



FINANCIAL ACCOUNTING II

Accounting:-

Accounting is a Process of identifying, recording, summarizing and reporting economic information to decision makers in the form of financial statements.

Advantages of Accounting

- By keeping accounting we can understand the profit or loss in a particular time period
- We can understand the following financial position of business
- Also we can understand the reasons of profit or loss by keeping accounting.



Types of Accounts

- Personal Accounts
- Real Accounts
- Nominal Accounts



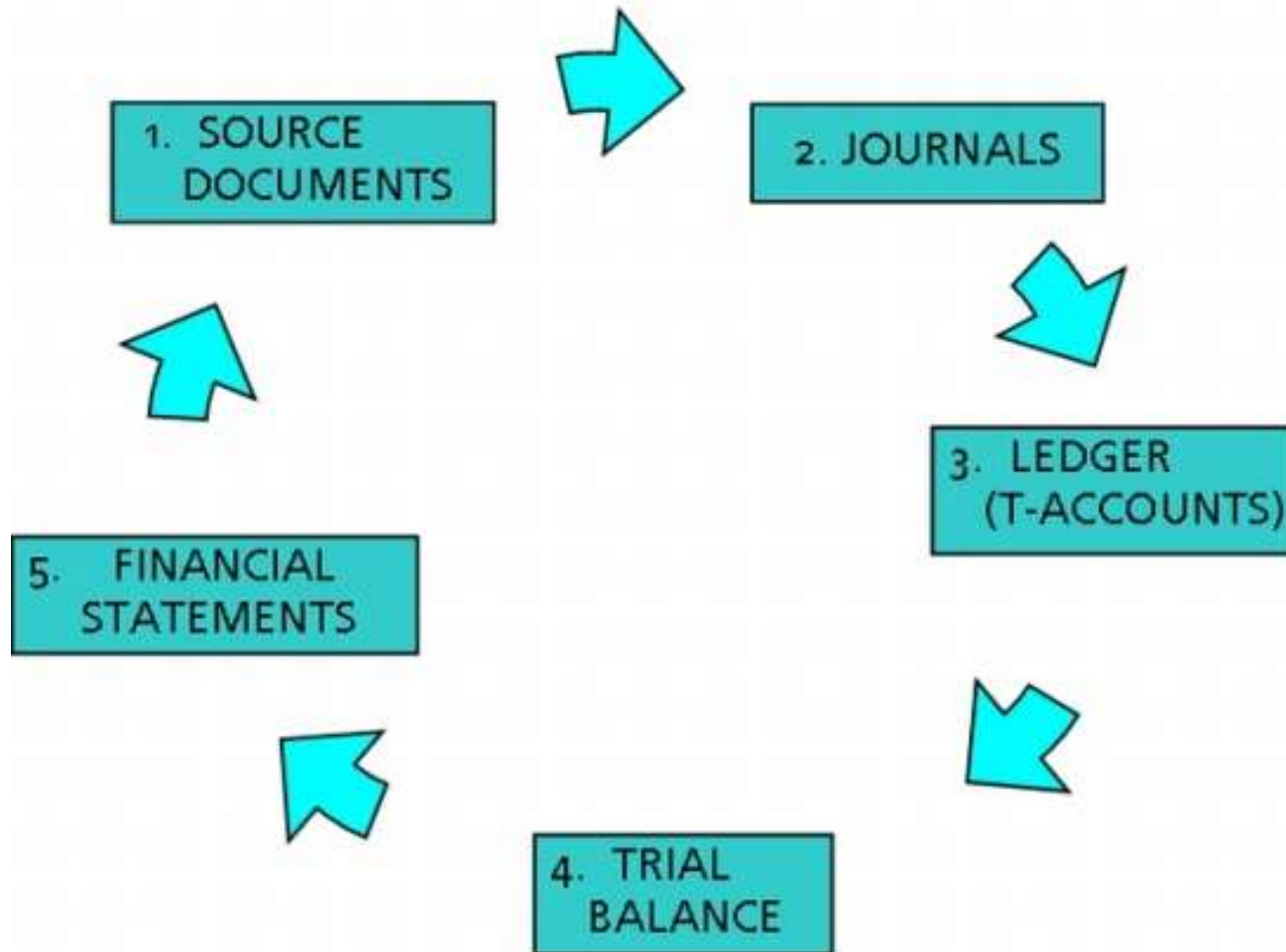
Golden Rules of Accounting

Golden Rules of Accounting

- All the business transactions are recorded on the basis of the following rules.
- 1. Personal : The receiver The giver
- 2. Real : What comes in What goes out
- 3. Nominal : All expenses All incomes and losses and gains.



The Accounting Cycle



VERSIONS OF TALLY

- **4.5 :** *DOS based, Accounts only.*
- **5.4 :** *Window based accounts with inventory.*
- **6.3 :** *5.4 with online finalization, auditing and import & export feature.*
- **7.2 :** *6.3 with VAT, TDS and service tax.*
- **8.1 :** *7.2 with FBT and excise duty.*
- **9.0 :** *8.1 with Payroll system, multi language and extra formatting feature.*
- **ERP 9:** *Access Remote Server Login*

Introduction to Tally.ERP 9

- Tally ERP 9 is world's fastest and most powerful concurrent Multi-lingual business Accounting software.
- Tally, designed exclusively to meet the needs of small and medium business, is a fully integrated, affordable and highly reliable software.



A Brief History of Tally Software

- **Shri S.S Goenka** is the founder of Tally Software in 1986.
- Tally Solutions Pvt Ltd is a Bangalore- based software company that currently sells into more than 100 countries beyond its native India, including the UK, Bangladesh and the Middle East.



What is ERP

- Enterprise Useful resource Planning, also referred to as ERP, is a technique designed to combine a number of different information sources and/or processes into one single unified system.



Why Tally.ERP9

- Tally is a software company that makes business software. Some of their packages are for accounting, inventory and payroll.
- Tally.ERP 9 is a business management software that allows you to activate certain functions that you need at different locations.



Advantages of Tally.ERP 9

Tally Technology Advantages

- ❖ Data Reliability
- ❖ Data Security
- ❖ Tally Audit
- ❖ Tally Vault

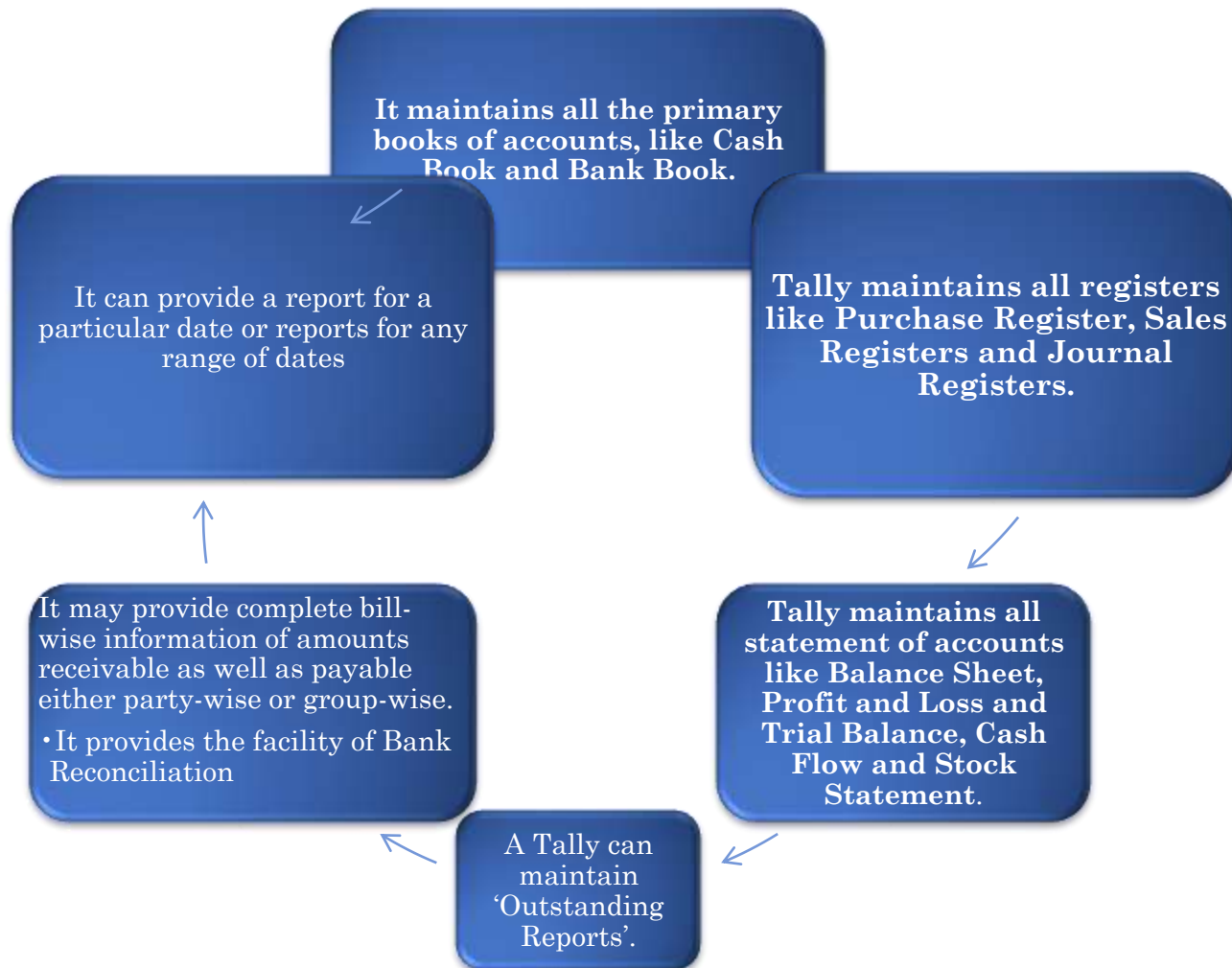


Features of Tally.ERP9

- Remote Access
- Tally.NET
- Simplified Installation process
- Control Centre
- Enhanced Look and feel
- Enhanced Payroll Compliance
- Excise for Manufactures
- Auditors edition of Tally.ERP9
- Enhanced Tax Deducted at Source



GENERAL FEATURES OF TALLY





- Company creation
- Accounts
- inventory
- Voucher creation
- Trial balance -- P & L Accounts A/c
- Balance sheet
- TDS
- Service Tax
- VAT



ACCOUNTS INFO

○ There are 18 Voucher types in tally erp9 there are few modes for handling different type of entries. here are two basic categories:

- Accounting Vouchers
- Inventory vouchers

List of Voucher Types

Contra

Credit Note
Debit Note
Delivery Note
Journal
Memorandum
Payment
Physical Stock
Purchase
Purchase Order
Receipt
Receipt Note
Rejections In
Rejections Out
Reversing Journal
Sales
Sales Order
Stock Journal

INVENTORY INFO

- In tally ERP9 stock groups and stock category in inventory info by this we can maintain item grouping and category.
- There are two type of Measurement unit.
 - 1.Simple
 2. Compound



VIEWING REPORTS

- ◉ Viewing balance sheet
- ◉ Profit & Loss A/c
- ◉ Trial balance
- ◉ Display



- Budgeting helps a company to keep a track of how much money it has, where its money is going and allocate those funds at any point in time. A proper budgeting system enables a business to keep a track of its expenditures and use its funds effectively. Hence, business owners can compare revenues and expenses with ease, and more importantly, make better future investments



Cost Centre & Cost Category in Tally.ERP 9

- The cost centre in Tally.ERP 9 refers to an organizational unit to which costs or expenses can be allocated during transactions while the cost category is used to accumulate costs or profits for parallel sets of cost centres. For example, you can use cost centre to track expenses of each employee while cost category can be used to see the effectiveness of each project.
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- To use cost centre in Tally.ERP 9, let's consider a 'Sales department' in an organization which has 4 different Salesmen. To record their expenses and incomes



Job Work In in Tally.ERP 9

- Tally.ERP 9 provides a powerful 'Job WorkIn' feature that simplifies handling of the Job Workprocess. Users can now track all Job Worktransactions and generate reports instantly with all the applicable statutory requirements.



Job Work IN in Tally.ERP 9

Job Work In
Order

Recording Raw
Materials
Received in
Material In
Voucher

Recording
Manufacturing
Journal for
Finished
Goods

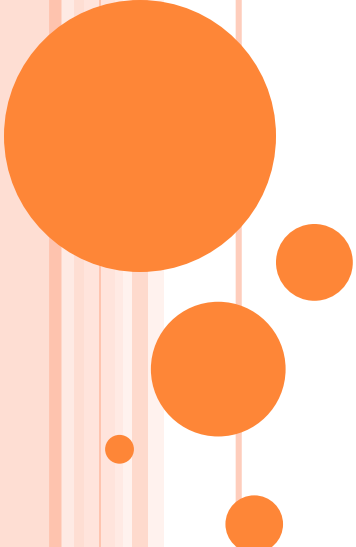
Recording
delivery of
Finished
Goods using
Material Out
Voucher

Sales Invoice
for the Job,
Work

Receipt of
Payment from
the Principal
Manufacturer

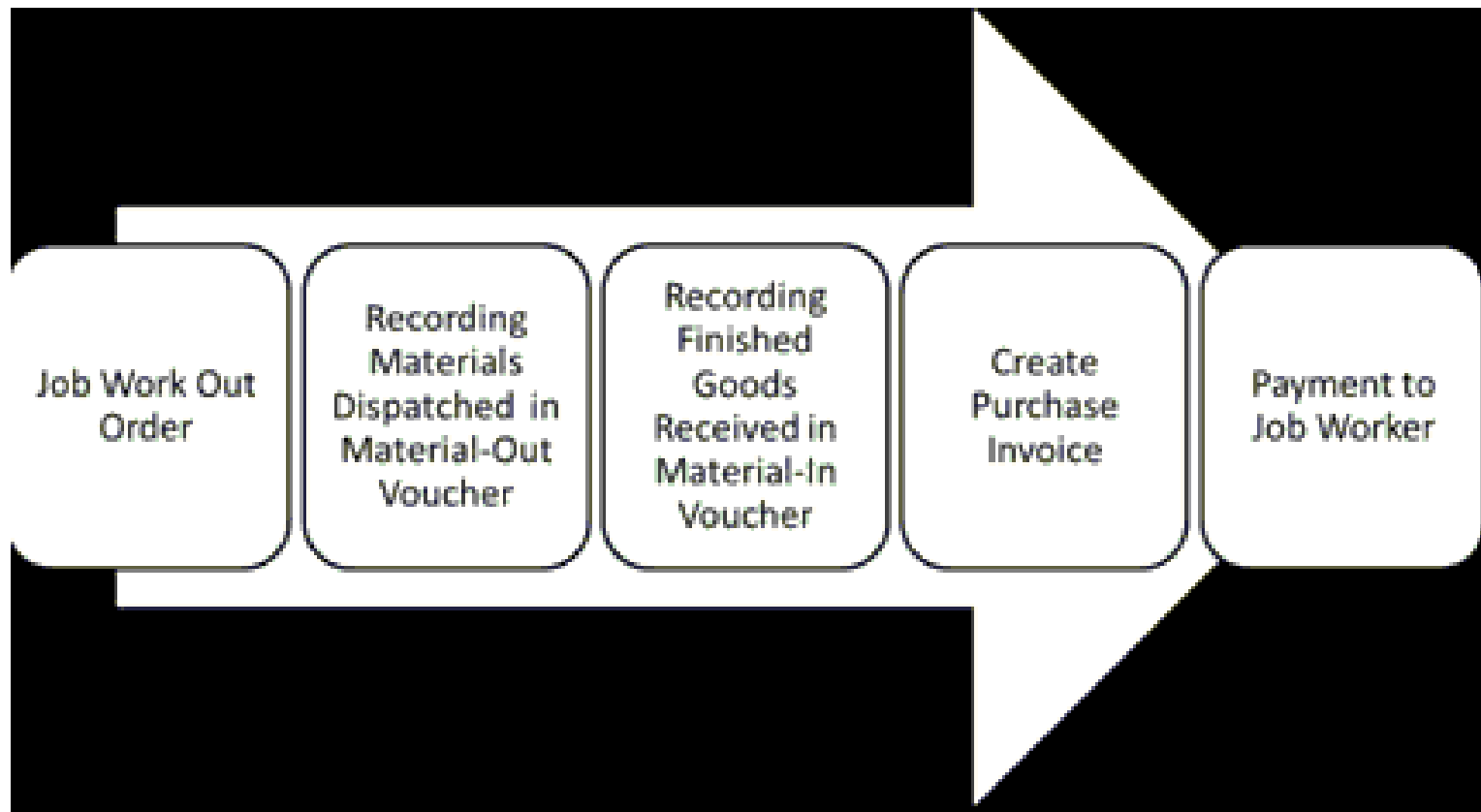


Job Work OUT in Tally.ERP 9



Tally.ERP9 provides a powerful 'Job Work Out' feature that simplifies handling the Job Work process. Users can now track all Job Work transactions and generate reports instantly with all the applicable statutory requirements. In Tally.ERP 9, the process of Job Work Out has the following steps:

Job Work OUT in Tally.ERP 9

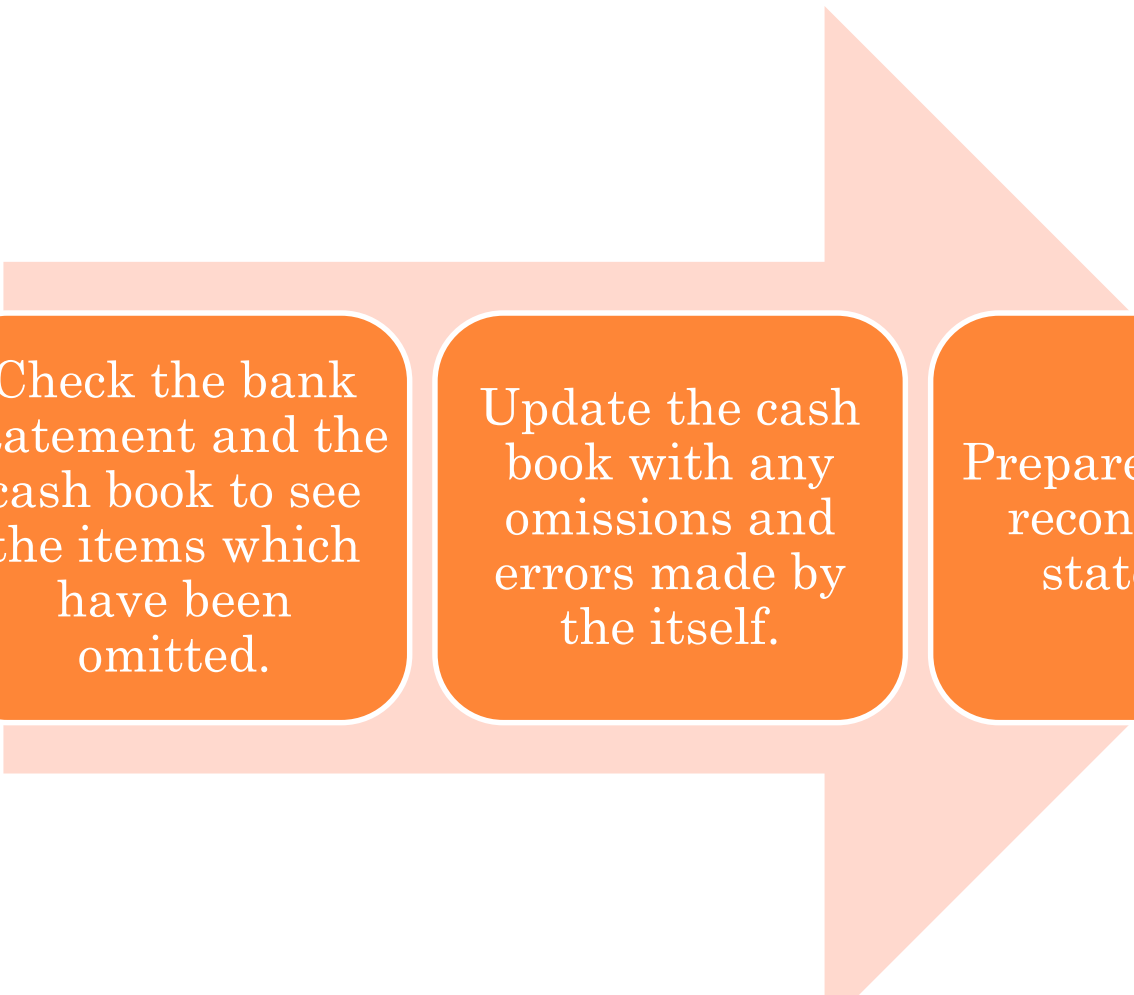


BANK RECONCILIATION STATEMENT

- **Bank Reconciliation Statement** is the process of comparing and matching figures from the accounting records against those shown on a Bank statement or Bank pass Book. The result is that any transactions in the accounting records not found on the bank statement or Bank pass Book are said to be outstanding.
- ***Advantages of preparing Bank Reconciliation Statement are :***
 - A bank reconciliation statement offers checks and balances for our accounting and bank's accounting.
 - The errors that might have been committed either in the Cash book or in the Bank Account by Bank are revealed .
 - The reconciliation statement will also indicate any undue delay in the clearance of cheques.
 - If any acts of embezzlement is committed by any staff of an organization or the bank it can be detected immediately.



BANK RECONCILIATION STATEMENT



Check the bank statement and the cash book to see the items which have been omitted.

Update the cash book with any omissions and errors made by the itself.

Prepare the bank reconciliation statement.



TDS IN TALLY.ERP 9

- TDS (**Tax Deducted at Source**) is direct tax in Tally.ERP 9 provides an easy-to-use and flexible interface.
- It helps you to handle intricate cases and calculate the tax payable to the Income Tax Department.
- Tally.ERP 9 calculates the tax of all parties/suppliers where TDS deduction is mandatory.



TDS IN TALLY.ERP 9

- It calculates the TDS automatically and prints Form16A certificates, Forms 26Q, 27Q, 26, 27 and 27A (Cover Note) for Quarterly/ Annual Returns as per statutory requirement.
- It allows the user to view and print various TDS reports, Challans and TDS Outstanding statements



FEATURES OF TDS IN TALLY.ERP

9

1. Simple and user-friendly.
2. Quick and easy to set up and use.
3. Accounting for tax payment of bills.
4. Flexibility for assisted calculation of TDS.
5. Complete tracking of each transaction from deduction to payment.
6. Challan management and printing for prompt and accurate filing of tax



SERVICE TAX IN TALLY.ERP9

- Service Tax is a indirect tax imposed on specified services (taxable services) provided by a service provider
- (Company, Individual, Firm etc.).
- **Rate of service tax**
- The current rate of service taxations 10.30% 10 charged on bill value, 2% on tax and remaining 1% on previous value.
- All service are not taxable



FEATURES OF ST IN TALLY.ERP 9

- Service tax credit is available on basis of input tax on service.
- Every ledgers have been adjusted separately in adjustment entry.
- In case of company payment made on every month, else quarterly.
- Challan (GAR7) is must in case of payment.
- Return is filled half yearly.
- ST3 is treated as service tax return.
- ST3A is used for provisional filling of return.
- ST1 is required for registration.
- Registration is must, If the turnover crossed RS 900000 in financial year.

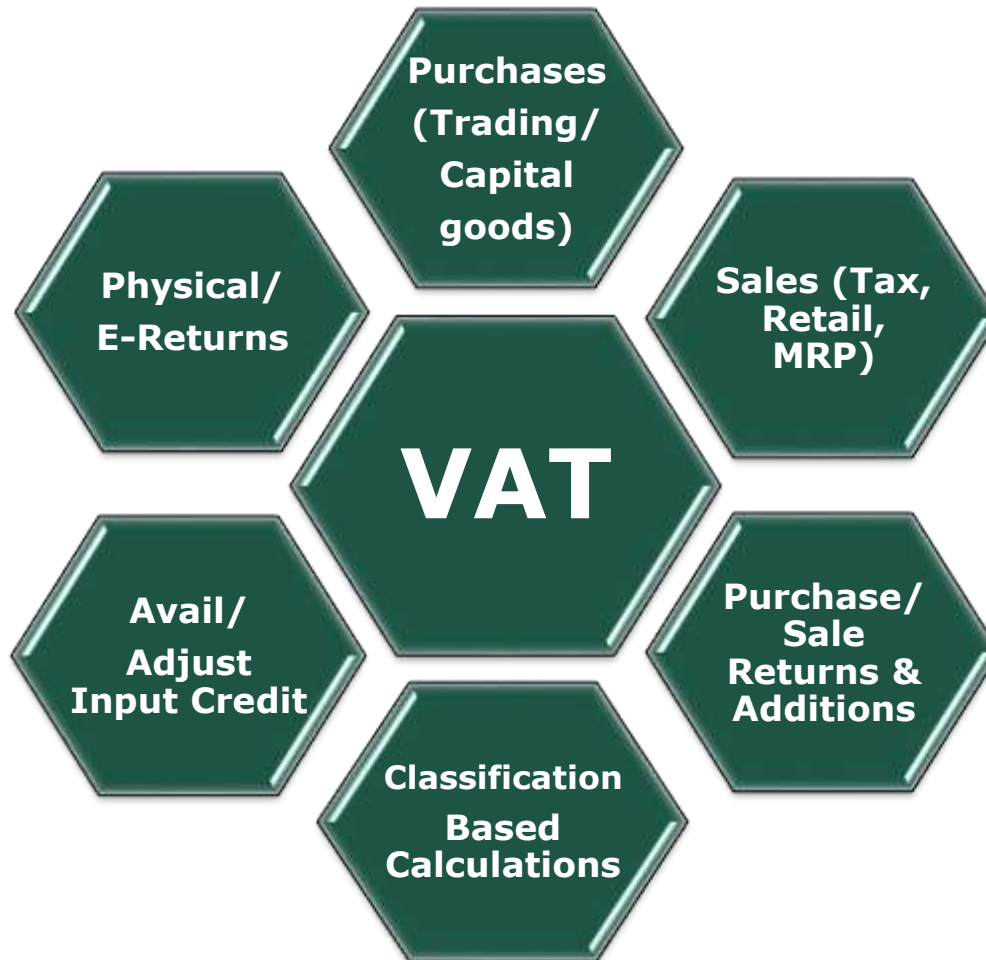


VAT IN TALLY.ERP9

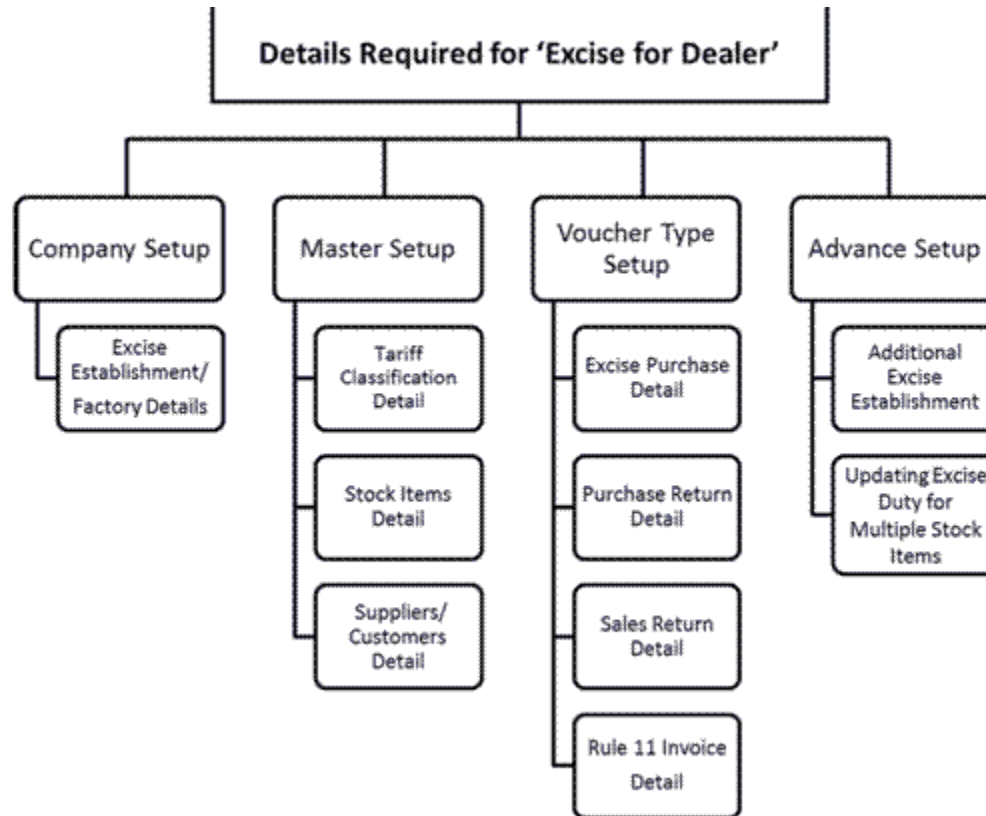
- Vat in simple terms is a **multi-point** levy on each of the entities in the supply chain with the facility of set-off input tax—that is the tax paid at the stage of purchase of raw materials by a manufacturer.
- ✓ Un register Dealer— Not exceeding RS.500000
- ✓ Composite Dealer—Who has an annual turnover not exceeding Rs.50 Lacks
- ✓ Composite to regular Dealer—gross turnover during the year exceeding Rs.50 Lacks
- ✓ Regular dealer --- annual turnover not exceeding Rs.50 Lacks



VAT



Excise for Dealer in Tally.ERP 9



Payroll



Features of Payroll

- Instant Access to Employee Information
- Pay the right amount – On time
- Improve employee satisfaction – manage Increments and Arrears
- On time recovery of loans and advances
- Meet all Accounting and Regulatory norms – instantly
- Payroll and Statutory Reports



Features of Payroll

- Handles Salary Revision - both prospective and retrospective
- Instant Arrears Calculation
- Automatic TDS Deduction
- Manage the impact of Salary increment on PF, ESI, Income Tax and PT
- Handle Bonus and Gratuity
- Flexible options for Loan recovery (fixed EMI or User defined)
- Recover Loan while processing payroll or separately
- Facility to track the Loans recovered



Payroll and Statutory Reports

Statements of Payroll

- Pay Slip
- Pay Sheet
- Payroll Statement
- Payment Advice
- Payroll Register
- Employee Profile
- Employee Head Count
- Employee Pay Head Breakup
- Pay Head Employee Breakup

Attendance Reports

- Attendance Sheet
- Attendance Register

Gratuity

- Gratuity Summary



Payroll and Statutory Reports

Expat Reports

- Visa Expiry
- Contract Expiry
- **ESI Reports**
 - Form 3
 - Monthly Statement
 - E-Return
 - Form 5
 - Form 6
- **PT Reports**
 - Computation sheet
 - Statement

PF Reports

- Form 5
- Form 10
- Form 12A
- Monthly Statement
- E-Challan Return (ECR)
- Form 3A (both physical and E-return format)
- Form 6A



Payroll and Statutory Reports

- **Returns**
 - Form 24Q
 - Annexure I to Form 24Q
 - Annexure II to Form 24Q
 - Form 16
 - Form 12BA
 - ITR – 1
- **E-Return**
 - E-24Q
 - Form 27A

Income Tax

Computation
sheet

Salary
Projection

Challan
Reconciliation



PROBLEMS IN EXISTING TAX SYSTEM

- Multiplicity of Central and State indirect taxes,
- No comprehensive input tax system,
- Cascading of tax by levy of VAT on Excise Duty, Service Tax,
- No integration between goods and services tax,
- Narrow tax base,



WHAT IS GST?

One Tax
For

Manufacturing

Trading

Services



ONE NATION: ONE
TAX



BENEFITS OF GST

- Reduction in Cascading of Taxes
- Overall Reduction in Prices
- Common National Market
- Benefits to Small Taxpayers
- Self-Regulating Tax System
- Non-Intrusive Electronic Tax System

**Decrease
in
Inflation**

**Ease of
Doing
Business**

**Decrease in
“Black”
Transaction**



BENEFITS OF GST

- Simplified Tax Regime
- Reduction in Multiplicity of Taxes
- Consumption Based Tax
- Abolition of CST
- Exports to be Zero Rated
- Protection of Domestic Industry - IGST

**More informed
consumer**

**Poorer
States
to Gain**

Make in India



CHANGES UNDER GST

- Additional power to levy on services for the State,
- Additional power to levy tax on value addition on goods for the Centre
- Subsuming of several taxes levied by State and Centre
- System of comprehensive set-off relief of CENVAT, VAT and service tax
- Removal of burden of CST and rationalization of rates
- Introduction of destination based inter-State GST



CENTRAL TAXES TO BE SUBSUMED UNDER GST

- **Central Excise Duty**
- Additional Excise Duties
- Excise Duty levied under the Medicinal and Toiletries Preparation Act
- **Service Tax**
- **Additional Customs Duty, commonly known as Countervailing Duty (CVD)**
- Special Additional Duty of Customs - 4% (SAD)
- Surcharges, and
- Cesses.



TAXES NOT TO BE SUBSUMED UNDER GST

- Central Taxes
 - Customs Duty
 - Excise on tobacco products and petroleum products
- State Taxes
 - Excise duty on liquor
 - Octroi
 - Sales Tax on petroleum products (Natural Gas is undecided)
 - Stamp duty
 - Taxes and duties on Electricity



SALIENT FEATURES OF GST

- The GST would be applicable **on the supply** of goods or services.
 - other than alcoholic liquor for human consumption and five petroleum products.
- **Destination based consumption tax**
- Exports would be tax-free and imports taxed at the same rate as integrated tax (IGST)



SALIENT FEATURES OF GST... (CONTD.)

- Tax payers with an aggregate turnover in a financial year up to **Rs.20 lakhs** would be exempt from tax.
 - For special category states specified in Article 279A, the threshold exemption shall be Rs. 10 **lakhs**.
 - Tax payers making **inter-State supplies** or paying tax on **reverse charge basis** shall not be eligible for threshold exemption.
- Small taxpayers with an aggregate turnover in a financial year up to **Rs. 50 lakhs** shall be eligible for **composition levy**.



SALIENT FEATURES OF GST... (CONTD.)

- An Integrated GST (**IGST**) would be levied and collected by the Centre on inter-State supply of goods and services.
- **HSN code** shall be used for classifying the goods under the GST regime.
- Taxpayers whose turnover is above Rs. 1.5 crores but below Rs. 5 crores shall use **2-digit code** and the taxpayers whose turnover is Rs. 5 crores and above shall use **4-digit code**.
- For Services, Service Accounting Codes (SAC) shall be used

GST RATES

- Rates: 0%(on essential items, rice/wheat)
- 5%: (on items of mass consumption)
- 12%/18%:(standard rates covering most manufactured items and Services)
- 28% : (on Consumer Durable Goods, Pan masala, tobacco and aerated drinks etc)
- Basic philosophy behind these rates are that, to the extent possible, the current combined rate of tax levied on individual goods by the Central and the State Governments should be maintained in GST
- Uniform GST rate not possible at this stage as luxury goods and goods consumed by poorer sections of society cannot be taxed at the same rate
- **Rates will be notified by Government on recommendations of GST Council.**



MANDATORY REGISTRATION

(IRRESPECTIVE OF THRESHOLD)

- Persons making inter-State taxable supply
- Persons required to pay tax under reverse charge
- Casual and non-resident taxable persons
- E-Commerce operator /Those required to collect TDS
- Persons supplying goods through e-commerce operator
- Persons making supplies on behalf of a registered taxable person
- Input Service Distributer
- Every person supplying online information and data base access or retrieval services from a place outside India to a person in India, other than a registered person



REGISTRATION... (CONTD.)

- Registration (GSTIN)to be granted State-wise.
- PAN mandatory for GSTIN (*except for NRTP- here Passport*)
- Separate registration permitted for multiple business verticals in a State.
 - Registration deemed to be granted if objection by way of Notice is not communicated within the time of 3 working days.



TRANSITIONAL PROVISIONS

- Existing taxpayers to be issued Provisional Registration valid for 6 months (extendible)
 - Upon furnishing of prescribed information, final RC to be granted
- Cenvat credit/VAT carried forward in return allowed as ITC under GST
- Un-availed Cenvat/VAT credit on capital goods, not carried forward in return, shall also be allowed as ITC under GST
- Eligible duties and taxes in respect of inputs held in stock permissible as credit to registered persons



TRANSITIONAL PROVISIONS

- Eligible duties and taxes in respect of inputs held in stock available as credit to taxable person switching over from compounding
- Transitional credit available generally only if both laws permit and invoice is not more than 12 months old
- No tax payable on goods removed/despached earlier but returned within 6 months after the introduction of GST
- Proceedings under earlier law to be conducted under old law



FEATURES OF TAX RETURNS IN GST

- Based on **transactions – Invoice based**
- Designed for **system based matching** of Input Tax Credit and other details (import, export etc.)
- **Auto-population** from details of outward supplies
- **Auto-reversal** of ITC in case of mismatch
- **Concepts of ledgers** – cash, ITC and liability
- **No revised returns** – changes through rectifications and reported in the return for the month in which error detected



OVERVIEW OF GST RETURNS

Monthly

GSTR 1 Statement of Outward Supplies
GSTR 2 Statement of Inward Supplies

GSTR 3 Monthly GST Return

GSTR 5 Non-resident taxable persons

GSTR 6 Input Service Distributor (ISD) Return

GSTR 7 Tax Deduction at Source (TDS) return

GSTR 8 Tax Collection at Source (TCS) Return

GSTR 11 Inward Supplies for Government Bodies

GSTR 4 Compounding taxpayer

Annual

GSTR 9 Annual GST Return
GSTR 9A Annual return for Compounding Taxpayer

GSTR 9B Reconciliation Statement

Unscheduled

GSTR 10 Final return after cancellation, **within three month of cancellation**

GSTR 1, GSTR 2, & GSTR 3: Due Date for Filing

GSTR 1

10th of every month

GSTR 2

15th of every month

GSTR 3

20th of every month



GSTR 4, GSTR 5, & GSTR 6: Due Date for Filing

GSTR 4

18th of the month following end of financial quarter

GSTR 5*

20th of every month

GSTR 6

13th of every month

***Important:** For GSTR 5 non-resident taxable persons, final return must be filed by the 20th of the succeeding calendar month or within 7 days of expiration of registration whichever is earlier.



GSTR 1: STATEMENT FOR OUTWARD SUPPLIES

- A Supplier Taxpayer is required to prepare GSTR 1 wherein they will report invoice level information
 - GSTIN of recipient , Invoice, Number, date, HSN/SAC, ...Value, Taxable value.... POS , Tax – IGST, CGST, SGST/UTGST – Rate and Tax amount
- GSTR 1 needs to be filed even if there is no business activity (i.e. Nil Return) during the period of return.
- Supplier Taxpayer will file return in electronic form only.
- Invoices for IGST, CGST/SGST will be issued separately (in other words, one invoice can't have IGST as well as SGST/CGST).
- An invoice can't have two different places of supply. POS should be a mandatory field in the inter-state invoice.
- Bulk upload facilities are available for suppliers who have above specified entries per month



GSTR 2A: DRAFT OF GSTR 2

- GSTR 2A contains an auto populated list of all invoices received from all Suppliers Taxpayers' corresponding returns for the given tax period; these invoices can be acted upon directly in the GSTR 2 before filing.
- Before filing the GSTR 2, Receiver Taxpayer shall take action on all the invoices received in the GSTR 2A.
- Receiver Taxpayer can accept, reject, & modify any pending invoices received in the GSTR 2A. Also, receivers can park items for next tax period & such items will roll over to next month's GSTR 2.
- Accepted & Modified Invoices will flow to GSTR 2 & in case of Rejection only an intimation will be sent to Taxpayer & Tax Officer.
- GSTR 2A is a read-only document & will be available for view even after the tax period is over.



GSTR 2: STATEMENT OF INWARD SUPPLIES

- Receiver Taxpayer can Add any missing invoices in the GSTR 2.
- GSTR 2 is editable until receiver taxpayer has acted upon all the invoices received from all the supplier taxpayers (bulk approval/rejection is possible in GSTR 2).
- Receiver taxpayer may choose to not act upon one or more invoices which will carry the 'pending' status & may be acted upon in subsequent tax periods.
- After executing all the necessary actions, receiver taxpayer can file the GSTR 2.
- GSTR 2 needs to be filed even if there is no business activity (i.e. Nil Return) during the period of return. Receiver Taxpayer will file return in electronic form only.
- GSTR 2 can be filed only after 10th of the succeeding month.

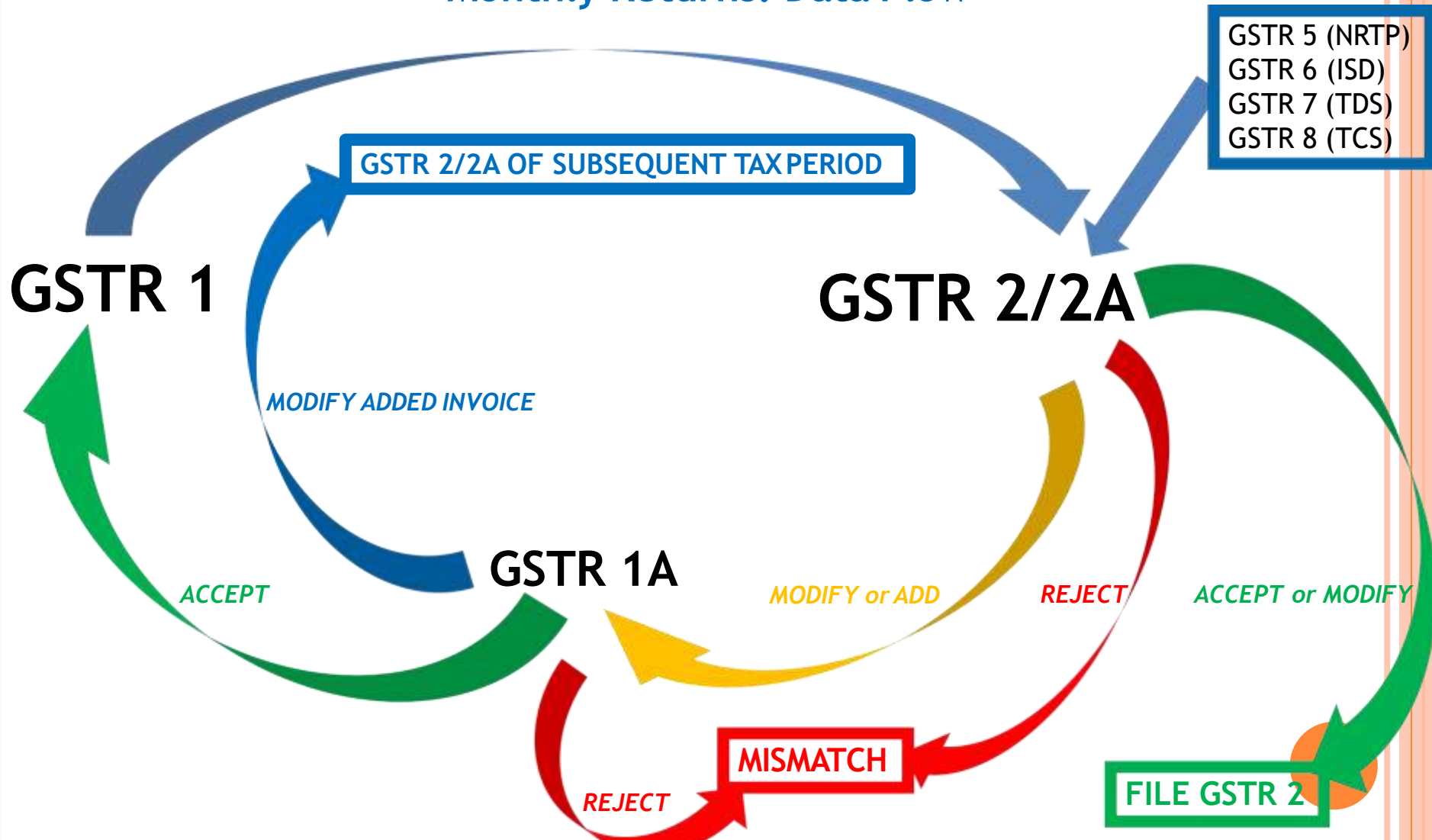


GSTR 1A: ADDENDUM TO GSTR 1

- In the event of any amendment to an invoice or addition (in GSTR 2 of Receiver Taxpayer), the amended/added invoice(s) will auto populate the GSTR 1A of the Supplier Taxpayer.
- This will happen in case of any error or discrepancy in the invoice level details at supplier's end.
- The Supplier Taxpayer can Accept or Reject the amended/added invoice.
- If Supplier Taxpayer accepts the amendment/addition, their GSTR 1 will be auto-amended & liabilities will be updated accordingly.
- In case they reject the amendment/addition, there will be no impact on their GSTR 1 & associated liabilities.



Monthly Returns: Data Flow



GSTR 3

- Auto-populated based on GSTR-1 and GSTR-2
- Outward Supplies
 - All B2B inter and intra state supplies
 - All B2C inter-State supplies above the value of Rs. 2.5 lacs
 - Exports
 - Revision of tax of previous periods
- Inward Supplies
 - Inter and intra state supplies received
 - Imports
 - Amendment to tax of previous periods
 - Credit to ITC Ledger



ANNUAL RETURN

- Annual summary of all transactions
- Accounts to be certified by Chartered Accountant etc. if turnover more than Rs. 2 Crore
- Personal Details
- Details of Expenditure
 - Purchases – goods/services – intra/inter state
 - Imports
- Details of Income
 - Supplies – goods/services – intra/inter state
 - Exports
- Not to be filed by ISD, TDS Deductor, Casual Taxpayer, and Non resident taxpayer



FIRST AND FINAL RETURNS

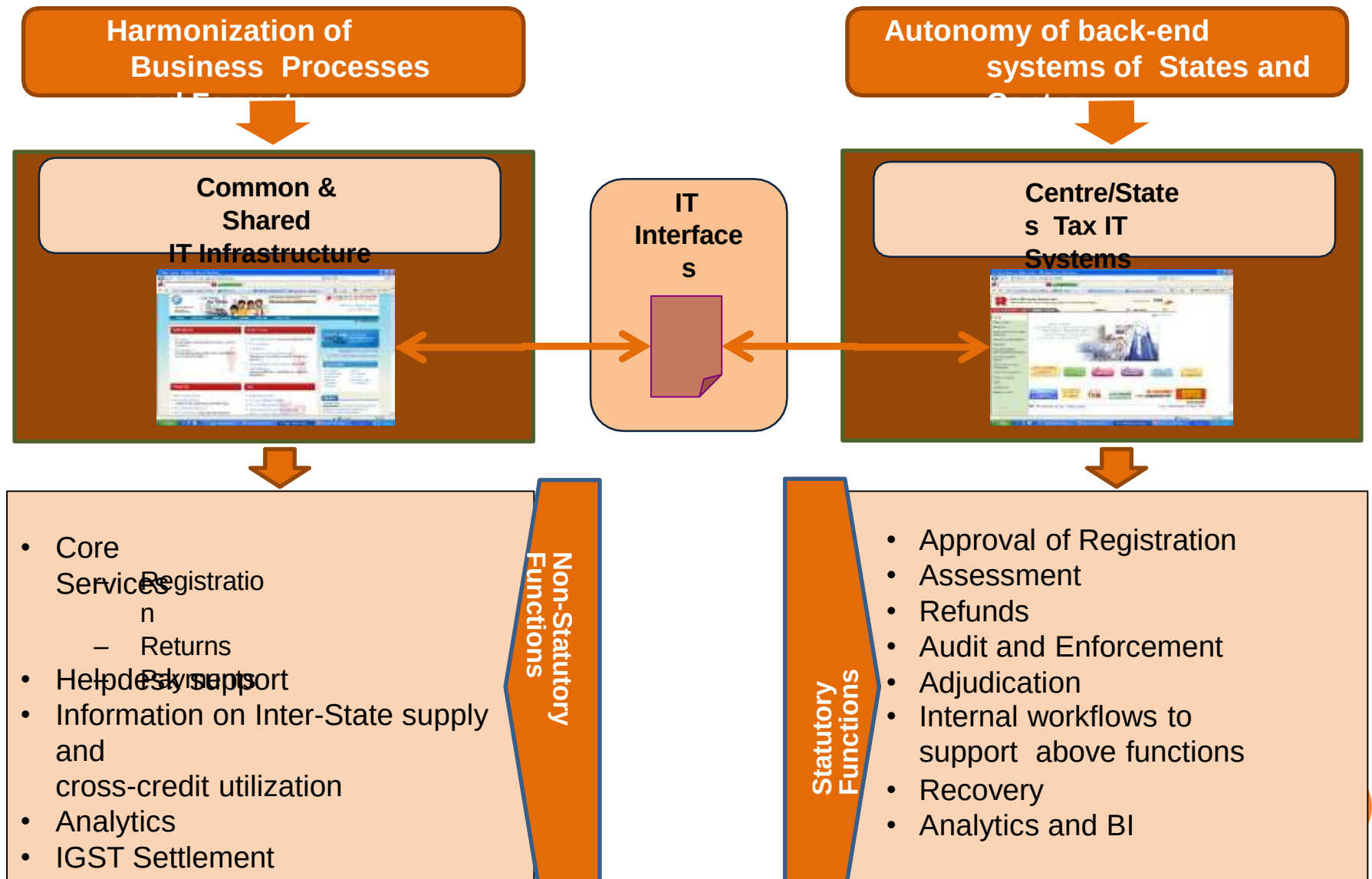
- First Return
 - Required when the liability to register and pay tax arose before grant of registration
- Final Return
 - On closure of business
 - Reversal of credit on goods in stock



GSTN

- a. Section -25 (section has changed under the new Company Act),
non-Government, Private Limited company
 - b. Provide common Registration, Return filing and e-Payment services to the taxpayers
 - c. Ensure integration of the GST Common Portal with existing tax administration systems of Central / State Governments and other stakeholders
 - d. To run the clearing-house mechanism for IGST amongst Centre and States
 - e. Provide Analytics and Business Intelligence to tax authorities
 - f. Carry out research, study best practices and provide training to the stakeholders
- 

GST IT STRATEGY



Where can I file my GST Returns?

**GST
Portal**

www.gst.gov.in

**Through a
GSP**

GST Suvidha
Provider

**GST Offline
Utility
Software**



Utilising Cash & ITC: Business Rules

