



Lesson Objectives

On completion of this lesson, you will be able to understand:

- Expense Ledger to form part of assessable value
- GST Applicability for Non-revenue Accounts

Expense ledger value to form part of the assessable value in the invoice

While accounting for expenses and incomes, the ledgers have to be grouped either under **Direct Expenses, Indirect Expenses, Direct Incomes** or **Indirect Incomes**.

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

GST will be calculated after considering the expense or income value in the invoice, only when the options are set as follows:

- **Is GST Applicable - Not Applicable**
- **Include in assessable value calculation for - GST**



2. For the option **Appropriate to**, select

- **Goods**, if the expense or income value has to be included in the stock item cost.
- **Services**, if the expense or income value has to be included in the service value.

- **Both**, if the expense or income value has to be included in stock item cost or service value.
3. Select the **Method of Calculation** based on the selection made for the option **Appropriate to**. If you set it to **Goods**, select the **Method of Calculation** as:
- **Based on Quantity**, if the expense or income amount has to be distributed based on the quantity entered for each stock item in the invoice.
 - **Based on Value**, if the expense or income amount has to be distributed based on the value of each stock item or service selected in the invoice.

You can use the expense ledger in a sales invoice for recording additional expenses along with the sale of goods or services.

Similarly, you can use this ledger while creating purchase invoices.

GST applicability for ledgers of non-revenue accounts

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

The screenshot shows the 'Ledger Creation' window in Tally ERP 9. The ledger name is 'Telecom Services'. The 'Under' field is set to 'Current Assets'. The 'Inventory values are affected' option is set to 'No'. The 'Statutory Information' section shows 'Is GST Applicable' set to 'Applicable', 'Set/alter GST Details' set to 'Yes', and 'Type of Supply' set to 'Services'. The 'Mailing Details' section shows 'Name' as 'Telecom Services', 'Country' as 'India', and 'State' as 'Karnataka'. The 'Tax Registration Details' section shows 'PAN/TIN No.' and 'Registration type' as 'GSTIN/URN', with 'Set/alter GST details' set to 'No'. A 'Total Opening Balance' field is present at the top right. At the bottom, there is an 'Opening Balance (on 1-Jul-2017)' field and an 'Accept?' button with 'Yes' and 'No' options.

2. Click **F12: Configure** and set the option **Allow GST for Non-Revenue Accounts?** to **Yes**, and accept the screen.

Ledger Configuration

Provide aliases along with name	? Yes
Provide language aliases for name	? No
Provide advanced information in masters	? Yes
Allow creation of tax ledgers under other groups	? No
Allow GST for Non-Revenue Accounts	? Yes
Add notes for ledger accounts	? No
Add description for ledger accounts	? No
Provide addresses for ledger accounts	? Yes
Use addresses for revenue accounts	? No
Provide contact details	? No
Allow method of appropriation (used in purchase invoice)	? No
Allow effective date for Reconciliation	? No

3. Is GST Applicable - Applicable

4. Set/alter GST Details - Yes, specify the details in the **GST Details** screen, and save. Alternatively, you can use a classification to use the tax details defined in the classification.

• **Taxability:**

- Select **Taxable**, if it is taxable under GST.
- Select **Exempt**, if it is exempted from tax under GST.
- Select **Nil Rated**, if it attracts 0% tax rate under GST.

To view the history of tax rate changes, press **Alt+L**.

5. Select the Type of supply as:

- **Services**, if the ledger is used to record sale of service. By default, the type of supply is set to **Services**.
- **Goods**, if the ledger is used to record sale of goods.

6. Press Enter to save.

**** Chapter – end ****

GST CENTRE