Tally

POWER OF SIMPLICITY

Implementation of Service Tax in Tally.ERP 9

Contents

Lesson 3: Service Tax Reports

Introduction

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

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

Initially only three services were brought under the net of Service Tax and the tax rate was 5%. Gradually more services came under the ambit of Service Tax. In accordance with the Annual Budget 2012-13, the current Service tax rate has been increased from 10% to 12%.

Scope & Applicability

Scope

Initially, Service Tax was chargeable on Realisation basis i.e. receipt of the consideration for the services provided / to be provided (advance receipts). With effect from **1 April 2011**, the **Point of Taxation Rule** was introduced for effective collection of Service Tax.

Point of Taxation refers to the point in time when a service shall be deemed to be provided. According to this rule, point of taxation shall be on the –

- ❑ Date of Issue of Invoice
- ❑ Date of receipt of Payment, whichever is earlier.

The liability of tax is on the service provider (in some cases service receiver), i.e. person who is providing the service is liable to pay tax to the Government.

Example: **Royal Agency** provided Advertising services of Rs. 1,00,000 to SysImage. On the service amount of Rs.1,00,000, Royal Agency is liable to pay a tax of Rs. 12,360 @ 12.36% (12% on Service Tax, 2% of Education Cess, 1% of Secondary Education Cess)

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

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

Applicability

Service Tax is applicable on taxable services

1. **Provided and taxable in the hands of service provider**
2. **Received and taxable in the hands of service receiver**: Generally it is the service provider who is liable to collect Service Tax from his customer/client and pay the same to the Government. But section 68(2) empowers the Government to notify the services with regard to which the service receiver would be held liable to pay Service Tax to the Government. For the below mentioned services the service receiver is liable to pay Service Tax (as per Notification 36/2004 ST dated 31.12.2004 as amended from time to time)

   ◻ Goods Transport Agency service

   ◻ Business auxiliary service of distribution of mutual fund by a mutual fund distributor or agent

   ◻ Sponsorship service provided to any body corporate/firm

   ◻ Taxable services received by any person in India from abroad

   ◻ Insurance auxiliary service by an insurance agent

With effect from 1 July 2012, **Negative list-based System of Tax on Services** was introduced which provides;

   ◻ A list of services which will not be subject to Service Tax *(Negative List)*

   ◻ All services, other than those mentioned in the Negative List, will fall under the purview of Taxable services

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

Registration

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

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

   ◻ Application for registration to the concerned superintendent in form **ST -1** with in **30 days** from the date on which Service Tax is levied or 30 days from the commencement of business providing a taxable service, whichever is later.

   ◻ **Assessee** providing **Service from more than one Premises or Office**, has to make separate applications for each of such premises or Offices.

   If the assessee has **Centralised Billing System** or **Centralised Accounting System**, then the assessee can obtain **Centralised Registration** covering all the premises or offices.

- In case of **transfer of business** from a **Registered Assessee** to a **new person**, the Transferee has to obtain a **fresh Registration Certificate**.

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

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

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

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

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

Service Tax Assessee Code (Service Tax Registration Number)

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

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

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

Valuation of Taxable Service

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

Value of the taxable service is determined as under

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

Example: **Royal Agency** provides taxable service for Rs. 1,34,832 inclusive of Service Tax @ 12.36%. The taxable service value shall be computed as shown

Taxable Service Value (1,20,000) = 1,34,832 X (100/112.36)

Charge of Service Tax

As per Section 66 of Finance Act, 1994, **Service Tax** is charged at **12%** of the value of taxable services. In addition to this, **2% Education Cess** and **1% Higher Education Cess** is payable on taxable services. Thus, total Service Tax is **12.36%** and it will be collected in such manner as prescribed.

Exemption from Service Tax

In some cases, the Central government can grant exemption on Service Tax, by issuing a notification u/s 93 of Finance Act, 1944. The Service Tax Exemption provided may be

- **Partial** or **Total** Service Tax
- **Conditional** or **unconditional**

Following are the general Exemptions from Service Tax

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

Taxable Percentage

As per the Service Tax Amendment w.e.f 1 July 2012, Abatement is being replaced by **Taxable Percentage**.

Taxable Percentage refers to a certain percentage of the **Service amount** that is chargeable to Service Tax. Whereas Abatement is a deduction allowed (by the Government) on the value to be considered for Service Tax.

Example: Taaza Caterers received services - Transportation of goods by rail worth Rs. 1,00,000 and the Taxable Percentage is 30%. So, only 30% of the Service Amount is applicable for charging Service Tax i.e. Rs. 30,000 (30% of Rs. 1,00,000).

Pure Agent

Pure agent means a person who

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

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

In the above example

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

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

Adjusting Credit

While you pay Service Tax on sale of services that come under the Service Tax Category, you can adjust Service Tax credit on purchase of services. This is called **Adjusting Credit against Service Tax**. The difference between the Service Tax that you have to pay for selling services and the Service Tax credit on purchases that can be adjusted is the payable Service Tax.

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

Service Tax paid on services provided (B)	= Rs. 250
Service Tax credit on payment to telephone company (A)	= Rs.145
Total Service Tax payable by Royal Agency (B-A)	= Rs.105
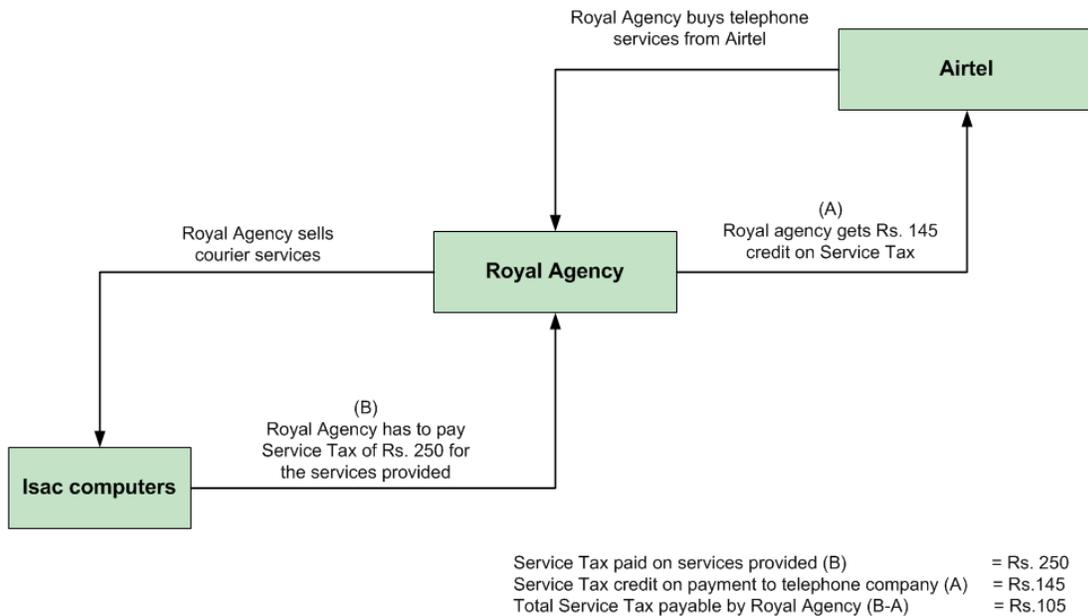
Figure   Adjusting Input Credit

Time and Mode of Payment

1. By **individuals, proprietary firms** and **partnership firms**

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

2. By **Others**

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

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

Returns & Time lines

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

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

The returns have to be submitted, along with copies of all G.A.R - 7 Challans within 25 days of the expiry of the fiscal half-year

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

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

Service Tax Features in Tally.ERP 9

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

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

Lesson 1: Enabling Service Tax in Tally.ERP 9

1.1 Enabling Service Tax in Tally.ERP 9

It is one time configuration for Service Tax features to be enabled in Tally.ERP 9. Follow the steps given below to configure **Service Tax** for a new company **Crystal Services (P) Ltd**.

1. Create Company
2. Enable Service Tax

> *To enable Service Tax for Companies which are already created in Tally.ERP 9, follow the instruction provided under the head **Enable Service Tax**.*

Crystal Services (P) Ltd., is a company engaged in providing multiple services to their clients. The services provided by Crystal Services (P) Ltd., fall within the ambit of tax net and are taxable @ **12.36%**.

Step 1: Create Company

Go to **Gateway of Tally** > **Alt + F3: Company Info.** > **Create Company**

In the **Company Creation** Screen,

- Specify **Crystal Services (P) Ltd.,** as the **Company Name** and **Address details**
- Select **India** in the **Statutory Compliance for** field
- Specify the **State**, **Pin code** & **Accounts with** or **without Inventory** details

The completed **Company Creation** screen displays as shown:

Figure 1.1 Company Creation Screen

- Press **Enter** to Save

> *For complete details on* **Company Creation** *refer* **Tally.ERP 9 Help***, topic* **Creating Company in Tally.ERP 9**

Step 2: Enable Service Tax

Enable Service Tax feature in F11: Features

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

- Set **Enable Service Tax** to **Yes**

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

Figure 1.2 F11: Statutory & Taxation Features

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

Figure 1.3 Company Service Tax Details Screen

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

1. **Service Tax Registration No.:**In this field, enter the Service Tax Registration Number of the company allotted by the department. (before the circular No. 35/3/2001-ST dated 27-08-2001)

2. **Date of Registration**: Specify the **Date** of Service Tax registration of the company. e.g. **15-03-2002**

3. **Type of Organisation**: In this field, select the appropriate organisation type from the **List of Organisations.** e.g. **Registered Private Ltd. Company**

4. **Enable Service Tax Round Off**: By default, this option will be set to **Yes**. If this option is Yes, Service Tax will get Rounded off to nearest Rupee and such round off will happen for each Tax head. Set this option to **NO** if rounding off is not necessary.

In this case, Crystal Services (P) Ltd. does not want to round off the Service Tax amount, hence this option is set to **No**.

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

- ❑ *Service Tax of **1012.85** to **1013***

- ❑ *Education Cess of **20.53** to **21***

- ❑ *Secondary Education Cess of **10.12** to **10***

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

- ❑ *Service Tax of **1012.85***

- ❑ *Education Cess of **20.53***

- ❑ *Secondary Education Cess of **10.12***

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

*On altering the existing Service Tax transactions, the application will automatically change the **present rounded off values** into **values with decimals**.*

5. **Assessee Code**: In this field, enter the **Service Tax Assessee Code** of the company. e.g. **ASDCE1588PST001**.

6. **Premises Code No.**: In this field, enter company's **Premises code** allotted by Department. e.g. **SC0500012**

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

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

> *Notes*
>
> *Large Tax Payers are those assessees who pay large amount of Tax. They are the eligible taxpayer for the purposes of being served by the LTU. For e.g.: **Rs.5 Crores***

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

> *Notes*
>
> *Large Tax Unit is self-contained tax office under the Department of Revenue acting as a single window clearance point for all matters relating to Central Excise, Income Tax/ Corporate Tax and Service Tax. Eligible Tax Payers who opt for assessment in LTU shall be able to file their excise return, direct taxes returns and Service Tax return at such LTUs and for all practical purposes will be assessed to all these taxes there under. These units are being equipped with modern facilities and trained manpower to assist the tax payers in all matters relating direct and indirect tax/ duty payments, filing of documents and returns, claim of rebates/ refunds, settlement of disputes etc.*
>
> *Large Tax Unit location Code for **Bangalore is L-10000***
>
> *More information on LTU is available on - **http://www.cbec.gov.in/cae1-english.htm***

9. Under **Range**, enter **Code** and **Name** of the range under which your company falls

10. Under **Division**, enter the **Division Code** and **Name** under which your company falls.

11. Under **Commissionerate**, enter **Code** and **Name** of the Commissionerate of Service Tax, Department, under which the address of your Company's registered office is located.

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

Company Service Tax Details		
Service Tax Registration No. : ASDCE1588PST001		Assessee Code : ASDCE1588PST001
Date of Registration : 15-Mar-2002		Premises Code No. : SC0500012
Type of Organisation : Registered Private Ltd Company		Is Large Tax Payer ? No
Enable Service Tax Round Off : No		Large Tax Payer Unit :
Range	**Division**	**Commissionerate**
Code : 06	Code : 02	Code : 09
Name : Bommanahalli	Name : Division II	Name : Bangalore I
(Note: All the above details will be used in Challan, Forms & Returns)		

Figure 1.4   Completed Company Service Tax Details Screen

12. Accept the **Company Service Tax Details** screen.

13. In the **PAN / Income -Tax No.** field, enter the **Permanent Account Number (PAN)** of the company.

The completed **Statutory & Taxation** screen is displayed as shown

Figure 1.5 Completed Statutory & Taxation Features Screen

14. Press **Enter** to Save.

Lesson 2: Service Tax Transactions

This lesson is divided into **Two** parts

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

Part – I

Recording Basic Service Tax Transactions

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

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

- Purchase of Services
- Sale of Services
  - Taxable Services
  - Services included under Negative List
  - Exempted Services
- Adjustment of Input Service Tax Credit towards Service Tax Payable
- Payment of Service Tax and Generate G.A.R 7 Challan

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

Transactions Involving Service Tax

2.1 Purchase of Services

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

As per **Amendment** in the **CENVAT Credit (Third Amendment) Rules, 2011**, **Service Tax Input Credit** against the **purchase bills** can be availed even if the **payment is not made** to the **Service provider** w.e.f **1-4-2011** (applicable only for the service bills raised after 1-4-2011). However if the payment is not made to the service provider within 3 months, the Service tax credit availed/utilised has to be reversed.

Example 1:

On August 1, 2012 Crystal Services (P) Ltd. received a purchase invoice (No.MA/4796) for Advertising services rendered by Ram Agency for Rs. 60,000 with Service Tax @ 12.36% (Total invoice amount Rs. 67,416)

To account the above transaction follow the steps given below

1. Create Masters

i. Purchase Ledger

ii. Service Provider (supplier) Ledger

iii. Tax Ledger

2. Record the Transaction in Purchase Voucher

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

1. Create Masters

i. Purchase Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Purchase - Advertisement Services	Purchase Accounts	Yes	Taxable Service

To Create Purchase Ledger

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

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

> *All the **Services** subject to **service Tax** have to be associated with the **Service Category** - **Taxable Service.***

Figure 2.1 Selection of Service Category

Notes

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

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

Figure 2.2 Completed Service Purchase Ledger Creation Screen

❑   Press **Enter** to save.

ii. Service Provider (supplier) Ledger

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

To Create Service Provider (supplier) ledger

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

Setup:

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

- Set **Allow ADVANCED entries in Masters** to **Yes**
- Set **Use ADDRESSES for Ledger Accounts** to **Yes**

In the **Ledger Creation** screen,

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

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

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

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

    - **Date of Registration**: Enter the Registration Date. E.g. **13-9-2000**

■ **Is Associated Enterprise**: Set this option to **Yes** if the sale made is to the associate enterprise

*This field is provided to identify the **service provider/receiver** as **associated enterprise** or **not**. If the party is associated enterprise set this option to **Yes**. If not, retain **No** in this field*

■ **Type of Classification**: In this field, select the classification, if applicable. For Ram Agency **Not Applicable** is selected.

i. *Not Applicable: Select this option when the service purchased/sold is a taxable service and eligible to avail input credit*

ii. *Exempt: Select this option when the Service Provider/Receiver is exempt from Service Tax.*

iii. *Export: Select this option when the services are Exported*

iv. *Import: Select this option when the services are Imported*

v. *Negative List: Select this option when the services are stated in the Negative List*

vi. *Pure Agent: Select this option when the Service provider/Receiver acts as a pure agent*

vii. *Tax On Service Received: Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver*

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

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

Figure 2.3 Service Tax Details Screen

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

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

Figure 2.4 Completed Ledger Creation Screen

❑ Press **Enter** to save.

iii. Tax Ledgers

On all the taxable services, three heads of taxes are applicable. They are, Service Tax @ 12%, Education Cess @ 2% and Secondary & Higher Education Cess @ 1%.

In Tally.ERP 9, you can create the Tax Ledger in **three** ways.

1. Common Service Tax Ledger

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

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

2. Tax Head based Tax Ledgers

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

❑ **Service Tax @ 12%**
❑ **Education Cess @ 2%**
❑ **Secondary Education Cess @ 1%**

3. Input or Output Tax Ledgers

a. Common Input and Output Tax Ledgers

Two separate Tax ledgers - one to account **Input Service Credit** and another for **Output Service Tax** for all the service categories.

b. Input and Output Tax Head based on Tax Ledgers

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

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

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

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

Ledger	Under	Type of Duty/Tax	Tax Head
Service Tax @ 12%	Duties & Taxes	Service Tax	Service Tax
Education Cess @ 2%	Duties & Taxes	Service Tax	Education Cess
Secondary Education Cess @ 1%	Duties & Taxes	Service Tax	Secondary Education Cess

1. Ledger – Service Tax @ 12%

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

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

- In the **Name** field, enter the name of the tax ledger you wish to create, for e.g., **Service Tax @ 12%**.

- In the **Under** field, select **Duties & Taxes** as Group.

- In the **Type of Duty/Tax** field, select **Service Tax** from Type of Duty/Tax list.

❑ In the **Tax Head** field, select **Service Tax**

Figure 2.5 Selection of Tax Head

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

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

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

Figure 2.6 Completed Service Tax Ledger Creation Screen

❑ Press **Enter** to save.

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

2. Ledger – Education Cess @ 2%

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

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

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

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

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

Figure 2.7 Completed Education Cess Ledger Creation Screen

- ☐ Press **Enter** to save.

3. Ledger – Secondary Education Cess @ 1%

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

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

- In the **Name** field, enter the Name of the Tax ledger you wish to create, for e.g., **Secondary Education Cess @ 1%**.

- In the **Under** field, select **Duties & Taxes** as group.

- In the **Type of Duty/Tax** field, select **Service Tax** from Type of Duty/Tax list.

- In the **Tax Head** field, select **Secondary Education Cess**

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

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

The completed **Secondary Education Cess** ledger is displayed as shown

Figure 2.8 Completed Secondary Education Cess Ledger Creation Screen

- Press **Enter** to save.

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

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

Set up

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

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

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **01-08-2012**
3. In the **Supplier Invoice No.** field, enter the invoice reference number, if any
4. In the **Party's A/c Name** field, select the service provider e.g. **Ram Agency**
5. Under **Particulars,** select the Service (Purchases) Ledger e.g. **Purchase - Advertisement Services** and press **Enter** to view **Service Tax Details** screen
6. In **Service Tax Details** screen
   - **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., New Ref and Agst Ref. **New Ref** is selected for new Financial Transactions. Whereas, **Agst Ref** is selected to set off the advance payments made.
   - **Name**: This field displays the **Reference Number** for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of Purchase, Voucher Number and Line Number **Example: Purc/1-1** which can be changed by the user. Service input credits are tracked by this Reference Numbers.

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

   - **Type of Service**: Based on the **Type of Classification** selected in the Service Provider, **Type of Service** will be defaulted (displayed). By default, **Input Credit** is displayed and Tally.ERP 9 skips the field.
   - **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - **Service Amount**: In this field, enter the **Service Amount**, wherein you can ascertain Service Amount in the invoice issued by the service provider. Enter **Rs. 60,000**. On providing the service amount Service tax gets calculated.

*In **Type of Service** field*

i. ***Exempt** is defaulted for the Type of Classification **Exempt***

ii. ***Import** is defaulted for the Type of Classification **Import***

iii. ***Input Credit** is defaulted for the Type of Classification set to **Not Applicable***

iv. ***Negative List** is defaulted for the Type of Classification **Negative List***

v. ***Pure Agent** is defaulted for the Type of Classification **Pure Agent***

vi. ***Tax on Service Received** is defaulted for the transportation services purchased from the Goods transport Operators (GTOs)*

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

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

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

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

Figure 2.9 Completed Service Tax Details screen

7. Under **Particulars**, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

8. Under **Particulars,** select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

9. Under **Particulars,** select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

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

    ❑   In **Type of Ref** field select **New Ref**

    ❑   In **Name** field enter the Bill name - **MA/4796**

    ❑   **Amount** will be defaulted automatically

Figure 2.10 Bill-wise Details Screen

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

Figure 2.11 Completed Service Purchase Voucher

11.Press **Enter** to save.

Input Credit - Summary report

Input Credit - Summary report displays the Service Tax Credit for the services purchased, for which the payment is not made. This change has been made as per the Budget 2011. Tally.ERP 9 will display the Input credit for all the purchase bills recorded after 1-4-2011.

To view the report

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

The **Input Credit Summary** report appears as shown

Figure 2.12 Input Credit Summary Report

Report displays the **Invoice details, Party's Name, Service Category, Bill Amount, Total Tax**, **Paid Amount, Total Input Credit** and **Balance Input Credit**.

2.2 Sale of Services

According to the **Negative List based System of Tax**, services can be classified into:

- **Taxable**
- **Included under Negative List**
- **Exempted**

2.2.1 Sale of Taxable Services

All services which do not fall under the Negative list are covered within the definition of supply of services. These services are called **Taxable Services**. Under this, we will learn to account the sale of Taxable Services and Service Tax chargeable to the customer.

Example 2:

*On August 5, 2012 Crystal Services (P) Ltd. raised a sales invoice (No.CS/5621) for Event Management Services rendered to Siesta Advertisers for Rs.7,50,000 with Service Tax @ 12.36% (Total invoice amount **Rs. 8,42,700**)*

To account the above transaction follow the steps given below

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

1. Create Masters

i. **Sales Ledger**

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

To Create Sales Ledger

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

- In the Name field, enter **Sales - Event Mgt Services** as the **Ledger Name**
- Select **Sales Accounts** in **Under** field
- Set **Inventory values are affected** to **No**
- Set the option **Is Service Tax Applicable** to **Yes**

□ In the **Default Service Category** field, select **Taxable Service** from the **List of Service Categories**.

Notes

*All the **Services** subject to **Service Tax** have to be associated with the **Service Category** - **Taxable Service**.*

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

Figure 2.13 Selection of Service Category

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

Figure 2.14 Completed Sales Ledger Creation Screen

❑   Press **Enter** to save.

ii. Customer Ledger

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

To Create a Customer Ledger

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

In the **Ledger Creation** screen,

❑   In the **Name** field, enter **Siesta Advertisers** as the **Ledger Name**

❑   In the **Under** field, select **Sundry Debtors** as the Group

❑   Set the option **Maintain Balances bill-by-bill** to **Yes**

❑   Specify the **Default Credit Period**, if required

❑ Set **Is Service Provider/Receiver** to **Yes**

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

❑ Set the option **Set/Alter Service Tax Details** to **Yes** and press **Enter** to view **Service Tax Details** screen

❑ In **Service Tax Details** screen enter

■ **Registration Number**: Enter **15** digits **Service Tax Registration Number** of the Service Provider. E.g. **APGFL6592MST001**

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

■ **Date of Registration**: Enter the Registration Date. E.g. **10-5-2003**

■ **Is Associated Enterprise**: Set this option to **No**

■ **Type of Classification**: In this field, select the classification, if applicable. For Siesta Advertisers, **Not Applicable** is selected.

> *Notes*
>
> i. *Not Applicable: Select this option when the service purchased/sold is a Taxable Service and eligible to avail input credit*
>
> ii. *Exempt: Select this option when the Service Provider/Receiver is exempt from Service Tax.*
>
> iii. *Export: Select this option when the services are Exported*
>
> iv. *Import: Select this option when the services are Imported*
>
> v. *Negative List: Select this option when the services are stated in the Negative List*
>
> vi. *Pure Agent: Select this option when the Service provider/Receiver acts as a pure agent*
>
> vii. *Tax On Service Received: Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver*
>
> *The **Type of Classification** selected in the **Service Provider/Receiver** will determine the **Type of Service** which can be overridden during voucher entry.*

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

Figure 2.15 Service Tax Details Screen

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

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

Figure 2.16 Completed Ledger Creation Screen

❑ Press **Enter** to save.

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

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

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **05-08-2012**
3. In the **Party's A/c Name** field, select the service receiver e.g. **Siesta Advertisers**
4. Under **Particulars**, select the Service (sales) Ledger e.g. **Sale - Event Mgt Services** and press **Enter** to view **Service Tax Details** screen
5. In **Service Tax Details** screen

   ❑ **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Trans-actions. Where as, **Agst Ref** is selected to setoff the advance payments made.

   ❑ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of **Sales**, **Voucher Number** and **Line Number** Example: **Sale/1-1** which can be changed by the user. Service Tax payments are tracked with these Reference Numbers.

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

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

   *In **Type of Service** field*

       *i. **Exempt** is defaulted for the Type of Classification **Exempt***

       *ii. **Export** is defaulted for the Type of Classification **Export***

       *iii. **Negative List** is defaulted for the Type of Classification **Negative List***

       *iv. **Pure Agent** is defaulted for the Type of Classification **Pure Agent***

       *v. **Taxable** is defaulted for the Type of Classification set to **Not Applicable***

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

   ❑ **Category**: Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

   ❑ **Service Amount**: In this field, enter the **Service Amount**. Enter **Rs. 7,50,000**. On provid-ing the service amount Service Tax gets calculated.

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

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

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

Service Tax Details for : **Sale - Event Mgt Services**					
Type of Ref	**Name**	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	**Sale/1-1**	**Taxable**	**Taxable Service**	7,50,000.00	8,42,700.00
		Service Tax	@ 12 % (On Assessable Value 7,50,000.00)	90,000.00	
		Ed Cess	@ 2 % (On Tax Value 90,000.00)	1,800.00	
		Sec Ed Cess	@ 1 % (On Tax Value 90,000.00)	900.00	
				92,700.00	
	Total			7,50,000.00	8,42,700.00

Figure 2.17 Service Tax Details Screen

6. Under **Particulars**, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Under **Particulars**, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Under **Particulars**, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

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

   ▫ In **Type of Ref** field select **New Ref**

   ▫ In **Name** field enter the Bill name - **CS/5621**

   ▫ **Amount** will be defaulted automatically

Figure 2.18 Bill-wise Details screen

10.Enter **Narration**, if any

The completed **Sales Voucher** is displayed as shown

Figure 2.19 Completed Service Sales Voucher

11.Press **Enter** to save.

2.2.2 Sale of Services covered under Negative List

Under this, we will learn to record Sale of those services which are covered under Negative list as per the Negative List based System of Tax.

Example 3:

On August 10, 2012 Crystal Services (P) Ltd. raised a Sales Invoice (No. CS/5924) for Education Services rendered to Shanti Education Trust for Rs. 1,40,000.

Education Services are included in the Negative List and is not subject to Service Tax.

To account the above transaction, follow the steps given below:

1. Create Masters

i. Sales Ledger

ii. Customer Ledger

2. Record the Transaction in Sales Voucher

1. Create Masters

i. Sales Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Sale - Education Services	Sales Accounts	Yes	Negative List of Services

To create Sales Ledger

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

- In the Name field, enter **Sale** - **Education Services** as the **Ledger Name**
- Select **Sales Accounts** in **Under** field
- Set **Inventory Values are affected** to **No**
- Set the option **Is Service Tax Applicable** to **Yes**
- In the **Default Service Category** field, select **Negative List of Services** from the **List of Service Categories**.

*All the **Services** covered under **Negative List** have to be associated with the Service Category - **Negative List of Services**.*

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

Figure 2.20 Selection of Service Category

The completed **Service Sales Ledger** is displayed as shown:

Figure 2.21 Completed Service Sales Ledger Screen

❑ Press **Enter** to save.

ii. Customer Ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Shanti Education Trust	Sundry Debtors	Yes	Yes

To create Customer Ledger,

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

In the **Ledger Creation** screen,

❑ In the **Name** field, enter **Shanti Education Trust** as the **Ledger Name**

❑ In the **Under** field, select **Sundry Debtors** as the Group

❑ Set the option **Maintain Balances bill-by-bill** to **Yes**

❑ Specify the **Default Credit Period**, if required

❑ Set Is **Service Provider/Receiver** to **Yes**

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

❑ Set the option **Set/Alter Service Tax Details** to **Yes** and press **Enter** to view **Service Tax Details screen**

❑ In **Service Tax Details** screen enter

▪ **Registration Number**: Enter **15** digits **Service Tax Registration Number** of the Service Provider. E.g. **APPLG7584DST001**

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

▪ **Date of Registration**: Enter the Registration Date. E.g. **9-10-2003**

▪ **Is Associated Enterprise**: Set this option to **No**

- **Type of Classification**: In this field select the classification **Negative List**.

   i. ***Not Applicable***: *Select this option when the service purchased/sold is a Taxable Service and eligible to avail input credit*

   ii. ***Exempt***: *Select this option when the Service Provider/Receiver is exempt from Service Tax.*

   iii. ***Export***: *Select this option when the services are Exported*

   iv. ***Import***: *Select this option when the services are Imported*

   v. ***Negative List***: *Select this option when the services are stated in the Negative List*

   vi. ***Pure Agent***: *Select this option when the Service provider/Receiver acts as a pure agent*

   vii. ***Tax On Service Received***: *Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver*

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

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

Figure 2.22 Service Tax Details Screen

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

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

Ledger Creation	Crystal Services (P) Ltd.	
Name : Shanti Education Trust		Total Op. Bal.

		Mailing Details	
Under	: Sundry Debtors	Name	: Shanti Education Trust
	(Current Assets)	Address	: #584, 80 Feet Road,
			6th Block
Maintain balances bill-by-bill	? Yes		Koramangala
Default Credit Period	:		Bangalore
Inventory values are affected	? No	State	: Karnataka
		PIN Code	: 560085
Statutory Information			
Is Service Provider/Receiver	? Yes		
Set/Alter Service Tax Details	? Yes		
		Tax Information	
		PAN / IT No.	: APPLG7584D
		Sales Tax No.	:
		CST No.	:

	Accept ?
Opening Balance (on 1-Apr-2012) :	**Yes** or **No**

Figure 2.23 Completed Service Receiver Ledger Creation Screen

❑ Press **Enter** to save.

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

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

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **10-08-2012**
3. In the **Party's A/c Name** field, select the service receiver e.g. **Shanti Education Trust**
4. Under **Particulars**, select the Service (sales) Ledger e.g. **Sale - Education Services** and press **Enter** to view **Service Tax Details** screen
5. In **Service Tax Details** screen
   ❑ **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Transactions. Whereas, **Agst Ref** is selected to set off the advance payments made.
   ❑ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of **Sales**, **Voucher**

Number and **Line Number.** Example: **Sale/2-1** which can be changed by the user. Service Tax payments are tracked with these Reference Numbers.

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

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

*In **Type of Service** field*

  i.   ***Exempt** is defaulted for the Type of Classification **Exempt***

  ii. ***Export** is defaulted for the Type of Classification **Export***

  iii. ***Negative List** is defaulted for the Type of Classification **Negative List***

  iv. ***Pure Agent** is defaulted for the Type of Classification **Pure Agent***

  v.   ***Taxable** is defaulted for the Type of Classification set to **Not Applicable***

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

- **Category**: Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

- **Service Amount**: In this field enter the **Service Amount**. Enter **Rs. 1,40,000**.

- **Amount (Incl. of Tax)**: The **Service Amount** will be the **Amount (Incl. of Tax)** i.e. Rs. **1,40,000** as the service is not subject to tax (Education Service covered under Negative List of Services).

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

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/2-1	Negative List	Negative List of Services	1,40,000.00	1,40,000.00

*Service Tax Details for : **Sale - Education Services***

Figure 2.24 Completed Service Tax Details screen

6. In Bill-wise Details screen,
   - In **Type of Ref** field select **New Ref**
   - In **Name** field enter the Bill name - **CS/5924**

□ **Amount** will be defaulted automatically

Figure 2.25 Bill-wise Details screen

7. Enter **Narration**, if any

The completed **Sales Voucher** is displayed as shown

Figure 2.26 Completed Service Sales Voucher

8. Press **Enter** to save.

2.2.3 Sale of Exempted Services

Under this, we will learn to account sale of services that are exempted from Service tax as per the Negative List based System of Tax.

Example 4:

On August 13, 2012 Crystal Services (P) Ltd. raised a Sales Invoice (No. CS/7352) for Health Care Services rendered to Bellary Municipality for Rs. 5,00,000.

To account the above transaction, follow the steps given below:

1. Create Masters

i. Sales Ledger

ii. Customer Ledger

2. Record the Transaction in Sales Voucher

1. Create Masters

i. Sales Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Sale - Health Care Services	Sales Accounts	Yes	Exempted Service

To create Sales Ledger

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

- ◻ In the Name field, enter **Sale** - **Health Care Services** as the **Ledger Name**
- ◻ Select **Sales Accounts** in **Under** field
- ◻ Set **Inventory Values are affected** to **No**
- ◻ Set the option **Is Service Tax Applicable** to **Yes**
- ◻ In the **Default Service Category** field, select **Exempted Service** from the **List of Service Categories**.

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

Figure 2.27 Selection of Service Category

The completed **Service Sales Ledger** is displayed as shown:

Figure 2.28 Completed Sales Ledger Creation screen

◻ Press **Enter** to save.

ii. Customer Ledger

Ledger	Under	Is Service Provider/ Receiver	Set/Alter Service Tax Details
Bellary Municipality	Sundry Debtors	Yes	Yes

To create Customer Ledger,

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

In the **Ledger Creation** screen,

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

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

- Set the option **Set/Alter Service Tax Details** to **Yes** and press **Enter** to view **Service Tax Details screen**
- In **Service Tax Details** screen enter
  - **Registration Number**: Enter **15** digits **Service Tax Registration Number** of the Service Provider. E.g. **AGPRB5562LST001**

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

  - **Date of Registration**: Enter the Registration Date. E.g. **30-5-2009**
  - **Is Associated Enterprise**: Set this option to **No**

- **Type of Classification**: In this field select the classification **Exempt**.

i. *Not Applicable*: Select this option when the service purchased/sold is a Taxable Service and eligible to avail input credit

ii. *Exempt*: Select this option when the Service Provider/Receiver is exempt from Service Tax.

iii. *Export*: Select this option when the services are Exported

iv. *Import*: Select this option when the services are Imported

v. *Negative List*: Select this option when the services are stated in the Negative List

vi. *Pure Agent*: Select this option when the Service provider/Receiver acts as a pure agent

vii. *Tax On Service Received*: Select this option to record the transportation services purchased from the Goods transport Operators (GTOs) and to calculate tax on services received. The liability of tax on services purchased from the GTO is on the service receiver

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

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

Figure 2.29 Service Tax Details screen

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

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

Ledger Creation	Crystal Services (P) Ltd.		
Name : Bellary Municipality			Total Op. Bal.

Figure 2.30 Completed Service Receiver Ledger Creation screen

- □ Press **Enter** to save.

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

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

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **13-08-2012**
3. In the **Party's A/c Name** field, select the service receiver e.g. **Bellary Municipality**
4. Under **Particulars**, select the Service (sales) Ledger e.g. **Sale - Health Care Services** and press **Enter** to view **Service Tax Details** screen
5. In **Service Tax Details** screen
   - □ **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Transactions. Whereas, **Agst Ref** is selected to set off the advance payments made.
   - □ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of **Sales**, **Voucher Number** and **Line Number.** Example: **Sale/3-1** which can be changed by the user. Service Tax payments are tracked with these Reference Numbers.

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

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

*In **Type of Service** field*

*i. **Exempt** is defaulted for the Type of Classification **Exempt***

*ii. **Export** is defaulted for the Type of Classification **Export***

*iii. **Negative List** is defaulted for the Type of Classification **Negative List***

*iv. **Pure Agent** is defaulted for the Type of Classification **Pure Agent***

*v. **Taxable** is defaulted for the Type of Classification set to **Not Applicable***

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

❑ **Category**: Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Exempted Service** is displayed and Tally.ERP 9 skips the field.

❑ **Service Amount**: In this field, enter the **Service Amount**. Enter **Rs. 5,00,000**

❑ **Amount (Incl. of Tax)**: The **Service Amount** will be the **Amount (Incl. of Tax)** i.e. Rs. **5,00,000** as this service is an **Exempt** service.

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

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/3-1	Exempt	Exempted Service	5,00,000.00	5,00,000.00

Service Tax Details for : **Sale - Health Care Services**

Figure 2.31 Completed Service Tax Details screen

6. In Bill-wise Details screen,

❑ In **Type of Ref** field select **New Ref**

□ In **Name** field enter the Bill name - **CS/7352**

□ **Amount** will be defaulted automatically

Figure 2.32 Bill-wise Details screen

7. Enter **Narration**, if any

The completed **Sales Voucher** is displayed as shown

Figure 2.33 Completed Service Sales Voucher

8. Press **Enter** to save.

2.3 Adjustment of Input Service Credit towards Service Tax Payable

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

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

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

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

Example 5:

*On August 31, 2012, Crystal Services (P) Ltd. adjusted Input Service Credit of **Rs. 7,416** (**Service Tax - Rs. 7,200, Education Cess Rs. 144 and Secondary Education Cess of Rs. 72**) towards Service Tax Payable for the month of August.*

To account the above transaction follow the steps given below

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

2. Record the Transaction in Journal Voucher

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

To alter the voucher type,

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

In **Voucher Type Alteration** screen

- ❑ Tab down to **Name of Class** field and enter **Service Credit Adjustment** as the class name and press **Enter** to view **Voucher Type Class** screen
- ❑ In **Voucher Type Class** screen

■ Set the option **Use Class for Service Tax Adjustments** to **Yes**

Figure 2.34 Voucher Type Class Screen

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

2. Record the Transaction in Journal Voucher

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

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **31-08-2012**
3. In **Used for** field, select **Input Credit Adjustments** flag from **Service Credit Adjustments** list

Figure 2.35 Selection of Service Tax Adjustments

4. In the **Debit** field, select **Service Tax @ 12%** ledger and press **Enter** to view **Service Tax Details** screen

5. In **Service Tax Details** screen

- In **Type of Ref.** field, select **Agst Ref** to adjust Service Tax liability against input credit

- In the **Name** field, select **Sale/1-1** dated 5-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the sales bill selected. E.g. **Taxable Service** will be defaulted for the sale made on 5-8-2012.

- In the **Amount** field, enter the **Input Service Tax Credit** i.e. **Rs. 7,200** which is adjusted towards the Service Tax portion of Service Tax Payable

Figure 2.36 Service Tax Details Screen

6. In the **Debit** field, select **Education Cess @ 2%** ledger and press **Enter** to view **Service Tax Details** screen

7. In **Service Tax Details** screen,

- In the **Type of Ref.** field, select **Agst Ref** to adjust Service Tax liability against input credit

- In the **Name** field, select **Sale/1-1** dated 5-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the sales bill selected. E.g. **Taxable Service** will be defaulted for the sale made on 5-8-2012.

- In the **Amount** field, enter the **Input Education Cess Credit** i.e. **Rs. 144** which is adjusted towards the Education Cess portion of Service Tax payable

8. In the **Debit** field, select **Secondary Education Cess @ 1%** ledger and press **Enter** to view Service Tax Details screen

9. In the **Service Tax Details** screen,

- In the **Type of Ref.** field, select **Agst Ref** to adjust Service Tax liability against input credit

- In the **Name** field, select **Sale/1-1** dated 5-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the sales bill selected. E.g. **Taxable Service** will be defaulted for the sale made on 5-8-2012.

- In the **Amount** field, enter the **Input Secondary Education Cess Credit** i.e. **Rs. 72** which is adjusted towards the Secondary Education Cess portion of Service Tax payable

10. To nullify the Input Service Credit available, in **Credit** field select **Service Tax @ 12%** and press **Enter** to view **Service Tax Details** screen

11. In the **Service Tax Details** screen,

- In the **Type of Ref.** field, select **Agst Ref** to adjust input credit towards the Service Tax liability

- In the **Name** field, select **Purc/1-1** dated 1-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the purchase bill selected. E.g. **Taxable Service** will be defaulted for the purchase made on 1-8-2012.

- In the **Amount** field, **Rs.7,200** will defaulted.

> *For the month of August, Crystal Services (P) Ltd. has a Service Tax Input credit of Rs. 7,146. the tax bifurcation is as follows*
>
> - ***Service Tax of Rs. 7,200***
>
> - ***Education Cess of Rs.144***
>
> - ***Secondary Education Cess of Rs.72***
>
> *The company has decided to adjust full credit available. So in the Service Tax Details screen the default amount of **Rs. 7,200** is accepted.*
>
> *If you want to adjust partial credit, then you can specify the adjusted credit amount in **Amount** field.*

12. To nullify the Input Education cess, in the **Credit** field, select **Education Cess @ 2%** ledger and press **Enter** to view **Service Tax Details** screen

13. In the **Service Tax Details** screen,

- In the **Type of Ref.** field, select **Agst Ref** to adjust input credit towards the Service Tax liability

- In the **Name** field, select **Purc/1-1** dated 1-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the purchase bill selected. E.g. **Taxable Service** will be defaulted for the purchase made on 1-8-2012.

- In the **Amount** field, **Rs. 120** will be defaulted.

14. In the **Credit** field, select **Secondary Education Cess @ 1%** ledger and press **Enter** to view **Service Tax Details** screen

15. In the **Service Tax Details** screen

- In the **Type of Ref.** field, select **Agst Ref** to adjust Service Tax liability against input credit

- In the **Name** field, select **Purc/1-1** dated 1-8-2012 to adjust the Bill.

- **Category** details will be defaulted based on the purchase bill selected. E.g. **Taxable Service** will be defaulted for the purchase made on 1-8-2012.

- In the **Amount Rs. 60** will be defaulted.

16. Set the option **Provide Details** to **Yes** to enter the period for which the Service Credit Adjustment is done

- In **Service Tax Payment** Details
  - In **From** field enter **1-8-2012**
  - In **To** field enter **31-8-2012**

Figure 2.37 Service Tax Payment Details

17. Enter **Narration**, if any

The completed **Journal Voucher** is displayed as shown

Figure 2.38 Completed Journal Voucher

18. Press **Enter** to Save.

2.4 Payment of Service Tax

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

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

Service Tax payments in Tally.ERP 9 can be recorded using Tax Helper (**S: Stat Payment**). Stat Payment helper can be used to **auto compute & fill** the Duty amount for a specific period or manually select the tax bills in payment voucher.

Notes

*Tally.ERP 9 also allows to record the Service Tax Payment entry without using **S: Stat Payment** feature.*

Example 6:

On September 4, 2012 Crystal Services (P) Ltd. paid Service Tax of Rs. 85,284 for the month of August, 2012 (Service Tax - Rs. 82,800, Education Cess Rs. 1,656 and Secondary Education Cess of Rs. 828) through cheque.

1. Record the Transaction in Payment Voucher

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

Set up:

In **F12: Payment Configuration**

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

Notes

*The **S: Stat Payment** button will be available only if **Use Single Entry mode for Pymt/Rcpt/Contra** is enabled in the **F12: Configure** (Voucher Configuration).*

In **Accounting Voucher Creation** screen

1. Press **F2** and change the date to **04-09-2012**
2. Press **Alt+S** or click **S: Stat Payment** button on the buttons bar to view **Statutory Payment** screen.
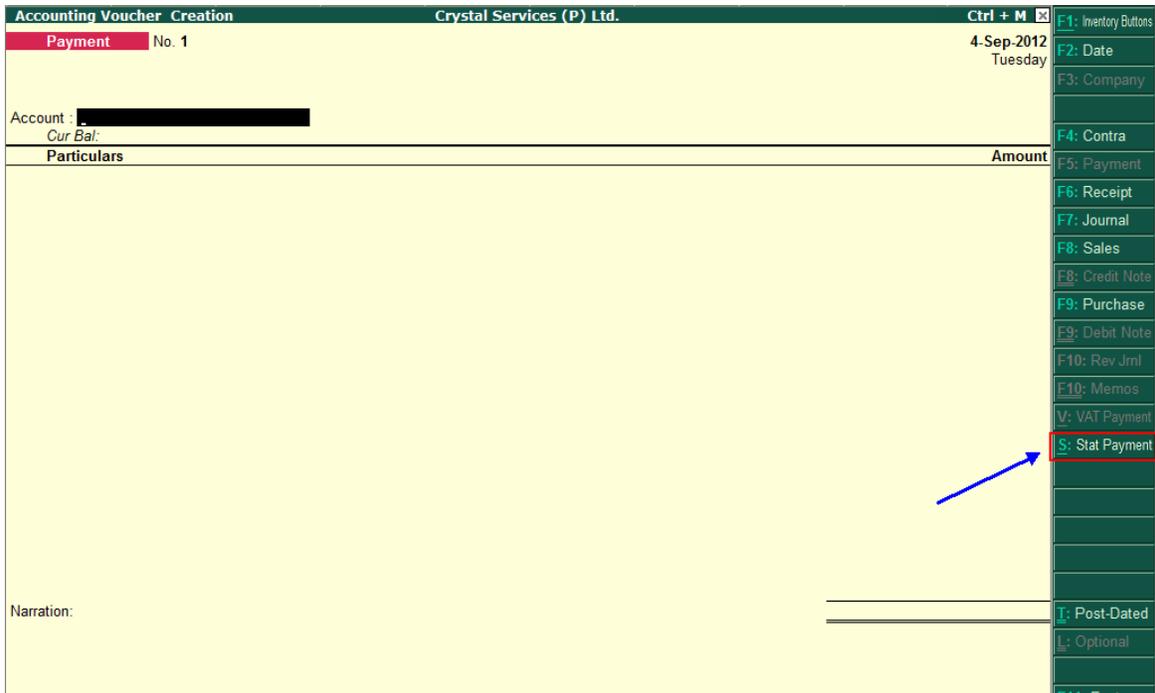
Figure 2.39 Stat Payment Helper

3. In **Statutory Payment** screen
   ◻ **Type of Duty/Tax**: In this field, select the Tax/Duty Type towards which tax payment entry is being recorded. Here we are recording **Service Tax** payment entry, hence select **Service Tax** from the Type of Duty/Tax
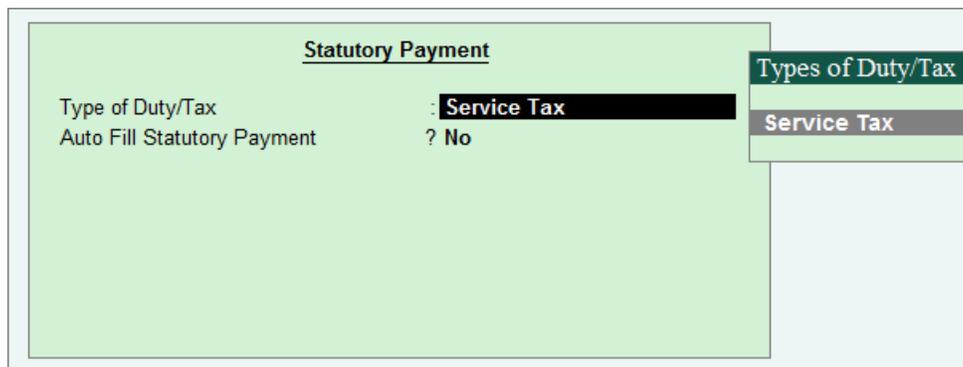
Figure 2.40 Statutory Payment Screen

> *Notes*
>
> *The **Types of Duty/Tax** will be displayed based on the statutory features enabled in **F11: Features** for the company.*

□ **Auto Fill Statutory Payment**: Set this option to **YES,** to auto calculate and fill the duty payable to the Government. Set this option to **NO**, if the user wants to manually select the duty ledger and duty bills. Royal Services (P) Ltd. wants to auto fill duty details in payment voucher, hence the option **Auto Fill Statutory Payments** is set to **Yes**.

□ On setting the option **Auto Fill Statutory Payments** to **Yes**, based on the Duty/Tax Type selected Tally.ERP 9 displays the appropriate statutory payment fields to fill the details.

□ **Till Date**: In this field, you may enter, **till date** of the **period** for which the Service Tax values should be computed and auto-filled.

□ **Service Category**: In this field, Tally.ERP 9 displays only those Service Categories towards which Service Tax is payable to the Government.

Select a **specific Service Category** to pay the tax towards the selected category or you can select **All Items** to pay the Service Tax liability towards all the categories for the period specified

Here **Taxable Service** is selected to make Service Tax payment to Government.
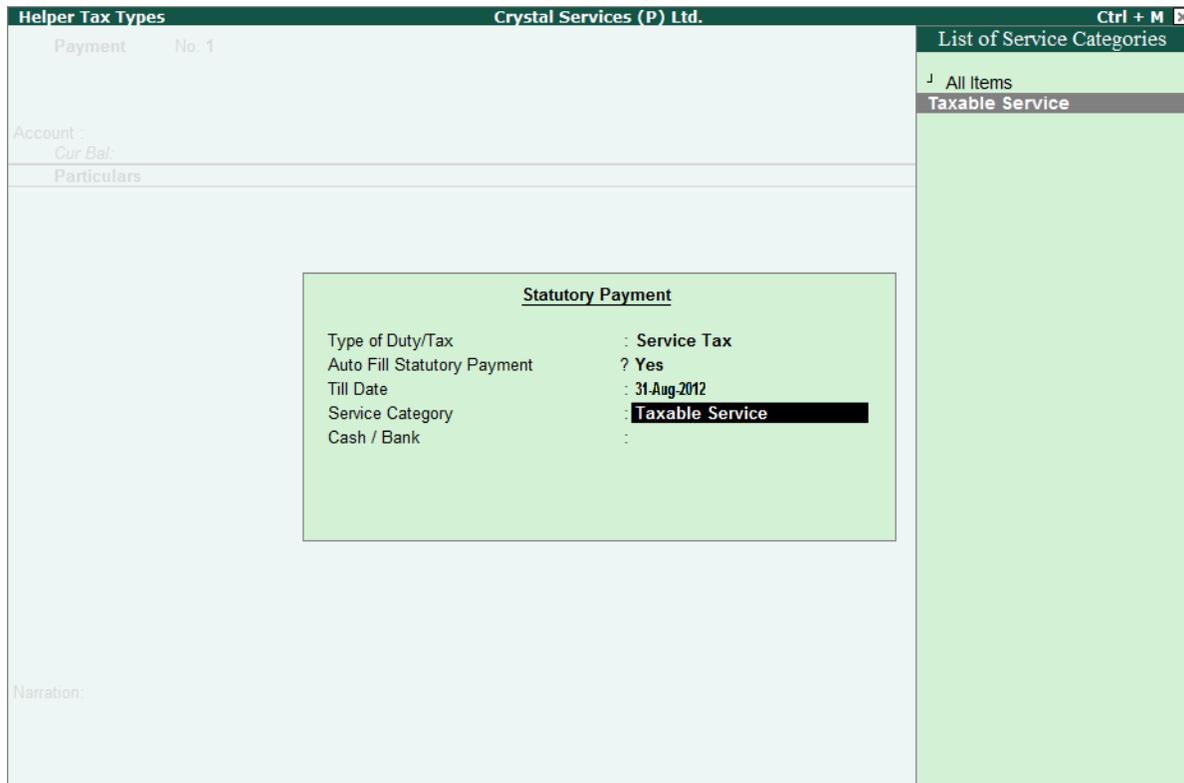
Figure 2.41 Selection of Service Category

- **Cash/ Bank**: Depending on the mode of payment (Cash or Cheque) Cash or Bank ledger will be selected. Select **Canara** Bank from the List of Ledger Accounts.

Figure 2.42 Completed Statutory Payment Screen

- Press **Enter** to accept the Service Tax helper.

4. The **Bank Name** through which the payment is made and Service Tax payable amount will be auto-filled.

Figure 2.43 Auto Filled Payment Voucher

5. Set the option **Provide Details** to **Yes** to enter Service Tax Payment Details

6. In **Service Tax Payment Details** Screen,

   ❑ **From**: In this field, enter the **From** date of the period for which the Service Tax is paid

   ❑ **To**: In this field, enter the **To** date of the period for which the Service Tax is paid.

   ❑ **Cheque/DD No**: In this field, the user can enter either the cheque or the DD No through which the Service Tax payment is made. In this transaction payment is made through cheque no.- **585917**

   ❑ **Name of the Bank**: In this field, mention the Name of the Bank through which tax is paid to the Government. Select **Canara Bank** from the **List of Banks**.

   ❑ In this field, Tally.ERP 9 displays the List of Banks which lists

      ▪ All the banks which are already created to carry out the regular business.

      ▪ The option **New Name** is provided to create **New Bank**

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

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

   ❑ **Bank Account Number**: Enter the bank account number in this field.

   ❑ **Branch Name**: Enter the bank Branch name in this field.

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

   ❑ **Cheque Date**: If the payment is made through cheque, enter the cheque date in this field.

   ❑ **Challan No.**: In this field, enter the Service Tax payment Challan number.

   ❑ **Challan Date**: Enter the Challan Date

Service Tax Payment Details	
From	: 1-Aug-2012
To	: 31-Aug-2012
(Note : This Payment Belongs to the Above Period)	
Cheque / DD.No.	: 585917
Name of Bank	: Canara Bank
Bank Account No.	: 00659878754
Branch Name	: BTM
Cheque Date	: 4-Sep-2012
Challan No.	: 658274
Challan Date	: 4-Sep-2012
ePayment No.	:
(Note : All the Above Details Will Be Used in Challan, Forms & Returns)	

Figure 2.44 Service Tax Payment Details Screen

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

7. In **Bank Allocation** screen, specify **Payment Favouring Name, Transaction Type, Instrument Number, Instrument Date** & **Cross Instrument Using** details.

The completed **Payment Voucher** is displayed as shown:

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ⊠
Payment No. **1**		**4-Sep-2012** Tuesday
	Statutory Payment for : **Service Tax**	
Account : **Canara Bank** *Cur Bal:* **9,14,716.00 Dr**		
Particulars		**Amount**
Service Tax @ 12% *Cur Bal:* **0.00 Dr**		82,800.00
Education Cess @ 2% *Cur Bal:* **0.00 Dr**		1,656.00
Secondary Education Cess @ 1% *Cur Bal:* **0.00 Dr**		828.00
Provide Details : **Yes**		
Narration:		85,284.00
		Accept ? **Yes** or **No**

Figure 2.45 Completed Payment Voucher

8. Press **Enter** to Save.

Generate G.A.R.-7 Challan

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

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

To print the G.A.R.-7 Challan for the transaction entered on **04-09-2012**

- From **Accounting Voucher Creation** screen, press **PageUp** to view the Accounting Voucher Alteration screen of payment voucher recorded on **04-09-2012**

- Click on **P: Print** button or Press **Alt + P** from the payment voucher to view the Voucher Printing screen

- Ensure **Print G.A.R.- 7 Challan** field is set to **Yes**

Figure 2.46 Voucher Printing Screen

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

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

The Print Preview of **G.A.R.- 7 Challan** will be displayed as shown

Figure 2.47 Print Preview of G.A.R.-7 Challan

To print the challan, click the option **Print**.

Part – II

Recording Advanced Service Tax Transactions

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

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

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

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

2.5.1 Accounting Opening Balance of Service Tax Payables

Example 7:

On September 2, 2012 Crystal Services (P) Ltd. has Service Tax payable opening balance of Rs. 6,180 (Service Tax of Rs. 6000, Education Cess of Rs. 120 and Secondary Education Cess of Rs. 60) on services sold to the Service Receiver Kamal Advertisers.

To account the above transaction follow the steps given below

1. Create Masters

i. Service Tax Ledger - for Current Year

ii. Service Receiver (Customer) ledger

iii. Service Tax Ledger - for the Previous Year.

2. Create the Voucher Class in Journal Voucher

3. Record the Transaction in Journal Voucher

1. Create Masters

i. Service Tax Ledger - for Current Year

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

As per the details given in the table, create the Service Tax ledger.

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

Figure 2.48 Service Tax Ledger

> **Notes**
>
> *Single Ledger can be used account both **Input** and **Output** Service Tax or create 2 ledgers to account Input and Output separately.*
>
> *If you want to account **Service tax**, **Education Cess** and **Secondary Education Cess** separately, create separate ledgers.*

ii. Service Receiver (Customer) ledger

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

iii. Service Tax Ledger - of Previous Year

Ledger	Under	Opening Balance	Dr/Cr
Output Service Tax Ledger	Suspense A/c	Rs. 6,180	Cr

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

Ledger Creation	Crystal Services (P) Ltd.	

Name : Output Service Tax Ledger

Total Op. Bal.

10,00,000.00 Dr

Difference
10,00,000.00 Dr

Under : Suspense A/c

Mailing Details
Name :
Address :

Inventory values are affected ? **No**

State :
PIN Code :

Statutory Information

Tax Information
PAN / IT No. :

Sales Tax No. :
CST No. :

Accept ?

Yes or **No**

Opening Balance (on 1-Apr-2012) : 6,180.00 Cr

Figure 2.49 Service Tax Ledger of Previous Year

2. Create the Voucher Class in Journal Voucher

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

3. Record the Transaction in Journal Voucher

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **2-9-2012**

3. In **Used for** field, select **Opening Balance** flag from **Service Tax Adjustments** list

Figure 2.50 Selection of Service Tax Adjustment

4. In the **Debit** field, select **Output Service Tax Ledger** from the List of Ledger Accounts created for the current year

5. In the **Amount** field, enter the Service Tax (Liability) amount. Enter **Rs. 6,180**

6. In the **Credit** field, select **Service Tax Ledger** created for the current Financial Year and press **Enter** to view Service Tax Details screen

7. In the **Service Tax Details** screen,

   ❑ In **Type of Ref** field, select **New Ref**

   ❑ In **Name** field, the **Reference Number** will be defaulted as **Jrnl/2-1**

   ❑ In **Type of Service** field, select **Taxable**

   ❑ In **Party Ledger** field, select **Kamal Services** from the List of Ledgers

Notes

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

   ❑ In **Category** field, select the service category for which opening balance of Service Tax is defaulted. Here, **Taxable** Service Category is captured.

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

Type of Ref	Name	Type of Service	Party Ledger	Category/Service	Service Amount
New Ref	Jrnl/2-1	Taxable	Kamal Advertisers	Taxable Service	50,000.00
	Service Tax	@ 12 % (On Assessable Value 50,000.00)		6,000.00	
	Ed Cess	@ 2 % (On Tax Value 6,000.00)		120.00	
	Sec Ed Cess	@ 1 % (On Tax Value 6,000.00)		60.00	
				6,180.00	
	Total				50,000.00

Figure 2.51 Service Tax Details Screen

8. Accept the **Service Tax Details** screen.

Notes

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

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

The completed **Opening Balance** entry is displayed as shown

Figure 2.52 Completed Journal Voucher

9. Press **Enter** to Save.

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

To view the details,

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

Figure 2.53 Service Tax Payable Report

2.5.2 Accounting Opening Balance of Service Input Credit

Example 8:

On September 2, 2012 Crystal Services (P) Ltd. has Input Credit opening balance of Rs. 12,360 (Service Tax of Rs. 12,000, Education Cess of Rs. 240 and Secondary Education Cess of Rs. 120) on services purchased from the Service Provider Matrix Ad.

To account the above transaction follow the steps given below

1. Create Masters

i. Service Provider (supplier) ledger

ii. Service Tax Ledger - of Previous Year.

2. Record the Transaction in Journal Voucher

1. Create Masters

i. Service Provider (supplier) ledger

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

ii. Service Tax Ledger - of Previous Year

Ledger	Under	Opening Balance	Dr/Cr
Input Service Tax Ledger	Suspense A/c	Rs. 12,360	Dr

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

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

Figure 2.54 Service Tax Ledger of Previous Year

2. Record the Transaction in Journal Voucher

1. In **Change Voucher Type** screen, select **Service Credit Adjustment** in **Class** field
2. Press **F2** and change the date to **2-9-2012**
3. In the **Used for** field, select **Opening Balance** flag from **Service Tax Adjustments** list
4. In the **Debit** field, select **Service Tax Ledger** from the **List of Ledger Accounts** created for the current year and press **Enter** to view Service Tax Details screen
5. In the **Service Tax Details** screen,
   - In **Type of Ref,** field select **New Ref**
   - In **Name** field, the Reference Number will be defaulted as **Jrnl/3-1**
   - In **Type of Service,** field select **Input Credit**
   - In **Party Ledger,** field select **Matrix Ad**

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

- In **Category** field, select the service category for which opening balance of Input Credit is accounted. Since, Input Credit is the Type of Service, the Service Category defaulted is **Taxable Service**.

- In **Service Amount** field, enter the service amount on which the credit is available. Enter **Rs. 1,00,000**

- Based on the amount specified in the Service Amount field, **Service Tax, Education Cess and Secondary Education Cess** will get calculated and displayed.

Figure 2.55 Service Tax Details Screen

6. In the **Credit** field, select the **Input Service Tax Ledger** created under Suspense A/c for previous year. Amount of **Rs. 12,360** will be defaulted automatically

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

The completed **Opening balance** entry is displayed as shown

Figure 2.56 Completed Journal Voucher

7. Press **Enter** to Save.

On accounting **Input Service Credit**, Opening balance details will be displayed in **Input Credit Summary** report.

To view the details

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

Figure 2.57 Input Credit Summary Report

2.6 Sale/Purchase Order for Services

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

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

2.6.1 Purchase Order for Services (Without Item)

Example 9:

On September 3, 2012 Crystal Services (P) Ltd. placed a purchase order for advertising services with Ram Agency for Rs.40,000.

To account the above transaction follow the steps given below

1. Record the Transaction in Purchase Order

Set up:

In F11: Features (F2: Inventory Features)

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

1. Record the Transaction in Purchase Order

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

1. Press **F2** and change the date to **03-05-2012**
2. In the **Party A/c Name** field, select **Ram Agency** from List of Ledger accounts
3. In the **Order No.** field, enter the purchase order number - **PO - 01**
4. In the **Name of Item** field, select **End of List** and press **Enter**
5. Select **Purchase- Advertisement Services** and press **Enter** to view Service Tax Details screen
6. In **Service Tax Details** screen,
   - In **Type of Ref** field, select **New Ref**
   - **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number is displayed. It is a combination of abbreviation of **Purchase Order, Order Number** and **Line Number**. Example: **Purc Order /PO - 01-1** which can be changed by the user.
   - **Type of Service**: Based on the Type of Classification selected in the Service Provider ledger, Type of Service will be defaulted (displayed). By default, **Input Credit** is displayed and Tally.ERP 9 skips the field.
   - **Category**: Based on the service **Category** selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - **Service Amount**: In this field, enter the Service Amount which is ordered **Rs. 40,000**

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

```
               Service Tax Details for :  Purchase - Advertisement Services
Type of   Name       Type of         Category/Service           Service       Amount
Ref                  Service                                     Amount    (Incl. of Tax)

New Ref  PurcOrderPO-01-1  Input Credit  Taxable Service          40,000.00    44,944.00


          Service Tax    @  12 %  ( On Assessable Value  40,000.00 )    4,800.00
          Ed Cess        @   2 %  ( On Tax Value          4,800.00 )       96.00
          Sec Ed Cess    @   1 %  ( On Tax Value          4,800.00 )       48.00
                                                                       4,944.00








          Total                                            40,000.00    44,944.00
```

Figure 2.58 Service Tax Details Screen

7. In the **Amount** field, Service Amount of **Rs. 40,000** will be displayed
8. Select the Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.
9. Select the Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
10. Select the Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

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

Order Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ⊠
Purchase Order No. 1		2-Sep-2012
		Sunday
Party's A/c Name : Ram Agency		Order No. : PO - 01
Current Balance : 67,416.00 Cr		

Name of Item	Quantity	Rate per	Amount
⌐ End of List			
Purchase - Advertisement Services			40,000.00
Service Tax @ 12%			4,800.00
Education Cess @ 2%			96.00
Secondary Education Cess @ 1%			48.00

Narration:

Accept ?

Yes or No

Figure 2.59 Completed Purchase Order

11. Press **Enter** to Save.

2.6.2 Purchase Order for Services (With Item)

Example 10:

On September 3, 2012 Crystal Services (P) Ltd. placed a purchase order with Ram Agency for the purchase of 15 Computers @ 30,000 per computer and agreed for Installation and Maintenance to be to made by the supplier with extra charges of Rs. 15,000.

To account the above transaction follow the steps given below

1. Create Masters

i. Expenses Ledger

ii. Purchase Ledger

iii. Input VAT Ledger

iv. Stock Item

2. Record the Transaction in Purchase Order Voucher

1. Create Masters

i. Expenses Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Installation & Maintenance	Indirect Expenses	Yes	Taxable Service

ii. Purchase Ledger

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

iii. Input VAT Ledger

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

iv. Stock Item

Stock Item	Under	Units
Computers	Primary	Nos

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

2. Record the Transaction in Purchase Order Voucher

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

1. Press **F2** and change the date to **03-09-2012**
2. In the **Party A/c Name** field, select **Ram Agency** from List of Ledger accounts
3. In the **Order No.** field, enter the Purchase Order number - **PO- 02**
4. In the **Name of Item** field, select **Computers** and in **Stock Item Allocations** screen specify **Quantity** as **15** and **Rate** as **30,000**
5. In the **Accounting Details** screen select the **Purchase Ledger** and press **Enter**
6. Select **Installation & Maintenance** ledger and press **Enter** to view **Service Tax Details** screen
7. In the **Service Tax Details** screen,
   ❑ In the **Type of Ref** field, select **New Ref**
   ❑ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number is displayed. It is a combination of abbreviation of **Purchase**

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

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

❑ **Category**: Based on the service **Category** selected in the **Expense Ledger**, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

❑ **Service Amount**: In this field, enter the Service Amount which is ordered **Rs. 15,000**

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

			Service Tax Details for : **Installation & Maintenance**		
Type of Ref	**Name**	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	PurcOrder/PO-02-1	**Input Credit**	**Taxable Service**	15,000.00	16,854.00
	Service Tax	@ 12 % (On Assessable Value	15,000.00)	1,800.00	
	Ed Cess	@ 2 % (On Tax Value	1,800.00)	36.00	
	Sec Ed Cess	@ 1 % (On Tax Value	1,800.00)	18.00	
				1,854.00	
	Total			15,000.00	16,854.00

Figure 2.60 Service Tax Details Screen

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

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

Order Voucher Creation	Crystal Services (P) Ltd.			Ctrl + M ☒
Purchase Order No. 2				3-Sep-2012
				Monday
Party's A/c Name : **Ram Agency**		Order No.	: **PO - 02**	
Current Balance : 67,416.00 Cr				
Name of Item		Quantity	Rate per	Amount
Computers		15 nos	30,000.00 nos	4,50,000.00
Installation & Maintenance				15,000.00
Service Tax @ 12%				1,800.00
Education Cess @ 2%				36.00
Secondary Education Cess @ 1%				18.00
Input VAT @ 5%			5 %	22,500.00
Show Statutory Details ? **Yes**				Accept ?
Narration:		15 nos		Yes or No

Figure 2.61 Completed Purchase Order

13. Press **Enter** to Save.

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

2.7 Purchase of Services and Partial Payment to Service Provider

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

Example 11:

On September 4, 2012 Crystal Services (P) Ltd. purchased Advertising Services from Ram Agency for Rs.30,000 on which Service Tax is charged @ 12.36%(vide no. RA/012/11-12) and on the same day made partial payment of Rs.10, 000 towards the bill.

To account the above transaction follow the steps given below

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

1. Record the purchase of services in Purchase Voucher

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

1. Press **F2** and change the date to **04-09-2012**
2. In the **Party's A/c Name** field, select the service provider e.g. **Ram Agency**
3. Under **Particulars**, select the Service (purchases) Ledger e.g. **Purchase- Advertisement Services** and press **Enter** to view **Service Tax Details** screen
4. In **Service Tax Details** screen,
   - **Type of Ref.**: Select **New Ref** from the method of Adjustment. New Ref is selected for new Financial Transactions. Where as, Agst Ref is selected to set off the advance payments made.
   - **Name**: This field displays the Reference Number - **Purc/2-1** for the Service Tax calculation.
   - **Type of Service**: Based on the Type of Classification selected in the Service Provider ledger, Type of Service will be defaulted (displayed). By default, **Input Credit** is displayed and Tally.ERP 9 skips the field.

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

   - **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - **Service Amount**: In this field enter the Service Amount, wherein you can ascertain Service Amount in the invoice issued by the service provider. On providing the service amount Service tax gets calculated. Enter **Rs. 30,000**

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

- Accept the **Service Tax Details** screen

5. In the **Amount** field, the Service Amount of **Rs. 30,000** will be defaulted automatically

6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Under **Particulars,** select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Under **Particulars,** select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

9. Enter the **Bill-wise Details** as shown below

	Bill-wise Details for : **Ram Agency** Upto: ₹ 33,708.00 Cr		
Type of Ref	Name	Due Date, or Credit Days (wef: 4-Sep-2012)	Amount Dr/ Cr
New Ref	RA/012/11-12		33,708.00 **Cr.**
			33,708.00 Cr

Figure 2.62 Bill-wise Details Screen

The completed **Service Purchase Voucher** is displayed as shown

Figure 2.63 Completed Purchase Voucher

10.Press **Enter** to Save.

2. Record the Payment Voucher to account Partial Payment

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

1. Enter the **Date** as **04-09-2012**
2. In the **Debit** field, select **Ram Agency** and press **Enter** to view **Service Tax Details** screen
3. In **Service Tax Details** screen,
   - In **Type of Ref** field select **Agst Ref** to adjust the Service Tax of the bill dated 4-9-2012
   - In the **Name** field, select the tax bill - **Purc/2-1** dated 4-9-2012 from the List of Pending Tax Bills against which the payment is made.
   - On selection of bill, details in **Type of Service**, **Category**, **Amount (incl. of tax)**, **Service Amount** will be displayed automatically.

❑ As Crystal Services (P) Ltd. is making partial payment of **Rs. 10,000** (inclusive of Service Tax) in **Amount (incl. of tax)** field specify **10,000**. Based on the amount specified Service Tax and Cess amount will be re-calculated and displayed

Figure 2.64   Service Tax Details Screen

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

❑ In the **Type of Ref** field, select **Agst Ref** from Method of Adj. list to adjust the payment towards the bill dated 4-9-2012

❑ In the **Name** field, select the bill - **RA/012/11-12** dated 4-9-2012

❑ **Amount** will be displayed automatically

Figure 2.65 Bill-Wise Details Screen

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

6. In the **Bank Allocations** screen, select **Cheque** as **Transaction Type** and in **Instrument No.** field enter the Cheque Number - **005294**

The completed **Payment Voucher** is displayed as shown

Figure 2.66 Completed Payment Voucher

7. Press **Enter** to Save.

2.8 Purchase of Services - Inclusive of Service Tax

Example 12:

On September 6, 2012 Crystal Services (P) Ltd. purchased Advertising services from Ram Agency and received the service bill for Rs.22,472 (vide no. RA/085/12-13) inclusive of Service Tax.

1. Record the Transaction in Purchase Voucher

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

1. Press **F2** and change the date to **06-09-2012**
2. In the **Party's A/c Name** field, select the service provider e.g. **Ram Agency**
3. Under **Particulars,** select the Service (purchases) Ledger e.g. **Purchase- Advertisement Services** and press **Enter** to view **Service Tax Details** screen
4. In the **Service Tax Details** screen
   - **Type of Ref.**: Select **New Ref** from the method of Adjustment.
   - **Name**: This field displays **Purc/3-1** as the Reference Number.
   - **Type of Service**: Based on the Type of Classification selected in the Service Provider ledger, Type of Service will be defaulted (displayed). By default, **Input Credit** is displayed and Tally.ERP 9 skips the field.
   - **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - **Amount (Incl. of Tax)**: In this field, specify the cumulative (collective) amount of Service amount and Tax **Rs. 22,472**. After specifying the amount Inclusive of Service Tax amount, Service Tax of Rs. 20,000 and tax bifurcation will be displayed automatically.

Figure 2.67 Service Tax Details Screen

5. In the **Amount** field, Service Amount of **Rs. 20,000** will be displayed.

6. Select the Service Tax ledger, e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Select the Education Cess ledger, e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Select the Secondary Education Cess ledger, e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

9. In **Bill-wise Details** screen, specify the bill details

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

Figure 2.68 Completed Purchase Voucher

10. Press **Enter** to Save.

2.9 Services Partly Subject to Service Tax

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

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

Example 13:

On September 7, 2012 Crystal Services (P) Ltd. raised a invoice (no. CS/732) in the name of Kamal Advertisers for Rs.50,000. Out of which Rs. 40,000 is service amount and Rs. 4,944 is Service tax amount towards the Event Management Services provided.

In the above transaction, Bill amount includes other expenses of Rs. 5,056 on which Service tax in not applicable. Let us understand how to configure Tally.ERP 9 to compute Tax only on the Assessable Value (40,000).

1. Record the Transaction in Sales Voucher

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

1. Press **F2** and change the date to **07-09-2012**
2. In the **Party's A/c Name** field, select the service receiver e.g. **Kamal Advertisers**
3. Under **Particulars,** select the Service (purchases) Ledger e.g. **Sales - Event Mgt Services** and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
    - **Type of Ref.**: Select **New Ref** from the method of Adjustment.
    - **Name**: This field displays **Sale/4-1** as the Reference Number.
    - **Type of Service**: Based on the Type of Classification selected in the Service Receiver ledger, Type of Service will be defaulted (displayed). By default, **Taxable** is displayed and Tally.ERP 9 skips the field.
    - **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed.
    - **Service Amount**: In this field, enter the **Service Amount** on which **Tax** is applicable. Enter **Rs. 40,000**
    - **Amount (Incl. of Tax)**: In this field, the cumulative (collective) amount of Service amount and Tax will be displayed
    - **Type of Ref.**: Select **New Ref** from the method of Adjustment.
    - **Name**: This field displays **Sale/4-2** as the Reference Number.
    - **Type of Service**: Based on the Type of Classification selected in the party ledger Taxable will be displayed. On the balance **Rs. 5,056**, Service Tax is not applicable. So press **back-space** and select **Not Applicable**
    - **Category**: In this field, **Not Applicable** will be displayed as on this portion of amount Service Tax is not applicable.

□ **Service Amount**: In this field, enter the **Amount** on which Service Tax is not applicable. Observe that on **Rs. 5,056**, Service Tax will not be calculated and the same amount will be displayed in Amount (Incl. of Tax) field also.

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
			Service Tax Details for : **Sale - Event Mgt Services**		
New Ref	**Sale/4-1**	**Taxable**	**Taxable Service**	40,000.00	44,944.00
	Service Tax	@ 12 % (On Assessable Value 40,000.00)		4,800.00	
	Ed Cess	@ 2 % (On Tax Value 4,800.00)		96.00	
	Sec Ed Cess	@ 1 % (On Tax Value 4,800.00)		48.00	
				4,944.00	
New Ref	**Sale/4-2**	Not Applicable	[Not Applicable	5,056.00	5,056.00
		Total		45,056.00	50,000.00

Figure 2.69 Service Tax Details Screen

5. In the **Amount** field **Rs. 45,056** will be defaulted automatically

6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Under **Particulars**, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Under **Particulars,** select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

9. Enter the **Bill-wise Details** (bill name **CS/732**)

The completed **Service Sales** voucher is displayed as shown

Figure 2.70 Completed Sales Voucher

10.Press **Enter** to Save.

2.10 Accounting Service Tax on Expenses (Journal Voucher)

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

Example 14:

On September 10, 2012 Crystal Services (P) Ltd. purchased Air ticket booking services from Ajay Tours for Rs.82,000 on which Service Tax is charged @ 12.36% (vide no. AT/1158/12-13) when their Managing Director went on a Foreign Tour.

To account the above transaction follow the steps given below

1. Create Masters

i. Expense Ledger

ii. Service Provider (supplier) ledger

2. Record the Transaction in Journal Voucher

1. Create Masters

i. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Foreign Tour Expenses	Indirect Expenses	Yes	Taxable Service

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

Figure 2.71 Completed Expense Ledger Creation Screen

ii. Service Provider (Supplier) Ledger

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

2. Record the Transaction in Journal Voucher

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

1. Press **F2** and change the date to **10-09-2012**
2. In the **Debit** field, select **Foreign Tour Expenses** ledger and press **Enter** to view Service Tax Details screen
3. In **Service Tax Details** screen,

❑ **Type of Ref**: Select **New Ref** from the Method of Adjustment. New Ref is selected for new financial transactions.

❑ **Name**: Tally.ERP 9 displays the reference number, which is a combination of **abbreviation of Journal and Voucher Number** and **Line Number** (example: **Jrnl / 4-1**) which can be changed by the user. Input service credit are tracked with these Reference Numbers.

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

❑ **Category**: Based on the service Category selected in the Expense Ledger, category will be defaulted (displayed). By default**, Taxable Service** is displayed and Tally.ERP 9 skips the field.

❑ **Service Amount**: In this field, enter the Service Amount, wherein you can ascertain Service Amount in the invoice issued by the service provider. On providing the service amount Service tax gets calculated. Enter **Rs. 82,000**

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

Service Tax Details for : **Foreign Tour Expenses**					
Type of Ref	**Name**	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	**Jrnl/4-1**	**Input Credit**	**Taxable Service**	82,000.00	92,135.20
	Service Tax	@ 12 %	(On Assessable Value 82,000.00)	9,840.00	
	Ed Cess	@ 2 %	(On Tax Value 9,840.00)	196.80	
	Sec Ed Cess	@ 1 %	(On Tax Value 9,840.00)	98.40	
				10,135.20	
	Total			82,000.00	92,135.20

Figure 2.72 Service Tax Details Screen

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

4. In the debit **Amount** field, the Service Amount of Rs. 82,000 will be defaulted automatically

5. In the **Debit** field, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

6. In the **Debit** field, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

7. In the **Debit** field, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

8. In the **Credit** field, select the party ledger - **Ajay Tours**. Total amount **Rs. 92135.20** i.e. Service Cost plus the Service Tax will be displayed in the **Amount** field.

9. Enter the **Bill** details (Bill name - **AT/1158/12-13**)

The completed **Journal Voucher** is displayed as shown

Figure 2.73 Completed Journal Voucher

10. Press **Enter** to Save.

2.11 Accounting Cash Sale or Cash Purchase of Services

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

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

2.11.1 Cash Sale of Services

Example 15:

On September 10, 2012 Crystal Services (P) Ltd. sold Event Management Services on Cash to Matrix Ad for Rs. 10,00,000 on which Service Tax is charged @ 12.36%

Record the transaction in Sales Voucher

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

Setup:

In **F12: Configuration**

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

1. Press **F2** and change the date to **10-09-2012**
2. In **Party's A/c Name** field select **Cash**
3. In **Party Details** screen, you can enter the **Customer Name** and **Address**. If you have party ledger which is already created, then select the same from the List of Ledger Accounts to auto fill the details. To select the ledger click **M: Party List** button or press **Alt+M**.

Figure 2.74 Party Details Screen

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

4. Under **Particulars,** select the Service (sales) Ledger e.g. **Sale- Event Mgt Services** and press **Enter** to view Service Tax Details screen

5. In **Service Tax Details** screen,

   ▫ **Type of Ref**: Select **New Ref** from the method of Adjustment.

   ▫ **Name**: This field displays **Sale/5-1** as the Reference Number.

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

   ▫ **Category**: Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

   ▫ **Service Amount**: In this field, enter the Service Amount of advertising services. Enter **Rs. 10,00,000**. **Amount (Incl. of Tax)** will be displayed automatically

6. In the **Amount** field, the Service Amount of **Rs. 10,00,000** will be defaulted automatically

7. Under **Particulars,** select **Service Tax, Education Cess** and **Secondary Education Cess** ledgers to account tax

The completed **Service Sales** voucher is displayed as shown

Figure 2.75 Completed Cash Sales Invoice

8. Press **Enter** to Save.

Print Sales Invoice

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

INVOICE

Crystal Services (P) Ltd. #56/1 M.G. Road Bangalore E-Mail :sales@crystal.com	Invoice No. e-Sugam No. **5**	Dated **10-Sep-2012**
	Delivery Note	Mode/Terms of Payment
	Supplier's Ref.	Other Reference(s)
Buyer **Matrix Ad** #360, 5th Cross Sanjay Nagar 3rd Stage Bangalore	Buyer's Order No.	Dated
	Despatch Document No.	Dated
	Despatched through	Destination
	Terms of Delivery	

Sl No.	Particulars	Quantity	Rate	per	Amount
	Sale - Event Mgt Services *(Category : Taxable Service)*				10,00,000.00
	Service Tax @ 12%(On Assessable Amount 10,00,000.00)		12	%	1,20,000.00
	Education Cess @ 2%		2	%	2,400.00
	Secondary Education Cess @ 1%		1	%	1,200.00
	Total				**₹ 11,23,600.00**

Amount Chargeable (in words)   E. & O.E

INR Eleven Lakh Twenty Three Thousand Six Hundred Only

Company's Service Tax No. : **ASDCE1588PST001**
Company's PAN   : **ASDCE1588P**

for Crystal Services (P) Ltd.

Authorised Signatory

This is a Computer Generated Invoice

Figure 2.76 Print Preview of Cash Sales Invoice

2.11.2 Cash Purchase of Services

Example 16:

On September 10, 2012 Crystal Services (P) Ltd. purchased Advertisement services on Cash from Ram Agency for Rs. 4,00,000 on which Service Tax is charged @ 12.36%

Record the transaction in Purchase Voucher

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

1. Press **F2** and change the date to **10-09-2012**
2. In **Party's A/c Name** field select **Cash**
3. In the **Party Details** screen, you can enter the **Service Provider Name** and **Address**. If you have party ledger which is already created, then select the same from the List of Ledger Accounts to auto fill the details. To select the ledger click **M: Party List** button or press **Alt+M**

Figure 2.77 Party Details Screen

Notes

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

4. Under **Particulars,** select the Service (purchases) Ledger e.g. **Purchase - Advertisement Services** and press **Enter** to view Service Tax Details screen

5. In **Service Tax Details** screen,

   - **Type of Ref**: Select **New Ref** from the method of Adjustment.

   - **Name**: This field displays **Purc/4-1** as the Reference Number.

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

   - **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

   - **Service Amount**: In this field, enter the Service Amount of advertising services. Enter **Rs. 4,00,000**. **Amount (Incl. of Tax)** will be displayed automatically

6. In the **Amount** field, the Service Amount of **Rs. 4,00,000** will be defaulted automatically

7. Under **Particulars,** select **Service Tax, Education Cess** and **Secondary Education Cess** ledgers to account the tax.

The completed service **Purchase Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ⊠
Purchase　　No. 4		10-Sep-2012
Supplier Invoice No. :　　　　　Date :		Monday
Party's A/c Name : **Cash**		
Current Balance　:　11,23,600.00 Dr		

Particulars	Rate　per	Amount
Purchase - Advertisement Services		4,00,000.00
Service Tax @ 12%		48,000.00
Education Cess @ 2%		960.00
Secondary Education Cess @ 1%		480.00

Narration:　　　　　　　　　　　　　　　　　　　　　　　　Accept ?

Yes or No

Figure 2.78 Completed Cash Purchase Invoice

8. Press **Enter** to Save.

Print Purchase Invoice

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

INVOICE

Ram Agency #56, Raheja Arcade 5th Main Koramangala Bangalore	Invoice No. **4**	Dated **10-Sep-2012**
	Supplier's Ref.	Other Reference(s)
Consignee **Crystal Services (P) Ltd.** #56/1 M.G. Road Bangalore E-Mail :sales@crystal.com		

Sl No.	Particulars	Quantity	Rate	per	Amount
	Purchase - Advertisement Services *(Category : Taxable Service)*				4,00,000.00
	Service Tax @ 12%(On Assessable Amount 4,00,000.00)		12	%	48,000.00
	Education Cess @ 2%		2	%	960.00
	Secondary Education Cess @ 1%		1	%	480.00
	Total				₹ 4,49,440.00

Amount Chargeable (in words)   E. & O.E

INR Four Lakh Forty Nine Thousand Four Hundred Forty Only

Company's TIN/Sales Tax No. :
Buyer's VAT TIN   :
Company's CST No.   :
Buyer's Service Tax No.   : ASDCE1588PST001
Buyer's CST No.   :

for Cash

Authorised Signatory

Figure 2.79 Print Preview of Cash Purchase Invoice

2.12 Service Tax Billing for Professionals

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

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

Example 17:

On September 10, 2012 Crystal Services (P) Ltd. provided Architect Consultant Service to Sahakar Constructions for Rs. 3,50,000 on which Service Tax is charged @ 12.36%. On 11-9-2012, Crystal Services (P) Ltd. received payment of Rs. 3,93,260 and issued a Receipt to the customer.

To account the above transaction follow the steps given below

1. Create Masters

i. Service Receiver (Customer) ledger

ii. Income Ledger

2. Record the Transaction in Receipt Voucher

1. Create Masters

i. Service Receiver (Customer) ledger

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

ii. Income Ledger

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

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

2. Record the Transaction in Receipt Voucher

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

1. Press **F2** and change the date to **10-09-2012**
2. In the **Credit** field, select Income ledger - **Consultancy Income** and press **Enter** to view Service Tax Details screen
3. In **Service Tax Details** screen
   - **Type of Ref**: Select **New Ref** from the Method of Adjustment. New Ref is selected for new financial transactions.
   - **Name**: Tally.ERP 9 displays the reference number, which is a combination of **abbreviation of Receipt and Voucher Number** and **Line Number** (example: **Rcpt /1-1**) which can be changed by the user. Input service Credit are tracked with these Reference Numbers.
   - **Party Ledger**: In this field select the party ledger - **Sahakar Constructions** to whom the service is provided.

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

   - **Type of Service**: Based on the Type of Classification selected in the Service Provider, Type of Service will be defaulted (displayed). By default, **Taxable** is displayed and Tally.ERP 9 skips the field.
   - **Category**: Based on the service Category selected in the Income Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - **Amount (Incl. of Tax)**: In this field, enter the cumulative (collective) amount of Service amount and Tax. Enter **Rs. 3,93,260**

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

Figure 2.80 Service Tax Details Screen

4. In the **Amount** field, the Service Amount of Rs. 3,50,000 will be defaulted automatically.

5. In the **Credit** field, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

6. In the **Credit** field, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

7. In the **Credit** field, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

8. In the **Debit** field, select **Cash** ledger. Total amount (**Rs. 3,93,260**) of Service Cost plus the Service Tax will be displayed in **Amount** column.

The completed **Receipt Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.		Ctrl + M ⊠
Receipt No. **1**			**10-Sep-2012**
			Monday
Particulars		**Debit**	**Credit**
Cr **Consultancy Income**			3,50,000.00
Cur Bal: 3,50,000.00 Cr			
Cr **Service Tax @ 12%**			42,000.00
Cur Bal: 1,02,960.00 Cr			
Cr **Education Cess @ 2%**			840.00
Cur Bal: 2,059.20 Cr			
Cr **Secondary Education Cess @ 1%**			420.00
Cur Bal: 1,029.60 Cr			
Dr **Cash**		3,93,260.00	
Cur Bal: 10,67,420.00 Dr			
Narration:		3,93,260.00	3,93,260.00
		Accept ?	
		Yes or **No**	

Figure 2.81 Completed Receipt Voucher

9. Press **Enter** to Save.

Print Professional Receipt Cum Challan from Receipt Voucher

To print Professional Receipt Cum Challan for Receipts towards professional services provided

- ◻ Press **Page Up** from **Accounting Voucher Creation** screen to view earlier entered Receipt Voucher. Click **P: Print** button or press **Alt+P** to view Voucher Printing screen

- ◻ In **Voucher Printing** screen press **Back Space** and set the option **Print Service Tax Professional Receipt Cum Challan** to **Yes** to print Receipt -cum- Challan.

Voucher Printing		
Printer : NPI9F3EB3 (HP LaserJet P4015) (Ne02:)	**Paper Type :**	Letter
No. of Copies : 1		
Print Language : English		*(Printing Dimensions)*
Method : Neat Mode	**Paper Size** : (8.50" x 10.98") or (216 mm x 279 mm)	
Page Range : All	**Print Area** : (8.03" x 10.71") or (204 mm x 272 mm)	
Report Titles		
Receipt Voucher		
(with Print Preview)		**Print ?**
Without Company Phone No.		
Print Service Tax Professional Receipt Cum Challan : Yes		**Yes** or **No**

Figure 2.82 Voucher Printing Screen

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

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

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

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

Crystal Services (P) Ltd.
#56/1
M.G. Road
Bangalore
E-Mail :sales@crystal.com

Professional Receipt Cum Challan

| Party : Sahakar Creations | No. : 1 |
| | Dated : 10-Sep-2012 |

Particulars	Rate	per	Amount
Consultancy Income			**3,50,000.00**
(Category: Taxable Service)			
Service Tax (On Assessable Amount 3,50,000.00)	12 %		42,000.00
Education Cess @ 2%	2 %		840.00
Secondary Education Cess @ 1%	1 %		420.00
Total			**₹ 3,93,260.00**

Amount Chargeable (in words)   E. & O.E
INR Three Lakh Ninety Three Thousand Two Hundred Sixty Only
Service Tax Payable (in words)
INR Forty Three Thousand Two Hundred Sixty Only
Company's Service Tax No. : ASDCE1588PST001
Buyer's Service Tax No. : AKDKS5837DST001
Company's PAN   : ASDCE1588P

for Crystal Services (P) Ltd.

Authorised Signatory

This is a Computer Generated Invoice

Figure 2.83 Print Preview of Professional Receipt Cum Challan

2.13 Accounting Services as Inventory by Professionals

In practice, professionals may provide services on Hourly basis. In this case, the number of hours of service provided should be accounted to arrive at the service amount & to calculate Service Tax.

Tally.ERP 9 allows you to record receipts towards services provided & account the number of service hours, calculate Service Tax and print Professional Receipt cum Challan with inventory detail.

Example 18:

On September 12, 2012 Crystal Services (P) Ltd. received payment of Rs. 1,51,686 towards the Architect Consultancy services provided for 300 hours @ 450 per hour to Sahakar Constructions on which Service Tax is charged @ 12.36% and issued Receipt to the customer.

To account the above transaction follow the steps given below

1. Create Master
i. Stock Item
2. Record the Transaction in Receipt Voucher

1. Create Master

i. Stock Item

Stock Item	Under	Units
Service Hours	Primary	Hrs

Here **Service Hours** are created as **Stock Item**.

Figure 2.84 Completed Stock Item Creation Screen

2. Record the Transaction in Receipt Voucher

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

1. Press **F2** and change the date to **12-09-2012**
2. In the **Credit** field, select Income ledger - **Consultancy Income** and press **Enter** to view Inventory Allocations screen
3. In **Inventory Allocation** screen
   - In **Name of Item** field, select **Service Hours** form the List of Stock Items
   - In **Quantity** field, specify the number of **Hours** of service provided e.g. **300**
   - In **Rate** field, specify the Rate per hour of service provided e.g. **450**
   - **Amount** will be calculated and displayed automatically

Inventory Allocations for : **Consultancy Income**			
Name of Item	**Quantity**	**Rate** per	**Amount**
Service Hours	300 Hrs	450.00 Hrs	1,35,000.00
	300 Hrs		1,35,000.00

Figure 2.85 Inventory Allocation Screen

Notes

*Ensure the option **Inventory values are affected** to **Yes** in the **Consultancy Income** ledger to view Inventory Allocation screen while recording the transaction.*

4. Press **Enter** from **Amount** field to view Service Tax Details screen
5. In **Service Tax Details** screen,
   - **Type of Ref**: Select New Ref from the Method of Adjustment. New Ref is selected for new financial transactions.

- **Name**: Tally.ERP 9 displays the reference number, which is a combination of abbreviation of Receipt and Voucher Number and Line Number (example: Rcpt /2-1) which can be changed by the user. Input service Credit are tracked with these Reference Numbers.

- **Party Ledger**: In this field, select the party ledger - **Sahakar Constructions** to whom the service is provided.

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

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

- **Category**: Based on the service Category selected in the Income Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

- **Name of Item**: In this field, select the Service item from the List of Stock Items on which Service Tax to be calculated - **Service Hours**.

Figure 2.86 Selection of Stock Item in Service Tax Details Screen

- On selection of **Stock Item**, the **Amount** specified in the **Inventory Allocation** screen will be displayed automatically in **Service Amount**. Based on the Service Amount, **Amount (Incl. of Tax)** and **Tax bifurcation** will be displayed automatically

Figure 2.87 Completed Service Tax Details Screen

6. In **Amount** field, the Service Amount of **Rs. 1,35,000** will be defaulted automatically

7. In **Credit** field select **Service Tax**, **Education Cess** and **Secondary Education Cess** ledgers to account the tax amount.

8. In **Debit** field select **Cash** ledger. Total amount (**Rs. 1,48,905**) of Service Cost plus the Service Tax will be displayed in Amount column.

The completed **Receipt Voucher** is displayed as shown:

Figure 2.88 Completed Receipt Voucher

9. Press **Enter** to Save.

Print Professional Receipt Cum Challan from Receipt Voucher

To print Professional Receipt Cum Challan for Receipts towards professional services provided

- Press **Page Up** from Accounting Voucher creation screen to view earlier entered Receipt Voucher. Click <u>**P: Print**</u> button or press **Alt+P** to view **Voucher Printing** screen

- In **Voucher Printing** screen, press **F12: Configuration** to view **Receipt Printing Configuration** screen

    - Set the option **Print Inventory Details** to **Yes**

```
                Receipt Printing Configuration

Height of Voucher (inches)                    : 7
Width of Voucher (inches)                     : 5
Space to leave on top (default 0.25)          : 0.25

Space to leave on left (default 0.75)         : 0.25

Receipt Mode on Top of Voucher                ? No
Print Bill-wise Details                       ? Yes
    Print Bill Due Date also                  ? No
Print Inventory Details                       ? Yes
Print Bank Transaction Details                ? No
    Print All Details                         ? No

Space for Checked/Verified initials           ? No
Print Category & Assessable Value             ? Yes
Print Abatement & Pure Agent Details          ? Yes
Print Base Currency Symbol for Total          ? Yes
Method to use for Ledger Name                 : Name Only

            Formal Receipt Printing Configuration

Height of Receipt (inches)                    : 6
Width of Receipt (inches)                     : 5
Space to leave on top (default 0.25)          : 0.25
Print Party Address                           ? Yes
Print Narration                               ? Yes
Print Narration for each entry                ? Yes
```

Figure 2.89 Receipt Printing Configuration

The Print Preview of **Professional Receipt Cum Challan** appears as shown

Crystal Services (P) Ltd.
#56/1
M.G. Road
Bangalore
E-Mail :sales@crystal.com

Professional Receipt Cum Challan

| Party : Sahakar Creations | | No. : 2 | | |
| | | Dated : 12-Sep-2012 | | |

Particulars	Rate	per	Amount
Consultancy Income			1,35,000.00
(Category: Taxable Service)			
Service Hours 1,35,000.00			
Service Tax (On Assessable Amount 1,35,000.00)	12 %		16,200.00
Education Cess @ 2%	2 %		324.00
Secondary Education Cess @ 1%	1 %		162.00
Total			₹ 1,51,686.00

E. & O.E

Amount Chargeable (in words)
INR One Lakh Fifty One Thousand Six Hundred Eighty Six Only

Service Tax Payable (in words)
INR Sixteen Thousand Six Hundred Eighty Six Only

Company's Service Tax No. : ASDCE1588PST001
Buyer's Service Tax No. : AKDKS5837DST001
Company's PAN   : ASDCE1588P

for Crystal Services (P) Ltd.

Authorised Signatory

This is a Computer Generated Invoice

Figure 2.90 Professional Receipt Cum Challan

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

2.14.1 Accounting Advances from Service Receivers

Example 19:

On September 13, 2012 Crystal Services (P) Ltd. received Advance of Rs. 25,550 from Matrix Ad towards Design Services.

Record the transaction in Receipt Voucher

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

Setup:

In **F12: Receipt Configuration**

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

1. Press **F2** and change the date to **13-09-2012**
2. In **Account** field, select **Canara Bank**
3. Under **Particulars,** select **Matrix Ad** and press **Enter** to view **Service Tax Details** screen
4. In **Service Tax Details** screen
    - **Type of Ref**: In this field, select **Advance** as the Method of Adjustment
    - **Name**: In this field, accept the default Reference number displayed - **Rcpt/3-1**
    - **Type of Service**: Based on the Type of Classification selected in the Service Receiver ledger, Type of Service will be defaulted (displayed). By default, **Taxable** is displayed and Tally.ERP 9 skips the field.
    - **Category**: In this field, Tally.ERP 9 prompts the user to select the Service Category towards which Advance is received. Select **Taxable Service** from the List of Service Categories.
    - **Amount (Incl. of Tax)**: In this field, specify the amount received as advance. The amount received will be considered as inclusive of Service Tax. Enter **Rs. 25,550**. **Service Amount** and **Tax bifurcation** will be displayed by back calculating the amount to arrive at service amount and tax portion.

Figure 2.91 Service Tax Details Screen

5. In **Amount** field, service amount of **Rs. 22,739.41** will be displayed

6. In **Bill-wise Details** provide the details as shown

  ❑ Select **Advance** as the **Type of Ref**

  ❑ In the **Name** field enter the Bill name as **MA/964/12-13**

  ❑ Skip the **Due Date or Credit Days** field

  ❑ Accept the default amount allocation and **Dr/Cr**. By default, Tally.ERP 9 displays the **Advance amount** in the amount field as the credit balance.

  ❑ Press **Enter**. Select **Advance** as **Type of Ref** and Bill name will be defaulted as **MA/964/12-13**

  ❑ Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default, Tally.ERP 9 displays the **Service Tax amount** in the amount field as the debit balance

Figure 2.92 Bill-Wise Details Screen

7. Under **Particulars,** select **Service Tax**, **Education Cess** and **Secondary Education Cess** ledger to account Service Tax.

The completed **Advance Receipt Voucher** is displayed as shown

Figure 2.93 Completed Advance Receipt Voucher

8. Press **Enter** to Save.

2.14.2 Adjusting Advance received towards the Service Bill

Example 20:

On September 14, 2012 Crystal Services (P) Ltd. provided the Design Services to Matrix Ad and raised the bill for Rs. 1,00,000 (inclusive of Service Tax). Advance of Rs.25,550 received on 13-9-2012 adjusted towards the bill.

To account the above transaction follow the steps given below

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

1. Create Masters

i. Service Sales Ledger

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

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

2. Record the Transaction in Sales Voucher

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

1. Press **F2** and change the date to **14-09-2012**
2. In **Party's A/c Name** field select the Service Receiver e.g. **Matrix Ad**
3. Under **Particulars,** select the Service (sales) Ledger e.g. **Sales - Design Services** and press **Enter** to view Service Tax Details screen (Use Alt +C to create the ledger)
4. In **Service Tax Details** screen,
   - **Type of Ref**: Select **Agst Ref** to adjust the advances received
   - **Name**: In this field, select **Rcpt/3-1** (dated 13-9-2012) from the Pending Tax Bills
   - Based on the advance bill selected **Type of Service, Category, Service Amount** and **Amount (Incl.of Tax)** will be defaulted automatically.
   - In **Type of Ref** field, select **New Ref**
   - In **Name** field **Sale/6-2** will be displayed.
   - **Type of Service** will be defaulted to **Taxable** and **Category** as **Taxable Service**
   - In **Amount (Incl. of Tax)** field, enter balance bill amount of **Rs. 74,450**

Figure 2.94 Service Tax Details Screen

5. In **Amount** field, the Service Amount of **Rs. 88,999.65** will be defaulted automatically.

6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Under **Particulars,** select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Under **Particulars,** select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

9. In **Bill-wise Details** screen,

   □ In **Type of Ref** field, select **Agst Ref**

   □ In **Name** field, select **MA/964/12-13** dated 13-9-2012 to adjust the advances

   □ In **Amount** field, enter **Rs. 22739.41** to adjust the advances

   □ In **Type of Ref,** select **New Ref**

   □ In **Name** field, enter the bill name as **CS/865**

   □ In **Amount** field, balance of **74,450** will be displayed.

Figure 2.95 Bill-wise Details Screen

The Completed **Service Sales Voucher** is displayed as shown

Figure 2.96 Completed Sales Voucher

10.Press **Enter** to Save.

2.15 Sale of Services with Inventory

Example 21:

On September 17, 2012 Crystal Services (P) Ltd. sold 10 Computers @ 35,000 per Computer to Matrix Ad and agreed for installation to be made with extra charges of Rs. 20,000.

1. Create Masters
i. Income Ledger

ii. Sales Ledger

iii. Output VAT ledger

2. Record the transaction in Sales Voucher

1. Create Masters

i. Income Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Installation Income	Indirect Incomes	Yes	Taxable Service

ii. Sales Ledger

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

iii. Output VAT Ledger

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

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

2. Record the transaction in Sales Voucher

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

1. In **Accounting Voucher Creation** screen, press **Alt+I** or click on **I: Item Invoice** if the voucher is in Account invoice mode
2. Press **F2** and change the date to **17-09-2012**
3. In **Party's A/c Name** field, select the service receiver e.g. **Matrix Ad**
4. In **Name of Item** field, select **Computers** and specify **Quantity** as **10** and **Rate** as **35,000**
5. In **Accounting Details** screen, select the **Sales @ 5% Ledger** and press **Enter**

6. Select **Installation Income** ledger and press **Enter** to view **Service Tax Details** screen

7. In **Service Tax Details** screen,

   ◻ In **Type of Ref** field, select **New Ref**

   ◻ In **Name** field, accept the default tax bill reference **Sale/7-1** will be displayed.

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

   ◻ In **Category** field, based on the service Category selected in the Income Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed

   ◻ In **Service Amount** field, enter the Service Amount of **Rs. 20,000**

   ◻ The cumulative (collective) amount of Service amount and Tax will be displayed in **Amount (Incl. of Tax)** field.

Service Tax Details for : **Installation Income**					
Type of Ref	**Name**	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	**Sale/7-1**	**Taxable**	**Taxable Service**	20,000.00	22,472.00
	Service Tax	@ 12 % (On Assessable Value 20,000.00)		2,400.00	
	Ed Cess	@ 2 % (On Tax Value 2,400.00)		48.00	
	Sec Ed Cess	@ 1 % (On Tax Value 2,400.00)		24.00	
				2,472.00	
	Total			20,000.00	22,472.00

Figure 2.97 Service Tax Details Screen

8. Under **Particulars,** select **Service Tax, Education Cess** and **Secondary Education Cess** ledger to account Service Tax

9. Select **Output VAT @ 5%** ledger to account **VAT**.

The completed **Sales Voucher** is displayed as shown

Figure 2.98 Completed Sales Voucher

10. Press **Enter** to Save.

2.16 Accounting Export of Services

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

Example 22:

On September 18, 2012, Crystal Services (P) Ltd. exported Event Management services for Rs. 1,50,000 to Cosmic Visions

To account the above transaction follow the steps given below

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

1. Create Masters

i. Service Receiver (Customer) ledger

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

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

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

Figure 2.99 Service Tax Details Screen

Export *option is selected when the services are Exported.*

The *Notification number* *provided here is only as an example.*

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

2. Record the Transaction in Sales Voucher

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

1. Press **F2** and change the date to **18-09-2012**
2. In the **Party's A/c Name** field, select the service receiver e.g. **Cosmic Visions**

3. Under **Particulars**, select the Service (sales) Ledger e.g. **Sale- Event Mgt Services** and press **Enter** to view Service Tax Details screen

4. In **Service Tax Details** screen,

   ▫ In **Type of Ref** field, select **New Ref** from the method of Adjustment.

   ▫ In the **Name** field, accept the default reference number **Sale/8-1**

   ▫ In the **Type of Service** field based on the Type of Classification selected in the Service Receiver, Type of Service will be defaulted (displayed). By default, **Export** is displayed

   ▫ In the **Category** field based on the service Category selected in the sales Ledger, category will be defaulted (displayed). By default **Taxable Service** is displayed

   ▫ In the **Service Amount** field, enter the event management services amount of **Rs. 1,50,000**

   ▫ **Rs. 1,50,000** will be displayed in **Amount (Incl. of Tax)** field, as the services are exported and on exports Service Tax is not applicable.

Service Tax Details for : **Sale - Event Mgt Services**					
Type of Ref	**Name**	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	**Sale/8-1**	Export	**Taxable Service**	1,50,000.00	1,50,000.00
				1,50,000.00	1,50,000.00

Figure 2.100 Service Tax Details Screen

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

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

The completed **Sales Voucher** is displayed as shown

Figure 2.101 Completed Sales Invoice

6. Press **Enter** to Save.

2.17 Accounting Import of Services

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

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

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

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

Example 23:

On September 19, 2012 Crystal Services (P) Ltd. imported Architect services for Rs.8,00,000 from Townscape Architects. Crystal Services (P) Ltd. is liable to pay Service Tax on imported services. On September 20, 2012 Crystal Services (P) Ltd. made the payment towards the imports and raised the tax liability on the same day.

To account the above transaction follow the steps given below

1. Create Masters
i. Purchase Ledger

ii. Expense Ledger

iii. Service Provider (Supplier) ledger

2. Record the transaction in Purchase Voucher (to account Imports)
3. Record Payment Voucher (to account payments to party)
4. Record a Journal Voucher (to raise Service Tax liability)

1. Create Masters

i. Purchase Ledger

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

ii. Expense Ledger

Ledger	Under
Tax on Imports	Indirect Expenses

iii. Service Provider (Supplier) ledger

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

To create the service provider ledger

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

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

Figure 2.102 Service Tax Details Screen

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

2. Record the transaction in Purchase Voucher (to account Imports)

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

1. Press **F2** and change the date to **19-09-2012**
2. In the **Party's A/c Name** field, select the service provider e.g. **Townscape Architects**
3. Under **Particulars,** select the Service (purchases) Ledger e.g. **Import - Architect Services** and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
   - In **Type of Ref,** field select **New Ref** from the method of Adjustment.
   - In the **Name** field, retain default Reference Number - **Purc/5-1** for the Service Tax calculation.
   - In the **Type of Service** field based on the **Type of Classification** selected in the Service Provider ledger, Type of Service will be defaulted (displayed) to **Import**.
   - In the **Category** field based on the Service Category selected in the Purchase Ledger, category will be defaulted (displayed) to **Taxable Service**.
   - Enter the **Service Amount** of the of the services imported **Rs. 8,00,000**

□ In **Amount (Incl. of Tax)** field, the amount specified in the Service Amount field will be taken as Amount inclusive of tax as on imports the Service Tax liability is on the service receiver and not on the provider. So service Tax will not get calculated.

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
			Service Tax Details for : **Import - Architect Services**		
New Ref	**Purc/5-1**	**Import**	**Taxable Service**	8,00,000.00	8,00,000.00
				8,00,000.00	8,00,000.00

Figure 2.103 Service Tax Details Screen

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

Notes

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

6. In the **Bill-wise Details** screen, select the **Reference** as **New Ref** and enter the bill **Name** as **TA/856/12-13**

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

Figure 2.104 Completed Purchase Voucher

7. Press **Enter** to Save.

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

On 20-09-2012, record the payment voucher to make the payment towards the bill **TA/856/12-13** dated 19-09-2012

Figure 2.105 Completed Payment Voucher

8. Press **Enter** to Save.

> **Notes** *The **liability to pay Service Tax on imports** will arise only on making the payment to the service provider.*

4. Record a Journal Voucher (to raise Service Tax liability)

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

Ensure that **Voucher Class** is created for **Journal Voucher** to account Service Tax on imports

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustment** from Voucher Class list
2. Press **F2** and change the date to **20-09-2012**
3. In **Used for** field, select **Tax on Import of Service** from the list of **Service Tax Adjustments**
4. Press **Enter** to view **Service Tax Liability** screen
5. In **Service Tax Liability** screen,
    - In the **Till Date** field, by default, Voucher Date **20-9-2012** will be displayed. User can specify the date to account Service Tax liability on all the imports made till the date mentioned.
    - In the **Service Category** field, select the service imported - **Taxable Service** from the List of Service Categories

> **Notes** *User can select the option **Any** to consider all those service categories which are imported to compute the Service Tax liability.*

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

> **Notes** *You can select the option **Any** to consider all those parties from whom the services are imported to compute the Service Tax liability.*

    - In **Output Ledger** section, select
        - **Service Tax @ 12%** ledger to account Service Tax
        - **Education Cess @ 2%** ledger to account Education Cess

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

Notes

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

☐ In **Input /Expense Ledgers** section select

- Select **Tax on Imports** ledger (created under Indirect Expenses)

Tax on Import of Service	Crystal Services (P) Ltd.	Ctrl + M ☒

		List of Expense Ledgers
Journal No. 5	Voucher Class : Service Credit Adjustment	**Tax on Imports**
	Used for: Tax on Import of Service	

Particulars

Cr

Service Tax Liability

Till Date	: **20-9-2012**
Service Category	: **Taxable Service**
Avail Input Credit	: **No**
Party Ledger	: **Townscape Architects**

Output Ledgers

Service Tax @ 12%	For Service Tax
Education Cess @ 2%	For Education Cess
Secondary Education Cess @ 1%	For Secondary Education Cess

Input / Expense Ledgers

Tax on Imports

Narration:

Figure 2.106 Service Tax Liability Screen

Notes

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

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

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

The completed **Journal Voucher** is displayed as shown

Figure 2.107 Completed Journal Voucher

7. Press **Enter** to Save.

2.18 Accounting Pure Agent Services

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

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

Example 24:

On September 20, 2012 Crystal Services (P) Ltd. acted as a pure agent in getting Event Management Services to TechMagic Creations, service cost including pure agent expenses of Rs. 15,000 amounted to Rs. 1,20,000.

To account the above transaction follow the steps given below

1. Create Master

i. Service Receiver (Customer) Ledger

2. Record the Transaction in Sales Voucher

1. Create Masters

i. Service Receiver (Customer) Ledger

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

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

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

Figure 2.108 Service Tax Details Screen

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

2. Record the Transaction in Sales Voucher

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

1. Press **F2** and change the date to **20-09-2012**
2. In the **Party's A/c Name** field select the service receiver e.g. **TechMagic Creations**
3. Under **Particulars,** select the Service (sales) Ledger e.g. **Sale- Event Mgt Services** and press **Enter** to view **Service Tax Details** screen
4. In **Service Tax Details** screen,
   - In **Type of Ref** field select **New Ref** from the method of Adjustment.
   - In **Name** field, accept the default reference number **Sale/9-1**

□ In **Type of Service** field, by default, **Pure Agent** is displayed based on the Type of Classification defined in the party ledger.

□ In **Allowable Expenses** field, specify the expenses incurred by the pure agent in procuring taxable service to the service recipient. Enter **Rs. 15,000**

Figure 2.109 Allowable Expenses Screen

□ In the **Category** field based on the service Category selected in the sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed.

□ In the **Service Amount,** field enter the Service Amount **Rs. 1,20,000**

▫ In the **Amount (Incl. of Tax)** field, the cumulative (collective) amount of Service amount and Tax will be displayed

<table>
<tr><td colspan="6" align="center">Service Tax Details for : **Sale - Event Mgt Services**</td></tr>
<tr><td>Type of
Ref</td><td>**Name**</td><td>Type of
Service</td><td>Category/Service</td><td>Service
Amount</td><td>Amount
(Incl. of Tax)</td></tr>
<tr><td>New Ref</td><td>Sale/9-1</td><td>**Pure Agent**</td><td>**Taxable Service**</td><td>1,20,000.00</td><td>1,32,978.00</td></tr>
<tr><td></td><td>Service Tax</td><td>@ 12 %</td><td>(On Assessable Value 1,05,000.00)</td><td>12,600.00</td><td></td></tr>
<tr><td></td><td>Ed Cess</td><td>@ 2 %</td><td>(On Tax Value 12,600.00)</td><td>252.00</td><td></td></tr>
<tr><td></td><td>Sec Ed Cess</td><td>@ 1 %</td><td>(On Tax Value 12,600.00)</td><td>126.00</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>12,978.00</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>1,20,000.00</td><td>1,32,978.00</td></tr>
</table>

Figure 2.110 Service Tax Details Screen

Notes

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

5. In the **Amount** field, **Rs. 1,20,000** will be defaulted automatically.
6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.
7. Under **Particulars,** select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.
8. Under **Particulars**, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.
9. Enter the **Bill** details as - **CS/0025**.

The completed **Sales Voucher** is displayed as shown

Figure 2.111 Completed Sales Voucher

10.Press **Enter** to Save.

2.19 Account Services with Taxable Percentage

Tally.ERP 9 supports accounting of Services with Taxable percentage as per the 2012-13 Budget changes.

Example 25:

On September 21, 2012 Crystal Services (P) Ltd. received services - Transportation of goods by Rail from Candice Agency for Rs. 60,000. Service Tax is charged on 30% of the Service Amount @ 12.36%

To account the above transaction follow the steps given below

1. Create Master

i. Service Provider (Supplier) Ledger

ii. Expense Ledger

2. Record the Transaction in Sales Voucher

1. Create Master

i. Service Provider (Supplier) Ledger

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

ii. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Transportation Expenses - By Rail	Indirect Expenses	Yes	Taxable Service

To create the Expense ledger

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

Setup:

In **12: Ledger Configuration**

◻ Set the option **Allow ADVANCED entries in Service Tax Master** to **Yes**
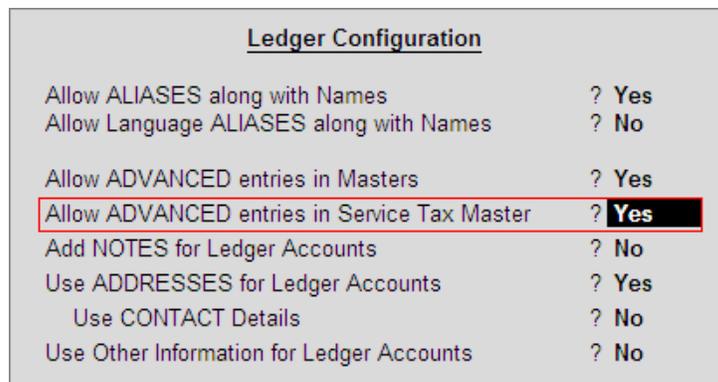
Figure 2.112 Ledger Configuration

1. In the **Name** field, enter the expense ledger e.g., **Transportation Expenses - By Rail**.
2. Select **Indirect Expenses** as the group name in the **Under** field.
3. Set the option **Is Service Tax Applicable** to **Yes**.
4. In the **Default Service Category** field, select **Taxable Service** from the List of Service Categories.

5. Enable the option **Set/Alter Taxable Percentage Details** to **Yes** to view **Taxable Percentage Details** screen

> *Set/Alter Taxable Percentage Details option will appear in service ledger creation/ alteration screen only when the option **Allow ADVANCED entries in Service Tax Master** is set to **Yes**.*

6. In **Taxable Percentage Details** screen
   - **Category**: In this field, select the service category/categories, which you are purchasing or selling for which Taxable Percentage is stated.
   - **Applicable From Date**: In this field, mention the **date** from when Taxable Percentage is applicable for the service category.
   - **Notification No.**: In this field, mention the **notification no.** under which the Taxable percentage is specified for the service category.
   - **Taxable Percentage**: Mention the **Taxable Percentage** for the service category and press **Enter**

Taxable Percentage Details			
Category	Applicable From	Notification No.	Taxable Perc.
Taxable Service			
	1-Jul-2012	25/2012-ST Dated 20/6/2012	30 %

Figure 2.113 Abatement Details Screen

> *Taxable Percentage Alteration can be used when the Taxable Percentage rates are changed by the government. From this screen, you can select the **service category**, specify the **applicable from date**, **notification number** and the changed **Rate of abatement** which will be considered for calculating Service Tax.*

Figure 2.114 Completed Expenses Ledger

7. Press **Enter** to save.

2. Record the Transaction in Journal Voucher

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

1. Press **F2** and change the date to **21-09-2012**

2. In the **Debit** field, select **Transportation Expenses - By Rail** ledger and press **Enter** to view Service Tax Details screen

3. In **Service Tax Details** screen

   ❑ In the **Type of Ref** field, select **New Ref** from the Method of Adjustment.

   ❑ In the **Name** field, accept the default reference number displayed **Jrnl/6-1**

   ❑ In the **Type of Service** field based on the **Type of Classification** selected in the Service Provider ledger, Type of Service will be defaulted to default **Input Credit**.

   ❑ In the **Category** field based on the service Category selected in the Expense Ledger, category will be defaulted **Taxable Service**.

   ❑ In the **Service Amount** field enter the total service taken. Enter **Rs. 60,000**

   ❑ **Tax** bifurcation and **Amount (Incl. of Tax)** will be defaulted automatically.

Figure 2.115 Service Tax Details Screen

*On **Transportation Service - by Rail**, Service Tax is applicable on **30%** of the service amount. Here you can observe that the **assessable value** considered for calculating service Tax is **18,000 (30% of 60000)**.*

Taxable percentage and Notification Number will be displayed in the Service Tax details screen.

*Taxable Percentage and notification no can be altered during entry by enabling the option **Allow alteration of Taxable Percentage***

*Tally.ERP 9 allows to enable the option **Allow alteration of Taxable Percentage** only when the option **Allow to Override Service Category during entry** is set to **Yes** as the Taxable Percentage is allowed for the Service Categories and **Taxable Percentage Details** screen will be displayed only when the cursor moves to **Category** field.*

*The **Taxable Percentage Details** screen appears as shown. From here you can alter the Taxable Percentage rate.*

4. In the **Amount** field, the Service Amount of **Rs. 60,000** will be defaulted automatically

5. In the **Debit** field, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

6. In the **Debit** field, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

7. In the **Debit** field, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

8. In the **Credit** field, select the party ledger - **Candice Agency**. Total amount (Rs. 62,224.80 of Service Cost plus the Service Tax will be displayed in the **Amount** field.

9. Enter the **Bill** details as - **CS/0097** and transaction details in **Narration** field.

The completed **Journal Voucher** is displayed as shown

Figure 2.116 Completed Journal Voucher

10. Press **Enter** to Save.

2.20 Reversal of Service Amount with Tax

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

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

Example 26:

On September 23, 2012 Crystal Services (P) Ltd. cancelled advertising services purchased on 21-9-2012(Purc/6-1) for Rs. 33,708 (Bill–RA/925/12-13) as Ram Agency failed to provide the services as per the terms & conditions of the contract.

To account the above transaction follow the steps given below

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

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

Record the purchase of service as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ⊠
Purchase No. 6		21-Sep-2012
Supplier Invoice No. : Date :		Friday
Party's A/c Name : **Ram Agency**		
Current Balance : 1,13,596.00 Cr		

Particulars	Rate	per	Amount
Purchase - Advertisement Services			30,000.00
Service Tax @ 12%			3,600.00
Education Cess @ 2%			72.00
Secondary Education Cess @ 1%			36.00

Narration:

Accept ?

Yes or No

Figure 2.117 Completed Purchase Voucher

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

Setup:

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

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

To create **Debit Note**

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

1. Press **F2** and change the date to **23-09-2012**
2. In the **Party's A/c Name** field, select **Ram Agency** from the List of Ledger Accounts.
3. Under **Particulars,** select **Purchase - Advertisement Services** ledger
4. In the **Service Tax Details** screen,
   - In the **Type of Ref** field, select **Agst Ref**
   - In the **Name** field, select purchase reference number **Purc/6-1** dated **21-9-2012**
   - Based on the purchase reference number selected **Type of Service, Category, Amount (Incl. of Tax)** and **Service Amount** will be displayed automatically.

Figure 2.118 Service Tax Details Screen

5. In the **Amount** field, the Service Amount of **Rs. 30,000** will be defaulted automatically.
6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 12%** to reverse Service Tax amount.

7. Under **Particulars,** select Education Cess ledger e.g. **Education Cess @ 2%** to reverse Education Cess amount.

8. Under **Particulars,** select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%** to reverse Secondary Education Cess amount.

9. In **Bill-wise Details** screen,

   ▫ In the **Type of Ref** field, select **Agst Ref**

   ▫ In the **Name** field, select the bill **RA/925/12-13** dated **21-9-2012** to reverse the service bill.

   ▫ **Amount** will be defaulted automatically

Figure 2.119 Bill-wise Details

The completed **Debit Note** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.		Ctrl + M ☒

Figure 2.120 Completed Debit Note

10. Press **Enter** to Save.

2.21 Account Service Tax on total transaction amount including TDS

Example 27:

On September 24, 2012 Crystal Services (P) Ltd. Purchased Auditing Services for Rs. 94,527 (inclusive of Service Tax) from Sampath Associates. On this payment, TDS is deducted to arrive at the Net amount payable.

To account the above transaction follow the steps given below

1. Create /Alter Masters

i. Expense Ledger

ii. TDS Ledger

iii. Service Provider Ledger

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

v. Alter the Education Cess Ledger (to enable TDS)

vi. Alter the Secondary Education Cess Ledger (to enable TDS)

2. Record the transaction in Purchase Voucher

1. Create Masters

i. Expense Ledger

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

ii. TDS Ledger

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

iii. Service Provider Ledger

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

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

Ledger	Is TDS Applicable	Default Nature of Payment
Service Tax @ 12%	Yes	Fees for Professional Or Technical Services

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

To alter the Service Tax ledger

Go to **Gateway of Tally > Accounting Info. > Ledgers > Alter >** select **Service Tax @ 12%** and enable **TDS option** and select the appropriate **Nature of Payment**

Ledger Alteration		Crystal Services (P) Ltd.	
Name : Service Tax @ 12%			**Total Op. Bal.**
(alias) :			10,00,000.00 Dr
			18,540.00 Cr
			Difference
			9,81,460.00 Dr

Under : **Duties & Taxes** (Current Liabilities)

Type of Duty/Tax : **Service Tax**
  Tax Head : **Service Tax**
Inventory values are affected ? **No**

Is TDS Applicable ? **Yes**
  Default Nature Of Payment : **Fees for Professional Or Technical Services**

Use for Assessable Value Calculation ? **No**

Mailing Details
Name :
Address :

State :
PIN Code :

Tax Information
PAN / IT No. :
(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)

Opening Balance (on 1-Apr-2012) :

Accept ?
Yes or **No**

Figure 2.121 Service Tax Ledger Alteration

> *Similarly, alter **Education Cess** and **Secondary Education Cess** ledger to enable TDS.*

2. Record the transaction in Purchase Voucher

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

1. Press **F2** and change the date to **24-09-2012**
2. In the **Party's A/c Name** field, select **Sampath Associates**
3. Under **Particulars,** select **Auditing Charges** ledger and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
   - In the **Type of Ref** field, select **New Ref**
   - In the **Name** field, select the default tax reference **Purc/7-1**
   - In the **Type of Service** field, **Input Credit** will be defaulted

- In the **Category** field, the Service Category selected in the Expense ledger will be defaulted. Tally.ERP 9 displays **Taxable Service** in this field.

- In the **Amount (Incl. of Tax)** field, specify the cumulative (collective) amount of Service amount **Rs. 94,527**.

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/7-1	Input Credit	Taxable Service	84,128.70	94,527.00
	Service Tax	@ 12 % (On Assessable Value 84,128.70)		10,095.44	
	Ed Cess	@ 2 % (On Tax Value 10,095.44)		201.91	
	Sec Ed Cess	@ 1 % (On Tax Value 10,095.44)		100.95	
				10,398.30	
Total				**84,128.70**	**94,527.00**

Figure 2.122 Service Tax Details Screen

5. **Service Amount** of **Rs. 84,128.70** will be displayed in **Amount** field.

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

TDS Nature of Payment Details	
Ledger Name : **Auditing Charges**	
Nature of Payment	**Assessable Value**
Fees for Professional Or Technical Services	84,128.70

Figure 2.123 TDS Nature of Payment Details

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

7. Select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

8. From **Amount** field, press **Enter** to view **TDS Nature of Payment Details** screen. In this screen, by default, the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen

TDS Nature of Payment Details	
Ledger Name : **Service Tax @ 12%**	
Nature of Payment	**Assessable Value**
Fees for Professional Or Technical Services	10,095.44

Figure 2.124 TDS Nature of Payment Details

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

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

10. From **Amount** field, press **Enter** to view **TDS Nature of Payment Details** screen. In this screen, by default, the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the default screen

11. Select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

12. From **Amount** field, press **Enter** to view **TDS Nature of Payment Details** screen. In this screen, by default, the TDS Nature of payment selected in the Expense ledger will be displayed. Accept the screen

13. Under **Particulars**, select TDS ledger - **TDS- Professional Charges** to view the **TDS Details** screen. TDS Details screen displays the **reference, bill name, Nature of payment Assessable Value (Service Amount + Service Tax Amount)** with the **TDS Amount**.

Figure 2.125 TDS Details

14.**TDS Deducted** will be displayed with **Negative** sign.

15.Provide the **Bill Details** as shown

Figure 2.126 Bill-wise Details

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

x

x

x

x

x

x

2.22 Tax on Service Purchased (GTA etc.)

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

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

Service Input Credit on Services Purchased

▫ If the Service Receiver pays the Service tax on the gross amount of GTA services received, he will be eligible to avail the input credit of the tax paid on the services purchased.

▫ If the Service provider opts for 75% abatement and pays the Service Tax on 25% of the Gross Amount GTA services received, then No Credit will be available.

Tally.ERP 9 facilitates the recording of purchase of services from Goods Transport Agency (GTA) and calculation of Service Tax payable.

Example 28:

On September 25, 2012 Crystal Services (P) Ltd. purchased Transportation services from SR Road Lines for Rs. 40,000.

On the same day payment was made to the transporter and Service Tax liability towards goods transport was raised.

To account the above transaction follow the steps given below

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

1. Create Masters

i. Service Provider Ledger

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

To create the service provider ledger

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

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

2. Select **Sundry Creditors** from the List of Groups in the **Under** field.

3. Set the option **Is Service Provider/Receiver** to **Yes**.

4. Set the option **Set/Alter Service Tax Details** to **Yes** and press **Enter** to view **Service Tax Details** screen

5. In **Service Tax Details** screen, enter the

   □ **Registration Number** and **Date of Registration**: In this field, enter the Service Tax Registration number if available otherwise skip the fields.

   □ **Type of Classification**: In this field, select the classification **Tax on Service Received** from the list of **Classifications**.

Figure 2.129 Service Tax Details Screen

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

ii. Expense Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Freight Expenses	Direct Expenses	Yes	Taxable Service

The completed **Freight Expenses ledger** is displayed as shown below

Figure 2.130 Freight Expenses Ledger Creation screen

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

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

1. Press **F2** and change the date to **25-09-2012**
2. In the **Party's A/c Name** field, select **SR Road Lines**
3. Under **Particulars,** select **Freight Expenses** ledger and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
   □ In the **Type of Ref** field, select **New Ref** from the Method of Adjustment.
   □ In the **Name** field, accept the default reference Number displayed **Purc/8-1** which can be changed by the user.
   □ In the **Type of Service** field, based on the **type of classification** defined in the party ledger, by default, **Tax on Service Received** will be defaulted.
   □ In the **Category** field for Type of Service - Tax on Service Received, **Taxable Service** will be defaulted.
   □ In the **Service Amount** field, enter the service amount of **Rs. 40,000**
   □ In the **Amount (Incl. of Tax)** field, the amount specified in the Service Amount field will be taken as Amount inclusive of taxies on transport services. The Service Tax liability is on the service receiver and not on the provider. So service Tax will not get calculated.

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
			Service Tax Details for : **Freight Expenses**		
New Ref	**Purc/8-1**	Tax on Service Received	**Taxable Service**	40,000.00	40,000.00
				40,000.00	40,000.00

Figure 2.131 Service Tax Details Screen

5. Accept the **Service Tax Details** screen
6. Enter the **bill details**. Select **Type of Ref** as **New Ref** and Bill **name** as **SR/865/11-12**

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

Figure 2.132 Completed Purchase Voucher

7. Press **Enter** to Save.

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

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

1. Record the Payment to the party against the bill **SR/865/11-12** (Tax bill **Purc/10-1** dated **25-09-2012**)

Figure 2.133 Completed Payment Voucher

2. Press **Enter** to save.

4. Record a Journal Voucher (to raise Service Tax liability)

To account Service Tax on Goods transported, ensure that the Voucher Class is created in Journal Voucher.

To record Journal Voucher

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments** from Voucher Class list
2. Press **F2** and change the date to **25-09-2012**
3. In **Used for** field, select **Tax on Service Received** from the list of **Service Tax Adjustments**

| Accounting Voucher Creation | Crystal Services (P) Ltd. | Ctrl + M |
| Journal No. 7 | Voucher Class : Service Credit Adjustment | 25-Sep-2012 Tuesday |

Used for: **Tax on Service Received**

Service Tax Adjustments

Particulars / Credit

Cr

Advance Tax Paid Rule 6(1A) Adjustment
Availing Input Credit
CENVAT Adjustment
Excess Service Tax Paid earlier Rule 6(4A) Adjustment
Input Credit Adjustments
Money Equivalent of Consideration
Opening Balance
Refund of Service Tax Input Credit
Reversal of Utilised Input Credit
Service Consideration Adjustments
Tax on Import of Service
Tax on Service Received
Tax Paid but service not rendered Rule 6(3) Adjustment

Narration:

Figure 2.134 Selection of Service Tax Adjustment Flag

4. Press **Enter** to view **Service Tax Liability** screen to calculate Service Tax.
5. In **Service Tax Liability** screen
   □ In **Till Date,** by default, the Voucher Date **25-09-2012** will be displayed. In this field, the user can mention the date to consider the goods transport services purchased till the date specified in the till date field.

❑ In **Service Category** field, select the service purchased - **Taxable Service** from the List of Service Categories

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

❑ Set the option **Avail Input Credit** to **Yes** to consider the Service Tax amount paid towards the transport services purchased as input credit availed.

> *Notes*
>
> *As per CENVAT Credit Rules, **Input Credit of Service Tax paid** by the **service receiver on GTA Services** will be available **only if the service receiver is a taxable service provider**.*
>
> ❑ *If the option **Avail Input Credit** is set to **Yes** the Service Tax paid will be eligible to Avail Input Credit and on payment of Tax to the government details will be displayed in **Input Credit Summary** report.*
>
> ❑ *If the option **Avail Input Credit** is set to **No** the Service Tax paid will be considered as a **Expense**.*
>
> *Crystal Services (P) Ltd. has opted to avail input credit on the Service Tax paid on the GTA services.*

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

Figure 2.135 Service Tax Liability Screen

> *You can select the option **Any** to consider all those parties from whom the GTA services are received/purchased to compute the Service Tax liability.*

- In **Output Ledgers** section, select
  - **Service Tax @ 12%** to account Service Tax
  - **Education Cess @ 2%** to account Education Cess
  - **Secondary Education Cess @ 1%** to account Secondary Education Cess

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

- In **Input /Expense Ledgers** section, select
  - **Service Tax @ 12%** to account Service Tax
  - **Education Cess @ 2%** to account Education Cess
  - **Secondary Education Cess @ 1%** to account Secondary Education Cess

Figure 2.136 Completed Service Tax Details Screen

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

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

Accounting Voucher Creation	Crystal Services (P) Ltd.		Ctrl + M ☒
Journal No. 7	Voucher Class : Service Credit Adjustment		25-Sep-2012 Tuesday
	Used for: Tax on Service Received		
Particulars		**Debit**	**Credit**
Dr Service Tax @ 12%		4,800.00	
Cur Bal: 2,28,584.52 Cr			
Dr Education Cess @ 2%		96.00	
Cur Bal: 4,571.68 Cr			
Dr Secondary Education Cess @ 1%		48.00	
Cur Bal: 2,285.85 Cr			
Cr Service Tax @ 12%			4,800.00
Cur Bal: 2,28,584.52 Cr			
Cr Education Cess @ 2%			96.00
Cur Bal: 4,571.68 Cr			
Cr Secondary Education Cess @ 1%			48.00
Cur Bal: 2,285.85 Cr			
Narration:		4,944.00	4,944.00

Accept ?

Yes or No

Figure 2.137 Completed Journal Voucher

7. Press **Enter** to Save.

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

To view the Input Credit Summary report,

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

2.23 Advance Service Tax Payment and Adjust Advance Service Tax Towards the Tax Liability

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

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

2.23.1 Advance Payment of Service Tax

Example 29:

On September 29, 2012 Crystal Services (P) Ltd. paid Advance Service Tax of Rs. 15,000 to the Government towards Event Management Service.

Record the transaction in Payment Voucher

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

Set up:

In **F12: Payment Configuration**

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

1. Press **F2** and change the date to **29-09-2012**
2. In **Account** field, select the bank ledger - **Canara Bank**
3. Under **Particulars,** select **Service Tax @ 12%** and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
   - In the **Type of Ref** field, select **Advance** as the Method of Adjustment
   - In the **Name** field, application displays the reference number, which is a combination of **abbreviation of Payment and Voucher Number** and **Line Number** (example: **Pymt/5-1**) which can be changed by the user.
   - In the **Category** field, select the service category towards which the Service Tax advance payment is made. select **Taxable Service** from the List of Service Categories.

❑ In the **Amount** field, enter the amount paid as advance. Enter **Rs. 15,000**

Figure 2.138 Service Tax Details Screen

5. Set the option **Provide Details** to **Yes** to enter Service Tax Payment Details

6. In **Service Tax Payment Details** screen,

❑ **From and To**: In this field, enter the period as **1-9-2012** to **30-9-2012**

❑ **Cheque/DD No**: In this field, the user can enter either the cheque or the DD No through which the Service Tax payment is made. In this transaction, payment is made through cheque. Mention the cheque number as **857152**.

❑ **Name of the Bank**: In this field, mention the **Name of the Bank** through which the tax amount is paid to the Government. Select **Canara Bank** from the List of Banks.

In this field Tally.ERP 9 displays the List of Banks which lists all the banks which are already created to carry out the regular business, option (New Name) to create new Bank and the option Not applicable if the payment is made by Cash.

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

❑ **Bank Account Number**: Enter the bank account number in this field.

□ **Branch Name**: Enter the bank Branch name in this field.

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

□ **Cheque Date**: If the payment is made through cheque, enter the cheque date in this field.

□ **Challan No**.: In this field, enter the Service Tax payment Challan number.

If the Service Tax payment challan details are not available at the time of recording the Service Tax payment entry, such details can be updated by altering the payment voucher.

□ **Challan Date**: Enter the Challan Date.

□ **ePayment Number**: If you are making an ePayment, enter ePayment number in this field. If cheque Number is not specified, then the cursor will move to this field otherwise application slips this field

Figure 2.139   Service Tax Payment Details Screen

7. In **Bank Allocation** Screen, enter the details as shown

Figure 2.140 Bank Allocation screen

The completed **Payment Voucher** is displayed as shown

Figure 2.141 Completed Payment Voucher

8. Press **Enter** to Save.

2.23.2 Adjustment of Advances against the Tax Liability

Example 30:

On September 29, 2012 Crystal Services (P) Ltd. adjusted Service Tax Liability of Rs. 7951.23 (Tax bill- Sale/6-2 dated 14-9-2012) towards advances (Pymt/5-1 dated 29-9-2012).

Record the transaction in Journal Voucher

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

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments**
2. Press **F2** and change the date to **29-09-2012**
3. In the **Used for** field, select **Advance Tax Paid Rule 6(1A) Adjustment** from the list of Service Tax Adjustments

Figure 2.142 Selection of Service Tax Adjustment Flag

4. In the **Debit** field, select Service tax Ledger - **Service Tax @ 12%** (to adjust the service Tax liability against the advances) and press **Enter** to view Service Tax Details screen

5. In **Service Tax Details** screen,

   ❑ In the **Type of Ref** field, select **Agst Ref**

   ❑ In the **Name** field, select **Sale/6-2** dated 14-9-2012 from the Pending Tax Bills

   ❑ In the **Category** field, **Taxable Service** will be defaulted based on the tax bill selected

❑ The **Service Tax amount** of the bill selected will be displayed in **Amount** field. Depending on the advance adjusted you can alter the amount. For the tax bill - **Sale/6-2** tax liability is **7951.23** and entire 7951.23 is adjusted against the advance.

Service Tax Details for : **Service Tax @ 12%**		
Type of Ref. / **Name**	Category/Service	**Amount**
Agst Ref **Sale/6-2**	**Taxable Service**	7,951.23
		7,951.23

Figure 2.143 Service Tax Details Screen

6. In the **Debit Amount** field, tax amount **Rs.7951.23** will be displayed

7. In the **Credit** field, select the Service tax Ledger - **Service Tax @ 12%** (adjust the advances) and press **Enter** to view Service Tax Details screen.

8. In **Service Tax Details** screen,

  ❑ In the **Type of Ref,** field select **Agst Ref**

  ❑ In the **Name** field, select **Pymt/5-1** dated 29-9-2012 from the Pending Tax Bills

  ❑ In the **Category** field, **Taxable Service** will be defaulted based on the tax bill selected

❑ The **Service Tax amount** of the bill selected will be displayed in **Amount** field. Depending on the advance adjusted you can alter the amount. For the tax bill - Pymt/5-1 advance adjusted is 7951.23. Enter **Rs. 7951.23** in **Amount** field.

Figure 2.144 Service Tax Details Screen

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

Figure 2.145 Service Tax Payment Details Screen

The completed **Journal Voucher** is displayed as shown

Figure 2.146   Completed Journal Voucher

10.Press **Enter** to Save.

2.24 Accounting CENVAT Credit Adjustments

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

Example 31:

On October 1, 2012 Crystal Services (P) Ltd. had CENVAT Credit

Basic Excise Duty - Rs. 18,000

Education Cess - Rs. 360

Secondary Education cess - Rs. 180, on purchase of 1,50,000 Pet Bottles (input) @ 1 per bottle from Tega Manufacturers dated 29-9-2012. CENVAT credit is adjusted towards Service tax bill Sale/5-1

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

To account the above transaction follow the steps given below

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

1. Record the transaction in Excise Purchase Voucher

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

To record **Excise Purchases**

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

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

Figure 2.147 Completed Excise-Purchase Invoice

❑ Press **Enter** to Save.

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

2. Create Voucher Class in Journal Voucher

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

To create voucher class in Journal Voucher

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

❑ In **Voucher Type Alteratio**n screen, Tab down to **Name of Class** field and enter the class name as **CENVAT Adjustment**

❑ In **Voucher Type Class** screen,

■ Set the option **Use Class for Excise /CENVAT Adjustments** to **Yes**

Figure 2.148 Voucher Type Class Screen

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

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

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

1. In **Change Voucher Type** screen, select **CENVAT Adjustment** in **Class** field.
2. Press **F2** and change the date to **01-10-2012**
3. In **Used for** field, select **CENVAT Adjustment** from the list of **Excise Adjustments**

Figure 2.149 Selection of CENVAT Adjustment Flag

4. In the **Excise Unit** field, select **Crystal Services (P) Ltd.**
5. In the **Debit** field, select **Service Tax @ 12%** ledger
6. In the **Service Tax Details** screen,
   ◻ In the **Type of Ref** field, select **Agst Ref**
   ◻ In the **Name** field, select **Sale/5-1** from Pending Tax Bills

❑ On selecting the bill the **Service Category** and **Tax** pending for payment Rs. 1,20,000 will be defaulted. Enter **Rs. 18,000** in **Amount** field (the amount which is adjusted against the CENVAT credit)

Service Tax Details for : **Service Tax @ 12%**			
Type of Ref.	Name	Category/Service	Amount
Agst Ref	Sale/5-1	**Taxable Service**	18,000.00

Figure 2.150 Service Tax Details Screen

7. In the **Debit** field, select **Education Cess @ 2%** ledger
8. In **Service Tax Details** screen,
   ❑ In the **Type of Ref** field, select **Agst Ref**
   ❑ In the **Name** field, select **Sale/5-1** from Pending Tax Bills
   ❑ On selecting the bill the **service category** and **tax** will be defaulted. Enter **Rs. 360** in **Amount** field
9. In the **Debit** field, select **Secondary Education Cess @ 1%** ledger
10. In the **Service Tax Details** screen,
   ❑ In the **Type of Ref** field, select **Agst Ref**
   ❑ In the **Name** field, select **Sale/5-1** from Pending Tax Bills
   ❑ On selecting the bill the **service category** and **tax** will be defaulted. Enter **Rs. 180** in **Amount** field
11. In the **Credit** field, select **Basic Excise Duty (CENVAT)** ledger
12. In the **Excise Duty Allocation** screen,
   ❑ In **Type of Ref,** select **Agst Ref**
   ❑ In the **Name** field, select the tax bill -**1/1-2012**
   ❑ Based on the bill selected, **Amount** will be defaulted accept the details displayed.

Duty Details for : **Basic Excise Duty (CENVAT)**			
Type of Ref	Name	Amount	Dr/Cr
Agst Ref	1 / 1-2012	18,000.00	Cr

Figure 2.151 Duty Details Screen

13. In the **Credit** field select **Education Cess (CENVAT)** ledger
14. In the **Excise Duty Allocation** screen,

- In the **Type of Ref**, select **Agst Ref**
- In the **Name** field, select the tax bill -**1/1-2012**
- Based on the bill selected, **Amount** - **Rs. 360** will be defaulted.

15. In the **Credit** field, select **Secondary Education Cess (CENVAT)** ledger

16. In the **Excise Duty Allocation** screen,
- In the **Type of Ref,** select **Agst Ref**
- In the **Name** field, select the tax bill -**1/1-2012**
- Based on the bill selected, **Amount** - **Rs. 180** will be defaulted.

17. Set the option **Provide Details** to **Yes** to provide **Adjustment Details** for Excise.
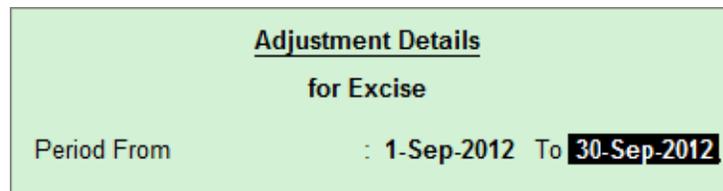
Figure 2.152 Adjustment Details Screen

The completed **CENVAT Adjustment** Journal Voucher is displayed as shown

Figure 2.153 Completed CENVAT Adjustment Journal Voucher

18. Press **Enter** to Save.

2.25 Payment of Interest and Penalties

As per Section 75, Interest is payable @ 13% p.a. on all the short or non-payment of Service Tax. Tally.ERP 9 allows the user to record the Interest payment entries.

Example 32:

On September 27, 2012 Crystal Services (P) Ltd. sold Event Management Services to Ram Agency for Rs. 33,708 (inclusive of tax) Bill No. CS/365

On October 3, 2012 Crystal Services (P) Ltd. paid,

Service tax of Rs. 3,600 on tax bill Sale/10-1

Education Cess of Rs. 72 on Tax bill Sale/10-1

Secondary Education Cess of Rs. 36 on Tax bill Sale/10-1

Arrears of Rs. 5,000 (towards Taxable services)

Interest of Rs. 800 (towards Taxable services)

To account the above transaction follow the steps given below

1. Record the transaction in Sales Voucher
2. Create Masters
i. Arrears Ledger
ii. Interest Ledger
3. Record the transaction in Payment Voucher

1. Record the transaction in Sales Voucher (Account Invoice Mode)
Go to **Gateway of Tally > Accounting Vouchers > F8: Sales**

1. Press **Alt+I** or click on **I: Account Invoice** if the voucher is in Item invoice mode
2. Press **F2** and change the date to **27-09-2012**
3. In the **Party's A/c Name** field, select the service receiver e.g. **Ram Agency**
4. Under **Particulars**, select the Service (sales) Ledger e.g. **Sale - Event Mgt Services** and press **Enter** to view **Service Tax Details** screen
5. In **Service Tax Details** screen
   ▫ **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Transactions. Where as, **Agst Ref** is selected to setoff the advance payments made.
   ▫ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of **Sales**, **Voucher Number** and **Line Number** Example: **Sale/10-1** which can be changed by the user. Service Tax payments are tracked with these Reference Numbers.

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

□ **Category**: Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

□ **Amount (Incl. of Tax)**: In this field, enter the amount inclusive of **Service Tax -** Rs. 33,708

□ The Service Amount will be defaulted automatically.

6. Under **Particulars**, select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

7. Under **Particulars**, select Education Cess ledger e.g. **Education Cess @ 2%**. Education Cess amount will be calculated and displayed automatically.

8. Under **Particulars**, select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

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

□ In **Type of Ref** field select **New Ref**

□ In **Name** field enter the Bill name - **CS/365**

□ **Amount** will be defaulted automatically

10. Enter **Narration**, if any.

The completed **Sales Voucher** is displayed as shown

Figure 2.154 Completed Service Sales Voucher

11. Press **Enter** to save.

2. Create Masters

i. Arrears Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
ST Arrears	Indirect Expenses	Yes	Taxable Service

ii. Interest Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
ST Interest	Indirect Expenses	Yes	Taxable Service

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

3. Record the transaction in Payment Voucher

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

1. Press **F2** to change the date to **03-10-2012**
2. In the **Account** field, select **Canara Bank**
3. Under **Particulars**, select Service Tax ledger - **Service Tax @ 12%**
4. In the **Service Tax Details** screen,
   - In **Type of Ref** field, select **Agst Ref**
   - In the **Name** field, select **Sale/10-1**. Based on the bill selected, the category and the Amount will be defaulted. Accept the default details.

5. Under **Particulars**, select Education Cess ledger - **Education Cess @ 2%**
6. In the **Service Tax Details** screen,
   - In **Type of Ref** field, select **Agst Ref**
   - In the **Name** field, select **Sale/10-1**. Based on the bill selected, the category and the Amount will be defaulted. Accept the default details.
7. Under **Particulars**, select Secondary Education Cess ledger - **Secondary Education Cess @ 2%**
8. In the **Service Tax Details** screen,
   - In **Type of Ref** field, select **Agst Ref**
9. In the **Name** field, select **Sale/10-1**. Based on the bill selected, the category and the Amount will be defaulted. Accept the default details.

10.Under **Particulars,** select arrears ledger - **ST Arrears**

11.In **Service Tax Payment Type** screen, select **Others** as the payment type
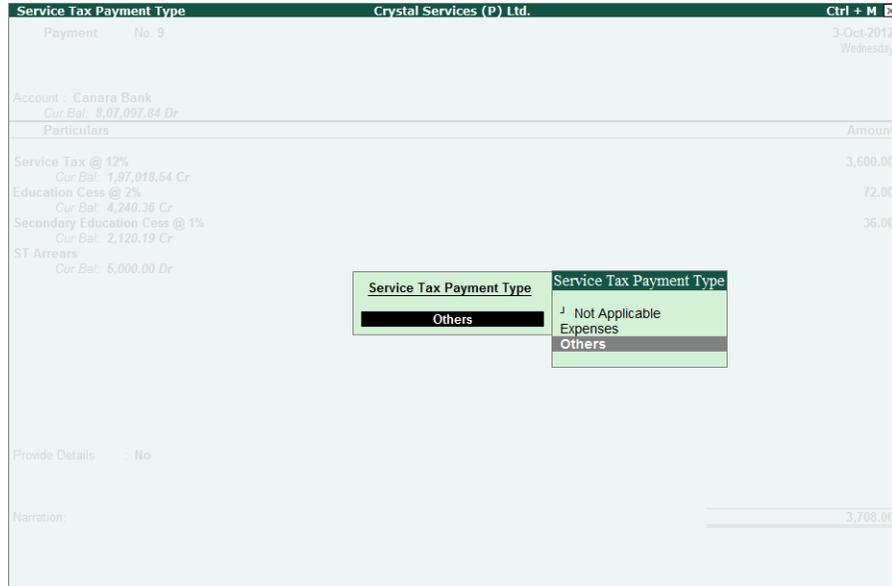
Figure 2.155 Selection of Service Tax Payment Type

12.In **Arrears Details** screen,

- In the **Type of Ref** field, select **New Ref**
- In the **Type of Payment** field, select **Arrears** from Nature of Payment list
- In the **Category** field, select **Taxable Service** from the List of Service Categories
- In the **Amount** field, enter **Rs. 5,000**

Figure 2.156 Arrears Details Screen

13.Under **Particulars** select interest ledger - **ST Interest**

14.In **Service Tax Payment Type** screen, select **Others** as the payment type

15.In the **Arrears Details** screen,

- In the **Type of Ref** field, select **New Ref**
- In the **Type of Payment** field, select **Interest** from Nature of Payment list
- In the **Category** field, select **Taxable Service** from the List of Service Categories

❑ In the **Amount** field, enter **Rs. 800**

Service Tax Details for : ST Interest			
Type of Ref.	Type of Payment	Category/Service	**Amount**
New Ref	**Interest**	**Taxable Service**	**800.00**

Figure 2.157 Service Tax Details Screen - Interest

16. Set the option **Provide Details** to **Yes** to provide Service Tax Payment Details

Service Tax Payment Details

From	: 1-Sep-2012
To	: 30-Sep-2012

(Note : This Payment Belongs to the Above Period)

Cheque / DD.No.	: 586955
Name of Bank	: Canara Bank
Bank Account No.	: 00659878754
Branch Name	: BTM
Cheque Date	: 3-Oct-2012
Challan No.	: 456847
Challan Date	: 3-Oct-2012
ePayment No.	:

(Note : All the Above Details Will Be Used in Challan, Forms & Returns)

Figure 2.158 Service Tax Payment Details

17. In **Bank Allocations** screen, enter the **Favouring Name** details and in other field accept the default details

The completed **Payment Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M

Payment   No. 9   3-Oct-2012
                                                                                        Wednesday

Account : **Canara Bank**
      Cur Bal: 8,01,297.84 Dr

Particulars	**Amount**
Service Tax @ 12%	3,600.00
Cur Bal: 1,97,018.54 Cr	
Education Cess @ 2%	72.00
Cur Bal: 4,240.36 Cr	
Secondary Education Cess @ 1%	36.00
Cur Bal: 2,120.19 Cr	
ST Arrears	5,000.00
Cur Bal: 10,000.00 Dr	
ST Interest	800.00
Cur Bal: 1,600.00 Dr	

Provide Details   : **Yes**

Narration: 9,508.00

Accept ?

Yes or **No**

Figure 2.159 Completed Payment Voucher

18. Press **Enter** to Save.

Print Preview of **G.A.R.-7 Challan** will be displayed as shown

Figure 2.160 GAR 7 Challan

2.26 Accounting Adjustments under Rule 6(3)

The amount refunded for not providing the service for which Service Tax was paid on receipt of such money can be adjusted against the liability of the subsequent period U/S 6(3). This adjustment entry can be recorded in Journal using the voucher class by selecting Tax Paid but service not rendered Rule 6(3) Adjustment.

Example 33:

On September 28, 2012 Crystal Services (P) Ltd. received Advance of Rs. 45,000 from Matrix Ad towards the Event Management Services to be provided.

On September 30, 2012 Crystal Services (P) Ltd. paid Service Tax on the advance received, to the Government.

On September 30, 2012 Matrix Ad cancelled the Services and Crystal Services (P) Ltd. paid the Advance received Rs. 45,000 (including the Service Tax paid to the Government)

On September 30, 2012 Crystal Services (P) Ltd. adjusted the Service Tax paid (Service Tax - Rs. 4805.98, Education Cess Rs. 96.12, Secondary Education Cess Rs. 48.06) on the services cancelled towards the tax liability of Sale/5-1 dated 10-9-2012.

To account the above transaction follow the steps given below

1. Create Masters
   i. Suspense Account Ledger
2. Record the Receipt Voucher (to account advance received)
3. Record the Payment Voucher (to account tax payment to government)
4. Record the Journal Voucher (To account Service tax portion paid to the government)
5. Record Payment Voucher (To pay the balance to the party)
6. Record the Journal Voucher (To account adjust the tax paid on the cancelled services towards the tax liability)

1. Create Masters

i. Suspense Account Ledger

Ledger	Under
Service Tax Paid to Government	Suspense A/c

2. Record the Receipt Voucher (to account advance received)

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

1. Press **F2** and change the date to **28-09-2012**
2. In the **Account** field, select **Canara Bank**
3. Select **Matrix Ad** under **Particulars**

4. In **Service Tax Details** screen, select **Type of Ref** as **Advance**, **Name** and **Type of Service** will be defaulted. In **Category** field select **Taxable Services** and in **Amount (Incl. of Tax)** specify **Rs. 45,000**. Tax will be calculated and displayed.

Type of Ref	Name	Type of Service	Category/Service	Amount (Incl. of Tax)	Service Amount
Advance	Rcpt/4-1	Taxable	Taxable Service	45,000.00	40,049.84
	Service Tax @ 12 % (On Assessable Value 40,049.84)			4,805.98	
	Ed Cess @ 2 % (On Tax Value 4,805.98)			96.12	
	Sec Ed Cess @ 1 % (On Tax Value 4,805.98)			48.06	
				4,950.16	

Figure 2.161 Service Tax Details Screen

5. In **Bill-wise Details,** select the **Type of Ref** as **Advance** and specify the bill **Name** as **ADV - 02**

6. Select **Service tax** and **Cess** ledgers.

7. In **Bank Allocations** screen, enter R**eceived From, Transaction Type, Instrument Number, Bank Name** and **Branch Details**.

The completed **Receipt Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ☒
Receipt No. **4**		**28-Sep-2012** Friday

Account : **Canara Bank**
Cur Bal: 1,14,466.00 Dr

Particulars		Amount
Matrix Ad		40,049.84
Cur Bal: 4,24,372.16 Dr		
Advance ADV - 02	45,000.00 Cr	
Advance ADV - 02	4,950.16 Dr	
Service Tax @ 12%		4,805.98
Cur Bal: 2,00,390.50 Cr		
Education Cess @ 2%		96.12
Cur Bal: 4,307.80 Cr		
Secondary Education Cess @ 1%		48.06
Cur Bal: 2,153.91 Cr		

Narration:

45,000.00

Accept ?

Yes or No

Figure 2.162 Completed Receipt Voucher

8. Press **Enter** to Save.

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

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

1. Press **F2** and change the date to **30-09-2012**
2. In the **Account** field, select **Canara Bank**
3. Under **Particulars,** select Service Tax ledger - **Service Tax @ 12%**
4. In **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field. In **Name** field select **Rcpt/ 4-1** dated **28-09-2012**. Based on the bill selected **Category** and **Amount** will be defaulted.

Figure 2.163 Service Tax Details Screen

5. Under **Particulars,** select Education Cess ledger - **Education Cess @ 2%**. In **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field. In **Name** field select **Rcpt/4-1** dated **28-09-2012**. Based on the bill selected **Category** and **Amount** will be defaulted.
6. Similarly, select **Secondary education Cess** ledger and select the tax bill **Rcpt/4-1** dated **28-09-2012**
7. In **Service Tax Payment Details** screen, provide the Service Tax payments details.

The completed **Payment Voucher** is displayed as shown

Figure 2.164 Completed Payment Voucher

8. Press **Enter** to Save.

4. Record the Journal Voucher (To account Service tax portion paid to the government)

On cancellation of service contract, Service Tax amount already paid to the government is also returned to the party. To account such portion of tax paid to the government and adjust towards the amount payable to the party, an adjustment entry in Journal Voucher is recorded.

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

1. Press **F2** and change the date to **30-09-2012**
2. In the **Debit** field, select the control account created to account the tax already paid to government - **Service Tax Paid to Government** and mention **Rs. 4950.16** in **Amount** field.
3. In the **Credit** field, select the party ledger - **Matrix Ad**. **Amount** will be defaulted to **Rs. 4950.16**. In **Bill-wise Details** screen, select the **Type of Ref** as **New Ref** and reference **Name** as **ADJ - 01**

The completed **Journal Voucher** is displayed as shown

Figure 2.165 Completed Journal Voucher

4. Press **Enter** to Save.

5. Record Payment Voucher (To pay the balance to the party)

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

1. Set the date to **30-09-2012**
2. In the **Account** field, select **Canara Bank**
3. In the **Particulars** field, select **Matrix Ad** and press **Enter**
4. In the **Amount** field, enter **Rs. 45000**
5. In **Bill-wise Details** screen, select **Agst Ref** as **Type of Ref** and select the bill **ADV - 02** for **Rs. 40,049.84** and **ADJ - 01** for **Rs. 4950.16**
6. In **Bank Allocations** screen, enter the **Favouring Name, Transaction Type** and **Instrument Number** details.

The completed **Payment Voucher** is displayed as shown

Figure 2.166 Completed Payment Voucher

7. Press **Enter** to Save.

6. Record the Journal Voucher (To account adjust the tax paid on the cancelled services towards the tax liability)

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

1. In **Change Voucher Type** screen select **Service Tax Adjustments** in **Class** field
2. Set the date to **30-09-2012**
3. In the **Used for** field, select **Tax Paid but service not rendered Rule 6(3) Adjustment** from Service Tax Adjustments list.

Figure 2.167 Selection of Service Tax Adjustment Flag

4. In the **Debit** field, select Service Tax ledger - **Service Tax @ 12%**
5. In the **Service Tax Details** screen,
   - In the **Type of Ref,** select **Agst Ref**
   - In the **Name** field, select the tax bill **Sale/5-1**. **Category** and **amount** will be defaulted based on the bill selected
   - In the **Amount** field, enter **Rs. 4,805.98**

Figure 2.168 Service Tax Details Screen

6. In the **Debit** field, select **Education Cess @ 2%** and in Service Tax Details screen Select the tax bill **Sale/5-1**, enter the Amount **Rs. 96.12**

7. In the **Debit** field, select **Secondary Education Cess @ 1%** and in Service Tax Details screen Select the tax bill **Sale/5-1**, enter the Amount **Rs. 48.06**

8. In **Credit** field, select the control ledger used to adjust Service Tax paid - **Service Tax Paid to Government**. Amount **Rs. 4950.16** will be displayed automatically.

9. Enable the option **Provide Details** to **Yes** to enter the **Service Tax Payment Details**

Figure 2.169 Service Tax Payment Details Screen

The completed **Journal Voucher** is displayed as shown

Figure 2.170 Completed Journal Voucher

10. Press **Enter** to Save.

*The values of **Tax adjusted under Rule 6(3)** will be captured in section **(4A)(I)** of Form ST - 3*

2.27 Receipt/Payment of Normal Advances and Adjusting Advance against the Service Bill

In some cases, businesses receive advance from the customer and accounts such advances without calculating the Service Tax. Later (after providing service) while raising the service bill advance received will be adjusted towards the bill and balance will be displayed as the pending for payment.

Tally.ERP 9 supports to adjust normal advances received (tax not calculated while accounting advances) form the customers towards the sales bill. The adjusted amount will be displayed in all the Service Tax reports as amount realised towards the service rendered.

Example 34:

On October 3, 2012 Crystal Services (P) Ltd. received an Advance of Rs. 80,000 from Mayank Creations.

On October 4, 2012 Crystal Services (P) Ltd. raised a Service Bill for Rs. 2,50,000 (Exclusive of tax) for Event Management Services rendered and adjusted the advance received Rs.80000 towards the service bill.

To account the above transaction

1. Record Transaction in Receipt Voucher
2. Record the Transaction in Sales Voucher

1. Record the Transaction in Receipt Voucher (to account the receipt of advance)

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

1. Press **F2** and change the date to **03-10-2012**
2. In the **Credit** field, select **Mayank Creations** and press **Enter** to view **Service Tax Details** screen
3. In the **Service Tax Details** screen,
   - In the **Type of Ref,** select **End of List** and press **Enter** to exit the Service Tax Details screen
4. In the **Credit** Amount field, enter **Rs. 80,000** and press **Enter** to view Bill-wise Details screen
5. In the **Bill-wise Details** screen,
   - In the **Type of Ref** field, select **Advance** from Method of Adjustment

> *Notes*
> - *Ensure in party ledger the option **Maintain balances bill-by-bill** is set to **Yes**.*
> - *The **Type of Ref** selected should be **Advance***

   - In the **Name** field, enter the **Bill Name - ADV/525**

□ **Amount** will be displayed automatically

Figure 2.171 Bill-wise Details Screen

6. Press **Enter** to accept the Bill details

7. In the **Debit** field, select **Cash** or **Bank** Ledger depending on the nature of payment received. Here ABC Company received payment in cheque hence Bank Ledger - **Canara Bank** is selected.

8. **Amount** will be displayed automatically.

9. In **Bank Allocations** screen, enter R**eceived From, Transaction Type, Instrument Number, Instrument Date, Bank Name** and **Branch** details.

10. Enter **Narration**, if any

The completed **Receipt Voucher** is displayed as shown

Figure 2.172 Completed Receipt Voucher

11. Press **Enter** to Save.

2. Record the Transaction in Sales Voucher (to account the sale of services and adjust advance received towards the service bill)

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

1. Press **F2** and change the date to **04-10-2012**
2. In **Party A/C Name** field, select **Mayank Creations** from the List of Ledger Accounts
3. Under **Particulars,** select **Sale - Event Mgt Services** ledger and press **Enter** to view Service Tax Details screen
4. In **Service Tax Details** screen,
   - In the **Type of Ref** field, select **New Ref**
   - In the **Name** field, **Sale/10-1** will be displayed as the Reference Number.
   - Based on the **Type of Classification** selected in the Service Receiver, **Type of Service** will be defaulted (displayed). By default, **Taxable** is displayed and Tally.ERP 9 skips the field.
   - Based on the service Category selected in the Sales Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.
   - In the **Service Amount** field, enter the value of service provided **Rs. 2,50,000**
   - In the **Amount (Incl. of Tax)** field, the cumulative (collective) amount of Service amount and Tax will be displayed.

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	Sale/10-1	Taxable	Taxable Service	2,50,000.00	2,80,900.00
		Service Tax	@ 12 % (On Assessable Value 2,50,000.00)	30,000.00	
		Ed Cess	@ 2 % (On Tax Value 30,000.00)	600.00	
		Sec Ed Cess	@ 1 % (On Tax Value 30,000.00)	300.00	
				30,900.00	
Total				2,50,000.00	2,80,900.00

Service Tax Details for : Sale - Event Mgt Services

Figure 2.173 Service Tax Details Screen

5. In the **Amount** field, Service Amount of **Rs. 2,50,000** will be displayed
6. Select Service Tax ledger e.g. **Service Tax @ 12%**. Service Tax amount will be calculated and displayed automatically.

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

8. Select Secondary Education Cess ledger e.g. **Secondary Education Cess @ 1%**. Secondary Education Cess amount will be calculated and displayed automatically.

9. In the **Bill-wise Details** screen,

   ❑ In the **Type of Ref**, select **Agst Ref**

   ❑ In the **Name** field, select **ADV/525**

   ❑ In the **Amount** field, enter **Rs. 80,000** (advance received on 03-10-2012)

   ❑ In the **Type of Ref**, select **New Ref**

   ❑ In the **Name** field, select **CS/458/12-13**

   ❑ In **Amount** field, the balance amount of **Rs. 2,00,900** will be displayed automatically.

Figure 2.174 Bill-wise Details Screen

The completed **Sales Voucher** appears as shown

Figure 2.175 Completed Sales Voucher

10. Press **Enter** to save.

Service Tax Payable Report

The normal advances adjusted towards the service sales will be reflected in Service Tax Payable report and From ST 3 Form

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

Date Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
4-Oct-2012 Sale/10-1	Mayank Creations	Taxable Service	2,80,900.00	30,900.00	2,80,900.00	30,900.00	30,900.00

Figure 2.176 Service Tax Payable Report

2.28 Accounting Sale/Purchase of Services at Lower Rate of Tax

In some cases, there may be a provision under law to charge Service Tax at a rate lesser than the actual percentage. **Example**: **Works Contract Services** - Tax is charged @ **4%**.

In this scenario, the Service Provider/Receiver has to change the rate of tax applicable on the Service Provided/Received while accounting the transaction. Altering the Rate of Service Tax during entry for each & every transaction of this nature will be time consuming & sometimes the person might forget to alter the rate which leads to wrong calculation of Service Tax.

To assist the users to account the services on which Service Tax charged is lesser than the actual rate, a provision has been provided to alter the Service Tax rate in the Service Ledger.

Example 35:

On October 8, 2012 Crystal Services (P) Ltd. purchased Works Contract Services form Amar Contractors for Rs. 1,85,000 on which Service Tax is charged @ 4.12%.

To record the above transaction

1. Create Masters

    i. Tax Ledger

    ii. Service Ledger

2. Record the Transaction in Purchase Voucher

1. Create Masters

i. Tax Ledger

Ledger	Under	Type of Duty/Tax	Tax Head
Service Tax @ 4.12%	Duties & Taxes	Service Tax	Any

ii. **Create Service Ledger - Works Contract Services**

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

Set Up:

In **F12: Configure (Ledger Configuration)**

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

In **Ledger Creation** screen

- Enter the **Name** of the Service Expense ledger you wish to create, for e.g., **Works Contract Services**.
- Select **Indirect Expenses** as the group name in the **Under** field.
- Set **Inventory values are affected** to **No**.
- Set **Is Service Tax Applicable** to **Yes**.
- In the **Default Service Category** field, select **Taxable Services** from the List of Service Categories.
- Enable the option **Set/Alter Tax Rate Details** to **Yes** and press **Enter** to view Tax Rate Details screen

Figure 2.177 Option to Alter the Service Tax Rate

Notes

*Set/Alter Tax Rate Details option will appear in service ledger creation/alteration screen only when the option **Allow ADVANCED entries in Service Tax Master** is set to **Yes**.*

❑ In Tax Rate Details screen,

- **Category**: In this field, select the Service category/categories, which you are purchasing or selling for which the Service Tax charged is lesser than the actual rate.

- **Applicable From Date**: In this field, mention the date from when the changed rate is applicable for the Service Category.

- **Service Tax**: In this field, mention the applicable Service Tax for the Service Category.

- **Education Cess**: In this field, mention the applicable Education Cess for the Service Category.

- **Secondary Education Cess**: In this field, mention the applicable Secondary Education Cess for the Service Category.

Tax Rate Details				
Category	Applicable From	Service Tax %	Ed Cess %	Sec Ed Cess %
Taxable Service				
	1-Apr-2012	4 %	2 %	1 %

Note : Specifying Tax Rate percentage will override default percentages

Figure 2.178 Set/Alter Tax Rate Details Screen

Notes

*The **Service Tax** charged on **works contract** service is **4%**. Hence in Service Tax column the Rate has been changed. The **Rate** defined will override the **default percentage** of tax for the ledger. The **Tax Rate** specified in **Tax Rate Details** screen will be considered for tax calculation during entry.*

❑ Press **Enter** to save the **Tax Rate Details** and **Ledger Creation**.

2 Record the Transaction in Purchase Voucher

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

1. Press **F2** and change the date to **8-10-2012**
2. In **Party's A/c Name** field, select the service provider e.g. **Amar Contractors**
3. Under **Particulars,** select the Service (purchases) Ledger e.g. **Works Contract Services** and press **Enter** to view Service Tax Details screen
4. In the **Service Tax Details** screen,

   ▫ **Type of Ref.**: Select **New Ref** from the method of Adjustment.

   ▫ **Name**: This field displays the Reference Number for the Service Tax calculation. The default Reference Number displayed, is a combination of abbreviation of Purchase, Voucher Number and Line Number. Example: Purc/9-1 which can be changed by the user. Service Input credits are tracked with these Reference Numbers.

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

   ▫ **Category**: Based on the service Category selected in the Purchase Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed.

   ▫ **Service Amount**: In this field, enter the Service Amount of **Rs. 1,85,000**

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

Type of Ref	Name	Type of Service	Category/Service	Service Amount	Amount (Incl. of Tax)
New Ref	Purc/9-1	Input Credit	Taxable Service	1,85,000.00	1,92,622.00
	Service Tax	@ 4 % (On Assessable Value	1,85,000.00)	7,400.00	
	Ed Cess	@ 2 % (On Tax Value	7,400.00)	148.00	
	Sec Ed Cess	@ 1 % (On Tax Value	7,400.00)	74.00	
				7,622.00	

Service Tax Details for: **Works Contract Service**

Figure 2.179 Service Tax Details Screen

Notes

*Service Tax Rate - **4%** defined while creating the purchase/expense ledger is displayed by overriding the default percentage of **12%**.*

5. In **Amount** field, the Service Amount of **Rs. 1,85,000** will be defaulted automatically.
6. Under **Particulars,** select Service Tax ledger e.g. **Service Tax @ 4.12%**. Service Tax amount will be calculated and displayed automatically.
7. Enter the **Bill** details

The completed **Service Purchase Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.	Ctrl + M ☒
Purchase No. 9		8-Oct-2012
Supplier Invoice No. : Date :		Monday
Party's A/c Name : **Amar Contractors**		
Current Balance :		
Particulars	**Rate per**	**Amount**
Works Contract Service		1,85,000.00
Service Tax @ 4.12%		7,622.00
Narration:		Accept ?
		Yes or No

Figure 2.180 Completed Purchase Voucher

8. Press **Enter** to Save.

> *Notes*
>
> *The transaction for which Service Tax is calculated at lower rate can also be recorded in **Journal Voucher**.*

2.29 ST Expenses/Purchases in Payment Voucher

In some cases, users may make payments towards expenses on which Service Tax is applicable and would want to record expenses through Payment Voucher.In Tally.ERP 9. Such scenarios are handled in Tally.ERP 9 by accounting them in a Payment Voucher.

Example: Payment of Telephone Bill inclusive of Tax through Payment voucher

Example 36:

On October 8, 2012 Crystal Services (P) Ltd. is making payment towards Communication (Internet) Bill of Rs. 20,224.8 (Inclusive of Service Tax)

To record the above Transaction

1. Create Masters

   i. Expenses Ledger

   ii. Service Provider Ledger

2. Record the transaction in Payment Voucher

1. Create Masters

i. Expenses Ledger

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

□   Enter the **Name** of the Service Expense ledger you wish to create, for e.g., **Communication Expenses**.

□   Select **Indirect Expenses** as the group name in the **Under** field.

□   Set **Is Service Tax Applicable** to **Yes**. In the **Default Service Category** field, select **Taxable Service** from the List of Service Categories.
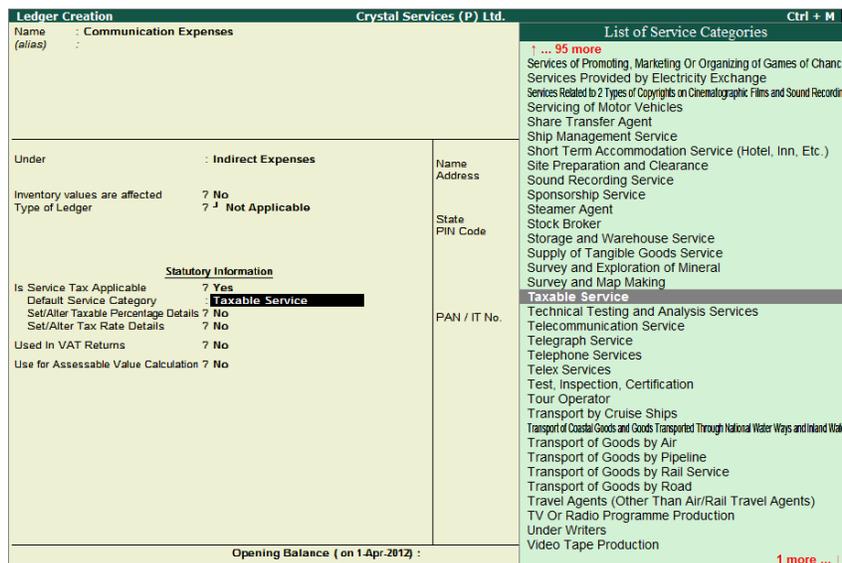
Figure 2.181 Selection of Service Category

ii. Service Provider Ledger - Airtel

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

2. Record the transaction in Payment Voucher

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

1. Press **F2** and change the date to **8-10-2012**
2. In the **Debit** field, select **Communication Expenses** ledger and press **Enter** to view Payment Type screen
3. In **Service Tax Payment Type** screen, select **Expenses** and press **Enter** to view Service Tax Details screen
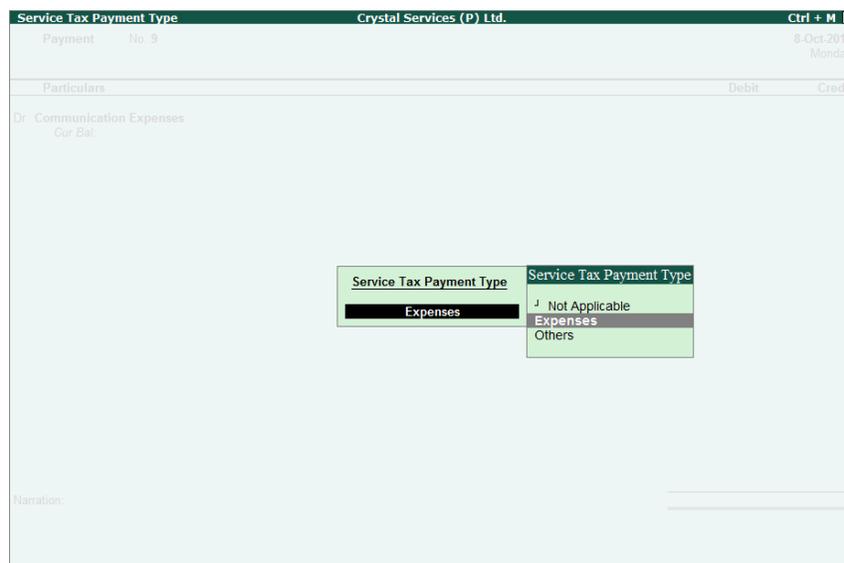
Figure 2.182 Selection of Service Tax Payment Type

4. In **Service Tax Details** screen,

   □ **Type of Ref**: Select **New Ref** from the Method of Adjustment. New Ref is selected for new financial transactions.

   □ **Name**: Tally.ERP 9 displays the reference number, which is a combination of abbreviation of Journal and Voucher Number and Line Number (example: **Pymt/9-1**) which can be changed by the user. Input service credit are tracked with these Reference Numbers.

   □ **Party Ledger**: In this field, mention the name of the party to whom the payment is made.

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

> *The transaction for which Service Tax is calculated at lower rate can also be recorded in Journal Voucher.*

- **Category**: Based on the service Category selected in the Expense Ledger, category will be defaulted (displayed). By default, **Taxable Service** is displayed and Tally.ERP 9 skips the field.

- **Amount (Incl. of Tax)**: In this field, specify the bill amount (inclusive of Service Tax). After specifying the Inclusive of Service Tax amount, service Amount of **Rs. 20,224.8** and tax bifurcation will be displayed automatically.

- In **Amount** field, the Service Amount of **Rs. 18,000** will be defaulted automatically

Type of Ref	Name	Party Ledger	Type of Service	Category/Service	Amount (Incl. of Tax)	Service Amount
New Ref	Pymt/9-1	Airtel	Input Credit	Taxable Service	20,224.80	18,000.00

Service Tax	@ 12 %	(On Assessable Value	18,000.00)	2,160.00
Ed Cess	@ 2 %	(On Tax Value	2,160.00)	43.20
Sec Ed Cess	@ 1 %	(On Tax Value	2,160.00)	21.60
				2,224.80

Figure 2.183 Service Tax Details Screen

5. **Service Amount** of **Rs. 18,000** will be displayed in **Debit** amount column

6. In the **Debit** field, select **Service Tax, Education Cess** and **Secondary Education Cess** ledger to account the Tax and Cess amount on the services purchased.

7. In the **Credit** field, select the Bank/Cash Ledger depending on the Nature of Payment. Total amount (**Rs. 20,224.80**) of Service Cost plus the Service Tax will be displayed in **Amount** column.

The completed **Payment Voucher** is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.		Ctrl + M ⊠
Payment No. 9			8-Oct-2012
			Monday
Particulars		**Debit**	**Credit**
Dr **Communication Expenses**		18,000.00	
Cur Bal: *18,000.00 Dr*			
Dr **Service Tax @ 12%**		2,160.00	
Cur Bal: *2,18,618.54 Cr*			
Dr **Education Cess @ 2%**		43.20	
Cur Bal: *4,672.36 Cr*			
Dr **Secondary Education Cess @ 1%**		21.60	
Cur Bal: *2,336.19 Cr*			
Cr **Cash**			20,224.80
Cur Bal: *11,98,881.20 Dr*			
Narration:		20,224.80	20,224.80
		Accept ?	
		Yes or **No**	

Figure 2.184 Completed Payment Voucher

8. Press **Enter** to Save.

Notes

*Recording of **Service Tax Expenses** or **Purchases** in **Payment Voucher** is also supported in **Single Entry Mode**.*

2.30 Refund of Service Input Credit

Refund of Service Tax paid on Input Services can be claimed

❑ when the services received by an exporter and used for the services exported (in terms of Export of Service Rules 2005)

❑ when the services received by an exporter and used for manufacture of goods exported.

Conditions for claiming the Refund of Service Tax paid on input services are

❑ The refund shall be claimed by the exporter of the goods/services for the input services received and used by the exporter for export of goods/services

❑ Claim can only in the form of refund of Service Tax paid on the specified services used for goods/services

❑ To claim the refund the exporter should have actually paid the Service Tax on the input services

Now in Tally.ERP 9, you can record the Refund of Service Tax paid (Service Input Credit) on the services purchased which are used towards the Goods exported. To account refund of service Input Credit in Journal Voucher a new flag - **Refund of Service Tax Input Credit** has been provided.

Example 37:

On October 10, 2012 Crystal Services (P) Ltd. purchased Fashion Designer Services from Madhura Creations for Rs. 4,75,000 by paying Service Tax @ 12.36%.

Fashion Designer Services were purchased towards the manufacture of garments which were Exported to United States.

On October 12, 2012 Crystal Services (P) Ltd made a payment of Rs. 5,33,710 to Madhura Creations towards the service purchased.

On October 15, 2012, after export of goods, ABC company claimed the refund of Service Tax Rs. 58,710 paid on the input services purchased as on 10-10-2012 from Madhura Creations, which are used for providing services exported.

To record the above transaction

1. Create Masters

   i. Current Asset Ledger

   ii. Service Provider Ledger

   iii. Purchase Ledger

2. Record a Purchase Voucher (to account the purchase of services)

3. Record a Payment Voucher (to account the payment to the service provider

4. Record a Journal Voucher (to account refund of Service tax input credit)

1. Create Masters

i. Current Asset Ledger - Refund of Input Credit

Create the ledger **Current Asset** ledger as shown

Figure 2.185 Completed Current Assets Ledger

ii. Service Provider Ledger - Madhura Creations

Ledger	Under	Is Service Provider/Receiver	Set/Alter Service Tax Details
Madhura Creations	Sundry Creditors	Yes	Yes

iii. Purchase Ledger

Ledger	Under	Is Service Tax Applicable	Default Service Category
Purchase - Fashion Designer Services	Purchase Accounts	Yes	Taxable Service

2. Record a Purchase Voucher (to account the purchase of services)

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

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

Figure 2.186 Completed Purchase Voucher

3. Record a Journal Voucher (to account refund of Service tax input credit)

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

1. In **Change Voucher Type** screen in **Class** field, select **Service Credit Adjustment** from Voucher Class List
2. Press **F2** and change the date to **15-10-2012**

3. In **Used for** field, select the flag **Refund of Service Tax Input Credit**
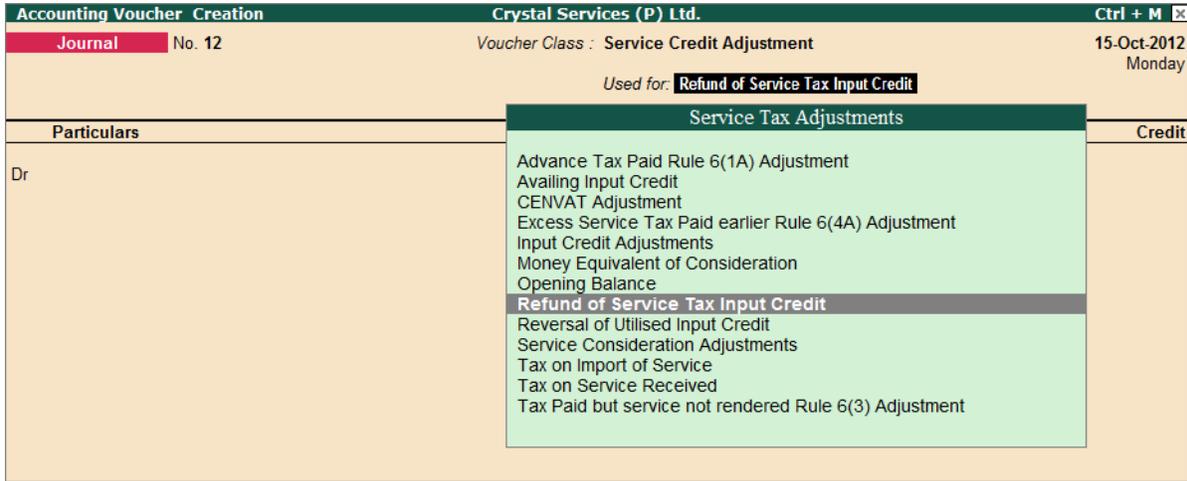
Figure 2.187 Selection of Refund of Service Tax Input Credit Flag

4. In the **Debit** field, select the ledger created under Current Assets - **Refund of Input Credit**
5. In the **Debit** Amount field, specify the amount claimed as refund **Rs. 58,710.**

> *Crystal services (P) Ltd. is claiming refund of **Rs. 58,710** on the services purchased on 10-10-2012 form Madhura Creations.*

6. In the **Credit** field, select Service Tax ledger - **Service tax @ 12%** and press **Enter** to view Service Tax Details screen
7. In the **Service Tax Details** screen,
   - In the **Type of Ref** field, select **Agst Ref** as the Method of Adjustment
   - In the **Name** field, select the Service Tax bill - **Purc/10-1** dated **10-10-2012** against which the service input credit refund is claimed

     On selection of Service Tax bill **Category** and **Amount** will be defaulted automatically. Accept the default details.

> *If you are claiming refund of **Partial service input credit** then in **Amount** field specify the amount which is claimed as refund.*

Figure 2.188 Service Tax Details Screen

8. In the **Credit** field, select Education Cess ledger - **Education Cess @ 2%** and in Service Tax Details screen select the tax bill **Purc/10-1** dated 10-10-2012 and accept the default details displayed.

9. In the **Credit** field, select Education Cess ledger - **Secondary Education Cess @ 1%** and in Service Tax Details screen select the tax bill **Purc/10-1** dated 10-10-2012 and accept the default details displayed.

The completed **Journal Voucher** is displayed as shown

Figure 2.189 Completed Journal Voucher

10. Press **Enter** to save.

2.31 Reversal of Utilised Input Credit

As per Amendment in the CENVAT Credit (Third Amendment) Rules, 2011 Service Tax Input Credit against the Purchase Bills can be availed even if the payment is not made to the Service provider w.e.f 1-4-2011 (applicable only for the service bills raised after 1-4-2011). However if the payment is not made to the service provider within 3 months then, the Service tax credit utilised has to be reversed.

Reversal of utilised Input Credit can be accounted through Journal Voucher. To reverse the Utilised Input Credit a New flag – **Reversal of Utilised Input Credit** has been provided in Journal Voucher.

Example 38:

On October 3, 2012 Crystal Services (P) Ltd. purchased Advertising Services from Kamal Advertisers for Rs. 2,02,248 (inclusive of Service Tax).

On October 4, 2012 Crystal Services (P) Ltd. utilised the Input Credit of Rs. 22,248 towards the Service Bill dated 3-10-2012

After utilising the Input Credit, Crystal Services (P) Ltd. failed to make the payment to Kamal Advertisers within Three months from the date of bill and decides to reverse the Credit availed.

On 8-1-2013 Crystal Services (P) Ltd. recorded an Input Credit Reversal entry for Rs. 22,248.

To record the above transaction

1. Record the purchase of services in Purchase Voucher

2. Record Journal Voucher for Input Credit Adjustment

3. Record Journal Voucher to Reverse the utilised Input Credit

1. Record the purchase of services in Purchase Voucher

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

1. Press **F2** and change the date to **3-10-2012**

2. In the **Party's A/c Name** field, select the party - **Kamal Advertisers** from whom the service is purchased

3. Under **Particulars,** select the service Purchase Ledger - **Purchase - Advertisement Services** and press **Enter** to view Service Tax Details screen

4. In the Service Tax Details screen, accept the default details in Type of Ref, Bill Name, Type of Service and Category fields. In **Amount (Incl. of Tax)** field enter the total service bill amount **Rs. 2,02,248.** Accordingly, the **Tax** and **Service Amount** will be calculated and displayed.

Figure 2.190 Service Tax Details Screen

5. To account the **Tax** and **Cess** on the service purchased, select the Service Tax and Cess ledgers

The completed **Purchase Voucher** appears as shown:

Figure 2.191 Completed Purchase Voucher

6. Press **Enter** to Save.

2. Record Journal Voucher for Input Credit Adjustment

To adjust the Input Credit against the tax payable,

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Credit Adjustment**
2. Press **F2** and change the date to **4-10-2012**
3. In the **Used for** field, select **Input Credit Adjustments** flag
4. In the **Debit** field, select Service Tax ledger - **Service Tax @ 12%** (to adjust the Output Service Tax on services sold)
5. In the **Service Tax Details** screen,
   - □ In the **Type of Ref** field, select **Agst Ref**
   - □ In the **Name** field, select **Sale/5-1** dated 10-9-2012 from Pending Tax bills
   - □ In the **Amount** field, by default, the tax pending for the tax bill will be defaulted. Here Crystal Services is adjusting service Credit of Rs. 21,600 towards Service Tax. Hence enter **Rs. 21,600** in **Amount** field.

Service Tax Details for : **Service Tax @ 12%**			
Type of Ref.	**Name**	Category/Service	**Amount**
Agst Ref	**Sale/5-1**	**Taxable Service**	21,600.00

Figure 2.192 Service Tax Details Screen

6. In the **Debit** field, select Education Cess ledger - **Education Cess @ 2%** (to adjust the Education Cess on services sold)
7. In the **Service Tax Details** screen, select **Agst Ref** in **Type of Ref**. In **Name** field select the tax bill **Sale/5-1** dated 10-09-2012 and in **Amount** field enter **Rs.432**.
8. In the **Debit** field, select Secondary Education Cess ledger - **Secondary Education Cess @ 1%** (to adjust the Secondary Education Cess on services sold)
9. In the **Service Tax Details** screen, select **Agst Ref** in **Type of Ref**. In **Name** field select the tax bill **Sale/5-1** dated 10-09-2012 and in **Amount** field enter **Rs.216**.
10. In the **Credit** field, select Service Tax ledger - **Service Tax @ 12%** (to adjust Input Credit of Service Tax paid on services purchased)
11. In the **Service Tax Details** screen,
   - □ In the **Type of Ref** field, select **Agst Ref**
   - □ In the **Name** field, select **Purc/9-1** dated 3-10-2012 from Pending Tax bills
   - □ Based on the tax bill selected, **Category** will be defaulted to **Taxable Service** and **Amount** to **Rs. 21,600.**

Figure 2.193 Service Tax Details Screen

12. In the **Credit** field, select Education Cess ledger - **Education Cess @ 2%** (to adjust Input Credit of education cess paid on services purchased)

13. In the **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field and select the Tax Reference **Purc/9-1**. Based on the tax bill selected **Category** will be defaulted to **Taxable Service** and **Amount** to **Rs. 432**

14. In the **Credit** field, select Secondary Education Cess ledger - **Secondary Education Cess @ 1%** (to adjust Input Credit of Secondary Education Cess paid on services purchased)

15. In the **Service Tax Details** screen, select **Agst Ref** in **Type of Ref** field and select the Tax Reference **Purc/9-1**. Based on the tax bill selected **Category** will be defaulted to **Taxable Service** and **Amount** to **Rs. 216**

16. Set the option **Provide Details** to **Yes** and in the Service Tax Payment Details screen specify the period for which the Input Credit are adjusted. Mention **1-10-2012** to **31-10-2012** in **Service Tax Payment Details** screen.

The completed **Journal Voucher** is displayed as shown

Figure 2.194 Completed Input Credit Adjustment Journal Voucher

17. Press **Enter** to Save.

To view the details of Input Credit availed on the Unpaid Bills, go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Input Credit > Reversal Details**

Bill Date	Ref. No.	Party's Name	Category	Bill Value	Billed Assessable Value	Availed Input Credit	Utilised Input Credit	Input Credit Need To Be Reversed
								2 more ... →
3-Oct-2012	Purc/9-1	Kamal Advertisers	Taxable Service	2,02,248.00	1,80,000.00	22,248.00	22,248.00	22,248.00

Figure 2.195 Input Credit Reversal Details Report

This report displays **Utilised Input credit** on **Unpaid Bills** and the **amount** of **Input credit** to be **reversed** if payment is not made with in **3 months**.

3. Record Journal Voucher to Reverse the utilised Input Credit

As per the recent amendments, if the input credit of any unpaid bill is utilised to adjust the Service Tax payable and such bill remains unpaid for more than 3 months, the utilised input credit has to be reversed.

After 3 months, Crystal Services (P) Ltd. checked its outstanding bills in which the Purchase bill - Purc/9-1 was also pending. Hence, company is reversing the utilised input credit

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

1. In **Change Voucher Type** screen, in **Class** field select **Service Tax Adjustments**
2. Press **F2** and change the date to **8-01-2013**
3. In **Used for** field select **Reversal of Utilised Input Credit**

Figure 2.196 Selection of Reversal of Utilised Input Credit Flag

4. In the **Debit** field, select Service Tax ledger - **Service Tax @ 12%** and press **Enter** to view Service Tax Details Screen

5. In the **Service Tax Details** screen,

    ❑   In the **Type of Ref** field, select **Agst Ref**

    ❑   In the **Name** field, select the Purchase bill - **Purc/9-1** dated 3-10-2012 of which the credit to be reversed

Figure 2.197 Service Tax Details Screen- Selection of Tax Bill to Reverse the Utilised Credit

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

Figure 2.198 Completed Service Tax Details Screen

6. In the **Debit** field select Service Tax ledger - **Education Cess @ 2%**. In **Service Tax Details** screen select the Credit utilised tax bill - **Purc/9-1** dated 3-10-2012 to reverse the credit.

7. In the **Debit** field, select Service Tax ledger - **Secondary Education Cess @ 1%**. In **Service Tax Details** screen select the Credit utilised tax bill - **Purc/9-1** dated 3-10-2012 to reverse the credit.

8. To create the Tax liability to the extent of input credit reversed, in **Credit** field select Service Tax ledger - **Service Tax @ 12%** and press **Enter** to view Service Tax Details Screen

> *Notes*
>
> *To create the tax liability to the extent of reversed Input Credit you have to select the* ***Service Tax ledger*** *(created under Duties & Taxes).*

9. In **Service Tax Details** screen,

    ❑   In the **Type of Ref** field, select **New Ref**

    ❑   In the **Name** field, accept the default bill reference displayed - **Jrnl/14-1**

    ❑   In the **Category** field, if the user can clearly identify the service category towards which the Input Credit reversed was adjusted can select the same category or can select any appropriate Service Category

Here, Crystal services (P) Ltd. is selecting **Taxable Service** category towards which the reversed input credit was utilised earlier.

▫ In the **Amount** field, enter the Service tax amount to raise the tax liability. Ex: **Rs. 21,600**

10. Similarly, in **Credit** field, select **Education Cess** and **Secondary Education Cess** ledger to create the tax liability.

The completed **Reversal of Utilised Input Credit Journal** Voucher is displayed as shown

Accounting Voucher Creation	Crystal Services (P) Ltd.		Ctrl + M ☒
Journal No. 14	Voucher Class : **Service Credit Adjustment**		8-Jan-2013 Tuesday
	Used for: **Reversal of Utilised Input Credit**		
Particulars		**Debit**	**Credit**
Dr **Service Tax @ 12%** Cur Bal: 1,97,018.54 Cr		21,600.00	
Dr **Education Cess @ 2%** Cur Bal: 4,240.36 Cr		432.00	
Dr **Secondary Education Cess @ 1%** Cur Bal: 2,120.19 Cr		216.00	
Cr **Service Tax @ 12%** Cur Bal: 1,97,018.54 Cr			21,600.00
Cr **Education Cess @ 2%** Cur Bal: 4,240.36 Cr			432.00
Cr **Secondary Education Cess @ 1%** Cur Bal: 2,120.19 Cr			216.00
Narration:		22,248.00	22,248.00

Accept ?

Yes or **No**

Figure 2.199 Completed Reversal of Utilised Input Credit Journal Voucher

11. Press **Enter** to Save.

After recording the Reversal entry, the transaction details of **Purc/9-1** will not be displayed in Reversal Details.

Input Credit Reversal Details		Crystal Services (P) Ltd.								Ctrl + M ☒
Credit Utilised But Payment Not Made- Overdue more than 3 Months										For 3-Oct-2012
Bill Date Ref. No.		Party's Name	Category	Bill Value	Billed Assessab- le Value	Availed Input Credit	Utilised Input Credit	Input Credit Need To	Balance Input Credit	Pending From No. of Days

Figure 2.200 Reversal Details Report after Reversal Of Utilised Input Credit

In the reversal entry, as the Tax Liability is raised to the extent of reversed utilised input credit, transaction details will be displayed in **Bill Date Wise Service Tax Payable** report

Service Tax Payable (Bill Date - wise)	Crystal Services (P) Ltd.							Ctrl + M ⊠
Type of Bills : Realised Bills							1-Jan-2013 to 31-Jan-2013	
Date Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid	
8-Jan-2013 Jrnl/14-1		Taxable Service					216.00	
8-Jan-2013 Jrnl/14-1		Taxable Service					432.00	
8-Jan-2013 Jrnl/14-1		Taxable Service					21,600.00	

Figure 2.201 Service Tax Payables - Bill Date Wise Report

POWER OF SIMPLICITY

Lesson 3: Service Tax Reports

Tally.ERP 9 helps the user to generate the Service tax Computation Report, Service Tax Payables, Input Credit - Summary, Input Credit - Reversal Details and ST3 at the end of the month or half yearly, as prescribed under the Act. To view the **Service Tax Reports**.

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports**
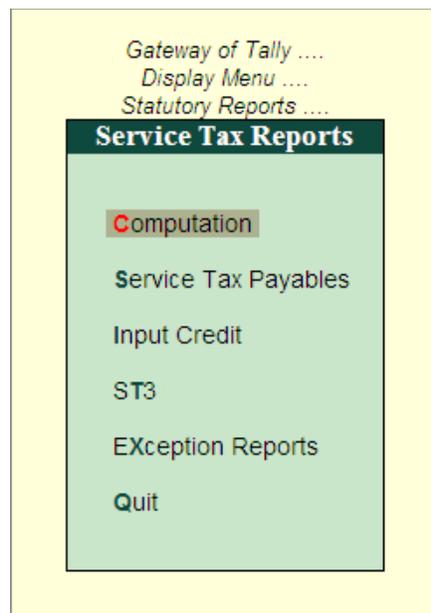
Figure 3.1 Service Tax Reports

3.1 Computation

Service Tax Computation report displays information about Service Tax transactions. This report gives information of **Input Credit, Service Tax Payable, Service Tax Payments/Credit Adjustments, Balance Service Tax Payable, Balance Available Credit** & **Other Payments** like **Arrears**, **Interest** etc. for the period specified.

To view the computation report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Computation**

Particulars	Crystal Services (P) Ltd. 1-Aug-2012 to 31-Oct-2012		
	Total Amount	Assessable Value	Tax Amount
A. Input Credit	11,47,129.80	9,97,128.70	1,08,001.10
Current Period	*11,47,129.80*	*9,97,128.70*	*1,08,001.10*
Previous Period			
B. Service Tax Payable	46,88,776.00	36,69,049.49	4,53,494.51
Current Period	*46,88,776.00*	*36,69,049.49*	*4,53,494.51*
Previous Period			
C. Service Tax Payments / Credit Adjustments			1,29,091.55
G.A.R. 7 Payments			*90,234.16*
Service Tax Credit Adjustment			*7,416.00*
CENVAT Credit Adjustment			*18,540.00*
Adjustment towards Advance Tax paid			*7,951.23*
Other Adjustments			*4,950.16*
D. Balance Service Tax Payable (B-C)			3,24,402.96
E. Refund of Service Tax Input Credit			
F. Balance Available Credit			1,07,633.87
Advance Tax Paid			*7,048.77*
Service Tax Credit			*1,00,585.10*
G. Service Tax Adjusted Towards Excise Payable			
H. Other Payments			5,800.00
Arrears			*5,000.00*
Interest			*800.00*

Figure 1.2 Service Tax Computation Report

3.2 Service Tax Payables

Service Tax Payables report displays the Total Service Tax Payables as on a specified date. In Tally.ERP 9 Service Tax Payables can be viewed based on sales Bill Date, Receipt Date and for tax payable on services received like GTA and Imports.

To view Service Tax Payables report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables**
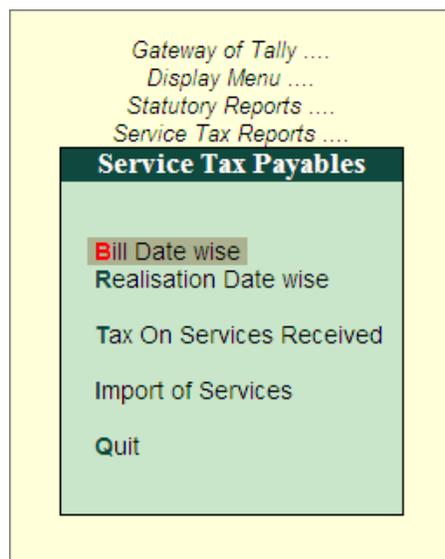
Figure 3.3 Service Tax Payables

Service Tax Payables report can be viewed

- Bill Date-wise
- Realisation Date-wise
- Tax on Services Received
- Import of Services

3.2.1 Bill Date-wise

Bill Date-wise Service Tax Payables report displays the Total Service Tax Payables as on a specified date based on the bill date of the services provided.

To view **Bill Date-wise** report

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

Date	Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
2-Sep-2012	Jrnl/2-1	Kamal Advertisers	Taxable Service	56,180.00	6,180.00	56,180.00	6,180.00	6,180.00
7-Sep-2012	Sale/4-1	Kamal Advertisers	Taxable Service	44,944.00	4,944.00	44,944.00	4,944.00	4,944.00
10-Sep-2012	Rcpt/1-1	Sahakar Creations	Taxable Service	3,93,260.00	43,260.00	3,93,260.00	43,260.00	43,260.00
10-Sep-2012	Sale/5-1	Cash	Taxable Service	11,23,600.00	1,23,648.00	11,23,600.00	1,23,648.00	99,977.84
12-Sep-2012	Rcpt/2-1	Sahakar Creations	Taxable Service	1,51,686.00	16,686.00	1,51,686.00	16,686.00	16,686.00
13-Sep-2012	Rcpt/3-1	Matrix Ad	Taxable Service	25,550.00	2,810.59	25,550.00	2,810.59	2,810.59
14-Sep-2012	Sale/6-2	Matrix Ad	Taxable Service	74,450.00	8,189.76	74,450.00	8,189.76	238.53
16-Sep-2012	Sale/7-1	Matrix Ad	Taxable Service	22,472.00	2,472.00	22,472.00	2,472.00	2,472.00
20-Sep-2012	Sale/9-1	TechMagic Creations	Taxable Service	1,32,978.00	12,978.00	1,32,978.00	12,978.00	12,978.00
4-Oct-2012	Sale/10-1	Mayank Creations	Taxable Service	2,80,900.00	30,900.00	2,80,900.00	30,900.00	30,900.00
Total				23,06,020.00	2,52,068.35	23,06,020.00	2,52,068.35	2,20,446.96

Figure 3.4 Service Tax Payables - Bill Date Wise

Configuration for Bill Date wise report

To configure Bill Date Wise report, press **F12** key or click on **F12: Configure** button

3.2.2 Realisation Date-wise

Realisation Date-wise Service Tax Payables report displays the Total Service Tax Payables as on a specified date based on the Receipt (of payments from the customers) date of the services provided.

To view **Realisation Date-wise** report

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

Date Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Realised Amount	Total Tax Payable	Balance to be Paid
2-Sep-2012 Jrnl/2-1	Kamal Advertisers	Taxable Service	56,180.00	6,180.00	56,180.00	6,180.00	6,180.00
7-Sep-2012 Sale/4-1	Kamal Advertisers	Taxable Service	44,944.00	4,944.00	44,944.00	4,944.00	4,944.00
10-Sep-2012 Rcpt/1-1	Sahakar Creations	Taxable Service	3,93,260.00	43,260.00	3,93,260.00	43,260.00	43,260.00
10-Sep-2012 Sale/5-1	Cash	Taxable Service	11,23,600.00	1,23,648.00	11,23,600.00	1,23,648.00	99,977.84
12-Sep-2012 Rcpt/2-1	Sahakar Creations	Taxable Service	1,51,686.00	16,686.00	1,51,686.00	16,686.00	16,686.00
13-Sep-2012 Rcpt/3-1	Matrix Ad	Taxable Service	25,550.00	2,810.59	25,550.00	2,810.59	2,810.59
14-Sep-2012 Sale/6-2	Matrix Ad	Taxable Service	74,450.00	8,189.76	74,450.00	8,189.76	238.53
16-Sep-2012 Sale/7-1	Matrix Ad	Taxable Service	22,472.00	2,472.00	22,472.00	2,472.00	2,472.00
20-Sep-2012 Sale/9-1	TechMagic Creations	Taxable Service	1,32,978.00	12,978.00	1,32,978.00	12,978.00	12,978.00
4-Oct-2012 Sale/10-1	Mayank Creations	Taxable Service	2,80,900.00	30,900.00	2,80,900.00	30,900.00	30,900.00
Total			23,06,020.00	2,52,068.35	23,06,020.00	2,52,068.35	2,20,446.96

Type of Bills : Realised Bills — Service Tax Payable (Bill Date - wise) — Crystal Services (P) Ltd. — 1-Aug-2012 to 31-Oct-2012

Figure 3.5 Service Tax Payables (Receipt Date -Wise)

3.2.3 Tax on Service Received

Tax on Service Received report displays the tax payable as on a specified date, for the services received on which the service receiver is liable to pay Service Tax - on all the Goods Transport Agency services received, service receiver is liable to pay the tax to the government. Such Service tax payables will be displayed in Tax on Service Received report.

To view Tax on Service Received report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables > Tax on Service Received**

Date Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Tax Payable	Balance to be Paid
							1 more ... →
25-Sep-2012 Purc/8-1	SR Road Lines	Taxable Service	40,000.00	4,944.00	40,000.00	4,944.00	4,944.00
Total			40,000.00	4,944.00	40,000.00	4,944.00	4,944.00

Tax on Services Received — Crystal Services (P) Ltd. — Ctrl + M — Type of Bills : Party Paid Bills — 1-Aug-2012 to 31-Oct-2012

Figure 1.6 Tax on Service Received Report

3.2.4 Import of Services

As per Service tax rules, the liability to pay Service Tax on imported services lies with the service receiver. Service Tax Payables - Import of Services report displays the Service Tax payable as on a specified date on all the services imported.

To view Import report

Go to **Gateway of Tally > Display > Statutory Reports > Service Tax Reports > Service Tax Payables >Import of Services**

Date Ref. No.	Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Tax Payable	Balance to be Paid
Import of Services		Crystal Services (P) Ltd.					Ctrl + M ⊠
Type of Bills : Party Paid Bills						1-Aug-2012 to 31-Oct-2012	
							1 more ... →
19-Sep-2012 Purc/5-1	Townscape Architects	Taxable Service	8,00,000.00	98,880.00	8,00,000.00	98,880.00	98,880.00
Total			8,00,000.00	98,880.00	8,00,000.00	98,880.00	98,880.00

Figure 1.7 Import of Services Report

3.3 Input Credit

3.3.1 Summary

As per Service Tax Credit Rules 2002, the service provider availing Service Tax credit shall maintain proper records in which the relevant information regarding the Sl. No. and date of document on which Service Tax credit is availed, Service Tax Registration No. and name of the input service provider, description and value of input service, Service Tax credit availed, Service Tax credit utilized for payment of Service Tax on output service shall be recorded.

Input Credit - Summary report gives the details of Total input credit availed, utilised and Balance Input Credit available for the specified period.

If the input credit is in excess of output Service Tax payable during a particular month or quarter, the surplus is transferred to the next period and is available for set off during that month or quarter as the case may and vice versa.

To view the **Input Credit - Summary** report

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

Input Credit Summary		Crystal Services (P) Ltd.					Ctrl + M	
Type of Bills	: Paid Bills						1-Aug-2012 to 31-Oct-2012	
Date Ref. No.		Party's Name	Category	Bill Amount	Total Tax	Paid Amount	Total Input Credit	Balance Input Credit
2-Sep-2012 Jrnl/3-1		Matrix Ad	Taxable Service	1,12,360.00	12,360.00	1,12,360.00	12,360.00	12,360.00
4-Sep-2012 Purc/2-1		Ram Agency	Taxable Service	33,708.00	3,708.00	10,000.00	3,708.00	3,708.00
6-Sep-2012 Purc/3-1		Ram Agency	Taxable Service	22,472.00	2,472.00		2,472.00	2,472.00
10-Sep-2012 Jrnl/4-1		Ajay Tours	Taxable Service	92,135.20	10,135.20		10,135.20	10,135.20
10-Sep-2012 Purc/4-1		Cash	Taxable Service	4,49,440.00	49,440.00	4,49,440.00	49,440.00	49,440.00
21-Sep-2012 Jrnl/6-1		Candice Agency	Taxable Service	62,224.80	2,224.80		2,224.80	2,224.80
24-Sep-2012 Purc/7-1		Sampath Associates	Taxable Service	94,527.00	10,398.30	9,453.00	10,398.30	10,398.30
8-Oct-2012 Purc/9-1		Amar Contractors	Taxable Service	1,92,622.00	7,622.00		7,622.00	7,622.00
8-Oct-2012 Pymt/9-1		Airtel	Taxable Service	20,224.80	2,224.80	20,224.80	2,224.80	2,224.80
Total				10,79,713.80	1,00,585.10	6,01,477.80	1,00,585.10	1,00,585.10

Figure 3.8 Input Credit - Summary Report

3.3.2 Reversal Details

This report displays the details of purchase bills of which the Input Credit is utilised towards Service tax payable before making the payment to the Service Provider.

To view the Input Credit Reversal Details report

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

The Input Credit **Reversal Details** screen appears as shown

Input Credit Reversal Details		Crystal Services (P) Ltd.						Ctrl + M ☒
Credit Utilised But Payment Not Made- Overdue more than 3 Months								1-Aug-2012 to 31-Oct-2012
Bill Date Ref. No.		Party's Name	Category	Bill Value	Billed Assessable Value	Availed Input Credit	Utilised Input Credit	Input Credit Need To Be Reversed
								2 more ... →
1-Aug-2012 Purc/1-1		Ram Agency	Taxable Service	67,416.00	60,000.00	7,416.00	7,416.00	7,416.00
Total					60,000.00	7,416.00	7,416.00	7,416.00

Figure 1.9   Reversal Details Screen

3.4 ST3

The ST3 Report is a statutory report. This report displays the ST3 Form in the Government pre-scribed format that is used to file Half – yearly Service Tax returns to the Commissionerate of Service Tax. Both physical and electronic formats are supported in Tally.ERP 9.

3.4.1 ST3 Report

To print physical form of ST3 report,

Go to **Gateway of Tally > Display > Statutory Reports >Service Tax Reports > ST3 > Report**

Use the **Alt+P** key or click on **Print** option to print your report.

This will display the **Form ST-3**.

- ❑ In **Period For** field, select the **period** for which **ST3 Report** to be printed.
- ❑ Specify the **Place** and **Date** for Printing ST3 Report.

Figure 3.10 Form ST - 3 Printing Screen

- ❑ Press **Enter** to view Print Preview of From **ST 3**

The **Print Preview** of **Form ST-3** appears as shown

FORM ST-3

(Return under section 70 of the Finance Act, 1994)

[ORIGINAL / REVISED RETURN]

Financial Year   2012-13

For the period

[✓] April-September   [ ] October-March

1A. Has the assessee opted to operate as Large Taxpayer [No]

(As defined under Rule 2 (ea) of the Central Excise Rules, 2002 read with rule 2 (1)(cccc) of the Service Tax Rules, 1994)

1B. If reply to column "1A" is 'yes', name of Large Taxpayer Unit (LTU) opted for [   ]

2A. Name of the assessee   Crystal Services (P) Ltd.

2B. STC No.   ASDCE1588PST001

2C. Premises code No.   SC0500012

2D. Constitution of assessee

(i)   Individual / Proprietary   [ ]

(ii) Partnership   [ ]

(iii) Registered Public Ltd Company   [ ]

(iv) Registered Private Ltd Company   [✓]

(v)   Registered Trust   [ ]

(vi) Society/Co-op Society   [ ]

(vii) Other   [ ]

Figure 3.11 Page 1

3. **Computation of Service Tax**

A1. **Name of Taxable service**
Exempted Service

A2. **Assessee is liable to pay Service Tax on this taxable service as,-**

(i) a service provider; or | Yes

(ii) a service receiver liable to make payment of Service Tax | No

B. **Sub-clause No. of clause(105) of section 65**

C1. **Has the assessee availed benefit of any exemption notification ('Y/N')** | No

C2. **If reply to column "C1" is 'Yes', please furnish notification nos.**

D. **If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed**

E1. **Whether provisionally assessed ('Y/N')**   **E2.** **Prov. assessment order No. ('if any')**

F. **Value of taxable service, service tax payable and gross amount charged**

Month / Quarter	April	May	June	July	August	September
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I) **Service Tax Payable**						
(a) Gross amount received / (paid) in money						
(i) against service provided					5,00,000.00	
(ii) in advance for service to be provided						
(b) Money equivalent of considerations received / (paid) in a form other than money						
(c) Value on which Service Tax is exempt / not payable						
(i) Amount received against export of service						
(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)					5,00,000.00	
(iii) Amount received as / (paid to) pure agent						
(d) Abatement amount claimed						
(e) Taxable value = (a+b) minus (c+d)						
(f) Service Tax rate wise break-up of taxable value = (e)						
(i) Value on which Service Tax is payable @ 5%						
(ii) Value on which Service Tax is payable @ 8%						
(iii) Value on which Service Tax is payable @ 10%						
(iv) Value on which Service Tax is payable @ 12%						
(v) other rate, if any						
(g) Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)						
(h) Education Cess payable = (@2% of Service Tax)						
(i) Secondary and Higher Education Cess payable = (@1% of Service Tax)						
(II) **Taxable amount charged**						
(j) Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service)					5,00,000.00	
(k) Money equivalent of other consideration charged, if any, in a form other than money						
(l) Amount charged for exported service provided / to be provided						
(m) Amount charged for exempted service provided / to be provided (other than export of service given at (l) above)					5,00,000.00	
(n) Amount charged as pure agent						
(o) Amount claimed as Abatement						
(p) Net taxable amount charged = (j + k) minus (l + m + n + o)						

Figure 3.12 Page 2

3. Computation of Service Tax

A1. Name of Taxable service

Taxable Service

A2. Assessee is liable to pay Service Tax on this taxable service as,-

(i) a service provider; or | Yes

(ii) a service receiver liable to make payment of Service Tax | No

B. Sub-clause No. of clause(105) of section 65

C1. Has the assessee availed benefit of any exemption notification ('Y/N') | No

C2. If reply to column "C1" is 'Yes', please furnish notification nos.

D. If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed

E1. Whether provisionally assessed ('Y/N') | E2. Prov. assessment order No. ('if any')

F. Value of taxable service, service tax payable and gross amount charged

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**Service Tax Payable**						
(a)	Gross amount received / (paid) in money						
	(i) against service provided					7,50,000.00	10,41,260.24
	(ii) in advance for service to be provided						62,789.25
(b)	Money equivalent of considerations received / (paid) in a form other than money						
(c)	Value on which Service Tax is exempt / not payable						
	(i) Amount received against export of service						1,50,000.00
	(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)						
	(iii) Amount received as / (paid to) pure agent						
(d)	Abatement amount claimed						
(e)	Taxable value = (a+b) minus (c+d)					7,50,000.00	9,54,049.49
(f)	Service Tax rate wise break-up of taxable value = (e)						
	(i) Value on which Service Tax is payable @ 5%						
	(ii) Value on which Service Tax is payable @ 8%						
	(iii) Value on which Service Tax is payable @ 10%						
	(iv) Value on which Service Tax is payable @ 12%					7,50,000.00	9,39,049.49
	(v) other rate, if any						
(g)	Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)					90,000.00	1,12,685.94
(h)	Education Cess payable = (@2% of Service Tax)					1,800.00	2,253.71
(i)	Secondary and Higher Education Cess payable = (@1% of Service Tax)					900.00	1,126.86
(II)	**Taxable amount charged**						
(j)	Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service)					7,50,000.00	10,63,999.65
(k)	Money equivalent of other consideration charged, if any, in a form other than money						
(l)	Amount charged for exported service provided / to be provided						1,50,000.00
(m)	Amount charged for exempted service provided / to be provided (other than export of service given at (l) above)						
(n)	Amount charged as pure agent						15,000.00
(o)	Amount claimed as Abatement						
(p)	Net taxable amount charged = (j + k) minus (l + m + n + o)					7,50,000.00	8,98,999.65

Figure 3.13 Page 3

4.   **Amount of service tax paid in advance under sub-rule(1A) of rule 6.**

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	Amount deposited in advance						15,000.00
(b)	Challan Nos.						456847
(c)	Challan Dates						3-Oct-2012

4A.   **Service Tax, Education Cess and other amounts paid**

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	Service Tax, Education Cess, Secondary and Higher Education Cess paid						
(a)	**Service Tax Paid**						
	(I) In cash					82,800.00	4,805.98
	(II) by CENVAT Credit					7,200.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						7,951.23
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						4,805.98
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(b)	**Education Cess Paid**						
	(I) In cash					1,656.00	96.12
	(II) by CENVAT Credit					144.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						96.12
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(c)	**Secondary and Higher Education Cess Paid -**						
	(I) In cash					828.00	48.06
	(II) by CENVAT Credit					72.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						48.06
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(d)	**Other Amounts Paid**						
	(I) Arrears of revenue paid in cash						5,000.00
	(II) Arrears of revenue paid in credit						
	(III) Arrears of Education Cess paid in cash						
	(Iv) Arrears of Education Cess paid in credit						
	(v) Arrears of Sec & Higher Edu Cess paid in cash						
	(vI) Arrears of Sec & Higher Edu Cess paid in credit						
	(vII) Interest paid						800.00
	(vIII) Penalty paid						
	(Ix) Section 73A amount paid						
	(x) Any other amount						

Figure 3.14   Page 4

(II) Details of Challan (Vide which Service Tax, Education Cess, Secondary and Higher Education Cess and other amounts paid in cash)

(a)	Challan Nos							658274	569874
		(i)						658274	569874
		(ii)							852745
		(iii)							456847
		(iv)							

(b)	Challans Date							4-Sep-2012	30-Sep-2012
		(i)						4-Sep-2012	30-Sep-2012
		(ii)							30-Sep-2012
		(iii)							3-Oct-2012
		(iv)							

4B. Source documents details for entries at column 4A(I)(a) (iii), 4A(I)(a) (iv), 4A(I)(b)(iii), 4A(I)(b) (iv), 4A(I)(c) (iii), 4A(I)(c) (iv), 4A(I)(d)(i) to (vii)

Entry in table 4A above		Source documents No. / Period	Source documents date
Sl. No.	Month / Quarter		

4C. Details of amount of Service Tax payable but not paid as on the last day of the period for which return is filed.............................
....

5. Details of input stage CENVAT credit

5A. Whether the assessee providing exempted / non taxable service or exempted goods

	(1)	(2)
(a)	Whether providing any exempted or non taxable service ('Y/N')	
(b)	Whether manufacturing any exempted goods ('Y/N')	
(c)	If any one of the above is yes, whether maintaining separate account for receipt or consumption of input service and input goods (refer to rule 6 (2) of CENVAT credit Rule, 2004)	
(d)	If any one of the (a) and (b) is 'yes', and (c) is 'no', which option is being availed under rule 6 (3) of the Cenvat Credit Rules, 2004	
	(i) Opted to pay an amount equal to 10% of the value of exempted goods and 8 % of the value of exempted service (Y/N); or	
	(ii) Opted to pay an amount equivalent to CENVAT Credit attributable to inputs and input services used in or in relation to manufacture of exempted goods or provision of exempted	

5AA. Amount payable under rule 6 (3) of the Cenvat Credit Rules, 2004

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	Value of exempted goods cleared						
(b)	Value of exempted services provided						
(c)	Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by CENVAT Credit						
(d)	Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by cash						
(e)	Total amount paid = (c) +(d)						
(f)	Challan Nos, vide which amount mentioned in (d) is paid						
(g)	Challan Dates						

Figure 3.15 Page 5

5B.   CENVAT Credit Taken and Utilized

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**CENVAT Credit of Service Tax and Central Excise Duty**						
(a)	**Opening Balance**						(-)7,200.00
(b)	**Credit Taken**						
	(i) On Inputs						
	(ii) On Capital Goods						
	(iii) On Input Services received directly						66,877.57
	(iv) As received from input service distributor						
	(v) From inter unit transfer by a LTU						
	Total Credit Taken = (i+ii+iii+iv+v)						66,877.57
(c)	**Credit Utilized**						
	(i) For Payment of Service Tax					7,200.00	
	(ii) For Payment of Education Cess on taxable service						
	(iii) For Payment of Excise or any Other Duty						
	(iv) Towards clearance of Input Goods and Capital Goods removed as such						
	(v) Towards inter unit transfer of LTU						
	(vi) for payment under rule 6 (3) of the Cenvat Credit Rules, 2004						
	Total Credit Utilized = (i+ii+iii+iv+v+vi)					7,200.00	
(d)	**Closing Balance of CENVAT Credit = (a+b-c)**					(-)7,200.00	59,677.57
(II)	**CENVAT Credit of Education Cess and Secondary and Higher Education Cess**						
(a)	**Opening Balance**						(-)216.00
(b)	**Credit of Education Cess and Secondary and Higher Education Cess Taken**						
	(i) On Inputs						
	(ii) On Capital Goods						
	(iii) On Input Services received directly						2,006.33
	(iv) As received from input service distributor						
	(v) From inter unit transfer by a LTU						
	Total Credit of Education Cess and Secondary and Higher Education Cess Taken = (i+ii+iii+iv+v)						2,006.33
(c)	**Credit of Education Cess and Secondary and Higher Education Cess Utilized**						
	(i) For Payment of Education Cess and Secondary and Higher Education Cess on services					216.00	
	(ii) For Payment of Education Cess and Secondary and Higher Education Cess on goods						
	(iii) Towards Payment of Education Cess and Secondary and Higher Education Cess on clearance of Input Goods and Capital Goods removed as such						
	(iv) Towards inter unit transfer of LTU						
	Total Credit of Education Cess and Secondary and Higher Education Cess Utilized = (i+ii+iii+iv)					216.00	
(d)	**Closing Balance of Education Cess and Secondary and Higher Education Cess = (a+b-c)**					(-)216.00	1,790.33

Figure 3.16 Page 6

6.   Credit details for Input service distributor

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**CENVAT Credit of Service Tax and Central Excise Duty**						
(a)	Opening Balance of CENVAT Credit						
(b)	Credit taken (for distribution) on Input Service						
(c)	Credit distributed						
(d)	Credit not eligible for distribution(rule 7(b) of CENVAT Credit Rules, 2004)						
(e)	Closing Balance						
(II)	**CENVAT Credit of Education Cess and Secondary and Higher Education Cess Credit**						
(a)	Opening Balance of Education Cess and Secondary and Higher Education Cess credit						
(b)	Credit of Education Cess and Secondary and Higher Education Cess taken (for distribution) on Input Service						
(c)	Credit of Education Cess and Secondary and Higher Education Cess distributed						
(d)	Credit of Education Cess and Secondary and Higher Education Cess not eligible for distribution (rule 7(b) of CENVAT Credit Rules, 2004)						
(e)	Closing Balance						

7. Self Assessment memorandum

(a) I / We declare that the above particulars are in accordance with the records and books maintained by me / us and are correctly stated.

(b) I / We have assessed and paid the Service Tax and / or availed and distributed CENVAT credit correctly as per the provisions of the Finance Act, 1994 and the rules made thereunder.

(c) I / We have paid duty within the specified time limit and in case of delay, I / We have deposited the interest leviable thereon.

8. If the return has been prepared by a Service Tax Return Preparer (STRP), furnish further details as below:

(a) Identification No. of STRP

(b) Name of STRP

(Signature of Service Tax Return Preparer)

Place: Bangalore
Date : 10-Oct-2012

(Name and Signature of Assessee or
Authorised Signatory)

Figure 3.17 Page 7

Figure 3.18 Page 8

3.4.2 ST3 E-filing

As per the latest rule, ST3 Electronic filing is mandatory with effect from1st October, 2011. Every Service Tax Assessee is required to file Half-yearly returns Electronically irrespective of Service Tax paid.

To file returns electronically, CBEC has provided the Excel Format where assessees can enter the values manually, generate the file in XML format and upload the same in ACES website.

In Tally.ERP 9, to facilitate the users to fill the details in Excel format, ST3 E-filing Format has been provided.

To view ST3 E-filing,

Go to Gateway of Tally > Display > Statutory Reports > Service Tax Reports > ST3 > E-filing

In Form ST3 E-filing screen,

- ❑ In **Period For** field, select the period for which ST3 Report to be printed. ST3 Form is half yearly return hence, the application displays Two Period option:
  - ■ April - September
  - ■ October - March

 For example: Select April - September (as transactions pertaining to this period are recorded).

❑ Specify the **Place** and **Date** of Printing ST3 Report.

Printing	
Printer : NPI9F3EB3 (HP LaserJet P4015) (Ne02:)	**Paper Type :** Letter
No. of Copies : 1	
Print Language : English	*(Printing Dimensions)*
Method : Neat Mode	**Paper Size :** (8.50" x 10.98") or (216 mm x 279 mm)
Page Range : All	**Print Area** : (8.03" x 10.71") or (204 mm x 272 mm)

Report Titles

Form ST - 3

(with Print Preview)
Without Company Phone No.

ST-3 Period

Period For	: **[April - September]**	**Print ?**
Place	: **Bangalore**	
Date	: **10-10-2012**	**Yes** or **No**

Figure 3.19 ST 3 Printing screen

❑ Press **Enter** to view Print Preview of From **ST 3**

The **Print Preview** of **Form ST-3** appears as shown:

Figure 3.20 Page 1

3. Computation of Service Tax

A1. Name of Taxable service

Exempted Service

A2. Assessee is liable to pay Service Tax on this taxable service as,-

(i) a service provider; or **Yes**

(ii) a service receiver liable to make payment of Service Tax **No**

B. Sub-clause No. of clause(105) of section 65

C1. Has the assessee availed benefit of any exemption notification ('Y/N') **No**

C2. If reply to column "C1" is 'Yes', please furnish notification nos.

D. If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed

E1. Whether provisionally assessed ('Y/N') **E2. Prov. assessment order No. ('if any')**

F. Value of taxable service, service tax payable and gross amount charged

FOR SERVICE PROVIDER

	Month / Quarter (1)	April (2)	May (3)	June (4)	July (5)	August (6)	September (7)
(I)	**Service Tax Payable**						
(a)	Gross amount received in money						
	(i) against service provided					5,00,000.00	
	(ii) in advance for service to be provided						
(b)	Money equivalent of considerations received / (paid) in a form other than money						
(c)	Value on which Service Tax is exempt / not payable						
	(i) Amount received against export of service						
	(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)					5,00,000.00	
	(iii) Amount received as / (paid to) pure agent						
(d)	Abatement amount claimed						
(e)	Taxable value = (a+b) minus (c+d)						
(f)	Service Tax rate wise break-up of taxable value = (e)						
	(i) Value on which Service Tax is payable @ 5%						
	(ii) Value on which Service Tax is payable @ 8%						
	(iii) Value on which Service Tax is payable @ 10%						
	(iv) Value on which Service Tax is payable @ 12%						
	(v) other rate, if any						
(g)	Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)						
(h)	Education Cess payable = (@2% of Service Tax)						
(i)	Secondary and Higher Education Cess payable = (@1% of Service Tax)						
(II)	**Taxable amount charged**						
(j)	Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service)					5,00,000.00	
(k)	Money equivalent of other consideration charged, if any, in a form other than money						
(l)	Amount charged for exported service provided / to be provided						
(m)	Amount charged for exempted service provided / to be provided (other than export of service given at (l) above)					5,00,000.00	
(n)	Amount charged as pure agent						
(o)	Amount claimed as Abatement						
(p)	Net taxable amount charged = (j + k) minus (l + m + n + o)						

Figure 3.21 Page 2

FOR SERVICE RECEPIENT

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**Service Tax Payable**						
(a)	Gross amount paid in money						
	(i) against service received						
	(ii) in advance for service to be provided						
(b)	Money equivalent of considerations received / (paid) in a form other than money						
(c)	Value on which Service Tax is exempt / not payable						
	(i) Amount received against export of service						
	(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)						
	(iii) Amount received as / (paid to) pure agent						
(d)	Abatement amount claimed						
(e)	**Taxable value = (a+b) minus (c+d)**						
(f)	**Service Tax rate wise break-up of taxable value = (e)**						
	(i) Value on which Service Tax is payable @ 5%						
	(ii) Value on which Service Tax is payable @ 8%						
	(iii) Value on which Service Tax is payable @ 10%						
	(iv) Value on which Service Tax is payable @ 12%						
	(v) other rate, if any						
(g)	**Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)**						
(h)	**Education Cess payable = (@2% of Service Tax)**						
(i)	**Secondary and Higher Education Cess payable = (@1% of Service Tax)**						
(II)	**TAXABLE AMOUNT PAID**						
(j)	Gross amount for which bills / invoices / challans are issued relating to service received / to be received (including export of service and exempted service)						
(k)	Money equivalent of other consideration paid, if any, in a form other than money						
(l)	Amount paid for exempted service received / to be received (other than export of service given at (I) above)						
(m)	Amount paid as pure agent						
(n)	Amount claimed as Abatement						
(o)	**Net taxable amount paid = (j + k) - (l + m + n)**						

Figure 3.22 Page 3

3. Computation of Service Tax

A1. Name of Taxable service

Taxable Service

A2. Assessee is liable to pay Service Tax on this taxable service as,-

(i) a service provider; or | Yes

(ii) a service receiver liable to make payment of Service Tax | No

B. Sub-clause No. of clause(105) of section 65

C1. Has the assessee availed benefit of any exemption notification ('Y/N') | No

C2. If reply to column "C1" is 'Yes', please furnish notification nos.

D. If abatement is claimed as per notification no. 1/2006-ST, please furnish Sr. No. in the notification under which such abatement is claimed

E1. Whether provisionally assessed ('Y/N')   **E2. Prov. assessment order No. ('if any')**

F. Value of taxable service, service tax payable and gross amount charged

FOR SERVICE PROVIDER

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**Service Tax Payable**						
(a)	Gross amount received in money						
	(i) against service provided					7,50,000.00	18,81,260.24
	(ii) in advance for service to be provided						62,789.25
(b)	Money equivalent of considerations received / (paid) in a form other than money						
(c)	Value on which Service Tax is exempt / not payable						
	(i) Amount received against export of service						1,50,000.00
	(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)						
	(iii) Amount received as / (paid to) pure agent						
(d)	Abatement amount claimed						
(e)	Taxable value = (a+b) minus (c+d)					7,50,000.00	17,94,049.49
(f)	Service Tax rate wise break-up of taxable value = (e)						
	(i) Value on which Service Tax is payable @ 5%						
	(ii) Value on which Service Tax is payable @ 8%						
	(iii) Value on which Service Tax is payable @ 10%						
	(iv) Value on which Service Tax is payable @ 12%					7,50,000.00	17,79,049.49
	(v) other rate, if any						
(g)	Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)					90,000.00	2,13,485.94
(h)	Education Cess payable = (@2% of Service Tax)					1,800.00	4,269.71
(i)	Secondary and Higher Education Cess payable = (@1% of Service Tax)					900.00	2,134.86
(II)	**Taxable amount charged**						
(j)	Gross amount for which bills / invoices / challans are issued relating to service provided / to be provided (including export of service and exempted service)					7,50,000.00	10,63,999.65
(k)	Money equivalent of other consideration charged, if any, in a form other than money						
(l)	Amount charged for exported service provided / to be provided						1,50,000.00
(m)	Amount charged for exempted service provided / to be provided (other than export of service given at (l) above)						
(n)	Amount charged as pure agent						15,000.00
(o)	Amount claimed as Abatement						
(p)	Net taxable amount charged = (j + k) minus (l + m + n + o)					7,50,000.00	8,98,999.65

Figure 3.23 Page 4

Month / Quarter	April	May	June	July	August	September
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I) **Service Tax Payable**						
(a) Gross amount paid in money						
(i) against service received						8,40,000.00
(ii) in advance for service to be provided						
(b) Money equivalent of considerations received / (paid) in a form other than money						
(c) Value on which Service Tax is exempt / not payable						
(i) Amount received against export of service						
(ii) Amount received / (paid) towards exempted service (other than export of service, i.e., (i) above)						
(iii) Amount received as / (paid to) pure agent						
(d) Abatement amount claimed						
(e) Taxable value = (a+b) minus (c+d)						8,40,000.00
(f) Service Tax rate wise break-up of taxable value = (e)						
(i) Value on which Service Tax is payable @ 5%						
(ii) Value on which Service Tax is payable @ 8%						
(iii) Value on which Service Tax is payable @ 10%						
(iv) Value on which Service Tax is payable @ 12%						8,40,000.00
(v) other rate, if any						
(g) Service Tax Payable = (5% of f(i) + 8% of f(ii) + 10% of f(iii) + 12% of f(iv) + f(v)X other rate)						1,00,800.00
(h) Education Cess payable = (@2% of Service Tax)						2,016.00
(i) Secondary and Higher Education Cess payable = (@1% of Service Tax)						1,008.00
(II) **TAXABLE AMOUNT PAID**						
(j) Gross amount for which bills / invoices / challans are issued relating to service received / to be received (including export of service and exempted service)						8,40,000.00
(k) Money equivalent of other consideration paid, if any, in a form other than money						
(l) Amount paid for exempted service received / to be received (other than export of service given at (l) above)						
(m) Amount paid as pure agent						
(n) Amount claimed as Abatement						
(o) Net taxable amount paid = (j + k) - (l + m + n)						8,40,000.00

Figure 3.24 Page 5

4.   Amount of service tax paid in advance under sub-rule(1A) of rule 6.

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	Amount deposited in advance						15,000.00
(b)	Challan Nos.						456847
(c)	Challan Dates						3-Oct-2012

4A.   Service Tax, Education Cess and other amounts paid

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	Service Tax, Education Cess, Secondary and Higher Education Cess paid						
(a)	**Service Tax Paid**						
	(I) In cash					82,800.00	4,805.98
	(II) by CENVAT Credit					7,200.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						7,951.23
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						4,805.98
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(b)	**Education Cess Paid**						
	(I) In cash					1,656.00	96.12
	(II) by CENVAT Credit					144.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						96.12
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(c)	**Secondary and Higher Education Cess Paid -**						
	(I) In cash					828.00	48.06
	(II) by CENVAT Credit					72.00	
	(IIa) by adjustment of amount earlier paid in advance and adjusted in this period under rule 6 (1A)						
	(III) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(3) of ST Rules						48.06
	(Iv) by adjustment of excess amount paid earlier and adjusted in this period under Rule 6(4A) of ST Rules						
(d)	**Other Amounts Paid**						
	(I) Arrears of revenue paid in cash						5,000.00
	(II) Arrears of revenue paid in credit						
	(III) Arrears of Education Cess paid in cash						
	(Iv) Arrears of Education Cess paid in credit						
	(v) Arrears of Sec & Higher Edu Cess paid in cash						
	(vi) Arrears of Sec & Higher Edu Cess paid in credit						
	(vII) Interest paid						800.00
	(vIII) Penalty paid						
	(Ix) Section 73A amount paid						
	(x) Any other amount						

Figure 3.25 Page 6

(II) Details of Challan (Vide which Service Tax, Education Cess, Secondary and Higher Education Cess and other amounts paid in cash)

(a)	Challan Nos	(i)					658274	569874
		(ii)						852745
		(iii)						456847
		(iv)						

(b)	Challans Date	(i)					4-Sep-2012	30-Sep-2012
		(ii)						30-Sep-2012
		(iii)						3-Oct-2012
		(iv)						

4B. Source documents details for entries at column 4A(I)(a) (iii), 4A(I)(a) (iv), 4A(I)(b)(iii), 4A(I)(b) (iv), 4A(I)(c) (iii), 4A(I)(c) (iv), 4A(I) (d)(i) to (vii)

Entry in table 4A above		Source documents No. / Period	Source documents date
Sl. No.	Month / Quarter		

4C. Details of amount of Service Tax payable but not paid as on the last day of the period for which return is filed............................
....

5. Details of input stage CENVAT credit

5A. Whether the assessee providing exempted / non taxable service or exempted goods

	(1)	(2)
(a)	Whether providing any exempted or non taxable service ('Y/N')	
(b)	Whether manufacturing any exempted goods ('Y/N')	
(c)	If any one of the above is yes, whether maintaining separate account for receipt or consumption of input service and input goods (refer to rule 6 (2) of CENVAT credit Rule, 2004)	
(d)	If any one of the (a) and (b) is 'yes', and (c) is 'no', which option is being availed under rule 6 (3) of the Cenvat Credit Rules, 2004	
	(i) Opted to pay an amount equal to 10% of the value of exempted goods and 8 % of the value of exempted service (Y/N); or	
	(ii) Opted to pay an amount equivalent to CENVAT Credit attributable to inputs and input services used in or in relation to manufacture of exempted goods or provision of exempted	

5AA. Amount payable under rule 6 (3) of the Cenvat Credit Rules, 2004

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	Value of exempted goods cleared						
(b)	Value of exempted services provided						
(c)	Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by CENVAT Credit						
(d)	Amount paid under rule 6(3) of Cenvat Credit Rules, 2004, by cash						
(e)	Total amount paid = (c) +(d)						
(f)	Challan Nos, vide which amount mentioned in (d) is paid						
(g)	Challan Dates						

Figure 3.26 Page 7

5B.   **CENVAT Credit Taken and Utilized**

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**CENVAT Credit of Service Tax and Central Excise Duty**						
(a)	**Opening Balance**						
(b)	**Credit Taken**						
	(i) On Inputs						
	(ii) On Capital Goods						
	(iii) On Input Services received directly					7,200.00	88,095.44
	(iv) As received from input service distributor						
	(v) From inter unit transfer by a LTU						
	Total Credit Taken = (i+ii+iii+iv+v)					7,200.00	88,095.44
(c)	**Credit Utilized**						
	(i) For Payment of Service Tax					7,200.00	
	(ii) For Payment of Education Cess on taxable service						
	(iii) For Payment of Excise or any Other Duty						
	(iv) Towards clearance of Input Goods and Capital Goods removed as such						
	(v) Towards inter unit transfer of LTU						
	(vi) for payment under rule 6 (3) of the Cenvat Credit Rules, 2004						
	Total Credit Utilized = (i+ii+iii+iv+v+vi)					7,200.00	
(d)	**Closing Balance of CENVAT Credit = (a+b-c)**						88,095.44
(II)	**CENVAT Credit of Education Cess and Secondary and Higher Education Cess**						
(a)	**Opening Balance**						
(b)	**Credit of Education Cess and Secondary and Higher Education Cess Taken**						
	(i) On Inputs						
	(ii) On Capital Goods						
	(iii) On Input Services received directly					216.00	2,642.86
	(iv) As received from input service distributor						
	(v) From inter unit transfer by a LTU						
	Total Credit of Education Cess and Secondary and Higher Education Cess Taken = (i+ii+iii+iv+v)					216.00	2,642.86
(c)	**Credit of Education Cess and Secondary and Higher Education Cess Utilized**						
	(i) For Payment of Education Cess and Secondary and Higher Education Cess on services					216.00	
	(ii) For Payment of Education Cess and Secondary and Higher Education Cess on goods						
	(iii) Towards Payment of Education Cess and Secondary and Higher Education Cess on clearance of Input Goods and Capital Goods removed as such						
	(iv) Towards inter unit transfer of LTU						
	Total Credit of Education Cess and Secondary and Higher Education Cess Utilized = (i+ii+iii+iv)					216.00	
(d)	**Closing Balance of Education Cess and Secondary and Higher Education Cess = (a+b-c)**						2,642.86

Figure 3.27 Page 8

6. Credit details for Input service distributor

	Month / Quarter	April	May	June	July	August	September
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(I)	**CENVAT Credit of Service Tax and Central Excise Duty**						
(a)	Opening Balance of CENVAT Credit						
(b)	Credit taken (for distribution) on Input Service						
(c)	Credit distributed						
(d)	Credit not eligible for distribution(rule 7(b) of CENVAT Credit Rules, 2004)						
(e)	Closing Balance						
(II)	**CENVAT Credit of Education Cess and Secondary and Higher Education Cess Credit**						
(a)	Opening Balance of Education Cess and Secondary and Higher Education Cess credit						
(b)	Credit of Education Cess and Secondary and Higher Education Cess taken (for distribution) on Input Service						
(c)	Credit of Education Cess and Secondary and Higher Education Cess distributed						
(d)	Credit of Education Cess and Secondary and Higher Education Cess not eligible for distribution (rule 7(b) of CENVAT Credit Rules, 2004)						
(e)	Closing Balance						

7. Self Assessment memorandum

(a) I / We declare that the above particulars are in accordance with the records and books maintained by me / us and are correctly stated.

(b) I / We have assessed and paid the Service Tax and / or availed and distributed CENVAT credit correctly as per the provisions of the Finance Act, 1994 and the rules made thereunder.

(c) I / We have paid duty within the specified time limit and in case of delay, I / We have deposited the interest leviable thereon.

8. If the return has been prepared by a Service Tax Return Preparer (STRP), furnish further details as below:

(a) Identification No. of STRP

(b) Name of STRP

(Signature of Service Tax Return Preparer)

Place: Bangalore
Date : 10-Oct-2012

(Name and Signature of Assessee or Authorised Signatory)

Figure 3.28 Page 9

Figure 3.29 Page 10

Exception Reports *displays all vouchers and bills that are not migrated completely when data migration is done from Tally 9 to Tally.ERP 9 or Tally.ERP 9 Release 1.61 to Tally. ERP 9 Release 1.8.*

For more information on **Exception Reports**, *refer* **Service Tax Data Migration**.