

3

Computerised Accounting with GST

Let us learn

- Introduction.
- Process of Accounting Software.
- Different Accounting Packages.
- Practical application of Accounting Software.
- Important Concepts under GST.
- GST calculation using different accounting packages.
- GST on Goods with example and GST on Services with example.

3.1 Introduction

Now a days it is often seen that even small shops or business entities use Computer Software to maintain their Books of Accounts. A Computerised Accounting System is an Accounting Information System that processes the financial transactions and events as per Generally Accepted Accounting Principles (GAAP) to produce reports as per user requirements. Modern

Computerised Accounting Systems are based on the concept of database. A database is implemented using a database management system, which is define by a set of computer programs (or software) that manage and organise data effectively and provide access to the stored data by the application programs. The Computerised Accounting the transaction data is stored in well-organised database. The user operates on such database using the required and desired interface and also takes the desired reports by suitable transformations of stored data into information.

Accounting Software describes a type of application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, Journal, General Ledger, Payroll, and Trial Balance. It functions as an Accounting Information System.

Working of Accounting Software :

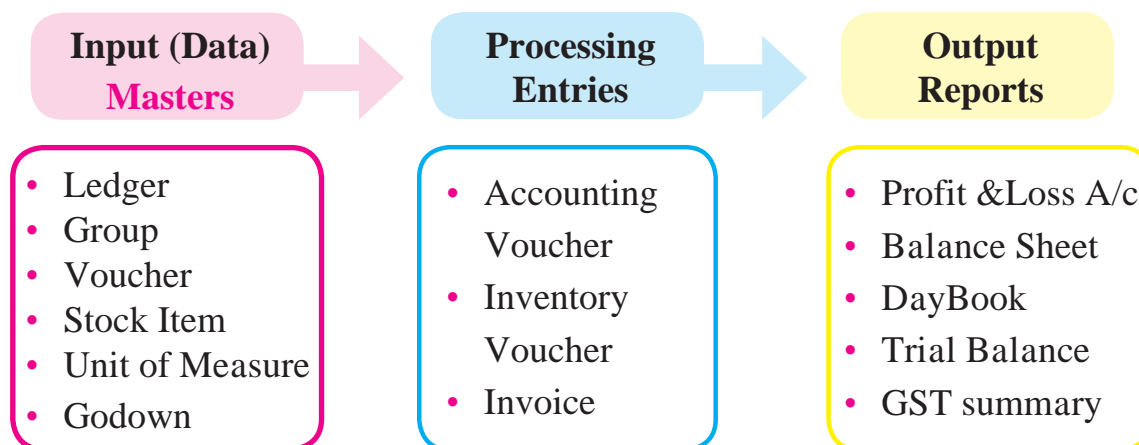


Fig. 3.1 : Working of accounting software

3.2 Process of Accounting Software

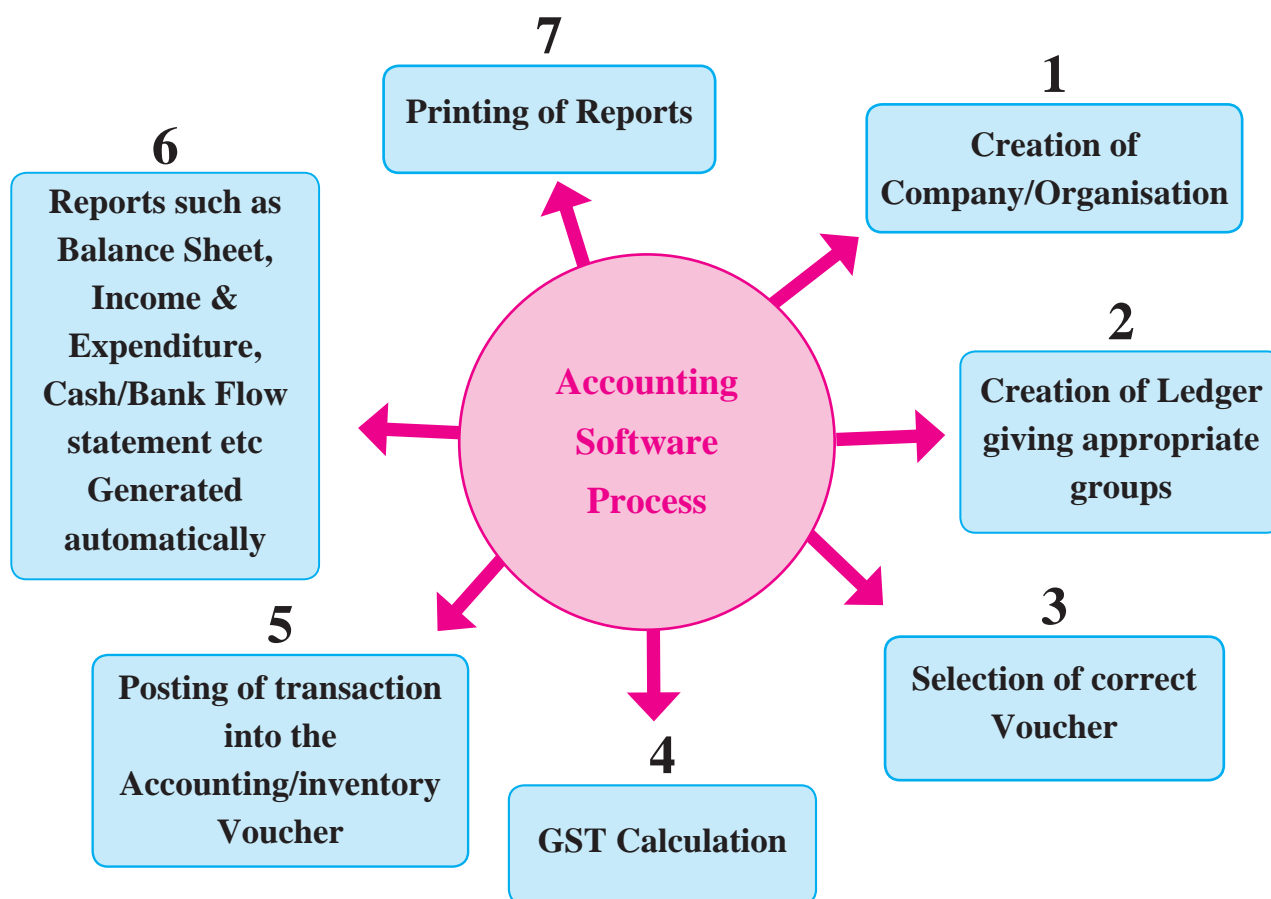


Fig. 3.2 : Process of Accounting Software

3.2.1 Creation Company/ Organisation

Creating a Company/organisation involves providing basic information about the company whose books of accounts are to be maintained. While creating a company fields like name of the company, Email id, Address of the company, financial year begins from, Books Beginning from etc with admin password has to be entered. In some accounting packages password security measures can be applied to keep the data safe and secure.

3.2.2 Creation of Ledgers :

The modern way of managing accounts called 'Single Ledger' concept of accounting is being followed. All

financial entries are made using Ledgers or account heads. Ledger accounts are created to identify transactions. Groups in Accounting Software classify and identify account heads according to their nature. This helps in presenting summarised information.

We have seen the concept of Group, Sub Group followed by their respective Ledger accounts in Std. XI.



Do it yourself

Make a table of the Ledger accounts alphabetically and write their respective groups and subgroups. Refer Std XI IT textbook.



3.2.3 Selection of Correct Voucher :

A voucher is a pre-numbered accounting document used for recording daily transactions. Every voucher maintains its debit and credit record. There are pre-defined voucher types for every type of transaction. Care must be taken to select appropriate Voucher Type otherwise there might be an error in Gross/Net Profit/Loss.

List of pre-defined Accounting voucher types is as below

Voucher Type	Used for Recording
Receipt	Amounts received by way of cash.
Payment	Payments made by cash.
Sales	Cash and Credit sale of goods and services.
Purchase	Cash and credit purchase of raw materials, semi-finished goods and finished goods and services.
Contra	Deposits or withdrawals of cash from bank or transfer of funds from one bank to another transfer of cash to Petty Cash.
Journal	Rectifying entries or transfer or adjustment entries purchase of fixed assets on credit.
Sales Return / Credit Note	Return of goods by a customer. It is issued when there is reduction in the price charged to a customer.
Purchase Return / Debit Note	Return of goods to a supplier. It is issued when there is reduction in the price given by a supplier

The above table of voucher types can be understood more clearly with the help of following transactions.

Transaction	Voucher Entry	Ledger with group	Voucher type
1) Paid salary to staff in cash	Salary A/c....Dr To Cash A/c	Salary – Indirect Exp Cash – Cash in hand	Payment
2) Received cash from Mr. Raj	Cash A/c....Dr To Mr.Raj A/c	Cash – Cash in hand Mr.Raj – Sundry Debtor	Receipt
3) i) Sold goods for cash ii) Sold goods to Mr. Ram on credit	Cash A/c...Dr To Sales A/c Mr.Ram A/c...Dr To Sales A/c	Cash – Cash in hand Sales – Sales Mr.Ram – Sundry Debtor Sales – Sales	Sales Sales
4) i) Purchased goods for cash ii) Purchased goods from Mr. Sham on credit	Purchase A/c...Dr To Cash A/c Purchase A/c...Dr To Mr. Sham	Purchase - Purchase Cash – Cash in hand Purchase - Purchase Mr.Sham– Sundry Creditor	Purchase Purchase



Transaction	Voucher Entry	Ledger with group	Voucher type
5) Cash deposited in Bank of India. OR Cash withdrawn from Bank of India	Bank of India A/c...Dr To Cash A/c Cash A/c.....Dr To Bank of India A/c	Bank of India A/c – Bank Cash – Cash in Hand	Contra
6) Depreciation on machinery.	Depreciation A/c.. Dr To Machinery A/c	Depreciation A/c – Indirect Expenses Machinery A/c – Fixed Asset	Journal

3.2.4 GST Calculation :

GST stands for Goods and Service Tax. GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Act came into effect on 1st July 2017. GST is one nation, one tax. We will study about GST calculation in this chapter.

3.2.5 Posting of transaction into Voucher :

Posting a transaction through voucher is called voucher entry. While recording a transaction through the voucher, the account to be debited and credited along with the amount. We can type narration which is optional. We can add any number of debits and credits in a voucher entry depending upon the transaction.

Steps (procedure for voucher entry) :

1. Creation of Ledger with appropriate group or sub group.
2. Select the appropriate voucher type from voucher menu.
3. Enter voucher date.

4. Select the debit account name from the list (which you have created) and enter the amount.
5. Select the credit account name from the list (which you have created) and enter the amount.
6. Enter narration and save.(optional)

Points to be remembered while recording the voucher entry -

1. While recording transaction in voucher entry mode, correct Ledger Account can be selected from the list of Ledger accounts.
2. Appropriate voucher type should be selected according to the transaction.
3. Once the recording is done, it is possible to alter the contents in the voucher or even to delete the voucher.



3.2.6 Displaying various Reports :

Display of information is designed to allow a user get the maximum benefit of the data that is entered. A user gets a holistic picture of the data and is also able to present information using different options. In Computerised Accounting various financial, inventory reports can be generated after finishing the recording of transactions or even at timely intervals. Reports such as :

- 1) **Trial Balance** : provides you a report with debit and credit balance of all Ledger Accounts.
- 2) **Profit and Loss Account** : This report gives the final working result of the business with Net profit/Net Loss.
- 3) **Balance Sheet** : It is a statement showing Assets and Liabilities of the business concern.
- 4) **The Day Book** : contains all vouchers for the day, including inventory vouchers. Its purpose is to show you a day's transactions, though you can display a report for any period using Change period option.
- 5) **GST Reports** : The GST report prints a summary of the GST received and paid by you, broken down by the various tax codes, and is used to calculate your GST payment or refund.

3.2.7 Printing various Reports :

Printing of the financial and inventory reports is advisable for future reference. It is also useful for accounting audit. Reports and documents generated through Accounting Software can also be printed.

3.3 Different Accounting Packages :

1) Tally with GST package

Tally is one of the most widely used financial accounting software. Various types of trade and industries use it. It is a comprehensive business accounting and inventory management software that provides various facilities like multi-lingual operations, online functions, legally supported reports, etc.

In 2009, Tally Solutions introduced the software Tally.ERP 9. The software offers comprehensive business management solution. It maintains all books of accounts. Different types of vouchers such as vouchers for receipt, payment, sales, purchases, etc., can be used for recording transactions. In Tally for deleting any ledger, group, voucher or even company alt+d key combination is used. It follows the principle of double entry system of book keeping. In 2017, it was updated to comply with the Indian Goods and Services Tax (GST) requirements.



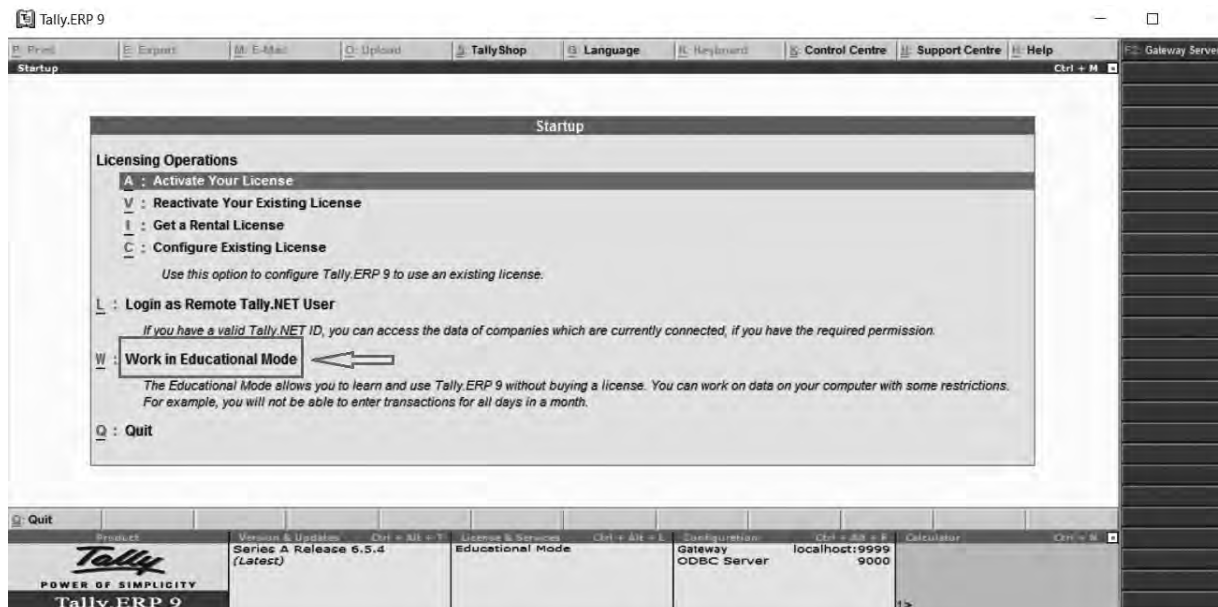


Fig. 3.3 : Tally Flash Screen

When Tally started, choose the mode of operation as per the options listed on the screen. If license is available, choose 'Activate Your License'. Otherwise, choose 'Work in Education Mode'.

2) GNU Khata :

In Std XI textbook we have seen how to create an organisation and ledger accounts using GNUKhata software. GNUKhata is one of the tools developed by KK's foundation. Like some other fairly innovative Indian FOSS products, GNUKhata probably hasn't been sufficiently noticed in the land it was born in. But it is making impressive progress now. From cash flow statements to profit and loss and balance sheets, GNUKhata can do it all. This software helps you keep track of your inventory.

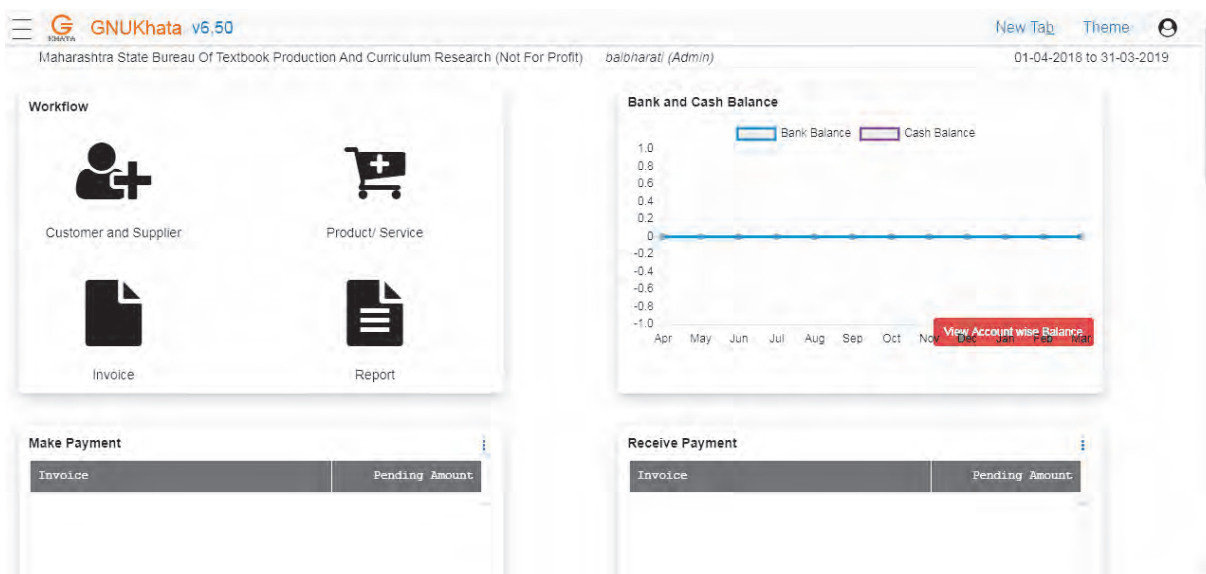


Fig. 3.4 GNUKhata Flash Screen

3) LedgerSMB :

A powerful yet simple open source accounting solution. It has been tailored to small and medium sized businesses. Starting from managing invoices to inventory – you also get the ability to translate (up to 45 languages supported).

The screenshot displays the LedgerSMB 1.5.0 web interface. The left sidebar contains a navigation menu with categories like Contacts, AR, AP, Cash, Transaction Approval, Budgets, HR, Order Entry, Shipping, Quotations, General Journal, Goods and Services, Timecards, Reports, Recurring Transactions, Transaction Templates, Tax Forms, Fixed Assets, System, Preferences, New Window, and Logout. The main content area is titled 'Add Sales Invoice' and includes fields for Customer (123), Credit Limit (0), Remaining (0), Record in (1200 - Comptes recevables), Currency (USD), Description, Shipping Point, and Ship via. There are buttons for Update, Save, Ship to, and Schedule. A table lists items with columns for Item, Number, Description, Qty, Unit, Price, Tax, Extended, Project, and Tax Form. The first item is 'web' with a quantity of 0 and a price of 0.00. Below the table, there are fields for Delivery (web-02-Web hosting + domain name registration, annual contract) and Group (webx-email-5-yr--5-pack pop3 email addresses). A 'Serial No.' field is also present. The bottom section includes a 'Notes' field, 'Internal Notes', and a 'Calculate Taxes' section with 'Automatic' and 'Manual' options. The 'Subtotal' and 'Total' are both 0.00. At the bottom, there are fields for Date, Source, Memo, Amount (0.00), and Account (10--), along with buttons for Update, Save, Ship to, and Schedule.

Fig. 3.5 LedgerSMB Flash Screen

4) GnuCash :

GnuCash is personal and small-business financial-accounting software, freely licensed under the GNU GPL and available for GNU/Linux, BSD, Solaris, Mac OS X and Microsoft Windows. It is designed to be easy to use, yet powerful and flexible. GnuCash allows you to track bank accounts, stocks, income and expenses. As quick and instinctive to use as a checkbook register, it is based on professional accounting principles to ensure balanced books and accurate reports.

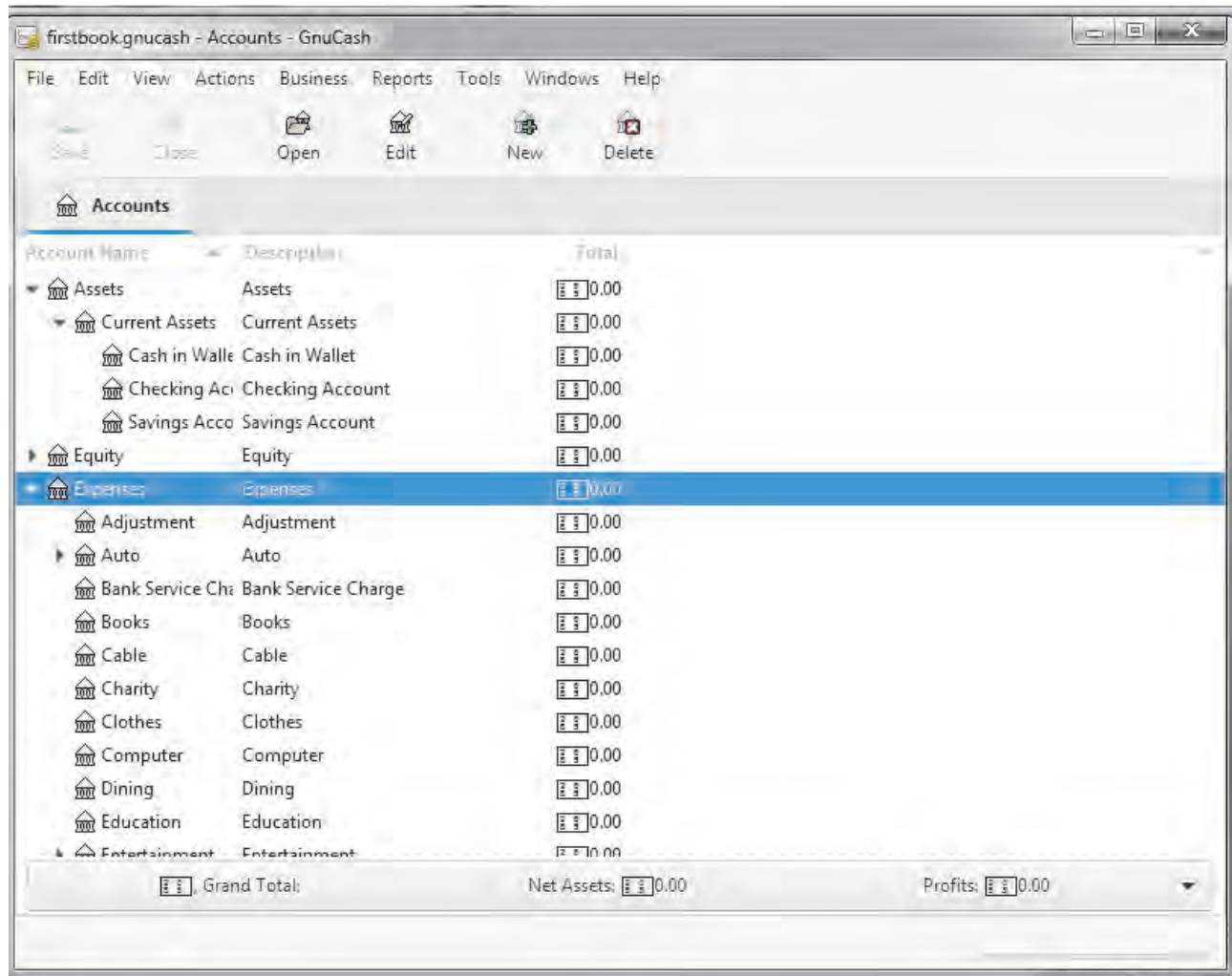


Fig. 3.6 GnuCash Flash Screen



5) Akaunting :

Akaunting is an interesting online accounting software that's available for free. Ranging from invoicing to managing deposits and transfers it has a whole lot of features. It's fit for both personal and enterprise needs.

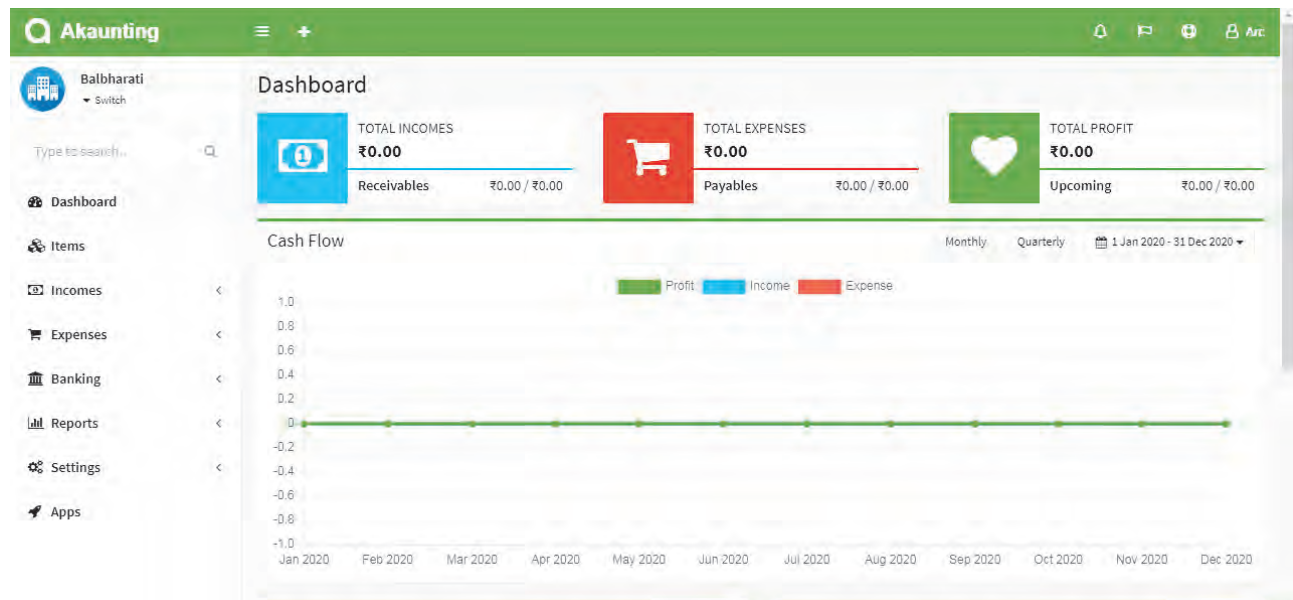


Fig. 3.7 Akaunting Flash Screen



Do it Yourself

There are many other free accounting software available on Internet. Try to search, install and explore.

Let us understand the above concepts with the help of example / case study

Note

- With the help of above mentioned list of software use any Accounting Software (open source/ free version or proper license version).
- Every software will have different navigational menus.
- Practical Examination should be conducted on the software which is used for regular teaching session.



3.4 Case Study/ PROBLEM :

1. Practical application of Accounting Software

Use following details to create a M/s Saraswati Trading Company for the year 2020

COMPANY DETAILS	
Company Name:	M/s Saraswati Trading Company
Address:	512,Shaniwar Peth, Navkar Building, Pune30
State:	Maharashtra
Website:	www.saraswatitrading.com
E-mail Id:	info@saraswati.com
Maintain:	Accounts Only
Financial Year From:	01-04-2019
Books Begin From :	01-04-2019

With the help of Any Accounting Software pass the following transactions in appropriate vouchers to print reports such as Trial Balance, Profit & Loss A/c, Balance Sheet, Day Book.

Jan 2020	Particulars	Amount (Rs)
1	Mrs. Saroj started business with cash	1,57,000
1	Cash deposited into Canara Bank	50,000
1	Paid office rent by cheque	15,000
2	Purchased goods from Sumit Steel works on credit	10,000
2	Sold goods to Ritu on cash	12,500
2	Purchased Furniture for office use with cash	25,000
2	Depreciation on Furniture	2,500



Solution :

Company Info > Create Company

- i) Create a new company in the name of M/s Saraswati Trading Company with the given details, financial year begins on 1/04/2019.
- ii) After creation of a company, it is necessary to set up features. The features are set of capabilities, provided as options, that enable maintenance of financial records as per the requirements of the users. Go to Features -> Company Features -> Accounting Features-> Maintain Accounts only >> Type Yes

STEP II : Creation Of Ledger

To record any transaction, the transaction has to be identified with the related Ledger Accounts. The user has to create various other ledgers based on their requirements.

To create given Ledgers –

Masters --> Account Info ---> Ledgers-->Single Ledger --> Create

While creating a ledger, name of the ledger along with appropriate group should be selected from the list of groups.

Ledger	Under Group
Capital A/c	Capital Account
Canara Bank A/c	Bank Account
Office Rent A/c	Indirect Expenses
Purchase A/c	Purchase Accounts
Sumit Steel Works A/c	Sundry Creditors
Sales A/c	Sales Accounts
Furniture A/c	Fixed Asset
Depreciation A/c	Indirect Expenses

Table 3.1 : Ledger and its appropriate group

Do you Know

In some accounting software it is not necessary to create all the Ledger Accounts at the beginning. From Voucher Entry screen it allows you to create new Ledger Account.

To view the list of created ledger : Accounts Info> Ledger>Single Ledger> Display



Step III : Voucher Entries

All Accounting Software has a set of predefined vouchers such as Purchase, Sales, Payment, Receipt and Contra. To view the list of voucher types: **Masters > Accounts Info > Voucher Types > Display**.

To enter transactions through vouchers **Transactions > Accounting Vouchers**.

Note: In Accounting Voucher Entry, there is “Single Entry Mode” for Contra, Receipt and Payment voucher and sets default To/By during voucher entry.

To convert it into double entry, one has to change the configuration as follows –

- 1) “Use single entry mode for payment/receipt/contra vouchers” to No.
- 2) “Use Cr/Dr instead of To/By during entry” to Yes.

Analysis of Transactions :

Date 2020	Voucher Type	Particular	Debit Amt.	Credit Amt.
1 Jan	Receipt	Dr. Cash Cr. Capital A/c	1,57,000	1,57,000
1 Jan	Contra	Dr. Canara Bank A/c Cr. Cash A/c	50,000	50,000
1 Jan	Payment	Dr. Office Rent A/c Cr. Canara Bank A/c	15,000	15,000
2 Jan	Purchases	Dr. Purchases A/c Cr. Sumit Steel Works A/c	10,000	10,000
2 Jan	Sales	Dr. Cash A/c Cr. Sales A/c	12,500	12,500
2 Jan	Payment	Dr. Furniture A/c Cr. Cash A/c	25,000	25,000
2 Jan	Journal	Dr. Depreciation A/c Cr. Furniture A/c	2,500	2,500



Step IV: To view various Reports :

- (i) To view Trial Balance → Display > Trial Balance > Detailed Trial Balance
- (ii) To view Profit and Loss A/c → Reports > Profit & Loss A/c
- (iii) To view Balance Sheet → Reports > Balance Sheet > Detailed
- (v) To view Day Book → Display > Day Book > Detailed (Alt + F1)

3.5 Important Concepts under GST :

3.5.1 GST : GST stands for Goods and Services Tax. France was the first country to implement the GST in 1954, and since then an estimated 160 countries have adopted this tax system. GST is an **Indirect Tax** which has replaced many Indirect Taxes in India. In India the GST Act came into effect on 1st July 2017. The GST replaced existing multiple taxes levied by the central and state governments. **GST is one nation, one tax, one market.**

- **Goods:** Means every kind of movable property other than money and securities.
- **Services:** These are the activities provided by other people, who include doctors, lawn care workers, dentists, barbers, waiters, online servers, consultants, chartered accountants.
- **Tax:** A compulsory contribution to state revenue, levied by the government.



Do it Yourself

Find the names of the countries where Goods and Services Tax is applicable.

3.5.2 GSTIN :

Goods and Services Tax Identification Number (GSTIN) is the registration number allotted to every registered dealer under GST Act. The GSTIN is a 15 digit PAN based registration number. You may register multiple businesses under the same PAN registration, provided they are all within the same state. Structure of GSTIN is as under-

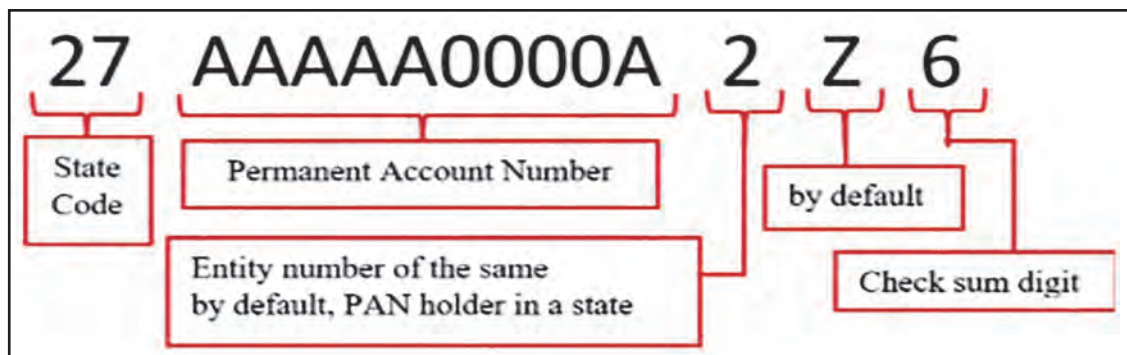


Fig. 3.8 Structure of GSTIN





Do it Yourself

Find out the State code of GST for different states of India. Make a list of it.

3.5.3 HSN Code :

HSN stands for **Harmonized System of Nomenclature**, is an internationally accepted coding system developed by World Customs Organisation (WCO) with the vision of **classifying goods** all over the world in a systematic and logical manner.

3.5.4 SAC :

SAC stands for **Services Accounting Code**, which is issued by CBEC(Central Board of Excise and Customs) to uniformly **classify each service** under GST. Each service has a unique SAC.

3.5.5 Taxes Under GST

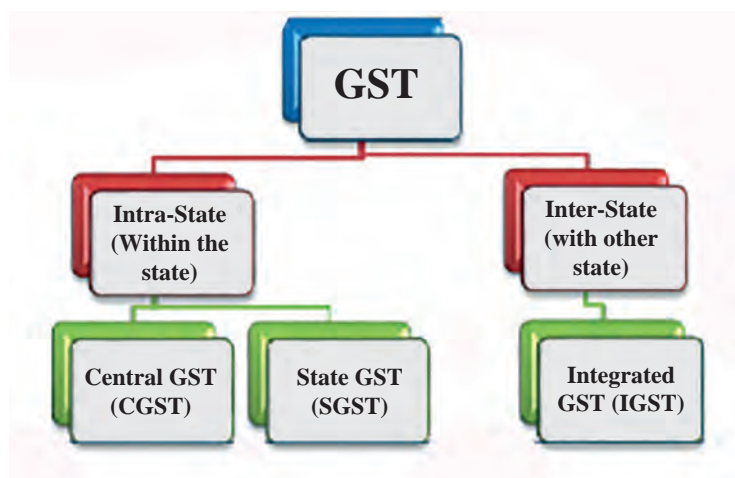


Fig. 3.9 Taxes under GST

To understand more on GST let us see the following table :

Tax name	Imposed on	Collected by	Example
CGST(Central Goods and Services Tax)	Intra-state supply of goods or services	Central Government	Mumbai to Pune i.e. Maharashtra to Maharashtra
SGST (State Goods and Services Tax)	Intra-state supply of goods or services	State Government	Satara to Nasik i.e. Maharashtra to Maharashtra
IGST(Integrated Goods and Service Tax)	Interstate supply or import of goods or services	Central Government	Solapur to Humpy i.e. Maharashtra to Karnataka (Between two States)



3.5.6 GST Rates :

The government has proposed a 4-tier tax structure for all goods and services under the slabs- 5%, 12%, 18% and 28%. There is zero % tax imposed on items such as, milk, sugar, salt, eggs, bread butter milk, curd, natural honey, fresh fruits and vegetables, jute, fresh meat, fish, chicken, stamps, judicial papers, printed books, newspapers, bangles, handloom. etc.



Do it Yourself

Find out the GST rates prescribed by government for different types of goods and services. Make a list of it. Refer GST Council decision for latest GST rates.

3.5.7 Input Tax and Output Tax :

- GST on Inward Supply of goods and services is known as Input Tax. Input tax shall be specifically named as Input IGST or Input CGST or Input SGST.
- GST on Outward Supply of goods and services is known as Output Tax. The output tax may be specifically named as Output IGST/Output CGST/Output SGST



Do it Yourself

Try to collect a bill having GST applied on cost, observe the GSTIN and rate of GST. Also observe which types of GST are applied on that bill.

3.5.8 Ledgers pertaining to GST for Supply of Goods - The Ledgers that are affected GST are :

- **Sales Ledger** - Separate sales Ledgers can be created for Local, Interstate and Non-taxable sales
- **Purchases Ledger** - Separate purchases Ledgers can be created for Local Purchases, Interstate purchases and Non- taxable purchases
- **Party Ledger** ➤ **SGST Ledger**
- **CGST Ledger** ➤ **IGST Ledger**

3.5.9 Ledgers pertaining to GST for Supply of Services - The Ledgers that are affected GST are:

- **Sales of Service Ledger or Income Ledger** - Give the name of the Service
(If the dealer is only a service provider, Service rendered is treated as sale of service e.g. Advertisement Charges received, consulting charges received, Commission received etc.)
- **Purchase of Service Ledger or Expense Ledger** - Give the name of the Service.
(If the dealer deals only a service provider, Service received is treated as Purchase of service e.g. website development/IT service charges paid, advertisement charges paid, Consulting charges paid, Courier Charges paid, etc.)
- **Party Ledger** ➤ **SGST Ledger**
- **CGST Ledger** ➤ **IGST Ledger**



Points to be remembered for GST calculation while using Accounting Software

1. Use GST compliant Accounting Software.
2. Make sure that company will be in accounts with inventory mode for GST calculation of goods and accounts only mode for GST calculations of services.
3. Creation of stock item with GST rates and units of measure with UQC is a must for GST accounting.
4. Service Ledgers must be created with the GST rates separately for local and interstate supply.
5. Input tax and output tax Ledgers at different rates are not required.
6. CGST, SGST and IGST Ledgers are common for goods and services.
7. CGST, SGST and IGST Ledgers will be created under sub group Duties and Taxes and main group Current Liabilities.
8. Voucher entry for supply of goods should be in item invoice mode and for supply of services should be in accounting mode.

3.6 Let us see different examples of GST calculation using different accounting packages.

I) GST on Goods :

Example 1 :

With the help of any open source or free education version Accounting Software create a company named Shree Ganesha Trading Company, Shahupuri Estate, Kolhapur, Maharashtra Pin Code 416004, with GSTIN 27ABCDE2345F1Z4. Enter the following transactions in appropriate vouchers by applying GST. Prepare Sales/ Tax Invoice and GST Reports.

- 1) On 01/04/2019 Purchased 50 Units CCTV @ Rs.10000 per Unit, GST 28% from Shiva Enterprises, Kolhapur, Maharashtra, Pin code 416001.
- 2) On 02/04/2019 Sold 30 Units of CCTV @Rs.12000 per unit, GST 28%, to Angels Public School, Satara, Maharashtra, Pin code 415001.

Solution :

The above transactions clearly indicate that the purchase and sale both are within Maharashtra State.

Therefore 28% GST is applicable as 14% SGST and 14% CGST



Step 1 : Create new company -

- i) Create a new company in the name of Shree Ganesha Trading Company with the given address and pin code, financial year begins on 1/04/2019.
- ii) Enable GST features by selecting → Features → Statutory and Taxation → Enable Goods and Service Tax(GST) → yes
Set/alter GST details → Yes.
Type State → Maharashtra, GSTIN 27 → ABCDE2345F1Z4

Step2. Create the following Ledger Accounts.

Accounts Info> Leger> Single>Create

Ledger	Group	Details to be filled
Purchases CCTV A/c	Purchases Accounts	Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’, Nature of transaction – ‘Purchase Taxable’, (from configuration make yes to ‘Show all GST tax types’) type- Integrated tax as ‘28%’ then Central Tax and State Tax will automatically reflects as ‘14%’ and ‘14%’ respectively; Type of supply – ‘Goods’)
After Set/Alter GST Details – ‘Yes’, GST Details Screen will appear select Nature of transaction – ‘Purchase Taxable’ GST Details-> Nature of Transaction->Purchase Taxable Show all GST tax types -> Yes		

Tax type - Integrated Tax -28%; then Central Tax and State Tax will automatically reflect as ‘14%’ and ‘14%’ respectively. Cess 0% and then press Enter Key

Ledger	Group	Details to be filled
Sales CCTV A/c	Sales Account	Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’ Nature of transaction – ‘Sales Taxable’ (from configuration make yes to ‘Show all GST tax types’) type- Integrated tax as ‘28%’ then Central Tax and State Tax will automatically reflects as ‘14%’ and ‘14%’ respectively; Type of supply – ‘Goods’

Same Steps to be followed for creating Sales CCTV Ledger A/c

SGST A/c	Duties and Taxes	Type of Duty/Tax - ‘GST’, Tax Type – ‘State Tax’, Percentage of Calculation – ‘0%’
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CGST A/c	Duties and Taxes	(Type of Duty/Tax - 'GST', Tax Type – 'Central Tax', Percentage of Calculation – '0%')
Angel Public School A/c	Sundry Debtors	Fill the details with PIN code
Shiva Enterprises A/c	Sundry Creditors	Fill the details with PIN code

Step.3. Create Inventory details :

- Create Units of Measure – Unit/Ut
- Create Stock groups or Category as '**Camera**'
- Create Stock Item/Product as '**CCTV**' with GST rate 28%

NOTE: GST rates applicable for each commodity are given at the time of creation of stock items/products. For the creation of inventory items/products, following are the steps:

Step 3.1 Create Unit of Measure: Inventory/Inventory Info> Unit of Measure/Measurement >>Give unit name/symbol as Ut> Formal Name/description as Units >Select applicable Unit Quantity Code (UQC) from the pop up list(optional).> Accept/Save the details.

Step 3.2 Create Stock groups or Category: Inventory/Inventory Info>Stock groups or Category as Camera>Accept/Save the details without changing any field.

Step 3.3 Create Stock Items/Product: Inventory /Inventory Info>Stock Items/Product> Type the name of the item/product CCTV>Select the Under Group/Category as Camera>Select Unit of Measurement/ Measure as Ut > Set / Alter GST Details : Yes (then give all the GST details for that Stock Item like HSN, Taxability, IGST %, CGST%, SGST%, etc.)Type of supply – 'Goods' Accept/Save the details.

Step 4. Create Purchase and Sales Vouchers :

- Purchase Voucher:** >Accounting Vouchers > (Purchase Voucher) > Type Voucher Date as **1/04/2019**>Supplier Invoice No. >Party's name field : > Enter **Shiva Enterprises** > Purchase Ledger field > Select **Purchase CCTV A/c** > Select Name of the item/product as **CCTV**>Enter Quantity as **50** and Rate Rs.**10000**>Select '**SGST**'> Select '**CGST**'>Save/Accept.
- Sales Voucher :** Accounting Vouchers > Select Sales Voucher > Enter Voucher Date> Party's name field : **Angel Public School**> Sales Ledger field – Select **Sales CCTV** > Select Name of the item/product as **CCTV**>Enter Quantity **30** units and



Rate **Rs.12000**>Select '**SGST**'> Select '**CGST**' > Save/Accept

Step 5. Display Reports :

1) Tax Invoice i.e. Sales Invoice –

Reports ->Display ->Day Book ->Sales Voucher

Tax Invoice						
Shree Ganesh Trading Company Shahu Puri Estate Kolhapur GSTIN/UIN: 27ABCDE2345F124 State Name : Maharashtra, Code : 27		Invoice No. : 1 Delivery Note	e-Way Bill No. Dated: 2-Apr-2019 Mode/Terms of Payment	Supplier's Ref Other Reference(s)		
Buyer Angels Public School Satara State Name : Maharashtra, Code : 27		Buyer's Order No. Despatch Document No. Despatched through	Dated Delivery Note Date Destination	Terms of Delivery		
Sl No	Description of Goods	HSN/SAC	Quantity	Rate	per	Amount
1	CCTV		30 unt	12,000.00	unt	3,60,000.00
	SGST					50,400.00
	CGST					50,400.00
Total			30 unt			₹ 4,60,800.00
Amount Chargeable (in words) INR Four Lakh Sixty Thousand Eight Hundred Only E & O E						
HSN/SAC		Taxable Value	Central Tax		State Tax	
			Rate	Amount	Rate	Amount
		3,00,000.00	14%	50,400.00	14%	50,400.00
Total		3,60,000.00		50,400.00		50,400.00
Tax Amount (in words) INR One Lakh Eight Hundred Only						
Declaration		We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.				
		for Shree Ganesh Trading Company Authorized Signatory				

This is a Computer Generated Invoice



2) GST Reports

i) Display > Statutory Reports > GST >GSTR2

ii) GST Annual Computation -- > in Pdf form(print mode)->

Shree Ganesha Trading Company Shahupuri Estate Kolhapur GST Annual Computation 1-Apr-2019 to 31-Mar-2020						
GSTIN : 27ABCDE2345F1Z4						Page 1
Total number of vouchers for the period						2
Included in Annual Computation						2
Included in HSN/SAC Summary						0
Incomplete HSN/SAC information (to be provided)						2
Not relevant for Annual Computation						0
Incomplete/Mismatch in information (to be resolved)						0
Particulars	Taxable Value	Integrated Tax Amount	Central Tax Amount	State Tax Amount	Cess Amount	Tax Amount
<u>Liability</u>						
Outward and Inward Supplies on Which Tax is Payable (Including Advances)	3,60,000.00		50,400.00	50,400.00		1,00,800.00
Outward Supplies on Which Tax is not Payable						
Total Liability	3,60,000.00		50,400.00	50,400.00		1,00,800.00
<u>Input Tax Credit</u>						
Input Tax Credit			70,000.00	70,000.00		1,40,000.00
ITC Reversal and Ineligible ITC Declared						
Input Tax Credit After Reversal & Ineligible ITC			70,000.00	70,000.00		1,40,000.00
<u>HSN/SAC Summary</u>						
Summary of Outward Supplies						
Summary of Inward Supplies						



Example 2 :

With the help of any open source or free education version Accounting Software Enter the following transactions in appropriate vouchers of Balaji Enterprises, College Road, Nashik, Maharashtra 422005 with GSTIN 27PQRST1234T2Z1, Dealers of House hold Articles. Prepare various reports with GST calculations.

- 1) On 01/08/2018 Purchased from M/s. Bangalore Kitchen suppliers, Sudhama Nagar, Bengaluru, Karnataka 560002 with GSTIN 29ABCDE1235R2Z4
 - (a) 100 Nos. of LPG Stoves @ Rs.8500/- per Stove, GST 18%
 - (b) 50 Nos. of Wash Basin @Rs.7000/- per basin, GST 28%
- 2) On 02/08/2018 Sold 40 Nos. of LPG Stoves @Rs.10000/- per Stove with GST18% to Anandh Multi Agencies, Kuppam Nagar, Chennai, Tamil Nadu 600033 (GSTIN-33STUVW1345S2Z6)

Solution:

The above transactions clearly indicate that the purchase and sale both are out of Maharashtra State. Therefore only IGST is applicable i.e. Integrated GST

Step 1.

- i) Create a new company in the name of Balaji Enterprises, College Road, Nashik, Maharashtra, Pin code – 422005, financial year begins on 1/04/2018.

- ii) Enabling GST

Features>Statutory & Taxation > Enable Goods and Services Tax (GST) – Yes
Set/alter GST details – Yes

- iii) Fill State and GSTIN details

Step 2 : Create following Ledger accounts. Account Info > Ledgers > Single > Create

Ledger	Under Group
Inter-State Purchase	Purchase Accounts Is GST Applicable – Applicable Set/Alter GST Details – No Type of supply – Goods
M/s. Bangalore Kitchen Suppliers	Sundry Creditor



Inter-State Sales	Sales Accounts Is GST Applicable – Applicable Set/Alter GST Details – No Type of supply – Goods
Anandh Multi Agencies	Sundry Debtor
IGST	Duties and Taxes Type of Duty/Tax – GST Tax Type – Integrated Tax Percentage of Calculation – ‘0%’

Step.3 Create Inventory details:

- (a) Create Units of Measure – Nos.
- (b) Create Stock group/category - Households
- (c) Create Stock Items/products:
 - (i) LPG Stoves - Type GST Rate 18% in the field ‘Integrated Tax’..
 - (ii) Wash Basin - Type GST Rate 28% in the field ‘Integrated Tax’

NOTE: GST rates applicable for each commodity are given at the time of creation of stock items/products. For the creation of inventory items/products, steps to be followed are :

Step.3.1. Create Units of Measure: Inventory/Inventory Info> Units of Measure/ Measurement >Give unit name/symbol as **Nos**> Formal Name/description as **Number** >Select applicable Unit Quantity Code (UQC) from the pop up list NOS-Numbers> Accept/Save the details

Step.3.2. Create Stock groups or Category: Inventory/Inventory Info>Stock groups or Category as **Households**>Accept/Save the details without changing any field

Step.3.3. Create Stock Items/Product: Inventory /Inventory Info>Stock Items/Product> Type the Item/Product name **LPG Stoves** >Select the Under Group/Category as **Household**>Select Unit of Measurement/ Measure as **Nos** > Type GST Rate 18% in the field ‘Integrated Tax’>Accept/Save the details



Step.3.4. Create Stock Items/Product: Inventory /Inventory Info>Stock Items/Product> Type the Item/Product name **Wash Basin** >Select the Under Group/Category as **Household**>Select Unit of Measurement/ Measure as **Nos** > Type GST Rate 28% in the field 'Integrated Tax'>Accept/Save the details

Step 4. Create Purchase and Sales Vouchers

- 1) **Purchase Voucher:** Accounting Vouchers > Select Purchase Voucher>Type Voucher Date>Supplier Invoice No. >Party's name field : M/s. Bangalore Kitchen suppliers > Purchase Ledger field – Select Inter-state Purchase > Select Stock Item/Product LPG Stoves > Enter Quantity as 100Nos and Rate Rs.8500> Select second Stock Item/Product Wash Basin>Enter Quantity as 50Nos and Rate Rs.7000>Select 'IGST'> Save/Accept.
- 2) **Sales Voucher :** Accounting Vouchers > Select Sales Voucher > Enter Voucher Date>Party's name field : Anandh Multi Agencies > Sales Ledger field – Select Inter-state Sale > Select Name of the item/product LPG Stoves >Enter Quantity 40 Nos and Rate Rs.10000>Select 'IGST' > Save/Accept.

Step 5: Display GST Reports:

- i) Display > Statutory Reports > GST >**GSTR-2**
- ii) Display > Statutory Reports > GST >**GST Annual Computation**

II) GST on Services –

While calculating GST on Services all the services purchased can be recorded in Purchase Voucher. For example paid advertisement charges, consultancy charges, professional charges, maintenance charges, transportation charges, IT charges etc. to be considered as services purchased for the company and hence to be recorded in Purchase Voucher.

Similarly, while calculating GST on Services all the services sold can be recorded in Sales Voucher. For example received advertisement charges, consultancy charges, professional charges, maintenance charges, transportation charges, IT charges etc. to be considered as services sold by the company and hence to be recorded in Sales Voucher.

E.g. Digisoft India Ltd Company is a company which develops websites. They have developed a website for Enhance Learning Institute for Rs 50,000/- as design charges. Entry for the same will be



Voucher Entry	Group Name	Voucher Type
Enhance Learning Institute A/cDr 50000 To Design charges A/c 50000	Sundry Debtor Sales	Sales Voucher

Note : While calculation GST for the company rendering only services Accounting Features should change to “Maintain Accounts Only” as YES option

Let us understand this with the help of following example :

M/s. Freelance Technical Consultancy Company from Shraddhanand Peth, Ambazari Rd, Nagpur, Maharashtra 440010 (GSTIN 27HIJKL1234M5Z6) is a freelancing company which tackle problems and provide IT solutions to the big organisation. The company renders services like website designing, Digital Marketing consultation, etc. Following transactions has taken place in the month of October 2017. **With the help of any open source or free education version Accounting Software** enter the following transactions in appropriate vouchers of M/s. Freelance Technical Consultancy Company with GST calculations.

- 1-10-2017 Received Design charges from M/s Mehta Construction Group, Amravati, Rs.50,000/- by cheque, (SBI Ch. No.579678) GST-18%
- 2-10-2017 Received Consultancy charges from M/s Perfect Engineers Ltd, Wardha, Rs.50,000/-, GST 5%
- 2/10/2017 Paid Advertisement charges Rs.30,000/-, GST-18% to M/s. Online Digital Marketing Ltd, Mumbai.
- 02/10/2017 Paid Web hosting charges to M/s. Popular Web hoster, Bangalore, Karnataka by Cheque Rs.30,000/-, (SBI Ch.No.325647) IGST-18%

Print GST Reports GSTR-2 and GST Annual Computation.

Solution:

In the above transactions we have to consider SGST, CGST, IGST

Step1. Create a new company : M/s. Freelance Technical Consultancy Company from Shraddhanand Peth, Ambazari Rd, Nagpur, Maharashtra 440010, financial year begins on 1/04/2017. Enable GST by filling GSTIN 27HIJKL1234M5Z6.

Note : Don't forget to change the company features if the company renders 'Service Only' as Feature -> Accounting Features -> Maintain Accounts Only 'Yes'



Step2. Create the following Ledger Accounts

Ledger	Under Group and details to be filled
Design Charges	Sales Account (Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’, Nature of Transaction – Sales Taxable, Type GST Rate in the field Integrated Tax, Type of supply – ‘Service’)
M/s Mehta Construction Group	Sundry Debtors
SBI A/c	Bank Account
SGST	Duties and Taxes (Type of Duty/Tax - ‘GST’, Tax Type – ‘State Tax’, Percentage of Calculation – ‘0%’, Rounding method – ‘Not applicable’)
CGST	Duties and Taxes (Type of Duty/Tax - ‘GST’, Tax Type – ‘Central Tax’, Percentage of Calculation – ‘0%’, Rounding method – ‘Not applicable’)
Consultancy Charges	Sales Account (Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’, Nature of Transaction – Sales Taxable, Type GST Rate in the field Integrated Tax, Type of supply – ‘Service’)
M/s Perfect Engineers Ltd	Sundry Debtors
Advertisement Charges	Purchase Account (Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’, Nature of Transaction – Purchase Taxable, Type GST Rate in the field Integrated Tax, Type of supply – ‘Service’)
M/s Online Digital Marketing Ltd	Sundry Creditors
M/s. Popular Web hoster	Sundry Creditors
IGST	Duties and Taxes (Type of Duty/Tax - ‘GST’, Tax Type – ‘Integrated Tax’, Percentage of Calculation – ‘0%’, Rounding method – ‘Not applicable’)
Web Hosting Charges	Purchase Account (Is GST Applicable – ‘Applicable’, Set/Alter GST Details – ‘Yes’, Nature of Transaction – Inter-State Purchase Taxable, Type GST Rate in the field Integrated Tax, Type of supply – ‘Service’)



Step.3. Accounting Vouchers:

Transaction	Voucher Type	Procedure
1 (Due Entry)	Sale	Debit – M/s Mehta Construction group Credit- Design charges Credit- CGST Credit- SGST (Recommended that Entry to pass in Invoice Mode – Accounting Invoice and not in Voucher Mode – Dr / Cr mode. So that GST amount should be auto calculated.)
1 (Receipt entry)	Receipt	Debit - SBI Credit- M/s Mehta Construction group
2 (Due Entry)	Sale	Debit – M/s Perfect Engineers Ltd Credit- Consultancy charges Credit- CGST Credit- SGST (Recommended that Entry to pass in Invoice Mode – Accounting Invoice and not in Voucher Mode – Dr / Cr mode. So that GST amount should be auto calculated.)
2 (Receipt entry)	Receipt	Debit - Cash Credit- M/s Perfect Engineers Ltd
3 (Due Entry)	Purchase	Debit – Advertisement Charge Debit- CGST Debit – SGST Credit- M/s. Online Digital marketing Ltd (Recommended that Entry to pass in Invoice Mode – Accounting Invoice and not in Voucher Mode – Dr / Cr mode. So that GST amount should be auto calculated.)
3 (Payment entry)	Payment	Debit - M/s. Online Digital marketing Ltd Credit – Cash
4 (Due Entry)	Purchase	Debit – Web Hosting Charges Debit- IGST Credit- M/s. Popular Web hoster (Recommended that Entry to pass in Invoice Mode – Accounting Invoice and not in Voucher Mode – Dr / Cr mode. So that GST amount should be auto calculated.)
4 (Payment entry)	Payment	Debit - M/s. Popular Web hoster Credit – Cash



Step 4. Display GST Reports:

(a) GSTR-2

(b) GST Annual Computation

Summary

- Accounting Software is application software used to record accounting transactions.
- Process of Computerised Accounting starts with creation of company or organisation.
- Automated accounting system is an approach to maintain up-to-date accounting records with the aid of Accounting Software.
- In Computerised Accounting every Ledger account should be given proper group.
- Accounting group is a collection of Ledger accounts of same nature.
- Voucher is pre-numbered accounting document.
- In computerised accounting every voucher maintains its debit and credit record.
- Receipt, Payment, Sales, Purchase, Contra, Journal are the commonly used voucher types.
- Selection of Vouchers depends upon nature of transaction.
- GST stands for Goods and service tax.
- GST is an Indirect tax implied in India from 1st July 2017.
- Posting a transaction through voucher is called voucher entry.
- In Computerised Accounting various financial and inventory reports can be generated after finishing the recording.
- Accounting Software are available such as Tally, GnuKhatra, GnuCash, Ledger SMB, Akaunting etc. for maintaining computerised accounting.
- GSTIN is a 15 digit PAN based Registration Number.
- First two digits of GSTIN indicate state code.
- For Maharashtra GSTIN code is 27.
- HSN and SAC are the codes given to goods and services under GST.
- There are three types of GST- CGST,SGST,IGST
- GST rates are different for different commodities/products.
- For calculating GST on Goods, accounts with inventory mode and GST on Services accounts only mode should be selected while creating company.



Exercise

Q.1 Fill in the blanks.

- 1) A pre-numbered accounting document used for posting daily transactions is called as _____.
- 2) When cash is going out of the business _____ type of voucher is used.
- 3) Return of goods to a supplier comes under _____ type of voucher.
- 4) _____ was the first country to implement the GST in 1954.
- 5) GSTIN stands for _____.
- 6) GST came into force in India with effect from _____.
- 7) Rectifying entries or transfers or adjustment entries comes under _____ voucher type.

Q.2 State whether the statement is TRUE or FALSE.

- 1) Creation of company is the first step in Computerized Accounting process.
- 2) All Ledger accounts have same groups in Computerized Accounting.
- 3) Receipt voucher is used when the cash is accepted.
- 4) Cash deposited into bank comes under bank voucher.
- 5) Recording a transaction through voucher is called as voucher entry.

- 6) Goods sold from Solapur to Hubli is an example of SGST.
- 7) GST is focus on one nation one tax.
- 8) GSTIN is PAN based registration number.
- 9) CGST, SGST and IGST Ledgers are common for goods and services

Q.3 Choose Single correct answer from the given options.

- 1) Contra Voucher is used for _____
 - a) Master Entry
 - b) Withdrawal of cash from bank
 - c) Reports
 - d) Credit Purchase
- 2) Salary account comes under which of the following head _____
 - a) Indirect Income
 - b) Indirect Expenses
 - c) Direct Income
 - d) Direct Expenses
- 3) In India the GST Act came into effect on _____
 - a) 1st July 2018
 - b) 1st July 2017
 - c) 1st June 2018
 - d) 1st June 2017



- 4) Sale or purchase out of state involves ____ in invoice.
 - a) OutGST
 - b) IGST
 - c) WithGST
 - d) NoGST
- 5) GSTIN is ____ digit alphanumeric number.
 - a) 13
 - b) 10
 - c) 15
 - d) 1
- 6) In GSTIN first two digits represents ____ code.
 - a) State
 - b) Central
 - c) Company
 - d) General
- 7) GST is ____ type of tax.
 - a) Regular
 - b) Indirect
 - c) Direct
 - d) Irregular
2. Valid types of vouchers are ____ and ____
 - a) contra
 - b) sales
 - c) income
 - d) expenditure
 - e) liability
3. ____ and ____ are ledger accounts can be created under Group Indirect Expenses.
 - a) Insurance
 - b) Sale
 - c) Rent
 - d) Bank Loan
 - e) Octroi
4. Codes given to Goods and Services under GST are ____ and _____.
 - a) HSN
 - b) HSC
 - c) SSC
 - d) SAC
 - e) HNS

Q.4 Choose Two correct answers from the given options.

1. Every voucher maintained its ____ and ____ record.
 - a) debit
 - b) in
 - c) out
 - d) credit
 - e) open

Q.5 Activity

Find out the GST exemption list for various goods and services.

