### CHAPTER 7:- CREATING EXPENSES, INCOME, NON REVENUE ACCOUNTS



## **Lesson Objectives**

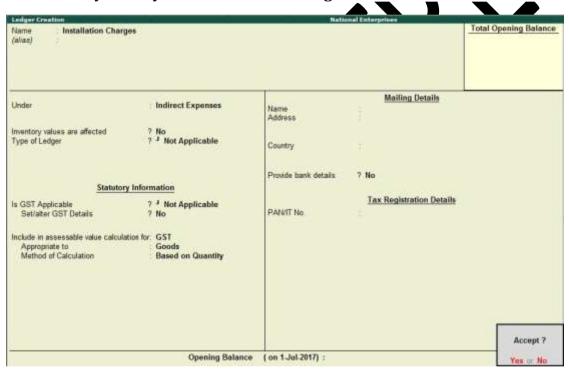
On completion of this lesson, you will be able to understand:

- 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.

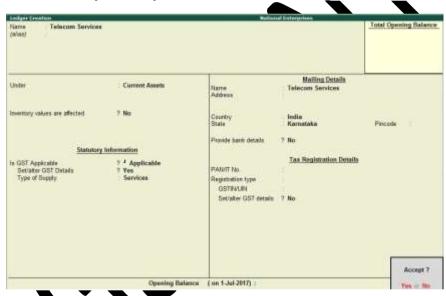
- Both, if the expense or income value has to be included in stock item cost or service value.
- 3. Select the **Method of Calculation** based on the selection made for the option **Appropriate to**. If you set it to**Goods**, select the **Method of Calculation** as:
- **Based on Quantity**, if the expense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

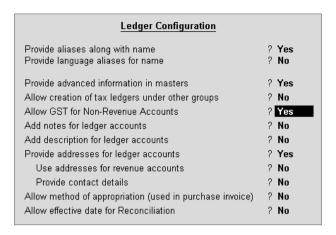
Similarly, you can use this ledger while creating purchase invoices.

# GST applicability for ledgers of non-revenue accounts

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



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



## 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:

6. Press **Enter** to save.

- **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.

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	*** Chapter – end ***	

