal

6. Press **Y** or **Enter** to Accept the screen.

b. Creation of Transfer Journal for transfer of stock between Godowns

Voucher classes are available when stock journals are not used as manufacturing journals (manufacturing journals do not have voucher class as of now). The options available for classes are as follows.

- Use class for inter Godown transfers.
- Use class for Job Costing consumption.

Create a Transfer journal under Stock Journal which is used for inter-godown transfers.

Go to **Gateway of Tally > Inventory Info. > Voucher Types > Create** to view the Voucher Type Creation screen

1. **Name:** Transfer Journal

2. **Type of Journal:** Stock Journal

3. **Abbr.:** Transfer

4. **Accept** the other fields as shown in Figure 3.15

5. Ensure **Use as a Manufacturing Journal** is set to **No**.

6. **Name of Class:** Type Class name as **Transfer**

Note: Create this class to record the inter-godown transfers.

7. Press **Enter** and set **Use Class for Inter-Godown Transfers** to **Yes**.

Class : **Transfer**

Use Class for Inter-Godown Transfers ? **Yes**

Figure 3.14 Transfer Class

Note: Retain the other default fields.

Voucher Type Creation		Perfect Computers		Ctrl + M	
Name : Transfer Journal Type of Voucher : Stock Journal Abbr. : Transfer					
Method of Voucher Numbering? Automatic					
Starting Number ? 1 Width of Numerical Part : 0		Prefill with ZERO ? No			
Use Common Narration? Yes Print after saving Voucher? No Use EFFECTIVE Dates for Vouchers? No Make 'Optional' as default? No		Narrations for each entry ? No			
Use as a Manufacturing Journal? No					
Name of Class : Transfer					
Restart Numbering		Prefix Details		Suffix Details	
Appl- table From	Starting Particulars Number	Appl- table From	Particulars	Appl- table From	Particulars
I ... 1 more		I ... 1 more		I ... 1 more	
Accept ? Yes or No					

Figure 3.15 Voucher Type Creation Transfer Journal

8. Press **Y** or **Enter** to Accept the screen.

c. Creation of Stock Journal for Consumption

Create a New Stock Journal to be used for Consumption.

Go to **Gateway of Tally > Inventory Info > Voucher Types > Create** to view the Voucher Type Creation screen.

1. **Name: Consumption Journal**

2. **Type of Journal: Stock Journal**

3. **Abbr.: Consumption**

4. **Accept** the other fields as shown in Figure 3.17

5. Ensure **Use as a Manufacturing Journal** is set to **No**.

6. **Name of Class:** Type **Consumption** as name of class.

7. Press **Enter** and set **Use Class for Inter-Godown Transfers** to **No** and set **Use Class for Job Costing Consumption** to **Yes**.

<u>Class : Consumption</u>	
Use Class for Inter-Godown Transfers	? No
Use Class for Job Costing Consumption	? Yes

Figure 3.16 Consumption Class

Note: Retain the other default fields.

Voucher Type Creation		Perfect Computers		Ctrl + M	
Name	: Consumption Journal				
Type of Voucher	: Stock Journal				
Abbr.	: Consumption				
Method of Voucher Numbering? Automatic					
Starting Number	? 1				
Width of Numerical Part	: 0	Prefill with ZERO ? No			
Use Common Narration?	Yes	Narrations for each entry ? No			
Print after saving Voucher?	No	Use as a Manufacturing Journal? No			
Use EFFECTIVE Dates for Vouchers?	No				
Make 'Optional' as default?	No				
Name of Class	: Consumption				
Restart Numbering		Prefix Details		Suffix Details	
Appl- table From	Starting Particulars Number	Appl- table From	Particulars	Appl- table From	Particulars
T ... 1 more		T ... 1 more		T ... 1 more	
Accept ? Yes or No					

Figure 3.17 Voucher Type Creation Consumption Journal

8. Press **Y** or **Enter** to Accept the screen.

3.3 Transactions and Reports

LIST OF TRANSACTIONS					
SL.NO	DATE	TRANSACTIONS			
3.3.1 Common Transactions for both the jobs					
1)	1-4-2005	On receipt of orders from Softech solutions, Perfect Computers plans to buy and store components required for the execution of jobs. It placed an order with Hitech Computers for the following items.			
		Stock Name	Quantity	Rate per Unit	Value
		Mother Boards	12	6000	72000
		HDD	12	2000	24000
		Mointors	22	5000	110000
		CPU	22	10000	220000
		Keyboard	27	1250	33750
		Mouse	27	500	13500
		Total Value			473250

i. Make an entry of the transaction in a Receipt Note

Go to **Gateway of Tally > Inventory Vouchers > Alt + F9** to view Receipt Note entry screen

1. Press **F2** to change voucher date. Type **1-4-2005**.

2. **Party's A/c Name:** Select **Hitech Computers** from **List of Ledgers Accounts**.

3. **Order Details:** Accept the default screen.

4. **Purchase Ledger:** Select **Purchases** from **List of Ledger Accounts**.

5.Select **Mother Boards** from **List of Items**.

6. **Item Allocation** screen displays. Enter the following details.

Tracking No	Godowns	Quantity	Rate	Amount
Select 1 from List of Tracking Numbers	Stores	12 Nos	6000	72000 automatically displays

Tracking Numbers: Many businesses deliver stock with a delivery note or a challan and the bill is raised later. There may be a situation where you raise a bill first and then deliver the goods against the bill raised or receive the goods later against a purchase bill. In either case it is important to ‘track’ the delivery or receipt of inventory against the bill. Tally has a facility called Tracking Numbers to achieve the same.

7. Ensure that the Item Allocation details for the other items are as follows.

Name of Item	Tracking No	Godown	Quantity	Rate	Amount
HDD	1	Stores	12 Nos	2000	24000
Monitors	1	Stores	22 Nos	5000	110000
CPU	1	Stores	22 Nos	10000	220000
Keyboard	1	Stores	27 Nos	1250	33750
Mouse	1	Stores	27 Nos	500	13500

8. The Receipt Note screen displays as shown

Inventory Voucher Creation		Perfect Computers		Ctrl + M
Receipt Note		No. 1		1-Apr-2005 Friday
Ref:				
Party's A/c Name : Hitech Computers				
Current Balance :				
Purchase Ledger : Purchases				
Name of Item	Quantity	Rate per	Amount	
Mother Boards	12 Nos	6,000.00 Nos	72,000.00	
HDD	12 Nos	2,000.00 Nos	24,000.00	
Monitors	22 Nos	5,000.00 Nos	1,10,000.00	
CPU	22 Nos	10,000.00 Nos	2,20,000.00	
Key Board	27 Nos	1,250.00 Nos	33,750.00	
Mouse	27 Nos	500.00 Nos	13,500.00	
			4,73,250.00	
↓ End of List				
Narration :				
			122 Nos	Accept ? Yes or No

Figure 3.18 Receipt Note – 1 April 2005

2) 2-4-2005 Purchase bill received from Hitech Computers for the supply booked.

i. Make an entry of the transaction in a Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9** to view Purchase entry voucher screen.

Note: Ensure that the Purchase Voucher is in Invoice mode.

1. Press **F2** to change voucher date. Type **2-4-2005**.

2. **Party's A/c Name:** **Hitech Computers**.

3. **Receipt Details:** Select **1** from the List of **Tracking Numbers** (Refer Note on **Tracking Numbers**).

4. Press **Enter** until **Bill-Wise Details for: Hitech Computers** displays. Enter the details as shown in the following table.

Type of Ref.	Name	Amount	Dr/Cr
New Ref	HC-1	473250	Cr

Accounting Voucher Creation		Perfect Computers		Ctrl + M
Purchase	No. 1			2-Apr-2005
Ref:				Saturday
Party's Alc Name : Hitech Computers				
Current Balance : 4,73,250.00 Cr				
Name of Item	Quantity	Rate per	Amount	
Mother Boards	12 Nos	6,000.00 Nos	72,000.00	
HDD	12 Nos	2,000.00 Nos	24,000.00	
Monitors	22 Nos	5,000.00 Nos	1,10,000.00	
CPU	22 Nos	10,000.00 Nos	2,20,000.00	
Key Board	27 Nos	1,250.00 Nos	33,750.00	
Mouse	27 Nos	500.00 Nos	13,500.00	
			4,73,250.00	
J End of List				
Narration :		122 Nos		Accept ?
				Yes or No

Figure 3.19 Purchase Voucher – 2 April 2005

5. Press **Y** or **Enter** to Accept the screen.

Go to **Gateway of Tally > Display > Statements of Inventory > Godowns > Primary > Alt+F1** to view the Godown summary of stocks.

Godown Summary		Perfect Computers		Ctrl + M
Particulars		Perfect Computers 1-Apr-2005 to 2-Apr-2005		
		Closing Balance		
		Quantity	Rate	Value
Stores		122 Nos	3,879.10	4,73,250.00
CPU		22 Nos	10,000.00	2,20,000.00
HDD		12 Nos	2,000.00	24,000.00
Key Board		27 Nos	1,250.00	33,750.00
Monitors		22 Nos	5,000.00	1,10,000.00
Mother Boards		12 Nos	6,000.00	72,000.00
Mouse		27 Nos	500.00	13,500.00
Grand Total		122 Nos		4,73,250.00

Figure 3.20 Godown Summary

Transactions to be entered henceforth are specific to jobs.

3.3.2 Reports for Job Costing Introduction

Reports for job work analysis are generated

- where service is output.
- where product is output.
- where a comparative analysis of jobs is required.

For illustrative purposes, the reports of only completed jobs are viewed. However, job work analysis can be viewed at any stage of the job.

Go to **Gateway of Tally > Display > Statement of Accounts > Cost Centres > Job Work Analysis**

Select the Job to view the Job Work Analysis report.

Note: View the report at the end of each transaction to understand how the transactions affect Job Costing.

3.3.3 Recording of transactions for Upgrading Old Systems Job

3) 3-4-2005 Perfect Computers has employed Ramesh and Suresh for the upgrading jobs. The following components are issued to them on 3-4-2005 for the upgrading job.

Details of Stock issued to **Ramesh**.

Name of Item	Godown	Quantity	Rate	Value
Mother Boards	Stores	6	6000	36000
HDD	Stores	6	2000	12000
Total				48000

Details of Stock issued to **Suresh**.

Name of Item	Godown	Quantity	Rate	Value
Mother Boards	Stores	6	6000	36000
HDD	Stores	6	2000	12000
Total				48000

i. Make an entry of the transaction in a Transfer Journal

Go to **Gateway of Tally > Inventory Vouchers > Alt + F7** to view the **Voucher Type** screen.

1. Ensure the **Voucher Type** screen displays as shown.

Voucher Type

Name : **Transfer Journal**

Class : XXXXXXXXXX

Class Table

↓ Not Applicable

Transfer

Figure 3.21 Voucher Type – Transfer Journal

2. Press **F2** to change voucher date. Type **3-4-2005**

3. **Destination Godown: Ramesh**

4. Enter the following details.

Name of Item	Godown	Quantity	Rate	Value
Mother Boards	Stores	6	6000	36000
HDD	Stores	6	2000	12000

Note: Rate and Amount are automatically displayed.

Inventory Voucher Creation		Perfect Computers		Ctrl + M
Transfer Journal No. 1	Voucher Class : Transfer		3-Apr-2005 Sunday	
Transfer of Materials (Inter-Godown)				
Destination Godown : Ramesh				
Name of Item	Godown	Quantity	Rate	Amount
Mother Boards	Stores	6 Nos	6,000.00/Nos	36,000.00
HDD	Stores	6 Nos	2,000.00/Nos	12,000.00
			12 Nos	48,000.00
Narration :				Accept ? Yes or No

Figure 3.22 Transfer Journal – 3 April 2005

5. Press **Y** or **Enter** to Accept the screen.

ii. Similarly, make an entry in a Transfer Journal selecting **Suresh** as the Destination Godown and ensure that the date is 3-4-2005.

4)

5-4-2005

Consumption of materials

When materials are consumed for jobs, an entry must be passed for materials consumed at each logical Godown.

Ramesh and Suresh found that eight systems needed replacement of Mother Boards and HDD. Their respective consumption has to be recorded as a job cost.

Name of the Item	Godown	Quantity	Rate	Value
Mother Boards	Ramesh	4	6000	24000
Mother Boards	Suresh	4	6000	24000
HDD	Ramesh	4	2000	8000
HDD	Suresh	4	2000	8000
Total				64000

i. Make an entry of the transaction in a Consumption Journal

Go to **Gateway of Tally > Inventory Vouchers > Alt + F7** to view the Voucher Type screen.

1. Select **Consumption Journal** as **Voucher Type**

2. Select **Consumption** as **Voucher Class**

3. Ensure that the screen displays as shown.

Inventory Voucher Creation				Perfect Computers				Ctrl + M	
Consumption Journal		No. 1		Voucher Class : Consumption				5-Apr-2005 Tuesday	
<u>Transfer of Materials</u>									
Source (Consumption)				Destination (Production)					
Name of Item	Godown	Quantity	Rate	Amount	Name of Item	Godown	Quantity	Rate	Amount
Mother Boards	Ramesh	4 Nos	6,000.00/Nos	24,000.00	J End of List				
Mother Boards	Suresh	4 Nos	6,000.00/Nos	24,000.00					
HDD	Ramesh	4 Nos	2,000.00/Nos	8,000.00					
HDD	Suresh	4 Nos	2,000.00/Nos	8,000.00					
				16 Nos	64,000.00				
Narration :									

Figure 3.23 Consumption Journal – 5 April 2005

4. Press **Y** or **Enter** to Accept the screen.

Note: After recording the above entry, the stock available in the Dedicated Godowns comes down. The value is considered for consumption of materials for the job during job work analysis.

A Manufacturing Journal can also be used to obtain the same result, the difference being voucher class cannot be used and the journal should not have any output produced.

5)	6-4-2005	Both direct and indirect expenses can be recorded through accounting vouchers by assigning them to job cost centres. Perfect Computers made cash payment of Rs.62500 as Service Charges and Rs.25000 as Travel Expenses, collectively to Ramesh and Suresh on 6-4-2005. The costs were assigned to Softech Upgrading Job.
----	----------	--

- | Cost Allocations for : Service Charges
Upto : Rs. 62,500.00 Dr | |
|---|------------------|
| Name of Cost Centre | Amount |
| Softech Upgrading Job | 62,500.00 |
| | <u>62,500.00</u> |

4. Select **Travel Expenses** from **List of Ledger Accounts**, enter **25000** in the **Amount** field and press **Enter** to view the **Cost Allocations** screen.
5. Select **Softech Upgrading Job** from **List of Cost Centres**.
6. Press **Y** or **Enter** to Accept the screen.

Go to **Gateway of Tally > Display > Statement of Inventory > Godowns > Primary > Alt+F1** to view the Godown summary of the stocks.

Godown Summary		Perfect Computers		Ctrl + M
Particulars		Perfect Computers 1-Apr-2005 to 6-Apr-2005		
		Closing Balance		
		Quantity	Rate	Value
Ramesh		4 Nos	4,000.00	16,000.00
HDD		2 Nos	2,000.00	4,000.00
Mother Boards		2 Nos	6,000.00	12,000.00
Stores		98 Nos	3,849.49	3,77,250.00
CPU		22 Nos	10,000.00	2,20,000.00
HDD				
Key Board		27 Nos	1,250.00	33,750.00
Monitors		22 Nos	5,000.00	1,10,000.00
Mother Boards				
Mouse		27 Nos	500.00	13,500.00
Suresh		4 Nos	4,000.00	16,000.00
HDD		2 Nos	2,000.00	4,000.00
Mother Boards		2 Nos	6,000.00	12,000.00
Grand Total		106 Nos		4,09,250.00

Figure 3.25 Godown Summary

6)	6-4-2005	Ramesh and Suresh successfully completed the upgrading job at Softech Solutions. Perfect Computers raises an invoice on 6-4-2005 for the upgrading job.
----	----------	---

i. Make an entry of the transaction in a Sales Voucher as Accounts Invoice

- Party's A/c Name: Softech Solutions**
- Despatch Details:** Accept the default screen.
- Select **Sales** from **List of Ledger Accounts**, enter **187500** in the **Amount** field and press **Enter** once to view Cost Allocations for: Sales screen.
- Select **Softech Upgrading Job** from **List of Cost Centres**.
- Press **Enter** thrice to view the Bill-Wise Details screen.
- Ensure that the Bill-Wise Details for: Softech Solutions is as shown.

Type of Ref	Name	Due Date, or Credit Days	Amount	Dr/Cr
New Ref	STS -1	-----	187500	Dr.

7. Press **Y** or **Enter** to Accept the screen.

7)	6-4-2005	As the job is done, Ramesh and Suresh returned the remaining components on 6-4-2005 to the stores.		
Name of the Item	Godown	Quantity	Rate	Amount
Mother Boards	Ramesh	2	6000	12000
HDD	Ramesh	2	2000	4000
Mother Boards	Suresh	2	6000	12000
HDD	Suresh	2	2000	4000
Total value of components returned				32000

i. Make an entry of the transaction in a Stock Journal

Note: Ensure that the Voucher Type is Transfer Journal and Voucher Class is Transfer.

1. Enter the details as shown.

Inventory Voucher Creation		Perfect Computers		Ctrl + M
Transfer Journal No. 3	Voucher Class : Transfer		6-Apr-2005 Wednesday	
Transfer of Materials (Inter-Godown)				
Destination Godown : Stores				
Name of Item	Godown	Quantity	Rate	Amount
Mother Boards	Ramesh	2 Nos	6,000.00/Nos	12,000.00
HDD	Ramesh	2 Nos	2,000.00/Nos	4,000.00
Mother Boards	Suresh	2 Nos	6,000.00/Nos	12,000.00
HDD	Suresh	2 Nos	2,000.00/Nos	4,000.00
		8 Nos		32,000.00
Narration :				Accept ? Yes or No

Figure 3.26 Transfer Journal – 6 April 2005

2. Press **Y** or **Enter** to Accept the screen.

After recording the above transaction, stock value will not change but will be represented from the transferred Godowns. In job work analysis the stock available at the Dedicated Godowns will get reduced, but there will not be any change in the consumption of material for the job.

Go to **Gateway of Tally > Display > Statements of Inventory > Godowns > Primary > Alt+F1** to view the Godown summary of the stocks.

Godown Summary		Perfect Computers		Ctrl + M
Particulars	Perfect Computers 1-Apr-2005 to 6-Apr-2005			
	Quantity	Rate	Value	
Ramesh				
HDD				
Mother Boards				
Stores	106 Nos	3,860.85	4,09,250.00	
CPU	22 Nos	10,000.00	2,20,000.00	
HDD	4 Nos	2,000.00	8,000.00	
Key Board	27 Nos	1,250.00	33,750.00	
Monitors	22 Nos	5,000.00	1,10,000.00	
Mother Boards	4 Nos	6,000.00	24,000.00	
Mouse	27 Nos	500.00	13,500.00	
Suresh				
HDD				
Mother Boards				
Grand Total	106 Nos		4,09,250.00	

Figure 3.27 Godown Summary at the end of Upgrading Job

3.3.4 Job Work Analysis where Service is Output

Job Work Analysis for Softech Upgrading Job

Go to **Gateway of Tally > Display > Statement of Accounts > Cost Centres > Job Work Analysis > Softech Upgrading Job**

Job Work Analysis	Perfect Computers	Ctrl + M
Particulars	Softech Upgrading Job Perfect Computers 1-Apr-2005 to 6-Apr-2005	
<u>Revenue (Income) :</u>		
Sales Accounts		1,87,500.00
Sales	<u>1,87,500.00</u>	1,87,500.00
<u>Cost (Expenses) :</u>		
Consumption		64,000.00
Opening Stock		
Add: Inwards	96,000.00	
Less: Other Transfers	32,000.00	
Less: Closing Stock		
Direct Expenses		62,500.00
Service Charges	<u>62,500.00</u>	
Indirect Expenses		25,000.00
Travel Expenses	<u>25,000.00</u>	
		1,51,500.00
Nett Profit :		<u>36,000.00</u>

Figure 3.28 Job Work Analysis – Softech Upgrading Job

Material consumption summary is a report which shows the total material consumed at the Dedicated Godowns for the job. From the job work analysis report, place the cursor on the consumption report and press **Enter**.

Material Consumption Summary		Perfect Computers		Ctrl + M	
Particulars	<i>Softech Upgrading Job</i> <i>Perfect Computers</i> <i>1-Apr-2005 to 6-Apr-2005</i>				
	Opening Value	Inward Value	Consumption	Other Transfers	Closing Value
Ramesh		48,000.00	32,000.00	16,000.00	
Suresh		48,000.00	32,000.00	16,000.00	
Grand Total		96,000.00	64,000.00	32,000.00	

Figure 3.29 Material Consumption Summary

3.3.6 Godown Summary

The Godown summary can be viewed by choosing the particular Godown.

Godown Summary		Perfect Computers			Ctrl + M		
Particulars	Job / Project: Softech Upgrading Job Suresh Perfect Computers 1-Apr-2005 to 6-Apr-2005						
	Consumption			Other Transfers			
	Quantity	Rate	Value	Quantity	Rate	Value	
HDD	4 Nos	2,000.00	8,000.00	2 Nos	2,000.00	4,000.00	
Mother Boards	4 Nos	6,000.00	24,000.00	2 Nos	6,000.00	12,000.00	
						</	

Figure 3.30 Godown Summary – Suresh

Note: The Godown Summary, viewed through the Menu, displays all Godowns whereas the Godown Summary, viewed by drilling down from job work analysis report, displays only godowns specific to the job.

3.3.7 Recording of transactions for New Systems Job1

- 8) 7-4-2005 The following components are issued to Mahesh from the stores on 7-4-2005 for new systems configuration job of Softech Solutions.
Details of Stock issued to **Mahesh**.

Name of the Item	Godown	Quantity	Rate	Value
CPU	Stores	15	10000	150000
Monitors	Stores	15	5000	75000
Keyboard	Stores	15	1250	18750
Mouse	Stores	15	500	7500
Total				251250

i. Make an entry of the transaction in a Stock Journal

Note: Ensure that the Voucher Type is Transfer Journal and Voucher Class is Transfer.

1. **Designation Godown: Mahesh**

2. Ensure the entry is as shown in the following table.

Name of the Item	Godown	Quantity	Rate	Value
CPU	Stores	15	10000	150000
Monitors	Stores	15	5000	75000
Keyboard	Stores	15	1250	18750
Mouse	Stores	15	500	7500
Total				251250

9)	8-4-2005	Manufacturing of finished product Using the above components, Mahesh produced 15 computer systems on 8-4-2005. When components are converted into finished computer systems for the job, a manufacturing entry must be passed. Once the entry is passed, ❑ Components get reduced and finished computer systems are added in the respective dedicated Godowns. ❑ Aggregate of consumed components value for each Godown will be taken for consumption value for job work analysis. ❑ Finished computer systems value will be considered as inward.
----	----------	--

i. Make an entry of the transaction in a Manufacturing Journal

Go to **Gateway of Tally > Inventory Vouchers > Alt + F7** to view the Voucher Type screen.

1. Select **Voucher Type** as **Manufacturing Journal**

2. Enter the details as shown.

Inventory Voucher Creation				Perfect Computers		Ctrl + M	
Manufacturing Journal No. 1				8-Apr-2005 Friday			
Manufacture of Materials							
Name of Product : Computers				Godown: Mahesh		Qty : 15 Nos	
Components (Consumption)				Cost of Components :		16,750.00Nos 2,51,250.00	
Name of Item	Godown	Quantity	Rate	Amount	Type of Addl. Cost	%-age	
CPU	Mahesh	15 Nos	10,000.00/Nos	1,50,000.00	Service Charges		62,500.00
					Travel Expenses		25,000.00
Monitors	Mahesh	15 Nos	5,000.00/Nos	75,000.00			
Key Board	Mahesh	15 Nos	1,250.00/Nos	18,750.00			
Mouse	Mahesh	15 Nos	500.00/Nos	7,500.00			
				Total Addl. cost	:		8,750.00
				Effective Cost	:		
				Effective Rate	:		
				60 Nos			2,51,250.00
Narration :							

Figure 3.31 Manufacturing Stock Journal – 8 April 2005

3. Press **Y** or **Enter** to Accept the screen.

Additional costs can be added to finished goods as they will not affect the consumption value of the job, but only closing stock value for inventory valuation.

As Service Charges and Travelling Expenses are expected to be incurred in the production of the required (15) computer systems, the same can be added to the stock valuation of the computers.

Go to **Gateway of Tally > Display > Statements of Inventory > Godowns > Primary > Alt+F1** to view the Godown summary of the stocks.

Godown Summary		Perfect Computers		Ctrl + M
Particulars		Perfect Computers 1-Apr-2005 to 8-Apr-2005		
		Closing Balance		
		Quantity	Rate	Value
Mahesh		15 Nos	22,583.33	3,38,750.00
Computers		15 Nos	22,583.33	3,38,750.00
CPU				
Key Board				
Monitors				
Mouse				
Ramesh				
HDD				
Mother Boards				
Stores		46 Nos	3,434.78	1,58,000.00
CPU		7 Nos	10,000.00	70,000.00
HDD		4 Nos	2,000.00	8,000.00
Key Board		12 Nos	1,250.00	15,000.00
Monitors		7 Nos	5,000.00	35,000.00
Mother Boards		4 Nos	6,000.00	24,000.00
Mouse		12 Nos	500.00	6,000.00
Suresh				
HDD				
Mother Boards				
Grand Total		61 Nos		4,96,750.00

Figure 3.32 Godown Summary after manufacturing of systems

10)	8-4-2005	Perfect Computers paid Mahesh Service charges of Rs. 62500 and Travel Expenses of Rs. 25000.
i. Make an entry of the transaction in a Payment Voucher		
1. Account: Cash		
2. Service Charges → 62500 and press Enter once to view Cost Allocation for: Service Charges screen.		
3. Select Softech New Systems Job from List of Cost Centres and press Enter once.		
4. Travel Expenses → 25000 and press Enter once to view Cost Allocation for: Travel Expenses screen.		
5. Select Softech New Systems Job from List of Cost Centres .		
6. Press Y or Enter to Accept the screen.		
11)	8-4-2005	Mahesh delivered 15 new systems to Softech Solutions. The agreed price is Rs. 25000 per system.

i. Make an entry of the transaction in a Delivery Note

Go to **Gateway of Tally > Inventory Vouchers > Alt + F8** to view the Delivery Note.

1. **Party's A/c Name: Softech Solutions**

2. **Order Details:** Accept the default screen.

3. **Sales Ledger: Sales**

4. Select **Computers** from **List of Items** and press **Enter** once to view the Item Allocation for: Computers screen.

5. Select **Tracking No: 1** and Accept the Item Allocation screen.

Ensure that the Item Allocation for: Computers is as shown.

Godown	Quantity	Rate	Amount
Mahesh	15Nos	25000	375000

6. Press **Y** or **Enter** to Accept the Delivery Note.

12)	8-4-2005	Perfect omputers raises a sales invoice of Rs. 375000 at the rate of Rs. 25000 per system for15 New systems delivered by Mahesh.
-----	----------	--

i. Make an entry of the transaction in a sales item invoice

1. **Party's A/c Name: Softech Solutions**

2. **Despatch Details:** Select **Delivery Note No 1** and Accept the default Despatch Details screen.

3. **Sales Ledger: Sales**

4. Accept the default sales screen.

Go to **Gateway of Tally > Display > Statements of Inventory > Godown > Primary > Alt+F1** to view the Godown summary of the stock.

Godown Summary		Perfect Computers		Ctrl + M
Particulars	Perfect Computers 1-Apr-2005 to 8-Apr-2005			
	Quantity	Rate	Value	
Maresh				
Computers				
CPU				
Key Board				
Monitors				
Mouse				
Ramesh				
HDD				
Mother Boards				
Stores	46 Nos	3,434.78	1,58,000.00	
CPU	7 Nos	10,000.00	70,000.00	
HDD	4 Nos	2,000.00	8,000.00	
Key Board	12 Nos	1,250.00	15,000.00	
Monitors	7 Nos	5,000.00	35,000.00	
Mother Boards	4 Nos	6,000.00	24,000.00	
Mouse	12 Nos	500.00	6,000.00	
Suresh				
HDD				
Mother Boards				
Grand Total	46 Nos		1,58,000.00	

Figure 3.33 Godown Summary after completion of New Systems Job

3.3.8 Job Work Analysis where Product is Output

Job Work Analysis can be viewed for jobs resulting in deliverable products in the same way as for jobs resulting in deliverable services.

Go to **Gateway of Tally > Display > Statement of Accounts > Cost Centres > Job Work Analysis > Softech New Systems Job**

Job Work Analysis		Perfect Computers	Ctrl + M
Particulars		Softech New Systems Job Perfect Computers 1-Apr-2005 to 8-Apr-2005	
Revenue (Income) :			
Sales Accounts			3,75,000.00
Sales		<u>3,75,000.00</u>	
			3,75,000.00
Cost (Expenses) :			
Consumption			2,51,250.00
Opening Stock		5,90,000.00	
Add: Inwards		3,75,000.00	
Less: Other Transfers			
Less: Closing Stock			
Direct Expenses			62,500.00
Service Charges		<u>62,500.00</u>	
Indirect Expenses			25,000.00
Travel Expenses		<u>25,000.00</u>	
			3,38,750.00
Nett Profit :			36,250.00

Figure 3.34 Job Work Analysis – Softech New Systems Job

By drilling down the report, Material Consumption Summary and Godown Summary can be viewed in a similar way as done for the Softech Upgrading Job.

3.3.9 Comparative analysis of jobs

Perfect Computers would like to compare the total jobs executed by them to Softech Solutions.

Go to **Gateway of Tally > Display > Statement of Accounts > Cost Centres > Job Work Analysis > Softech Upgrading Job > Select New Column** from the **Buttons** bar and Select **Softech New Systems Job**

Select any number of Jobs as required. For a combined performance of all jobs set **Show Total Column** in **F12: Configuration** screen to **Yes**.

Press **F12: Configure**. Make the settings as shown.

Configuration	
Format	: Detailed
Show Percentages	? No
Show Total Column	? Yes
Appearance of Names	: Name Only
Scale Factor for Values	: Default

Figure 3.35 Configuration

Accept the Configuration screen to view the summary of Jobs Performed for Softech Solutions.

Job Work Analysis		Perfect Computers		Ctrl + M
Particulars	Total	Softech Upgrading Job Perfect Computers 1-Apr-2005 to 8-Apr-2005	Softech New Systems Job Perfect Computers 1-Apr-2005 to 8-Apr-2005	
Revenue (Income) :				
Sales Accounts	5,62,500.00	1,87,500.00	3,75,000.00	
<i>Sales</i>	<u>5,62,500.00</u>	<u>1,87,500.00</u>	<u>3,75,000.00</u>	
	5,62,500.00	1,87,500.00	3,75,000.00	
Cost (Expenses) :				
Consumption	3,15,250.00	64,000.00	2,51,250.00	
Opening Stock				
Add: Inwards	6,07,250.00	96,000.00	5,90,000.00	
Less: Other Transfers	4,07,000.00	32,000.00	3,75,000.00	
Less: Closing Stock				
Direct Expenses	1,25,000.00	62,500.00	62,500.00	
<i>Service Charges</i>	<u>1,25,000.00</u>	<u>62,500.00</u>	<u>62,500.00</u>	
Indirect Expenses	50,000.00	25,000.00	25,000.00	
<i>Travel Expenses</i>	<u>50,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	
	4,90,250.00	1,51,500.00	3,38,750.00	
Nett Profit :	72,250.00	36,000.00	36,250.00	

Figure 3.36 Summary of Jobs Performed for Softech Solutions

Summary

On completion of this lesson, you should be able to

- Enable and capture job costing details in Tally.
- Record consumption of materials for jobs.
- Generate Job report for each job carried out in multiple godowns.
- Compare and analyse jobs.

Lesson 4: Payroll

Lesson Objectives

On completion of this lesson, you will be able to

- ❑ Create employee master configuration.
- ❑ Record statistical data like attendance and overtime.
- ❑ Generate payment of salary through Bank advice.
- ❑ Generate various other reports required by the management.

Introduction

Payroll involves maintaining records of the employees' salary under pay heads, statutory and non-statutory deductions, attendance/absence records, pay cheques and taxes (if any).

The payroll function helps to prepare an organisation's payroll in accordance with the latest pay structure and ensure that the employment is well within the valid work permit. It facilitates accurate and timely employee payments, after considering all statutory and non-statutory deductions in conformance with terms of employment, company policy and law of the land.

4.1 Payroll function in Tally

The key features of the Payroll function of Tally are as follows.

- ❑ Integration with accounts.
- ❑ User-defined pay components.
- ❑ A flexible user definable criterion for simple and complex calculations.
- ❑ Unlimited grouping facility of employees.
- ❑ Unlimited attendance records based on user defined units like days, weeks or units produced and so on.
- ❑ Employee-wise cost reports.
- ❑ Statutory compliance.
- ❑ Auto fill options for attendance, payroll and salary payment voucher.

Consider the following example. Bharath Consultancy is a company formed on 1-4-2005 whose financial year is the calendar year. The company offers software consultancy and has two departments, namely Sales and Administration.

The company considers the following scenarios.

- ❑ Creation of a pay structure for a department.
- ❑ Creation of employee masters in Tally, including those covered under Work Permit.
- ❑ Appointment of an employee in the middle of a month.
- ❑ Revision of pay.
- ❑ Resignation of an employee.
- ❑ Generation of various reports.

Create a company in Tally version 7.2 Release 2.1

Go to **Gateway of Tally > Company Info > Create Company**

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

Company Creation		Ctrl + M
Directory :	C:\Tally \Data	
Name :		
Mailing Name :		
Address :		
State :		
PIN Code :		
E-Mail Address :		
Use Indian VAT :	? No	
VAT TIN :		
Local Sales Tax Number :		
Inter-state Sales Tax Number :		
Income-Tax Number :		
Currency Symbol :	Rs.	
Maintain :	Accounts with Inventory	
Financial Year from :	1-4-2005	
Books beginning from :	1-4-2005	
TallyVault Password (If any) :	(WARNING: forgetting your TallyVault password will render your data unusable!)	
Use Security Control :	No	
Base Currency Information		
Base Currency Symbol :	Rs.	
Formal Name :	Indian Rupees	
Number of Decimal Places :	2	
Is Symbol SUFFIXED to Amounts? :	No	
Symbol for Decimal Portion :	paise	
Show Amounts in Millions :	? No	
Put a SPACE between Amounts and Symbol? :	Yes	
Decimal Places for Printing Amounts in Words :	2	

Figure 4.1 Company Creation screen

COMPANY CREATION – BHARATH CONSULTANCY	
FIELD	DATA TO BE ENTERED
Directory	Enter the path in which you want to save the company.
Name	Bharath Consultancy
Mailing Name	Bharath Consultancy
Address	Level 10, Commerce@Mantri, Bannerghatta Road, Bangalore India
State	Karnataka
PIN Code	560001
E-Mail Address	accounts@bharath.com
Use Indian VAT?	No
VAT TIN	Skips field
Local Sales Tax Number	963521500
Inter-States Sales Tax Number	8563416
Income-Tax Number	ACGJ569596
Currency Symbol	Skips field
Maintain	Accounts with Inventory
Note: Payroll function can also be used by companies using the Accounts only option.	
Financial year from	1-4-2005
Books beginning from	1-4-2005
Tally/Vault Password (if any)	Skips field
Use security control	No

BASE CURRENCY INFORMATION	
FIELD	DESCRIPTION
Base Currency symbol	Pre-set as a default currency - Rs.
Formal Name	Complete name for the currency symbol. By default, this is set to Indian Rupees.
Number of decimal places	By default, this is set to 2.

Show amounts in millions?	Tally caters to currencies where the different parts of large amounts are called by special names. By default, this is set to No .
Is symbol suffixed to amounts?	By default, this is set to No . For example, In India, the 'Rs' symbol is placed in front of amounts.
Put a space between amounts and symbol?	By default, this is set to Yes .
Symbol for Decimal Portion	By default, this is Paise.
Decimal Places for Printing Amounts in Words	By default, this is set to 2.

2. The completed Company Creation screen displays as shown.

Company Creation		Ctrl + M
Directory	: C:\Tally\Data	
N a m e	: Bharath Consultancy	
Mailing Name	: Bharath Consultancy	
Address	: Level 10, Commerce@Mantri, Bannerghatta Road Bangalore India	
State	: Karnataka	
PIN Code	: 560001	
E-Mail Address	: accounts@bharath.com	
Use Indian VAT	? No	
VAT TIN	:	
Local Sales Tax Number	: 963521500	
Inter-state Sales Tax Number	: 8563416	
Income-Tax Number	: ACGJ569596	
Currency Symbol	: Rs.	
Maintain	: Accounts with Inventory	
Financial Year from	: 1-4-2005	
Books beginning from	: 1-4-2005	
TallyVault Password (If any):	(WARNING: forgetting your TallyVault password will render your data unusable!)	
Use Security Control	: No	
Base Currency Information		
Base Currency Symbol	: Rs.	
Formal Name	: Indian Rupees	
Number of Decimal Places	: 2	
Is Symbol SUFFIXED to Amounts?	: No	
Symbol for Decimal Portion	: paise	
Show Amounts in Millions Put a SPACE between Amounts Decimal Places for Printing Amounts		Accept ? Yes OR No

Figure 4.2 Company Creation screen Completed

3. Accept the screen.

4.2 F11: Features

In **F11: Features**, set the following to **Yes**.

- ❑ Maintain Payroll.
- ❑ More than one Payroll/Cost Category.

The completed Company Features screen displays as shown.

Company Operations Alteration																									
Company : Bharath Consultancy																									
Integrate Accounts and Inventory ? Yes	Maintain Budgets and Controls ? No																								
Allow Multi-Currency ? No	Allow 0 valued entries in Vouchers ? No																								
Allow Invoicing ? Yes	Allow Purchase Order Processing ? No																								
Enter Purchases in Invoice Format ? Yes	Allow Sales Order Processing ? No																								
Separate Discount column on Invoices ? No	Enable TDS ? No																								
Enable Service Tax ? No																									
<table border="0"> <tr> <th>Accounting Features</th> <th>Inventory Features</th> </tr> <tr> <td>Maintain Billwise Details (for Non-Trading A/cs also) ? Yes</td> <td>Maintain Stock Categories ? No</td> </tr> <tr> <td>Maintain Payroll ? Yes</td> <td>Maintain Batch-wise Details (set Expiry Dates for Batches) ? No</td> </tr> <tr> <td>Maintain Cost Centres ? No</td> <td>Maintain Multiple Godowns ? No</td> </tr> <tr> <td>Use Cost Centre for Job Costing ? No</td> <td>Use Tracking Numbers ? No</td> </tr> <tr> <td>More than ONE Payroll / Cost Category ? Yes</td> <td>Use Rejection Notes ? No</td> </tr> <tr> <td>Use Rev. Journals & Optional Vouchers ? No</td> <td>Use different Actual & Billed Qty ? No</td> </tr> <tr> <td>Use Debit/Credit Notes ? No</td> <td>Track additional costs of Purchase ? No</td> </tr> <tr> <td>Use Invoice mode for Credit Notes ? No</td> <td></td> </tr> <tr> <td>Use Invoice mode for Debit Notes ? No</td> <td></td> </tr> <tr> <td>Activate Interest Calculation (use advanced parameters) ? No</td> <td></td> </tr> <tr> <td>Income/Expense Stmt instead of P & L ? No</td> <td></td> </tr> </table>		Accounting Features	Inventory Features	Maintain Billwise Details (for Non-Trading A/cs also) ? Yes	Maintain Stock Categories ? No	Maintain Payroll ? Yes	Maintain Batch-wise Details (set Expiry Dates for Batches) ? No	Maintain Cost Centres ? No	Maintain Multiple Godowns ? No	Use Cost Centre for Job Costing ? No	Use Tracking Numbers ? No	More than ONE Payroll / Cost Category ? Yes	Use Rejection Notes ? No	Use Rev. Journals & Optional Vouchers ? No	Use different Actual & Billed Qty ? No	Use Debit/Credit Notes ? No	Track additional costs of Purchase ? No	Use Invoice mode for Credit Notes ? No		Use Invoice mode for Debit Notes ? No		Activate Interest Calculation (use advanced parameters) ? No		Income/Expense Stmt instead of P & L ? No	
Accounting Features	Inventory Features																								
Maintain Billwise Details (for Non-Trading A/cs also) ? Yes	Maintain Stock Categories ? No																								
Maintain Payroll ? Yes	Maintain Batch-wise Details (set Expiry Dates for Batches) ? No																								
Maintain Cost Centres ? No	Maintain Multiple Godowns ? No																								
Use Cost Centre for Job Costing ? No	Use Tracking Numbers ? No																								
More than ONE Payroll / Cost Category ? Yes	Use Rejection Notes ? No																								
Use Rev. Journals & Optional Vouchers ? No	Use different Actual & Billed Qty ? No																								
Use Debit/Credit Notes ? No	Track additional costs of Purchase ? No																								
Use Invoice mode for Credit Notes ? No																									
Use Invoice mode for Debit Notes ? No																									
Activate Interest Calculation (use advanced parameters) ? No																									
Income/Expense Stmt instead of P & L ? No																									
Accept ? Yes or No																									
Set/Modify other Company Features ? No																									

Figure 4.3 F11: Features Company Operations Alterations

4.3 F12: Configure

Configuration settings affect all companies maintained in the same data directory.

Go to **Gateway of Tally > F12:Configuration > Payroll Configuration**

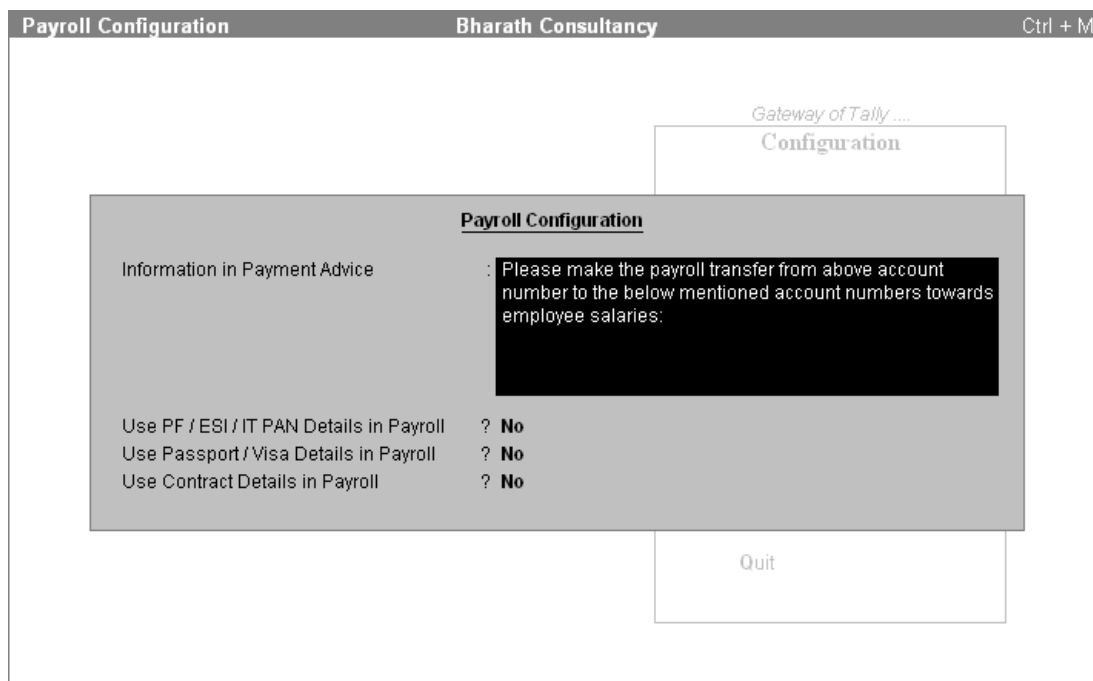


Figure 4.4 Payroll Configuration

FIELD	DESCRIPTION
Information in Payment Advice	It contains text which appears on the bank advice for salary transfer instruction.
Use PF/ESI/IT PAN Details in Payroll?	Set this field to Yes .
Use Passport/Visa Details in Payroll?	Set this field to Yes .
Use Contract Details in Payroll?	Set this field to Yes .

The configuration settings available in payroll reports and salary payments are discussed in the section on **Reports and Transactions**.

4.4 Master Configuration

The following masters are required to capture and generate payroll information.

- ❑ Necessary ledgers required for Pay heads, Salary payable account and Bank account.
- ❑ Units required to record absenteeism and Over Time. Units can be defined in Time, or other dimensions like Units Produced in the case of Piece rate.
- ❑ Attendance or Production Types are required to calculate the pay components in terms of units created as above.
- ❑ Creation of basic pay structure for a group which can be copied for employees created under it.
- ❑ Creation of an employee record and a brief introduction to the Calculation Types used.

- ❑ Details on passport, visa and work permit validity.
- ❑ Creation of voucher class which aids automation of payroll voucher entry.

4.5 Ledger Creation

Tally Group	Application
Indirect Expenses	Pay Heads like Basic, House Rent Allowance, etc.
Direct Expenses	Wages and other direct labour expenses.
Current Liabilities	Accounts Heads like Salary payable account.
Provisions	Accounts Heads like Gratuity liability.
Loans & Advances (Assets)	Used for Loans and Advances given to the employees.

To create a ledger,

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

The general description of the fields used in ledger creation is as follows.

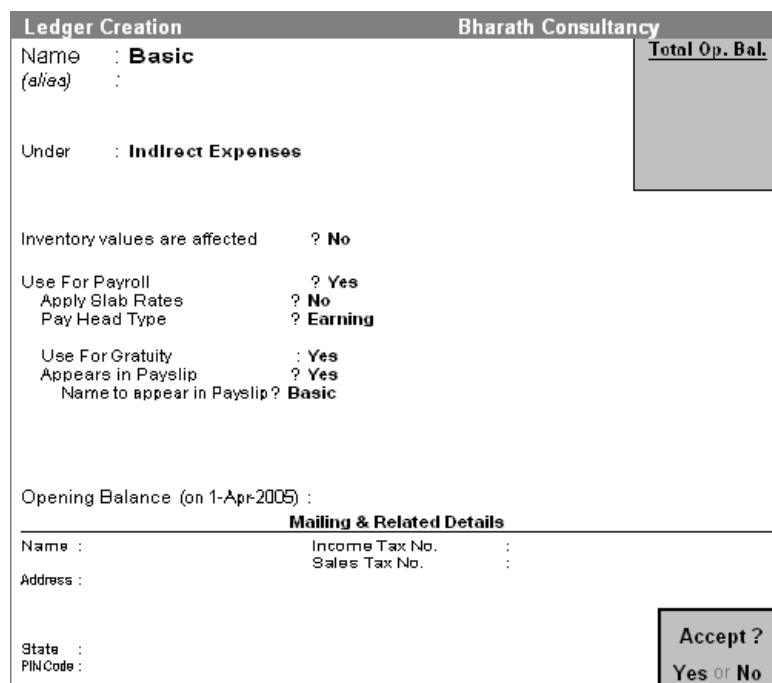
Name	Name of the Ledger
Group Under which ledger is created	Payroll feature is enabled only when the ledger is created under selective groups.
Use for Payroll	This is a new field which has to be set Yes to be used in payroll function.
Apply slab rates	This field can be used where the amount to be entered on the ledger depends on slab rate applied on a pay component value basis.
Pay Head type	This selection identifies the ledger with pay heads. Select Earning if it is an income to the employee in the pay structure. Select Deduction if it is a deduction from the employee's pay in the pay structure. Select Not applicable if it is not part of the pay structure.
Used for Gratuity	Select Yes if the ledger/ pay head is considered as part of eligible salary for the gratuity calculation report. It appears only when the pay head type is selected as Earnings.
Appears in Pay Slip	Yes if it appears on Pay Slip.
Name to appear in Pay Slip	By default, it is ledger name. You can rename it. Example: House Rent Allowance Ledger appears as HRA in Pay Slip.

Create the following Ledgers.

Note: Set the field **Use For Payroll?** to **Yes** in all ledgers except Bank account ledgers.

Sl No	Ledger	Group	Apply Slab Rates	Pay Head Type	Used for Gratuity	Appears in Pay-slip	Name to appear in Payslip
1)	Basic	Indirect Expenses	No	Earning	Yes	Yes	Basic

The Ledger creation of Basic displays as shown .



The screenshot shows the 'Ledger Creation' window for 'Basic' under 'Indirect Expenses'. The window is titled 'Bharath Consultancy'. It includes fields for Name, Alias, Under, Inventory values are affected, Use For Payroll, Apply Slab Rates, Pay Head Type, Use For Gratuity, Appears in Payslip, and Name to appear in Payslip. The 'Total Op. Bal.' field is highlighted. The 'Opening Balance (on 1-Apr-2005)' field is also visible. The 'Mailing & Related Details' section includes Name, Address, State, PIN Code, Income Tax No., and Sales Tax No. The 'Accept?' button is highlighted.

Figure 4.5 Ledger Creation Basic

Sl No	Ledger	Group	Apply Slab Rates	Pay Head Type	Used for Gratuity	Appears in Pay-slip	Name to appear in Pay Slip
2)	House Rent Allowance	Indirect Expenses	No	Earning	No	Yes	HRA
3)	Conveyance Allowance	Indirect Expenses	No	Earning	No	Yes	Conveyance
4)	Variable Pay	Indirect Expenses	No	Earning	No	Yes	Incentive
5)	Overtime	Indirect Expenses	No	Earning	No	Yes	OT

6)	Salary Payable	Current Liabilities	No	Not Applicable	—	—	—
7)	State Bank of India	Bank Accounts	—	—	—	—	—
8)	ESI Employees Payable	Current Liabilities	Yes	Deduction	—	Yes	ESI

Ensure that the Slab Rate Details for: ESI Employees Payable are as shown in the following figure.

Slab Rate Details for : ESI Employees Payable			
Effective From	From Amount	Amount Upto	Value Basis
1-4-2005		6,499.00	1.75%
	6,499.00		0

Figure 4.6 Slab Rate Details for: ESI Employees Payable

9)	EPF Employees Payable	Current Liabilities	Yes	Deduction	—	Yes	EPF
----	-----------------------	---------------------	-----	-----------	---	-----	-----

Ensure that the Slab rates are as shown in the following table.

Effective From	Amount Upto	Value Basis
1-4-2005	6,499.00	12%
		780

10)	Profession Tax	Current Liabilities	Yes	Deduction	—	Yes	Profession Tax
-----	----------------	---------------------	-----	-----------	---	-----	----------------

Ensure that the Slab rates are as shown in the following table.

Effective From	From Amount	Amount Upto	Value Basis
1-4-2005		2,999.00	0
	2,999.00	4,999.00	30
	4,999.00	7,999.00	60
	7,999.00	9,999.00	100
	9,999.00	14,999.00	150
	14,999.00	—	200

11)	Loans & Advances to Employees	Loans & Advances (Asset)	No	Deduction	—	Yes	Loans & Advances
-----	-------------------------------	--------------------------	----	-----------	---	-----	------------------

Apart from the above ledgers, create Gratuity Expenses (Provisional) Account to get Provisional Gratuity liability report for the employer at any given period.

Gratuity is a monetary benefit paid by the employer to the employee at the end of the employment for the services rendered over a period of employment, either by law or otherwise. Usually, it is linked to the period of service.

Gratuity is calculated provisionally at the end of each financial period to assess the possible liability of the company towards its employees.

Gratuity Provision Account is created to capture the details required for calculation of gratuity.

Gratuity is calculated based on selective salary components.

The formula used for Gratuity calculation for reporting purpose is as follows.

Gratuity calculation = A X B X C where A, B and C are as described in the following table.

A	X	B	X	C
(Latest eligible salary * for Gratuity/ Number of days in a month to be considered)		Number of days' pay eligible for the total months covered in the respective slab period.		Served period #(in proportionate years) in the respective slabs. <i>Note: Served period may be proportionate like 11 years, 10 months and 5 days.</i>

* Eligible salary for the purpose is sum of pay heads covered in employee's latest eligible pay structure for the period concerned whose ledgers for **Use for Gratuity** are set to **Yes**, provided Gratuity is part of one of the pay structures.

Served period is computed from the date of joining to the ending date of calculation period.

When Served period covers more than one slab, the formula should be applied for all slabs covered and the total of all calculation will form the gratuity amount provisional for the employee.

When the classification **As Gratuity** is selected, the following information must be provided.

Gratuity Days in a Month	The number of days per calendar month varies from 28 to 31. Mention the days considered consistently for all employees, irrespective of their month of leaving. It can also be fixed by law.
Number of months From & To	The months upto which the eligible days are applicable in the Slab system beginning from the Date of Joining.
Eligibility days for gratuity calculation per year	Number of days' pay given as gratuity for the entire slab. If the slab period has not ended, then the slab is applied based on number of months covered in the previous slab. If number of days eligible is zero (0), then eligible days mentioned in the next slab is considered.

i. Create a Group **Gratuity Cost (Provisional)** Under Indirect Expenses.

Note: The purpose of creation of Group is detailed in *Payroll Voucher Class Creation*.

ii. Create ledger **Gratuity Expenses (Provisional)** for calculation of Gratuity for employees.

To view the Ledger creation screen,

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

1. **Name: Gratuity Expenses (Provisional)**

2. **Under: Gratuity Cost (Provisional)**

3. **Use For Payroll: Yes**

4. **Apply Slab Rates: No**

5. **Pay Head Type: Not Applicable**

6. **Pay Head Classification:** Select **Gratuity** from **Pay Head Classification** list to view the Slab Rate details for Gratuity Calculation screen.

7. Enter the values as shown in the following figure.

Slab Rate details for Gratuity Calculation		
Gratuity Days of a Month		: 26
Number of Months		Eligibility days for Gratuity Calculation per year
From	To	
1	60	0
61	120	75
121	0	75

Figure 4.7 Slab Rate Details For Gratuity Calculation

8. The completed Gratuity Expenses (Provisional) Ledger creation screen displays as shown.

Ledger Creation		Bharath Consultancy
Name :	Gratuity Expenses (Provisional)	Total Op. Bal.
(alias) :		
Under :	Gratuity Provisional (Indirect Expenses)	
Inventory values are affected	? No	
Use For Payroll	? Yes	
Apply Slab Rates	? No	
Pay Head Type	? Not Applicable	
Pay Head Classification	Gratuity	
Opening Balance (on 1-Apr-2005) :		
Mailing & Related Details		
Name :	Income Tax No. :	
Address :	Sales Tax No. :	
State :		
PIN Code :		
		Accept ? Yes or No

Figure 4.8 Ledger Creation Gratuity Expenses (Provisional)

4.6 Units (Time/ Work)

Create units to record the attendance used in calculation of Pay. In Payroll, units are used to facilitate calculation of pay head value based on attendance or production, which in turn would be expressed in units such as Day, Hour or Quantity.

By default, Tally has the Simple Unit, Months, using the symbol **Mth**.

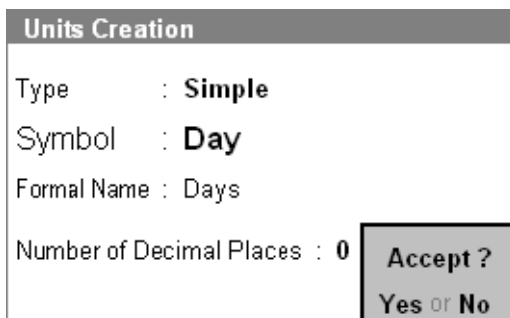
The attendance can be either positive like days worked, or negative like days absent.

In the illustration, define pay structure for calendar months, record only unpaid leave in days and pay overtime in hours. As **Month** is already available, create the Units **Time/ Work**.

Go to **Gateway of Tally > Payroll Info > Units (Time/Work) > Create**

1. **Type: Simple**
2. **Symbol: Day**
3. **Formal Name: Days**
4. **Number of Decimal Places: 0**

Note: *Decimal places can be set to 1 to record half a day's leave.*



Units Creation	
Type	: Simple
Symbol	: Day
Formal Name	: Days
Number of Decimal Places	: 0
Accept ? Yes or No	

Figure 4.9 Units Creation Day

5. Press **Enter** or **Y** to Accept the screen
- ii. Similarly, create **Hours** as a unit to be used in Overtime Attendance.

As pay astructure is expressed in terms of **Months** and leave records are maintained in **Days**, a Compound Unit has to be created to establish a relationship between Months and Days.

Go to **Gateway of Tally > Payroll Info > Units (Time/Work) > Create**

1. **Type: Compound**
2. **First Unit: Mth**
3. **Conversion: 30**

4. Second unit: Day

Units Creation		
Type	: Compound	
Units with Multiplier Factors		
<i>(example: Mth of 30 Day)</i>		
First Unit	Conversion	Second Unit
Mth	of 30	Day
		Accept ? Yes or No

Figure 4.10 Units Creation Compound

5. Press **Enter** or **Y** to Accept the screen

4.7 Attendance/ Production Type

Attendance/ Production Type are created when a salary component (pay head: earning or deduction) is calculated using attendance or production. For example, Tally provides the flexibility of recording and using working days or unpaid leave days in the calculation of pay.

To create Attendance Types,

Go to **Gateway of Tally > Payroll Info > Attendance/Production Types > Create**

1. **Name: Unpaid Leave**

2. **Under: Primary**

3. **Unit: Mth of 30 Day**

Attendance/Production Type Creation	
Name	: Unpaid Leave
(alias)	:
Under	: Primary
Unit	: Mth of 30 Day
Accept ? Yes or No	

Figure 4.11 Attendance/Production Type Creation

4. Press **Enter** or **Y** to Accept the screen.

ii. Similarly, create **Overtime** Under Primary and select **Hrs** as Unit.

4.8 Employee Master Configuration

Employee Masters can be created for groups as well as individuals.

Employee Group Configuration groups employees under Line of Business or Function. It can also be used as a template of broad pay structure for all employees created under the group.

Individual Employees Configuration maintains personal details, date of joining, function, designation, location, pay structure applicable to each employee along with details of earnings, deductions and basis of computation.

Employees and Employee Groups are cost centres which are set as employee masters in Tally. Hence, budgets can be fixed for employee master like any other cost centre.

4.9 Creation of Employee Group

Create two Employee Group Masters for

- Administration
- Sales

The general description of the fields used in master creation is as follows.

Name	Enter Employee or Employee Group name. In this example, enter Administration .
Under	The groups and sub-groups under which the master is created. In this case, it is Primary .
Copy parent values	If the master is not created under Primary, there is an option to copy the pay structure of its parent group.
Behave like Group	Attendance register and personal details needs to be maintained only for employees. When set to Yes (as in this case) the group will not be treated as individual employee. If set to No , the master is prepared for individual employees.

Go to **Gateway of Tally > Payroll Info > Employees > Create**

Employee Creation		Bharath Consultancy				Ctrl + M			
Category : Primary Cost Category									
Name : Administration (alias) :									
Under : Primary									
Behave Like Group? Yes									
Pay Structure									
Copy Values?	Effective From	Pay Head	Calculation Type	Attendance Production Type	Rate	Per	Value Basis	Rounding Method	Rounding Limit
									Accept ? Yes or No

Figure 4.12 Employee Group Creation Administration

ii. Similarly, create **Sales** Under Primary.

Migration of existing cost centre to employee group

The existing cost centres, specifically maintained for employee cost, can be changed to employee group or individual employee (if it is maintained for an individual employee) by altering the cost centre as shown.

Cost Centre Alteration	
Category	: Primary Cost Category
Name	: Employee Cost
(alias)	:
Under	: Primary
Use for Job Costing	? Yes
Accept ? Yes or No	

Figure 4.13 Cost Centre Alteration to Employee Group

Note: Cost Centres, once converted to Employee Masters, cannot be re-converted to normal Cost Centres.

4.10 Creation of Individual Employee Master

Create the records of Mr. Vijay who joined Bharath Consultancy as Manager, Administration on 1-4-2005.

Mr. Vijay's pay structure, effective 1-4-2005, is as follows.

Basic	Rs. 10,000 per Calendar Month
HRA	40% of Basic
Conveyance	800 Flat per month
Overtime	Rs. 55 per hour
Variable pay	As per performance evaluation by management
Gratuity Expenses (Provisional)*	* Only for reporting purpose Gratuity is included only for management reporting
EPF Employees Payable	Company pays 12% on Basic pay which is eligible for PF subject to the salary ceiling of Rs. 6500
ESI Employees Payable	Company pays 1.75% of salary subject to a salary ceiling of Rs. 6,500. People who are drawing more than Rs. 6500 gross salary are not covered under ESI scheme
Professional Tax	Professional Tax is deducted as per slab fixed by Karnataka statute

Go to **Gateway of Tally > Payroll Info > Employees > Create**

1. **Category: Primary Cost Category**

2. **Name: Vijay**

3. **Under: Administration**

4. Behave Like Group: No

Employee Creation		Bharath Consultancy				Ctrl + M			
Category : Primary Cost Category									
Name : Vijay (alias) :									
Under : Administration (<i>Primary</i>)									
Copy Parent Values? No									
Behave Like Group? ☐ No									
Pay Structure									
Copy Values?	Effective From	Pay Head	Calculation Type	Attendance Production Type	Rate	Per	Value Basis	Rounding Method	Rounding Limit

Figure 4.14 Employee Creation Vijay

5. Enter the details as shown in the following figure.

Employee Details		Bharath Consultancy	
Employee Details			
Employee Number	: 444	Bank A/c Number	: 786584
Gender	: Male	Bank Name	: State Bank of India
Date Of Joining	: 1-4-2005	Branch	: Wood Street Branch
Designation	: Manager Administration	PF Account Number	: KN/BN/18184/563
Function	: Administration	ESI Number	: BG25693
Location	: Bangalore	Employee I.T. PAN	: BGAD569873
Date Of Birth	: 24-5-1968	Passport Number	: W12345678
Blood Group	: O Positive	Country of Issue	: India
Father / Spouse Name	: Suresh	Passport Expiry Date	: 22-11-2011
Address	: Post Box: 5690 Royal Apartments, 6th Floor Wood Street Bangalore	Visa Number	:
Contact Numbers	:	Visa Expiry Date	:
E-Mail ID	: Vijay@bharath.com	Work Permit Number	:
		Contract Start Date	: 1-4-2005
		Contract Expiry Date	:
Deactivate		? ☐ No	

Figure 4.15 Employees Details Vijay

6. Accept the Employee Details screen to return to the main screen.

Note: *Deactivation* can be set to **Yes** for employees working under contract for a period.

The general description of the fields of Pay Structure used in the Employee Master is as follows.

Field	Description
Copy Value	This field is skipped automatically for the first structure. Whenever there is a revision in the pay structure, the earlier pay structure can be copied using this field.
Effective From	This field sets the date from which the pay structure is effective.
Pay Head	Pay Head is the ledger linked with the components of the salary. Unless Use for Payroll is set to Yes , ledger will not appear in the pay structure.
Calculation Type	Calculation Type field is associated with each pay head in pay structure. Any one of calculation types explained below can be used to arrive at the pay value. However, this feature can be overridden and values can be directly entered in the pay slip. □ Monthly Flat Rate This is used when the value of the pay head is a fixed amount for the month. The Calculation Type is not dependent on attendance. Example: Conveyance of 800 flat. □ Pay on Attendance The Calculation Type is used along with attendance and rate per unit of attendance. Example: Overtime of 25 per hour. □ Monthly rate – Deduct on attendance Deduct on attendance considers attendance records as units not worked and hence has to be deducted from total pay of the pay head. It is also based on the relationship established between unit used for recording attendance (day) and unit in which pay is structured (month). The attendance should use a unit defined in relation to month. Example: A month is defined as 30 days in units. Suppose an employee's monthly salary is 3000. If he takes 3 days' leave in January (consisting of 31 days), then salary per day is considered as 100 (3000/30). His leave salary to be deducted is 300 (3x100) and he will get a pay of 2700.

	☐ Calendar Month Rate – Deduct on attendance The Calculation Type is similar to Nth rate – Deduct on attendance except that to arrive at per day rate, the monthly rate specified in employee master is divided by the number of days in the calendar month. Example: Suppose an employee's monthly salary is 3000. If he takes 3 days leave in January, then salary per day is considered as 96.77 (3000/31). His leave salary to be deducted is 290.32 (3x96.77) and he will get a pay of 2709.67. ☐ As Computed Value If pay head value is computed based on the values of either one or more pay heads already defined in the pay structure, then Tally allows addition/ subtraction of pay heads already defined in the structure and multiplication/ division using attendance types. Example: HRA as 40% of Basic. ☐ As User Defined Value This Calculation Type is used when none of the other computational methodology is applicable. Example: Variable Pay based on financial/ non financial factors. ☐ On Current Earnings Total This Calculation Type is used when value of the pay head is dependent on the total earning pay heads previously defined. ☐ On Current Deductions Total This Calculation Type is used when a value of a pay head is dependant on the total of the deduction pay heads previously defined. ☐ On Current Sub Total This calculation type is used when value of the pay head is dependent on the net totals of earnings and deductions previously defined.
Attendance/Production Type	Attendance/Production Type has been defined earlier. This particular field appears for the following Calculation Types. ☐ Calendar Mth Rate-Deduct on Attd. ☐ Mth Rate-Deduct on Attd. ☐ Pay on Attd.
Rate	It is the rate applied for the Unit (Work/ Time) to be defined in the next column. This field is enabled only when Attendance/ Production Type is selected.
Per	This field is a Unit of Measure applied for the rate selected above.

Value Basis	This field is enabled only when the following calculation types are not selected. ❑ Calendar Mth Rate-Deduct on Attd. ❑ Mth Rate-Deduct on Attd. ❑ Pay on Attd. This is expressed in terms of percentage when used for the following Calculation Type. ❑ As Computed Value. ❑ On Current Earnings Total. ❑ On Current Deductions Total. ❑ On Current Sub Total. This is expressed in terms of amount when used for the Calculation Type such as Monthly Flat Rate.
Rounding Method	This field is applicable when the Calculation Types applied are as follows. ❑ Calendar Mth Rate-Deduct on Attd. ❑ Mth Rate-Deduct on Attd. ❑ Pay on Attd. In other cases, it is applicable when value basis is expressed in terms of percentage. There are four options available. ❑ Not Applicable Decimal points are taken into consideration, amount is not rounded off. ❑ Downward Rounding Decimal points are not taken into consideration, the amount is rounded off to the lower value. ❑ Normal Rounding The amount is rounded off to the nearest currency value. ❑ Upward Rounding The amount is rounded off to the higher value.
Rounding Limit	Rounding Limit allows the value to be in multiples of the limit specified. Rounding is based on the rounding method selected.

7. Enter the details as given in the following table

Effective From	Pay Head	Calculation Type	Attendance/ Production Type	Rate	Per	Value Basis	Rounding Method	Limit
1-4-2005	Basic	Calendar Mth Rate Deduct on Attd	Unpaid Leave	10,000	Mth	Skips Automatically	Normal Rounding	1

Employee Creation

Bharath Consultancy

Ctrl + M

Category : Primary Cost Category
 Name : Vijay
 (alias) :
 Under : Administration
 (Primary)
 Copy Parent Values? No
 Behave Like Group? No

Pay Structure

Copy Values?	Effective From	Pay Head	Calculation Type	Calculation Type	Rate	Per	Value Basis	Rounding Method	Limit
	1-4-2005			As Monthly Flat Rate					
				As User Defined Value					
		Basic	Calendar Mth Rate-Deduct On Attd	Calendar Mth Rate-Deduct On Attd					
				Mth Rate-Deduct On Attd					
				Pay On Attd					

Figure 4.16 Employee Creation screen: Pay Head Basic

Effective From	Pay Head	Calculation Type	Attendance/ Production Type	Rate	Per	Value Basis	Rounding Method	Limit
Skips Automatically	House Rent Allowance	As Computed Value	Skips Automatically	Skips Automatically	Skips Automatically	40%	Normal Rounding	1

Note: Add Head: Select Basic from List of Pay Heads.

Employee Creation				Bharath Consultancy				Ctrl + M	
Category : Primary Cost Category									
Name : Vijay									
(alias) :									
Under : Administration									
(Primary)									
Copy Parent Values? No									
Behave Like Group? No									
Pay Structure									
Copy Values?	Effective From	Pay Head	Calculation Type	Calculation Type				Round- ing Limit	
	1-4-2005	Basic	Calendar Mth Rate-Deduct On Attd	As Computed Value				1	
		House Rent Allowance	As Computed Value	As Monthly Flat Rate					
			Add Head	As User Defined Value					
				Calendar Mth Rate-Deduct On Attd					
				Mth Rate-Deduct On Attd					
				On Current Deductions Total					
				On Current Earnings Total					
				On Current SubTotal					
				Pay On Attd					

Figure 4.17 Employee Creation screen Pay Head HRA

Effective From	Pay Head	Calculation Type	Attendance/ Production Type	Rate	Per	Value Basis	Round- ing Method	Limit
Skips Automatically	Conveyance Allowance	As Monthly Flat Rate	Skips Automatically	Skips Automatically	Skips Automatically	800	Skips Automatically	Skips Automatically
Skips Automatically	Over Time	Pay on Attd.	Over Time	55	Hrs.	Skips Automatically	Normal Rounding	1
Skips Automatically	Variable Pay	As User Defined Value	Skips Automatically	Skips Automatically	Skips Automatically	Skips Automatically	Skips Automatically	Skips Automatically

Skips Automat- ically	Gratu- ity Expen ses (Provi- sional)	As Monthly Flat Rate	Skips Auto- mati- cally	Skips Auto- mati- cally	Skips Auto- mati- cally	0 (Please refer the Note-1 below)	Skips Auto- mati- cally	Skips Auto- mati- cally
Gratuity pay head has been included only to view the Gratuity Calculation report. Note: <i>The Pay Head is created only to enable Gratuity reports for the employee. If actual Gra- tuity provision has been made, it affects the Gratuity Expense (Provisional) Account.</i>								
Skips Automat- ically	EPF Emplo yees Paya- ble	As Com- puted Value	Skips Auto- mati- cally	Skips Auto- mati- cally	Skips Auto- mati- cally	100%	Normal Round- ing	1
Note: <i>Add Head: Select Basic from List of Pay Heads</i>								
Skips Automat- ically	ESI Emplo yees Paya- ble	On Cur- rent Earn- ings Total	Skips Auto- mati- cally	Skips Auto- mati- cally	Skips Auto- mati- cally	100%	Normal Round- ing	1

Skips Automat- ically	Pro- fes- sion Tax	On Cur- rent Earn- ings Total	Skips Auto- mati- cally	Skips Auto- mati- cally	Skips Auto- mati- cally	100%	Normal Round- ing	1
-----------------------------	-----------------------------	-------------------------------------	----------------------------------	----------------------------------	----------------------------------	------	-------------------------	---

Employee Creation Bharath Consultancy Ctrl + M

Category : **Primary Cost Category**

Name : **Vijay**
(alias) :

Under : **Administration**
(Primary)

Copy Parent Values? **No**

Behave Like Group? **No**

Pay Structure

Copy Values?	Effective From	Pay Head	Calculation Type	Attendance Production Type	Rate	Per	Value Basis	Rounding Method	Rounding Limit
	1-4-2005	Basic	Calendar Mth Rate-Deduct On Attd	Unpaid Leave	10,000.00	Mth		Normal Rounding	1
		House Rent Allowance	As Computed Value				40%	Normal Rounding	1
		Conveyance Allowance	Add Head Basic				800	Normal Rounding	1
		Over Time	As Monthly Flat Rate	Overtime	55.00	Hrs		Normal Rounding	1
		Variable Pay	Pay On Attd					Normal Rounding	1
		Gratuity Expenses (Provisional)	As User Defined Value				0	Normal Rounding	1
		EPF Employees Payable	As Monthly Flat Rate				100%	Normal Rounding	1
		ESI Employees Payable	As Computed Value				100%	Normal Rounding	1
		Profession Tax	Add Head Basic				100%	Normal Rounding	1
			On Current Earnings Total					Normal Rounding	1
			On Current Earnings Total					Normal Rounding	1

Figure 4.18 Employee Creation Completed

Bharath Consultancy appointed the following employees.

Name	John Smith
Date Of Joining	5-4-2005
Designation	Vice President, Sales
Basic	Rs. 50,000 per Calendar Month
HRA	40% of Basic
Conveyance	Rs. 800 Flat per month
Variable pay	As per performance evaluation by management
Gratuity Expenses (Provisional)*	* Only for reporting purpose Gratuity is included only for management reporting

EPF Employees Payable	Company pays 12% on Basic pay which is eligible for PF subject to the salary ceiling of Rs. 6500
Professional Tax	Professional Tax is deducted as per slab fixed by Karnataka statute

Name	Mahesh
Date Of Joining	11-4-2005
Date of Resignation	16-5-2005
Designation	Senior Executive, Sales.
Basic	Rs. 5,000 per Calendar Month
HRA	40% of Basic
Conveyance	Rs. 800 Flat per month
Overtime	Rs. 55 per hour
Variable pay	As per performance evaluation by management
Gratuity Expenses(Provisional)*	* Only for reporting purpose Gratuity is included only for management reporting
EPF Employees Payable	Company pays 12% on Basic pay which is eligible for PF subject to the salary ceiling of Rs. 6500
ESI Employees Payable	Company pays 1.75% of salary subject to a salary ceiling of Rs. 6,500. People drawing more than Rs. 6500 gross salary are not covered under ESI scheme
Professional Tax	Professional Tax is deducted as per slab fixed by Karnataka statute

Name	Shyam
Date Of Joining	15-4-2005
Designation	Account Assistant
Basic	Rs. 3000 per Calendar Month
HRA	40% of Basic
Conveyance	Rs. 300 Flat per month
Variable pay	As per performance evaluation by management
Gratuity Expenses(Provisional)*	* Only for reporting purpose Gratuity is included only for management reporting
EPF Employees Payable	Company pays 12% on Basic pay which is eligible for PF subject to the salary ceiling of Rs. 6500

ESI Employees Payable	Company pays 1.75% of salary subject to a salary ceiling of Rs. 6,500. People drawing more than Rs. 6500 gross salary are not covered under ESI scheme
Professional Tax	Professional Tax is deducted as per slab fixed by Karnataka statute

The details filled for Bank Name and Number, Passport Expiry, Visa Expiry and Contract Expiry are to be reflected in the respective reports.

4.11 Voucher Class Configuration

Defining a Voucher Class helps you exclude selection of inapplicable groups or accounts as well as specify applicable groups/ accounts. In Payroll voucher, a user may exclude posting to ledgers pertaining to groups not related to employees and include ledgers pertaining to groups like indirect expenses, loans and advances (liabilities), and so on. The Voucher Class feature in payroll helps the user to rapidly process payroll, with minimum errors.

Tally has two new Voucher Types for payroll function

- Attendance
- Payroll

To create Voucher Class **Pay Class**,

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

1. **Name of Class: Pay Class**

2. Set **Use for employee-wise Pay Head Allocation** to **Yes**

3. Exclude the group **Gratuity Cost (Provisional)** Under Exclude these groups

4. Select **Salary Payable** ledger Under Ledger to use

Note: *Retain other default fields.*

5. The completed Pay Class screen displays as shown

Class	
Bharath Consultancy	
Class : Pay Class	
Use for Employee-wise Pay Head Allocation ? Yes	
<i>If you wish to restrict the groups to which this class can be used, specify them here.</i>	
Exclude these Groups	Include these Groups
Gratuity Cost (Provisional)	J End of List
Ledger to use :	
Ledger Name	
Salary Payable	

Figure 4.19 Pay Class Configuration

6. Accept the Pay Class configuration screen.

7. The completed Payroll Voucher Alteration screen displays as shown.

Voucher Type Alteration		Bharath Consultancy		Ctrl + M
Name	: Payroll			
Type of Voucher	: Payroll			
Abbr.	: Pyrl			
Method of Voucher Numbering? Automatic				
Starting Number	? 1			
Width of Numerical Part	: 0			
Use Common Narration?	Yes	Prefill with ZERO	? No	
Print after saving Voucher?	No	Narrations for each entry	? No	
Use EFFECTIVE Dates for Vouchers?	No			
Make 'Optional' as default?	No			
Name of Class	: Pay Class			
Restart Numbering		Prefix Details		Suffix Details
Applicable From	Starting Particulars Number	Applicable From	Particulars	Applicable From Particulars
1-Apr-2005	1 Yearly			
Accept ? Yes or No				

Figure 4.20 Voucher Type Alteration Payroll Completed

4.12 Transactions

The basic transactions for payroll are as follows.

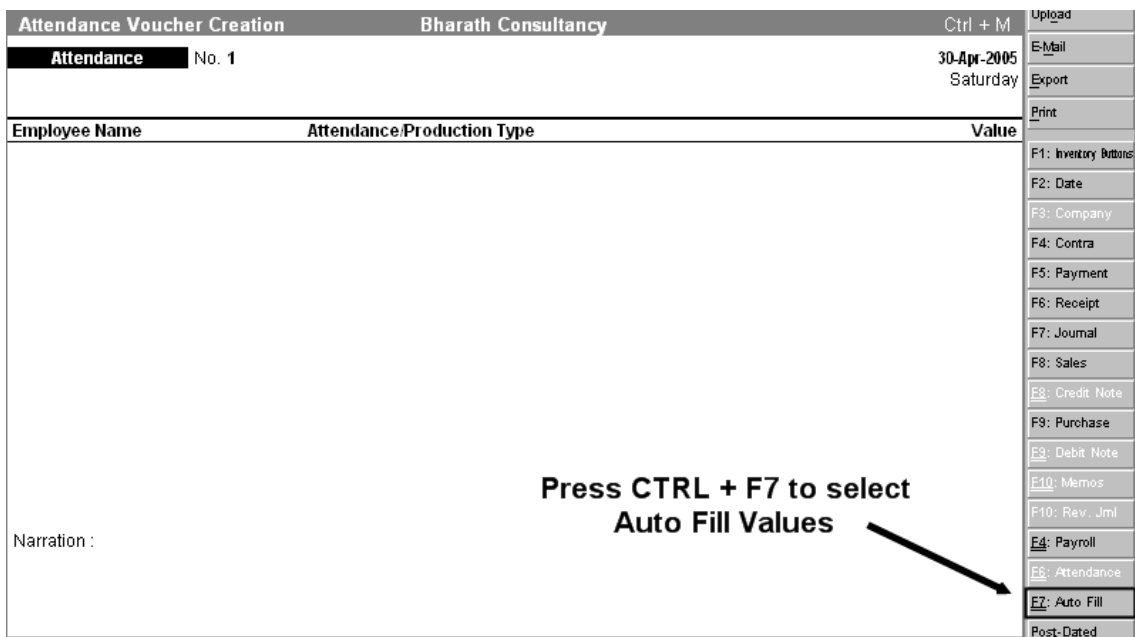
- ❑ Appointment of employee.
- ❑ Recording of attendance and overtime.
- ❑ Preparation of payroll voucher based on the above information.
- ❑ Preparation of payment voucher.
- ❑ Revision of pay structure.
- ❑ Resignation of employee.

Note: Consider Opening Balance of Rs. 10,00,000 for State Bank of India and Capital Account.

LIST OF TRANSACTIONS														
Appointment of Employee														
When a new appointment is made, the Employee Master configuration has to be prepared. The pay structure will be effective from the date of joining or the effective date of pay structure, whichever is later.														
Recording of Attendance														
Recording of Attendance is done through an Attendance Voucher which can be automated for an Attendance/Production Type.														
SL.NO	DATE	TRANSACTIONS												
1)	30-4-2005	Recording of Attendance The unpaid leave and overtime particulars of Bharath Consultancy Employees for the month of April 2005 are as follows. <table border="1"> <thead> <tr> <th>Employee Name</th><th>Unpaid Leave</th><th>Overtime</th></tr> </thead> <tbody> <tr> <td>Vijay</td><td>1 Day</td><td>1 Hour</td></tr> <tr> <td>John Smith</td><td>0 Days</td><td>1 Hour</td></tr> <tr> <td>Mahesh</td><td>1 Day</td><td>5 Hours</td></tr> </tbody> </table>	Employee Name	Unpaid Leave	Overtime	Vijay	1 Day	1 Hour	John Smith	0 Days	1 Hour	Mahesh	1 Day	5 Hours
Employee Name	Unpaid Leave	Overtime												
Vijay	1 Day	1 Hour												
John Smith	0 Days	1 Hour												
Mahesh	1 Day	5 Hours												

Go to **Gateway of Tally > Payroll Vouchers > Attendance Voucher**

1. Press **F2** to change **Date** to **30-4-2005**
2. Press **CTRL + F7** to select **Auto Fill** values



Attendance Voucher Creation Bharath Consultancy Ctrl + M

Attendance No. 1 30-Apr-2005 Saturday

Employee Name **Attendance/Production Type** **Value**

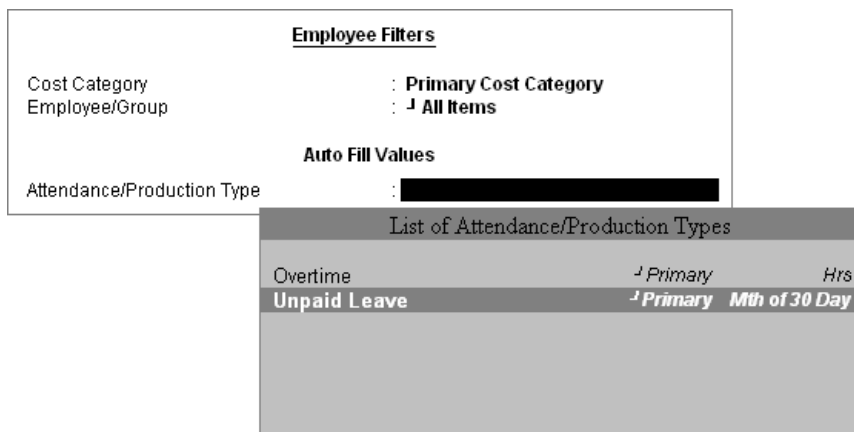
Narration :

Press CTRL + F7 to select Auto Fill Values

Upload
E-Mail
Export
Print
F1: Inventory Buttons
F2: Date
F3: Company
F4: Contra
F5: Payment
F6: Receipt
F7: Journal
F8: Sales
F9: Credit Note
F9: Purchase
F9: Debit Note
F10: Memos
F10: Rev. Jml
F4: Payroll
F6: Attendance
F7: Auto Fill
Post-Dated

Figure 4.21 Attendance Voucher Creation

3. **Cost Category: Primary Cost Category**
4. **Employee/Group: All Items**



Employee Filters

Cost Category : Primary Cost Category
Employee/Group : All Items

Auto Fill Values

Attendance/Production Type :

List of Attendance/Production Types

	Primary	Hrs
Overtime	Primary	Hrs
Unpaid Leave	Primary	Mth of 30 Day

Figure 4.22 Employee Filters screen

5. **Attendance/Production Type: Unpaid Leave**
6. Update the leave particulars of each employee against their names.

7. **Attendance Voucher** dated **30-4-2005** displays as shown.

Attendance Voucher Creation		Bharath Consultancy		Ctrl + M
Attendance	No. 1			30-Apr-2005 Saturday
Employee Name	Attendance/Production Type	Value		
John Smith	Unpaid Leave	Cur Bal:		
Mahesh	Unpaid Leave	Cur Bal:	1 Day	1 Day
Shyam	Unpaid Leave	Cur Bal:		
Vijay	Unpaid Leave	Cur Bal:	1 Day	1 Day
Narration : Being leave records for April updated.				
				Accept ? Yes or No

Figure 4.23 Attendance Voucher Creation for Unpaid Leave 30-Apr-2005

8. Press **Y** or **Enter** to Accept the screen.

ii. Similarly, make an entry to record overtime for the month of April 2005, using Attendance Production Type as Overtime on the same day.

The completed Attendance Voucher for Overtime displays as shown.

Attendance Voucher Creation		Bharath Consultancy		Ctrl + M
Attendance	No. 2			30-Apr-2005 Saturday
Employee Name	Attendance/Production Type			Value
John Smith	Overtime	Cur Bal:	1 Hrs	1 Hrs
Mahesh	Overtime	Cur Bal:	5 Hrs	5 Hrs
Shyam	Overtime	Cur Bal:		
Vijay	Overtime	Cur Bal:	1 Hrs	1 Hrs
Narration : Being Over Time registered for the month of April 2005.				
				Accept ? Yes or No

Figure 4.24 Attendance Voucher Creation for Overtime 30-Apr-2005

Attendance and Overtime for the month of April 2005 have been recorded.

Preparation of Payroll Voucher

Use Pay Class to automate the creation of the Payroll Voucher, for the month of April 2005.

Go to **Gateway of Tally > Payroll Vouchers > Payroll Voucher**

1. Press **F2** to change **Date** to **30-4-2005**
2. Press **CTRL + F4** and select **Class** as **Pay Class**

Voucher Type	
Name	: Payroll
Class	: XXXXXXXXXX

Class Table
↓ Not Applicable
Pay Class

Figure 4.25 Voucher Type Pay Class

3. Press **CTRL + F7** for **Payroll Auto fills**
4. **From (blank for beginning): 1-4-2005** Salary calculation starting date
5. **To (blank for end): 30-4-2005** Salary calculation ending date
6. **Cost Category: Primary Cost Category**

Employee Filters	
From (blank for beginning)	: 1-4-2005
To (blank for end)	: 30-4-2005
Cost Category	: Primary Cost Category
Employee/Group	: XXXXXXXXXX

All Items
↓ All Items
Administration (Group)
John Smith
Mahesh
Sales (Group)
Shyam

Figure 4.26 Employee Filters

7. **Employee/Group: All Items**

8. The Payroll Voucher screen displays as shown

Payroll Voucher Creation		Bharath Consultancy		Ctrl + M
Payroll	No. 1	Voucher Class : Pay Class		30-Apr-2005 Saturday
Account : Salary Payable Cur Bal : 81,222.00 Cr				
Particulars				Amount
Primary Cost Category				81,222.00 Dr
John Smith				60,486.00 Dr
Basic	43,333.00 Dr	Cur Bal :	43,333.00 Dr	
House Rent Allowance	17,333.00 Dr	Cur Bal :	17,333.00 Dr	
Conveyance Allowance	800.00 Dr	Cur Bal :	800.00 Dr	
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	780.00 Cr	Cur Bal :	780.00 Cr	
Profession Tax	200.00 Cr	Cur Bal :	200.00 Cr	
Mahesh				4,973.00 Dr
Basic	3,167.00 Dr	Cur Bal :	3,167.00 Dr	
House Rent Allowance	1,267.00 Dr	Cur Bal :	1,267.00 Dr	
Conveyance Allowance	800.00 Dr	Cur Bal :	800.00 Dr	
Over Time	275.00 Dr	Cur Bal :	275.00 Dr	
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	380.00 Cr	Cur Bal :	380.00 Cr	
ESI Employees Payable	96.00 Cr	Cur Bal :	96.00 Cr	
Profession Tax	60.00 Cr	Cur Bal :	60.00 Cr	
Shyam				2,304.00 Dr
Basic	1,600.00 Dr	Cur Bal :	1,600.00 Dr	
House Rent Allowance	640.00 Dr	Cur Bal :	640.00 Dr	
Conveyance Allowance	300.00 Dr	Cur Bal :	300.00 Dr	
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	192.00 Cr	Cur Bal :	192.00 Cr	
ESI Employees Payable	44.00 Cr	Cur Bal :	44.00 Cr	
Profession Tax	Cr	Cur Bal :		
Vijay				13,459.00 Dr
Basic	9,667.00 Dr	Cur Bal :	9,667.00 Dr	
House Rent Allowance	3,867.00 Dr	Cur Bal :	3,867.00 Dr	
Conveyance Allowance	800.00 Dr	Cur Bal :	800.00 Dr	
Over Time	55.00 Dr	Cur Bal :	55.00 Dr	
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	780.00 Cr	Cur Bal :	780.00 Cr	
ESI Employees Payable	Cr	Cur Bal :		
Profession Tax	150.00 Cr	Cur Bal :	150.00 Cr	
Narration :				81,222.00 Dr
1-Apr-2005 to 30-Apr-2005				

Figure 4.27 Payroll Voucher Creation 30-Apr-2005

9. The company decides to pay 20% of the Basic salary as Variable pay to Mahesh and Vijay for the month of April 2005

10. The completed Voucher displays as shown.

Payroll Voucher Creation		Bharath Consultancy		Ctrl + M
Payroll	No. 1	Voucher Class : Pay Class		30-Apr-2005 Saturday
Account : Salary Payable Cur Bal : 81,222.00 Cr				
Particulars				Amount
Primary Cost Category				81,222.00 Dr
John Smith				60,486.00 Dr
Basic	43,333.00 Dr	Cur Bal : 43,333.00 Dr		
House Rent Allowance	17,333.00 Dr	Cur Bal : 17,333.00 Dr		
Conveyance Allowance	800.00 Dr	Cur Bal : 800.00 Dr		
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	780.00 Cr	Cur Bal : 780.00 Cr		
Profession Tax	200.00 Cr	Cur Bal : 200.00 Cr		
Maresh				6,069.00 Dr
Basic	3,167.00 Dr	Cur Bal : 3,167.00 Dr		
House Rent Allowance	1,267.00 Dr	Cur Bal : 1,267.00 Dr		
Conveyance Allowance	800.00 Dr	Cur Bal : 800.00 Dr		
Over Time	275.00 Dr	Cur Bal : 275.00 Dr		
Variable Pay	1,000.00 Dr	Cur Bal : 1,000.00 Dr		
EPF Employees Payable	380.00 Cr	Cur Bal : 380.00 Cr		
ESI Employees Payable	Cr	Cur Bal :		
Profession Tax	60.00 Cr	Cur Bal : 60.00 Cr		
Shyam				2,304.00 Dr
Basic	1,600.00 Dr	Cur Bal : 1,600.00 Dr		
House Rent Allowance	640.00 Dr	Cur Bal : 640.00 Dr		
Conveyance Allowance	300.00 Dr	Cur Bal : 300.00 Dr		
Variable Pay	Dr	Cur Bal :		
EPF Employees Payable	192.00 Cr	Cur Bal : 192.00 Cr		
ESI Employees Payable	44.00 Cr	Cur Bal : 44.00 Cr		
Profession Tax	Cr	Cur Bal :		
Vijay				15,409.00 Dr
Basic	9,667.00 Dr	Cur Bal : 9,667.00 Dr		
House Rent Allowance	3,867.00 Dr	Cur Bal : 3,867.00 Dr		
Conveyance Allowance	800.00 Dr	Cur Bal : 800.00 Dr		
Over Time	55.00 Dr	Cur Bal : 55.00 Dr		
Variable Pay	2,000.00 Dr	Cur Bal : 2,000.00 Dr		
EPF Employees Payable	780.00 Cr	Cur Bal : 780.00 Cr		
ESI Employees Payable	Cr	Cur Bal :		
Profession Tax	200.00 Cr	Cur Bal : 200.00 Cr		
Narration :				84,268.00 Dr
1-Apr-2005 to 30-Apr-2005				
				Accept ?
				Yes or No

Figure 4.28 Payroll Voucher Creation screen Completed

11. Press **Y** or **Enter** to Accept the screen.

Affecting Salary Payment

The payment for the month of April is made through Payment Vouchers.

1. Make an entry in a **Payment Voucher**
2. Ensure that the voucher is in **Single Entry** mode in **F12 Configuration**

Bharath Consultancy	
<u>Accounting Vouchers</u>	
Skip Date field in Create Mode (faster entry)?	No
Use Single Entry mode for Pymt/Recpt/Contra?	Yes
Show Cost Centre Details	? Yes
Show Inventory Details	? Yes
Show Table of Bill Details for Selection?	? Yes
Show Bill-wise Details	? Yes
Expand into multiple lines	? Yes
Show Ledger Current Balances	? Yes
Show Balances as on Voucher Date	? No
Use Payment/Receipt as Contra	? No
Allow Cash Accounts in Journals	? No
Use Cr/Dr Instead of To/By during entry?	? Yes
Warn on Negative Cash Balance	? Yes
Pre-Allocate Bills for Payment/Receipt?	? No
Allow Expenses/Fixed Assets in Purch. Vouchers?	? No
Allow Income Accounts in Sales Vouchers?	? No
Allow Cost Centre Allocation in Payroll Vouchers?	? No
<u>Inventory Vouchers</u>	
Show Batch-wise Details	? Yes
Show Godown-wise Details	? Yes
Use Ref. Number in Stock Journal	? No
Warn on Negative Stock Balance	? Yes
Honor Expiry Dates usage for Batches?	? Yes
Show Balances as on Voucher Date	? No

Figure 4.29 F12 Configuration

3. Select the respective Cost Centre (Employees for their respective salaries) if **More than One Payroll or Cost Category** is set to **Yes**.

Note: Ensure that prime cost category is set to **Yes** for **Allocate Non-Revenue Items**.

Cost Category Alteration	
Name	: Primary Cost Category
(alias)	:
Allocate Revenue Items	? Yes
Allocate Non-Revenue Items	? Yes
Accept ? Yes or No	

Figure 4.30 Cost Category Alteration

4. Press **CTRL + F7** to select Payroll Auto Fill option.

Accounting Voucher Creation		Bharath Consultancy	Ctrl + M	Upload
Payment	No. 1		30-Apr-2005	E-Mail
			Saturday	Export
Account :				Print
Cur Bal :				F1: Inventory Buttons
Particulars			Amount	F2: Date
				F3: Company
				F4: Contra
				F5: Payment
				F6: Receipt
				F7: Journal
				F8: Sales
				F9: Credit Note
				F9: Purchase
				E9: Debit Note
				E10: Memos
				E7: Payroll Auto Fill
				F4: Payroll
				F6: Attendance
				Post-Dated

Account :
Cur Bal :

Particulars

Amount

Narration :

Press CTRL + F7 to Auto Fill the Values

Figure 4.31 Payment Auto Fill Option

5. **Account : State Bank of India**

6. The completed screen displays as shown.

Accounting Voucher Creation		Bharath Consultancy	Ctrl + M
Payment	No. 1		30-Apr-2005
			Saturday
Account : State Bank of India			
Cur Bal : 9,15,732.00 Dr			
Particulars			Amount
Salary Payable			84,268.00
Cur Bal : 0.00 Dr			
Primary Cost Category			
John Smith	60,486.00 Dr		
Mahesh	6,069.00 Dr		
Shyam	2,304.00 Dr		
Vijay	15,409.00 Dr		
Narration :			84,268.00
Ch. No. :			

Accept ?
Yes or No

Figure 4.32 Payment Voucher Creation 30-Apr-2005

Record Pay Revisions

If the pay structure of an employee changes in the middle of a salary period, the logic behind recording pay revision is as follows.

- If two pay structures are used in a single salary period, leave is considered based on pay structure effective on attendance voucher date. Else, the attendance record should be recorded separately, for the time the two pay structures were effective.
- Pay will be calculated based on the effective dates for the respective pay structure.

Vijay's pay has been revised with effect from 1-5-2005 and the details are as follows.

Name	Old Pay Structure	New Pay Structure
Basic	Rs. 10000 per Calendar Month	Rs. 12000 per Calendar Month
HRA	40% of Basic	40% of Basic
Convey- ance	800 Flat per month	800 Flat per month
Variable pay	As per per- formance evaluation by manage- ment	As per performance evaluation by management
Overtime	Rs. 55 per hour	Rs.65 per hour

Note 1: In case of Pay revision in the middle of the period, where calculations are based on monthly flat rate, the monthly flat rate for the difference can be mentioned in the pay revision. The new revised flat rate can be mentioned effective from the following month.

Note 2: The calculation type, monthly flat rate, can also be used for deduction of equal monthly instalments of loans given to employees. Once the loan is repaid fully, the pay structure has to be altered again.

To alter details of Employee Master,

Go to **Gateway of Tally > Payroll Info > Employee > Alter > Vijay**

1. Press **Enter** till the last field of the present pay structure

2. Set **Copy Values** to **Yes**

3. Enter the Effective Date as **1-5-2005** for the new structure

4. Ensure that the details are as shown in the following figure.

Employee Alteration		Bharath Consultancy				Ctrl + M			
Category : Primary Cost Category									
Name : Vijay									
(alias) :									
Under : Administration									
(Primary)									
Copy Parent Values? No									
Behave Like Group? No									
Pay Structure									
Copy Values?	Effective From	Pay Head	Calculation Type	Attendance / Production Type	Rate	Per	Value Basis	Rounding Method	Rounding Limit
Yes	1-4-2005	Basic	Calendar Mth Rate-Deduct On Attd	Unpaid Leave	10,000.00	Mth		Normal Rounding	1
		House Rent Allowance	As Computed Value				40%	Normal Rounding	1
			Add Head Basic						
		Conveyance Allowance	As Monthly Flat Rate				800	Normal Rounding	1
		Over Time	Pay On Attd	Overtime	55.00	Hrs		Normal Rounding	1
		Variable Pay	As User Defined Value						
		Gratuity Expenses Provisional	As Monthly Flat Rate				0	Normal Rounding	1
	1-5-2005	EPF Employees Payable	As Computed Value				100%	Normal Rounding	1
			Add Head Basic						
		ESI Employees Payable	On Current Earnings Total				100%	Normal Rounding	1
		Profession Tax	On Current Earnings Total				100%	Normal Rounding	1
		Basic	Calendar Mth Rate-Deduct On Attd	Unpaid Leave	12,000.00	Mth		Normal Rounding	1
		House Rent Allowance	As Computed Value				40%	Normal Rounding	1
			Add Head Basic						
	Conveyance Allowance	As Monthly Flat Rate				800	Normal Rounding	1	
	Over Time	Pay On Attd	Overtime	65.00	Hrs		Normal Rounding	1	
	Variable Pay	As User Defined Value							
	Gratuity Expenses Provisional	As Monthly Flat Rate				0	Normal Rounding	1	
	EPF Employees Payable	As Computed Value				100%	Normal Rounding	1	
		Add Head Basic							
	ESI Employees Payable	On Current Earnings Total				100%	Normal Rounding	1	
	Profession Tax	On Current Earnings Total				100%	Normal Rounding	1	
Accept ?									
Yes or No									

Figure 4.33 Employee Alteration Pay Revision Vijay

5. Press **Y** or **Enter** to Accept the screen.

Resignation of an Employee

When an employee resigns at the end of the month, follow the instructions as given.

- ❑ Open the Employee Master.
- ❑ Open the Employee details screen.
- ❑ Set **Deactivation** field to **Yes**.
- ❑ Mention the last working day as the date of deactivation to ensure that while calculating payroll the system does not calculate pay beyond the last working day.

Mahesh has resigned, effective from 31-5-2005.

Go to **Gateway of Tally > Payroll Info > Employees > Alter > Mahesh**

1. Press **Enter** twice to view the **Employee Details** screen of **Mahesh** and change the Date of Deactivation to **31-5-2005**.

2. The screen displays as shown.

Employee Details		Bharath Consultancy	
Employee Details			
Employee Number	: 545	Bank A/c Number	: 23777
Gender	: Male	Bank Name	: State Bank of India
Date Of Joining	: 11-4-2005	Branch	: Wood Street Branch
Designation	: Senior Executive Sales	PF Account Number	: KN/BN/19163/547
Function	: Sales	ESI Number	: BG85963
Location	: Bangalore	Employee I.T. PAN	: BGAD872063
Date Of Birth	: 18-4-1970	Passport Number	: W75946132
Blood Group	: A Positive	Country of Issue	: India
Father / Spouse Name	: Babu	Passport Expiry Date	: 21-4-2012
Address	: Flat No 25 Ashirwad Apartments Austin Town Bangalore	Visa Number	:
Contact Numbers	:	Visa Expiry Date	:
E-Mail ID	: Mahesh@bharath.com	Work Permit Number	:
		Contract Start Date	:
		Contract Expiry Date	:
Deactivate		? Yes	
Date of Deactivation		: 31-5-2005	

Figure 4.34 Employee Details Mahesh

3. Save the changes.

Note: Pass Attendance, Payroll and Salary Payment vouchers for May 2005 to view the effect of settings.

4.13 Reports

Some of the reports that can be generated are as follows.

- ❑ Preparation of pay slip for each employee.
- ❑ Preparation of pay sheet to record the salary of each employee under various pay heads.
- ❑ Preparation of payroll statement for a particular ledger or a combination of ledgers.
- ❑ Preparation of payment advice to the bank to effect salary transfer.
- ❑ Payroll register maintaining entries prepared each month for employees.
- ❑ Employee ledger break-up showing a particular pay component employee-wise.
- ❑ Ledger employee break-up showing the break-up of employee salary under different ledger accounts.
- ❑ Attendance sheet showing cumulative attendance under each category like unpaid leave and overtime of each employee.
- ❑ Attendance register showing attendance entries passed for each month.
- ❑ Gratuity report showing gratuity summary of each employee.
- ❑ Expat reports showing passport, visa and work permits expired in the period considered.

4.14 Pay Slip

The Pay Slip is a document, issued to an employee, that itemises each component of earnings and deductions and the net amount paid to employee for a given pay period showing how the pay figure has been arrived at.

Go to **Gateway of Tally > Display > Payroll Reports > Payslip**

Select the employee whose pay slip you want to generate.

Payslip		Bharath Consultancy		Ctrl + M
<u>Payslip for April-2005</u>				
Vijay				
Employee Number	: 444	PF Account Number	: KN/BN/18184/563	
Function	: Administration	Employee I.T. PAN	: BGAD569873	
Designation	: Manager Administration	Bank Details	: 786584, State Bank of India, Wood Street Branch	
Location	: Bangalore	ESI Number	: BG25693	
Passport Details	: W12345678	Visa Expiry Date	:	
Attendance Details		Value		
Overtime		1 Hrs		
Unpaid Leave		1 Day		
Earnings	Amount	Deductions	Amount	
Basic	9,667.00	EPF	780.00	
HRA	3,867.00	ESI		
Conveyance	800.00	Profession Tax	200.00	
OT	55.00			
Incentive	2,000.00			
Total Earnings	16,389.00	Total Deductions	980.00	
		Net Amount	15,409.00	

Figure 4.35 Payslip

Configuration options available for Payslip

The Pay Slip can be configured for the following options.

- ❑ Vertical alignment
- ❑ Employee details
- ❑ Attendance details
- ❑ Year to date values

Note: Using Multi-Pay Slip printing under Printing Menu you can configure the print format of the pay slip and print pay slips for the selected periods and employee groups.

Go to **Gateway of Tally > Multi-Account Printing > Multi-Payslip Printing**

Bharath Consultancy	
Printing Payslips	
Printer : (Ne00:)	Paper Type: Letter
No. of Copies: 1	
Method: Neat Mode	(Printing Dimensions)
Page Range: All	Paper Size: (8.50" x 10.98") or (216mm x 279 mm)
	Print Area: (8.03" x 10.53") or (204mm x 270 mm)
Report Titles	
Payslip for May-2005	
Without Date Range of Report, Without Page Numbers	
From (blank for beginning) : 1-5-2005	Show Vertical Payslip ? No
To (blank for end) : 31-5-2005	Show Employee Details? Yes
Cost Category : All Items	Show Passport Details? Yes
Employee/Group : All Items	Show Visa Expiry Date? Yes
	Show Attendance/Production Detail? Yes
	Show Attendance/Production Group? Yes
	Display Attendance/Production Types in Tail Unit? Yes
	Show Year To Date Values? No
	Remove Zero Entries ? No
	for Attendance/Production also? Yes
Appearance of Names	Print ?
	Yes or No

Figure 4.36 Multi Payslip Configuration

Pay Sheet

The Pay Sheet is a matrix report with category, group and employees cascading in rows, and pay heads appearing in columns. The default report contains all earnings and deduction details for a given month or period.

Go to **Gateway of Tally > Display > Payroll Reports > Pay Sheet**

Pay Sheet Bharath Consultancy											
For All Employees											
1-May-2005 to 31-May-2005											
Particulars	Basic	Conveyance	HRA	OT	Incentive	Total Earnings	EPF	ESI	Loans and Advances	Profession Tax	Net Amount
Primary Cost Category											
Administration											
Shyam	2,806.00	300.00	1,122.00			4,228.00	337.00	74.00		30.00	441.00
Vijay	11,226.00	800.00	4,490.00	65.00	2,000.00	18,581.00	780.00			200.00	980.00
Sales											
John Smith	46,774.00	800.00	18,710.00			66,284.00	780.00			200.00	980.00
Mahesh	4,677.00	800.00	1,871.00	55.00	1,000.00	8,403.00	561.00			100.00	661.00
Grand Total	65,483.00	2,700.00	26,193.00	120.00	3,000.00	97,496.00	2,458.00	74.00		530.00	94,434.00

Figure 4.37 Paysheet

Configuration options available for Pay Sheet

The Pay Sheet can be configured for the following options.

- ❑ Column subtotals.
- ❑ Option of pay slip name or ledger name.
- ❑ Group or category total.

4.15 Payroll Statement

The Payroll Statement helps to generate the report for a specific pay head/ ledger.

Go to **Gateway of Tally > Display > Payroll Reports > Payroll Statement > Basic**

Payroll Statement		Bharath Consultancy		Ctrl + M	
For All Employees			1-May-2005 to 31-May-2005		
Particulars			Basic		
Primary Cost Category					
Adminstration					
Shyam			2,806.00		
Vijay			11,226.00		
Sales					
John Smith			46,774.00		
Mahesh			4,677.00		
Grand Total			65,483.00		

Figure 4.38 Payroll Statement

Configuration options available for Payroll Statement

The Payroll Statement can be configured for the following options.

- ❑ Pay Slip name for ledgers.
- ❑ Employees number, NI and Bank details.
- ❑ Employees' passport details and visa expiry particulars.

4.16 Payment Advice

It is used to generate Payment advice/ bank transfer letter for a specific bank account based on the salary payment vouchers posted to such account. To generate Payment Advice, employees' bank account number should have been captured earlier in the Employee Master.

Go to **Gateway of Tally > Display > Payroll Reports > Payment Advice**

Bharath Consultancy
 Level 10,
 Commerce@Mantri,
 Bannerghatta Road
 Bangalore
 India

Payment Advice

31-May-2005

The Manager
 State Bank of India

Dear Sir,

Payment Advice from Bharath Consultancy A/C # for period 1-May-2005 to 31-May-2005

Please make the payroll transfer from above account number to the below mentioned account numbers towards employee salaries:

Sl. No.	Name of the Employee	Account No.	Amount
	Total		

Yours Sincerely
for Bharath Consultancy

Authorised Signatory

Figure 4.39 Payment Advice

4.17 Payroll Register

The Payroll Register is a month-wise transaction summary report, showing a list of payroll vouchers passed in the month.

Go to **Gateway of Tally > Display > Payroll Reports > Payroll Register**

It lists the monthly break-up of payroll vouchers. Select the month, then select the voucher to be viewed.

4.18 Employee Ledger Breakup

This report is quite similar to Payroll Statement for a selected pay head. The difference is that opening balance, transactions and closing balance for the selected period are displayed as columns in this report.

Go to **Gateway of Tally > Display > Payroll Reports > Employee Ledger Breakup**

1. Press **F12** and set **Expand all levels in detailed format** to **Yes**.

Employee Breakup of Ledger		Bharath Consultancy		Ctrl + M
Particulars	Bharath Consultancy 1-Apr-2005 to 31-May-2005			
	Opening Balance	Transactions		Closing Balance
		Debit	Credit	
Primary Cost Category		3,63,102.00	1,84,400.00	1,78,702.00 Dr
Adminstration		80,839.00	41,738.00	39,101.00 Dr
Adminstration				
Shyam		12,859.00	6,768.00	6,091.00 Dr
Vijay		67,980.00	34,970.00	33,010.00 Dr
Sales		2,82,263.00	1,42,662.00	1,39,601.00 Dr
Sales				
John Smith		2,53,540.00	1,27,750.00	1,25,790.00 Dr
Mahesh		28,723.00	14,912.00	13,811.00 Dr

Figure 4.40 Employee Breakup of Ledger

4.19 Ledger Employee Breakup

This report displays accounting group-wise summary of transactions and closing balance of a selected employee with drill down option.

Go to **Gateway of Tally > Display > Payroll Reports > Ledger Employee Breakup > Vijay**

Breakup of Employee		Bharath Consultancy		Ctrl + M
Particulars	Employee: Vijay Bharath Consultancy 1-Apr-2005 to 31-May-2005			
	Transactions		Closing Balance	
	Debit	Credit		
Indirect Expenses	34,970.00			34,970.00 Dr
Basic	20,893.00			20,893.00 Dr
Conveyance Allowance	1,600.00			1,600.00 Dr
House Rent Allowance	8,357.00			8,357.00 Dr
Over Time	120.00			120.00 Dr
Variable Pay	4,000.00			4,000.00 Dr
Grand Total	34,970.00			34,970.00 Dr

Figure 4.41 Ledger Breakup of Employee

4.20 Attendance Sheet

The Attendance Sheet displays a pre-formatted column report related to attendance/production data.

Go to **Gateway of Tally > Display > Payroll Reports > Attendance Sheet**

Attendance Sheet		Bharath Consultancy		Ctrl + M
For All Employees		1-May-2005 to 31-May-2005		
Particulars		Overtime	Unpaid Leave	
Primary Cost Category				
Adminstration				
Shyam			2 Day	
Vijay		1 Hrs	2 Day	
Sales				
John Smith		1 Hrs	2 Day	
Mahesh		1 Hrs	2 Day	

Figure 4.42 Attendance sheet

4.21 Attendance Register

The Attendance Register summarises the attendance vouchers.

Go to **Gateway of Tally > Display > Payroll Reports > Attendance Register**

It lists the monthly break-up of attendance vouchers. Select the month, then select the voucher to be viewed.

4.22 Expat Report

Apart from regular payroll reports, Tally allows you to capture additional information for overseas workers with work permits.

Tally generates the following reports for the period under consideration for employees whose passport, visa and work permit details are captured in the Employee Master.

4.22.1 Passport Expiry

The Passport Expiry report displays employees' passport particulars for passports expired during the period under consideration. It lists

- ❑ Employee name
- ❑ Passport number
- ❑ Country of issue
- ❑ Date of joining
- ❑ Passport expiry date

The above details can also be configured to display employee numbers, employees mail id and employee masters which are deactivated. Since the contract expiry date is mentioned for deactivated employees, you can generate reports for deactivated employees also.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Passport Expiry**

1. Change the period **1-4-2005 to 31-12-2030**

2. In **F12: Configuration**, set **Show Deactivated Employees** to **Yes**.

Passport Expiry Report		Bharath Consultancy		Ctrl + M
For All Employees		1-Apr-2005 to 31-Dec-2030		
Particulars	Passport Number	Country of Issue	Date of Joining	Passport Expiry Date
Primary Cost Category				
Adminstration				
Shyam	W78541236	India	15-4-2005	12-5-2012
Vijay	W12345678	India	1-4-2005	22-11-2011
Sales				
John Smith	M87594632	Australia	5-4-2005	18-4-2010
Maresh	W75946132	India	11-4-2005	21-4-2012

Figure 4.43 Passport Expiry Report

4.22.2 Visa Expiry

The Visa Expiry report displays employees visa particulars for those visas expired during the period under consideration. It lists

- Employee name
- Visa number
- Date of joining
- Visa expiry date

The above details can also be configured to display employee numbers, employee's mail id and those employee masters which are deactivated.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Visa Expiry**

1. Change the period **1-4-2005** to **31-12-2030**

2. In **F12: Configuration**, set **Show Deactivated Employees** to **Yes**.

Visa Expiry Report		Bharath Consultancy		Ctrl + M
For All Employees		1-Apr-2005 to 31-Dec-2030		
Particulars	Visa Number	Date of Joining	Visa Expiry Date	
Primary Cost Category				
Sales				
John Smith	AU859631	5-4-2005	30-4-2010	

Figure 4.44 Visa Expiry Report

4.22.3 Contract Expiry

The Contract Expiry report displays employee contract particulars for those contracts expired during the period under consideration. It lists

- Employee name
- Work Permit number
- Contract commencement date
- Date of joining
- Contract expiry date

The above details can also be configured to display employee numbers, employee's mail id and those employee masters which are deactivated.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Contract Expiry**

1. Change the period **1-4-2005** to **31-12-2030**

2. In **F12: Configuration**, set **Show Deactivated Employees** to **Yes**.

Contract Expiry Report		Bharath Consultancy			Ctrl + M
For All Employees		1-Apr-2005 to 31-Dec-2030			
Particulars	Work Permit Number	Contract Start Date	Date of Joining	Contract Expiry Date	
Primary Cost Category					
Sales					
John Smith	DB/BG 876	5-4-2005	5-4-2005	30-4-2008	

Figure 4.45 Contract Expiry Report

Note: The date considered is only the contract expiry date and not the date of deactivation. Hence, it is advisable to change the contract expiry date to date of deactivation when the employment is terminated before contract expiry.

4.23 Gratuity Report

Gratuity calculation report for employees helps the employer know his contingent liability.

4.23.1 Gratuity report of all employees

The report calculates the liability of company in terms of gratuity for the existing employees based on their latest eligible pay.

Go to **Gateway of Tally > Display > Payroll Reports > Gratuity Reports**

Gratuity Details		Bharath Consultancy		Ctrl + M
Employee Name	:	Vijay		
Date of Joining	:	1-Apr-2005		
Till Date	:	31-May-2005		
No. of Months worked for	:	2.00		
Gratuity Days of a Month	:	26		
Gratuity Eligible salary	:	12,000.00		
Months From	Months To	No. of days of Gratuity Month	Gratuity Amount	
1	60	0	1,153.85	
Total			1,153.85	

Figure 4.46 Gratuity Summary

Configuration options available for Gratuity Summary statement

The Gratuity Summary statement can be configured for the following options.

- ☐ Show Employee Number
- ☐ Show Date of Birth
- ☐ Show New Joinees Only
- ☐ Show Deactivated Employees

4.24 Gratuity Calculation

From the Gratuity Calculation report, you can select a particular employee and view the calculation sheet displaying how the gratuity calculation has been worked out, considering the following.

- ☐ Date of Joining to arrive at number of completed months and application of gratuity slabs.
- ☐ Latest Pay considered from pay structure of the employee for pay heads eligible for gratuity.

Go to **Gateway of Tally > Display > Payroll Reports > Gratuity Reports**

Select the employee whose Gratuity Calculation you wish to generate.

Gratuity Details		Bharath Consultancy		Ctrl + M
Employee Name	:	Vijay		
Date of Joining	:	1-Apr-2005		
Till Date	:	31-May-2005		
No. of Months worked for	:	2.00		
Gratuity Days of a Month	:	30		
Gratuity Eligible salary	:	12,000.00		
Months From	Months To	No. of days of Gratuity Month	Gratuity Amount	
1	12	15	1,000.00	
Total			1,000.00	

Figure 4.47 Gratuity Details

Summary

On completion of this lesson, you should have learnt how Tally's Payroll feature enables

- ❑ Complete integration with accounts.
- ❑ Employee Master configuration.
- ❑ Recording of statistical data like attendance and overtime.
- ❑ Auto filling of payroll and payment voucher.
- ❑ Payment of salary through Bank advice.
- ❑ Generation of various other reports required by the management.

