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It has been awarded more than 30 times for its Quality Education & Placements at National & International platforms. It is one of the very few IT Training Companies in India that are awarded at Oxford University UK. Technoglobe has more than 100 centers in India, UAE, UK, Canada & Singapore.

As part of its Strong Placement Support, Technoglobe has done 500+ tie-ups with various IT & NON - IT companies & adding more companies to it.

If you are not willing to learn, no one can help you. If you are determined to learn, no one can stop you.

Message from Team Technoglobe

Dear Students,

IT skilling is crucial for India as it significantly contributes to the nation's economic growth by powering the rapidly expanding IT sector, generating substantial employment opportunities, driving innovation, and enabling India to compete effectively in the global market, making it one of the key pillars of the Indian economy

Skilled IT professionals are essential for driving innovation in various sectors, including IT, healthcare, finance, Banking and manufacturing through technology adoption.

We at Technoglobe bridge the gap between the requirement of companies & skills of the students. Our job oriented Training programs makes the students employable & industry ready.

About the book

Accounting is the language of business, the foundation upon which every financial decision is built. Whether it's the analysis of a company's profits, the preparation of financial statements, or the management of day-to-day financial transactions, accounting is a critical skill that transcends industries and job roles. For students entering the world of finance, business, or even entrepreneurship, mastering accounting does not just about understand numbers; it's about unlocking the ability to interpret financial information and make informed decisions.

This book is designed to guide students on their journey to understanding the core principles of accounting and how they apply in the real world. Aimed at beginners and those looking to solidify their foundational knowledge, it provides a clear, structured approach to key accounting topics, including basic accounting concepts, financial statements, ledger maintenance, and the importance of accurate record-keeping. Through engaging examples, real-world applications, and step-by-step explanations, the book simplifies complex topics, making accounting accessible to all learners.

Throughout this book, students will not only gain practical knowledge of bookkeeping and accounting standards, but they will also develop the analytical skills needed to assess the financial health of businesses, organizations, and even individuals. The aim is to help students gain confidence in using accounting tools, whether they are pursuing a career in finance, managing their own business, or simply seeking to understand the economic forces at play in the world around them.

As you embark on this journey of financial education, this book will be your companion, providing you with the resources, knowledge, and skills to navigate the world of accounting successfully. Whether you're preparing for exams, entering a professional career, or simply looking to enhance your financial literacy, the insights contained within these pages will equip you to tackle the challenges and opportunities that accounting presents in today's fast-paced, global economy.

FUNDAMENTALS OF ACCOUNTING

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CHAPTER 1: ACCOUNTING PROCESS

INTRODUCTION

Business is an economic activity undertaken with the motive of earning profits and maximizing the wealth for the owners. Business cannot run in isolation. Largely, business activity is carried out by people coming together with a purpose to serve a common cause. This team is often referred to as an organization, which could be in different forms such as sole proprietorship, partnership, body corporate, etc. The rules of business are based on general principles of trade, social values, and statutory framework encompassing national or international boundaries. While these variables could be different for different businesses, different countries, etc., the basic purpose is to add value to a product or service to satisfy customer demand.

Business activities require resources (which are limited & have multiple uses) primarily in terms of material, labor, machineries, factories and other services. The success of business depends on how efficiently and effectively these resources are managed. Therefore, there is a need to ensure the businessman tracks the use of these resources. The resources are not free and thus one must be careful to keep an eye on cost of acquiring them as well.

Definition of Accounting:

Definition by the American Institute of Certified Public Accountants (Year 1961):

“Accounting is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the result thereof”.

Definition by the American Accounting Association (Year 1966):

“The process of identifying, measuring and communicating economic information to permit informed judgments and decisions by the users of accounting”.

Thus, Accounting is defined as the systematic process of identifying, recording, classifying, summarizing, interpreting and communicating information about financial transactions to the users of accounting information, such as the owners, government, investor, creditors etc.

(a) Objectives of Accounting:

(i) Providing Information to the Users for Rational Decision-making

The primary objective of accounting is to provide useful information for decision-making to stakeholders such as owners, management, creditors, investors, etc. Various outcomes of business activities such as costs, prices, sales volume, value under ownership, return of investment, etc. are measured in the accounting process. All these accounting measurements are used by stakeholders (owners, investors, creditors/bankers, etc.) in course of business operation. Hence, accounting is identified as 'language of business'.

(ii) Ascertainment of Results of above Transactions

'Profit/loss' is a core accounting measurement. It is measured by preparing profit and loss account for a particular period. Various other accounting measurements such as different types of revenue expenses and revenue incomes are considered for preparing this profit and loss account.

Difference between these revenue incomes and revenue expenses is known as result of business transactions identified as profit/loss. As this measure is used very frequently by stockholders for rational decision-making, it has become the objective of accounting.

(iii) To Know the Solvency Position

Balance sheet and profit and loss account prepared as above give useful information to stockholders regarding concerns potential to meet its obligations in the short run as well as in the long run.

Providing Information to the Users for Rational

Providing Information to the Users for Rational Decision-making

Systematic Recording of Transactions

Ascertain the Financial Position of Business

Ascertainment of Results of above Transactions

To Know the Solvency Position

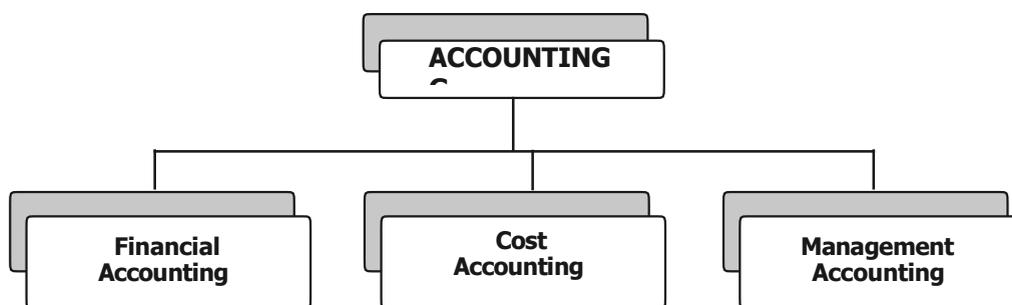
Function of Accounting

The main functions of accounting are as under:

- (a) **Forecasting:** Accounting helps in forecasting future performance and financial position of the enterprise using past data.
- (b) **Decision-making:** Accounting provides relevant information to the users of accounts to aid rational decision-making.
- (c) **Comparison & Evaluation:** Accounting assesses performance achieved in relation to targets and discloses information regarding accounting policies and contingent liabilities which play an important role in predicting, comparing and evaluating the financial results.
- (d) **Control:** Accounting also identifies weaknesses of the operational system and provides feedbacks regarding effectiveness of measures adopted to check such weaknesses.
- (e) **Government Regulation and Taxation:** Accounting provides necessary information to the government to exercise control on the entity as well as in collection of tax revenues.

Classification

The various sub-fields of the accounting are:



(a) Financial Accounting

Financial Accounting is defined as a process of recording, summarizing and reporting of various transactions that occur over a period of time during a course of business.

We gather and convert all the daily transactions into financial statements, balance sheet, income statements and cash flow statements.

(b) Cost Accounting

According to the Chartered Institute of Management Accountants (CIMA), Cost Accountancy is defined as “application of costing and cost accounting principles, methods and techniques to the science, art and practice of cost control and the ascertainment of profitability as well as the presentation of information for the purpose of managerial decision-making.”

(c) Management Accounting

Management Accounting is concerned with the use of Financial and Cost Accounting information to managers within organizations, to provide them with the basis in making informed business decisions that would allow them to be better equipped in their management and control functions.

BOOK - KEEPING

As defined by Carter, ‘Book-keeping is a science and art of correctly recording in books-of accounts all those business transactions that result in transfer of money or money’s worth’.

Book-keeping is an activity concerned with recording and classifying financial data related to business operation in order of its occurrence.

Book-keeping is a mechanical task which involves:

- Collection of basic financial information.
- Identification of events and transactions with financial character i.e., economic transactions.

The distinction between book-keeping and accounting is given below:

Distinction between Book-keeping and Accounting

Book-Keeping				Accounting	
1.	Output of book-keeping accounting.	is an input	f o r	1.	Output of accounting permit informed judgments and decisions by the user of accounting information.
2.	Purpose of book-keeping is to keep systematic record of transactions and events of financial character in order of its occurrence.			2.	Purpose of accounting is to find results of operating activity of business and to report financial strength of business.
3.	Book-keeping is	foundation	of	3.	Accounting is considered as a language of business.

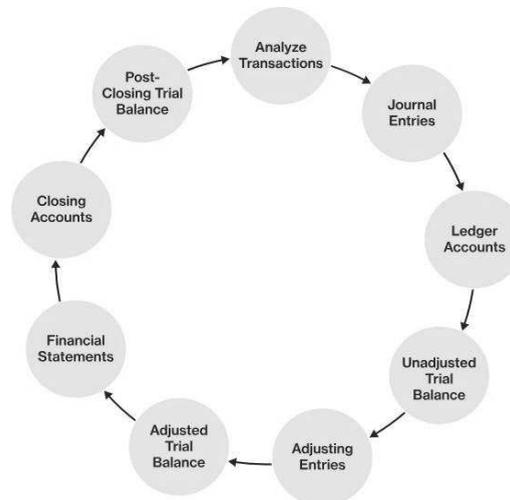
	an accounting.		
4.	Book-keeping is carried out by junior staff.	4.	Accounting is done by senior staff with skill of analysis and interpretation.
5.	Objects of book-keeping is to summarize the cumulative effect of all economic transactions of business for a given period by maintaining permanent record of each business transaction with its evidence and financial effects on accounting variable.	5.	Object of accounting is not only bookkeeping but also analyzing and interpreting reported financial information for informed decisions.

ACCOUNTING CYCLE

When complete sequence of accounting procedure is done which happens frequently and repeated in same directions during an accounting period, is called an accounting cycle.

Steps/Phases of Accounting Cycle

The steps or phases of accounting cycle can be developed as under:



- (a) **Recording of Transaction:** As soon as a transaction happens it is at first recorded in subsidiary book.
- (b) **Journal:** The transactions are recorded in Journal chronologically.
- (c) **Ledger:** All journals are posted into ledger chronologically and in a classified manner.
- (d) **Trial Balance:** After taking all the ledger account closing balances, a Trial Balance is prepared at the end of the period for the preparations of financial statements.

- (e) **Adjustment Entries:** All the adjustments entries are to be recorded properly and adjusted accordingly, before preparing financial statements.
- (f) **Adjusted Trial Balance:** An adjusted Trail Balance may also be prepared.
- (g) **Closing Entries:** All the nominal accounts are to be closed by the transferring to Trading Account and Profit and Loss Account.
- (h) **Financial Statements:** Financial statement can now be easily prepared which will exhibit the true financial position and operating results.

BASIC ACCOUNTING TERMS

In order to understand the subject matter clearly, one must grasp the following common expressions always used in business accounting. The aim here is to enable the student to understand with these often-used concepts before we embark on accounting procedures and rules. You may note that these terms can be applied to any business activity with the same connotation.

- (i) **Transaction:** It means an event or a business activity which involves exchange of money or money's worth between parties. The event can be measured in terms of money and changes the financial position of a person e.g. purchase of goods would involve receiving material and making payment or creating an obligation to pay to the supplier at a future date. Transaction could be a cash transaction or credit transaction. When the parties settle the transaction immediately by making payment in cash or by cheque, it is called a cash transaction. In credit transaction, the payment is settled at a future date as per agreement between the parties.

The capital assets which have no physical existence and whose value is limited by the rights and anticipated benefits that possession confers upon the owner are known as intangibles Assets. They cannot be seen or felt although they help to generate revenue in future, e.g. Goodwill, Patents, Trade-marks, Copyrights, Brand Equity, Designs, Intellectual Property, etc.

Assets can also be classified into Current Assets and Non-Current Assets.

Current Assets – An asset shall be classified as Current when it satisfies any of the following:

- (a) It is expected to be realized in ,or is intended for sale or consumption in the Company's normal Operating Cycle,
- (b) It is held primarily for the purpose of being traded,
- (c) It is due to be realized within 12 months after the Reporting Date, or
- (d) It is Cash or Cash Equivalent unless it is restricted from being exchanged or used to settle a Liability for at least 12 months after the Reporting Date.

Non-Current Assets – All other Assets shall be classified as Non-Current Assets. E.g. Machinery held for long term etc.

- (iii) **Liability:** It is an obligation of financial nature to be settled at a future date. It represents amount of money that the business owes to the other parties. E.g. when goods are bought on credit, the firm will create an obligation to pay to the supplier the price of goods on an agreed future date or when a loan is taken from bank, an obligation to pay interest and principal amount is created. Depending upon the period of holding, these obligations could be further classified into Long Term on non-current liabilities and Short Term or current liabilities.

Current Liabilities – A liability shall be classified as Current when it satisfies any of the following:

- (a) It is expected to be settled in the Company's normal Operating Cycle,
- (b) It is held primarily for the purpose of being traded,

Non-Current Liabilities – All other Liabilities shall be classified as Non-Current Liabilities. E.g. Loan taken for 5 years, Debentures issued etc.

- (iv) **Working Capital:** In order to maintain flows of revenue from operation, every firm needs certain amount of current assets. For example, cash is required either to pay for expenses or to meet obligation for service received or goods purchased, etc. by a firm. On identical reason, inventories are required to provide the link between production and sale. Similarly, Accounts Receivable generate when goods are sold on credit. Cash, Bank, Debtors, Bills Receivable, Closing Stock, and Prepayments etc. represent current assets of firm. The whole of these current assets forms the working capital of a firm which is termed as Gross Working Capital.

Gross Working capital = T o t a l Current Assets

= Long term internal liabilities plus long-term debts plus the current liabilities minus the amount blocked in the fixed assets.

There is another concept of working capital. Working capital is the excess of current assets over current liabilities. That is the amount of current assets that remain in a firm if all its current liabilities are paid. This concept of working capital is known as Net Working Capital which is a more realistic concept.

Working Capital (Net) = Current Assets – Currents Liabilities.

Supplier then only the obligation is created. Till that it is treated as a contingent liability. Please note that contingent liability is not recorded in books of account, but disclosed by way of a note to the financial statements.

- (v) **Capital:** It is amount invested in the business by its owners. It may be in the form of cash, goods, or any other asset which the proprietor or partners of business invest in the business activity. From business point of view, capital of owners is a liability which is to be settled only in the event of closure or transfer of the business. Hence, it is not classified as a normal liability. For corporate bodies, capital is normally represented as share capital.
- (vi) **Drawings:** It represents an amount of cash, goods or any other assets which the owner withdraws from business for his or her personal use. E.g. if the life insurance premium of proprietor or a partner of business is paid from the business cash, it is called drawings. Drawings will result in reduction in the owners' capital. The concept of drawing is not applicable to the corporate bodies like limited companies.
- (vii) **Debtor:** The sum total or aggregate of the amounts which the customer owes to the business for purchasing goods on credit or services rendered or in respect of other contractual obligations, is known as Sundry Debtors or Trade Debtors, or Trade Payable, or Book-Debts or Debtors. In other words, Debtors are those persons from whom a business has to recover money on account of goods sold or service rendered on credit. These debtors may again be classified as under:
 - (viii) **Creditor:** A creditor is a person to whom the business owes money or money's worth. e.g. money payable to supplier of goods or provider of service. Creditors are generally classified as Current Liabilities.
- (ix) **Balance Sheet:** It is the statement of financial position of the business entity on a particular date. It lists all assets, liabilities and capital. It is important to note that this statement exhibits the state of affairs of the business as on a particular date only.

It describes what the business owns and what the business owes to outsiders (this denotes liabilities) and to the owners (this denotes capital). It is prepared after incorporating the resulting profit/losses of Income statement.

- (x) **Profit and Loss Account or Income Statement:** This account shows the revenue earned by the business and the expenses incurred by the business to earn that revenue. This is prepared usually for a particular accounting period, which could be a month, quarter, a half year or a year. The net result of the Profit and Loss Account will show profit earned or loss suffered by the business entity.

A. BASIC ASSUMPTIONS

(a) Business Entity Concept

This concept explains that the business is distinct from the proprietor. Thus, the transactions of business only are to be recorded in the books of business.

(b) Going Concern Concept

This concept assumes that the business has a perpetual succession or continued existence.

(c) Money Measurement Concept

According to this concept only those transactions which are expressed in money terms are to be recorded in accounting books.

VOUCHER:

Voucher:

- It is a written instrument that serves to confirm or witness (vouch) for some fact such as a transaction.
- A voucher is a document that shows goods have bought or services have been rendered, authorizes payment, and indicates the ledger account(s) in which these transactions have to be recorded.

Types of Vouchers			
Receipt Voucher	Payment Voucher	Cash or Transfer Voucher	Supporting Voucher

(i) Receipt Voucher

Receipt voucher is used to record cash or bank receipt. Receipt vouchers are of two types. I-e.

(a) Cash receipt voucher – it denotes receipt of cash

(b) Bank receipt voucher – it indicates receipt of cheque or demand draft.

(ii) Payment Voucher

Payment voucher is used to record a payment of cash or cheque. Payment vouchers are of two types. i.e.

- (a) **Cash Payment voucher** – it denotes payment of cash
- (b) **Bank Payment voucher** – it indicates payment by cheque or demand draft.
- (iii) **Non-Cash or Transfer Voucher**
These vouchers are used for non-cash transactions as documentary evidence. e.g., Goods sent on credit.
- (iv) **Supporting Vouchers**
These vouchers are the documentary evidence of transactions that have happened.

DOUBLE ENTRY SYSTEM:

Double Entry System

It was in 1494 that Luca Pacioli the Italian mathematician, first published his comprehensive treatise on the principles of Double Entry System. The use of principles of double entry system made it possible to record not only cash but also all sorts of Mercantile transactions. It had created a profound impact on auditing too, because it enhanced the duties of an auditor to a considerable extent.

Features of Double Entry System

- (i) Every transaction has two-fold aspects, i.e., one party giving the benefit and the other receiving the benefit.
- (ii) Every transaction is divided into two aspects, Debit and Credit.
One account is to be debited and the other account is to be credited.

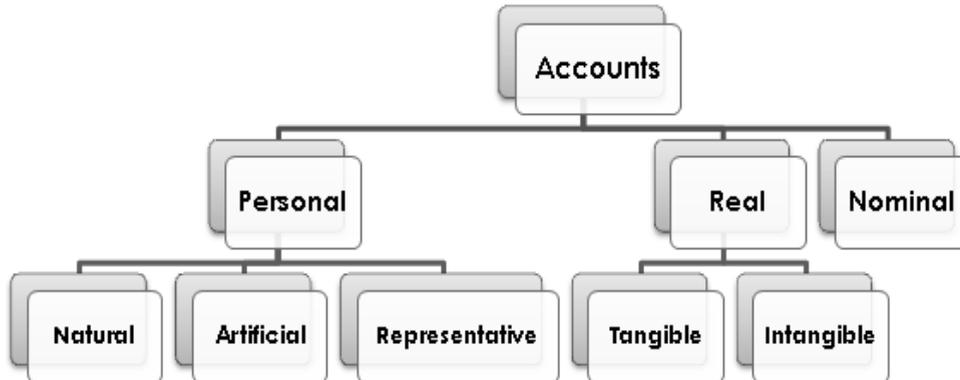
THE CONCEPTS OF 'ACCOUNT', 'DEBIT' AND 'CREDIT':

The concept of Account

- An account is defined as a summarized record of transactions related to a person or a thing e.g. when the business deals with customers and suppliers, each of the customers and supplier will be a separate account.

Dr.	Cash Account	Cr.
Debit side		Credit side

TYPES OF ACCOUNTS:



Let us see what each type of account means.

- (1) **Personal Account:** As the name suggests these are accounts related to persons.
 - (a) These persons could be natural persons like Suresh's A/c, Anil's a/c, Rani's A/c etc.
 - (b) The persons could also be artificial persons like companies, bodies corporate or association of persons or partnerships etc. Accordingly, we could have Videocon Industries A/c, Infosys Technologies A/c, Charitable Trust A/c, Ali and Sons trading A/c, ABC Bank A/c, etc.
- (2) **Real Accounts:** These are accounts related to assets or properties or possessions. Depending on their physical existence or otherwise, they are further classified as follows: -
 - (a) **Tangible Real Account** – Assets that have physical existence and can be seen, and touched.
e.g. Machinery A/c, Stock A/c, Cash A/c, Vehicle A/c, and the like.
- (3) **Nominal Account:** These accounts are related to expenses or losses and incomes or gains e.g. Salary and Wages A/c, Rent of Rates A/c, Travelling Expenses A/c, Commission received A/c, Loss by fire A/c etc.

The concept of Debit and Credit

THE ACCOUNTING PROCESS:

There are two approaches for deciding an account is debited or credit.

1. American Approach or Modern Approach



2. British Approach or Traditional Approach

- These rules are shown below:

Personal Account	→	Debit the receiver or who owes to business Credit the giver or to whom business owes
Real Account	→	Debit what comes into business Credit what goes out of business
Nominal Account	→	Debit all expenses or losses Credit all income or gains

DOUBLE ENTRY SYSTEM, BOOKS OF PRIME ENTRY, SUBSIDIARY BOOKS

A journal is often referred to as Book of Prime Entry or the book of original entry. In this book transactions are recorded in their chronological order. The process of recording transaction in a journal is called as 'Normalization'. The entry made in this book is called a 'journal entry'.

Functions of Journal

- (i) **Analytical Function:** Each transaction is analysed into the debit aspect and the credit aspect. This helps to find out how each transaction will financially affect the business.
- (ii) **Recording Function:** Accountancy is a business language which helps to record the transactions based on the principles. Each such recording entry is supported by a narration, which explain, the transaction in simple language. Narration means to narrate – i.e. to explain. It starts with the word – Being ...

The specimen of a journal book is shown below.

Date	Particulars	Voucher number	Ledger folio	Debit amount (₹)	Credit amount (₹)
dd-mm-yy	Name of A/c to be debited Name of A/c to be credited (narration describing the transaction)	-----	Reference of page number of the A/c in ledger	-----	-----

Explanation of Journal

- (i) **Date Column:** This column contains the date of the transaction.
- (ii) **Particulars:** This column contains which account is to be debited and which account is to be credited. It is also supported by an explanation called narration.
- (iii) **Voucher Number:** This Column contains the number written on the voucher of the respective transaction.

Example:

As per voucher no. 31 of Roy Brothers, on 10.05.2013 goods of ` 50000 were purchased. Cash was paid immediately. Ledger Folios of the Purchase A/c and Cash A/c are 5 and 17 respectively. Journal entry of the above transaction is given bellow:

Types of Cash Book

There are different types of Cash Book as follows:

- (i) **Single Column Cash Book-** Single Column Cash book has one amount column on each side. All cash receipts are recorded on the debit side and all cash payments on the payment side, this book is nothing but a Cash Account and there is no need to open separate cash account in the ledger.

(I) **Contra Transactions**

Transactions which relate to allowing discount or receiving discount in cash after the settlement of the dues are known as Contra Transactions.

(Being discount allowed in cash to Mr. Ghosh Dasti Dar who settled his account in full)

(II) **Cheque Transactions**

When a cheque is received and no any other information at a later date about the same is given, it will be assumed that the said cheque has already been deposited into bank on the same day when it was received. Then the entry should be as under:

Bank A/c Dr.

To Debtors/Party A/c

But if it is found that the said cheque has been deposited into the bank at a later date, then the entry will be:

- (i) **When the cheque is received Cash**

A/c Dr.

To Debtors/Party A/c

- (ii) **When the same was deposited into bank at a later date Bank A/c**

Dr.

To Cash A/c

- (iii) **When the said cheque is dishonoured by the bank**

Debtors/Party

A/c Dr.

To Bank A/c

TRIAL BALANCE: Trial balance may be defined as a statement or a list of all ledger account balances taken from various ledger books on a particular date to check the arithmetical accuracy.

Let us prepare the trial balance for the ledger accounts.

Trial Balance as on...

Account name	Debit (₹)	Credit (₹)
Cash A/c	6,25,000	
Vikas's capital A/c		5,00,000
Vaibhavi's capital A/c		2,50,000
Furniture A/c	25,000	
Punjab National Bank A/c	2,85,000	
Rent A/c	15,000	
Motor Car	4,50,000	
Loan from HDFC A/c		4,00,000
Avon Pharmaceuticals	7,50,000	
Consultancy fees A/c		10,00,000
Salary A/c	15,000	
Salary payable A/c		15,000
Total	21,65,000	21,65,000

Trial Balance as at / as on

Heads of Accounts	Side of Trial Balance	Reasons
Cash in hand	Debit	Assets
Cash at Bank	Debit	Assets
Cash at Bank (overdrawn)	Credit	Liability
Bank Overdraft	Credit	Liability
Capital	Credit	Liability
Opening stock	Debit	Assets
Wages	Debit	Expenses
Purchase	Debit	Expense/Increase in stock
Carriage Inwards	Debit	Expenses
Freight	Debit	Expenses
Royalty on production	Debit	Expenses
Gas, Water, Fuel	Debit	Expenses
Motive Power	Debit	Expenses
Import Duty	Debit	Expenses
Sales	Credit	Income/Decrease in stock
Discount Allowed	Debit	Losses
Discount Received	Credit	Gains
Bad Debts	Debit	Losses
Reserve /Provision for		

OPENING ENTRIES

(i) Opening Entries: The opening entry is an item which is passed in the Journal proper or General Ledger. The purpose of passing this entry is to record the opening balances of the accounts transferred from the previous year to the New Year. The accounts which are appearing on the assets side of balance sheet are debited in the opening entry while which accounts are appearing in the liabilities side is credited.

Rectification of Errors

Suspense Account

Example: Sales Day Book was overcast by ` 1,000. `

Sales A/c	Dr. 1,000	
To Suspense A/c		1,000

CHAPTER 2: RECONCILIATION STATEMENTS

BANK RECONCILIATION

When an individual or a firm deposits any money into a bank or withdraw money by issuing a cheque from a bank, he/it records the transaction in the debit-side of the bank columns of the Cash Book for such deposits and credit side of the bank column of the Cash book for such withdrawals.

On the other hand, bank also records such transactions in its book i.e. credit such account for deposits and debit such account for any withdrawals. The Bank issues a book to the account holder after recording such transactions. The book which is prepared by the bank for accountholder is known as Pass Book.

In case of Current Account, the bank issues Statements and not a Pass Book. The statement is known as Bank Statement.

A Specimen of a Pass Book is presented below:

UNION BANK OF INDIA NEW ALIPORE

A/c No. : 104922

Name: Mrs. Mathew SAVINGS BANK

ACCOUNT PASS BOOK

Date	Particulars	Cheque No.	Withdrawals	Deposits	Balance	Initials
20.03.13	Balance buff	—	—	—	14,078.00	
22.03.13	To CLG	210850	2,000.00	—	12,078.00	
23.03.13	To Self	210853	11,500.00	—	578.00	
24.03.13	By CLG	—	—	1,000.00	1,578.00	
28.03.13	To CLG	210854	700.00	—	878.00	
29.03.13	By Cash	—	—	1,000.00	1,878.00	
30.03.13	To CLG	210855	600.00	—	1,278.00	

CHAPTER3: ACCOUNTING FOR DEPRECIATION

INTRODUCTION

Depreciation is derived from the Latin word “Depletion”, where “De” – decline “Premium” – Price. This decline in price is due to constant use, wear and tear.

“Depreciation is the gradual and permanent decrease in the value of an asset from any cause.”

Indian Accounting Standard (AS 6) states that “Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset.”

A. Internal Causes

- (i) **Wear and tear:** Plant & machinery, furniture, motor vehicles etc. suffer from loss of utility due to vibration, chemical reaction, negligent handling, rusting etc.
- (ii) **Depletion (or exhaustion):** The utility or resources of wasting assets (like mines etc.) decreases with regular extractions.

B. External or Economic Causes

- (i) **Obsolescence:** Innovation of better substitutes, change in market demand, and imposition of legal restrictions may result into discarding an asset.
- (ii) **Inadequacy:** Changes in the scale of production or volume of activities may lead to discarding an asset.

C. **Time element:** With time some intangible fixed assets like leases and patents. Copyrights, etc., lose their value or effectiveness, whether used or not. The word “amortization” is a better term to speak for the gradual fall in their values.

D. **Abnormal occurrences:** An accident, fire or natural calamity can damage the service potential of an asset partly or fully. As a result, the effectiveness of the asset is affected and reduced.

PROVISION FOR DEPRECIATION ACCOUNT:

Provision of depreciation is the collected value of all depreciation. The provision of depreciation account is the account of the provision of depreciation. With the making of this account, we are not credited depreciation in the asset account. But transfer every year's depreciation to the provision of a depreciation account. Every year, we adopt this procedure, and when assets are sold, we will transfer the sole asset 'total depreciation' to the credit side of the asset account for calculating the correct profit or loss on fixed assets. This provision is used with any method of calculating depreciation.

- (i) Dr.
To, Asset Disposal A/c
- (ii) For charging depreciation for the year of sale: Depreciation A/c Dr.
To, Asset Disposal A/c
- (iii) When cash received on sale of asset:
Bank/Cash A/c Dr.
To, Asset Disposal A/c
- (iv) When loss on disposal is transferred to Profit & Loss A/c: Profit & Loss A/c Dr.
To, Asset Disposal A/c
- (v) When profit on disposal is transferred to Profit & Loss Account: Asset Disposal A/c Dr.
To, Profit & Loss A/c

PROFIT OR LOSS ON SALE OF ASSETS – METHOD OF DEPRECIATION CALCULATION:

Sometimes, an asset is sold before the completion of its useful life for some unavoidable circumstances (due to obsolescence, etc.), including a part of the asset that is no longer required in the future. If the sale price is less than the WDV, there will be a loss, and vice versa. The profit & loss on the sale of assets is adjusted in the year of Sale in Profit & Loss Account.

Accounting Treatment

a. Where no provision for depreciation account is maintained:

WDV of the amounts sold will be transferred to 'Assets Disposal Account'. The entries will be as follows:

- (i) WDV of asset has been transferred to Asset Disposal A/c
Asset Disposal A/c Dr.
To Asset A/c

CHAPTER 4: PREPARATION OF FINAL ACCOUNTS

INTRODUCTION:

The most important function of an accounting system is to provide information about the profitability of the business. A sole trader furnishes a Trading and Profit and Loss Account which depicts the result of the business transactions of the sole trader. Along with the Trading and Profit and Loss Account, he also prepares a Balance Sheet, which shows the financial position of the business.

Steps in the Process of Finalization of Accounts

A. For Trading Concerns:

1. Trading Account.
2. Profit and Loss Account.
3. Balance Sheet.

B. For Manufacturing and Trading Concerns:

1. Manufacturing Account.
2. Trading Account.
3. Profit and Loss Account.
4. Balance Sheet.

PREPARATION OF FINANCIAL STATEMENTS:

Profitability Statement – This statement is related to a complete accounting period. It shows the outcome of business activities during that period in a summarized form. The activities of any business will include purchase, manufacture, and sale.

Balance Sheet – The business needs some resources which have a longer life (say more than a year).

Such resources are, therefore, not related to any particular accounting period but are to be used over the useful life thereof. The resources do not come free. One requires finance to acquire them. This funding is provided by owners through their investment, banks & other through loans, and suppliers by way of credit terms. The Balance Sheet shows the list of resources and the funding of the resources, i.e. assets and liabilities (towards owners and outsiders). It is also referred to as sources of funds (i.e., liabilities & capital) and application of funds (i.e., assets). Let us discuss these statements in depth.

Trading Account: It is an account which is prepared by a merchandising concern that purchases goods and sells the same during a particular period. The purpose of it is to find out the gross profit or gross loss, which is an important indicator of

business efficiency.

The following items will appear on the debit side of the Trading Account:

- (i) **Opening Stock:** In case of a trading concern, the opening stock means the finished goods only. The amount of opening stock should be taken from Trial Balance.
- (ii) **Purchases:** The number of purchases made during the year. Purchases include cash as well as credit purchases. The deductions can be made from purchases, such as purchase return, goods withdrawn by the proprietor, goods distributed as free samples etc.
- (iii) **Direct Expenses:** it means all those expenses which are incurred from the time of purchases to making the goods in suitable condition. This expense includes freight inward, octroi, wages, etc.
- (iv) **Gross Profit:** If the credit side of trading A/c is greater than the debit side of trading, A/c gross profit will arise.

The following items will appear on the credit side of the Trading Account:

- (i) **Closing Stocks:** In the case of trading business, there will be closing stocks of finished goods only. According to the convention of conservatism, stock is valued at cost or net realizable value, whichever is lower.
- (ii) **Gross Loss:** When the debit side of the trading account is greater than the credit side of the trading account, gross loss will appear.

Dr. Trading Account for the year ended Cr.

Particulars	Amount	Particulars	Amount
Opening Stock:		Sales	
Finished goods		Less: Sales return	
Purchases		Closing stock	
Less: Purchase returns		Finished goods	
Gross Profit		Gross Loss	
(transferred to P & L A/c)		(transferred to P & L A/c)	
Total		Total	

BAD DEBTS:

Debts: The amount which is receivable from a person or a concern for supplying goods or services is called Debt.

Debts may be classified into:

- (i) Bad debts;
- (ii) Doubtful debts and
- (iii) Good debts

- (i) **Bad Debts:** Bad debts are uncollectable or irrecoverable debts or debts which are impossible to collect are called Bad Debts. If it is known that the amount recoverable from a customer cannot be realized at all, it should be treated as a business loss and should be adjusted against profit. In short, the amount of bad debt should be transferred to the Profit and Loss Account for the current year to confirm the principles of matching.

Accounting Steps:

- (a) **When goods are sold on credit**

Debtors A/c Dr.

To Sales A/c

PREPARATION OF FINANCIAL STATEMENTS OF A NON-TRADING CONCERN:

Until now, we have seen accounting treatment for business transactions of business entities whose main objective is to earn profit. Certain organizations are not established to make profit but to provide some service. These services are generally given to members who make subscriptions to avail them. These are also called non- trading entities. Examples of such organizations are:

- Gymkhana/sports clubs
- Educational institutions
- Public hospitals
- Libraries
- Cultural clubs like Rotary or Lions club
- Religious institutions
- Charitable trusts

These organizations get their funds in the form of contributions by way of entrance fees, life membership fees, annual subscriptions, donations, grants, legacies, etc. The accounting of such organizations is based on similar principles followed by the other organizations. Given the nature of these institutions, certain items of revenue and expenses need special understanding so that accounting treatment can be correctly decided.

Special Items

Certain items of revenue and expenses are unique for the non-trading entities. They could be listed as:

Revenue items	Expenditure items
Donations	Upkeep of grounds
Entrance fees	Tournament expenses
Subscriptions	Prizes
Grants received	Events

These non-profit organizations prepare

Receipt and Payment Account – This is similar to a cash book. Entries are made on a cash basis, and items about the previous year, current year, or subsequent years are also recorded. Receipts are shown on the debit side, and payments are shown on the credit side. Capital as well as revenue items are entered in the R & P Account. This account is a real account in nature. No provisions are recorded in this account. The account has an opening and a closing balance, which is reflected as an asset in the balance sheet.

Features of Receipts and Payment Account

1. It is an Account that contains all Cash and Bank transactions made by a non-profit organization during a particular financial period.
2. It starts with the opening balances of Cash and Bank. All Cash Receipts, both capital & revenue during the period are debited to it.
3. All Cash Payments, both capital & revenue, during the period are credited to this Account. It ends with the closing Cash and Bank Balances.
4. While recording the Cash and Bank transactions, all entries are made on Cash Basis.
5. It is a summary of the Cash Book.
6. It follows Real Account.

Receipt and Payment Account

Receipts	mount ()	Payments	mount ()
Starts with an opening balance			
All receipts - capital or revenue		All payments - Capital or revenue	
It may be related to any period previous, current, or subsequent.		It may be related to any period previous, current, or subsequent.	
		Ends with closing balance	

Income and Expenditure Account – This is similar to the Profit and loss Account and is prepared exactly based on same principles. As the name suggests, only revenue items are recorded herein. Incomes are recorded on the credit side, while the expenses are on the debit side. Both incomes and expenses must be taken based on the accrual concept. This account should reflect only items that are about current period. Previous and subsequent year items are to be excluded. This account shows either a surplus or a deficit. Excess of income over expenditure is called surplus, and excess of expenditure over income is called as deficit.

Features of Income and Expenditure Account

1. It follows the Nominal Account.
2. All expenses of a revenue nature for the particular period are debited to this Account on an accrual basis.

Income and Expenditure Account

Expenses	Amount (₹)	Income	Amount (₹)
Only revenue expenses		Only revenue receipts	
Only related to current period.		Only related to current period	
Shows either surplus		Or shows deficit	

Balance Sheet – It is prepared as on the last day of the accounting period. It also has assets and liabilities and prepared based on accounting equation. But, there's no capital account. Instead, there is a capital fund. The surplus or deficit from Income & Expenditure Account is adjusted against this capital fund at the end of the year.

Difference between Receipts and Payments Account and Income and Expenditure Account

	Receipts & Payments Account	Income & Expenditure Account
1.	It is a summarized Cash Book	It closely resembles the Profit & Loss Account of a Trading concern.
2.	Receipts are debited and Payments are credited.	Incomes are credited and Expenditures are debited.
3.	Transactions are recorded on Cash basis.	Transactions are recorded on Accrual Basis
4.	Amounts related to previous period or future period may remain included. Outstanding amount for current year is excluded.	Transactions are recorded on accrual basis. All amounts not related to the current period are excluded. Outstanding amounts of current period are Added.
5.	It records both Capital and Revenue transactions.	It records Revenue transactions only.

Difference between Profit and Loss Account and Income and Expenditure Account Other Treatments

- (a) If the Special Fund is used to meet an expense
 - Special Fund A/c Dr.
 - To Bank A/c (amt. of expense)
- (ii) **Donations**
 - (a) Donation received for a particular purpose should be credited to Special Fund. For example, Donation received for Building should be credited to Building Fund Account.
 - (b) For other donations received the by-laws or rules of the concern should be followed.
 - (c) Donation paid by the concern should be debited to Income & Expenditure Account.
 - (iii) **Legacy Received:** It is to be directly added with Capital Fund after deduction of tax, (if any). It is a kind of donation received according to the will made by a deceased person.
 - (iv) Entrance Fees or Admission Fees
 - (a) The rules or by-laws of the concern should be followed.
 - (v) Subscriptions
 - (a) Annual subscriptions are credited to Income & Expenditure Account on accrual basis.
 - (b) Life membership subscription is usually credited to a separate account shown as a liability.
 - (c)

PREPARATION OF FINANCIAL STATEMENT UNDER SINGLE ENTRY SYSTEM INCLUDING CONVERSION OF SINGLE ENTRY INTO DOUBLE ENTRY SYSTEM:

Introduction

Many times, small business organizations do not maintain a comprehensive accounting system which is based on the double entry principle. The businessman is usually happy with the minimum information, like the balances of cash and bank accounts and whether he has made a profit or loss. These people maintain rough or sketchy records that serve a limited purpose. Because, the principle of double entry is not followed, it is often referred to as a 'single entry system'. Such system maintains only personal accounts and cash book. Expenses and incomes are reflected in the cash book, whereas personal accounts reflect the debtors' and creditors' position. This system usually follows the principle of 'cash basis accounting' and hence no accrual or non-

Cash entries are passed. For example, entries like depreciation, provision for expenses, accrued incomes have no place under such system.

Features of Single-Entry System:

Single Entry System has the following features.

- (a) Maintenance of books by a sole trader or partnership firm: The books which are maintained according to this system can be kept only by a sole trader or by a partnership firm.
- (b) Maintenance of cash book: In this system it is very often to keep one cash book which mixes up business as well as private transactions.

Benefits of single-Entry System

- (a) It's quick and easy to maintain.
- (b) One doesn't require employing a qualified accountant.

The Method

This method is called the statement of affairs method. The statement of affairs is similar to the balance sheet in the format and is based on the same accounting equation of

Capital = Assets less Liabilities

Statement of Profit and Loss for the year ended.....

Particulars	Amount (₹)	Amount (₹)
Capital (at the end)	Xx	
Less: Capital (at the beginning)	Xx	xx
Add: Drawings		xx
		xx
Less: Further Capital (if any)		xx
Profit/Loss		xx
Less: Adjustments, if any say, Bad debts, Depreciation etc.		xx
Net Profit/Loss for the period		xx
Less: Appropriation items:		
(I) Interest in partner's capital	Xx	
(ii) Partners' salaries etc.	Xx	xx
Divisible Profit		xx

CHAPTER 5: ACCOUNTING FOR SPECIAL TRANSACTIONS

BILLS OF EXCHANGE:

Introduction

In India, the Negotiable Instruments Act 1981 governs the provisions for bills of exchange. As per this act, the bill of exchange is defined as “an instrument in writing containing an unconditional order signed by the maker, directing a certain person to pay a certain amount of money only to the order of the certain person or to the bearer of the instrument”

Advantages:

- Proof of debt.
- Easily transferred.
- Safely transferred.

Features of a Bill of Exchange

- (a) It's an instrument in writing.
- (b) It contains an unconditional order.
- (c) It's signed by the maker.
- (d) It's drawn on a specific person
- (e) There is an order to pay a specific sum of money
- (f) It must be dated and stamped

Specimen of Bill of Exchange:

Stamp	Address of Drawer
	Date
Three months after date pay to a sum of ` 50,000 (Fifty Thousand only) for the value received.	
To Be accepted	
(B's signature & stamp)	A (Drawer)

Parties to bill of exchange

The parties involved in a transaction that uses a bill of exchange as a mode of settlement are:

- (a) **Drawer:** He is a person who draws the bill. Typically, he is the seller or a creditor.
- (b) **Drawee:** He is the person on whom the bill is drawn. Normally, he is the buyer or debtor. He has to pay the amount of the bill to the drawer on the due date.
- (c) **Payee:** He is the person to whom the amount of the bill is payable. He may be the drawer himself or the creditor of the drawer.
- (d) **Endorser:** Person who transfers rights of payment.
- (e) **Endorsee:** He is the person in whose favor the bill is endorsed by the drawer. He is usually the creditor of the drawer.
- (f) **Bearer:** Person in possession of bearer bill.

Holder and

Holder in Due

Course Holder

According to Sec 8 of the Negotiable Instruments Act, a Holder is “Any person entitled in his name to the possession thereof and to receive or recover the amount due thereon from the parties thereon.” It indicates the person who is legally entitled to receive the money due on the instrument is called the ‘Holder.’

Holder in Due Course

According to Sec 9 of the Negotiable Instruments Act, the holder in due course is a particular kind of holder. The person of an negotiable instrument is called the holder if he/she satisfies the following conditions:

- (a) He/she has obtained the instrument for valuable consideration.
- (b) He/she became the holder of the instrument before the maturity of the instrument.
- (c) He/she must acquire the instrument bona fide and having no cause to believe that any defect existed in the title of the person from whom he derived his title.

Dishonour of Bill

Dishonor of a Bill means that the acceptor refuses to honor his commitment on the due date, and for this, payment of the bill on presentation does not take place.

To provide legal evidence of dishonor, the fact of dishonor is to be noted on the bill by the 'Notary Public.' The fact of dishonor that he is recording is called 'noting', and the amount charged by him for his services is called 'noting charges'. These charges are to be paid by the holder of the bill on the date of default. The acceptor of the bill is liable for the dishonor; the noting charges paid by the holder are to be reimbursed by the acceptor.

The **Journal Entries for dishonour of a bill** are as follows:

- (a) When a bill is retained till the due date
- (b) When a bill is discounted from the bank

Books of Drawer	Books of Acceptor
Acceptor A/c Dr. To Bank A/c (The amount of the bill plus the noting charges paid by the bank are debited to the Acceptor Account and credited to the Bank Account)	Bills Payable A/c Dr. Noting Charges A/c Dr. To Drawer A/c (The drawer account is credited with the amount of the bill and the amount of the noting charges paid by the bank to be reimbursed through the drawer)

Cash received on Discounting = ` (20,000-400) = `19,600

Discount is an expense for the holder receiving the payment and gain to the bank.

Journal Entries in the books of drawer and drawee at the time of discounting and payment on due date is as under:

Tenure, Days of Grace, and Date of Maturity or Due Date of Bills

Tenure

The bill is payable at sight, on-demand after sight, after date etc. The period between the date of drawing of the bill and the period it becomes due is called the Tenure of the Bill.

Days of Grace

In case the bill is payable on demand, it becomes due immediately on presentation for payment. In the same way if the bill is not payable on demand becomes due on the third day from the date of maturity. These three days are called Days of Grace. For example, if a bill is drawn on 1.4.2013 for 4 months, the due date or date of maturity will be 4.8.2013. The same can be computed as under:

Date of Drawing Add:	1.4.2013
Period/Tenure	4 months
	1.8.2013
Add: Days of Grace	3
Due Date / Date of Maturity	4.8.2013

Date of Maturity

Date of Maturity is also known as Due Date. The date on which the amount of the bill becomes payable is called 'Due Date' or 'Date of Maturity'. To compute due date, three days (called Grace Period) are included to the date of maturity of the period of the bill.

The due date of the bill after including grace period of 3 days is 16.03.2025 if the bill is payable at date and 19.3.2014 if the bill is payable at sight.

For computing the date of maturity, following points should be noted:

1. Days of grace are allowed on bills payable on maturity of a fixed period. In case of bills payable on demand, amount is required to be paid on presentation and no grace period is allowed.
 - (a) **Trade:** This bill is drawn to settle a trade transaction. **E-bill**
 - (b) **Accommodation bill:** This bill is used without a trade transaction and is for mutual benefit. If Mr X is in need of money, he draws a bill on his friend Mr. Y who accepts it. This bill is then discounted with bank (bank will pay money before due date) and the money is shared between X and Y. On the due date, Y will pay to the bank and X will pay Y his share. Law generally does not recognize such bills.

Operating Cycle of the Trade Bill of Exchange

Promissory Note

A person, by whom any amount is payable himself prepares and signs a written undertaking to pay. Here the credit document is called a 'Promissory Note'. It's a written document and contains an undertaking or promise to pay. As per Indian Negotiable Instrument Act, a 'Promissory Note' is "an instrument in writing (not being a bank note or a currency note) containing an unconditional undertaking signed by the maker to pay a certain sum of money to, or to the order of, a certain person." The person to whom the amount is payable is called Promisee or Payee.

A specimen of Promissory Note which is prepared by Mr. A. Chakra barty in favor of Mr.R.K. Nandy is as follows:

Essential features of Promissory Note

- (i) It is a written document and adequately signed by the maker or promisor. It must contain an undertaking or promise to pay a definite amount given in both figures and words.

The differences between these two items are as under:

Methods of Accounting

Let us see what accounting entries are passed in the books of the drawer, drawee, and the endorsee. These entries may be thoroughly understood. Here, entries only regarding bill transactions are listed. The trade transaction that precedes the bill of exchange will be accounted for in the usual manner; hence, the entries are not given here.

- (a) When the drawer retains the bill till maturity
- (b) When the drawer discounts the bill with the bank before maturity

Dr.

- (a) When the amount is received from the drawee:

Cash A/c Dr.

To, Bills Discounted A/c

- (b) When the drawer endorses the bill to a person before maturity
- (c) When the drawer sends the bill to the bank for collection before maturity

CONSIGNMENT ACCOUNTING:

Introduction – a diagrammatic representation:

Account Sales – This is a periodical statement prepared by consignee to be sent to the consignor giving details of all sales (cash and credit), expenses incurred and commission due for sales, destroyed-in-transit, or in go down and deducting the amount of advance remitted by him.

Maintained by the consignor and not the consignee. The entry for credit sales will be:

Consignment Debtors A/c Dr to Consignment A/c

JOINT VENTURE ACCOUNTS:

Joint Venture is a temporary form of business organization. There are certain business activities or projects that may involve higher risks; higher investments and even they demand multi-skills. In such cases, an individual person may not be able to muster all resources. Hence two or more people having requisite skill sets come together to form a temporary partnership. This is called a Joint Venture. There is a Memorandum of Undertaking (MOU) signed for this purpose.

- The business activities for which Joint Ventures (JV) are formed could be:
 - Construction of dams, bridges, roads etc.
 - Buying & selling of goods for a particular season
 - Producing a film
 - Purchasing land selling plots
- The basic features of a Joint Venture business are:
 - (i) It is done for a specific purpose and hence has a limited duration.
 - (ii) The partners are called co-ventures.
 - (iii) The profit or loss on joint venture is shared between the co-ventures in the agreed ratio.
 - (iv) The co-ventures may or may not contribute initial capital.
 - (v) The JV is dissolved once the purpose of the business is over.
 - (vi) The accounts of the co-ventures are settled immediately on dissolution.
 - (vii) A joint venture has no name.

Accounting Entries

There may be three ways of maintaining the books of account for the joint venture business they are:

- (a) Where separate books of accounts are maintained
- (b) Where no separate books of accounts are maintained
- (c) Memorandum Joint Venture

(a) When Separate Books are maintained

As the business duration is short, the books of accounts are not very comprehensive. The basic purpose is to know profit or loss on account of the joint venture.

- (a) Like a normal P & L A/c, a "Joint Venture A/c" is opened which records all transactions related to the activities carried out. The net result of this a/c will be either profit or loss.
- (c) To record cash/bank transactions a "Joint Bank A/c" is maintained. This could take a form of cash book with cash and bank column. It will record, the initial contributions made by each co-venture, proceeds of sales, expenses and distribution of net balances among co-ventures on dissolution of the venture.

SALE OF GOODS ON APPROVAL OR RETURN BASIS:

Sometimes goods are sent to Customs with an option either to accept the goods or to reject the goods within a stipulated time. This type of transaction is known as “Sale on Approval Basis” or “Sale on Return Basis.” The main purpose of this type of sale is to boost sales, although this facility usually goes to very few reliable customers.

It must be remembered that when goods are sold on an approval basis, it is nothing but a mere transfer of goods and not ownership. Since the ownership is not transferred, it cannot be called a sale. It will be treated as a sale only when the approval of the customer is received about the goods.

Methods of Accounting

Three methods of accounting are usually followed for recording “sale on approval or return basis”

Transactions, viz.

- (a) When there are only a few transactions
- (b) When there are a considerable number of transactions
- (c) When there are many transactions

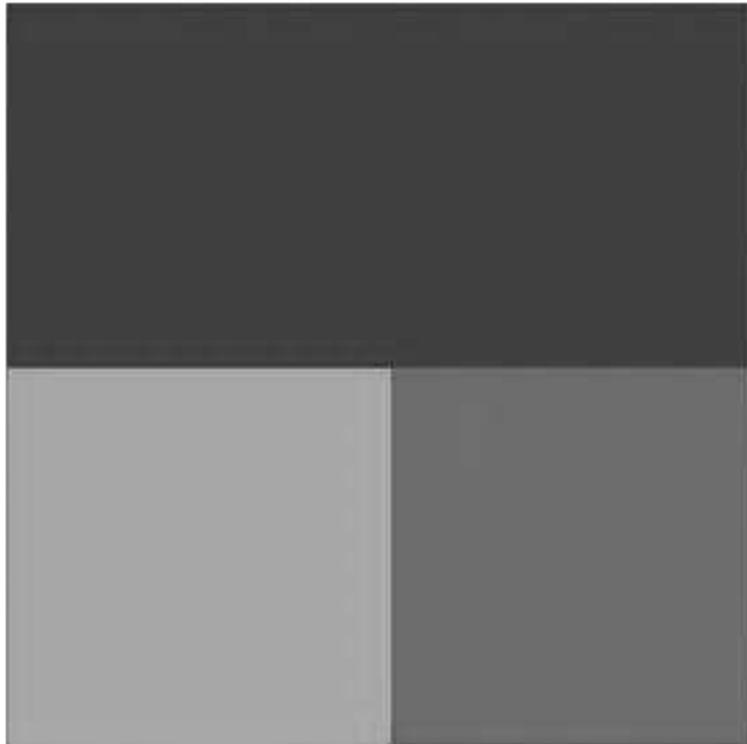
- **Sale or Return Day Book:**

Sale or Return Day Book records the transactions relating to goods sent on sale or return on an approval basis where such transactions are accrued. This book can be compared with the subsidiary books, viz. Sale Day Book, Purchase Day Book, etc.

The format of the Sale or Return Day Book is given below:

- **Sale or Return Ledger:**

Like ordinary sales, i.e., when sales are made, they are at first recorded in the Sales Book, and then the personal account is debited, and the Sales Account is credited. In the same manner, transactions that are recorded in the Sale or Return Book, i.e., personal account, are debited and the Sale or Return account credited. Thus, a separate ledger, viz., Sale or Return ledger, is opened for recording the transactions of the parties to whom goods have been sent on Sale or Return Basis.



TallyPrime

CHAPTER 1: Tally Prime Introduction

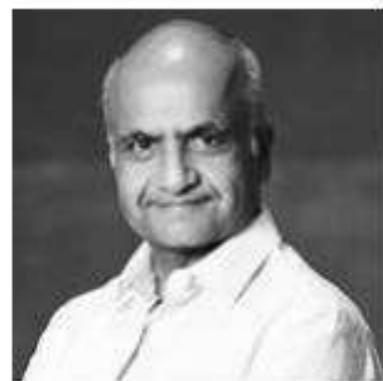
Tally is a technology and innovation company. The purpose of TALLY is to provide business software for small and medium businesses (SMBs). Tally was born three decades ago in 1986. Today, Tally's products are available to industry users in more than 100 countries. Tally has a strong network of 28000 + partners, who have provided Tally with unmatched customer experience in sales, deals and services. With a dedicated research and development division, Tally strives to provide innovation and excellence in enterprise resource planning software for small and medium businesses.

When and How Tally was founded:

Tally was born in 1986, about 30 years ago Shri Shyam Sundi Goenka moved from Kolkata to Bengaluru. There he established a cloth business, supplying raw materials and machinery to textile mills. During his business days, Mr. S.S. Goenka wanted to automate the accounting processes, but he found that the existing accounting software was cumbersome and cumbersome to use. Intending to streamline the accounting operations of his business, Mr. S. S. Goenka suggested to his son, Mr. Bharat Goenka, to buy an accounting solution, and consequently, Tally Solution was born in 1986. Initially, the name of this software was Peutronics. Unfortunately, the party's tally was reduced. Since its inception, Tally Solutions has been working tirelessly to provide tailor-made business printing applications for customers across different geographies of India and abroad.



श्री श्याम सुंदर गोयनका



श्री भरत गोयनका

TALLY is one of the leading software companies in the country. The software provided by this company is used by companies in the SME (Small, Medium, Enterprises) sector to maintain their business data and to process business transactions.

Apart from India, Tally has customers in more than 100 countries. Tally has approximately 2 million or more customers all over the world. Big companies around the country and the world use Tally software to maintain their accounting data/transactions. You can guess its popularity from the fact that Tally has about 75% of the market share of accounting software. Mr. Bharat Goenka was honoured with the Life Time Achievement Award by NASSCOM in 2011 and was given the title of "The Father of the Indian Software Product Industry". Tally's motto is that whoever is associated with Tally should be happy, whether he is a Tally customer a Tally partner, or an employee.

Praising the contribution of Shri Bharat Goenka in the field of technology in our country, the Government of India honoured Shri Bharat Goenka with the Padma Shri Award in the year 2020.

In 2016, Tally Solutions was shortlisted as a GST Suvidha Provider to provide the interface between the new Goods and Services Tax (GST) server and taxpayers and in 2017 the company launched its Updated GST compliance software.

TALLY PRIME:

Tally Prime is an integrated business management software. You can manage accounting, inventory, statutory and compliance, banking, payroll and various other processes. Tally Prime is simple and designed to be used even by people from non-IT and non-accounting backgrounds.

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CHAPTER 2: Fundamentals of Accounting

Tally Prime, is a new version of Tally. But before learning Tally Prime, you should have basic knowledge of accounting. Because the foundation of Tally is built on accounting, if you already have good knowledge of accounting then you can go ahead from this chapter. But if you do not know about accounting, then this chapter is very important for you. So, let's understand what is accounting.

What is Accounting?

Accounting is also called the language of business. It is the process of recording, reporting, and analysing the transactions that take place in business. Classifying and summarizing economic events through some documents or financial statements.

Like any other language, accounting has its own rules and regulations. You must first understand this language to understand how to interpret and use it to provide accounting information. Understanding the basic concepts of accounting is essential for success in any business.

The purpose of accounting is to provide information related to the business, which helps you to make the right financial decisions. The job of accounting is to maximize profits and keep costs low as well as provide the information necessary to run the business.

Accounting plays a vital role in all types of businesses. Be it a small business or a multinational corporation, all use the same basic accounting principles. Accounting is legislated; it affects your taxes.

Accounting:

Accounting is the process of preparing and analysing financial statements based on transactions recorded through bookkeeping. Accountants are usually professionals who have completed at least a bachelor's degree in accounting. Accounting is used to summarize business information or to make important decisions within a business.

Why Accounting is needed?

Memory Capacity of the Human Brain:

As we all know, our brain cannot remember hundreds or thousands of transactions that take place in a business. We often forget small things, so imagine how big a loss we can suffer if we forget any important information related to the business. That is why accounting is very important for any business.

Eye of Law:

Any business needs to do business by following every legal procedure or rule made by law. This is also important because if any illegal or unlawful transaction takes place in the business, then the business may have to bear the penalty or fine. A business is required to pay tax on the amount of profit determined by the government from time to time. Which we can find out from our accounting.

Analysis and Decision-Making:

To know the current status of any business, we can understand it by looking at its accounting report. By analysing it, its future status can be ascertained and by looking at the company's report and analysis, the losses can be avoided by taking the right decision and action in time.

The objective of accounting:

Systematic Recording of Transaction

Result of Recorded Transaction

Knowing the financial position of the business

Information to The Users for Rational Decision Making

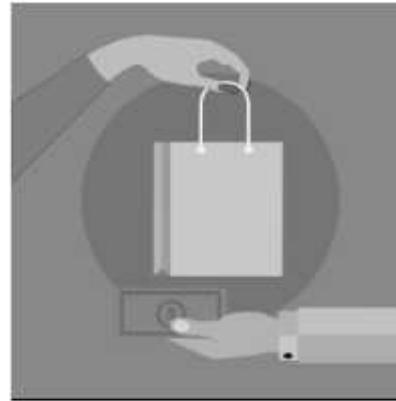
To know the ability of the business to repay the loan (Solvency Position of Business)

Structure of accounting:



TRANSACTION:

A transaction is a business event that has an impact on the financial statements and is recorded as an entry in accounting. Business transactions can be in cash on credit or without cash and credit.



JOURNAL ENTRY:

Journal Entry is the act of recording or making any transaction, economic or non-economic, of a business. The transaction is an accounting journal (Journal Accounting) that lists the debit and credit balances of a company.

A Journal Entry can contain multiple entries, each of which is either a debit or a credit. The total debits in a Journal Entry must be equal to the total credits, otherwise the Journal Entry is considered unbalanced.

Date	Particulars	Debit	Credit
1-Apr	Cash A/c	\$100,000	
	To Common Stock A/c		\$100,000
(Being the common stock issued worth \$100,000)			
1-Apr	Rent A/c	\$10,000	
	To Cash A/c		\$10,000
(Being the rent for the current month paid amounting \$10,000)			
1-Apr	Prepaid Rent A/c	\$50,000	
	To Cash A/c		\$50,000
(Being the advance rent for the next 5 months paid amounting \$50,000)			
3-Apr	Office Supplies A/c	\$12,500	
	To Accounts Payable A/c		\$12,500
(Being Office supplies purchased on account having cost of \$12,500)			
5-Apr	Cash A/c	\$45,000	
	To Revenue from Services		\$45,000
(Being the cash received against the provision of the services)			

LEDGER (Ledger Entry):

This is an accounting book, which is a kind of ledger. It provides the facility to transfer all journal entries to individual accounts in chronological sequence.

The process of entering a journal entry into a ledger entry is called posting.

Acct-101 CASH ON HAND Balance				Acct-110 ACCOUNTS RECEIVABLE Balance			
	Debits	Credits	Balance (DR Bal)		Debits	Credits	Balance (DR Bal)
1-Sep-YY			\$6,040	1-Sep-YY			\$2,340
5-Sep-YY	\$4,200	\$1,180	\$9,060	1-Sep-YY	\$4,200		\$6,630
6-Sep-YY	\$5,800		\$14,860	1-Sep-YY	\$5,800		\$12,430
6-Sep-YY	\$1,200		\$16,060	5-Sep-YY		\$4,200	\$8,230
				6-Sep-YY		\$5,800	\$2,430
				6-Sep-YY	\$1,850		\$4,280
Acct-125 SUPPLIES INVENTORY Balance				Acct-139 MERCHANDISE INVENTORY Balance			
	Debits	Credits	Balance (DR Bal)		Debits	Credits	Balance (DR Bal)
1-Sep-YY			\$3,280	1-Sep-YY			\$21,450
2-Sep-YY	\$1,180		\$4,460	1-Sep-YY		\$10,000	\$11,450
6-Sep-YY	\$5,800		\$14,860	6-Sep-YY		\$1,250	\$10,200

TRIAL BALANCE:

Trial Balance is a bookkeeping worksheet in which the amounts of all ledgers are compiled into equal totals in the debit and credit columns. The general purpose of preparing a trial balance is to check that the entries in a company's bookkeeping are mathematically correct.

Name of Business
 Trial Balance
 as on date _____

Particulars	L.F.	Dr. Balance(₹)	Cr. Balance (₹)
Cash A/c		XXXX	
Capital A/c			XXXX
Drawings A/c		XXXX	
Purchases A/c		XXXX	
Sales A/c			XXXX
Machinery A/c		XXXX	
Rent A/c		XXXX	
Salaries A/c		XXXX	
Purchase Return and so on			XXXX
Total		XXXX	XXXX

PROFIT AND LOSS STATEMENT:

Profit and Loss Statement provides information about the profit performance of an organization/business. The profit and loss statement summarizes the main forms of income and expenses that have occurred in an accounting period.

	2017 \$	2016 \$
Sales	200,000	180,000
<i>Less Cost of Sales</i>		
Raw Materials	80,000	72,000
Freight	5,000	2,500
Total Cost of Sales	85,000	74,500
GROSS PROFIT	115,000	105,500
<i>Less Expenses</i>		
Wages	40,000	37,000
ACC Levies	500	500
Accounting Fees	900	900
Donations	100	75
Entertainment	250	200
Electricity	2,200	1,800
Insurance	1,200	1,000
Protective Clothing	250	300
Rent	15,000	14,000
Subscriptions	125	125
Depreciation	12,000	11,500
Telephone	3,000	2,000
Total Expenses	75,525	69,400
NET PROFIT/(LOSS)	39,475	36,100

BALANCE SHEET (Statement of Financial Position):

The Balance Sheet is a statement of the financial position of a business. It details the assets, liabilities, and shareholders' equity of the business. It provides a glimpse of what your business owns and what it owes.

It also tells the capital invested by its owners. The balance sheet tells you the worth of a business at a given time, so you can better understand its financial position.

Balance Sheet			
Fixed Assets		Equity	
Production rights	\$ 2,000	Farmer Claire	\$ 65,000
Land	\$ 18,000		
Barn	\$ 22,000	Liabilities	
Farm machinery	\$ 15,000	Loan Agribank	\$ 33,000
Shares	\$ 2,000	Accounts payable	\$ 2,000
Dairy cows	\$ 18,000		
Current Assets			
Stocks	\$ 5,000		
Accounts receivable	\$ 8,000		
Bank account	\$ 10,000		
Total	\$ 100,000	Total	\$ 100,000

CHAPTER 3: Golden Rules of Accounting

The 3 Golden Rules of Accounting are the basis for recording day-to-day financial business transactions. The book or account in which we record all these transactions is known as the Journal Book. The Journal Book is kept in chronological order (i.e. date-wise).

To understand the Golden Rules of Accounting, first, we need to know the types of accounts because rules apply to transactions based on the type of account.

Types of Account:

As per the golden rules of accounting, accounts are divided into three categories.

	Personal Account	Real Account	Nominal Account
Debit	The Receiver	What Comes In	All Expenses and Losses
Credit	The Giver	What Goes Out	All Income and Gains

Still having trouble understanding? Let's make it a little simpler and easier

	(Who) Personal Account	(What) Real Account	(Why) Nominal Account
Example	Firm Person Company	Goods Furniture Money	Interest Commission Discount
Debit	Receiver	Comes In	For expenses
Credit	Giver	Goes Out	From Income

Any entry in accounting must fall under one of these three broad categories- What (Real), who (Personal), and Why (Nominal). So basically, it states that:

(Nominal) why the transaction occurred.

Are the (real) objects coming in or going out.

And who (Personal) is receiving or giving.

Personal Account:

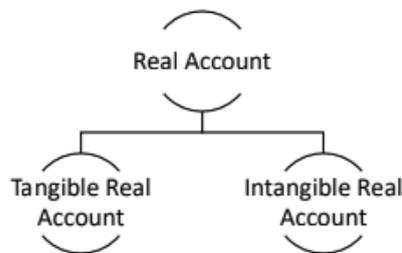
Accounts belonging to any person or persons are called Personal Accounts.

Rules for Personal Account:

Personal Account
Debit the receiver
Credit the Giver.

Real Account:

Accounts-related to assets or properties are called Real Accounts. They are further divided into Tangible Real Accounts and Intangible Real Accounts.



1. Tangible Real Accounts: These include assets that have physical existence and we can touch for example – Building accounts, Cash Accounts, Stationary accounts, Inventory accounts, etc.

2. Intangible Real Accounts: These types of assets have no physical existence and cannot be touched. However, they can be measured in terms of money and have value. For example - Goodwill, Patent, Copyright, Trademark, etc.

Rules for Real Account:

Real Account
Debit what comes into the business
Credit what goes out of business

Nominal Account:

Nominal entry of income or profit and expense or loss of any business Account (nominal account). Example: - Rent A/c, commission received A/c, salary A/c, etc.

Rules for Nominal Account:

Nominal Account
Debit all the expenses and losses of the business
Credit the incomes and gains of business

Chapter 4: Download and Install Tally Prime

Downloading the application setup from Tally Solutions (<https://tallysolutions.com>) is the first step to starting Tally Prime. Once you have downloaded the Tally Prime setup file, you can install the application on your computer.

Computer Specification to Install Tally Prime:

To install Tally Prime on your computer, you must have administrator rights. In addition, your computer must meet the following technical requirements:

Operating system (OS) - Microsoft Windows 7 or above

Bitness - 64-bit Application (for OS and other applications like MS Excel, Adobe Acrobat, etc.)

Download the setup files:

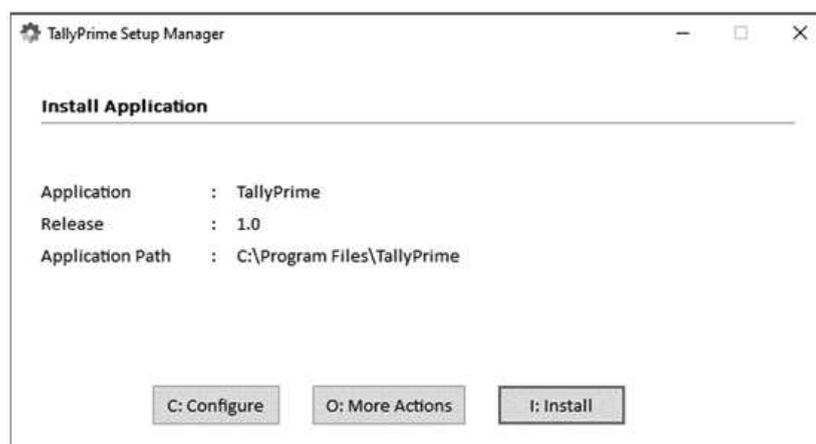
Go to <https://tallysolutions.com/download/> in your computer's browser.

Click on the Download button.

If You Are a New User:

If you have never installed Tally on your computer, don't worry. The Setup Manager will help you and guide you for quick installation of Tally Prime.

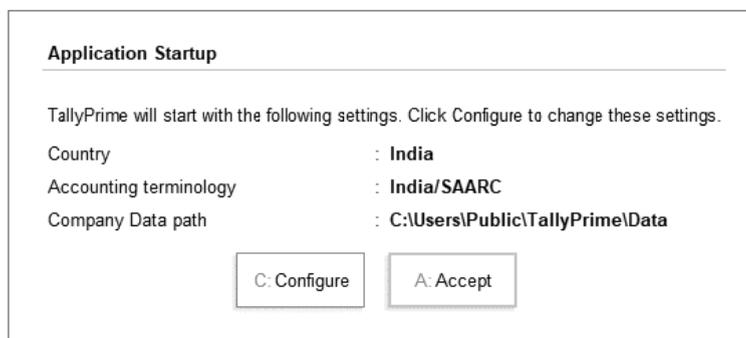
1. **Double-click on the Setup.exe file.** After which, the Install Application screen will appear.
2. **If you want to change the default settings, press C:\Configure from** where you can configure options like Application path, Desktop Shortcut, Start Menu Entry, etc.
3. **Press I:** Install to continue the installation. After which, the following screen appears in front of you.



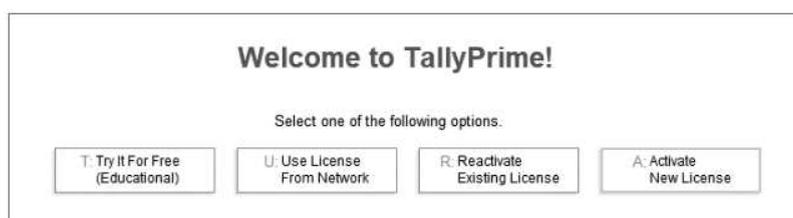
- To begin your journey with Tally Prime, press S:** Start Tally Prime. If you wish to explore additional options, press C.



- After Installation:** You have to configure some basic settings like Data Path, Country and Accounting Terminology, etc, and press the Accept button.



- On accepting the application setup:** Tally Prime will be installed on our computer and then the following Welcome screen will appear. Now choose the appropriate license option to install Tally Prime.
- Activate New License by clicking on.**



- If you have a single-site license:** enter your Serial No, Activation Keys and Enter Administrator E-Mail ID.



- 6. Press the Enter button from the keyboard to proceed;** the Unlock License screen appears. Enter the unlock key sent to your email ID.

Unlock License

Unlock Key :

Enter the Unlock Key sent to your e-mail ID: prime@tallysolutions.com

- 7. After entering the Unlock Key,** press the Enter button to unlock your license. As soon as your license is activated, you will see a Congratulations screen.
- 8. Even.**

Congratulations!

Your License is successfully activated.

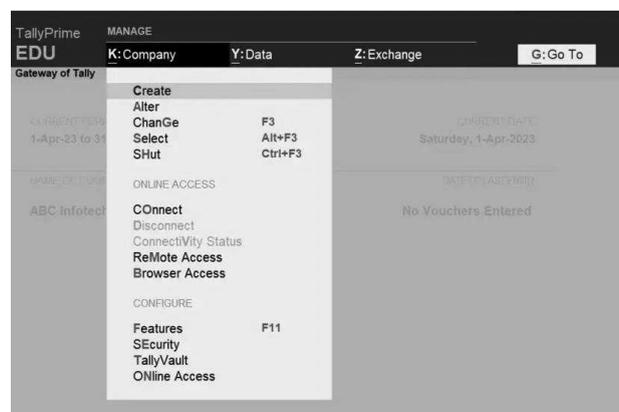
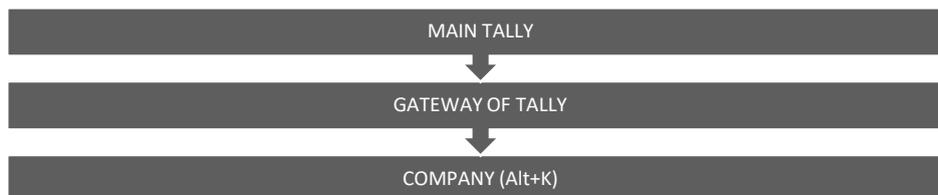
(Press Enter to continue)

- 9. Once you activate the license,** you can create your first company and start using Tally Prime for business transactions.
- 10. If you want to know additional settings,** go to F1 (Help) > Settings from anywhere in Tally. Here, you can find various settings for your License, Language, Application start up, display, connectivity etc.

CHAPTER 5: Company in Tally

So now we have learned how to install Tally in our computer? Now moving to the next step, we will learn how to Create a Company in Tally, How to Alter, Change, Select and Shut?

To go to Company option in Tally, follow the steps given below.



Create Company in tally prime:

Create Company:

So, first of all we will understand how to create a company in Tally? When you install Tally on your computer for the first time, you first have to create a company. To create a company in Tally, follow these steps:

1. Click on Company in the Menu Bar of Tally, or you can go to the Company option by using the Alt + K shortcut keys on the keyboard.
2. After going to the Company option, click on Create or press the C button on the keyboard.
3. After this, the company creation window will open. Now fill in the company details in the appropriate places. Like company name, company number, address etc.
4. For example, company information is given below. Which you can use for practice in Tally.

Fields	Information
Company Name	Max Electronic
Mailing company Name	Max Electronic
Address	A-204, Shivaji Nagar, Bengaluru
State	Kerala
Country	India
Pin code	56001
Telephone	1111111111
Mobile	9999999999
Fax	000000000
E-Mail	Max@guruelectronics.com
Website	www.Max Electronic.com
Financial Year Beginning	01-Apr-21
Books Beginning From	01-Apr-21
Currency Info	
Base currency Symbol	₹
Formal Name	INR

Company Name : Max Electronics
Mailing Name : Max Electronics
Address : A 204, Shivaji Nagar, Bengaluru

Financial year beginning from
Books beginning from

1-Apr-21
1-Apr-21

State : Kerala
Country : India
Pincode : 56001
Telephone :
Mobile : 9810123456
Fax :
E-mail : Max@guruelectronics.com
Website : www.maxelectronics.com

Base Currency symbol : ₹
Formal name : INR

After filling in the information given in the above table in Tally, you will see "Company Created Successfully." The screen with the message (Company created successfully) will appear.

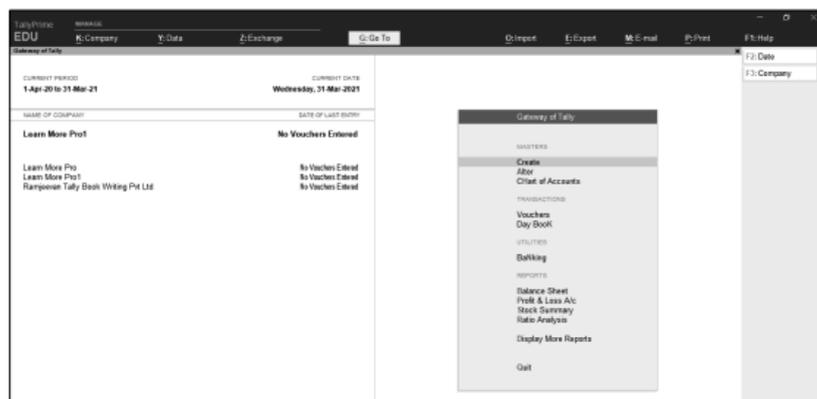
Company created successfully.
(Enable the features as per your business needs.)

Company: Max Electronics

Show more features : Yes
 Show all features : Yes

<p>Accounting</p> <p>Maintain Accounts : Yes</p> <p>Enable Bill-wise entry : Yes</p> <p>Enable Cost Centres : No</p> <p>Enable Interest Calculation : No</p> <p>Inventory</p> <p>Maintain Inventory : Yes</p> <p>Integrate Accounts with Inventory : Yes</p> <p>Enable multiple Price Levels : No</p> <p>Enable Batches : No</p> <p>Maintain Expiry Date for Batches : No</p> <p>Enable Job Order Processing : No</p> <p>Enable Cost Tracking : No</p> <p>Enable Job Costing : No</p> <p>Use Discount column in invoices : No</p> <p>Use separate Actual and Billed Quantity columns in invoices : No</p>	<p>Taxation</p> <p>Enable Goods and Services Tax (GST) : Yes</p> <p>Enable Tax Deducted at Source (TDS) : No</p> <p>Enable Tax Collected at Source (TCS) : No</p> <p>Enable Value Added Tax (VAT) : No</p> <p>Enable Excise : No</p> <p>Enable Service Tax : No</p> <p>Online Access</p> <p>Enable Browser Access for Reports : Yes</p> <p>Enable Tally.NET Services for Remote Access & Synchronisation : No</p> <p>Payroll</p> <p>Maintain Payroll : No</p> <p>Enable Payroll Statutory : No</p> <p>Others</p> <p>Enable multiple addresses : No</p> <p>Mark modified vouchers : No</p>
---	---

After your company is created, you will see a screen like this in Tally.



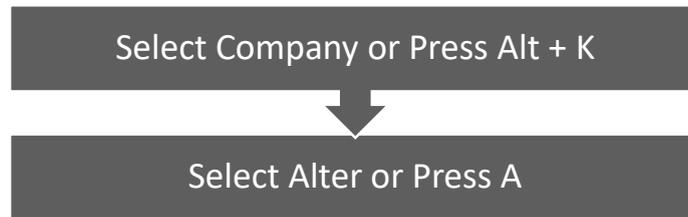
Where you will see the Tally Menu at the top.



You get two options on the top right side of the screen.

- You can change the Date (Shortcut: F2) (current date)
- Change to Current Period (Shortcut: Alt+F2) (Financial Year)
- You will get the option of Company (Shortcut: F3).
- Select Company (Shortcut: Alt+F3), (Select Company)
- There is an option to shut the company (Shortcut: Ctrl +F3).

You can use Alter by following the steps given below.



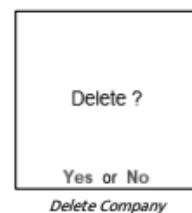
After following the above steps, the Company Alternation window will open to change your company information, from where you can change any information or add new information.

Company Alteration		Learn More Pro1	
Company Name	Learn More Pro1	Financial year beginning from	: 1-Apr-21
Mailing Name	: Learn More Pro1	Books beginning from	: 1-Apr-21
Address	: Ghatkopar west - Mumbai		
State	: Maharashtra		
Country	: India		
Pincode	: 400086		
Telephone	: 1111111111		
Mobile	: 9999999999		
Fax	: 00000000		
E-mail	: help@xyz.com		
Website	: www.learnmorepro.com		
Base Currency symbol	: ₹		
Formal name	: INR		

Delete Company (Delete Company from Tally):

If you want to delete any company or remove it from Tally forever, then first you have to open that company in Alter Mode (Company > Alter) and then press the Alt + D shortcut key from your keyboard.

- After which the option to delete the company will come. Where you will be asked whether you want to delete the company or not. If you want to delete the company, and then say yes, or if you do not want to delete it, then say no.



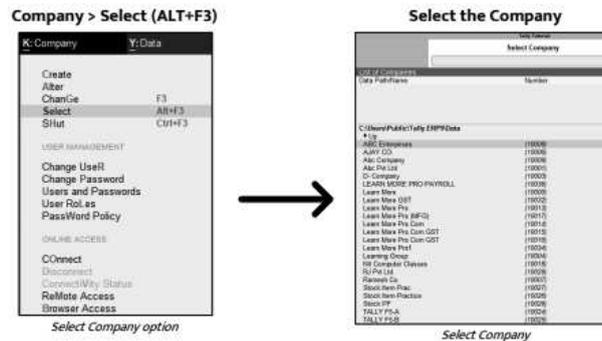
- If you have pressed Yes to delete the company, you will get a window "Are you sure?" Where you will be asked, "Do you want to delete the company?" Where you have to press Yes or No.



Change Company (go from one company to another)

If there is more than one company in Tally and we have to go from one company to another, then this option is used. We can use it in two ways, which are mentioned below.

To use the option of Select Company use Shortcut: ALT+F3. After that, the Select Company window will open. From there you can choose any company.



Shut Company:

If you want to shut down any company in Tally, you can use this option. You have to go to Company (Alt+K) and click on Shut, or you can also use Shortcut: CTRL + F3.

Now select the company which you want to close. After which your company will be closed.

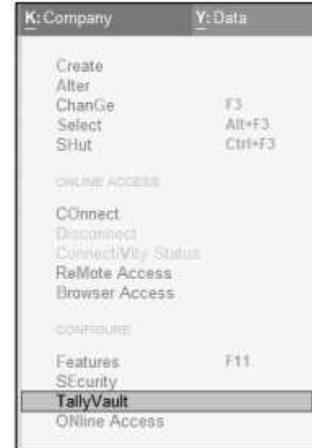


B. Tally Vault:

Using Tally Vault, you can encrypt your company with a password. You can activate it in two ways: first, after creating the company, and second, while creating the company.

1. Setting up Tally Vault after creating a company:

- First of all, we will understand how to do it after creating a company. For this, you have to go to Company and then select Tally Vault (Shortcut: T).

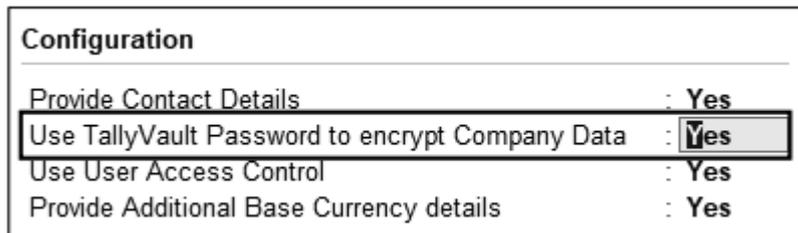


- After which the Tally Vault window will open in front of you. Now you have to select the company which you want to protect.



2. Setting up Tally Vault before creating a company:

- Let us now learn how to set up Tally Vault while creating a company.
- While creating a company, when you are on the Company Creation Window, you have to press F12, or you can also click on Configure at the bottom right.



- After which, you will again come to the Company Creation window, and you will find that a new option of Security has come there. In which we have to set "Set Tally Vault to password to encrypt company data" to Yes. Then you have to give the password and then confirm the password.

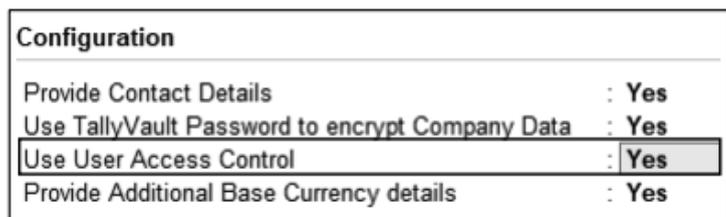


C. User Access Control:

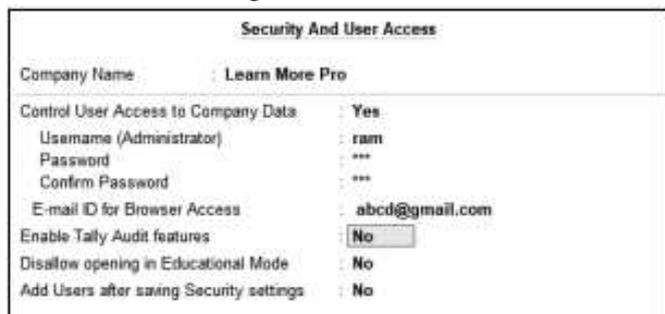
By using this option, you can control user access (Users Access Control) in your company. Also, now you can view your company's reports and information online on your mobile or computer browser. Let us understand this with an example: Sharma ji is a businessman and uses Tally for accounting for his business. Now, Sharma ji's business has started growing, and he has to travel to many cities for business. In which he remains very busy, and he is not able to do his accounting properly.

I. While creating the Company:

- When you are on the Company Creation Window, then you have to press Shortcut: F12 or you can also click on Configure at the bottom right.
- After which, a small configuration window will open in front of you. Where you have to set the third option, "User Access Control," to Yes and then accept it.



- After which, you will again come to the Company Creation window, and you will find that there is a new option, "Control User Access to Company Data," which we will set to Yes. Then, we will have to select the following Information that has to be provided.



D. Additional Base Currency Details:

Through this option, you can add more information about the base currency while creating the company. These are briefly described below.

You can activate it by going to the Configuration Window using Shortcut Key: F12 or Configure (Yes) we can do it.

Configuration	
Provide Contact Details	: Yes
Use TallyVault Password to encrypt Company Data	: Yes
Use User Access Control	: Yes
Provide Additional Base Currency details	: Yes

- After which, you will be able to add more information about the currency in the company.

Company Name	: Learn More Pro	Financial year beginning from	
Mailing Name	: Learn More Pro	Books beginning from	
Address	: 13/74, CGS, LBS MARG GHATKOPAR MUMBAI		
State	: Maharashtra		
Country	: India		
Pincode	: 400086		
Telephone	: 0000000000		
Mobile	: 000000000000		
Fax	:		
E-mail	:		
Website	:		
Base Currency symbol	: ₹	Show amount in millions	: No
Formal name	: INR	Number of decimal places	: 2
Suffix symbol to amount	: No	Word representing amount after decimal	: paise
Add space between amount and symbol	: Yes	Number of decimal places for amount in words	: 2

CHAPTER 6: Groups

In Tally Prime, Groups are collections of Ledgers. Account Groups are created to determine the sequence of Ledger Accounts, which helps in creating reports in correct and accurate form. Accounts are classified into Capital or Reserves and, more specifically, Assets, Liabilities, Income, and Expenses.

Default Groups:

Tally Prime has several default groups which can be used for different accounts.

A. Asset:

Asset means property. It means any object or thing that we can convert into cash or earn money from now or in the future. Property can belong to any person or any company.

For example, if you have some land house or machine that you bought a long time ago, you can earn money by selling it and converting it into cash..

Investments:

It is an investment that is shown as an account on the asset side of a company's balance sheet representing a company's investments, including stocks, bonds, real estate, and cash. Long-term investments are investments that a company intends to hold for more than one year.

Fixed Assets:

These are purchased for continuous and long-term use to earn profits in a business. This group includes land, buildings, machinery, furniture, tools, IT equipment (e.g., laptops), and certain waste resources (e.g., timber and minerals). They are written off against profits over their expected lives by charging depreciation expenses (except for land assets).

- **Intangible Assets:** Intangible assets cannot be touched but can be valued. They include Patent, Copyright, Franchise and License, Goodwill, Trademark, Business Name, etc.
- **Tangible Assets:** Tangible Assets are those that we can touch and are available in physical form, like currencies, buildings, real estate, vehicles, and equipment.

Current Assets:

Current Assets are cash and others that can be converted into cash or used up within a year without disturbing the normal operations of a business. These assets are constantly replaced as a business operates in the course of normal business activity. Current assets include five major items:

- **Bank Account:** Current Account, Savings Account, Short Term Deposit Accounts etc.
- **Cash in Hand:** This is the most liquid asset, including currency, deposit accounts, and negotiable instruments (e.g., money orders, checks, bank drafts). It shows how much cash and bank (cash in hand) balance the company has.
- **Deposit (Assets):** Deposits include Fixed Deposits, Security Deposits, or any deposit made by the Company.
- **Loans and advances (Assets):** It records all loans given by the company and advances of a non-trading nature (e.g., Advance against Salary) or even for the purchase of Fixed Assets.
- **Stock in Hand:** This group includes accounts such as raw materials, work-in-progress, and finished goods. Balance control depends on whether you have selected the integrated ledger-cum-inventory option while creating the company or not.
- **Sundry Debtors:** This is the person or company from whom we have to take or receive money or to whom we sell goods on credit in business and have to get the price of those goods in the future.
- **Prepaid/Miscellaneous Expenses:** These are expenses paid in cash and recorded as an asset before they are used or consumed (common example insurance).

B. Liability:

A liability is something owed by a person or company, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits, including money, goods, or services. Liabilities are reported on the balance sheet and are usually divided into two categories:

Capital Account:

It records the Capital and Reserves of the company. The ledgers of Capital Accounts are Share Capital, Partners Capital A/C, Proprietor Capital A/C, etc.

Reserves and Surplus:

This includes ledgers such as Capital Reserves, General Reserves, Reservations for Depreciation, and the like.

Current liabilities:

Current liabilities: These liabilities are expected to be due within a year. They usually include payables such as wages, accounts, taxes, and accounts payable.

- **Duties and Taxes:** Duties and Taxes include GST, VAT, CETVAT, and Excise, this includes all Tax Accounts such as Duty, Sales, and other Business Taxes.
- **Provision:** Provision for Tax, Provision for Depreciation, and similar provisions are recorded.
- **Sundry Creditors:** This is the person or company to whom we have to give or pay money or then from whom goods are purchased on credit in the business, and the price of those goods has to be paid in the future.

Long-term Liabilities:

Liabilities that are due after one year cannot be liquidated within one year. They typically include long-term bonds, notes payables, long-term leases, pension obligations, and long-term product warranties.

Branch/Division:

It maintains the accounts of all your company's branches, divisions, associates, subsidiaries, and others.

C. Sales Account:

You can classify your Sales Account based on Tax Slab or type of sales. This also becomes a simple mechanism for preparing tax returns. For example,

- Domestic Sale
- Export Sale

Now, let us open the following account under domestic sales:

- Sale 10%
- Sale 5%
- Sale Exempt

You can also open an account as Sales Return under the group Domestic Sales to see your net sales after returns (or returns can be passed directly through the journal against specific sales accounts).

D. Purchase Account:

You can classify your purchase accounts based on the tax slab or type of purchase. This also becomes a simple mechanism for preparing tax returns. For example,

- Domestic Purchase
- Import Purchase

Now, let us open the following account under domestic purchases:

- Purchase 10%
- Purchase 5%
- Purchase Exempt

You can also open an account as Purchase Returns under Group Domestic Purchases to view your net purchases after returns.

E. Revenue:

Revenue is the income or increase in the assets of a company that an entity receives from its normal activities, such as the sale of goods or services in the case of a business. There are two main categories of business revenue in accounting:

- **Direct Income:** These affect gross profit. All business income accounts come under sales accounts. You can also use this group for accounts like servicing contract fees.
- **Indirect Income:** These are miscellaneous non-sales income accounts. Example: Rent Received and Interest Received.
- **Expense:** An expense is an operating cost that a company incurs to generate revenue. As the popular saying goes, "You have to spend money to make money." There are two main categories of business expenses in accounting:
 - **Direct Expenses:** These are manufacturing or direct trading expenses. These accounts determine the company's gross profit.
 - **Indirect Expenses:** All administrative, selling, or non-direct expenses.

Profit and Loss Account is a reserve primary account in Tally Prime. You can use this account to pass adjusting entries through journal vouchers. For example, transfer of profit or loss account to capital or reserve account.

Pre-Defined Groups:

Tally Prime provides you with 28 predefined groups. Out of these, 15 are primary groups, and 13 are sub-groups. You can also create your groups as sub-groups or primary groups. These groups are a part of the Chart of Accounts for most organizations.

- Out of 15 Primary Groups, 9 Primary Groups appear in the balance sheet. Which is capital in nature?
- 6 Primary Groups appear under the Profit and Loss Account, which are Reserves (revenue) in nature.

Create Account Group:

- To create an Account Group, go to Gateway of Tally > Masters > Create > Accounting Masters > Groups.
- Enter the Group Name (for example, Rajesh).
- If required, enter an Alias Name (for example, Raja).
- Under the List of Groups displayed, select its Primary Group. Under which the Group is to be classified. (For example, Sundry Creditors)
- CTRL to create the group: Click Accept or Yes.

Group Creation	
Name	: Rajesh
(alias)	: Raju
Under	: Sundry Creditors (Current Liabilities)
Group behaves like a sub-ledger	: No
Nett Debit/Credit Balances for Reporting	: No
Used for calculation (for example: taxes, discounts) (for sales invoice entries)	: No
Method to allocate when used in purchase invoice	: ♦ Not Applicable
Accept ?	
Yes or No	

Create Multiple Groups:

- You can create, edit, or delete multiple groups at the same time in Tally Prime.
- For this, go to Gateway of Tally > Masters > Chart of Account > Accounting Master > Groups > Alt + H > Multi Create.
- To create multiple groups of different categories, select All Items in Under Groups.
- Under Groups, select the group under which you want to create new groups.
- Pronounce the name of the group.

Multi Group Creation		Learn More Pro
Under Group : ♦ All Items		
S.No.	Name of Group	Under
1.	Rajesh Soni	Sundry Creditors
2.	Prakash Singh	Sundry Debtors
3.	Sanjay Gupta	Sundry Debtors

Alter a Group:

The details entered in a Group can also be changed if required.

- For this, you have to go to Gateway of Tally > Master > Alter > Accounting Masters > Groups.
- Select the required Group name from the list of displayed Groups. (For example, Rajesh)
- Make the required changes in Groups Alteration. For example, I want to change Rajesh to Rajesh Sony.
- CTRL: Click Accept or Yes to save the changes.

Group Alteration

Name : **Rajesh Soni**
(alias) : **Raju**

Under : **Sundry Creditors**
(Current Liabilities)

Group behaves like a sub-ledger : **No**
Nett Debit/Credit Balances for Reporting : **No**
Used for calculation (for example: taxes, discounts) : **No**
(for sales invoice entries)
Method to allocate when used in purchase invoice : **♦ Not Applicable**

Accept ?

Yes or No

Alter Multiple Groups:

- You can also change the information of multiple groups at once.
- For this you will go to Gateway of Tally > Masters > Chart of Account > Accounting Master > Groups > Alt + H > Multi Alter.
- Select the Group from the List of Groups. The Multi Group Alteration screen is shown below.
- Change the details as required and click CTRL: Accept or Yes to save the changes.

Multi Group Alteration		Learn More Pro
Under Group : ♦ All Items		
S.No.	Name of Group	Under
1.	Capital Account	♦ Primary
2.	Loans (Liability)	♦ Primary
3.	Current Liabilities	♦ Primary
4.	Fixed Assets	♦ Primary
5.	Investments	♦ Primary
6.	Current Assets	♦ Primary
7.	Branch / Divisions	♦ Primary
8.	Misc. Expenses (ASSET)	♦ Primary
9.	Suspense A/c	♦ Primary
10.	Sales Accounts	♦ Primary
11.	Purchase Accounts	♦ Primary
12.	Direct Incomes	♦ Primary
13.	Direct Expenses	♦ Primary
14.	Indirect Incomes	♦ Primary
15.	Indirect Expenses	♦ Primary
16.	Reserves & Surplus	Capital Account
17.	Bank OD A/c	Loans (Liability)

CHAPTER 7: Ledgers

Ledger is the actual account head to identify your transactions and is used in all accounting vouchers. For example, Purchase, Payment, Sale, Receipt, and other account heads are ledgers. Without a ledger, you cannot record any transaction.

Predefined Ledgers:

All ledgers are classified into groups. These groups and ledgers are classified into Profit and Loss or Balance Sheet. Tally Prime has two pre-defined ledgers:

1. Cash Ledger:

- Cash Ledger is grouped under Cash in hand.
- You can enter the Opening Balance on the day the company starts.
- This ledger can also be replaced and removed.

2. Profit and Loss Account:

- Profit and Loss A/c one of Primary Group.
- The Profit and Loss A/c of the previous year is entered as the opening balance of the ledger. The balance entered is the Profit/Loss.

Create Ledger:

Let us now learn how to create a Ledger in Tally Prime.

- Go to Gateway of Tally > Create > Ledger. (Ledger Creation screen is shown below.)
- Enter the name of the Ledger. (Duplicate names are not allowed.)
- Enter the Ledger's nickname if necessary. (You can access Ledgers using either the original name or the nickname.)
- Select a group from the List of Groups.
- Enter the Opening Balance. (Opening Balance is applicable when the Ledger is an Asset or Liability.)

Create Multiple Ledgers:

You can create, edit or delete multiple ledgers at the same time in Tally Prime.

- Gateway of Tally > Chart of Account > Ledgers > Press Shortcut: Alt + H > Multi Create Go.
- Enter the name of the ledger under Name of Ledger.
- Under Select Group.
- Enter the Opening Balance amount under Opening Balance.
- Select All Items in Under Groups to create multiple ledgers of different categories.

S.No.	Name of Ledger	Under	Opening Balance
1.	Rajesh	Sundry Creditors	8,000.00 cr
2.			

A. Alter a Ledger:

- Gateway of Tally > Alter > Ledger > Select Ledger
- Change the details as required and click Yes to save the changes.
- Account ledger can be modified for Single Ledger as well as Multi Ledgers.

However, for many Ledgers, not all fields are available for change.

B. Alter Multiple Ledgers:

You can edit or delete details of multiple ledgers at the same time in Tally Prime as per your requirement.

- Gateway of Tally > Chart of Account > Ledgers > Press Shortcut: Alt + H > Multi Alter
- Select All Items in Under Group to change the details of Ledgers of different categories.
- Select Under Group.
- Change or delete details as required.

S.No.	Name of Ledger	Under	Opening Balance Dr/Cr
1.	Abc	Sundry Creditors	
2.	BASIC SALARY	Indirect Expenses	
3.	Capital A/c	Capital Account	1,00,000.00 Cr
4.	Cash	Cash-in-Hand	50,000.00 Dr
5.	DEARNESS ALLOWANCE	Direct Expenses	
6.	HOUSE RENT ALLOWANCES	Indirect Expenses	
7.	OVERTIME	Indirect Expenses	
8.	PROFESSIONAL TAX	Duties & Taxes	
9.	Profit & Loss A/c	♦ Primary	
10.	PROVIDENT FUND	Current Liabilities	
11.	Purchase /ac	Purchase Accounts	
12.	TRAVELLING ALLOWANCES	Indirect Expenses	

Chapter 8: Vouchers

Vouchers are a primary document that contains all the information regarding a transaction. There are 24 pre-defined Voucher types for Accounting, Inventory, Payroll, and Order. You can create more Voucher types under these pre-defined Voucher types as per your business requirements. We will understand them one by one later.

To View the Pre-Defined Voucher Types:

Chart of Accounts	
List of Voucher Types	
Attendance	
Contra	
Credit Note	
Debit Note	
Delivery Note	
Job Work In Order	
Job Work Out Order	
Journal	
Material In	
Material Out	
Memorandum	
Payment	
Payroll	
Physical Stock	
Purchase	
Purchase Order	
Receipt	
Receipt Note	
Rejections In	
Rejections Out	
Reversing Journal	
Sales	
Sales Order	
Stock Journal	

For each transaction in Tally, you can use an appropriate Voucher to enter all the required details. Vouchers are broadly classified into three types:

1. Accounting Voucher: The Accounting Voucher records those transactions which require only accounting details. Which does not affect the inventory? Receipt, Payment, Contra, and Journal Voucher, all these are Accounting Vouchers.

2. Inventory Vouchers: Inventory Vouchers only the transaction details related to inventory are required to be recorded, and it has no impact on accounting. Like Stock Journal and Physical Stock Voucher, both are Inventory Vouchers.

Receipt Voucher (Shortcut: F6):

If any amount is received from any party or any goods are sold in cash or when capital is invested by the businessman in the business, then we record its entry in the Receipt Voucher. You can record the transaction entry in the Receipt Voucher using Single Entry or Double Entry mode.

A. Receipt Voucher on Double Entry Mode

Before Single Entry, I would like to tell you about Double Entry. In Double Entry, whenever there is a transaction in business, there are two things in it: one is Debit (Dr), and the other is Credit (Cr), as we saw in the Accounting chapter.

- In every transaction of Receipt Voucher, the amount is received, which comes in the form of Cash or Bank.

For example, Ajay started a business with Rs 500000/-	
Here Ajay is starting his business. So Ajay is a trader here and the amount brought by the trader is called Capital in the business. The entry of this transaction will be something like this	Dr: Cash A/c Cr: Capital A/c

Let us enter this entry in Tally for which you will have to follow the steps given below.

First of all we will go to Receipt Voucher.

Gateway of Tally > Vouchers or Shortcut: V > Shortcut F6 - Receipt Voucher> Shortcut Ctrl + H - Change Mode > Select Double Entry |

B. Gateway of Tally > Vouchers or Shortcut: V > F6 - Receipt Voucher> Ctrl + H - Change Mode > Select Single Entry

Example, 10000 received from Shahrukh and 20000 from Salman.

In this transaction it is being told that we have received Rs 10000 from Shahrukh and Rs 20000 from Salman. We will pass its entry in Receipt Voucher using Single Entry Mode like this.

Accounting Voucher Alteration		Ranjeevan Sharma Pvt Ltd
Receipt	No. 3	1-Apr-20 Wednesday
Account	Cash	
Current balance	: 14,28,000.00 Dr	
Particulars		Amount
Shahrukh		10,000.00
Cur Bal: 10,000.00 Cr		
Salman		20,000.00
Cur Bal: 20,000.00 Cr		

Payment Voucher (Shortcut: F5) :

The entries related to payment transactions in business are recorded in the Payment Voucher. For example, payment of any expense, purchase in cash or purchase of any Fixed Assets.

A. Payment Voucher on Double Entry Mode :

Gateway of Tally > Vouchers or Shortcut: V> F5 - Payment Voucher> Ctrl + H - Change Mode> Go to Select Double Entry.

EXAMPLE :

Furniture purchased for Rs 2000.	
In this transaction we have bought a piece of furniture. Now the furniture that we have bought is for office use, hence it is our Fixed Assets. For which a separate Ledger Account will be created and its entry will be passed like this.	Dr: Furniture A/c Cr: Cash A/c

Accounting Voucher Creation		
Payment No. 1		1 Apr 20 Wednesday
Particulars	Debit	Credit
Dr Furniture	2,000.00	
Cur Bal: 2,000.00 Dr		
Cr Cash		2,000.00
Cur Bal: 14,28,000.00 Dr		

B. Payment Voucher on Single Entry Mode :

Gateway of Tally > Vouchers or Shortcut: V > F5 – Payment Voucher> Ctrl + H – Change Mode > Select Single Entry

For example, 10000 paid to Ramesh and 20000 to Sureshi	
In this transaction it is being told that we paid Rs 10000 to Ramesh and Rs 20000 to Suresh	

We enter this in the Payment Voucher using Single Entry Mode.

Date	You can change the date using F2. (Note: You can keep the date as 1,2, and 31 only in Educational Mode.)
Account	Here you have to select the ledgers of your company's cash and bank accounts. Which Tally will credit automatically.
Particular	In Particular you just have to select the Ledger Account to be debited and enter the amount. Here you can select more than one Ledger Account.
Narration	You need to provide a narration so that you can know later which transaction this entry belongs to
Accept	Finally you have to accept the entry. You can use Enter or Y.

Accounting Voucher Creation		
Payment No. 2		1 Apr 20 Wednesday
Account	Cash	Amount
Current balance	13,98,000.00 Dr	
Particulars		
Suresh	20,000.00	20,000.00
Cur Bal: 20,000.00 Dr		
Ramesh	10,000.00	10,000.00
Cur Bal: 10,000.00 Dr		

Contra Voucher (Shortcut: F4)

Contra Voucher is used for entering transactions when cash is deposited or withdrawn from the business's bank account or cash is transferred from one bank account to another account.

If depositing cash in bank	If cash is being withdrawn from the bank	If amount is being transferred from Bank A to Bank B
Dr: Bank A/c Cr: Cash A/c	Dr: Cash A/c Cr: Bank A/c	Dr: Bank A A/c (in which deposit is being made) Cr: Bank B A/c (from which deposit is being made)

We can pass this also through Single Entry and Double Entry Mode.

A. Contra Voucher on Double Entry Mode

Gateway of Tally > Vouchers > F4 - Contra Voucher > Ctrl + H - Change Mode > Select Double

Go to Entry.

Narration	You have to tell the narration. So that you can know later which entry is this Transaction is done.
Accept	Finally you have to accept the entry. You can use Enter or Y.

Accounting Voucher Alteration		Ranjeewan Sharma Pvt Ltd	
Contra No. 1		1-Apr-20 Wednesday	
Particulars		Debit	Credit
Cr Cash	Cur Bal: 10,58,000.00 Dr		3,00,000.00
Dr State Bank of India	Cur Bal: 3,00,000.00 Dr	3,00,000.00	

B. Contra Voucher on Single Entry Mode :

Gateway of Tally > Vouchers > F4 - Contra Voucher > Ctrl + H - Change Mode > Select Single

Go to Entry.

Accounting Voucher Creation		Ranjeewan Sharma Pvt Ltd	
Contra No. 2		1-Apr-20 Wednesday	
Account : Cash			
Current balance : 11,08,000.00 Dr			
Particulars		Amount	
Dr State Bank of India	Cur Bal: 2,90,000.00 Dr	10,000.00	

Journal Voucher (Shortcut: F7) :

In Journal Voucher, we often post the transaction entries of those accounts which we have to adjust. In Journal Voucher, we adjust the amount between 2 accounts without using any cash or bank account. If you have to make such an entry then you will use Journal Voucher.

Computer purchased worth 50000 from SK computers on credit	
In this transaction it is being told that a computer worth Rs 50000 has been purchased on credit. So we will pass its entry in the journal voucher in this way.	Dr: Computer A/c (<i>Under Fixed Assets</i>) Cr: SK Computers A/c (<i>Under Sundry Creditors</i>)

Accounting Voucher Alteration		
Journal	No.	Date
	1	11-Apr-20 Wednesday
Particulars		
Dr: Computer A/c Cur Bal: 50,000.00 Dr	50,000.00	
Cr: SK Computers A/c Cur Bal: 50,000.00 Cr		50,000.00

Sales and Purchase Voucher :

Before starting with the Sales and Purchase Voucher, I want to give you some important information about Sundry Debtor and Creditor Ledger.

SUNDRY DEBTORS:

When we sell any goods or merchandise on credit, the party to whom we sell comes under the group of Sundry Debtors. You get an option like this while creating the Ledger of Sundry Debtors. You need to know about it.

After which, when you make any entry in any voucher with that party, a Bill-wise Details window opens in front of you and you have to provide the information in the fields given below.

Bill-wise Details for : Sharma & Company				
Upto: ₹ 20,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days	Amount	Dr/ Cr
		(ref: 1-Apr-20)		
New Ref	Advance	30 Days	20,000.00	Cr
	Agst Ref	(May-20)		
	New Ref			
	On Account			

SUNDRY CREDITORS:

Whenever we buy any item or goods on credit, the party from whom we are buying comes under the group of Sundry Creditors. Just like Sundry Debtor, while creating the Ledger of Sundry Creditors also we have the following option available.

Bill-wise Details for : Sharma & Company Upto: ₹ 20,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days	Amount	Dr/ Cr
	Method of Adj	ref: 1-Apr-20)		
New Ref	Advance	30 Days	20,000.00 Cr	
	Agst Ref	May-20)		
	New Ref			
	On Account			

Purchase Voucher (Shortcut: F9):

When any goods or facility is purchased on credit in the business, its entry is made in the Purchase Voucher in Tally. There are 3 modes of making entries in Purchase Voucher. To use Purchase Voucher: **Gateway of Tally > Voucher > Shortcut: F9 – Purchase.**

Mode 1 - Item Invoice:

To enter this mode, follow the steps given below. One thing you have to keep in mind while using this mode is that the number of items purchased and the price per rate should be there.

Gateway of Tally > Voucher > F9 - Purchase > CTRL + H or Change mode > Item Invoice

Date	You can change the Date using F2. (Note: You can keep the date only as 1,2, and 31 in Educational Mode.)
------	---

EXAMPLE:

Computer Mouse (20 QTY Per 1000) & Monitor (10 QTY Per 2000) Purchased from Sharma & CO on Credit.
In this entry we are purchasing 20 Mouse Computer at the rate of Rs. 1000 each and 10 Monitor at the rate of Rs. 2000 each on credit from Sharma & Co.

Purchase No. 1		Date : 1-Apr-20		1-Apr-20 Wednesday
Supplier Invoice No.:	01			
Party A/c name :	Sharma & Company			
Current balance :	40,000.00 Cr			
Purchase ledger :	Purchase /ac			
Current balance :	40,000.00 Dr			
Name of Item	Quantity	Rate per	Amount	
Computer Mouse	20 nos	1,000.00 nos	20,000.00	
Monitor	10 nos	2,000.00 nos	20,000.00	
			40,000.00	

Mode 2 - Accounting Invoice:

This mode is mostly used while taking services or by the companies receiving the services.

Gateway of Tally > Voucher > F9 - Purchase > CTRL + H or Change mode > Accounting Invoice.

EXAMPLE:

Goods worth 10000 purchased from Sharma & CO on Credit.			
In this entry we are purchasing goods worth Rs 10,000 on credit from Sharma & Co.			
Purchase	No. 2	Date	1-Apr-20 Wednesday
Supplier Invoice No.:	02		
Party A/c name	: Sharma & Company		
Current balance	: 40,000.00 Cr		
Particulars		Rate per	Amount
Purchase /ac			10,000.00

Mode 3 - As Voucher:

This is just like Double Entry Mode. Where you have to select the ledger to be debited and credited. In this only Purchase A/c is debited and only Sundry Creditor is credited.

Sales Voucher (Shortcut: F8):

When any goods or facility is sold on credit in the business, its entry is made in the Sales Voucher in Tally. You can make entries in the Sales Voucher in 3 ways or modes.

.To use Sales Voucher: Go to Gateway of Tally > Voucher > F8 – Sales

Mode 1 - Item Invoice: To enter in this mode, follow the steps given below. While using this mode, you have to keep one thing in mind the quantity of items sold and the price per item must be there.

Gateway of Tally > Voucher > Shortcut: F8 - Sales > CTRL + H or Change mode > Item Invoice

Computer Mouse (10 QTY Per 2000) & Monitor (5 QTY Per 3000) sold to Verma & CO on Credit.	
In this entry we are selling 10 Mouse Computer at the rate of Rs. 2000 each and 5 Monitor at the rate of Rs. 3000 each on credit to Verma & Co.	

Sales	No. LM/001/20-21			1-Apr-20 Wednesday
Party A/c name	: Verma & Co			
Current balance	:			
Sales ledger	: Sales A/c			
Current balance	:			
Name of Item		Quantity	Rate per	Amount
Computer Mouse		10 nos	2,000.00 nos	20,000.00
Monitor		5 nos	3,000.00 nos	15,000.00
				35,000.00

Chapter 9: Cost Center

Using the Cost Center capability in Tally Prime, you can maintain your income and expenses according to various business units, employees, projects, departments, etc. As per the requirement, one or more Cost Centers or Profit Centers can be created in the company.

So let us understand this as an example, suppose we have purchased stationery worth Rs 1000 for our company. Now the stationery that we have purchased includes many items like pencils, pens, erasers, paper, and pads.

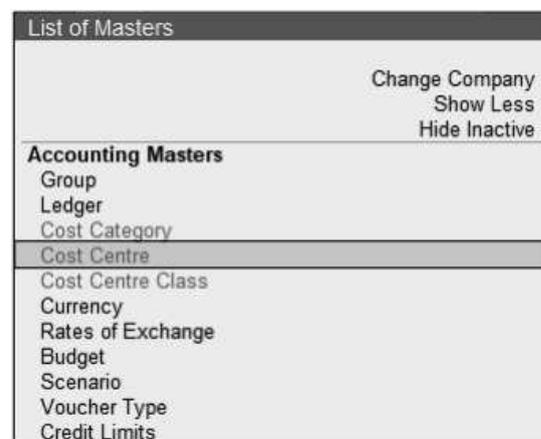
We can activate the Cost Centre in 2 ways which are mentioned below:

1. Follow the steps given below to activate the Cost Centre in the first method.

- Gateway of Tally > Press shortcut key: F11 - Company configure
- Now you have to set Show More Features to Yes.
- Under Accounting, you have to set Enable Cost Centres to Yes, now your Cost Centre has been activated.

2. To activate the Cost Centre in the second method, follow the steps given below.

- Gateway of Tally > Create > Show More > Show Inactive > Cost Centre.



Create Cost Centre :

Now we have learnt to create a Cost Category. Now we are going to learn to create a Cost Centre. But you must always keep one thing in mind before creating a Cost Centre, you must create its Cost Category, and only then can you add the Cost Centre under its Category.

Now we have created the Cost Category of Stationary Items, now we will create a Cost Centre under the same. Like Pencil, Eraser, Paper, Pen and Pad.

- To create a Cost Centre, we have to go to Gateway of Tally > Create > Cost Centre.
- We have to select the Cost Category under which we want to create a Cost Centre.
- Name and Surname of the Cost Centre is to be provided (Surname is not mandatory).
- Now you have to accept. You can use Enter or Y. By doing this, our Cost Centre will be ready.

Cost Centre Creation	
Category	: Stationary Item
Name	: Pencils
(alias)	:
Under	: ♦ Primary
Accept ?	
Yes or No	

Whenever you activate Cost Centre in Tally Prime, you have to keep one thing in mind, while creating Ledger; we have to activate Cost Centre as are applicable option. Otherwise, we will not be able to use Cost Centre in the Voucher while passing entry.

To create a Ledger related to the Cost Centre and to activate the Cost Centre are applicable options, follow the steps given below.

- Gateway of Tally > Create > Ledger or inside the Voucher while passing the entry

Ledger Creation		Cost Centre Practice
Name : Stationary Exp		
(alias) :		
Under	: Indirect Expenses	Mailing Details
		Name
		Address
Type of Ledger	: ♦ Not Applicable	State
Cost centres are applicable	: No	Country
		Pincode

- If this option is not available, then you have to activate it. For this you have to go to Configure of Ledger Creation using Shortcut Key: F12 and from there, you have to activate this option by setting it to Yes and then Accept. After which you will get the option of **Apply Cost Centre for Ledgers in Ledger**.

Configuration	
Show more configurations : No	
General Details	
Provide aliases for Name	: Yes
Provide language aliases for Name	: No
Use Currency for Bank/Cash Ledgers (to adjust Forex Gain/Loss)	: No
Maintain balances Bill-by-Bill For Non-Trading Accounts also	: Yes
Use Inventory Allocations for Ledgers	: No
Select Appropriation Methods to allocate Additional Costs (in Invoice Mode for Purchases only)	: No
Apply Cost Centres for Ledgers	: Yes
Provide Opening Balances for Ledgers	: Yes
Bank Details	
Provide Bank Account D	
Set Bank Reconciliation (for supported Banks o	
Provide Cheque Book an	
Party Tax Registration	
Provide GST Registration	
GST Details	
Provide GST Rate details For Non-Revenue Accou	
TDS Details	
Provide TDS details	

CHAPTER 10: Inventory or Stock

Inventory or Stock refers to all the goods, goods and materials held by a business to sell in the market to earn profits. If a newspaper vendor uses a vehicle to deliver newspapers to customers, only the newspaper will be considered as stock. The vehicle will be considered a fixed asset.

To maintain inventory in Tally, it is very important to have the following information about the items, such as:

Stock Item Name	Name of the Stock Item. If you do business of computer hard disks, then you have to enter Stock here.
Name	The name of the item has to be mentioned, like 1TB HDD, 2TB HDD, 500GB HDD!
Category	Category of the product. Which company's product is it like Samsung, TOSHIBA, IBM
Group	A group of objects. Like a hard disk or monitor or computer
Unit	Unit has to be mentioned like NOS, KGS, LTR, MTR, DOZEN etc.
Rate	What is the rate of the item?
Godown	In which warehouse is the goods kept?

How to control Inventory or Stock in Tally Prime?

Before creating any Stock Item, its Stock Group, its Stock Category, its Unit, its Location, all these important things should be created. We will create them one by one later.

Stock Group:

To create a Stock Group in Tally Prime, follow the steps given below:

Gateway of Tally > Create > Stock Group (Under Inventory Masters)

Stock Group Creation

Name : HARDDISK
 (alias) :

Under : ♦ Primary

Should quantities of items be added : Yes

Stock Category :

To create a Stock Category in Tally Prime, follow the steps given below.

Gateway of Tally > Create > Stock Category (Under Inventory Masters)

Stock Category Creation

Name : SEGATE
 (alias) :

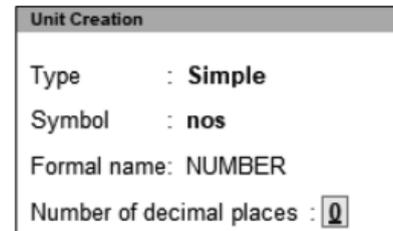
Under : ♦ Primary

Accept ?
 Yes or No

Unit:

To create a Unit in Tally Prime, follow the steps given below.

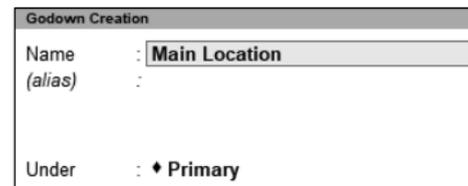
Gateway of Tally > Create > Unit (Under Inventory Masters)



Go down (Location):

To create a Go down or Location in Tally Prime, follow the steps given below.

Gateway of Tally > Create > Go down (Under Inventory Masters)



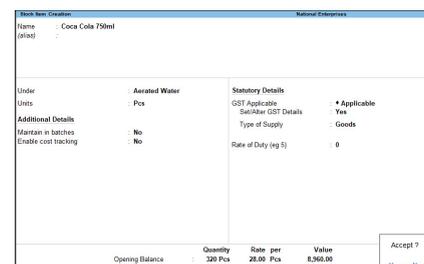
When you go to go down or Locations for the first time, a window opens in front of you. Where Tally asks you whether you want to alter the Main Location in Tally to the New Location or create a new location separately.

If you want to create a new location, and then click on Create New (Press C) or if you want to alter the main location, then click on Alter Existing (Press A).

- Gateway of Tally > will go to Alter>
- You will select the Stock Group, Stock Category, Stock Item, Unit, and Location whose information you want to change.
- Modify the information as per your requirements.

Create Stock Item:

So, friends, we have created all the things required to create a Stock Item. Now let us understand how to create a Stock Item. Follow the steps given below to create a Stock Item in Tally Prime. **Gateway of Tally > Create > Stock Item.**



Create Multiple Stock Items:

Tally Prime also gives you the facility to create multiple stocks at once. Below are some entries, for some of which we will create multiple stock items at once, using Multiple Stock items?

Follow the below steps to create Multiple Stock Items.

Gateway of Tally > Chart of Accounts > Stock Item > Multi-Masters (Alt +H) > Multi Create

Go there. You can create Multiple Stock Items at once by giving the following information.

S.No	Name of Item	Under	Units	Opening Qty	Rate	per	Amount
1.	USB Mouse	Mouse	nos	20 nos	350.00	nos	7,000.00
2.	Wireless Mouse	Mouse	nos	30 nos	450.00	nos	13,500.00
3.	USB Keyboard	Keyboard	nos	15 nos	500.00	nos	7,500.00
4.	Wireless Keyboard	Keyboard	nos	10 nos	650.00	nos	6,500.00
5.	15" LCD Monitor	LCD Monitor	nos	15 nos	3,500.00	nos	52,500.00

Configure Feature While creating multiple stocks, we can enable or disable the following options.

- **Skip the category column:** the Stock Category information is not given in the column If you want to proceed further then you can make this option Yes.

Stock Journal Voucher (ALT+F7) :

We use the Stock Journal Voucher when we transfer goods from one of our godowns to another godown. For example,

1. Transfer 10 I Ball USB Mouse from Andheri to Malad Godown
2. Transfer 10 26" LCD Monitor from Malad to Andheri Godown

For example, here 10 I Ball USB mice are being sent from Andheri to Malad and 10 26" LCD monitors are being sent from Malad to Andheri. Such entries will be recorded in the Stock Journal Voucher in Tally Prime.

For this, we have to go to **Gateway of Tally > Voucher > Alt + F7 - Stock Journal**. Stock Journal is explained in two parts.

1. First Source (Consumption) i.e. from where (the warehouse) the goods are being sent
2. And the second Destination (Production) i.e. where (the warehouse) the goods are being received.

Stock Journal No. 1		6-Apr-20 Monday							
Transfer of Materials									
Name of Item	Source (Consumption)			Name of Item	Destination (Production)				
	Quantity	Godown	Rate		Amount	Quantity	Rate	Amount	
USB MOUSE	ANDHERI	10 nos	350.00/nos	3,500.00	USB MOUSE	MALAD	10 nos	350.00/nos	3,500.00
26" LCD MONITOR	MALAD	10 nos	6,500.00/nos	65,000.00	26" LCD MONITOR	ANDHERI	10 nos	6,500.00/nos	65,000.00

Note: You have to keep one thing in mind the total number and price of goods sent (Total Source), and the total number and price of goods received (Total Destination) should be equal in the end. You can also transfer goods from the same warehouse to different warehouses.

Physical Stock Voucher :

When the stock kept in the warehouse is counted in the business and the actual stock after counting is recorded, a Physical Stock Voucher is used to record it in Tally Prime. Due to some reasons, it may happen that the actual stock in the warehouse is not equal to our recorded stock (Book Stock).

Example: We bought 30 computer mice. When we bought 30 mice, we paid for 30 mice only. But it may happen that the person from whom we bought the goods gave us 2 extra mice as a sample. Now the number of actual mice in the warehouse (32) will not match with the number of mice purchased (30).

To access the Physical Stock Voucher in Tally Prime, we have to go to **Gateway of Tally > Voucher > CTRL + F7 - Physical Stock Voucher** and provide the following information.

Physical Stock No. 1		6-Apr-20 Monday					
Physical Stock Verification							
Name of Item	Godown	Batch/Lot No.	Mfg Dt.	Expiry Date	Quantity	Amount	
WIRELESS MOUSE	MALAD				31 nos		

Chapter 11: Purchase Entry in Tally Prime

The purchase process in a trading organization is as follows, which we will understand one by one.

- **Purchase Order (CTRL+F9):** When we place an order for goods to a party, we enter such transaction in the Purchase Order voucher.
- **Receipt Note (ALT+F9):** When we receive the delivery of the ordered goods (whose bill has not been prepared and paid yet), then we enter the entry of such transaction in the Receipt Note voucher.
- **Rejection Out (CTRL+F5):** When the goods received (whose bill has not been prepared and paid yet) is returned to the party due to defect, then we enter the entry of such transaction in the Rejection Out voucher.
- **Purchase Voucher (F9):** When we purchase goods on credit from any party, the entry of such transaction is recorded in the Purchase Voucher.
- **Debit Note – Purchase Return (ALT+F5):** After the bill is prepared, if the purchased goods are returned to the party due to their being defective, then we record its entry in Debit Note – Purchase Return.

Purchase Order (CTRL+F9) :

When we place an order to a party to purchase any goods or items, then we record its entry under Purchase Order. It is mostly used by trading companies.

If you are passing an entry in the Purchase Order for the first time, then it is possible that the Purchase Order is not already active. So we have to activate it first. Follow the steps given below to activate the Purchase Order.

Gateway of Tally > Voucher > F10: Other Voucher > Show Inactive > Purchase Order (CTRL+F9) > Press Enter > Activate

If you have activated a Purchase Order in Tally Prime. So now to pass the entry in Purchase Order you have to follow these steps and provide the following information. To enter the entry of Purchase Order

Gateway of Tally > Voucher > CTRL+F9: Purchase Order

Date	You can change the Date using Shortcut: F2.
Party Name	Select the Ledger of the Party Name from whom you want to purchase the item or goods.
Order No	You have to give the order number.
Purchase Ledger	Select the Ledger of Purchase A/c.

Receipt Note Voucher (ALT+F9):

Receipt Note Voucher is used to record the receipt of goods/items in the business. We received goods or merchandise from our supplier. If the purchase order for the goods we are receiving already exists, then we can pass the entry in the Receipt Note Voucher more easily with the help of the Purchase Order.

If Receipt Note Voucher is not activated in your Tally Prime, you can activate Receipt Note Voucher by following the steps given below. **Gateway of Tally > Voucher > F10: Other Voucher > Show >Inactive > Receipt Note (ALT+F9) > Press Enter > Activate**

After activating the Receipt Note in Tally Prime, you have to follow these steps and provide the following information to pass the entry in the Receipt Note.

Gateway of Tally > Voucher > ALT+F9: Receipt Note

Rejections out (CTRL+F5):

When we return any goods to the supplier due to their being defective after receiving them in the business, the bill for which is yet to be received and payment is also pending. We record this type of entry in the Rejections Out voucher.

Gateway of Tally > Voucher > F10: Other Voucher > Show Inactive > Rejection out: CTRL+F5> Press Enter > Activate

After activating Rejections Out in Tally Prime, to pass the entry in Rejections Out you have to follow these steps and provide the following information.

Gateway of Tally > Voucher > CTRL+F5: Go to Rejections Out.

Nature of Item	<p>You have to select the product (Item or Goods). After which the Item Allocation window will open in front of you. Where you will see The following information is to be provided:</p> <ul style="list-style-type: none"> • Tracking No: Choose Tracking No as per your requirement or create a new one. • Quantity: You need to specify the quantity of the products you are sending back to the supplier. • Rate: This will come automatically. • Per: This represents the Unit and it will come automatically. • Amount: The amount will be calculated automatically. • Accept: Finally you have to accept. You can use Enter or Y. <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p style="text-align: center;">Item Allocations for : USB Mouse</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Godown</th> <th style="width: 20%;">Quantity</th> <th style="width: 30%;">Installments for</th> <th style="width: 20%;">Amount</th> </tr> </thead> <tbody> <tr> <td>Tracking No. : 1</td> <td>Order No. : 1</td> <td>Due on</td> <td>1-Apr-20</td> </tr> <tr> <td>Andheri</td> <td>2 us</td> <td>350.00 us</td> <td>700.00</td> </tr> </tbody> </table> </div>	Godown	Quantity	Installments for	Amount	Tracking No. : 1	Order No. : 1	Due on	1-Apr-20	Andheri	2 us	350.00 us	700.00
Godown	Quantity	Installments for	Amount										
Tracking No. : 1	Order No. : 1	Due on	1-Apr-20										
Andheri	2 us	350.00 us	700.00										
Narration	You have to write a narration so that you can know later which transaction this entry belongs to.												
Accept	Finally you have to accept the entry. You can use Enter or Y.												

Purchase Voucher (F9):

When any goods or facility is purchased on credit in the business, its entry is made in the Purchase Voucher in Tally. You can make an entry in Purchase Voucher in three ways. Which we have already learned under the Voucher chapter. To use Purchase Voucher: Gateway of Tally > Voucher > Shortcut: F9 – Purchase.

Date	You can change the Date using Shortcut: F2.
Supplier Invoice No and Date	Enter Invoice No and Invoice Date from the Invoice Bill received from the supplier
Party A/c Name	Select the Ledger of the Party A/c from whom you have purchased the item or goods on credit
Purchase Ledger	Select Purchase Ledger.
Nature of Item	Provide information about the item or goods.
Quantity	State the number of items purchased.
Installments (Per)	Give information about Rate Per.
Amount	It will come automatically.
Narration	You need to provide a narration so that you can know later which transaction this entry belongs to
Accept	Finally you have to accept the entry. You can use Enter or Y

Debit Note (Alt + F5) - Purchase Return :

When after completing a purchase in business (i.e. after making payment to the recipient), we return some goods to the supplier due to damage. Then we pass its entry under Debit Note Voucher.

Just like we pass entry in the Purchase Voucher, in the same manner, we have to pass entry of Purchase Return in the Debit Note.

To use Debit Note: Gateway of Tally > Voucher > Shortcut: Alt + F5 – Go to Debit Note.

Mode 1 - Item Invoice: To enter in this mode, follow the steps given below. One thing you have to keep in mind while using this mode is that there should be several items purchased and a price per item.

Gateway of Tally > Voucher > Shortcut: F9 - Purchase > CTRL + H or Change mode > Item Invoice

INVOICE					
National Enterprises BO 2nd Floor, Raheja Arcade, 1st Block Koramangala, Bangalore E-Mail : nebo-support@nationalenterprises.com		Invoice No. 1 Delivery Note	Dated 1-Apr-21 Mode/Terms of Payment		
Ganesh Enterprises Shop No. 9, Shopping Plaza, M G Road Bangalore		Reference No. & Date.	Other References		
Consignee (Ship to)		Buyer's Order No.	Dated		
Buyer (Bill to)		Dispatch Doc No.	Delivery Note Date		
		Dispatched through	Destination		
		Terms of Delivery			
Sl No	Description of Goods	Quantity	Rate	per	Amount
1	LG Washing Machine	1 Qty	25,000.00	Qty	25,000.00
2	Samsung Mobile	1 Qty	15,000.00	Qty	15,000.00

Chapter 12: Sales-Related Entries in Tally Prime

The sales process in a trading organization is as follows, which we will understand one by one.

Sales Order (CTRL+F8): When we receive an order of goods from a customer, we enter the entry of such transaction in this voucher.
Delivery Note (ALT+F8): When the goods received on order are delivered to the customer (whose bill has not been prepared yet and payment has not been received), then we record the entry of such transaction in this voucher.
Rejection In (CTRL+F6): When the delivered goods (whose bill has not yet been generated and payment has not been received) are returned by the customer due to defect, then we enter the entry of such transaction in this voucher.
Sales Voucher (F8): When we sell goods on credit to a customer and prepare its sales bill, then entries of such transaction are recorded in the Sales Voucher.
Credit Note – Sales Return (ALT+F6): After the bill of any goods is prepared, if the customer returns any goods because of it being defective, then we record its entry in the Credit Note – Sales Return Voucher.

Sales Order (CTRL+F8) :

When we take an order from any party to sell any goods, then we record its entry under Sales Order. It is mostly used by trading companies.

If you are passing an entry in the Sales Order for the first time, then it is possible that the Sales Order is not already active. It has to be activated first. Follow the steps given below to activate the Sales Order.

Gateway of Tally > Voucher > F10: Other Voucher > Show Inactive > Sales Order > Press Enter > Activate

If you have activated the Sales Order in Tally Prime, then now pass the entry in Sales Order.

You have to follow these steps and provide the following information. **Gateway of Tally > Voucher > CTRL+F8: Go to Sales Order.**

	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p style="text-align: center;">Item Allocations for : USB Mouse</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Godown</th> <th style="width: 20%;">Quantity</th> <th style="width: 20%;">Installments for:</th> <th style="width: 30%;">Amount</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">Due on 1-Apr-20</td> </tr> <tr> <td>♦ Any</td> <td>50 us</td> <td>420.00 us</td> <td style="text-align: right;">21,000.00</td> </tr> </tbody> </table> </div> <ul style="list-style-type: none"> • Due On: You have to give the Due Date. • Godown: Godown has to be selected. • Quantity: You have to tell the quantity. • Rate: You have to specify the rate. • Per: It shows the unit which will come automatically. Like Nos, KM, MTR etc. • Amount: The amount will be calculated automatically. • Accept: Finally you have to accept. You can use Enter or Y. 	Godown	Quantity	Installments for:	Amount	Due on 1-Apr-20				♦ Any	50 us	420.00 us	21,000.00
Godown	Quantity	Installments for:	Amount										
Due on 1-Apr-20													
♦ Any	50 us	420.00 us	21,000.00										
Quantity	You have to tell the quantity.												
<small>Installments (Per)</small>	Give information about Rate Per.												
Amount	You have to enter the amount here.												
Narration	You have to write a narration, so that you can know later which transaction this entry belongs to.												
Accept	Finally you have to accept the entry. You can use Enter or Y.												

Delivery Note (ALT+F8) :

Delivery Note Voucher in Tally Prime is used to record the delivery of goods. We already have a Sales Order from a customer and we are delivering goods to that customer, we will enter the entry of this transaction in the Delivery Note Voucher with the help of the Sales Order.

Gateway of Tally > Voucher > F10: Other Voucher > Show Inactive > Delivery Note (ALT+F8) > Press Enter > Activate

After activating Delivery Note in Tally Prime, to pass the entry in Delivery Note you have to follow these steps and provide the following information.

Gateway of Tally > Voucher > ALT+F8: Delivery Note

Sales Ledger	Select the Sales A/C Ledger.																
Nature of Item	<p>If we select Order No under Order details while selecting Party Account, then all the information about Nature of Item is filled according to that Order No. Or we can also fill it ourselves as per the requirement.</p> <p>You have to select the item or goods. After which the Item Allocation window will open in front of you where you have to provide the following information:</p> <ul style="list-style-type: none"> • Tracking No: You have to tell the PO reference. • Order No: Order No has to be given. • Due on: Due Date has to be selected here. • Quantity: You have to tell the quantity. • Rate: You have to specify the rate. • Per: It shows the unit which will come automatically which you have selected in unit like Nos, KM, MTR etc. • Amount: The amount will be calculated automatically. • Accept: Finally you have to accept. You can use Enter or Y. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">Item Allocations for : USB Mouse</th> </tr> <tr> <th>Godown</th> <th>Quantity</th> <th>Installments for</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Tracking No. : 1</td> <td>Order No. : 1</td> <td>Due on</td> <td>1-Apr-20</td> </tr> <tr> <td></td> <td>50 us</td> <td>420.00 us</td> <td>21,000.00</td> </tr> </tbody> </table>	Item Allocations for : USB Mouse				Godown	Quantity	Installments for	Amount	Tracking No. : 1	Order No. : 1	Due on	1-Apr-20		50 us	420.00 us	21,000.00
Item Allocations for : USB Mouse																	
Godown	Quantity	Installments for	Amount														
Tracking No. : 1	Order No. : 1	Due on	1-Apr-20														
	50 us	420.00 us	21,000.00														
Narration	You have to write a narration so that you can know later which transaction this entry belongs to.																
Accept	Finally you have to accept the entry. You can use Enter or Y.																

Rejection In (Ctrl + F6) :

When any goods in the business are returned by the customer due to being defective, for which the bill has not been prepared yet nor we have received any payment, then we record such entry in Rejection in Voucher in Tally Prime.

Gateway of Tally > Voucher > F10: Other Voucher > Show Inactive > Rejection In > Press Enter> Activate

After activating Rejections In in Tally Prime, to pass the entry in Rejections in Voucher you have to follow these steps and provide the following information.

Go to Gateway of Tally > Voucher > CTRL+F6: Rejection In.

Accept अंत में आपको Entry (एंट्री) को Accept करना है। आप Enter या Y का उपयोग कर सकते हैं।

Ledger Account		Customer's Name and Address	
Ganesh Training Agency		Ganesh Training Agency Mumbai	
Name of Item	Quantity	Rate per	Amount
USB Mouse	2 nos	420.00 nos	840.00
Tracking No. : 1 Order No. : 1 Due on : 1-Apr-20		Andheri	2 nos 420.00 nos 840.00

Sales Voucher - F8 (Create Sales Bill):

We use a Sales Voucher to create a Sales Bill in Tally Prime. When we sell goods on credit to a customer in business, we make its entry in a Sales Voucher.

We can create a Sales Bill at the same time or even after passing the entry and send it to our customer.

First of all, we should go to **Gateway of Tally > Voucher > F8: Sales Voucher**.

Sales		Party A/c name	
No.	LM/004/20-21	Ganesh Training Agency	
Current balance :		Sales ledger : Sales A/c	
Current balance :		Current balance : 75,000.00 Cr	
Name of Item	Quantity	Rate per	Amount
USB Mouse	48 nos	420.00 nos	20,160.00

As soon as you pass the sales entry in the Sales Voucher, you can also take a print of the bill. To take a print of the bill, you have to use the shortcut key CTRL+P from the keyboard.

As soon as you use it, a print window will open in front of you in which you will get the following options.

Print

Title : INVOICE

Printer : HP LaserJet 1020

Paper Size : Letter (8.50" x 10.98") or (216 mm x 279 mm)

Print area : (8.11" x 10.71") or (206 mm x 272 mm)

Number of Copies : 1

- **Configure:** Using this option you can modify the format of your bill. You can add or remove any information as per your wish.
- **Print Preview:** Using this option you can preview your bill as to how it will look when printed.
- **Print:** By using this option your bill will be printed and you will get its hard copy from the printer.

INVOICE					
Learn More 13/74, CGS, LBS MARG GHATKOPAR MUMBAI	Invoice No.	LM/004/20-21	Dated	1-Apr-20	
	Delivery Note	1	Mode/Terms of Payment		
	Reference No. & Date.	1 dt. 1-Apr-20	Other References		
Consignee (Ship to) Ganesh Training Agency	Buyer's Order No.	1	Dated	1-Apr-20	
	Dispatch Doc No.		Delivery Note Date	1-Apr-20	
	Dispatched through		Destination		
Buyer (Bill to) Ganesh Training Agency	Terms of Delivery				
Sl No.	Description of Goods	Quantity	Rate	per	Amount
1	USB Mouse	48 nos	420.00	nos	20,160.00
Total		48 nos			₹ 20,160.00
Amount Chargeable (in words) INR Twenty Thousand One Hundred Sixty Only					E. & O.E
Declaration We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.		<div style="border: 1px solid black; height: 40px; width: 100%;"></div> for Learn More Authorised Signatory			
This is a Computer Generated Invoice					

Credit Note - Alt+F6 (Sales Return):

After the bill of any goods is prepared, if the customer returns the goods due to their being defective, then we record its entry in the Credit Note voucher.

Gateway of Tally > Voucher > ALT+F6: Go to Credit Note Voucher. Note that we have to go to Item Invoice mode to pass entry.

Accounting Voucher Creation		Learn More	
Credit Note No. 1		1-Apr-20 Wednesday	
Party A/c name :	Ganesh Training Agency		
Current balance :	20,166.00 Dr		
Ledger account :	Sales A/C	Cost Centre/Classes: * Not Applicable	
Current balance :	95,166.00 Cr		
Name of Item	Quantity	Rate per	Amount
USB Mouse	2 nos	420.00 nos	840.00

You can see the stock information by going to Stock Summary: Gateway of Tally > Stock Summary > Select Goods.

Particulars	Learn More For 1-Apr-20 Closing Balance		
	Quantity	Rate	Value
Keyboard			14,000.00
LCD Monitor			2,27,500.00
Mouse			33,800.00
Computer Mouse	10 nos	1,000.00	10,000.00
Monitor	5 nos	2,000.00	10,000.00

Chapter 13: Tax

According to the Income Tax Act, 1961 of the Government of India, every person has to pay tax on the income earned in a financial year in the next financial year i.e. assessment year as per the tax slab. The work of collecting tax is done by the Income Tax Department, which is also called the Income Tax Department.

FY- Financial Year:

Financial Year is the period between 1st April to 31st March and the year in which you earn income.

AY- Assessment Year:

Assessment Year (AY) is the year that comes after the Financial Year. It is the year in which the income earned during the Financial Year is assessed and tax is levied on that income. Both FY and AY start on 1st April and end on 31st March. For example, if FY (Financial Year) is 2020-21 then AY (Assessment Year) will be 2021-22.

Income Tax Department:

Income Tax Department, also known as IT Department or ITD. It is a government agency that collects direct taxes from the Government of India. It works under the Revenue Department of the Ministry of Finance. The Income Tax Department is headed by the Central Board of Direct Taxes (CBDT).

The main responsibility of the Income Tax Department is to enforce various direct tax laws (the most important of these is the Income Tax Act, 1961) and collect revenue for the Government of India. It also enforces other economic laws such as the Benami Transactions (Prohibition) Act, of 1988 and the Black Money Act, of 2015.

The Income Tax Department works to collect tax in the following ways.

TDS: TDS (Tax Deducted at Source) is a way of collecting or depositing income tax. It was introduced with a purpose, in which it works to collect tax from many sources of income. Which we will know briefly later.

TCS: TCS (Tax Collected at Source) is a method of collecting tax at source. It is a tax payable by a seller. Which he collects from the buyer at the time of sale. TCS specifies the goods under section 206C of the Income Tax Act on which the seller has to collect tax from the buyer.

Self-Assessment Tax:

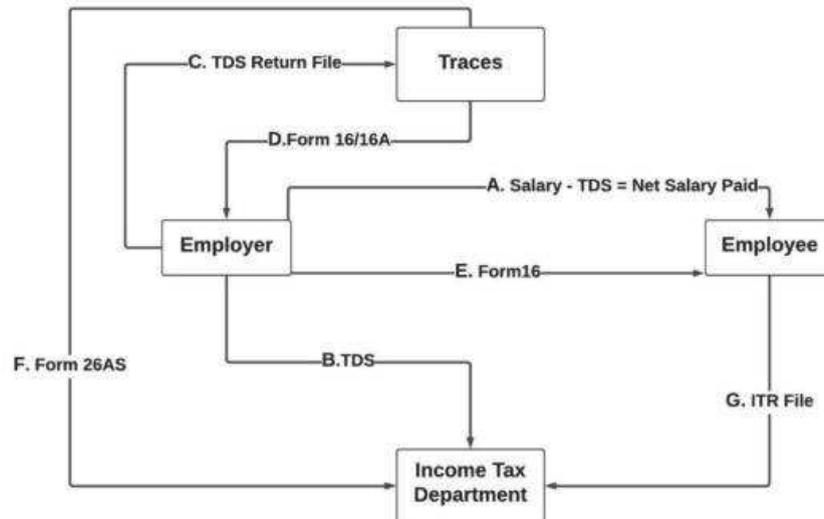
At the end of the year, if any tax is required to be paid then it needs to be filed through IT Return (ITR)

Payment has to be made before filing. The tax calculated by you is called the assessment Tax. This calculation is final. After this, the IT Authority has to check that he has correctly calculated and disclosed his income.

The screenshot displays the e-Filing portal interface. At the top, there is a navigation bar with options like 'Dashboard', 'e-File', 'Authorised Partners', 'Services', 'Pending Actions', 'Grievances', and 'Help'. The 'e-File' menu is open, showing 'Income Tax Returns', 'Income Tax Forms', and 'e-Pay Tax' (highlighted with a red box). Below the navigation, a 'Welcome' message is visible. The main content area shows a confirmation message: 'Filed successfully' with a green checkmark. A note states: 'Note: We will process your filing and make sure it is completed at the earliest. Please find the return processing status below.' Below this, a progress bar shows the status: 'Return filed on 17-Jul-2022', 'Return verified on 17-Jul-2022', and 'Return processing on 23-Aug-2022'. A 'File revised return' button is present. A 'TaxGenie' chatbot window is also visible, stating: 'TaxGenie Good Afternoon! I am TaxGenie your Income Tax Assistant. I am here to help you with your tax related queries. What would you like to do?'

CHAPTER 14: TDS (Tax Deducted at Source)

TDS (Tax Deducted at Source) is a way of collecting or depositing income tax. It was introduced with a purpose, in which it works to collect tax from many sources of income. We will understand TDS briefly through this map.



A. Employer is paying salary to his employee. From which he will deduct TDS. (As the Employer is deducting TDS, then If TDS is being deducted from Employee's salary, he is Deducted.)

B. The deduct or will deposit the TDS deducted by him to the Income Tax Department.

C. And at the same time, the deduct or will file TDS Return on the Traces portal (which is a portal of the Income Tax Department). This will contain all the information related to the TDS deducted, such as the name of the deducted, his PAN, name of the deducted or, TAN, address, etc.

D. On filing the TDS Return on the Traces Portal, the Deductor gets Form 16/Form 16A from the Traces Portal. Which the Deductor will give to the Deducted as a written certificate. This certifies that the TDS which was deducted from the income of the Deducted has been deposited with the Income Tax Department.

Deductor / Payer: These are the persons or organizations who deduct TDS on making any specific payment as per the government rules and deposit it with the Income Tax Department.

TDS Rate Chart for FY: 2022-23:

Applicable from 01/04/2022 to 31/03/2023

194D	R	Insurance commission to domestic companies	15,000	10%
194D	R	Insurance commission to other than companies	15,000	5%
194DA	R	Income for the insurance pay-out, while payment of any sum in respect of a life insurance policy.	1,00,000	5%
194E	NR, FC	Payment to non-resident sportsmen/sports association	No limit	20%
194EE	R, NR	Payment of amount standing to the credit of a person under National Savings Scheme (NSS)	2,500	10%
194F	R, NR	Payment for the repurchase of the unit-by-Unit Trust of India (UTI) or a Mutual Fund	No limit	20%

Income Tax Slab on salary:

Indian Income Tax imposes tax on individual taxpayers based on the slab system. The slab system determines different tax rates according to different incomes. This means that as the taxpayer's income increases, his tax rates also keep increasing. This type of taxation is a progressive and fair tax system in the country.

Enables the system (Tax System). Income tax slabs keep changing every year according to the budget. The rates of these slabs are different for different categories of taxpayers.

Income Tax Slab for Individuals for 2024-25

Income tax salary 5,00,000 /- nil return

Note: Please note that the information on the TDS rate given above has been taken through the Internet. To know the current TDS rate, you can check the official website of Income Tax.

TDS Certificate:

Form 16 (Salary Income): Form 16 is received when TDS is deducted from the salary of the employee. Suppose an employee has a salary of Rest.

The company has deducted TDS from the salary of its employees and deposited it with the Income Tax Department. So when the deductor files a TDS Return on the Traces portal, he receives Form 16, which he gives to his employee as a certificate. TDS Return on salary income has to be filed annually. Form 16 is received only when TDS is deducted from salary. This form is divided into two parts:

- Part B: Part B includes details such as salary payment, tax dues if any, and any other income disclosed by the employee or employer.

Form 26AS:

Form 26AS is an annual statement, which contains all the information about TDS, TCS, Advance Tax paid by you, and Self Assessment Tax payment. Also, there is information about the refund you received during the financial year and the regular assessment tax that you have deposited. Information related to high-value transactions so far about mutual funds, shares, etc. is available.

TDS Payment Due Dates :

- The tax deducted in the form of TDS has to be deposited with the government by the 7th of the following month.

For example: TDS deducted in the month of June has to be paid to the Income Tax Department by 7th July.

- However, TDS deducted in the month of March can be deposited till 30th April
- If TDS is deducted on rental income and purchase of property, the due date is 30 days from the end of the month in which TDS is deducted.

TDS Calculation :

Friends, in this chapter we will learn how TDS is calculated whether it is on salary income or non-salary income.

A. TDS Calculation on Salary Income :

So friends in this example we will see how TDS is calculated on salary.

The TDS i.e. tax calculated on salary is done according to the Income Tax Slab. Which is announced by the Government of India in the budget session every year.

It keeps changing every year in the budget session. So you have to take care that whatever TDS you calculate on salary, What is the tax slab for that financial year?

If our Financial Year is 2021-22, then our Assessment Year will be 2022-23.

Calculation of gross taxable income :

The income tax for Ramesh has been calculated as follows under this tax regime:

Chapter 15: TDS in Tally Prime

We will understand TDS in two ways, one as a deductee and the other as a deductor. In this chapter, we will learn how to enter TDS entries in Tally Prime as a deductee and a deductor.

Entry as Deductee in Tally Prime :

First of all, let us understand that if we are a deductee and our TDS has been deducted by the bank, then how will we enter its entry in Tally Prime?

As we saw in the above example, Ramesh had made a Fixed Deposit of Rs 10,00,000 in ICICI Bank at an interest rate of 10%. On maturity, the bank gave Ramesh Rs 10,90,000 as principal and interest. Also, the bank deducted 10% TDS on the interest. Now we will enter the entry for this in Tally Prime.

1. First of all we have to note that in Tally Prime, the entry should be recorded on the day Ramesh opened the ICICI Fixed Deposit account. So here we will open an ICICI Fixed Deposit A/C of Rs 10,00,000. We will record its entry in the Payment Voucher because we are making a payment in kind.

Payment No. 1		1-Apr-21 Thursday	
Particulars	Debit	Credit	
Dr ICICI Fixed Deposit A/c <i>Cur Bal: 10,90,000.00 Dr</i>	10,00,000.00		
Cr ICICI Bank <i>Cur Bal: 10,00,000.00 Dr</i>			10,00,000.00

2. Now the Fixed Deposit is completed here, Ramesh should get a total of Rs 10,00,000 and a 10% interest rate on Rs 1,00,000, thus he should get a total of Rs 11,00,000.

Receipt No. 1		1-Apr-21 Thursday	
Particulars	Debit	Credit	
Cr ICICI Fixed Deposit A/c <i>Cur Bal: 0.00 Cr</i>			10,00,000.00
Cr Interest Earn on FD <i>Cur Bal: 1,00,000.00 Cr</i>			1,00,000.00
Dr ICICI Bank <i>Cur Bal: 20,90,000.00 Dr</i>	10,90,000.00		
Dr TDS Receivable <i>Cur Bal: 10,000.00 Dr</i>	10,000.00		

3. Now let's assume that Ramesh renewed his Fixed Deposit after its maturity. That is, he deposited the money he earned from Fixed Deposit back into the FD. So let's see how we will enter the entry in such a situation.

Journal No. 1		1-Apr-21 Thursday	
Particulars	Debit	Credit	
Dr ICICI Fixed Deposit A/c <i>Cur Bal: 10,90,000.00 Dr</i>	90,000.00		
Dr TDS Receivable <i>Cur Bal: 10,000.00 Dr</i>	10,000.00		
Cr Interest Earn on FD <i>Cur Bal: 1,00,000.00 Cr</i>			1,00,000.00

4. Now at the end of the year, Ramesh filed his Income Tax Return. Since his tax liability is nothing, now Ramesh will get back Rs 10,000 deducted as TDS. We will enter the entry in the Receipt Voucher in the following manner.

Receipt No. 2		1 Apr-21 Thursday
Particulars	Debit	Credit
Cr TDS Receivable <i>Cur Bal: 0.00 Cr</i>		10,000.00
Dr ICICI Bank <i>Cur Bal: 21,00,000.00 Dr</i>	10,000.00	

Activating TDS in Tally Prime :

If you want to enter any entry related to TDS as Tally Prime, or Deductor, then first of all you have to activate the TDS option in Tally Prime. If you are creating a new company, then you can activate TDS while creating the company itself or if you have already created a company and want to activate TDS in the same, then you can use F11: Company feature. In which you have to set Enable Tax Deducted at Source (TDS) to Yes.

Company: Ram_TDS	
Show more features	: Yes
Show all features	: Yes
Accounting	
Maintain Accounts	: Yes
Enable Bill-wise entry	: Yes
Enable Cost Centres	: No
Enable Interest Calculation	: No
Inventory	
Maintain Inventory	: No
Integrate Accounts with Inventory	: No
Enable multiple Price Levels	: No
Enable Batches	: No
Maintain Expiry Date for Batches	: No
Enable Job Order Processing	: No
Enable Cost Tracking	: No
Enable Job Costing	: No
Use Discount column in invoices	: No
Use separate Actual and Billed Quantity columns in invoices	: No
Taxation	
Enable Goods and Services Tax (GST)	: No
Enable Tax Deducted at Source (TDS)	: Yes
Enable Tax Collected at Source (TCS)	: No
Enable Value Added Tax (VAT)	: No
Enable Excise	: No
Enable Service Tax	: No
Online Access	
Enable Browser Access for Reports	: No
Enable Tally NET Services for Remote Access & Synchronisation	: No
Payroll	
Maintain Payroll	: No
Enable Payroll Statutory	: No
Others	
Enable multiple addresses	: No
Mark modified vouchers	: No

As soon as you set the TDS option to Yes, this type of window will appear in front of you. Where we have to provide the details of our company as a deductor.

Like TAN Registration Number, TAN, Deductor Type (Individual or Company), branch, set/alter of the person responsible, etc.

Company TDS Deductor Details	
TAN registration number	: ABASHSSB
Tax deduction and collection Account Number (TAN)	: ASSA1122A
Deductor type	: Company
Deductor branch/division	:
Set/alter details of person responsible	: No
Rate & Exemption Details	
Ignore IT exemption limit for TDS deduction	: No
Activate TDS for stock items	: <input type="checkbox"/> No

If you set this option to Yes/alter of the person responsible, then you have to provide information related to the person to whom you are giving full responsibility for TDS in the company. But keep one thing in mind the information of the person to whom you are giving full responsibility for TDS can be used in Challan, TDS Forms, and TDS Return File.

Person Responsible Details	
Name	: Ramesh
Son/daughter of	: Umesh
Designation	: Owner
PAN	: ASDFG1234C
Flat no.	: 123
Name of the premises/building	: ABCD building
Road/Street/Lane	: National highway
Area/Location	: mumbai
Town/City/District	: mumbai
State	: Maharashtra
Pincode	: 400001
Mobile no.	: 1234567890
STD code	: 022
Telephone	: 1234567
E-mail ID	: asdfg@mail.com

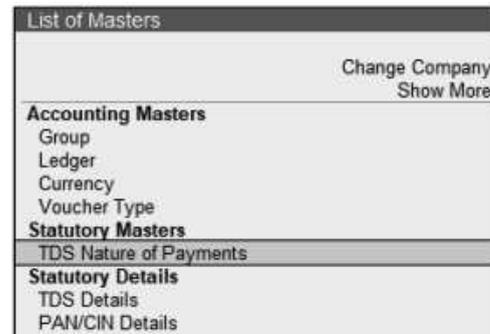
Entry as Deductor in Tally Prime:

Before entering an entry as a Deductor in Tally Prime, we need to know the following information.

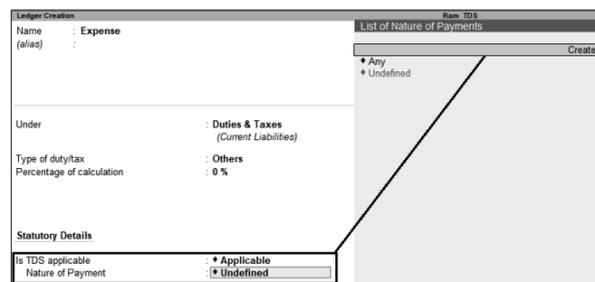
- **TDS Nature of Payment:** Here we should know what type of payment we are making.
Whose TDS Nature of Payment has to be made in Tally Prime. We get to know this from the list of TDS Rates set by the government.
- **Type of Deductee:** We should also know the type of deductee for whom we are deducting TDS. In the previous chapter, we learned how to find out this information.
- **Threshold Limit:** Here we should know what is the threshold limit for the type of payment we are making. We get this from the list of TDS Rates set by the government.
- **Expense Ledger:** Here we have to create a ledger of the expenses that we are paying.
- **TDS Party Ledger:** We have to create the ledger of the party to whom we are making payments and whose TDS we are going to deduct.

TDS Nature of Payment :

- Gateway of Tally > Create (Under Master) > TDS Nature of Payment (Statutory Masters)**



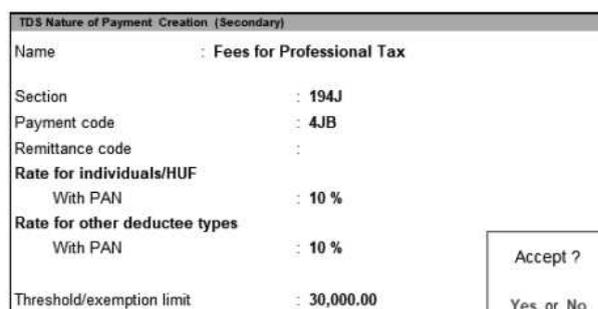
- When we are creating the Expense ledger, at that time also we can create Nature of Payment by going to Statutory Details > Is TDS Applicable? > Nature of Payment > Alt + C under Ledger Creation.



- Nature of Payment can also be created at the time of entering the entry in the voucher. So for that, go to F12: Configure in Voucher. On the right side of the configuration screen, under TDS Details, you will find the option of Modify Tax details for TDS, which has to be set to Yes. After which we can create and select Nature of Payment even after creating Expense Ledger.

TDS Nature of Payment :

For this go to Gateway of Tally > Create (Under Master) > TDS Nature of Payment (Statutory Masters). Now provide the following information to create the TDS Nature of Payment.



- **Name:** Here you have to press the **ALT+H** shortcut key. After which the complete list of Nature of Payment will appear in front of you. You have to select TDS Nature of Payment as per the rules. (Note: If you are using Tally in Educational Mode, then you will have to create Nature of Payment yourself. No pre-made list of Nature of Payment is available in Educational Mode.)
- **Section:** As soon as you select TDS Nature of Payment, the section will appear automatically. You can change it as per the need.
- **Payment Code:** As soon as you select the TDS Nature of Payment, the Payment Code will appear automatically. You can change it if needed.
- **Remittance Code:** If you want to enter a Remittance Code, you can do so.
- **Rate for Individual/HUF with PAN:** TDS rate for Individual/HUF is to be given as per TDS Rate rules.
- **Rate for other deductee types with PAN:** As per TDS Rate rules, TDS Rate has to be given for other Deductee types except Individual/HUF.
- **Threshold/Exception Limit:** The amount of Threshold/Exception on Limit has to be paid as per the rules.
- If you want, you can turn on or off the Nature of Payment options given in F12: Configure.
- Finally, you have to accept and create a TDS Nature of Payment.

TDS Payment :

We have paid the party their dues but the TDS that we have deducted from the party's income also has to be paid to the government. But before that let us know some important information about TDS.

1. The TDS that we have deducted from the income of the deductee has to be paid to the government by the 7th of the next month. For example, if we have deducted someone's TDS in June, then we have to pay that TDS to the government by the 7th of July.
2. But if we are deducting someone's TDS in March, then that TDS can be paid till 30th April.
3. If we deduct the TDS of any party, but do not pay it to the government within the stipulated time. Then we have to pay interest to the government at the rate of 1.5% interest every month on the deducted TDS amount. From the day when TDS was deducted till the day it was paid to the government.

TDS Report :

Tally Prime shows all the details of the TDS deducted by you in the TDS Report. Which can be accessed from Gateway of Tally > Display More Reports > Statutory Reports > TDS Reports. You will get the following information in the TDS Report.

Challan Reconciliation	It displays all the challaned TDS payments.
Form 26Q	Form 26Q is the quarterly TDS Return in respect of all payments other than salary.
Form 27Q	Form 27Q is a quarterly return for deduction of tax in respect of payments made to non-residents other than salaries.
TDS Outstanding Report	This report displays all pending TDS payments. You can view pending details party-wise, or based on resident or non-resident status.
Ledgers without PAN (TDS)	This report shows the list of all party ledgers whose TDS has been deducted and whose PAN number has not been added in the ledger. Which needs to be corrected.
Return Transaction Book	This book displays the list of saved returns. Whenever a form is modified and saved, its details are displayed as a separate line in this book.

Ways to pay TDS :

Here we will get information about the TDS deducted by us. We can pay it in 3 ways.

In Form 26Q, we have to select the TDS in the Deduction details, which we want to pay. And use ALT+S: Star Payment. After which the Statutory Payment screen will appear in front of us. From where using Autofill, we enter the entry of TDS payment with the following information.

1. AutoFill - This method works exactly like the method mentioned above, only here we will use Autofill from Payment Voucher, and above we were using Autofill from Form 26Q. To use autofill from Payment Voucher we have to go to Gateway of Tally > Voucher > Payment Voucher > CTRL+F: Autofill.

We have to select Start Payment in the Type of Transaction. Then we have to fill in the same fields that we just learned in the first method (Form 26Q) above.

2 Cr We will select the ledger of Cash or Bank A/c from which we are making the payment.

By doing just this, our entry will be recorded and here we have learned how to enter the complete entry as a deductor of TDS.

Payment No. 4		1-Apr-21 Thursday	
Particulars	Debit	Credit	
Dr TDS Payable Cur Bal: 0.00 Dr	7,640.00		
Cr Cash Cur Bal: 8,78,000.00 Dr		7,640.00	

CHAPTER 16: Goods and Services Tax GST

Goods and Services Tax (GST) is an indirect tax (or consumption tax) levied on the supply of goods and services in India. GST was introduced to replace other indirect taxes in India such as Entertainment Tax, Value Added Tax, Excise Tax, Import Duties, Luxury Tax, Central Sales Tax, Service Tax, and a total of 17 such taxes with the aim of One Nation One Tax. The GST Act was passed on March 29, 2017, and implemented on July 1, 2017.

GST is a Comprehensive, Multistage, and Destination-based Tax:

It is comprehensive as it covers almost all indirect taxes except some state taxes.

It is also multi-stage as GST is levied at every step in the production process, but is refunded to all parties at various stages of production other than the final consumer.

It is also a destination-based tax, as it is collected from the place of consumption of goods/services and not from the place where the goods/services are produced.

GST Council :

GST Council is the governing body of GST. It has a total of 33 members, out of which 2 members are from the Central Government 28 from the State Government, and 3 from the Union Territories.

- The GST Council consists of the following members.
- Union Finance Minister (as Chairperson- 1)
- Union Minister of State for Revenue or Finance (as a member - 1)

GSTIN – GST Identification Number :

GSTIN, known as GST Identification Number (Goods and Services Identification Network), is assigned to every GST Registered Person. For example, 27AAAAA123401Z5 (15 alphanumeric numbers including PAN):

The first 2 digits are the state code (27- Maharashtra).

The next 10 digits are the PAN card number (AAAAA12340) of the person registering for GST.

The last 3 digits of 125 are random (zonal code) codes.

Intrastate Supply and Interstate Supply :

Intrastate Supply: Purchase and sale taking place within any state

It is called Intrastate Supply, for example, if any goods are produced in the state of Maharashtra and are also consumed in the state of Maharashtra, then we will call it Intrastate Supply.

Interstate Supply: When there is any purchase and sale between two states, it is called Interstate Supply. Example: A good was produced in the state of Maharashtra.

And if it is consumed in the state of Gujarat then we will call it Interstate Supply.

Different types of GST :

A. CGST :

The full form of CGST under the GST law is Central Goods and Services Tax. It is called as CGST Act 2017.

When any goods or services are supplied in a state under Intrastate Supply, then half of the GST rate applicable on that goods or services is received by the Central Government under CGST.

For example, goods worth Rs 100 were produced in Maharashtra state and were also consumed in Maharashtra state. Tax on those goods is to be collected at an 18% GST rate under the GST Act. So, GST tax of Rs 18 will be collected on Rs 100 at 18%. Out of which half of the amount i.e. Rs 9 will be received by the Central Government under CGST.

B. SGST :

SGST is one of the tax components of GST in India. The SGST Act extends to State Goods and Services Tax. SGST comes under the State Goods and Services Tax Act 2017.

When any goods or services are supplied in a state under Intrastate Supply, then half of the GST rate applicable to those goods or services is received by the State Government under SGST.

For example, goods worth Rs 100 were produced in Maharashtra state and were also consumed in Maharashtra state. Under the GST Act, tax on those goods is to be collected at an 18% GST rate. So, the tax on Rs 100 is 18% to 18%

GST tax of Rs. will be collected. Out of which half i.e. Rs. 9 will be received by the state government i.e. Maharashtra government under SGST.

C. IGST :

IGST Act stands for Integrated Goods and Service Tax.

IGST- Integrated Goods and Service Tax shall mean the tax levied under the IGST Act on the supply of any goods and/or services in the course of inter-state trade or commerce.

When goods or services are produced in one state and consumed in another state i.e. both the seller and the buyer are located in different states then GST on those goods is collected by the Central Government in the form of IGST and half of it is shared with the consuming state i.e. the state where the goods were imported.

For example, goods worth Rs 100 were produced in Maharashtra state and consumed in Gujarat state. Now that goods are to be taxed at 18% GST rate under the GST Act. So, Rs 18 of GST tax at 18% on Rs 100 will be collected by the central government as IGST. Out of which half i.e. Rs 9 will be shared with Gujarat state (consuming state).

HSN and SAC :

If you have ever bought any item, then you must have seen the HSN code in its GST Invoice (GST bill). Similarly, if you take any service, then there is a SAC code in its bill. So we will understand these codes below, what are these and why are they used?

Under GST, all the tax transactions of goods and services in India are classified under the SAC (Service Accounting Code) code system or HSN code system. In which goods are classified under the HSN Code System, then services are classified under the SAC Code System.

A.BAG :

SAC is called Service Accounting Code and the SAC Code system is planned and maintained by the Service Tax Department of India. GST rates for services are classified into 5 sections – 0%, 5%, 12%, 18% and 28%¹

For services in India that are not exempted from GST or for services where GST rates are not mentioned, the normal GST rate of 18% applies to those services.

Services are classified as per SAC (Service Accounting Code). SAC is numeric and has six digits. The first two digits are the same for all services i.e. 99, the next two digits represent the major nature of the service and the last two digits represent the detailed nature of the service. To understand this better, let us take an example of a SAC code 995463:

B. HSN :

Its full name is - **HARMONIZED SYSTEM NOMENCLATURE** and it was created by WCO - WORLD CUSTOMS ORGANIZATION. It controls the import and export of goods and services in the country and abroad.

HSN code was created because if an item is being manufactured in one country, then the name of that item may be different in another country. In such a case, when any goods or item is imported, the Customs Department spends a lot of time finding the custom rate of those goods.

To save time and to apply the correct custom rate according to the country, the HSN code was created. As soon as it is entered into the computer, its custom rate is automatically obtained. The HSN structure consists of 21 sections, containing 99 chapters, approximately 1,244 headings and 5,224 sub-headings.

- Each section is divided into chapters.
- Each chapter is divided into headings.
- Each heading is divided into sub-headings.

Sections and chapters describe broad categories of goods, while headings and subheadings describe products in detail. For example: the HSN of a handkerchief made of textile would be 62.13.90.

- The first two digits (62) represent the chapter number for the article on apparel and clothing accessories.
- The next two digits (13) represent the heading number for the handkerchief.

HSN CODE RULES:

Following are the rules of the HSN Code which every business has to follow properly:

- If the total sales (turnover) of a business (previous year) is below Rs 1.5 crore, then you do not need to enter HSN CODE in your invoice or bill.
- If the total sales (turnover) of a business (previous year) is between Rs 1.5 crore to Rs 50 crore, then you have to enter the 2 digits to the right of HSN CODE in your invoice or bill.
- If the total sales (turnover) of a business (last year) is more than Rs 50 crore, then you have to enter the 4 digits to the right of HSN CODE in your invoice or bill.
- If you export any goods or items to another country, then you have to enter 8 digits of HSN CODE in your invoice or bill.

Input and Output GST :

Output GST: When we charge GST while selling goods in business, it is called Output GST.

Input GST: When we pay GST while purchasing goods in business, it is called Input GST.

details	Amount	SGST – 9%	CGST– 9%	Total GST - 18%
Output GST	100000	9000	9000	18000
Input GST	80000	7200	7200	14400
GST Payable		1800	1800	3600

Types of Dealers in GST :

In GST, dealers have been divided into two categories, which are as follows.

Regular Dealer	Composition Dealer
A business which deals with both B2B (business to business) and B2C (business to customer) types of customers.	A business which mostly deals with B2C (business to customer) type of customers.
GST Calculation = Output GST-Input GST	GST Calculation = Output GST (whichever is the lower rate)
GST Return File: <ul style="list-style-type: none"> • GST returns have to be filed in the form of GSTR 3B and GSTR1 (monthly). • Who has to file every month • A total of 25 GST returns have to be filed. In which 24 monthly and 1 annual GST returns are filed. 	GST Return File: <ul style="list-style-type: none"> • Type of GSTR4 GST return has to be filed. • Which have to be filed every quarter • A total of 5 GST returns have to be filed. Out of which 4 are quarterly and 1 is annual GST return.
This type of dealer has a higher GST tax rate. Which is 0%, 5%, 12%, 18%, 28%.	The tax rate for this type of dealer is low. Which is 1%.
Regular Dealer can sell goods at both intrastate and interstate levels.	Composition Dealer can sell only at intrastate level.
If the turnover of a business is more than 1.5 crores then it is mandatory to register as a regular dealer. If the turnover of the business is less than 1.5 crores then it is optional.	To register under Composition Dealer, the turnover of the business should be less than Rs 1.5 crore.

Chapter 17: GST in Tally Prime

Now the time has come to learn GST in Tally Prime for which we will enter some entries in Tally and record the GST entries in Tally.

Activate GST in the company :

- Before entering any GST-related entry in Tally Prime, we have to activate GST in our company. If you are forming a new company, then you can activate GST at the time of forming the company through the option given below.
- And if you have already created a company and want to activate GST in it, you can activate GST through the F11: Company feature.

Company created successfully. <small>(Enable the features as per your business needs.)</small>	
Company: Ram_GST	
Show more features : No	
Accounting Maintain Accounts : Yes Enable Bill-wise entry : Yes Inventory Maintain Inventory : Yes Integrate Accounts with Inventory : Yes	Taxation <div style="border: 1px solid black; padding: 2px;">Enable Goods and Services Tax (GST) <input checked="" type="checkbox"/> Yes</div> Enable Tax Deducted at Source (TDS) : No

As soon as you set Enable Goods and Services Tax (GST) to Yes, a window like this will appear in front of you where we have to provide all the information related to GST. Like State,

Information like Registration Type, Assessee of another territory, GST applicable from, GSTIN/UIN, Periodicity of GSTR1, etc. has to be given.

Intrastate Purchase Entry in Tally Prime :

So first of all we understand intrastate transactions i.e. transactions taking place within the same state.

Suppose, I am a trader from Maharashtra state (State code: 27) and am purchasing goods in this state.

Like in this transaction, we are purchasing goods on credit, so we will have to record its entry in the Purchase Voucher.

For this, we will go to Gateway of Tally > Voucher > F9: Purchase Voucher and CTRL+H: Item We will select Invoice mode.

After going to Purchase Voucher, we will enter this entry by giving the following information.

1) Supplier Invoice No and Date: Invoice number of the invoice we received from Avni Pvt Ltd:

An/205/20-21 and Invoice date 01-04-2020 have to be entered.

2) Part A/c name: Here we have to create the account of Avni Pvt Ltd as Sundry Creditor and select it. Which will be created in the manner mentioned below.

A. Name (alias): You have to give the name of Avni Pvt Ltd here. If it has any alias, you can give that too.

B. Under: Here we will choose Sundry Creditor because we have purchased goods from him. For which we have to pay.

C. Maintain balances bill-by-bill: If you want to maintain the balance of this account through bills then set it to Yes:

D. Default Credit Period: Here we have to tell for how many days normal period Avni Pvt Ltd has given credit.

E. Check for Credit days during voucher entry: Do you want to check how many days of credit are remaining at the time of entering voucher entry? If yes then do that.

F. Mailing Details: Here you have to provide information related to Avni Pvt Ltd like name, address, state, country, and pin code.

G. Banking Details: If you wish to provide banking details of Avni Pvt Ltd, you can do so.

H. Tax Registration Details:

a) PAN/IT No. Here you have to provide the details of Avni Pvt Ltd's PAN card ALGPD1234D. You can extract it from Avni Pvt Ltd's GSTIN or ask for it from them.

b) Registration Type: Here you have to tell the Registration Type of Avni Pvt Ltd. Like

Composition, Regular, Consumer, Unregistered I

c) GSTIN/UIN: Here you have to provide the GSTIN number 27ALGPD1234D1Z5 of Avni Pvt Ltd. Which we have received from the invoice.

1. finally accepting you Avni Pvt Ltd. has to be formed.

Ledger Creation (Secondary) Ram_GST		Ledger Creation (Secondary) Ram_GST	
Name : Purchase A/C (alias) :		Name : Avni Pvt Ltd (alias) :	
Under : Purchase Accounts	Mailing Details Name : Address :	Under : Sundry Creditors (Current Liabilities) Maintain balances bill-by-bill : Yes Default credit period : 60 Days Check for credit days during voucher entry : Yes	Mailing Details Name : Avni Pvt Ltd Address : Mumbai State : Maharashtra Country : India Pincode : 400001
Type of Ledger : * Not Applicable	Banking Details Provide bank details : <input type="checkbox"/> No	Statutory Details Is TDS Deductible : No	Banking Details Provide bank details : No Tax Registration Details PAN/IT No. : Registration type : Regular GSTIN/URN : 27ALGP1234D125 Set/Alter GST details : No
Statutory Details Is GST applicable : * Applicable Set/Alter GST Details : No Type of Supply : Goods Is TDS applicable : * Not Applicable	Tax Registration Details PAN/IT No. :		

e). As soon as we accept, the Tax Classification details screen will appear in front of us. Where we have to select Purchase Taxable in Classification / Nature for intrastate purchases.

f). If this Tax Classification screen does not appear after creating Purchase Ledger, then go to F12: Configure in Purchase Voucher and set Modify Tax Rate details of GST to Yes under GST Details on the right side.

g). After the Tax Classification details screen appears, we will select Classification/Nature. When we type Purchase, a complete list of Nature of Transaction will appear. Since our transaction is taking place at an intrastate level, we will select Purchase Taxable in Classification/Nature.

B. Name and Alias: Give a proper name to the stock like LCD Monitor 21". If you want to give an alias, you can do so.

C. Under: Select Stock Group. If you want to create a new Stock Group, then Alt+C: Create

Use and provide the following information:

F. Statutory Details: Now here is the GST tax information related to the goods for which the Stock Item is being created

Have to give:

- **GST Applicable:** Here we will select Applicable because GST applies to the goods we are purchasing.
- **Set/Alter GST Details:** We will set it to Yes because now we will set the GST rate as per the product. After which the screen of GST Details for Stock Item will appear where we have to provide the following information.
- **Calculation Type:** Here we have to keep the Calculation Type as On Value.
- **d. Taxability:** Select Taxable.

J. After creating the Stock Item of LCD Monitor 21" in the Purchase Voucher we will add Quantity: 10 PCS and

Rate: Rs 3500 to be paid whereas Per: PCS and Amount: Rs 35000 will come automatically.

Purchase Voucher No. 2		1-Apr-20 Wednesday	
Supplier Invoice No.:	Ar/265/20-21	Date:	1-Apr-20
Party A/c name:	Anvi Pvt. Ltd		
Current balance:	112.00 Cr		
Purchase ledger:	Purchase fac		
Current balance:	100.00 Dr		
Name of Item		Quantity	Rate per Amount
LCD Monitor 21"		10 PCS	3,500.00 PCS 35,000.00

Interstate Purchase Entry in Tally Prime :

Now let us understand interstate trade i.e. trade from one state to another. Suppose we are traders from Maharashtra state and we are buying some goods from Gujarat state (state code: 24).

Like in this transaction, if we are purchasing goods on credit then we will have to record its entry in the Purchase Voucher.

For this, we will go to Gateway of Tally > Voucher> F9: Purchase Voucher and select the option CTRL+H: Item Invoice.

After going to Purchase Voucher, we will enter this entry by giving the following information.

1. Supplier Invoice No and Date: The invoice number we received from Akriti Pvt Ltd:

Ar/107/20-21 and Invoice date 01-04-2020 has to be entered.

2. Part A/c Name: Here we will create the account of Akriti Pvt Ltd as Sundry Creditor and select it. Which will be created in the manner mentioned below.

A. Name (alias): You have to give the name of Akriti Pvt Ltd here. If it has an alias, you can give that too.

B. Under: Here we will choose Sundry Creditor because we have purchased services from him. For which we have to pay.

C. Maintain balances bill-by-bill: If you want to maintain the balance of this account through bills then set it to Yes:

H. Tax Registration Details:

- **PAN/IT No.** Here you have to provide the details of Akriti Pvt Ltd's PAN card (CTGPD1234D). Which you
You can take it out from the GSTIN of Akriti Pvt Ltd or ask for it from them.
- **Registration Type:** Here you have to tell the Registration Type of Akriti Pvt Ltd.
Like
Composition, Regular, Consumer, Unregistered
- **GSTIN/UIN:** Here we have to enter the GSTIN number 24CTGPD1234D1Z5 of Akriti Pvt Ltd. Which we have received from the invoice.
- **Set/Alter GST Details:** If you want to keep a fixed GST rate then you can set this option to Yes

Yes. But if we are buying different types of goods where there are different GST rates then we will do No.

In the end, you have to accept and create the ledger of Akriti Pvt Ltd.

Name : Akriti Pvt Ltd. (alias) :			
Under : Sundry Creditors (Current Liabilities)	Mailing Details	Name : Akriti Pvt Ltd.	Address : 107, Surat
Maintain balances bill-by-bill : Yes	State : Gujarat	Country : India	Pincode :
Default credit period :	Banking Details	Provide bank details : No	
Check for credit days during voucher entry : No	Tax Registration Details	PAN/IT No. : CTGPD1234D	Registration type : Regular
	GSTIN/UIN : 24CTGPD1234D1Z5	Set/Alter GST details : No	

3. Purchase Ledger: Here we do not need to create a ledger of Purchase Accounts because we have created a Purchase Ledger

4. Now we have to select or create the Name of Item of the item we have purchased. Here we have purchased 2 items LCD Monitor 21" and an AC 1.5 Ton for which we have already created Stock Items, Stock Groups, Stock Categories, and Units, so we do not need to create them again. If we are purchasing a new item that is not already present in Tally Prime, then we will have to create a Stock Item for that item.

7. After selecting the Stock Item of LCD Monitor 21" and AC 1.5 Ton, in Purchase Voucher we will enter Quantity: 10 PCS and 5 PCS, Rate: 3500 and 23,500. After which Per: PCS and Amount: 35000 and 1,17,500 will appear automatically.

Name of Item	Quantity	Rate per	Amount
LCD MONITOR 21"	10 PCS	3,200.00 PCS	32,000.00
AC 1.5 TON	6 PCS	23,500.00 PCS	1,41,000.00
			1,73,000.00

8. When we add the entire Stock Item to the Purchase Voucher after the total amount appears, we have to press the Enter button.

9. Now for GST we have to choose the ledger of GST. But this is an interstate transaction, so CGST and SGST will not be applicable here. If we mistakenly choose the ledger of CGST or SGST here then Tally will not give any amount because it is a wrong ledger. So for the interstate type of transaction, we have to choose the ledger of IGST, which is not in our Tally at present, so we will create a new ledger of IGST.

Name : <input type="text" value="IGST"/>			
(alias) :			
Under	: Duties & Taxes (Current Liabilities)	Mailing Details	
Type of duty/tax	: GST	Name	:
Tax type	: Integrated Tax	Address	:
Percentage of calculation	: 0 %		
Rounding method	: Not Applicable		
		Banking Details	
		Provide bank details	: No
		Tax Registration Details	
		PAN/IT No.	:

11. By doing this, the entry of intrastate purchases will be recorded in our Tally Prime.

Purchase No. 3				1 Apr 20
Supplier Invoice No.:	Ar/10720-21	Date:	1-Apr-20	Wednesday
Party A/c name:	Akruti Pvt Ltd.			
Current balance:				
Purchase ledger:	Purchase /ac			
Current balance:	3,04,100.00 Dr			
Name of Item		Quantity	Rate per	Amount
LCD MONITOR 21"		10 PCS	3,200.00 PCS	32,000.00
AC 1.5 TON		5 PCS	23,500.00 PCS	1,17,500.00
				1,49,500.00
IGST				38,600.00

Tally Prime May Sell Entries at the Intrastate Level :

Now we will learn to enter sales entry in Tally (Sales Entry in Tally with GST). First of all, let us understand intrastate level i.e. trade or sales taking place within the same state.

Suppose we are a trader from Maharashtra state (State code: 27) and selling the following goods in this state.

Note: To identify a state, look at the first 2 digits of the party's GSTIN.

In this transaction we are selling goods on credit to Ravi Pvt Ltd, hence we have to enter its entry in the Sales Voucher.

For this we will go to Gateway of Tally > Voucher> F8: Sales Voucher and select the option CTRL+H: Item Invoice mode.

After going to Sales Voucher, we will enter this entry by giving the following information.

1) Date: First of all we have to enter the date of the voucher for which we will use F2 and change 'B' to 02-04-2020.

2) Invoice No: This will come automatically as per the Sales Voucher entry in your Tally Prime.

3) Part A/c name: Here we have to create the account of Ravi Pvt Ltd as Sundry Creditor and select it. Which will be created in the manner mentioned below.

B. Under: Here we will choose Sundry Debtor because we have sold him goods on credit. The payment for which has to be received from him..

C Tax Registration Details:

a) PAN/IT No. Here you have to provide the details of Ravi Pvt Ltd's PAN card KLGPD1234D. You can extract it from Ravi Pvt Ltd's GSTIN or ask for it from them.

b) Registration Type: Here you have to tell the Registration Type of Ravi Pvt Ltd. Like

Composition, Regular, Consumer, Unregistered I

c) GSTIN/UIN: Here you have to provide the GSTIN number of Ravi Pvt Ltd i.e. 27KLGPD1234D1Z5.

d) Set/Alter GST Details: If you want to keep a fixed GST rate, then you can set this option to Yes. But if we are buying different types of goods where there are different GST rates, then set it to No.

1. Finally you have to create Ravi Pvt Ltd by accepting it.

Name : RAVI PVT. LTD (alias) :			
Under : Sundry Debtors (Current Assets)	Mailing Details	Name : RAVI PVT. LTD	Address : 102, NAVI MUMBAI VASHI
Maintain balances bill-by-bill : Yes		State : Maharashtra	Country : India
Default credit period :		Pincode : 4000035	
Check for credit days during voucher entry : No		Banking Details	Provide bank details : No
		Tax Registration Details	PAN/IT No. : KLGPD1234D
			Registration type : Regular
			GSTIN/UIN : 27KLGPD1234D1Z5
			Set/Alter GST details : No

4) Sales Ledger: Now we have to create the ledger of the sales account.

B. Under: Here we will select Sales Accounts

C. Type of Ledger: We will keep it as Not Applicable.

D. Statutory Details:

a) Is GST applicable? Here we have to tell what we are buying. Is GST applicable to it? Yes, as we saw above, we have paid GST on the goods we are buying. So we have to select Applicable here.

E. Finally you have to accept and create the Sales Ledger.

Name : SALES A/C (alias) :			
Under	: Sales Accounts	Mailing Details	
		Name	:
		Address	:
Type of Ledger	: * Not Applicable		
Statutory Details		Banking Details	
Is GST applicable	: * Applicable	Provide bank details	: No
Set/Alter GST Details	: No	Tax Registration Details	
Type of Supply	: Goods	PAN/IT No.	:

5) As soon as we accept, the screen of Tax Classification details will come in front of us. Where we have to enter the Tax Classification/Nature has to be told.

Tax Classification details	
Classification/Nature	: <input type="text" value="Sales Taxable"/>

6) If this screen does not appear after creating Sales Ledger then go to F12: Configure in Sales Voucher and On the right side, under GST Details, Modify Tax Rate details of GST has to be set to Yes.

7) After the Tax Classification details screen appears, we will select Classification/Nature. If we type Sales here, the complete list of Nature of Transaction will appear. Since our transaction is happening at an intrastate level, we will select Sales Taxable in Classification/Nature.

10) After selecting the Name of Item, we have to select the ledgers of SGST and CGST for GST which we had created while entering the Purchase entry. By doing this, the entry of intrastate sales will be recorded in our Tally Prime.

Sales No. 2		1-Apr-20 Wednesday	
Party A/c name	: RAVI PVT. LTD		
Current balance	: 224.00 Dr		
Sales ledger	: Sales A/C		
Current balance	: 200.00 Cr		
Name of Item	Quantity	Rate per	Amount
LCD MONITOR 21"	8 PCS	4,000.00 PCS	32,000.00
AC 1 TON	4 PCS	24,000.00 PCS	96,000.00
AC 1.5 TON	5 PCS	27,000.00 PCS	1,35,000.00
			2,63,000.00
SGST			35,220.00
CGST			35,220.00

11) If we want to see the GST calculation (GST Analysis), then in Purchase Voucher CTRL+I: go to More Details and select GST Tax Analysis. For more detailed information ALT + F5: Select Consolidated

GST - Tax Analysis			
Particulars	Taxable Value	Tax rate	Duty/Tax Value
Sales Taxable	2,63,000.00		70,440.00
LCD MONITOR 21"	32,000.00		5,760.00
AC 1 TON	96,000.00		26,880.00
AC 1.5 TON	1,35,000.00		37,800.00

Interstate Level Sales Entry in Tally Prime :

Now let us understand the entry of interstate sales i.e. from one state to another in Tally Prime. Suppose we are a trader from Maharashtra state and we are selling the following goods to a trader from Karnataka state (state code: 29). To identify a state, look at the first 2 digits of the party's GSTIN.

In this transaction, we are selling the goods on credit to Vishnu Private Limited (which is a trader from Karnataka state), so we have to enter its entry in the Sales Voucher.

For this we will go to Gateway of Tally > Voucher> F8: Sales Voucher and select the option CTRL+H: Item Invoice.

After going to Sales Voucher, we will enter this entry by giving the following information.

1. Date: First of all we will change the Date of the voucher from F2 to 02-04-2020.
2. Invoice No: This will come automatically as per the Sales Voucher entry in your Tally Prime.
3. Part A/c name: Here we have to create the account of Vishnu Pvt Ltd as Sundry Debtor and select it. Which will be created in the manner mentioned below.
 - A. Name (alias): You have to give the name of Vishnu Pvt Ltd here. If he has any alias, you can give that too.
 - B. Under: Here we will choose Sundry Debtor because we have purchased services from him. For which we have to pay.
 - C. Maintain balances bill-by-bill: If you want to maintain the balance of this account through bills then set it to Yes:
 - D. Default Credit Period: Here we have to tell for how many days Vishnu Pvt Ltd gives credit.

5. As soon as we select Sales Ledger, the screen of Tax Classification details will appear in front of us. Where we have to tell the Classification / Nature of Tax (GST).

Tax Classification details	
Classification/Nature	: <input style="width: 90%;" type="text" value="Interstate Sales Taxable"/>

6. After the Tax Classification details screen appears, we will select Classification/Nature. When we type Sale, a complete list of Nature of Transaction will appear. Since our transaction is taking place at the interstate level, we will select Interstate Sales Taxable in Classification/Nature.

7. Now we have to select or create the Name of Item for the product we have purchased. Here we have sold 5 PCS of LCD Monitor 21". So after selecting LCD Monitor 21" in Name of Item, we will enter Quantity: 5 PCS, Rate: 4000. After which Per: PCS and Amount: 20000 will appear automatically.

8. When we add the entire Stock Item to the Sales Voucher, after getting the total amount, we have to press Enter and go to the next stage.

9. Now for GST we have to select the IGST ledger which we had created while entering the interstate entry of purchase. So we do not need to create it again. And we will directly select the IGST ledger after which the amount of IGST will automatically be Rs 3,600.

Sales No. 3		1-Apr-20 Wednesday		
Party A/c name : VISHNU PVT LTD.				
Current balance :				
Sales ledger : Sales A/C				
Current balance : 2,63,200.00 Cr				
Name of Item	Quantity	Rate per		
LCD MONITOR 21"	5 PCS	4,000.00 PCS	20,000.00	
IGST			3,600.00	

10. By doing this, the entry of interstate sales will be recorded in our Tally Prime. If we want to see the GST calculation (GST Analysis), then in Purchase Voucher, CTRL+I: go to More Details and select GST Tax Analysis. For more detailed information, select ALT + F5: Consolidated.

GST - Tax Analysis			
Particulars	Taxable Value	Tax rate	Duty/Tax Value
Interstate Sales Taxable	20,000.00		3,600.00
LCD MONITOR 21*	20,000.00		3,600.00

Chapter 18: E-Way Bill

What is an E-Way Bill?

The full form of the E-Way Bill is the Electronic Way Bill. An e-Way Bill is a type of Electronic Bill, that is made on the supply or receipt of movement of goods worth more than Rs 50,000, whether it is intra-state or interstate trade or for transfer of goods. If the amount of your invoice is more than Rs 50,000, then it is mandatory to create an E-Way Bill.

If the goods are being bought, sold, or transported at a distance of less than 50 Km in your state, then it is not necessary to make E-WAY BILL.

If the goods are being sent for JOB Work or making Final Goods, then it becomes mandatory to generate an E-Way Bill. For example, if we are sending an office chair somewhere else to get wheels installed or for doing some JOB Work and the amount of that invoice is less than Rs 50,000, then also it is mandatory to generate an E-Way Bill.

Who makes an E-Way Bill?

Registered Person - E-Way Bill has to be generated by a registered person or when there is movement of goods whose value is more than Rs 50,000. If the value of the goods is less than Rs 50,000, then it is up to the registered person or the transporter to generate the E-Way Bill.

Unregistered Person: Unregistered persons are also required to generate an E-Way Bill. However, where goods are being supplied by an unregistered person to a registered person, the receiver must ensure that all rules related to the supplier are fulfilled.

Transporter: Transporters who carry goods by road, air, rail, etc. are also required to generate a W-Way Bill if the supplier has not generated an E-Way Bill.

E-Way Bill Validity (Validity of E-Way Bill) :

E-Way Bill is valid for the period listed below, which is based on the distance traveled by the goods Validity Period. The calculation is done from the date and time of generation of the E-Way Bill-

Type of conveyance	Distance	Validity of EWB (E-Way Bill Validity)
Other than Over dimensional cargo	Less than 100 kms	one day
	For every additional 100 kilometres or more	extra 1 day
Over dimensional cargo	less than 20 kilometers	one day
	For every additional 50 kilometers or more	one extra day

The validity of the E-Way Bill can also be extended. The validity of such an E-Way Bill can be extended four hours before the expiry of the E-Way Bill or within four hours of its expiry.

Documents or details required to generate E-Way Bill :

Invoice / Bill of Supply / Challan related to consignment of goods

Transport by Road – Transporter ID or Vehicle Number

Transport by Rail, Air or Ship – Transporter ID, Transport Documents

Number and date on the document

Steps to create E-Way Bill :

<ul style="list-style-type: none"> • Login to the E-Way portal https://ewaybill.nic.in/ with your login details (eg Username, Password). Note: GST registration and transporter registration is mandatory to generate E-Way Bill. 	
<ul style="list-style-type: none"> • After logging into the E-Way portal, select "Generate New" option from the left menu of E-Way Bill System Login. 	

Now fill in the following details as per your wish :

- If you are a supplier, select “Outward” as the Transaction Type.
- Or if you are the Receiver, select “Inward” as the Transaction Type and enter the details of the supplier and recipient along with GSTIN wherever applicable. Some of the fields will be automatically populated when GSTIN is provided.

On scrolling down you will find the Transport Details section, where you will see the Transport Information related to details has to be provided.

- If you have the name and ID of the transporter, you can give it.
- Estimated distance of transportation. This will determine the validity of the E-Way Bill.
- Information like mode of transport, vehicle type, vehicle number transporter document number and date, etc. can be given
- After that click on the "Submit" button.

Now, the E-Way Bill will appear containing the E-Way Bill number and QR code containing all the details. Print a copy of the Bill and provide it to the transporter, who will carry it throughout the journey until it is handed over to the receiver.

Chapter 19: E-Way Bill in Tally

So far we have understood what an is E-Way Bill and how it is created. Now we will learn how to create an E-Way Bill in Tally Prime.

To create E-Way Bill in Tally Prime, the option of E-Way Bill must be activated in your company. Which we can enable while activating the option of GST.

- Select the company to activate the E-Way Bill.
- Now we need to go to F11: Configure where on the right side under the Taxation heading we need to set Enable Goods and Services (GST) to Yes.
- After activating the GST option, the GST screen will appear where we have to provide information related to GST such as State, Registration type, Assessee of other territory, GST applicable from, Periodicity of GSTR1
- intrastate.
- **Threshold limit:** If the E-Way Bill is applicable on intrastate, then the threshold limit needs to be specified which in our case is Rs 50,000.

GST Registration Details		GST Details																	
State	: Maharashtra	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left;">Invoice Features</th> </tr> </thead> <tbody> <tr> <td>e-Way Bill applicable</td> <td>: <input checked="" type="checkbox"/> Yes</td> </tr> <tr> <td>Applicable from</td> <td>: 1-Apr-20</td> </tr> <tr> <td>Threshold limit includes</td> <td>: Invoice value</td> </tr> <tr> <td>Threshold limit</td> <td>: 50,000</td> </tr> <tr> <td>Applicable for intrastate</td> <td>: Yes</td> </tr> <tr> <td>Threshold limit</td> <td>: 50,000</td> </tr> <tr> <td>e-Invoicing applicable</td> <td>: No</td> </tr> </tbody> </table>		Invoice Features		e-Way Bill applicable	: <input checked="" type="checkbox"/> Yes	Applicable from	: 1-Apr-20	Threshold limit includes	: Invoice value	Threshold limit	: 50,000	Applicable for intrastate	: Yes	Threshold limit	: 50,000	e-Invoicing applicable	: No
Invoice Features																			
e-Way Bill applicable	: <input checked="" type="checkbox"/> Yes																		
Applicable from	: 1-Apr-20																		
Threshold limit includes	: Invoice value																		
Threshold limit	: 50,000																		
Applicable for intrastate	: Yes																		
Threshold limit	: 50,000																		
e-Invoicing applicable	: No																		
Registration type	: Regular																		
Assessee of Other Territory	: No																		
GST applicable from	: 1-Apr-20																		
GSTIN/UIN	:																		
Periodicity of GSTR1	: Monthly																		
Additional Features																			
Set/alter GST rate details	: No																		
Enable tax liability on advance receipts	: No																		
Enable tax liability on reverse charge <i>(Purchase from unregistered dealer)</i>	: No																		
Enable GST Classifications	: No																		
Provide LUT/Bond details	: No																		

This is done by activating the E-Way Bill in Tally Prime, now we will pass an entry related to it in Tally Prime and We will see how we can create an E-Way Bill through Tally Prime.

Sold 2 ACs of 1.5 Ton to Rajesh Pvt Ltd (Madhya Pradesh State) at the rate of Rs 27000 each.

As can be seen from the entry, this is a sales entry. That is why to enter this entry we use Gateway of **Tally > Vouchers > F8: Will go to Sales Voucher.**

We will create the ledger of Rajesh Pvt Ltd. Just like we have learned under the GST chapter.

Name : Rajesh Pvt Ltd (alias) :			
Under : Sundry Debtors (Current Assets)		Mailing Details	
Maintain balances bill-by-bill : Yes		Name : Rajesh Pvt Ltd	
Default credit period :		Address : 105, C Wing	
Check for credit days during voucher entry : No		State : Madhya Pradesh	
		Country : India	
		Pincode : 412201	
		Banking Details	
		Provide bank details : No	
		Tax Registration Details	
		PAN/IT No. :	
		Registration type : Regular	
		GSTIN/UIN : 23AADC82230M1Z1	
		Set/Alter GST details : No	

- Now you have to select Sales Account in the Sales ledger.
- Nature of Item: AC 1.5 Ton, Quantity: 2 PCS, Rate: 27000, Per and Amount is self-explanatory
- Will go.
- After giving full details about the Nature of the Item, we have to press Enter and select IGST ledger (which will automatically come as Rs 15120) for the calculation of GST.

Sales No. 2				2 Apr 20 Thursday
Party A/c name : Rajesh Pvt Ltd				
Current balance : 69,120.00 Dr				
Sales ledger : Sales A/C				
Current balance : 3,33,000.00 Cr				
Name of Item	Quantity	Rate per	Amount	
AC 1.5 TON	2 PCS	27,000.00 PCS	54,000.00	
IGST			15,120.00	
Provide GSTie-Way Bill details : No				
Narration: 2 PCS 69,120.00				

After clicking Yes on E-Way Bill, the e-Way Details screen will appear in front of us, where we have to provide the following information related to E-Way:

E-Way Bill Details:

E-Way Bill No: This is received from the portal when we enter all the information on the E-Way Bill portal. We have to leave it blank.

Date: Here we have to enter the date.

Sub Type: What type of business is happening here? If we are selling goods, then we will select Supply.

Document Type: Here we have to select Tax Invoice.

Consignor Details (From):

Bill From: The following information needs to be provided regarding the party from whom the bill is being given:

Consignor: We have to write the name of the consignor. Through whom the goods are being given

GSTIN/UIN: Consignor's GSTIN/UIN number has to be given. Like 27AADCB2230M1ZTI

State: Select the state the Consignor belongs to, like Maharashtra.

Dispatch From: Information related to the place from where the goods are being sent has to be given.

- Address 1: The address from where the goods are being shipped is to be mentioned. This is optional.
- Address2: If there is any other address other than Address1 then it has to be mentioned. This is optional.

Consignee Details (From):

Bill To: The party in whose name the bill is being made. The following information related to it has to be given:

Consignee: We have to write the name of the consignee to whom the goods are being delivered. Like Rajesh Pvt Ltd

GSTIN/UIN: Consignee's GSTIN/UIN number has to be given. Like 25AADCB2239M1Z1I

State: Select the state the consignee is from, like Madhya Pradesh.

Ship To: The place where the goods are being sent. Information related to that has to be given.

Pin code: You have to provide the pin code of the place where the goods are being sent. This is mandatory.

Transporter Details:

Mode: Select the mode through which the goods are being transported, like Road, Rail, Air, Ship.

Distance (In KM): What is the distance of transportation? Like 100 kilometers.

Transporter Name: The name of the transporter has to be mentioned.

Transporter ID: The ID of the Transporter is to be entered.

Vehicle Number: The number of the vehicle in which the goods are being sent has to be mentioned.

Additional Details : Interstate Sales Taxable			
		e-way Bill Details	
e-Way Bill No.	: 421001795100	Date	: 1-Apr-20
Sub Type	: Supply	Document Type	: Tax Invoice
Status of e-Way Bill	: ♦ Not Applicable		
		Consignor Details (From)	
Bill From		Dispatch From	
Consignor	: Learn More Pro.Com GST	Address1	: Ghatkopar
GSTIN/UIN	: 27AADCB2230M1ZT	Address2	:
State	: Maharashtra	Place	:
		Pincode	: 400042
		Consignee Details (To)	
Bill To		Ship To	
Consignee	: Rajesh Pvt Ltd	Address1	: 105, C Wing
GSTIN	: 23AADCB2230M1Z1	Address2	:
State	: Madhya Pradesh	Place	:
		Pincode	: 412201
		Transporter Details	
Mode	: Road	Distance (in KM)	: <input type="text" value="00"/>
Transporter Name	: ♦ None	Transporter ID	:
Vehicle Number	: MH03 -1235	Vehicle Type	: Regular
Doc/Lading/RR/AirWay No.	: 201	Date	: 2-Apr-20

- Now we have to press Enter and we will again be in the Sales voucher.
- After giving the bill-wise details, we have to write the narration and complete the entry.
- As soon as our entry is completed, the screen of Exporting Details for E-Way bill will appear before us.

Exporting Details for e-Way Bill	
File Format	: JSON e-Way Bill Details (Data Interchange)
Folder path	: C:\
File Name	: Ewaybill_27_010820_173005.json
<input type="button" value="C: Configure"/> <input type="button" value="E: Send"/>	

- **File Format:** We can save the E-Way Bill file in two formats, Excel and JSON file
- Mostly JSON file is used on the E-Way Bill portal to create E-Way, so choose that only.
- **Folder Path:** Select the folder in your computer where you want to save the E-Way Bill JSON file.
- **File Name:** Name the JSON file of the E-Way Bill.
- **C Configure:** If you want to change any information. So you can change it using this option.
- **E: Send:** On clicking this button, the JSON file of your E-Way Bill will be saved on your computer.

Creating E-Way Bill from Tally Prime JSON file :

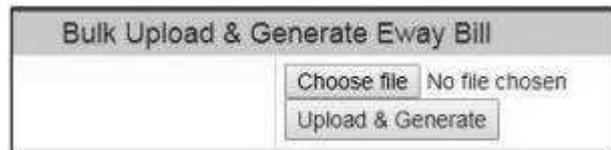
Now we have entered the entry with E-Way Bill in Tally Prime. Along with that, we have also created the JSON file of the E-Way Bill and saved it on our computer. Now with the help of the same JSON file, we will create the E-Way Bill from the portal of E-Way Bill.

1. To create an E-Way bill from the portal, we will go to the E-Way Bill portal. And after logging in, click on E-Way Bill on the left side.

2. After which you will get the Generate Bulk option, we will click on it.

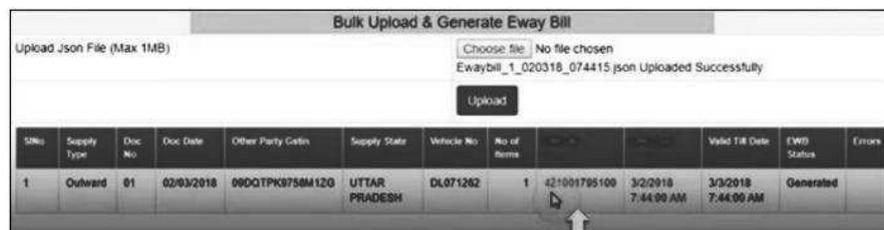


1. After which the Choose file screen will appear in front of you.



4. Click on Choose file and upload the JSON file here, which we had created in Tally. After uploading that file, you will also get a message of Success.

5. Your E-Way Bill will be generated as soon as the JSON file is uploaded. Copy your E-Way Bill No.



6. If you want to print the E-Way Bill, then click on e-Way Bill in the Home section of the E-Way Bill portal. After which you will get the option of Print EWB at the bottom.

7. Enter E-Way Bill Number, Date, Generated By, Document No, and Captcha Code in Enter Unique OR EWB No. And click on GO. After which E-Way Bill will appear in front of you which you can print or detail print.

Tally E-Way Bill Report

Once your E-Way Bill is generated from the portal, you can save it under E-Way details of its entry in Tally.

To view the E-Way Bill report in Tally Prime, go to **Gateway of Tally > Display More Reports > GST Reports > e-Way Bill > e-Way Bill Report**. Where you will get all the entries and information related to the E-Way Bill.

Invoice-wise e-Way Bill View						For 2-Apr-20	
Date	Particulars	GSTIN	Vch Type	Vch No.	Invoice Amount	e-Way Bill No.	e-Way Bill Date
2-Apr-20	Rajesh Pvt Ltd	23AADCB2230M1Z1	Sales	2	69,120.00	421081795100	1-Apr-20

E-WAY BILL REPORT					
E-Way Bill No.	Date	Transaction Type	Supplier	Recipient	Status
123455789012	04/01/2024	Outward	ABC Traders	MNOP Pvt. Ltd. GSTIN-22AAAAA000A125	Active
123456789013	04/02/2024	Inward	XYZ Goods	L/K Industries GSTIN-33BBBBB111BZZG	Expired
123456789014	04/03/2024	Job work	LMN Industries	ABC Traders GSTIN-22AAAAA000A126	Cancelled
123456789015	04/04/2024	Delivery Challan	PQR Enterprises	ZYX Suppliers GSTIN-44CCCCA222zC87	Rejected

Chapter 20: Manufacturing Companies

In a manufacturing company, we bring raw materials and by producing them we make new and final goods, which we directly sell in the market. Now in a manufacturing company, to make a finished good, a lot of different types of goods have to be purchased. On which we work in the factory and prepare the final goods.

Manufacturing Company in Tally Prime :

So first of all we will enter an entry related to the manufacturing company in Tally Prime. Here we are purchasing raw materials from RK Pvt Ltd which is as follows:

RK Pvt Ltd से नीचे दिए गए कच्चा माल खरीदा।					
Invoice No: RK13		Invoice Date: 01-04-2021		GSTIN: 27ASCPD1234D1Z5	
Product	QTY	Unit	Rate	Taxable Income	GST Rate
Screw	4000	Nos	Rs 2.00	Rs 8000	5%
Magnet	500	Kgs.	Rs 50.00	Rs 25000	12%
Voice Coil	1000	Pcs	Rs 70.00	Rs 70000	18%
Copper Wire	500	Meter	Rs 75.00	Rs 37500	18%

Let us assume that we have a manufacturing company where we manufacture speakers and hence we are purchasing different types of raw materials from RK Pvt Ltd.

Now here it is evident from the GST of RK Pvt Ltd that it is a company based in Maharashtra. So in a way, we are doing business at an intrastate level.

1. First of all, for this we will create a new company Learn More Pro (MFG). How to create a company? You must have understood this because now you are not new to Tally Prime. We have crossed many chapters and have moved forward. So, just like we created a company while entering GST entries in Tally, in the same way, we will create a similar company for manufacturing here too.

Company Name	: Learn More Pro (MFG)	Financial year beginning from	: 1-Apr-20
Mailing Name	: Learn More Pro (MFG)	Books beginning from	: 1-Apr-20
Address	: Ghatkopar Mumbai	Security	
		To set/alter TallyVault, press Alt+K (Company) & select TallyVault.	
		Control User Access to Company Data	: No
State	: Maharashtra		
Country	: India		
Pincode	:		
Telephone	:		
Mobile	:		
Fax	:		
E-mail	:		
Website	:		
Base Currency symbol	: ₹	Show amount in millions	: No
Formal name	: INR	Number of decimal places	: 2
Suffix symbol to amount	: No	Word representing amount after decimal	: paise
Add space between amount and symbol	: Yes	Number of decimal places for amount in words	: 2

1. Screw :

First of all, we will create a Stock Item of Screw, which we will use under the Raw Material group. We will use this group for all Stock Items.

Name : SCREW			
(alias) :			
Under : RAW MATERIAL		Statutory Details	
Category	: ♦ Not Applicable	GST Applicable	: ♦ Applicable
Units	: nos	Set/Alter GST Details	: Yes
Additional Details		Type of Supply	: Goods
Alter components (BOM)	: No	Rate of Duty (eg 5)	: 0

- We will keep Category as Not applicable here. (If you want to remove the Category option, go to F12: Configure and set Use Stock Category for Stock Items to No.)
- Unit: We have to pay special attention to the unit here because the raw material we have bought has different types of unit items. We have bought the screws in numbers so we will create the NOS unit here.

Type	: Simple
Symbol	: <input type="text" value="NOS"/>
Formal name	: NUMBERS
Unit Quantity Code (UQC)	: NOS-NUMBERS
Number of decimal places	: 0

- GST Applicable: Here we have to select Applicable.
- Set/Alter GST Details: We will select it as Yes. Then we will see GST in GST Details for Stock Item. You have to give information related to it. As given in the image below.

GST Details for Stock Item:		
SCREW		
HSN/SAC Details		
Description	:	<input type="text"/>
HSN/SAC	:	
Is non-GST goods	:	No
Tax Details		
<i>(From 1-Apr-20)</i>		
Calculation type	:	On Value
Taxability	:	Taxable
Is reverse charge applicable	:	No
Is ineligible for input credit	:	No
Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	5 %
Central Tax	Based on Value	2.50 %
State Tax	Based on Value	2.50 %
Cess	Based on Value	0 %

- In Type of Supply we have to select Goods.
- By doing this, the Stock Item of the Screw will be created under the Nature of the Item in the Purchase Voucher.
- Now we have to give its Quantity as 4000 NOS and Rate as 2.00. Due to this, its total amount will automatically come to 8000.

2. Magnet :

Now we will create a Stock Item of Magnet.

- **Under:** We will also use this under the Raw Material group.

Name : MAGNET (alias) :			
Under	: RAW MATERIAL	Statutory Details	
Category	: * Not Applicable	GST Applicable	: * Applicable
Units	: KGS	Set/Alter GST Details	: Yes
Additional Details		Type of Supply	: Goods
Alter components (BOM)	: No	Rate of Duty (eg 5)	: 0

- We will keep Category as Not applicable here.
- **Unit:** We have bought Magnet in KGS so we will make a unit of KGS here
- **GST Applicable:** Here we have to select Applicable.
- **Set/Alter GST Details:** We will select it as Yes. Then we will see GST in GST Details for Stock Item You have to give information related to it. As given in the image below.

GST Details for Stock Item:		
MAGNET		
HSN/SAC Details		
Description	:	
HSN/SAC	:	
Is non-GST goods	:	<input type="checkbox"/> No
Tax Details		
<i>(From 1-Apr-20)</i>		
Calculation type	:	On Value
Taxability	:	Taxable
Is reverse charge applicable	:	No
Is ineligible for input credit	:	No
Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	12 %
Central Tax	Based on Value	6 %
State Tax	Based on Value	6 %
Cess	Based on Value	0 %

- In Type of Supply we have to select Goods.
- By doing so, the Stock Item of the Magnet will be created under the Nature of the Item in the Purchase Voucher.
- Now we have to give its quantity as 500 KGS and rate as 50.00. Due to this its total amount
- 25000 will come automatically.

3. Voice Coil :

Now we will create a Stock Item of Voice Coil.

Name : VOICE COIL (alias) :			
Under	: RAW MATERIAL	Statutory Details	
Category	: ♦ Not Applicable	GST Applicable	: ♦ Applicable
Units	: PCS	Set/Alter GST Details	: Yes
Additional Details		Type of Supply	: Goods
Alter components (BOM)	: No	Rate of Duty (eg 5)	: 0

- **Under:** We will also use this under the Raw Material group
- We will keep Category as Not applicable here.
- **Unit:** We have purchased a Voice Coil in PCS so we will create a PCS Unit here.
- In Type of Supply we have to select Goods.
- After doing so, the stock of Voice Coil was created under Nature of Item in the Purchase Voucher Item will be created.
- Now we have to give its quantity as 1000 PCS and rate as 70.00. Due to this its total amount of 70000 will come automatically.

4. Copper Wire :

Name: Now we will create a stock item of Copper Wire.

Under: We will also use this under the Raw Material group.

Name : COPPER WIRE (alias) :			
Under	: RAW MATERIAL	Statutory Details	
Category	: ♦ Not Applicable	GST Applicable	: ♦ Applicable
Units	: MTR	Set/Alter GST Details	: Yes
Additional Details		Type of Supply	: Goods
Alter components (BOM)	: No	Rate of Duty (eg 5)	: 0

- We will keep Category as Not applicable here.
- **Unit:** We have bought Copper Wire from MTR so here is MTR's Will make a unit

Type	: Simple
Symbol	: MTR
Formal name	: METER
Unit Quantity Code (UQC)	: MTR-METERS
Number of decimal places	: <input type="text" value="2"/>

- **GST Applicable:** Here we have to select Applicable.
- **Set/Alter GST Details:** We will choose Yes. Then we have to provide GST-related information in GST Details for Stock Item. As given in the image below.

GST Details for Stock Item: COPPER WIRE		
HSN/SAC Details		
Description	:	<input type="text"/>
HSN/SAC	:	
Is non-GST goods	:	No
Tax Details (From 1-Apr-20)		
Calculation type	:	On Value
Taxability	:	Taxable
Is reverse charge applicable	:	No
Is ineligible for input credit	:	No
Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	18 %
Central Tax	Based on Value	9 %
State Tax	Based on Value	9 %
Cess	Based on Value	0 %

- In Type of Supply we have to select Goods.
- By doing so, the Stock Item of Voice Coil will be created under the Nature of the Item in the Purchase Voucher.
- Now we have to give its quantity as 500 MTR and rate as 75.00. Due to this, its total amount will automatically come to 37500.

III. Now we have to create the ledger of SGST and CGST for GST. Just like we created in the GST chapter.

1. CGST Ledger:

We have to keep CGST in the name.

Under: Duties and Taxes have to be kept

Type of Duty/Tax: GST has to be selected.

Tax Type: Central Tax has to be kept and then Ledger has to be accepted.

Name : CGST		
(alias) :		
Under	:	Duties & Taxes (Current Liabilities)
Type of duty/tax	:	GST
Tax type	:	Central Tax
Percentage of calculation	:	0 %
Rounding method	:	♦ Not Applicable
		Mailing Details
		Name :
		Address :
		Banking Details
		Provide bank details : No
		Tax Registration Details
		PAN/IT No. :

2. SGST Ledger:

We have to keep SGST in the name.

Under: Duties and Taxes have to be kept

Type of Duty/Tax: GST has to be selected.

Tax Type: State Tax has to be kept and then Ledger has to be accepted.

Name : SGST			
(alias) :			
Under : Duties & Taxes (Current Liabilities)		Mailing Details	
Type of duty/tax : GST		Name :	
Tax type : State Tax		Address :	
Percentage of calculation : 0 %		Banking Details	
Rounding method : * Not Applicable		Provide bank details :	No
		Tax Registration Details	
		PAN/IT No. :	

As soon as the ledger of SGST and CGST is created, the amount of Rs 11375 will automatically appear in the Purchase Voucher for both. After which you can complete your entry by writing the narration.

Purchase No. 1		Date : 1-Apr-20		1-Apr-20 Wednesday	
Supplier Invoice No.: RK 13					
Party A/c name : RK PRIME PVT LTD					
Current balance : 1,63,250.00 Cr					
Purchase ledger : Purchase /ac					
Current balance : 1,40,500.00 Dr					
Name of Item	Quantity	Rate per	Amount		
SCREW	4,000 nos	2.00 nos	8,000.00		
MAGNET	500.00 KGS	50.00 KGS	25,000.00		
VOICE COIL	1,000 PCS	70.00 PCS	70,000.00		
COPPER WIRE	500.00 MTR	75.00 MTR	37,500.00		
			1,40,500.00		
CGST			11,375.00		
SGST			11,375.00		

Bill of Material (BOM) ;

Bill of Material It is a list of raw materials, sub-assemblies, intermediate assemblies, sub-components, parts, and the quantities of each required to manufacture the final product.

First, we bought some raw materials like Screws, Magnets, Voice Coil and Copper Wire, from which we will make Speaker (which is our Finished Goods). Now we are going to make the final product (Finished Goods) from the same raw material for which we have to first make BOM (Bill of Material). So to make a speaker, we need the following quantity of raw material, for which we are going to create a BOM.

Product	Quantity	Unit	Finished Goods 1 Quantity of iBall 2.0 Speaker
Copper Wire	0.5	Meter	
Magnet	0.5	Kgs	
Screw	4	Nos	
Voice Coil	1	Pcs.	

As you can see the quantity of raw material in the above table with which we are going to make one iBall 2.0 speaker and we will create its BOM in Tally.

1. First of all, before creating the BOM of any Finished Goods, we should check whether we have a sufficient quantity of raw material available or not. To check this, go to **Gateway of Tally > Stock Summary > Raw Material** and then press the **Alt+F5** button for more information. Now you will see the list of all the raw materials whose entries we have made in Tally.

Particulars	RAW MATERIAL Learn More Pro (MFG) For 1-Apr-20		
	Closing Balance		
	Quantity	Rate	Value
COPPER WIRE	275.00 MTR	75.00	20,625.00
MAGNET	275.00 KGS	50.00	13,750.00
SCREW	2,200 nos	2.00	4,400.00
VOICE COIL	550 PCS	70.00	38,500.00

2. Before creating a Bill of Material (BOM), we have to create a Stock Item of its Finished Goods. Which we will create from **Gateway of Tally > Create > Stock Item**. Now the Stock Creation window will appear in front of you.

Name : Iball 2.0 Speaker			
(alias) :			
Under	: Finish Goods	Statutory Details	
Category	: ♦ Not Applicable	GST Applicable	: ♦ Applicable
Units	: nos	Set/Alter GST Details	: Yes
Additional Details		Type of Supply	: Goods
Alter components (BOM)	: Yes	Rate of Duty (eg 5)	: 0

3. But before that we have to activate Bill of Material (BOM). For this, we have to press F12: Configure and set Show More Configurations to Yes. And then under Inventory Details, set Set Components List (Bill of Materials) in Stock Items to Yes. Now BOM will be activated in our Tally. We will get the option of Set Components (BOM) under Additional Details under Unit in Stock Item Creation.

Inventory Details	
Use Stock Group for Stock Items	: Yes
Use Stock Category for Stock Items	: Yes
Provide Units of Measurement (UoM) for Stock Items	: Yes
Use Alternative Units	: No
Set Components List (Bill of Materials) in Stock Items	: Yes
Provide Standard Buying and Selling Rates	: No
Provide MRP Details	: No
Set default Accounting Allocations for Stock Items (in Invoice Mode)	: No
Provide Opening Balances for Stock Items	: Yes

- A. Name and (Alias): Give the name of the Finished Goods and alias if needed. Like here we have Iball 2.0 Speaker will write.
- B. Under: Here we have to create a group of Finished Goods. Which will be created in the following way.

D. Set Components (BOM):

We need to set BOM to Yes and get the following information:

E. Now you have to give the name of BOM. We will name our BOM as the Speaker.

BOM List of : **Iball 2.0 Speaker**

Name of BOM

Speaker

- F. Components of: This will come automatically. Which is named finished goods.
- G. After giving the name of BOM, we have to give 1 NOS in Unit of Manufacture002E

Now we have to give information about which items and their quantity are required to make a speaker. As told to us in the table above.

Product	Quantity	Unit
Copper Wire	0.5	Meter
Magnet	0.5	Kgs
Screw	4	Nos
Voice Coil	1	Pcs.

BoM Name : **Speaker**

Components of : **Iball 2.0 Speaker**

Unit of manufacture : **1 nos**

Item	Quantity
COPPER WIRE	0.50 MTR
MAGNET	0.50 KGS
SCREW	4 nos
VOICE COIL	1 PCS

H. GST Applicable: It has to be kept applicable.

I. Set/Alter GST Details: This has to be set to Yes and the GST rate has to be applied. Which we have shown in the picture below Is full of ways.

GST Details for Stock Item:		
Iball 2.0 Speaker		
HSN/SAC Details		
Description	:	
HSN/SAC	:	
Is non-GST goods	:	No
Tax Details		
<i>(From 1-Apr-20)</i>		
Calculation type	:	On Value
Taxability	:	Taxable
Is reverse charge applicable	:	No
Is ineligible for input credit	:	No
Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	18 %
Central Tax	Based on Value	9 %
State Tax	Based on Value	9 %
Cess	Based on Value	<input type="text" value="0"/> %

J. Type of Supply: Here we will select Goods.

K. after doing this, we will create the stock item of Finish Goods: Iball 2.0 Speaker by pressing Ctrl + A: Accept.

Manufacturing Journal Voucher :

To pass the Finished Goods entry in Tally, we have to create a separate Manufacturing Journal Voucher.

Which we can make in the manner given below.

1. To create any new Voucher, we have to go to Gateway of Tally > Create > Voucher Type (under Accounting Masters). If the Voucher Type is not found, then click on Show More.
2. After going to Voucher Type, the Voucher Type Creation window will open in front of you.
3. Name: You have to write the name of the Voucher, in our case, it will be MFG Journal Voucher.
4. Select type of Voucher: In this field, you must carefully select the Type of Voucher as per your requirement. Here we will select Stock Journal for MFG Journal Voucher.
5. Abbreviation: We will write it as MFG JRNL.
6. We will keep Activate this Voucher type to Yes.

7. We will keep the method of voucher numbering automatic.
8. Now we will go to Use as a Manufacturing Journal and set it to Yes.
9. Do not tamper with the rest of the options. Leave them as they are.
10. And finally accept the Voucher Creation and return to the Gateway of Tally.

Name : MFG Journal Voucher (alias) :			
General		Printing	Name of Class
Select type of voucher	: Stock Journal	Print voucher after saving	: No
Abbreviation	: Mfg_Jml		
Activate this Voucher Type	: Yes		
Method of voucher numbering	: Automatic		
Use advanced configuration	: No		
Use effective dates for vouchers	: No		
Allow zero-valued transactions	: No		
Make this voucher type as 'Optional' by default	: No		
Allow narration in voucher	: Yes		
Use as a Manufacturing Journal	: Yes		
Track Additional Costs for Purchases	: No		

We have created the Manufacturing Voucher, now we will pass the entry of finished goods in this voucher. Suppose we have made 300 speakers, the entry of which has to be recorded in Tally now.

First of all, we have to press Gateway of Tally > Voucher > ALT+F7. After which a window to select Voucher Type will appear in front of you. Where we have to select MFG Voucher, which we have created some time ago.

Voucher Type

Name :

List of Types

MFG Journal	Create
Stock Journal	

Components (Consumption)				Co-Product/By-Product/Scrap				
Name of Item	Quantity	Rate	Amount	Name of Item	% of Cost allocation	Quantity	Rate	Amount
COPPER WIRE	150.00 MTR	75.00/MTR	11,250.00					
MAGNET	150.00 KGS	50.00/KGS	7,500.00					
SCREW	1,200 nos	2.00/nos	2,400.00					
VOICE COIL	300 PCS	70.00/PCS	21,000.00					
			Cost of components:					42,150.00
			Type of Additional Cost	Percentage				
			Wages					1,000.00
			Power & Fuel					2,000.00
			Total Addl. Cost					3,000.00
			Effective Cost					45,150.00
			Allocation to Primary Item					45,150.00
			Effective rate of Primary Item					150.50/nos

After going to MFG Journal Voucher, the following information has to be given to enter the entry.

1. Name of Product: We have to choose the name of the product which we have manufactured. In our case it is iBall 2.0 speaker for which we have also prepared BOM.

Finish Goods Sale Entry :

Till now we have purchased raw material in the manufacturing company, created BOM for finished goods and created MGF Journal Voucher to enter the entry of finished goods and also passed its entry. Now we will enter the entry of selling finished goods in Tally.

400 Speaker sold to Radheshyam Pvt Ltd Maharashtra GST: 27ADCCP1234D1Z5					
Product	Qty	Unit	Rate	GST Rate	Taxable Amount
iBall 2.0 Speaker	400	Pcs.	700	18%	Rs. 2,80,000
				GST Amount	Rs. 50,400/-
		Total Invoice Amount			Rs. 3,30,400/-

In this transaction, we are selling goods to Radheshyam Pvt Ltd, so we have to record its entry in the Sales Voucher.

For which we will go to **Gateway of Tally > Voucher> F8: Sales Voucher and select the option CTRL+H: Item Invoice.**

After going to Sales Voucher, we will enter this entry by giving the following information.

1. Date: First of all we will enter the date of the voucher.

2. Invoice No: This will automatically come as per the Sales Voucher entry in your Tally Prime.

3. Part A/c Name: Here we have to create the ledger of Radheshyam Pvt Ltd as Sundry Debtor and its

You have to make a selection. Which will be made in the manner described below.

h. Tax Registration Details:

i. PAN/IT No. Here you have to provide the details of Radheshyam Pvt Ltd's PAN card ADCCP1234D. Which you can extract from its GSTIN or ask for it from it.

ii. Registration Type: Here you have to tell the Registration Type of Radheshyam Pvt Ltd. Like Composition, Regular, Consumer, or Unregistered.

iii. GSTIN/UIN: Here you have to provide the GSTIN number 27ADCCP1234D1Z5 of Radheshyam Pvt Ltd.

iv. Set/Alter GST Details: If you want to keep a fixed GST rate, then you can set this option to Yes. But if we are selling different types of goods and their GST rates are different, then set it to No.

v. Finally you have to accept and create the ledger of Radheshyam Pvt Ltd.

Name : Radheshyam Pvt Ltd (alias) :			
Under : Sundry Debtors (Current Assets) Maintain balances bill-by-bill : Yes Default credit period : Check for credit days during voucher entry : No	Mailing Details Name : Radheshyam Pvt Ltd Address : State : Maharashtra Country : India Pincode : Banking Details Provide bank details : No Tax Registration Details PAN/IT No. : Registration type : Regular GSTIN/UIN : 27ADFD512341Z5 Set/Alter GST details : No		

4. Sales Ledger: Now we have to create the ledger of the sales account.

Name : Sales A/c (alias) :			
Under : Sales Accounts Type of Ledger : Statutory Details Is GST applicable : ♦ Applicable Set/Alter GST Details : No Type of Supply : Goods	Mailing Details Name : Address : Banking Details Provide bank details : No Tax Registration Details PAN/IT No. :		

7. After the Tax Classification details screen appears, we will select Classification/Nature. If we type Sales here, the complete list of Nature of Transaction will appear. Since our transaction is happening at an intrastate level, we will select Sales Taxable in Classification/Nature.

Tax Classification details	
Classification/Nature	: Sales Taxable

8. Now we will choose or create the Name of Item of the product that we are selling. Here we are selling iBall 2.0 Speaker, so we will choose that.

9. In the Sales Voucher, after selecting the Nature of the item, we will give the information about Quantity and Rate and after getting the total amount, we will go to the next step by pressing Enter.

10. After providing the information about the Name of the Item, we have to select the ledgers of SGST and CGST for GST. Which we had created while purchasing the raw material. Just by doing this, our sales entry will be recorded in Tally Prime.

Sales No. 1				1 Apr 20
				Wednesday
Party A/c name	: Radheshyam Pvt Ltd			
Current balance	: 3,30,400.00 Dr			
Sales ledger	: Sales A/C			
Current balance	: 2,80,000.00 Cr			
Name of Item		Quantity	Rate per	Amount
iBall 2.0 Speaker		400 nos	700.00 nos	2,80,000.00
CGST				25,200.00
SGST				25,200.00

11. If you want to see the GST calculation (GST Analysis), then while in the Sales Voucher, press CTRL+I: More Details and select GST Tax Analysis. For more detailed information on GST Tax Analysis, select ALT+F5: Consolidated.

GST - Tax Analysis			
Particulars	Taxable Value	Tax rate	Duty/Tax Value
Sales Taxable	2,80,000.00		50,400.00
iBall 2.0 Speaker			
Item Value (Sales Value 2,80,000.00)	2,80,000.00		50,400.00
Central Tax		9%	25,200.00
State Tax		9%	25,200.00

Chapter 21: Payroll

Payroll is a process of preparing the Employee Salary Slip of the company's employees.

In Tally, Payroll is linked with the accounting of the company, which plays an important role in simplifying the payroll process and accounting of the company.

Payroll in Tally helps the user to create and set up salary structures ranging from simple to complex as per the company's requirements. It also automates the company's payroll process and also connects it with the company's accounting application.

Tally Payroll (Payroll in Tally) :

1. As always, first of all, we will create a new company (like we have created in the image below) and then activate the Payroll option in it.

Company Alteration		LEARN MORE PRO PAYROLL	
Company Name	: LEARN MORE PRO PAYROLL	Financial year beginning from	: 1-Apr-20
Mailing Name	: LEARN MORE PRO PAYROLL	Books beginning from	: 1-Apr-20
Address	:	Security	
		To set/alter TallyVault, press Alt+K (Company) & select TallyVault.	
		Control User Access to Company Data	: No
State	: Maharashtra		
Country	: India		
Pincode	:		
Telephone	:		
Mobile	:		
Fax	:		
E-mail	:		
Website	:		
Base Currency symbol	: ₹	Show amount in millions	: No
Formal name	: INR	Number of decimal places	: 2
Suffix symbol to amount	: No	Word representing amount after decimal	: paise
Add space between amount and symbol	: Yes	Number of decimal places for amount in words	: 2
			Accept ?
			Yes or No

2. After creating the company, you will get a screen to enable the features of the company. If we want to activate the Payroll feature, then for this we will set the option of Show more features to Yes. After which, just below that, you will get the option of Show all features, we will activate it by setting it to Yes.

Company: LEARN MORE PRO PAYROLL	
Show more features	: Yes
Show all features	: <input type="text" value="Yes"/>
Accounting	

Yes / No

No

Yes

- After activating the Show More Features and Show All Features options, you will see the image inside Tally A list of the company's features will be displayed. You will see the Payroll feature on the right side.

Company: LEARN MORE PRO PAYROLL

Show more features : Yes
 Show all features : Yes

Accounting
 Maintain Accounts : Yes
 Enable Bill-wise entry : Yes
 Enable Cost Centres : No
 Enable Interest Calculation : No

Inventory
 Maintain Inventory : Yes
 Integrate Accounts with Inventory : Yes
 Enable multiple Price Levels : No
 Enable Batches : No
 Maintain Expiry Date for Batches : No
 Enable Job Order Processing : No
 Enable Cost Tracking : No
 Enable Job Costing : No
 Use Discount column in invoices : No
 Use separate Actual and Billed Quantity columns in invoices : No

Taxation
 Enable Goods and Services Tax (GST) : No
 Enable Tax Deducted at Source (TDS) : No
 Enable Tax Collected at Source (TCS) : No
 Enable Value Added Tax (VAT) : No
 Enable Excise : No
 Enable Service Tax : No

Online Access
 Enable Browser Access for Reports : Yes
 Enable Tally NET Services for Remote Access & Synchronisation : No

Payroll
 Maintain Payroll : Yes
 Enable Payroll Statutory : Yes

Others
 Enable multiple addresses : No
 Mark modified vouchers : No

- Under the Payroll feature, you will get two options.

Maintain Payroll: To use Payroll in the company set this option to Yes.

Payroll
 Maintain Payroll : Yes
 Enable Payroll Statutory : Yes

Enable Payroll Statutory: We have to activate this option by setting it to Yes. After Payroll You will be asked to fill in the Statutory Details, where provide the following information (like Provident Fund, Employee State Insurance, National Pension Scheme, and Income Tax).

Payroll Statutory Details

Provident Fund
 Company code :
 Company account group code :
 Company security code :

Employee State Insurance
 Company code :
 ESI branch office :
 Standard working days per month :

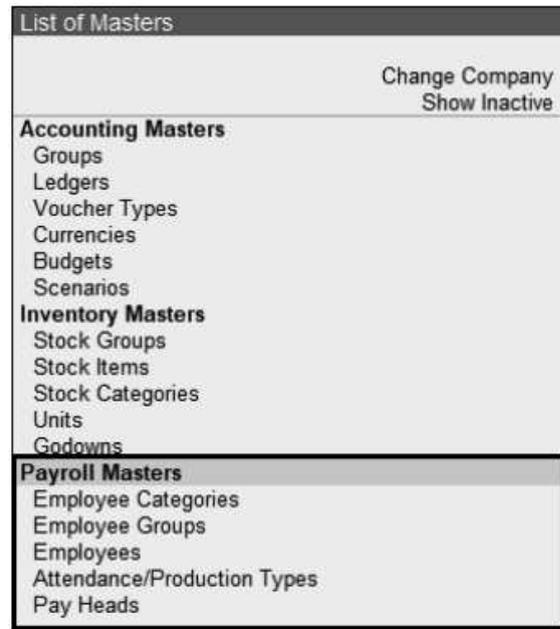
National Pension Scheme
 Corporate registration number :
 Corporate branch office number :

Income Tax
 Tax deduction and collection Account Number (TAN):
 TAN registration number :
 Income tax circle or ward :
 Deductor type : Government
 Deductor branch/division :
 Name of person responsible :
 Son/daughter of :
 Designation :
 PAN :

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

5. Now our Payroll option has been activated in Tally. To access it, we have to go to Payroll Masters in Gateway of Tally > Go To (CTRL + G) > List of Masters. Click on Show More to see additional options.

Gateway of Tally > Go To (CTRL + G) > List of Masters > Payroll Masters.



Payroll Masters Creation :

In the previous topic, we learned how to activate the Payroll feature in Tally. Now we will learn how to create Payroll Masters. But before that, let us understand what is a Salary Slip or Pay Slip.

Salary slip or Pay Slip is a slip which contains the details of the employee working in the company and the complete details of salary calculation. As you can see in the picture below.

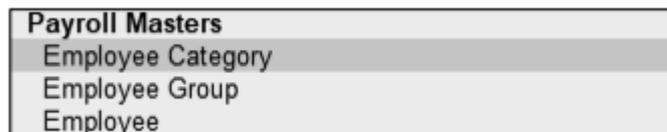
Earnings		Amount	Gross Salary	Deductions	Amount	Gross Salary
BASIC SALARY		41,935.48	50,000.00	Professional Tax	400.00	400.00
House Rent Allowance		20,967.74	25,000.00	Provident Fund	1,800.00	1,800.00
Dearness Allowance		3,354.84	4,000.00			
Traveling Allowance		800.00	800.00			
Overtime						
Total Earnings		67,058.06	79,800.00	Total Deductions	2,200.00	2,200.00
				Net Amount	₹ 64,858.06	₹ 77,600.00

- At the top you are given the month of the pay slip and the name of the employee.
- Then there is employee information like Employee No., Function, Designation, Location, Date of Joining, etc.
- On the right side you have Tax Regime, PAN, UAN, PF Account no., ESI No., PR Account No. Etc.
- After that you are given the attendance details of the employee.
- In the table below, earning information is given on the left side and deduction information is given on the right side.
- Finally, the Net Amount is given at the bottom.

Employee Category :

First of all, we have to create an Employee Category in Payroll Masters. Whatever category of employees we have in our company, we have to create the same category in Tally like Location, Branch, etc. For now, we will create an Employee Category for Head Office. We will create it in the following manner.

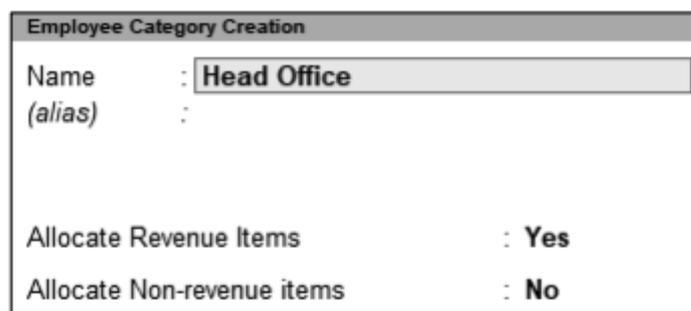
To create an Employee Category, go to Gateway of **Tally > Create > Employee Category (Under Payroll Masters)**.



Name: Here we have to give the name of the Employee Category like Head Office

(alias): If you want to give any alias then you can give it in (alias).

Leave the rest of the information as it is and accept it with CTRL+A. And your Employee Category will be ready.



Payroll form no 16

- **Employee Number:** Enter the Employee Code or number here, like 011
- **Designation:** Designation of the employee means mentioning his position, like Manager!

- **Function:** Give information about the function in which the employee is working, like Management!
- **Location:** From which location of the company is the employee working? Like Mumbai.
- **Gender:** Provide information about the gender of the employee, such as Male or Female.
- **Date of Birth:** Enter the date of birth of the employee.
- **Blood Group:** Provide details of the employee's blood group, like A+I
- **Father's/Mother's Name:** Mention the name of the employee's father or mother.
- **Spouse's Name:** Mention the name of the employee's spouse i.e. husband or wife.
- **Address:** Mention the permanent address of the employee.
- **Phone No:** Provide the phone number of the employee.
- **E-mail:** Provide the employee's email ID.
- **Provide Bank Details:** If you want to provide the employee's bank details then click Yes and provide bank details like Bank Name, Bank A/C, Branch, IFSC Code, etc., or click No.

Statutory Details: Here we have to provide statutory information related to the employee:

Applicable Tax Regime: Provide information related to the employee's Tax Regime.

Income Tax Number (PAN): Provide the employee's PAN card details.

Aadhaar Number: Provide the Aadhaar number of the employee.

Universal Account Number (UAN): Provide the UAN number of the employee.

PF account number: Provide information about the employee's PF account number.

EPS account number: Provide information about the employee's EPS account number.

Date of joining for PF: Provide information about the date of joining of the employee with PF.

PR account number (PRAN): Provide the PR account number of the employee.

ESI number: Provide information about the ESI number of the employee.

ESI dispensary number: Provide information about the ESI dispensary number of the employee.

Accept: After providing the required information, create Employee in Payroll by accepting with CTRL+A.

Category	: HEAD OFFICE
Name	: SATISH DHAWAN
(alias)	:
Under	: PURCHASE (# Primary)
Date of joining	: 1-Apr-2020
Define salary details	: No
Date of resignation/retirement	:
General Information	
Employee Number	: 01
Designation	: MANAGER
Function	: MANAGEMENT
Location	: MUMBAI
Gender	: Male
Date of birth	:
Blood group	:
Father's/mother's name	:
Spouse's name	:
Address	: GHATKOPAR WEST
Phone no.	:
E-Mail	:
Provide bank details	: No
Statutory Details	
Applicable Tax Regime	: Regular Tax Regime (From 1-Apr-20)
Income Tax Number (PAN)	:
Aadhaar number	:
Universal Account Number (UAN)	:
PF account number	:
EPS account number	:
Date of joining for PF	:
Date of relieving for PF	:
PR account number (PRAN)	:
ESI number	:
ESI dispensary name	:

Just like we created an employee for Satish Dhawan above, in the same way we can create an employee for Varun Dhawan we will also create employees in the payroll.

Unit (Work) :

Now we will create a Unit (Work) in Tally. The work that is being done in the company, on which type of unit it is being done, like Day, Month (month), Week (week), Hours (hours), Minute (minutes), Second (seconds), etc.

There are 2 types of Unit (Work), **Simple and Compound**.

To create a Unit (Work), we will go to **Gateway of Tally > Create >Unit (Work) (Under Payroll Masters)**.

Payroll Masters
Employee Category
Employee Group
Employee
Units (Work)
Attendance/Production Type

As soon as we go to the window of creating Unit (Work), we first get 2 options in Type, Simple, and Compound, which we will understand one by one.

1. Simple Type: First of all we will create a Simple Unit. Let us first create the Unit (Work) in Simple type:

A. So for example we will create a Simple Unit (Work) of Hours.

- **Type:** Select **Simple** in Type here.
- **Symbol:** Set the symbol for Unit (Work). If we are creating a Unit (Work) for Hours, then we will write the HRS symbol for it.
- **Formal Name:** Now give the formal name of this Unit (Work). For Hours we gave the symbol HRS, here we will write its formal name as Hours only.

- **Number of Decimal Places:** If the Hours unit is displayed in number then specify the number of decimal places. For now, we will keep it as 0.

Type	: Simple
Symbol	: <input type="text" value="HRS"/>
Formal name:	HOURS
Number of decimal places	: 0

B. Just like we created a simple unit (Work) for Hours, similarly we will create a unit (Work) for Minutes.

- **Type:** Here we will choose Simple in Type.
- **Symbol:** Give a symbol for minutes. We can give the MIN symbol for minutes.
- **Formal Name:** Enter the formal name of the Unit (Work). For Minutes we have used the symbol MIN
- Given that, we will write its formal name here as Minutes only.
- **Number of Decimal Places:** If Minutes is displayed in unit number then specify the number of decimal places. For now, we will keep it as 0.
- **First Unit:** Here we will select the HRS simple Unit.

Conversion: Now here it tells us the conversion i.e. how the first unit we have selected will be converted into the second unit. We have selected HRS as the first unit and we will convert it into the second unit i.e. minutes. Now there are 60 minutes in 1 HRS, so we will write this conversion as 60 here.

Example: Similarly, if we choose Week as a simple unit in the First Unit and convert it into Day, then we would write 7 here in the conversion because there are 7 days in 1 week.

Attendance/Production Type :

Now we will learn to create Attendance/Production Type in Payroll Masters as follows.

To create Attendance/Production Type Gateway of Tally > Create > Attendance/Production

Type (Under Payroll Masters)

1. Paid Leave: First of all we will create the Attendance/Production Type of Paid Leave. Paid Leave means, that if an employee takes a leave and that leave comes under Paid Leave, then that employee will be paid salary for the day of leave as well.

Name and (alias): Provide the name and alias of the Attendance/Production Type.
 Such as PAID LEAVE

Under: Let us keep it Primary here.

Attendance Type: Here we will choose Attendance/Leave with Pay. Because even on Paid Leave days The employee will be paid a salary.

Period Type: It will come automatically in Days.

Name (alias)	: PAID LEAVE
Under	: ♦ Primary
Attendance type	: Attendance / Leave with Pay
Period type	: Days

2. Absent: Now we will create an Attendance/Production Type of Absent. Absent means if an employee takes leave without informing or his paid leave is over and that leave comes under Absent. So that employee will not be paid salary even for the day of leave.

Name and (alias): Provide the name and alias of the Attendance/Production Type, such as ABSENTI

Under: Let us keep it Primary here.

Attendance Type: Here we will choose Leave without Pay. Because the salary for the day of absence is credited will not be given to the employee.

Period Type: It will come automatically in Days.

Name (alias)	: ABSENT
Under	: ♦ Primary
Attendance type	: Leave without Pay
Period type	: Days

3. Overtime: Now we will create the Attendance/Production Type of Overtime. When an employee works more than the time prescribed by the company, it is called overtime and the extra salary for that time is also given by calculating it according to the time.

Name and (alias): The name and alias of the Attendance/Production Type have to be given. Like OVER TIME

Under: Here we select Primary.

Attendance Type: Here we should choose Production. Because more work done in overtime will be paid more according to time and production.

Unit: As soon as we select Attendance Type: Production, we get the option of Unit, in which we have to create Unit (Work). Here we will choose a Compound Unit: HRS of 60 MIN (which we have already created). Because it is not certain how many minutes or hours of Overtime an employee will do.

Name (alias)	: OVER TIME
Under	: ♦ Primary
Attendance type	: Production
Unit	: HRS of 60 MIN

Pay Heads :

The salary that an employee receives is called Pay Heads in the payroll. Any employee can receive different types of Pay Heads. Such as Basic Salary, House Rent Allowance, Travelling Allowance, Other Allowances, Bonus, Deduction, Gratuity, Loan and Advances, etc.

We will also create Pay Heads for Basic Salary and House Rent Allowance here. To create Pay Heads we will

Gateway of Tally > Create > Pay Heads (Under Payroll Masters)

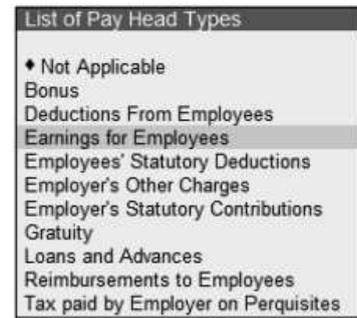
1. Basic Salary: First of all we will create Pay Heads of Basic Salary.

Name and (alias): Enter the name of the Pay Heads. Here we are creating Pay Heads for Basic Salary, so we Here we will write Basic Salary as the name.

Pay Head Information: Here we have to provide the following information related to Pay Head.

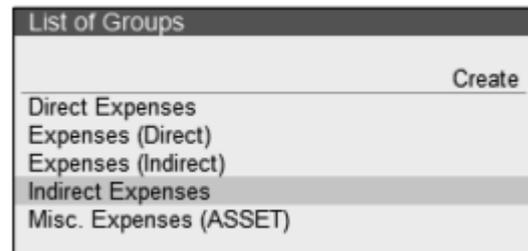
Pay Head Type: Here select the Pay Head Type from the list under which you are creating your Pay Heads. The Pay Heads we are creating here are the Basic Salary which is in a way the salary of the Employee.

There is earning so we will choose Earning for Employees here.



Income Type: Now we have to tell here whether the Pay Heads we are creating are Fixed Income or Variable Income. Here the Pay Heads we are creating for Basic Salary is Fixed Income. So we will choose Fixed.

Under: Here we have to select the Under Group of Ledger. Do we have to tell what type of expense is this for our company? For our company, this is Indirect Expenses.



Affect net Salary: Will this have any effect on the employee's net salary? We will make it Yes.

Because it will impact the net salary of the employee.

Name to be displayed in Payslip: We will let it remain Basic Salary.

Use of Calculation of Gratuity: We will keep this as No.

Set/Alter Income Tax Details: We will also keep this as No.

Calculation Type: Information has to be given about how the salary will be calculated.

As Computed Value: If calculation is to be done on any kind of condition or formula, then we will choose this option.

As User-Defined Value: If the salary is to be defined by the user then choose this option.

Flat Rate: If you want to keep a flat or fixed salary then choose this option.

On Attendance: If you want to calculate salary as per employee's attendance then choose this option.

On Production: Choose this option if you want to calculate salary as per the production of the employee.

At present, the salary calculation will be based on attendance. So we will select On Attendance.

Normal Rounding: In this option, the amount is rounded i.e. the decimal is rounded normally. For example, if the number of decimal places in an amount is more than 0.50, then it will be rounded to 1 and if the number of decimal places in an amount is less than 0.50, then it will be rounded to 0.

Upward Rounding: In this option, the amount is rounded i.e. the decimal is made upward. For example, if the amount is 3.50 3.30, or 3.90 then it will make it 4.

From now on we will keep it as Not applicable.

Accept: After providing this much information, we will Accept by pressing CTRL+A to create the Pay Head of Basic Salary.

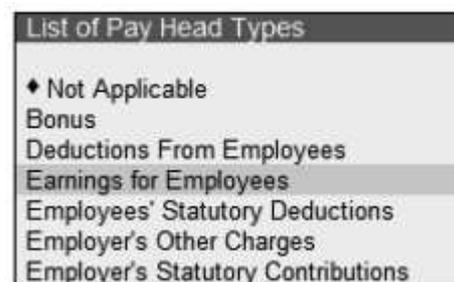
Name : BASIC SALARY (alias) :	Total Opening Balance 5,00,000.00 Dr <i>Difference</i> 5,00,000.00 Dr
Pay Head Information	
Pay head type : Earnings for Employees Income type : Fixed Under : Indirect Expenses Affect net salary : Yes Name to be displayed in payslip : BASIC SALARY Use for calculation of gratuity : No Set / Alter Income Tax Details : No Calculation type : On Attendance Attendance/leave with pay : ♦ Not Applicable Leave without pay : ABSENT Calculation period : Months Basis of calculation (per day) : As per Calendar Period	
Rounding Off Information	
Rounding Method : ♦ Not Applicable	Accept ? Yes or No
Opening Balance (on 1-Apr-20) :	

2. House Rent Allowance (HRA): Now we will create another Pay Heads of House Rent Allowance (HRA).

Name and (alias): First of all give the name of the Pay Heads. Here we are creating Pay Heads for House Rent Allowance so we will write House Rent Allowance here.

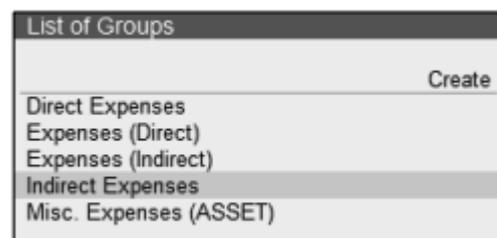
Pay Head Information: Here we have to provide the following information related to Pay Head.

Pay Head Type: Here select the Pay Head Type from the list under which your Pay Heads fall. The Pay Heads we are creating here is House Rent Allowance which is a kind of earning of the Employee, hence select Earning for Employees here.



Income Type: The Pay Heads that are being created are Fixed Income or Variable Income. Here the Pay Heads that are being created for House Rent Allowance is Fixed Income so choose Fixed.

Under: Here choose the Under Group of Ledger. What is this for our company? For our company, this is Indirect Expenses.



Affect net Salary: Will this have any effect on Net Salary? We will make it Yes, because of its effect, It will fall on the employee's net salary.

Name to be displayed in Payslip: We will let it remain House Rent Allowance.

Use of Calculation of Gratuity: We will keep this as No.

Set/Alter Income Tax Details: We will also keep this as No.

Calculation Type: Information has to be given about how the House Rent Allowance will be calculated.

At present, our House Rent Allowance calculation will be based on the calculation and formula, so Here we will select As Computed Value.

Computation Information: After selecting As Computed Value in Calculation type, you will get the field of Computation Information. In which we have to give the following type of information.

Compute: Here you need to provide information about how the House Rent Allowance will be computed.

Methods of Computation :

On Current Deductions Total: The total of the current deductions made by this method

There will be a computation of HRA.

On Current Earnings Total: Through this method, HRA will be computed on the total of current earnings.

On Current Sub Total: The Current Sub Total generated by this method is based on HRA.

Computation will take place.

On Specific Formula: HRA will be computed under a specific formula.

- We will select On Specified Formula to calculate HRA.
- After which we will get a window to select the Pay Head, where we will have to select Basic Salary as Pay Head would.

Compute: On Specified Formula	
Function	Pay Head
Add Pay Head	BASIC SALARY

Then we will determine the Conditions and Formulas in the following table. As per the government rules for HRA, we can give HRA ranging from 5% to 70% of the Basic Salary to the employee.

Effective From: From which date the computation should be started. For example, in the example below, 1-04-20 has been selected.

Amount Greater Than: Determine the amount, if someone's Basic Salary is more than that

Percentage has to be given. Like:

If the basic salary is more than Rs 20,000 then 30% HRA has to be paid.

If the basic salary is more than Rs 40,000 then 50% HRA has to be paid.

Amount UpTo: Now we will determine the Basic Salary limit (Amount Upto) for HRA.

If the Basic Salary is less than or equal to the prescribed limit, then what percentage of HRA will be decided, such as:

If basic salary is equal to or up to Rs 20,000 then 30% HRA has to be paid.

If the basic salary is equal to or up to Rs 40,000 then 40% HRA has to be paid.

Slab Type: We will determine the Slab Type, i.e. whether the calculation should be done in percentage or on value.

Value: Here we have to decide the percentage of value. The percentage we have to calculate HRA.

Computation Information				
Compute		: On Specified Formula		
Specified formula		: BASIC SALARY		
Effective From	Amount Greater Than	Amount Up To	Slab Type	Value
1-Apr-20		20,000.00	Percentage	30 %
	20,000.00	40,000.00	Percentage	40 %
	40,000.00		Percentage	50 %

Accept: Just after giving this much information we will start creating the Pay Head of House Rent Allowance with CTRL+A.

Name : House Rent Allowance		Total Opening Balance	
(alias) :		5,00,000.00 Dr	
		Difference	
		5,00,000.00 Dr	
Pay Head Information		Computation Information	
Pay head type	: Earnings for Employees	Compute	: On Specified Formula
Income type	: Fixed	Specified formula	: BASIC SALARY
Under	: Indirect Expenses		
Affect net salary	: Yes		
Name to be displayed in payslip	: House Rent Allowance		
Use for calculation of gratuity	: No		
Set / Alter Income Tax Details	: No		
Calculation type	: As Computed Value		
Calculation period	: Months		
Rounding Off Information			
Rounding Method	: * Not Applicable	Accept ?	
		Yes or No	
Opening Balance		(on 1-Apr-20) :	

3. Travelling Allowance (TA): Now we will create another Pay Heads of Travelling Allowance (TA).

- **Name and (alias):** First of all give the name of the Pay Heads. Like here we are creating Pay Heads for Travelling Allowance so we will write Travelling Allowance here.
- **Pay Head Information:** Here we have to provide the following information related to Pay Head.
- **Pay Head Type:** Here select the Pay Head Type from the list under which your Pay Heads fall. Traveling Allowance is a kind of earning of the employee, hence we will select Earning for Employees here.
- **Income Type:** Here you have to tell whether the Pay Heads we are creating is Fixed Income or Variable Income. The Pay Heads of Traveling Allowance is Fixed Income. So we will choose Fixed.
- **Under:** Here we have to select the Under Group of Ledger. What is this for our company? For our company, this is Indirect Expenses.
- **Affect net Salary:** Will this have any effect on the net salary of the employee? We will set this to Yes because it will affect the net salary of the employee.
- **Name to be displayed in Payslip:** We will let it remain Travelling Allowance.
- **Use of Calculation of Gratuity:** We will keep this as No.
- **Set/Alter Income Tax Details:** We will keep this as No.
- **Calculation Period:** Now here we will select the month from the List of Periods. Because we will calculate the Traveling Allowance according to the month.
- **Rounding Method:** We will keep it as Not Applicable.
- **Accept:** Now to create Pay Head of Travelling Allowance, press Accept with CTRL+A.

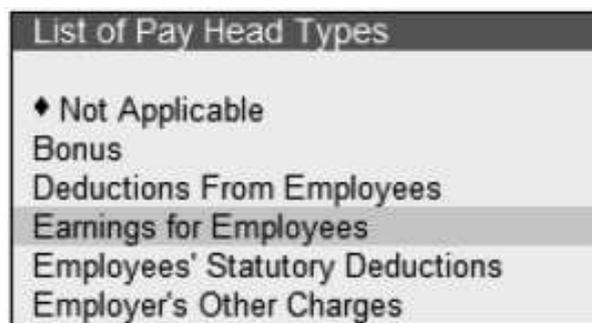
Name : <input type="text" value="Travelling Allowance"/>	Total Opening Balance
(alias) :	5,00,000.00 Dr
	Difference
	5,00,000.00 Dr
Pay Head Information	
Pay head type : Earnings for Employees	
Income type : Fixed	
Under : Indirect Expenses	
Affect net salary : Yes	
Name to be displayed in payslip : Travelling Allowance	
Use for calculation of gratuity : No	
Set / Alter Income Tax Details : No	
Calculation type : Flat Rate	
Calculation period : Months	
Rounding Off Information	
Rounding Method : * Not Applicable	
Opening Balance (on 1-Apr-20) :	

4. Dearness Allowance (DA): Now we will create Pay Heads of Dearness Allowance (DA).

Name and (alias): First of all give the name of Pay Heads. Here we are creating Pay Heads of Dearness Allowance (DA), so we will write Dearness Allowance here.

Pay Head Information: Here we have to provide the following information related to Pay Head.

Pay Head Type: Here select the Pay Head Type from the list under which your Pay Heads fall. The Pay Heads we are creating here is Dearness Allowance (DA). Which is a kind of earning for the employee, so we will select Earning for Employees here.



Income Type: Now we have to tell the Income Type of Pay Heads here. Here is the Dearness Allowance.

What Pay Heads are making is Fixed Income.

Under: Here we have to select the Under Group of Ledger. This is the Indirect Expenses for our company.

Affect net Salary: Select Yes here as it will affect the employee's Net Salary.

Name to be displayed in Payslip: We will let it remain Dearness Allowance.

Use of Calculation of Gratuity: We will keep this as No.

Set/Alter Income Tax Details: We will keep this as No.

Calculation Type: Information has to be given about how Dearness Allowance will be calculated:

- **As Computed Value:** Choose this option if you want to calculate the value based on some criteria or formula.
- **As User-Defined Value:** Select this option if the salary is to be defined by the user.
- **Flat Rate:** If you want to keep a flat or fixed salary then choose this option.
- **On Attendance:** Choose this option to calculate salary as per the attendance of the employee.

- **On Production:** Choose this option to calculate salary as per the production of the employee.

At present, our Dearness Allowance will be calculated based on the calculation and formula, so here we will select As Computed Value.

Computation Information: After selecting As Computed Value in Calculation type, you will get the field of Computation Information. In which we have to give the following type of information.

Compute: How will Dearness Allowance be calculated?

Decide the percentage. As:

If the basic salary is equal to or up to Rs 20,000 then 5% DA has to be given.

If the basic salary is equal to or up to Rs 40,000 then 6% DA has to be paid.

Slab Type: Set the slab type by Percentage or Value.

Value: Set the percentage here.

Computation Information				
Compute		: On Specified Formula		
Specified formula		: BASIC SALARY		
Effective From	Amount Greater Than	Amount Up To	Slab Type	Value
1-Apr-20		20,000.00	Percentage	5 %
	20,000.00	40,000.00	Percentage	6 %
	40,000.00		Percentage	8 %

Accept: Now to create the Pay Head of Dearness Allowance, we will accept it with CTRL + A.

Name : Dearness Allowance		Total Opening Balance	
(alias) :		5,00,000.00 Dr	
		Difference	
		5,00,000.00 Dr	
Pay Head Information		Computation Information	
Pay head type	: Earnings for Employees	Compute	: On Specified Formula
Income type	: Fixed	Specified formula	: BASIC SALARY
Under	: Indirect Expenses		
Affect net salary	: Yes		
Name to be displayed in payslip	: Dearness Allowance		
Use for calculation of gratuity	: No		
Set / Alter Income Tax Details	: No		
Calculation type	: As Computed Value		
Calculation period	: Months		
Rounding Off Information			
Rounding Method : * Not Applicable			
Opening Balance		(on 1-Apr-20) : <input type="text"/>	

5. Overtime: Now we will create Pay Heads for Overtime.

Name and (alias): Firstly, we will give the name of Pay Heads Overtime.

Pay Head Information: Here we have to give the following information related to Pay Head.

Pay Head Type: Here you have to select the Pay Head Type from the list under which your Pay Heads fall. The Pay Heads we are creating is Overtime. Which is a kind of Employee's earnings, so we will select Earning for Employees here.

Income Type: Now we have to tell here whether the Pay Heads is Fixed Income or Variable Income. This is Fixed Income. So we will select Fixed.

Under: Here we have to select the Under Group of Ledger. For our company this is Indirect.

Expenses.

Affect net Salary: Will it have any effect on Net Salary? We will mark it as Yes because it will affect the Net Salary of the Employee.

Name to be displayed in PaySlip: We will leave it as Overtime.

Use of Calculation of Gratuity: We will keep this as No.

Set/Alter Income Tax Details: We will keep this as No.

Calculation Type: The overtime calculation will be done on production.

Production Type: We will select Overtime as the Production type.

Accept: After providing this much information, we can press CTRL+A to create the Pay Head of Dearness Allowance will accept.

Name : Overtime	Total Opening Balance
(alias) :	5,00,000.00 Dr
	Difference
	5,00,000.00 Dr
Pay Head Information	
Pay head type : Earnings for Employees	
Income type : Fixed	
Under : Indirect Expenses	
Affect net salary : Yes	
Name to be displayed in payslip : Overtime	
Use for calculation of gratuity : No	
Set / Alter Income Tax Details : No	
Calculation type : On Production	
Production type : OVERTIME	
Rounding Off Information	
Rounding Method : * Not Applicable	
Opening Balance (on 1-Apr-20) :	

6. Professional Tax: Professional Tax is a deduction that we have to take from the employee's salary.

Professional Tax is imposed by the State Government. It may vary from state to state. For now, we will create Pay Heads as a deduction of Professional Tax with the following example. Below, some criteria are given for the amount of Professional Tax, based on which we will deduct Professional Tax according to the salary of the employee.

Name and (alias): Firstly, give the name of the Pay Heads, like here we are creating Pay Heads of Professional Tax so we will write Professional Tax here.

Pay Head Information: Here we have to provide the following information related to Pay Head.

Pay Head Type: Here you have to select the Pay Head Type from the list under which your Pay Heads come. The Pay Heads we are creating here is Professional Tax. Which is a kind of tax, which has to be deducted from the employee's income and it has to be paid to the state government. That is why we will select Employees' Statutory Deductions.

- **Statutory Tax Type:** Here you will select Professional Tax only.
- **Registration Number:** The registration number has to be given here.

Under: Here we have to select the Under Group of Ledger. What is this for our company? For our company, this is Duties & Taxes, which we have to pay to the state government.

Affect net Salary: Will this have any effect on the Net Salary? We will mark this as Yes because it will be deducted from the employee's net salary.

Name to be displayed in Payslip: We will let it remain Professional Tax.

Use of Calculation of Gratuity: We will keep this as No.

Set/Alter Income Tax Details: We will keep this as No.

Calculation Type: The calculation of Professional Tax will be done on production. So we will choose As Computed Value.

Computation Information: After selecting As Computed Value in Calculation type, you will get the field of Computation Information. In which we have to give the following type of information.

Compute: Here we have to provide information about how the Professional Tax will be calculated.

If we calculate Professional Tax on the current Earnings Total, then we will choose this only. Then we will determine the criteria and formula in the following table.

Effective From: From which date the computation should be started. For example, in the example below, 1-04-20 has been selected.

7. Provident Fund: Provident Funds are also a type of deduction. Companies deduct them from their employees' salaries and deposit them in the employees' Provident Fund accounts. We will create Pay Heads as a deduction for Provident Fund with the following example.

Name and (alias): Firstly, give the name of the Pay Heads, like here we are creating Pay Heads of Provident Fund If it is then we will write Provident Fund here.

Pay Head Information: Here we have to provide the following information related to Pay Head.

Pay Head Type: Here, select the Pay Head Type from the list under which your Pay Heads are. The Pay Heads we are creating here are Provident Funds. That is why we are creating Employees. We will select Statutory Deductions.

Statutory Tax Type: Here you will select PF Account (A/C No.).

Under: Here we have to select the Under Group of Ledger. For our company this is Current.

Liabilities.

Affect net Salary: Will it have any effect on Net Salary? We will mark it as Yes because it will affect the Net Salary of the Employee. Name to be displayed in Payslip: We will let it remain Provident Fund.

Calculation Type: We are going to do the Provident Fund calculation on As Computed Value.

Calculation Period: Here we will select the Month.

Computation Information: After selecting As Computed Value in Calculation type, you will get the field of Computation Information. In which we have to give the following type of information.

Compute: Here we have to tell how the Provident Fund will be calculated. We will calculate the Provident Fund on On Current Earnings Total, so we will choose this.

Then we will determine the criteria and formula in the following table.

Effective From: From which date the computation is to be started. For example, 1-04-20 is given in the example.

Amount Upto: Determine the limit of Basic Salary. If someone's Basic Salary is less than or equal to the specified limit, then the Provident Fund has to be calculated by.

Accept: After giving this much information, we can press CTRL+A to create Pay Head of Provident Fund will accept.

Name : Provident Fund		Total Opening Balance	
(alias) :		5,00,000.00 Dr	
		Difference	
		5,00,000.00 Dr	
Pay Head Information		Computation Information	
Pay head type : Employees' Statutory Deductions	Compute : On Current Earnings Total		
Statutory pay type : PF Account (A/c No. 1)	Effective From : 1-Apr-20	Amount Greater Than : 15,000.00	Amount Up To : 15,000.00
Under : Current Liabilities	Slab Type : Percentage Value	Value : 12 %	1,800
Affect net salary : Yes			
Name to be displayed in payslip : Provident Fund			
Calculation type : As Computed Value			
Calculation period : Months			
Rounding Off Information			
Rounding Method : * Not Applicable			
Opening Balance (on 1-Apr-20) :			

Define Salary :

Till now we have learned to create Employee, Employee Category, Employee Group, Unit (Work), Attendance/Production Type, and Pay Heads under Payroll Masters. Now based on all this information, we will define the salary of the employee i.e. we will create his salary slip.

- To Define Salary, we will go to Gateway of **Tally > Alter > Define Salary (Payroll Masters)**.
- After going to Define Salary, we will get a List of Groups/ Employees. From this, we have to choose the employee whose salary we want to define. If we want, we can also define the salary account-wise. This will define the salary of all the employees working under that account. But here we will define the salary employee and we will choose Satish Dhawan.

List of Groups / Employees		
		Create Back
ACCOUNT	♦ Primary	HEAD OFFICE
PURCHASE	♦ Primary	HEAD OFFICE
SALES	♦ Primary	HEAD OFFICE
SATISH DHAWAN	PURCHASE	HEAD OFFICE
VARUN DHAWAN	PURCHASE	HEAD OFFICE

As soon as we select Satish Dhawan's account, we will get the table shown in the picture below. In which we have to provide information related to Employee's Earnings and Deductions.

Effective From: From which date this salary is being defined.

Pay Head: Select Pay Heads for Employee's Earning and Deduction. (Which we have created in the previous topic.) We will select the following Pay Heads here.

Basic Salary: After selecting Basic Salary, we will define its rate as 50000 per month. While creating the Pay Head of Basic Salary, we kept the Calculation Type as User Define. The month will automatically appear in Per. There is no need to do anything further.

House Rent Allowance: We will select only House Rent Allowance here. We will select Rate here.

There is no need to define it. Because while creating its Pay Head, we used a specific formula for the Calculation Type and there is no need to do anything further.

Dearness Allowance: We will only select Dearness Allowance here. We have to select Rate here.

There is no need to define it. Because while creating its Pay Head, we made a specific formula for the Calculation Type. Due to this Dearness Allowance will be calculated automatically.

Traveling Allowance: After selecting Travelling Allowance, we will define its rate as 800 per month. Because while creating its Pay Head, the Calculation Type was kept as User Define.

Overtime: After selecting Overtime, we will define its rate as 120 per HRS. Because while creating its Pay Head, the Calculation Type was kept as On Production.

Provident Fund: We will select the Provident Fund here. There is no need to define the rate here. While creating its Pay Head, we made a specific formula for the Calculation Type, through which Provident Fund will be calculated automatically.

Accept: After selecting the Pay Heads we will finally accept it by pressing CTRL + A.

Name : SATISH DHAWAN (01)						
Under : PURCHASE (f Primary)						
Salary Details						
Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
	BASIC SALARY	50,000.00	Months	Earnings for Employees	On Attendance	BASIC SALARY
	House Rent Allowance			Earnings for Employees	As Computed Value	BASIC SALARY
	DEARNESS ALLOWANCE			Earnings for Employees	As Computed Value	
	Travelling Allowance	800.00	Months	Earnings for Employees	Flat Rate	
	OVERTIME	120.00	HRS	Earnings for Employees	On Production	
	PROFESSIONAL TAX			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	PROVIDENT FUND			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total

Just like we defined Satish Dhawan's salary, in the same way, we will define Varun Dhawan's salary as well.

First of all, we will select Varun Dhawan's account.

Effective From: From which date this salary will be defined.

Pay Head: For Employee's Earning and Deduction, we have to select Pay Heads which we have created in the previous topic. So, we will select the following Pay Heads here.

Basic Salary: After selecting Basic Salary, we will define its rate as 40000 per month. While creating the Pay Head of Basic Salary, we kept the Calculation Type as User Define. The month will automatically appear in Per. There is no need to do anything further.

House Rent Allowance: We will only select House Rent Allowance here. We do not need to define the rate here. Because while creating its Pay Head, we made a specific formula for the Calculation Type and there is no need to do anything further.

Dearness Allowance: We will only select Dearness Allowance here. We do not need to define the rate here. Because while creating its Pay Head, we had specified the Calculation Type as a formula. Due to this Dearness Allowance will be calculated automatically.

Traveling Allowance: After selecting Travelling Allowance, we will define its rate as 800 per month. Because while creating its Pay Head, the Calculation Type was kept as User Define.

Overtime: After selecting Overtime, we will define its rate as 100 per HRS. Because while creating its Pay Head, the Calculation Type was kept as On Production.

Provident Fund: We will select the Provident Fund here. There is no need to define the rate here. While creating its Pay Head, we made a specific formula for the Calculation Type, through which Provident Fund will be calculated automatically.

Accept: After selecting Pay Heads we will finally press CTRL + A: Accept.

Name : VARUN DHAWAN (02)						
Under : PURCHASE (/ Primary)						
Salary Details						
Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-20	BASIC SALARY	40,000.00	Months	Earnings for Employees	On Attendance	BASIC SALARY
	House Rent Allowance			Earnings for Employees	As Computed Value	BASIC SALARY
	DEARNESS ALLOWANCE			Earnings for Employees	As Computed Value	BASIC SALARY
	Travelling Allowance	800.00	Months	Earnings for Employees	Flat Rate	
	OVERTIME	100.00	HRS	Earnings for Employees	On Production	
	PROFESSIONAL TAX			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	PROVIDENT FUND			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total

Note: If the salary of any employee increases in the future then you can increase his salary by altering his Define Salary.

Attendance Voucher :

In the Attendance Voucher, we record the attendance of the employees. To record the attendance of any of your employees

For this, we will go to Gateway of Tally > Voucher > F10 - Other Voucher > **Attendance Voucher.**

List of Voucher Types		Create Show Inactive
Accounting Vouchers		
Contra		F4
Credit Note		Alt+F6
Debit Note		Alt+F5
Journal		F7
Payment		F5
Purchase		F9
Receipt		F6
Sales		F8
Inventory Vouchers		
Physical Stock		Ctrl+F7
Stock Journal		Alt+F7
Payroll Vouchers		
Attendance		
Payroll		Ctrl+F4

Employee Name: Here we will select the name of the employee whose attendance is to be recorded.

Employee 1: Let us first select Satish Dhawan from the List of Employees.

After selecting Satish Dhawan, his Employee Number will appear automatically.

In the Attendance/Production Type column, we have to select the Attendance type.

Employee 2: Let us now select Varun Dhawan from the List of Employees.

After selecting Varun Dhawan, his Employee Number will appear automatically.

In the Attendance/Production Type column, we have to select the Attendance type. We first take the OVERTIME and assume, Varun Dhawan has done OVERTIME of 10 HRS in a month.

One thing you have to keep in mind is that you should mark your attendance on the first date of the month for which you are marking your attendance.

We have to select it which we can change with **F2: Shortcut Key.**

Attendance No. 1		1-May-20 Friday		
Employee Name	Employee Number	Attendance/Production Type	Value	Unit
SATISH DHAWAN	01	ABSENT	Cur Bal: 5 Days	5 Days
SATISH DHAWAN	01	PAID LEAVE	Cur Bal: 4 Days	4 Days
VARUN DHAWAN	02	OVERTIME	Cur Bal: 10-0 HRS	10-0 HRS

Payroll Voucher :

Now at the final stage of Payroll, you will learn how to enter the entry in the last Payroll Voucher. To enter the entry in Payroll Voucher we will go to Gateway of **Tally > Voucher > CTRL + F4 – Payroll Voucher.**

List of Voucher Types	
	Create Show Inactive
Accounting Vouchers	
Contra	F4
Credit Note	Alt+F6
Debit Note	Alt+F5
Journal	F7
Payment	F5
Purchase	F9
Receipt	F6
Sales	F8
Inventory Vouchers	
Physical Stock	Ctrl+F7
Stock Journal	Alt+F7
Payroll Vouchers	
Attendance	
Payroll	Ctrl+F4

In Payroll Voucher, we will enter the entries through the option of AutoFill. To use AutoFill, we CTRL+F: Will use AutoFill.

After going to Auto Fill, the Auto Fill screen will appear in front of us where we have to provide the following information:

Type of Transaction: Here we will select Payroll Autofill.

Process For: Here we have to enter the salary entry. That is why we will select Salary here.

From (Blank for beginning): Select the first date of the month, Start Date: 01-05-2021

To (Blank for the end): Select the last date of the month, End Date: 31-05-2021

Employee Category: Here we will select Head Office, which is our Employee Category.

Employee/Group: Here we will select the Employee or Group for which we are entering the entry, and then we will choose Satish Dhawan.

Sort By: Here we will select Employee Name only.

Payroll Bank/Cash Ledger: Here we will select our Cash or Bank Account ledger so that we can be the one who pays the salary. Now as soon as we select the Cash/Bank ledger, we will come back to the Payroll Voucher and

We will record our entry in the Payroll Voucher. Finally to complete the entry, press CTRL+A: Accept.

Payroll No. 1		31-May-20 Sunday	
Account : ICICI BANK		Status : Payroll autofill (Salary)	
Cur Bal: 3,77,141.94 Dr			
Particulars		Amount	
HEAD OFFICE		64,858.06 Dr	
SATISH DHAWAN			
BASIC SALARY	41,935.48 Dr Cur Bal: 41,935.48 Dr		
House Rent Allowance	20,967.74 Dr Cur Bal: 20,967.74 Dr		
DEARNESS ALLOWANCE	3,354.84 Dr Cur Bal: 3,354.84 Dr		
Travelling Allowance	800.00 Dr Cur Bal: 800.00 Dr		
PROFESSIONAL TAX	400.00 Cr Cur Bal: 400.00 Cr		
PROVIDENT FUND	1,800.00 Cr Cur Bal: 1,800.00 Cr		

Payroll Report :

Now it is time to see the report of all the entries made in Payroll Masters. For this we will go to **Gateway of Tally > Display More Reports > Payroll Reports**. Where we can see different types of reports related to payroll.

For now, if we want to see the Pay Slip of the Employees then we will click on Pay Slip.



Then after that, on the screen that will appear in front of us, we will select Head Office in the Name of Employee Category, and in the Name of Employee / Group, we will have to select the name of the employee like Satish Dhawan whose Pay Slip you want to see.

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Name of Employee Category : **HEAD OFFICE**

Name of Employee / Group : **Satish Dhawan**

After which Satish Dhawan's payslip will appear in front of us. Where we will see his Attendance, Earnings and You can see deductions.

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Pay Slip for May 2020					
SATISH DHAWAN					
Employee Number	: 01	Tax Region		Regular Tax Regime	
Function	: MANAGEMENT	Income Tax Number (PAN)			
Designation	: MANAGER	Universal Account Number (UAN)			
Location	: MUMBAI	PF account number			
Bank Details		ESI Number			
Date of joining	: 1-Apr-20	PR Account Number (PRAN)			
Attendance Details		Value			
ABSENT		5 Days			
PAID LEAVE		4 Days			
Earnings	Amount	Gross Salary	Deductions	Amount	Gross Salary
BASIC SALARY	41,935.48	58,000.00	Professional Tax	400.00	400.00
House Rent Allowance	20,967.74	25,000.00	Provident Fund	1,800.00	1,800.00
Dearness Allowance	3,354.84	4,000.00			
Travelling Allowance	800.00	800.00			
Overtime					
Total Earnings	67,058.06	79,800.00	Total Deductions	2,200.00	2,200.00
			Net Amount	€ 64,858.06	€ 77,600.00

If we want to print the Pay Slip or see the Print Preview then we can use CTRL+P.

Income Tax Declarations in Tally Prime (Payroll) :

As per the Income Tax Act, while computing the Taxable Income the following are deducted from the Gross Salary for the Employees.

Before configuring your income tax declarations, you can set the tax regime details for all

employees. Employees opting for the new option tax regime u/s 115BAC have to forego some of these deductions and exemptions. To simplify the calculations, the applicability of deductions and exemptions for each tax regime are predefined in Tally Prime. This means even when you declare the value for a deduction or exemption, it is not considered for tax calculation if the respective deduction or exemption is not eligible under the selected tax regime.

Income Tax Declaration

The employee can provide the Exemption and Deduction details to the employer, and these details can be entered in the system as employee Declaration by following the process given below:

1. **Gateway of Tally > Alter > type or select Income Tax Declarations > and press Enter.**

Alternatively, press **Alt+G (Go To) > Alter Master > type or select Income Tax Declarations > and press Enter.**

In case the master is inactive, you will be prompted to enable the **Payroll** feature for your Company. Select **Yes** or press **Y** to proceed.

Income Tax Computation		National Enterprises	
Income Tax Computation for : Rakesh Kumar			
Employee No.	: 2341	PAN Number	: AAAPA2457A
Gender	: Male	Computed based on	: Declared Value
Date of joining	: 1-Apr-2020	Computed for the month	: Mar - 2021
Date of Birth	: 2-Jun-1990	Assessment Year	: 2021 - 2022
		Total Income Tax	: 8,98,557.00
		Less: Deducted till Mar-2021	: NIL
		Balance Deductible	: 8,98,557.00
		Tax Per Month from Mar-2021	: NIL
Tax Regime : Regular Tax Regime (Applicable from 1-Apr-2020)			
S.No	Particulars	Amount	Amount
1.	Gross Salary		38,39,991.00
	Salary as per provisions contained in Sec 17(1)	38,34,991.00	
	Value of Perquisites u/s 17(2) (as per Form 12BA)		
	Profits in lieu of Salary u/s 17(3) (as per Form 12BA)	5,000.00	
2.	Less: Allowance to the extent exempted U/s 10		1,00,000.00
	House Rent Allowance	1,00,000.00	
3.	Balance (1 - 2)		37,39,991.00
4.	Deductions U/s 16		50,000.00
	Standard Deduction	50,000.00	
5.	Total Income from Salary (3 - 4)		36,89,991.00
6.	Add: Other Income declared by Employee		(-)-50,000.00
	Other Income (House Property / Other Source) / Interest on Housing Loan	(-)-50,000.00	
7.	Gross Total Income (5 + 6)		36,39,991.00
8.	Deductions under Chapter VI-A		1,35,000.00
	Investments (U/s 80C, 80CCF, 80CCG, etc.)	1,10,000.00	
Balance Tax Payable/ Deductible (12 - 13)			8,98,557.00

2. You can select the required exemption and investments, and enter the employee declarations details.

Employee Tax Regime

You can set the tax regime details for all employees or different employee groups.

From the **Income Tax Declaration** screen, select **Employee Tax Regime**, and press **Enter**.

Income Tax Computation		National Enterprises		Financial Year: 1-Apr-2020 to 31-Mar-2021	
Income Tax Computation for: Rakesh Kumar		PAN Number: AAAP2457A		Total Income Tax	8,98,557.00
Employee No.:	2341	Declared Value		Less: Deducted till Mar-2021	NIL
Gender:	Male	Computed based on	Mar - 2021	Balance Deductible	8,98,557.00
Date of joining:	1-Apr-2020	Assessment Year	2021 - 2022	Tax Per Month from Mar-2021	NIL
Date of Birth:	2-Jun-1990	Tax Regime: Regular Tax Regime (Applicable from 1-Apr-2020)			
S.No	Particulars	Amount	Amount		
1.	Gross Salary		38,34,991.00	38,39,991.00	
	Salary as per provisions contained in Sec 17(1)				
	Value of Perquisites u/s 17(2) (As per Form 12BA)				
	Profits in lieu of Salary u/s 17(3) (as per Form 12BA)	5,000.00			
2.	Less: Allowance to the extent exempted U/s 10		1,00,000.00	1,00,000.00	
	House Rent Allowance				
3.	Balance (1 - 2)			37,39,991.00	
4.	Deductions U/s 16			50,000.00	
	Standard Deduction	50,000.00			
5.	Total Income from Salary (3 - 4)			36,89,991.00	
6.	Add: Other Income declared by Employee			(-150,000.00)	
	Other Income (House Property / Other Sources) / Interest on Housing Loan		(-150,000.00)		
7.	Gross Total Income (5 + 6)			36,39,991.00	
8.	Deductions under Chapter VI-A			1,35,000.00	
	Investments (U/s 80C, 80CCF, 80CCG, etc.)	1,10,000.00			
				12	
	Balance Tax Payable/ Deductible (12 - 13)			8,98,557.00	

1. Select **All Items** to set tax regime for all employees or any employee group to set the details for employees in that particular group.

Declare House Rent Allowance

1. From the **Income Tax Declaration** screen, select **House Rent Allowance**, and press **Enter**.

Other Income declared by Employee		National Enterprises		Financial Year: 1-Apr-2020 to 31-Mar-2021	
Employee Name: Adarsh Kumar		PAN Number: AAAP4532A		Date of joining: 1-Apr-2020	
Total Qualifying Amount is (Income From House Property) + (Income From Other Sources) - (Interest on Housing Loan - Self Occupied)					
Particulars of Income other than 'Salaries'	Effective From	Annual Amount	Declare	Proof	Qualifying Amount
Income From House Property					
	End of List				
	Income From House Property	(-11,57,500.00)		(-11,57,500.00)	(-11,57,500.00)
	Income From Other Sources	(-1,46,500.00)		(-1,50,700.00)	(-1,50,700.00)

2. Select the required **Employee** or **All Employees** or an **Employee Group** in the **Employee Name/Group** field.

3. Select **Any** or **Regular Tax Regime** or **Tax Regime U/s 115BAC** in the Tax Regime field to view the details for all employees or under a particular tax regime. This field is skipped when an individual employee is selected.

4. In the **House Rent Declaration** screen:

5. In the **Effective From** field, specify the date from when rent payment commenced.

In the **Rent Declared Amount** field, specify the amount the employee has declared as rent.

In the **Rent Proof Amount** field, specify the amount associated with the proof of rent paid the employee has submitted.

In **Place of Residence**, select **Metro** or **Non-Metro** based on the city.

In the Name of Landlord column, specify the name of the landlord of the house rented by the employee.

In the PAN of Landlord column, specify the PAN of the landlord or select Government or Non-resident, as applicable.

Note: Metro should be selected for Delhi, Mumbai, Kolkata and Chennai. For all others cities, Non-Metro should be selected.

House Rent Declaration							
Employee / Group		: * All Items		Financial Year : 1-Apr-2020 to 31-Mar-2021			
Type of Allowance		: House Rent Allowance					
Tax Regime		: * Any					
Name and PAN of the landlord are mandatory if the rent declared for the year is more than 1 lakh.							
Employee Name	Employee Number	Effective From	Monthly Rent		Place of Residence	Name of Landlord	PAN of Landlord
			Declared	Proof			
Adarsh Kumar	0063						
Rakesh Kumar	2341	1-4-2020	15,000.00	15,000.00	Metro	Shamanna	AGUPM4532A
		1-4-2020	22,000.00	22,000.00	Metro	Puttaraju	ADUPS4557D

6. Accept the screen. As always, you can press **Ctrl+A** to save.

Similarly, the HRA details can be entered for an individual(one employee).

Leave Travel Assistance :

1. From the **Income Tax Declaration** screen, click on **Leave Travel Assistance** and press Enter.
2. Select the required **Employee**.
3. In the **Effective From** field, specify the date when the LTA becomes applicable.

In the **Ledger Name** field, select the **Leave Travel Assistance** ledger.

By default, the **Override for the** field is set to **Exempt**.

- o In the Exemption field, specify the LTA amount that is exempted from Income Tax.

LTA exemption rules	
Conditions	Exemption rules
Travelling by air	The exempted cost is the price of an economy-class ticket on a national carrier for the shortest route. (Or) Actual expenses, whichever is lower.
Destination connected by trains	The exempted cost is the fare of an AC first-class train ticket for the shortest route, regardless of whether the journey was taken by train or not. (Or) Actual expenses, whichever is lower.
Public transport (other than trains) available	Fare of first-class or deluxe-class tickets on such transport modes is exempt from tax. (Or) Actual expenses, whichever is lower.
No direct public transport to the destination	The exempted travel cost is equivalent to the fare of an AC first-class rail ticket from the origin to the destination city, assuming that the journey is made by rail using the shortest route. (Or) Actual expenses, whichever is lower.

4. Accept the screen. As always, you can press **Ctrl+A** to save.

Declare Transport Allowance :

1. From **Income Tax Declaration** screen, select **Transport Allowance** and press **Enter**.
2. Select the required **Employees** or **All Employees**, or an **Employee Group** in the **Employee Name or Group** filed.
3. Select **Any** or **Regular Tax Regime** or **Tax Regime U/s 115BAC** in the **Tax**

Regime field to set the details for all employees or under a particular tax regime. This field is skipped when an individual employee is selected.

4. In the **Transport Allowance** screen,

In the **Effective From** field, specify the date from when the Transport Allowance becomes applicable.

Select the **Employee Status** as **Physically Challenged** or **Others**.

Note: Employee Status will be used for Transport Allowance exemption limit.

Transport Allowance		National Enterprises	
Employee / Group	: Adarsh Kumar	Financial Year : 1-Apr-2020 to 31-Mar-2021	
Type of Allowance	: Transport Allowance		
Tax Regime	: Tax Regime U/s 115BAC		
Employee Name	Employee Number	Effective From	Employee Status
Adarsh Kumar	0063	1-4-2020	Others
			Accept ? Yes or No

5. Accept the screen. As always, you can press **Ctrl+A** to save.

Declare Children's Education Allowance

1. From **Income Tax Declaration** screen, select **Children Education Allowance** and press **Enter**.
2. Select the required **Employees** or **All Employees** or an **Employee Group**.

3. Select **Any** or **Regular Tax Regime** or **Tax Regime U/s 115BAC** in the **Tax Regime** field to set the details for all employees or under a particular tax regime. This field is skipped when the individual employee is selected.

4. In the **Children Education Allowance** screen,

In the **Effective From** field, specify the date from when the Children's Education Allowance becomes applicable.

In the **Number of Children** field, enter the number of children each employee wants to cover under this declaration. You can enter a value of 1 or 2 in this field.

PROFORMA FOR RE-IMBURSEMENT OF CHILDREN EDUCATION ALLOWANCE

VALID FOR THE ACADEMIC YEAR 2017-18

(Benefits apply for the reimbursement of Children Education Allowance / Hostel Subsidy for my child / children and relevant particulars are furnished below:-)

1. Name & Rank of the Govt Servant			
2. Personal No.			
3. Designation			
4. Name of the Unit	ICDS Samarth		
5. If Spouse is employed, state whether in Central Govt., P.W.D., State Govt. (give details with name of the Spouse)	NO		
6. Designation, Office & E.S. No. of spouse, if spouse is employed in Public	NA		
7. Details of the child / children for whom CEA / Hostel Subsidy claimed:-			
Sequence	Name of child	DOB	Standard / Age (A.T. 2017-18)
1 st Child			Home & Place of the School / Institution
2 nd Child			

8. Reimbursement of Expenditure:-				
Sequence	Period	Rate of CEA (Rs)	Amount claimed	Remarks
1 st Child	Apr 17 to Jun 17	₹ 1000/- PM	4,500.00	School Fee receipts and other bills attached
	Jul 17 to Mar 17	₹ 1250/- PM	26,150.00	Fixed amount.
2 nd Child	Apr 17 to Jun 17	₹ 1000/- PM	4,500.00	School Fee receipts and other bills attached
	Jul 17 to Mar 17	₹ 1250/- PM	26,150.00	Fixed amount.
Total amount claimed for			40,300.00	

5. Accept the screen. As always, you can press **Ctrl+A** to save.

Declare Children Hostel Expenditure Allowance :

1. From **Income Tax Declaration** screen, select **Children Hostel Expenditure Allowance** and press **Enter**.
2. Select the required **Employees All Employees**, or an **Employee Group**.
3. Select **Any** or **Regular Tax Regime** or **Tax Regime U/s 115BAC** in the **Tax Regime** field to set the details for all employees or under a particular tax regime. This field is skipped when individual employee is selected.

4. Specify the **Effective From** date.

5. Specify the **Details of Income from House Property**.

The system computes the income from house property based on the information provided.

Details of Income from House Property		
Particulars	Annual Amount	
	Declare	Proof
A. Letable / Rent Received or Receivable	30,000.00	20,000.00
B. Tax Paid to Local Authorities	5,000.00	5,000.00
C. Deduction @ 30.00 % on (A-B)	7,500.00	4,500.00
D. Interest on Housing Loan - Let out	1,75,000.00	1,68,000.00
Income from House Property (A-B-C-D)	(-)1,57,500.00	(-)1,57,500.00

Similarly, you can select the other incomes to be declared.

Other Income declared by Employee		National Enterprises		Financial Year : 1-Apr-2020 to 31-Mar-2021	
Employee Name	: Adarsh Kumar				
Employee Number	: 0063				
PAN Number	: AAAPA4532A				
Date of joining	: 1-Apr-2020				
<i>Total Qualifying Amount is (Income From House Property) + (Income From Other Sources) - (Interest on Housing Loan - Self Occupied)</i>					
Particulars of Income other than 'Salaries'	Effective From	Annual Amount		Qualifying Amount	
		Declare	Proof		
Income From House Property	1-4-2020	(-)1,57,500.00	(-)1,57,500.00	(-)1,57,500.00	
	1-5-2020	(-)1,46,500.00	(-)1,50,700.00	(-)1,50,700.00	
				Accept ?	
				Yes or No	

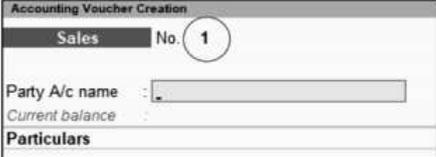
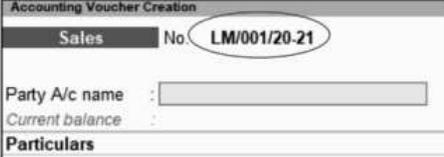
6. Accept the screen. As always, you can press **Ctrl+A** to save.

Chapter 22: Tally Prime Features

Till now we have seen all the topics of Tally Prime. Now it is time to learn some special features of Tally Prime which we will learn one by one in the manner given below.

Customize Sales Invoice Number:

In this topic, we will learn how to customize (change) our Sales Invoice Number.

Normal Invoice Number	Customize Invoice Number
	

To customize your Sales Invoice Number, follow the steps given below.

1. After creating the company, go to **Gateway of Tally > Alter > Voucher Type > Sales.**

Name : Sales (alias)			
General		Printing	Name of Class
Select type of voucher : Sales		Print voucher after saving : <input type="checkbox"/> No	
Abbreviation : Sale		Use for POS invoicing : No	
Activate this Voucher Type : Yes		Default title to print : *	
Method of voucher numbering : Automatic		Default bank : * Not Applicable	
Use advanced configuration : Yes		Default jurisdiction : *	
Use effective dates for vouchers : No		Set/alter declaration : No	
Allow zero-valued transactions : No			
Make this voucher type as 'Optional' by default : No			
Allow narration in voucher : Yes			
Provide narrations for each ledger in voucher : No			

2. In Voucher Type Creation, under General, go to Method of Voucher numbering, were

You will get 4 options as follows:

- i. Automatic:** With this option the Sales Invoice Number will come automatically, like 1, 2, 3 like this.
- ii. Automatic (Manual Override):** With this option also the Sale Invoice Number will come automatically, but we can change it as per the need.
- iii. Manual:** In this option the Sales Invoice Number has to be always entered by the user himself.

iv. Multi-User Auto: In this option, if Tally has multiple users, and they enter sales separately, then the Sales Invoice Number starts appearing in its own digits (i.e. in 1, 2, 3 digits).

v. None: Using this option will not generate the Sales Invoice Number.

3. Here we will select Automatic in the Method of Voucher numbering.

4. After that we have to select Yes in Use advanced configuration.

5. After which we will get a screen to customize the Sales Invoice Number where we have to provide the following information:

i. Starting Number: Here we have to provide the starting number for the Sales Invoice i.e. we have to tell from where to start the Invoice Number?

ii. Width of Numbering Part: Here we have to tell how much width the Sales Invoice Number will be. For example, we will write 3 here, which means the Invoice Number will be like 001, 011, 111.

iii. Prefill with Zero: We will set this to Yes as well. This means that if an Invoice number is 2, then Tally will add 2 prefills in the form of 0 before it, such as 0021.

6. Restarting Number: Here you need to set the Restarting number information:

i. Applicable From: Here we have to provide the date from which this Invoice Number will be applicable.

ii. Starting Number: Here we have to enter the starting number for the Sales Invoice.

iii. Particulars: Here we have to tell how to apply the Sales Invoice Number like Daily, Weekly, Monthly or Yearly

7. Prefix Details: You have to provide the information about what needs to be fixed before the Sales Invoice, which can be fixed in the following manner Can do.

i. Applicable From: The date on which the prefix will be applicable is to be given here.

ii. Particulars: Here we have to specify the prefix. Like we want the company's short prefix before our Invoice Number like LMP/I of Learn More Pro

8. Suffix Details: We have to give the information about what is to be fixed at the end of the Sales Invoice, which we can provide in the following way.

i. Applicable From: Here we have to provide the Date from which the Suffix will be applicable.

ii. Particulars: Here we have to specify the suffix. For example, we want the financial year behind our Invoice Number like /20-211.

Starting Number	: 0		Width of Numerical Part	: 3		Prefix with zero	: Yes	
Restart Numbering			Prefix Details			Suffix Details		
Applicable From	Starting Number	Particulars	Applicable From	Particulars	Applicable From	Particulars	Applicable From	Particulars
1-Apr-20	1	Yearly	1-Apr-20	LM/	1-Apr-20	20-21		

Name	: Sugar			(alias)	:			
Under	: ♦ Primary			Statutory Details				
Units	: KGS of 1000 GMS			GST Applicable	: ♦ Applicable			
Additional Details				Set/Alter GST Details	: No			
Set components (BOM)	: No			Type of Supply	: Goods			
				Rate of Duty (eg 5)	: 0			
				Quantity	Rate per	Value	Accept ?	
Opening Balance				: 20	0.00 KGS	50.00 KGS	1,000.00	Yes or No

8. When we enter any entry related to Compound Unit in Sales Voucher, it will look something like this. For example, suppose we are selling Sugar in 3.7 KGS, then Tally will show it in 3-700 KGS in which 3 KGS (i.e. kilos) is 700 GMS (i.e. grams).

Sales No. 1		31-Mar-21 Wednesday	
Party A/C name	: ABCCustomer		
Current balance	:		
Sales ledger	: Sales A/C		
Current balance	:		
Name of Item	Quantity	Rate per	Amount
Sugar	3.700 KGS	50.00 KGS	185.00

Alternate Unit :

In this lesson, we will learn how to create an Alternate Unit in Tally.

1. To create an Alternate Unit, we have to go to Stock Item Creation for which we go to the Gateway of

We will go to Tally > Create > Inventory Master > Stock Item.

2. After going to Stock Item Creation, we will go to the Configure option using F12. Where we will set both Show More Configuration and Show All Configuration to Yes.

3. Now under Inventory Details, Provide Units for Measurement (UoM) for Stock Items has to be set to Yes, and Use Alternative Units has to be also set to Yes.

4. For example, we will create an Item in Stock Item. Suppose we are sellers of Frooty drinks and we sell Frooty by Dozen. So we will create a Number Unit as an Alternate Unit of Dozen.

a. Now we will create a Stock Item of Frooty product in Stock Item Creation.

b. We will keep it Primary only under.

c. Now for Units we will create a Simple Unit of NOS -Numbers and select it.

d. After that the option of Alternate Units will come. In which we will create another unit in the form of DOZ-Dozen and select it.

Now to set 12 NOS as 1 DOZ, we will write 1 in front of DOZ in Where and 12 in Nos.

Which will tell that there are 12 numbers in 1 Dozen.

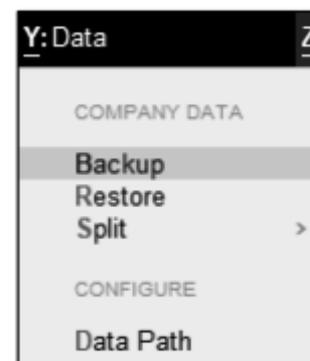
5. When we enter any entry related to Alternate Unit in Sales Voucher, it will look something like this If you give 72 no's to the quantity of Frooty then 6 DOZ will appear written below it in dozen.

Backup Company Data in Tally Prime :

In this lesson, we will learn how to take a backup of a company's data in Tally.

1. To take a backup of any company, click on ALT+Y or Data in Gateway of Tally and then

Select Backup.



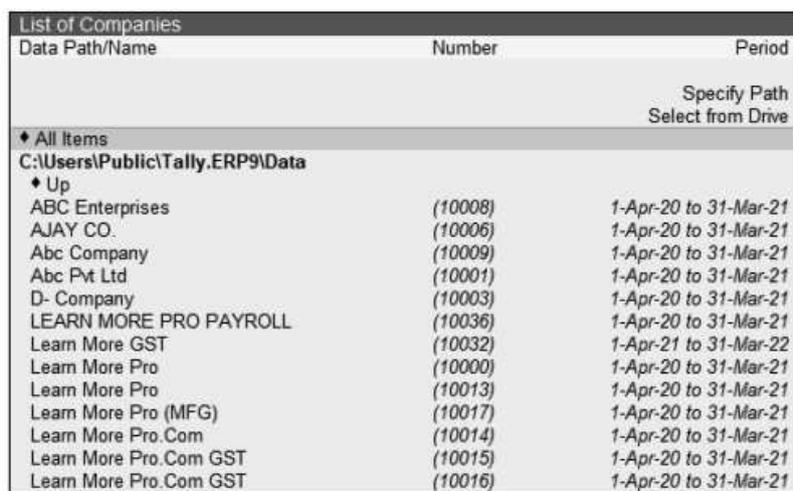
2. After selecting Backup, the screen of Select Companies for Backup will appear, in which the following information has to be filled.

Select Companies for Backup	
Backup Destination Path :	C:\
Company Name	Number

3. Backup Destination Path: You will get the List of Folders window on the right side, in which you have to select the path or folder of your computer from Specific Path or Select from Drive where you want to keep the backup of the company's data.



4. Company Name: Select the company from the list of companies on the right side whose backup is available We want to take.



5. Company Number: As soon as we select a company in Company Name, its Company Number will appear Will go.



7. By doing this, the backup of the company's data will be saved in a ZIP file on the selected path.

Restore Company Data in Tally Prime :

In this lesson, we will learn how to restore the data of a company in Tally.

Suppose we accidentally delete a company in Tally and we have taken its backup earlier. Now we want to restore the same company in Tally again. So we can restore any company taken as backup by following the following steps

You can restore the company's data.

1. To restore any company, click on ALT+Y or Data in the Gateway of Tally and then click on Restore.



2. After clicking on Restore, the screen of Select Companies for Restore will appear in which we will get the following information. Have to give.

Select Companies for Restore		
Restore Destination Path : C:\Users\Public\Tally.ERP9\Data		
Company Name	Number	Date & Time of Backup

3. Restore Destination Path: Here you will get the Default Destination Path, where your Tally data is stored. If you want to change it, go to the List of Folders window on the right side and select any Specific Path, or Select from Drive and select that path or folder of your computer from where you want to restore the company data in Tally.

List of Companies		
Data Path/Name	Number	Date & Time of Backup
Specify Path Select from Drive		
◆ All Items		
C:\		
◆ Up		
Dell	Folder	
Downloads	Folder	
Intel	Folder	
NewPointer	Folder	
PerLogs	Folder	
Program Files	Folder	
Program Files (x86)	Folder	
Users	Folder	
Windows	Folder	
xampp	Folder	

4. **Company Name:** Select the company from the list of companies on the right whose backup we want.

Want to restore? We can also restore the company from Specific Path or Select from Drive.

List of Companies		
Data Path/Name	Number	Date & Time of Backup
Specify Path Select from Drive		
◆ All Items		
C:\Downloads		
◆ Up		
Tally Features 2	(10019)	6-Jul-21 (02:17 pm)

5. **Company Number:** As soon as we select a company in Company Name, its Company Number will appear on the screen will come by itself.

6. **Date & Time of Backup:** As soon as you select the company, the date and time when the backup of the company was done is displayed automatically.

Restore Companies		
Select Companies for Restore		
Restore Destination Path : C:\Users\Public\Tally.ERP9\Data		
Company Name	Number	Date & Time of Backup
Tally Features 2	(10019)	6-Jul-21 (02:17 pm)
<input type="text" value=""/>		

7. By doing just this, the company's data will be restored in our Tally.

Import and Export Tally Data :

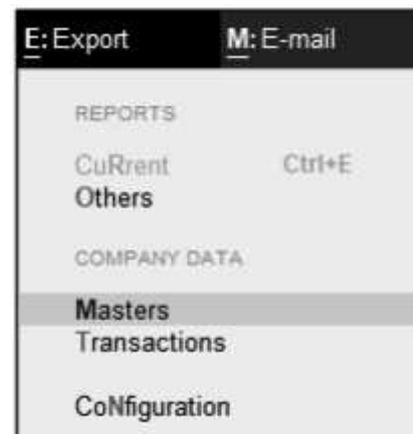
In this topic, we will learn how to import and export Tally data from one company to another. For this we will create two companies and make some entries in them, then export the data of one company and import it into the other company.

1. So first of all we will create a company in which we will create some ledgers and fill entries in them and then first export the data of that company and then import the same data into another company. Here in the next picture, you can see that we have created a company named TALLY F5-A, in which we will enter some entries.

4. If we go and look at the Balance sheet, we will see a balance of Rs 70000 in Current Assets.

Assets	TALLY F5-A as at 1-Apr-20
Current Assets	70,000.00

5. Now we will export this data to put it in another company. For this, we will go to Export using ALT+E and select Masters (here Master means Ledger and Stock). We get many options for export which we can use as per our requirement.



6. After which the Export screen will appear in front of us. Where we can change the following information if we want or else You can keep it as it is.

Export

Type of Masters	: Ledgers
Include dependent masters	: No
Export Closing Balances as Opening	: No
File Format	: XML (Data Interchange)
Export to	: Local drive
Folder path	: C:\Program Files\Tally\Tally.ERP9
File Name	: Master.xml

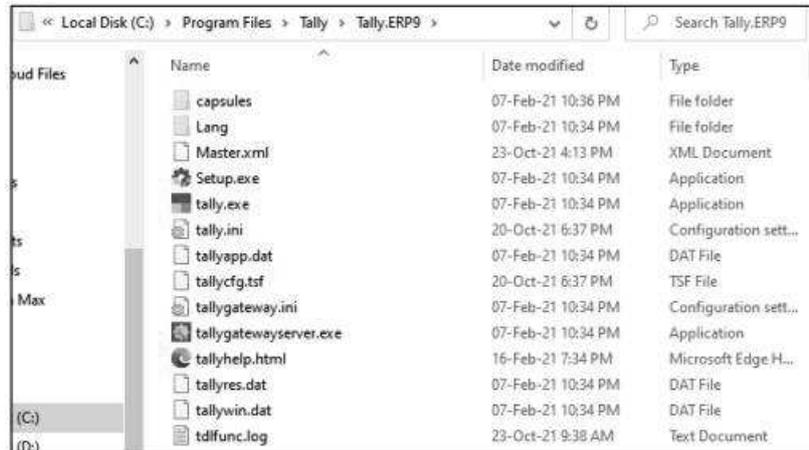
C: Configure
E: Send

7. We will get the following information in the Export screen.

- i. File Format is in XML format.
- ii. Export to: This tells where the data is being exported. Which we can change by going to Configure.

Folder Path: Gives information about the path on which the file is being saved. Which we can change by going to Configure Can change.

8. File Name: The name of the file is given by default by Tally itself. Which we can change by going to Configure.



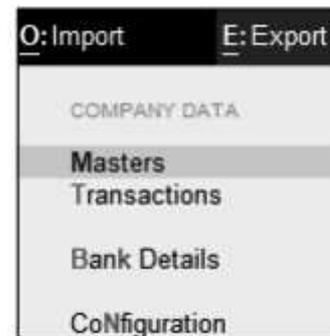
Company Name	: TALLY F5-B	Financial year beginning from	: 1-Apr-20
Mailing Name	: TALLY F5-B	Books beginning from	: 1-Apr-20
Address	:	Security	
		To set/alter TallyVault, press Alt+K (Company) & select TallyVau	
		Control User Access to Company Data	: No
State	: ♦ Not Applicable		
Country	: India		
Pincode	:		
Telephone	:		
Mobile	:		
Fax	:		
E-mail	:		
Website	:		

Name : RAJ	
(alias) :	
Under : Sundry Debtors (Current Assets) Maintain balances bill-by-bill : Yes Default credit period : Check for credit days during voucher entry : No	Mailing Details Name : RAJ Address : State : Maharashtra Country : India Pincode : Banking Details Provide bank details : No Tax Registration Details PAN/IT No. : Registration type : Regular GSTIN/UIN : Set/Alter GST details : No

12. If we look at the Balance sheet, we currently have Rs 10000 in Sundry Debtor in Current Assets.

TALLY F5-B as at 1-Apr-20	
Assets	
Current Assets	10,000.00

13. Now we will go to Import from ALT+O. Where Tally is asking us what do we want to import? Like we had exported Master in the previous company and we want to import the same here, so we will click on Master.



Import Masters (Only Tally XML format is supported)	
File path	: C:\Program Files\Tally\Tally.ERP9
File to import (XML)	: Master.xml
Behaviour of import if master already exists	: Combine opening balances

16. Now if we look at the Balance Sheet of the company, the total balance in Current Assets will be 80000.

Which Rs 70,000 was imported from the previous company and Rs 10,000 which we had deposited in Raj's ledger.

TALLY F5-B as at 1-Apr-20	
Assets	
Current Assets	80,000.00

Export Tally Reports :

now we have learned both Import and Export in Tally. Now we will learn how to export Tally reports.

So to export any report from Tally, one has to go to that report. Suppose we have to export the balance sheet of the company, then we will follow the following steps.

1. First of all we will select Gateway of Tally > Reports > Balance Sheet.
2. To view the Balance sheet in detailed format press ALT + F5, after which we will get the Balance Sheet in detailed format.

Liabilities	Nil Computer Classes as at 1-Apr-20	Assets	Nil Computer Classes as at 1-Apr-20
Capital Account	2,00,000.00	Fixed Assets	1,81,250.00
Capital A/c	2,00,000.00	COMPUTERS	1,56,250.00
Loans (Liability)	2,00,000.00	FURNITURE	25,000.00
Secured Loans	2,00,000.00	Current Assets	4,09,000.00
Current Liabilities	1,85,673.44	Closing Stock	
Duties & Taxes	(-)43,826.56	Deposits (Asset)	20,000.00
Sundry Creditors	2,29,500.00	Sundry Debtors	
Profit & Loss A/c	4,576.56	Cash-in-Hand	2,12,500.00
Opening Balance		Bank Accounts	1,76,500.00
Current Period	4,576.56		

3. Now to export the balance sheet, we will go to ALT+E: Export. After going to the Export option, we will The file format needs to be changed. By default, the file format is in XML format.

Export

Format of Report : Detailed

Show Vertical Balance Sheet : No

Include Working Capital : No

File Format : XML (Data Interchange)

Export to : Local drive

Folder path : C:\Program Files\Tally\Tally.ERP9

File Name : BSheet.xml

4. To change the file format we will go to C: Configure. And after going to Export Configuration we will get In Export Setting, go to File Format option and press Enter.

Export Settings

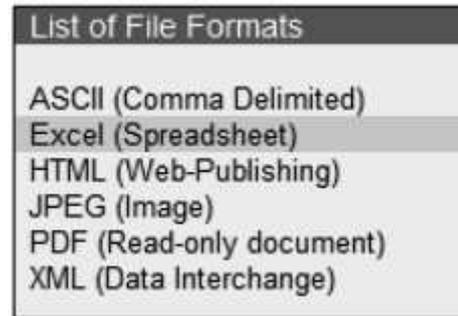
File Format : XML (Data Interchange)

Export to : Local drive

Folder Path : C:\Program Files\Tally\Tally.ERP9

File Name : BSheet.xml

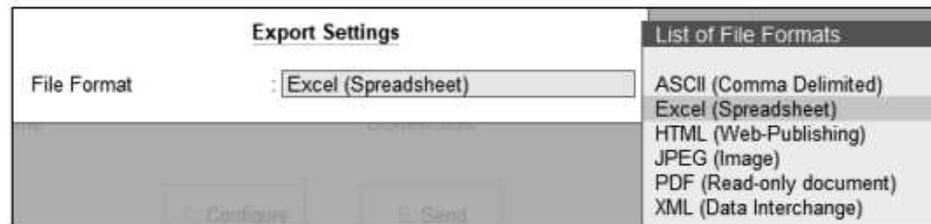
5. After going to File Format, you will get a List of File Formats. Where you will see the following types of formats Provide the facility to export Tally Reports.



B. Excel (Spreadsheet)

E. PDF (Read-Only document)

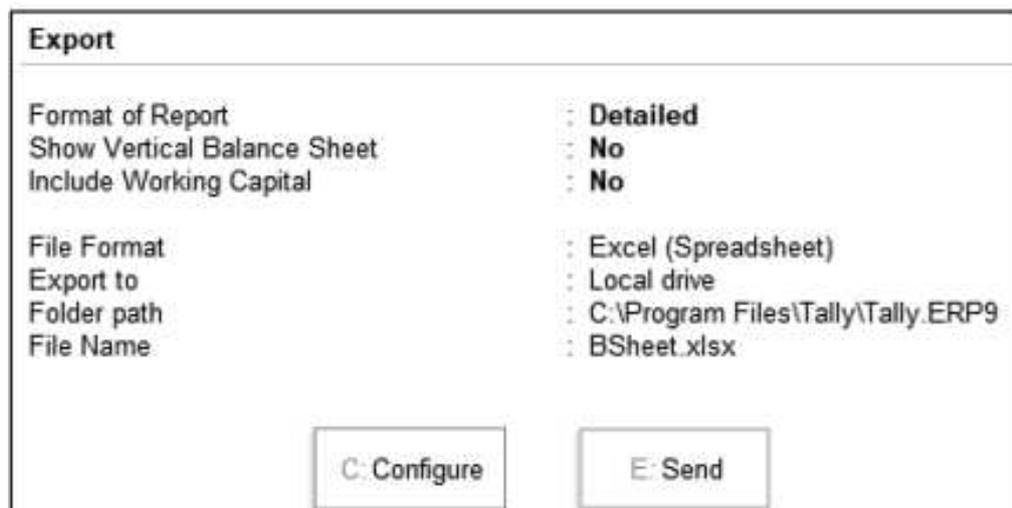
6. Here we will first export the report in Excel (Spreadsheet). So for that, we will select Excel as the file format.



7. If needed, you can also change the file name by going to File Name.

8. After checking everything CTRL+A: Accept and go back to the Export window.

9. Now click on Send to export the balance sheet report in Excel file format.



10. Go to the place where we have exported the report and see the exported balance sheet report in Excel.

	A	B	C	D	E	F	G
1	Nit Computer Classes						
2	Ghatkopar						
3	Mumbai						
4	Balance Sheet						
5	For 1-Apr-20						
6		Nit Computer Classes			Nit Computer Classes		
7	Liabilities	as at 1-Apr-20		Assets	as at 1-Apr-20		
8	Capital Account		200000.00	Fixed Assets		181250.00	
9	Capital A/c	200000.00		COMPUTERS	156250.00		
10	Loans (Liability)		200000.00	FURNITURE	25000.00		
11	Secured Loans	200000.00		Current Assets		409000.00	
12	Current Liabilities		185673.44	Closing Stock			
13	Duties & Taxes	-43826.56		Deposits (Asset)	20000.00		
14	Sundry Creditors	229500.00		Sundry Debtors			
15	Profit & Loss A/c		4576.56	Cash-in-Hand	212500.00		
16	Opening Balance			Bank Accounts	176500.00		
17	Current Period	4576.56					
18	Total		590250.00	Total		590250.00	
19							

11. Just like we exported the report in Excel, we can export any report in any format available in Tally by following the same steps.

Chapter 23: GST Registration Process

In this chapter, we are going to learn how to file a GST Return. So let's start without wasting any time.

Before filing a GST Return, you must be registered in GST, so first of all, we will see how to register in GST.

Document Required for GST Registration as Sole Proprietorship :

If we understand the process of registering as Sole Proprietorship in GST, then first of all we need the following types of documents to register :

Proof of Address

Owner's Aadhaar Card

Owner's Photograph

Owner's PAN Card

Bank Account Details

Registered Office Proof

GST Registration as Sole Proprietorship Process

To do GST Registration, first, you have to go to the GST website <https://gst.gov.in>. After going to the website, you have to click on Services in the navigation menu.

After clicking on Services, you have to click on Registration> New Registration.

After clicking on New Registration, the form for registration opens in front of you, where You need to provide the following information:

New Registration :

I am a: Here we have to select Tax Payer.

State/UT: We have to select the state from which we are doing business.

District: After selecting the state, you have to select the District.

Legal Name of Business: Here we have to mention the name of the business the same as it is on our PAN.

Permanent Account Number (PAN): A PAN card number has to be entered.

Email Address: Enter your Email Address.

Mobile No: Enter your mobile number.

Captcha Code: Enter the Captcha code here.

Now click on the Proceed button.

* indicates mandatory fields

New Registration Temporary Reference Number (TRN)

I am a*

Taxpayer

State / UT*

Maharashtra

District*

Mumbai Suburban

Legal Name of the Business (As mentioned in PAN) *

Enter Legal Name of Business

Permanent Account Number (PAN) *

Enter Permanent Account Number (PAN)

ⓘ If you don't have PAN, Click here to apply

Eg: A B C D E 1 2 3 4 X

Email Address*

✉ Enter Email Address

ⓘ OTP will be sent to this Email Address

Mobile Number*

+91 Enter Mobile Number

ⓘ Separate OTP will be sent to this mobile number

Verify OTP: On clicking the Proceed button, an OTP will be sent to the email address and mobile number provided by you through the GST website. Verify it here and then click on Proceed.

User Credentials OTP Verification

Verify OTP

* indicates mandatory fields

Mobile OTP*

I

ⓘ Enter OTP sent to your mobile number

Email OTP*

ⓘ Enter OTP sent to your Email Address

ⓘ Please check the junk/spam folder in case you do not get email.

Need OTP to be resent? [Click here](#)

Now you will receive a message of successful submission of Part A and along with it you will also get TRN (Temporary Reference Number).

You have successfully submitted Part A of the registration process. Your Temporary Reference Number (TRN) is 272100164569TRN.

Using this TRN you can access the application from My saved Applications and submit on GST Portal. Part B of the application form needs to be completed within 15 days, i.e. by ' 07/05/2021 ' using this TRN.

To proceed, click on the Proceed button appearing on the screen.

Now you will see the TRN screen.

Temporary Reference Number (TRN): Enter the TRN which we received after successful completion of Part 1.

Captcha Code: Enter the Captcha Code and click on Proceed.

After clicking on Proceed, you will receive an OTP on your Mobile / Email ID. Either of the two Enter the OTP you receive and then click on Proceed.

After entering OTP, you will go to the GST dashboard.

My Saved Applications					
Creation Date	Form No.	Form Description	Expiry Date	Status	Action
22/04/2021	GST REG-01	Application for New Registration	07/05/2021	Draft	

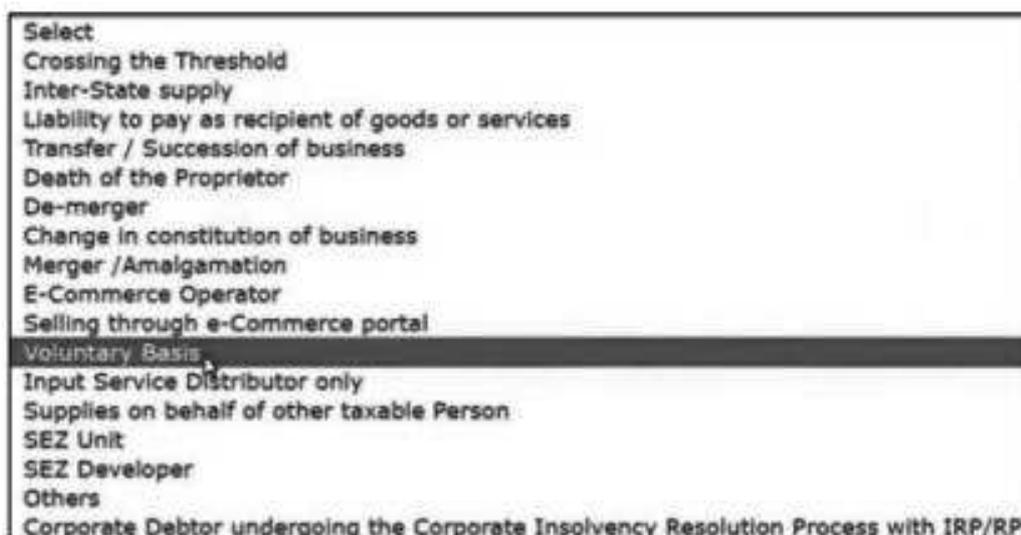
GST Dashboard Creation Date, Form No, Form Description, Expiry Date, Status

And you get information about the action. To provide more information in the GST application, click on the Action button.

A. Details of Your Business :

As soon as you click on the Action button, the Details of Your Business field will appear in front of you where you will have to provide the following information.

- **Legal Name of Business:** Here the Legal Name will appear automatically, as we had given at the time of registration of Part 1.
- **Permanent Account Number (PAN):** The PAN card number will also be entered automatically.
- **Trade Name:** You have to give the name of your business.
- **Constitution of Business (Select Appropriate):** The nature of the business has to be recorded.
- **Proprietorship, Partnership, etc.**
- **Name of the State:** State will come automatically as we had given at the time of registration of Part 1.
- **District:** The district will also appear automatically. If we want, we can change it as well.
- **Are you applying for registration as a casual taxable person?** This will do nothing.
- **Option for Composition:** This also will not do anything.
- **Reason to obtain Registration:** Here you are asked why you want to register. You get a lot of options in the dropdown of this field, you can choose your option from them.



- **Date of Commencement of Business:** Select the date on which the business was started.
- After this you have to click on **SAVE & CONTINUE** button.

B. Details of Proprietor

Now you will go to the Details of Proprietor tab, where you have to provide the following information.

- Personal Information: Provide your personal information.

Name of Person :

First Name*: Enter your first name.

Middle Name: Enter your middle name i.e. father/husband's name.

Last Name: Enter your Surname.

Name of Father:

First Name*: Enter your father's first name.

Middle Name: Enter your father's middle name.

Last Name: Enter your father's surname.

Date of Birth*: Enter your date of birth.

Mobile Number*: Enter your mobile number.

Email Address*: Enter your email id.

Gender*: Select your gender from Male, Female or Other.

Identity Information: Located in your company: Enter your information.

Designation/Status*: What is your designation in your company? We have selected Proprietor.

Director Identification Number: If you are a director then enter the Director Identification Number.

Are you a citizen of India: Give information about Indian citizenship.

Permanent Account Number*: Enter your PAN card number.

Passport number: Enter your passport number if you want to provide it.

Aadhaar Number: If you want to provide an Aadhaar card number, enter it.

Residential Address: Provide your permanent address.

Document Upload: Upload your photo here. If you want, you can also take a photo immediately from the front camera. But keep in mind that the image format of the photo should be JPEG and its size should be less than 100KB.

Check Also Authorized signatory in Other Information, Then finally click on the SAVE & CONTINUE button.

C. Details of Authorized Signatory :

Now we will go to the Details of Authorized Signatory tab. Where we will just tick the check box of Primary Authorized Signatory and then click on SAVE & CONTINUE.

D. Authorized Representative :

Here also we will not do anything and directly click on SAVE & CONTINUE and proceed further.



E. Details of Principal Place of Business :

Here you have to provide information about the Principal Place of Business. The Principal Place of Business is the primary location within the state where the taxpayer conducts business. Enter the following information for the principal place of business:

Address: The full address of the principal place of business must be given, which is mentioned in the document provided by you.

Contact Information: Contact details of the principal place of business need to be provided such as office email ID, office telephone number (with STD code), mobile number and fax number (with STD code).

Nature of Possession of Premises: This field contains the information about the premises (location)

Business is being carried out. What type of premises it is, like whether the place is your own or rented etc., you have to give information and also upload the document to prove ownership or occupancy of the property as follows:

- Own premises – Any document in support of ownership of premises like the latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.
- Rented or Leased premises – Provide documents in support of ownership of the premises of the lessee such as a copy of a valid Rent / Lease Agreement along with the latest Property Tax Receipt or Municipal Khata copy or Electricity Bill copy in support of ownership of premises.
- Premises not covered above – Copy of Consent Letter along with any document in support of the ownership of the premises like Municipal Property Tax Receipt Municipal Khata copy or Electricity Bill copy. For shared properties also, the same documents can be uploaded.

Note: Keep in mind that whatever document you are uploading should be in JPEG or PDF format only and its size should not be more than 1 MB.

The screenshot shows a web form with two main sections. The first section is titled 'Nature of possession of premises *' and contains a dropdown menu labeled 'Please Select' with a 'Select' option. The second section is titled 'Document Upload *' and contains a dropdown menu labeled 'Proof of Principal Place of Business *' with a 'Select' option. Below the dropdowns, there are two informational messages: 'File with PDF or JPEG format is only allowed.' and 'Maximum file size for upload is 1 MB'. At the bottom of the document upload section, there is a 'Choose File' button and the text 'No file chosen'.

Nature of Business Activity Being Carried Out at above-mentioned Premises:

Main place (Place of Business) Select from the following options the information about the type of business being conducted at the place where the business is being conducted.

The screenshot shows a web form titled 'Nature of Business Activity being carried out at above mentioned premises *'. It contains a grid of checkboxes for various business activities. The activities listed are: Bonded Warehouse, Factory / Manufacturing, Leasing Business, Retail Business, Works Contract, EOU / STP / EHTP, Import, Office / Sale Office, Warehouse / Depot, Others (Please Specify), Export, Supplier of Services, Recipient of Goods or Services, and Wholesale Business.

Click on Save and Continue.

F. Additional Place of Business: Here you are being told if you do business from more than one place So you have to go to Principal Place of Business and set Have Additional Places of Business to Yes for which you will have to provide the information about Additional Places in this field. Or click on Continue and proceed further.

G. Details of Goods and Services: In this section, 5 details of goods supplied by the applicant to the taxpayer are given.

Details of goods and services have to be given. For goods supplied, provide HSN code and for services provide SAC code.

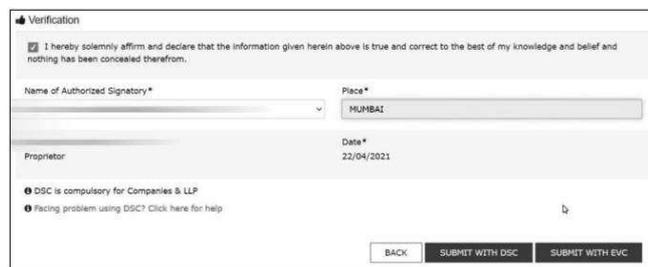
H. State-Specific Information: In this section, if the applicant's state-specific information is required, such as You can provide Professional Tax Employee Code (EC) No, Professional Tax Registration Certificate (RC) No, State Excise License No, Name of the person in whose name the Excise License is held or click on Save & Continue to proceed further.

I. Aadhaar Authentication: In this section, you can authenticate your document online through Aadhaar. For that, your Aadhaar should be linked to your mobile but you will get authentication from your Aadhaar

You will receive an OTP, after entering which your Aadhaar will be authenticated. After clicking on Save & Continue, you will get the following type of message.



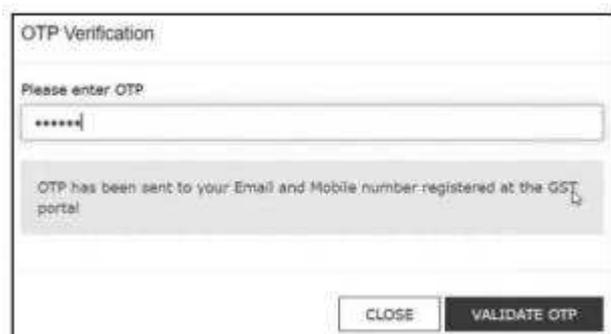
J. Verification: If you have agreed to do EVC (Electronic Verification Code) through Aadhaar, then you have to tick the check box and write the name of the applicant and his location. After which you have to You will see two buttons: Submit with DSC and Submit with EVC.



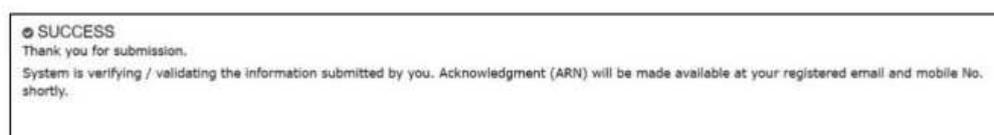
a. Submit with DSC: This option is for companies and LLP.

b. Submit with EVC: Through this option, you can do the verification through Aadhaar but for that, your mobile must be linked to your Aadhaar.

If we want to verify through EVC here, then we will click on Submit with EVC. And after that you have to validate the OTP.



After validating the OTP, you will get a success message.



Your GST application will be submitted which will be checked by the GST officer and if all the information is correct then The GST number will be given to you as a message on your Email ID and Mobile.


Government of India
Form GST REG-06
[See Rule 10(1)]
Registration Certificate

Registration Number : 27ALGPD6196B1Z8

1.	Legal Name	SATISH BHAUSAHEB DHAWALE			
2.	Trade Name, if any	LEARN MORE PRO			
3.	Constitution of Business	Proprietorship			
5.	Date of Liability				
6.	Period of Validity	From	15/05/2021	To	Not Applicable
7.	Type of Registration	Regular			
					
8.	Particulars of Approving Authority	Centre			
Signature		Signature Not Vignified			

GST Filling Export Data in CSV From Tally :

How to export GST report from Tally to Excel CSV file for GST filling.

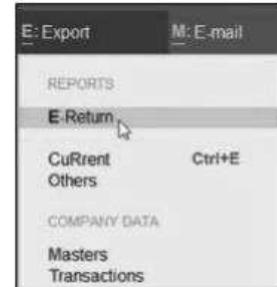
So to export the GST Report from Tally to an Excel CSV file, go to Gateway of Tally > Display More.

Go to Report > GST Reports > GSTR 1.

Where you will get to see the GST report of the current month and if you want to see the report of another month, then you can change the date with ALT + F2. You get the following information in the GST report:

GSTR-1		Learn More Pro							1-Jun-21 to 30-Jun-21	
GSTRN : 27ALGPD6196B1Z8									Voucher Count	
Particulars										
Total Vouchers										
Included in Return									579	
Included in HSN/SAC Summary		579								
Incomplete Information in HSN/SAC Summary (Corrections needed)		0								
Not relevant in this Return									2	
Uncertain Transactions (Corrections needed)									0	
Sl. No.	Particulars	Voucher Count	Taxable Amount	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Cess Amount	Tax Amount	Invoice Amount	
1	B2B Invoices - 4A, 4B, 4C, 6B, 6C									
2	B2C(Large) Invoices - 5A, 5B									
3	B2C(Small) Invoices - 7									
4	Credit/Debit Notes(Registered) - 9B	578	3,06,550.21	44,916.44	5,131.65	5,131.65		55,179.74	3,61,729.95	
5	Credit/Debit Notes(Unregistered) - 9B									
6	Exports Invoices - 6A	1	1,693.22	304.78				304.78	1,998.00	
7	Tax Liability(Advances received) - 11A(1), 11A(2)									
8	Adjustment of Advances - 11B(1), 11B(2)									
9	Nil Rated Invoices - 8A, 8B, 8C, 8D									
Total		579	3,08,243.43	45,221.22	5,131.65	5,131.65		55,484.52	3,63,727.95	
HSN/SAC Summary - 12										
Document Summary - 13										

To export the GST report, click on ALT + E in Export to E-Return Click. After which you get the option of Export.



Now the Export window will open in front of you, in which you will have to provide the following information:

File Format: Select the format in which you want the file. We are currently in Excel's CSV format. We are going to generate a report, we will select CSV here.

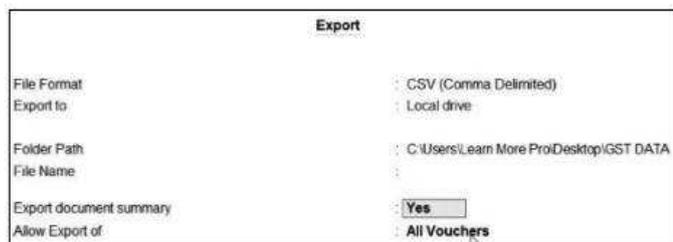
Export To: This Local Drive will already exist, leave it as it is.

Folder Path: Select the folder path of your computer where you want to export the report.

File Name: This is the name of the file.

Export Document Summary: Make it Yes.

Allow Export of: Select All Vouchers here.



After that, the below screen will appear click on Send and your report will be exported to the given folder.



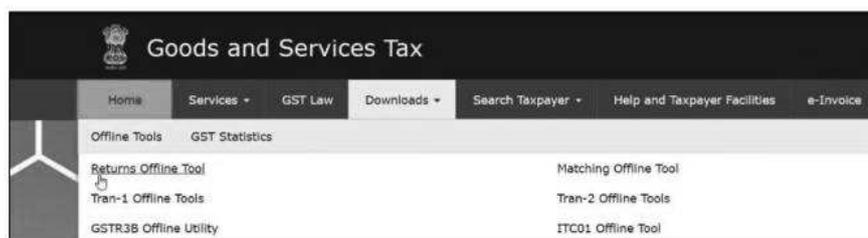
After which 5 CSV files will appear in the given folder. In which we will have to convert all 4 files except the Exemp.csv file into JSON. But to convert the CSV file into JSON, we need an Offline Return Tool which we will have to download from the GST website.

Name	Date modified	Type	Size
B2C Small Invoices_7.csv	25-07-2021 08:12 PM	Microsoft Excel Co...	1 KB
docs.csv	25-07-2021 08:12 PM	Microsoft Excel Co...	1 KB
exemp.csv	25-07-2021 08:12 PM	Microsoft Excel Co...	1 KB
Exports.csv	25-07-2021 08:12 PM	Microsoft Excel Co...	1 KB
HSN SAC summary_12.csv	25-07-2021 08:12 PM	Microsoft Excel Co...	1 KB

Offline GST Return Tool :

To download the Offline GST Return Tool, visit the GST website <https://gst.gov.in> and

Click on Return Offline Tool in Offline Tool under Downloads in Navigation.



Click on Download and the `gst_offline_tool.zip` file of Return Offline Tool will start downloading. And then after the file is downloaded, right-click on the ZIP file and then export the file by clicking on the Export to GST offline tool.

After exporting the zip file, you will find the folder of gst offline tool and after going into it, you will find `GST Online Tool.exe`. Now to install the GST Offline Tool, double-click on `gst_offline_tool.exe` and complete the installation by clicking Next.

After installing the GST offline tool, open it. As soon as it opens, you will see three different boxes:



- **Upload New Invoice/ Other Data to Return:** When you want to return a new Invoice then choose this option has to be used. To file a return for a new invoice, click on New. After clicking on New, the following screen will appear in which the following information has to be given:

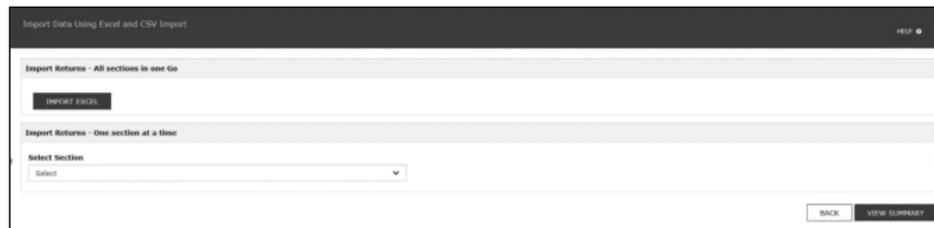
- **GST statements>Returns:** Select the type of GST return you want to file.
- **GSTIN of Supplier:** Enter the GSTIN of the supplier here.
- **Financial Year:** Select Financial Year.
- **Tax Period:** Select the month for which you are filing a GST return.
- **Is SEZ Taxpayer?** Is SEZ or Special Economic Zone Tax Payer? In our case, we will tick No.
- **Is taxpayer Quarterly Filler?** Please specify whether the return is being filed quarterly. In our case, we will tick No as we are filing monthly returns.
- **After which another option will come asking whether the company's turnover is more than 5 crores in the financial year.** We will also say No to this.
- **And then finally we have to click on the Proceed button.** After which a warning window will appear, we have to click Yes there and proceed further.

After proceeding, you will see the screen given below. You get 4 sections which are **IMPORT FILES, DELETE ALL DATA, CLEAR SECTION DATA, and VIEW SUMMARY.**

If we do regular GST filing then first we will go to View Summary and see if there are any old entries of the previous month. Since we are filling in the GST of the current month then we will delete the old entries of the previous month, otherwise, our data may be wrong and the data of the previous month may get mixed with the data of this month. When View Summary shows No Records then we will go back to the old screen with the help of Back.



Now we will import our Excel CSV data into GST Offline Tool, so for that click on Import Files. On clicking it, the screen of Import Data Using Excel and CSV format will appear in front of us.



Now here we will use Import Returns - One Section at a time. In which the option of Select Section is available. Here we will select the CSV files by one which we had exported from Tally's GST report. So first of all we will import the CSV file of B2C Small Invoices - 7 for which we will select B2C (Small) Details -7 in the Select Section and click on IMPORT CSV. Then we will select B2C small invoices - 7.csv from the folder of our computer. We will also set Yes to the warning message of Are you Sure? Which will appear.

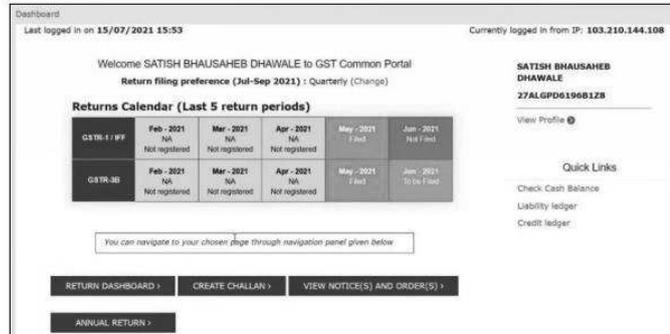
After that the data of your B2C small invoices - 7 will be imported into GST Offline Tool. You can check it by clicking on the Summary button.

Section Name	No. of Invoices	Total Central Tax Amount(₹)	Total State/UT Tax Amount(₹)	Total Integrated Tax Amount(₹)	Total CRN(₹)
B2C(Small) Details - 7	29	-5,131.68	-5,131.68	44,915.72	0.00

Notes: Summary doesn't capture for sections 'Nil Rated Invoices' and 'Documents Issued' as no Tax/TTC is applicable for it; however generated file would consist of data saved in those sections

And after that, when you click on Back, you will again go to the Home section where you will see the information of your data according to the state. Where you can check your data, if you want to change any information, you can change its information by clicking on the Action button at the end.

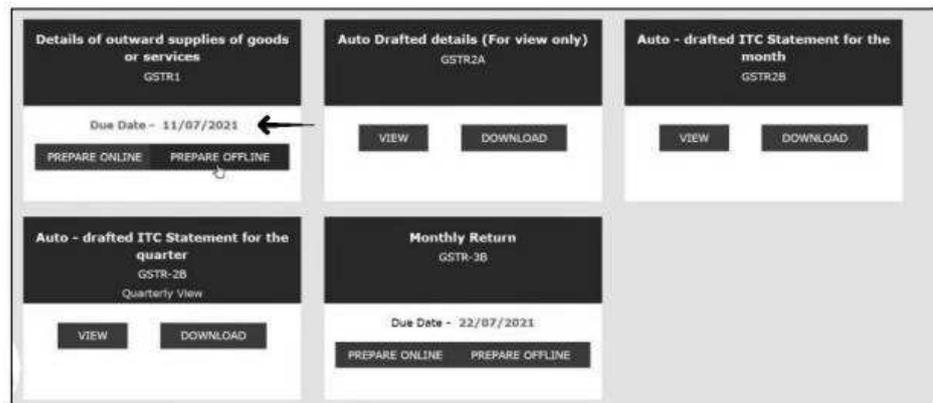
After which you will go to the GST Dashboard. Where you will click on Return Dashboard for GSTR1 Return Filing. You can also get under Service from navigation.



After which we have to enter the Financial Year, Quarter, and Period in the File Returns screen and search.



And then the dashboard of the return file of that period will appear in front of us. In which you will see the dashboard of different GSTR return files. Here we are filing a GSTR1 return, so we will go to the same dashboard in which you will see its due date. One thing to keep in mind is that any GST return file should be filed before its due date, otherwise, a daily penalty has to be paid for the delay.



We are filing this GSTR1 return and for that, we have already prepared the JSON. So we will click on Prepare Offline in the GSTR1 dashboard and then click on Choose File in the next screen and select the JSON file that we have created.



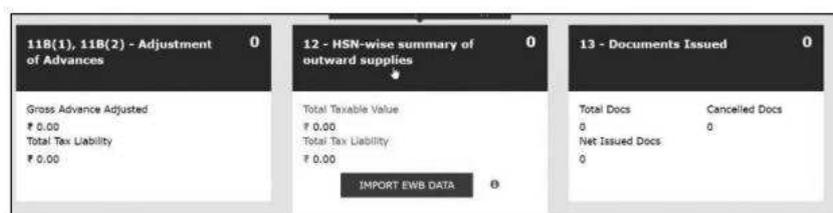
After the JSON file, you will receive a Successful message and the information uploaded by you in the JSON file will be verified by the GST portal which may take up to 15 minutes.



Once all the information is uploaded correctly, we will go back to the Dashboard and then select Financial Year, Quarter, and Period. Now by scrolling down you can check your data, whether it has come correctly on the GST portal or not.

In our case, our data has been created, you can see in the image above, that our Export and B2C data has come into the portal.

Now we have uploaded all the files (B2C and Export) offline. However, we did not upload the HSN file offline through JSON. We will learn to upload it online. For that, we will click on the HSN Dashboard.



After going to the HSN dashboard, the details like HSN, Total Taxable Value, Rate, Integrated Tax, Central Tax, and State/UT Tax will be entered in the GST portal and then the Add button will be clicked.

Add/Edit Details

HSN* 999294 ✖	Description Other education and training services n.e.c.	UQC* NA
Total Quantity* 0	Total taxable value (₹)* 3,08,243.43	Rate (%)* 18
Integrated tax (₹) 45,221.22	Central tax (₹) 5,131.65	State/UT tax (₹) 5,131.65
Cess (₹) 		

After adding HSN details, you can scroll down and check and then Save and go back to the Return Dashboard.

Added/Edited Invoices to be saved Search: Records Per Page: 10

Sr No.	HSN #	Description	UQC	Total Quantity	Total taxable value (₹)	Rate (%)	Amount of tax				Actions
							Integrated Tax (₹)	Central tax (₹)	State/UT Tax (₹)	Cess (₹)	
1	999294	Other education and ..	NA	0	3,08,243.43	18	45,221.22	5,131.65	5,131.65	-	

SAVE **RESET**

After that, we have to provide one piece of information ourselves, which is 13- Documents Issued.

11B(1), 11B(2) - Adjustment of Advances 0

Gross Advance Adjusted
₹ 0.00

Total Tax Liability
₹ 0.00

12 - HSN-wise summary of outward supplies 0

Total Taxable Value
₹ 0.00

Total Tax Liability
₹ 0.00

IMPORT EWB DATA 0

13 - Documents Issued 0

Total Docs 0	Cancelled Docs 0
Net Issued Docs 0	

Here we just have to provide the information of Invoice No from beginning to end.

1. Invoices for outward supply

No.	Sr. No.*		Total number*	Cancelled*	Net issued*	Action
	From	To				
1	LHP325	LHP903	579			

ADD DOCUMENT

Now check all the information given on the GST portal. After checking all the information, you will find an Acknowledge check box at the bottom of the Return Dashboard. After checking it, click on the File Return button.

After this you will get a confirmation message, after checking it, type Account Holder in the drop-down box. Select the name and click on the File with EVC button.

To file a GST Return through File With EVC, your mobile number must be linked with your Aadhaar. You will receive an OTP on your linked mobile. Enter it on the portal and click on the Verify button.

After OTP is verified, your GSTR1 Return File will be complete and you will also receive a success message Will be obtained from the portal.

Now if you go to the Return Dashboard again, you will get the status of Filled in the GSTR1 dashboard Where you will also get the View and Download buttons.

GSTR-3B Payment on Portal:

now we are going to learn how to make GSTR-3B payment under GST. As in the previous chapter we had done return filling of GSTR1, now we will make payment of the same through GSTR-3B.

First of all, go to GST Portal (<https://www.gst.gov.in/>).

After going to the GST portal, you have to log in with your Username and Password.

After that you will go to the GST Dashboard. Where you will click on Return Dashboard for GSTR-3B Payment. Which you can also get under Service from navigation.



After that, in the next screen, select the Financial Year, Quarter and Period for which GSTR-3B Payment will be made Have to do.

File Returns

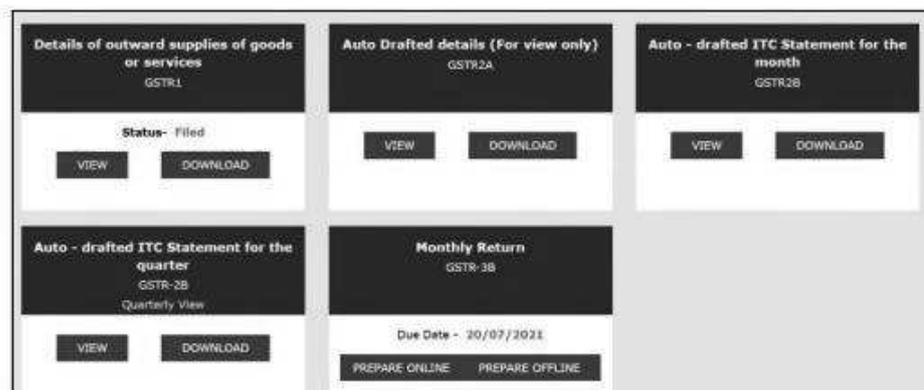
IS.

* Indicates Mandatory Fields

Financial Year* Quarter* Period*

2021-22 Quarter 1 (Apr - Jun) June SEARCH

And then on scrolling down, the dashboard of that return file will appear in front of us. In which GSTR3-B will be displayed, before filing, click on View in the Dashboard of GSTR2-A.



After that a message of Nil Return will come. If you did not do any kind of business in the month and your GST is Nil i.e. nothing, then you can make it Yes. But in our case, we have to pay GST, so we will make it No and then click on the Next button. After which a popup message will come, close it.

Do you want to file Nil return?*

Nil Form GSTR-3B for a tax period can be filed, if you:

- Have NOT made any Outward supplies and
- Have NOT received any Inward supplies and
- Do NOT have any liability for the particular tax period.

Yes NO

BACK NEXT

Now we will get complete information about GST amount which includes Integrated, Central and State tax and also the amount of ITC which we will get. We can check this from our Tally's GST-3B report.

3.1 Tax on outward and reverse charge inward supplies <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Integrated Tax ₹45,220.50</td> <td style="width: 50%;">Central Tax ₹5,131.68</td> </tr> <tr> <td>State/UT Tax ₹5,131.68</td> <td>CESS ₹0.00</td> </tr> </table>	Integrated Tax ₹45,220.50	Central Tax ₹5,131.68	State/UT Tax ₹5,131.68	CESS ₹0.00	3.2 Inter-state supplies <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Taxable Value ₹2,49,531.56</td> <td style="width: 50%;">Integrated Tax ₹44,915.72</td> </tr> </table>	Taxable Value ₹2,49,531.56	Integrated Tax ₹44,915.72	4. Eligible ITC <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Integrated Tax ₹417.07</td> <td style="width: 50%;">Central Tax ₹3.60</td> </tr> <tr> <td>State/UT Tax ₹3.60</td> <td>CESS ₹0.00</td> </tr> </table>	Integrated Tax ₹417.07	Central Tax ₹3.60	State/UT Tax ₹3.60	CESS ₹0.00
Integrated Tax ₹45,220.50	Central Tax ₹5,131.68											
State/UT Tax ₹5,131.68	CESS ₹0.00											
Taxable Value ₹2,49,531.56	Integrated Tax ₹44,915.72											
Integrated Tax ₹417.07	Central Tax ₹3.60											
State/UT Tax ₹3.60	CESS ₹0.00											
5. Exempt, nil and Non GST inward supplies <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Inter-state supplies ₹0.00</td> <td style="width: 50%;">Intra-state supplies ₹0.00</td> </tr> </table>	Inter-state supplies ₹0.00	Intra-state supplies ₹0.00	5.1 Interest and Late fee for previous tax period <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Integrated Tax ₹0.00</td> <td style="width: 50%;">Central Tax ₹0.00</td> </tr> <tr> <td>State/UT Tax ₹0.00</td> <td>CESS ₹0.00</td> </tr> </table>	Integrated Tax ₹0.00	Central Tax ₹0.00	State/UT Tax ₹0.00	CESS ₹0.00					
Inter-state supplies ₹0.00	Intra-state supplies ₹0.00											
Integrated Tax ₹0.00	Central Tax ₹0.00											
State/UT Tax ₹0.00	CESS ₹0.00											

When all the information is correct, scroll down and click on the Save GSTR3B button. After which you will get a message of Save Successfully.

BACK
SYSTEM GENERATED GSTR-3B
SAVE GSTR3B
PREVIEW DRAFT GSTR-3B
PROCEED TO PAYMENT

After saving the GSTR3B report, scroll down again and click on the Proceed to Payment button.

BACK
SYSTEM GENERATED GSTR-3B
SAVE GSTR3B
PREVIEW DRAFT GSTR-3B
PROCEED TO PAYMENT

So here a pop up message will come which tells that if our ITC is less than our GST then we will have to pay GST. To pay GST, we will scroll down where IGST, CGST and SGST will appear and the amount of ITC that we are going to get will also appear in front of it.

Description	Other than reverse charge Tax payable (₹)	Paid through ITC				Other than reverse charge Tax to be paid in Cash(₹)	Rev Tax
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)		
1	2	3	4	5	6	7(2 + 3 + 4 + 5 + 6)	
Integrated Tax	45,221	417	0	0		44,804.00	
Central Tax	5,132	0	4			5,128.00	
State/UT Tax	5,132	0		4		5,128.00	
CESS	0				0	0.00	

Now we will click on the Make Payment/Post Credit To Ledger button. After which a warning message will come which will say that we do not have sufficient cash ledger, we will proceed by clicking Yes. After that our Total Challan Amount will come which is the amount of our total GST. And below that, you will also get the options of how to make the payment.

Details of Deposit						
	Tax (₹)	Interest (₹)	Penalty (₹)	Fees (₹)	Other (₹)	Total (₹)
CGST(0005)	5128	0		0		5,128
IGST(0008)	-44804	0				-44,804
CESS(0009)	0	0				0
Maharashtra SGST(0006)	5128	0		0		5,128
Total Challan Amount:						55,060 /-
Total Challan Amount (In Words):						Rupees Fifty-Five Thousand Sixty Only

Payment Modes*

- E-Payment
- Over The Counter
- NEFT/RTGS

After selecting Payment Modes, click on Generate Challan button.

Payment Modes*

- E-Payment
- Over The Counter
- NEFT/RTGS

Immediately after that you will get a message that the Challan has been successfully generated. Now you have to make the payment of the Challan Which can also be done through Net Banking or other options.



A success message is received after the payment of the Challan is done. If we want to View Receipt You can also download the Receipt by clicking on it. Which gets downloaded in PDF format.



After that in Navigation click on Service > Returns > Return Dashboard and again click on Financial Year, Quarter and Period and go to the Return Dashboard and after scrolling down click on GST3B Return.



After clicking on GSTR3B, scroll down and click on Proceed to Payment because we have just made the payment, its filling is still pending.



Now after coming back to Proceed to Payment, you can see that the balance has arrived in the Cash ledger.

6.1 Payment of tax

The cash available as on date and ITC available (considering ITC of current tax period) are shown in this table.

Description	Cash Ledger Balance					Integrated Tax (₹)	Cent
	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)	Total (₹)		
Tax	44,804.00	5,128.00	5,128.00	0.00	55,060.00	417.00	
Interest	0.00	0.00	0.00	0.00	0.00		
Late Fees		0.00	0.00		0.00		

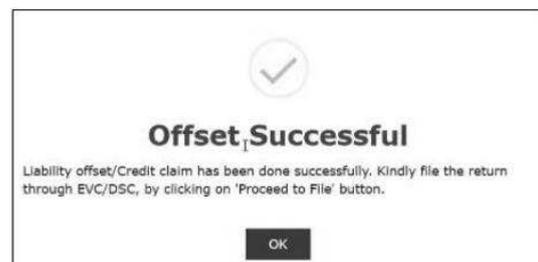
Now we will scroll down and again click on Make Payment/Post Credit to Ledger. Earlier we

Payment was made, now we will do Post Credit to Ledger for the same.

Description	Other than reverse charge Tax payable (₹)	Paid through ITC				Other than reverse charge Tax to be paid in Cash(₹)	Rev Tax
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)		
1	2	3	4	5	6	7(2 - 3 - 4 - 5 - 6)	
Integrated Tax	45,221	417	0	0		44,804.00	
Central Tax	5,132	0	4			5,128.00	
State/UT Tax	5,132	0		4		5,128.00	
CESS	0			0		0.00	

BACK PREVIEW DRAFT GSTR-3B CREATE CHALLAN MAKE PAYMENT/POST CREDIT TO LEDGER PROCEED TO FILE

After that a warning screen will appear which you will press Yes. Immediately after that a message of Offset successful will appear.

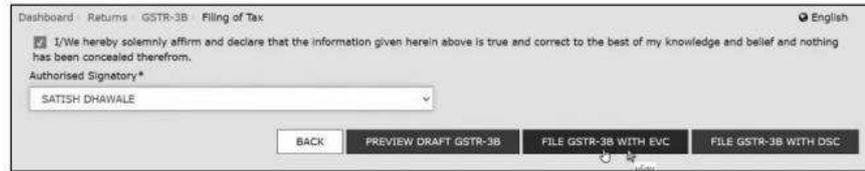


After clicking on OK on Offset successfully, you have to scroll down and click on Proceed to File button Will have to do.

Description	Other than reverse charge Tax payable (₹)	Paid through ITC				Other than reverse charge Tax to be paid in Cash(₹)	Reverse charge Tax payable (₹)	Reverse charge Tax to be paid in Cash(₹)	Interest Payable (₹)	Interest to be paid in cash (₹)	Late Fee Payable (₹)	Late Fee to be paid in cash (₹)	UT bal
		Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	CESS (₹)								
1	2	3	4	5	6	7(2 - 3 - 4 - 5 - 6)	8	9	10	11	12	13	
Integrated Tax	45,221.00	417.00	0.00	0.00		44,804.00	0.00	0.00	0.00	0.00			0.00
Central Tax	5,132.00	0.00	4.00			5,128.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State/UT Tax	5,132.00	0.00		4.00		5,128.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CESS	0.00				0.00	0.00	0.00	0.00	0.00	0.00			0.00

BACK PREVIEW DRAFT GSTR-3B CREATE CHALLAN MAKE PAYMENT/POST CREDIT TO LEDGER PROCEED TO FILE

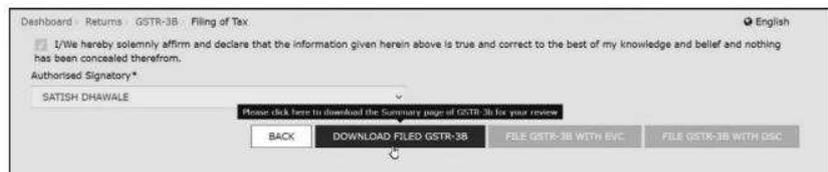
Now tick the checkbox of Declaration and select your name in Authorized Signatory. And then verification will have to be done by File GSTR-3B with EVC for which we receive OTP on our mobile number which we will verify.



After OTP is verified, a message of Filing Successful will come.



Now both the payment and filing of your GSTR-3B have been done. You can download filed GSTR-3B if you want. You can also download it by clicking on the button.



Now if you check by going to Return Dashboard in Services in navigation, the Status of GSTR-3B will be written as Filled will appear. This indicates that our filling and payment is complete.

