

## Invoice, Accounting and TRAN1 form under GST

### Basic Understanding:

1. GST is leviable on **SUPPLY** made for **CONSIDERATION** made at a **PLACE** on a **VALUE** at such **RATE** on such **TIME**
  - PLACE: Supply Within State - charge SGST+CGST, outside state – Charge IGST
  - VALUE: General rule for VALUE of the supply is “**transaction value**”. If supply made to related person or agent or branch transfer, then value of the supply is not transaction value, it is as per valuation rules
  - GST is also leviable on **Late fee/Interest/Penalty** received from the purchaser
  - RATE need to be based on **HSN/SAC classification** and rates are specified in Rate Schedules
  - TIME at which tax need to be paid – Advance received or invoice made or goods removed from place of business - whichever is earlier for goods

### Invoice and Accounting:

Invoice, Accounting and Return are connected to the each other. Big Companies have modified their accounting software/ERP system to comply with GST invoicing and accounting so as to easily comply with return. Mid-size Companies and firms has upgraded their packaged software such as Tally. However, not all the traders / Accountants are in capacity to buy such expensive software when they are already having one like Tally 7.2 or Tally ERP9. Effort has been made to use the existing software with minimal changes to comply with GST law. The invoice rules are specifying the must have things in the invoice. However, Supplier is free to make to format of the invoices. Other things can also be added in the invoice other than specified.

- The Following table is covering types of invoices which are required to be made under GST Regime.
- The 4<sup>th</sup> Column is “Voucher Creation Head” – meaning under which head the voucher for the same need to be created.
- There is 3 types of ledger which will be maintained in GSTN portal. Liability Register, Credit Ledger and cash ledger. 5<sup>th</sup> Column is specifying the same.

List of invoices/ related documents to be maintained (Section 31 & Invoice Rules)						
Section	Invoice Rule	List of Invoices Given by Supplier (Serially numbered)	New Voucher Creation under the head in tally	Credit / Cash / Liability	Purpose	Effect to be given IN
31(3) (a)	1	Revised Tax Invoice	Sales	Liability	- Only For period - "from Effective date of registration till issuance of certificate of registration"	Output tax liability
31(1)	1	Tax invoice	Sales	Liability	-For Taxable supply	Output tax liability
31(3) (f)	1	Tax invoice (for RCM)	Journal	Cash	-For RCM tax payment, though separate series to be maintained	Cash ledger and ITC
31(3) (c)	4	Bill of Supply	Sales	Liability	-For exempted supply -For Composition sec 10 supply	Output tax liability
34	8	Debit Note / supplementary invoice	Debit Note	Liability	-Addition in billing (Increase in billing)	Output tax liability
34	8	Credit Note	Credit note	Credit	-For Goods earlier sold now comes back as return / Decrease in Value of goods sold -Credit note to be issued and GST ITC to be Taken (or reversed as the case maybe) based on that	ITC

31(3) (g)	7	Payment Voucher	Payment	-	-For RCM at the time of payment to the vendor on which we have paid tax on Reverse Charge	ITC
31(3) (d)	5	Receipt Voucher	Receipt	Liability	-To be prepared for advance received. [@18% if rate can't be determined]	Output tax liability
31(3) (E)	6	Refund Voucher	Payment	Credit	-To be prepared when advance earlier received is now refunded	ITC
143, 19	10	Delivery Challan	Only Stock entry [No need to create voucher in tally]	-	-To be prepared for Job work transfer without payment of GST -For goods removed for approval basis. (within 6 months from removal) -in case of removal of liquid Gas	No effect in Tax
	E Way bill rules	E Way bill	Road permit [No need to create voucher in tally]	-	To be prepared for movement of Goods having value above 50000	No effect in Tax

- The time of issue of invoice is:
  - a) Removal of goods – where supply involves movement of goods
  - b) Delivery of goods in any other cases
- When the amount of sale is less than 200 Rs, Tax invoice is optional. Provided Recipient is not registered and not requiring Tax invoice. A single invoice can be prepared for the whole day in such cases.
- Tax amount need to be shown separately for tax invoice.
- 3 copies of Tax invoice for sale of Goods and 2 copies of Tax invoice for services.

**Vouchers and ledgers under Duties and taxes need to be created as below:**

**Voucher Type**

List of Voucher Types

- Bill of Supply [For Exempt Supply]
- Contra
- Credit Note [Reduction in Price]
- Debit Note [Increase in Price]
- Delivery Note
- Journal
- Memorandum
- Payment
- Payment Voucher [For RCM Payment]
- Physical Stock
- Purchase
- Purchase Order
- Receipt
- Receipt Note
- Receipt Voucher [for Advance Receipt]
- Refund Voucher [Advance Refunded]
- Rejections In
- Rejections Out
- Reversing Journal
- Sales
- Sales Order
- Stock Journal
- Tax Invoice [RCM Purchase]
- Tax Invoice [Sales]

**Current Liabilities**  
**Duties & Taxes**  
**GST**

- ADVANCE RECEIPT LIABILITY - GST**  
CGST - Adv  
IGST - Adv  
SGST - Adv
- CASH LEDGER - GST**  
CGST - Cash  
IGST - Cash  
SGST - Cash
- CREDIT LEDGER - GST**  
CGST - Credit  
IGST - Credit  
SGST - Credit
- LIABILITY LEDGER - GST**  
CGST - Liability  
IGST - Liability  
SGST - Liability
- RCM - GST**  
CGST - RCM  
IGST - RCM  
SGST - RCM

**Now let's take a few examples.**

Eg1 - Abc computers Pvt Ltd. (Bhuj) has entered into contract with Def Computers pvt ltd.(Mumbai) To supply 10 HP laptops worth Rs 50000 each. On 10-July-2017, Abc computers pvt. ltd. Received 100000 as advance payment. On 25-Aug-2017, Abc computers supplied 10 laptop to Def computers Pvt Ltd. On 10-oct-2017, Abc computers pvt ltd received Full payment.

Sr No	Date	Particulars	Dr	Cr
1	10-Jul-17	<b>At the time of receipt of advance, Receipt voucher need to be prepared</b> Bank A/c ...Dr To IGST – advance To Def Computers Pvt Ltd <b>(Tax amount need to be calculated on advance received as reverse calculation)</b>	100000	15254 84746
2	20-Aug-17	<b>At the time of payment of tax</b> IGST - advance ...Dr To Bank A/c	15254	15254
3	25-Aug-17	<b>At the time of issuing invoice (delivery)</b> Def Computers Pvt Ltd To IGST - Liability ...Dr To Sales A/c	590000	90000 500000
4	25-Aug-17	<b>Reversal Entry for already paid tax on advance</b> IGST - Liability ...Dr To Def Computers Pvt Ltd	15254	15254
5	20-Sep-17	<b>Payment of IGST - liability for sales</b> IGST - liability ...Dr To bank A/c <b>(Difference between IGST shown in bill and IGST paid at the time of advance) (90000-15254 = 74746)</b>	74746	74746
5	10-Oct-17	<b>When Final Payment received</b> bank A/c ...Dr To Def Computers Pvt Ltd	490000	490000

Eg.2 - ABC Computers Pvt Ltd has purchased 2 laptops worth Rs 40000 each from unregistered person PQR computers situated in Mumbai on 05-July-2017. Payment of the same is made on 10-July-2017.

Sr No	Date	Particulars	Dr	Cr
		<b>At the time of receipt of goods (Tax invoice to be prepared by recipient, Classification of goods, HSN code, Rate, Place, Time, Value need to be determined by recipient)</b>		
1	5-Jul-17	Purchase A/c ..Dr	80000	
		IGST - RCM A/c ..Dr	14400	
		To PQR Computers A/c		80000
		To IGST - liability A/c		14400
		<b>At the time of payment to the party</b>		
2	10-Jul-17	PQR Computers A/c ...Dr	80000	
		To Bank A/c		80000
		<b>At the time of payment of tax on Reverse charge</b>		
3	20-Aug-17	IGST - liability A/c ...dr	14400	
		To Bank A/c		14400
		<b>Reversal entry for taking Input Tax credit of RCM after paying tax in cash</b>		
4	20-08-17	IGST - Credit A/c..Dr	14400	
		To IGST - RCM A/c		14400
		<b>Now, this credit in IGST - Credit a/c of Rs 14400 can be utilised / used as credit</b>		

Form TRAN-1

This is the one of the very 1<sup>st</sup> form which you are going to use in GST and most crucial form which is required to be uploaded in the GST regime.

Deadlines with Due dates:

1. Returns of last 6 months has to be filled for getting credit u/s 140(1)
2. If you are claiming credit on stock u/s 140(3), Stock should not be older than 1 year
3. You have to file this TRAN1 within 90 days from appointment day
4. If you are claiming credit on stock as per the proviso to the Section 140(3) i.e. 60/40 formula, then TRAN2 need to be filled for every month till 6 months and that the benefit will be available only for 6 month. In other words, to take the benefit, that stock should be sold within 6 month of appointed day.

Now,

Form TRAN-1

1. Credit of CENVAT to be carried forward as per closing balance of return u/s 140(1) of CGST Act. Format of the same is as below:

5. Amount of tax credit carried forward in the return filed under existing laws:

(a) Amount of Cenvat credit carried forward to electronic credit ledger as central tax (Section 140(1) and Section 140(4)(a))

Sl. no.	Registration no. under existing law (Central Excise and Service Tax)	Tax period to which the last return filed under the existing law pertains	Date of filing of the return specified in Column no. 3	Balance cenvat credit carried forward in the said last return	Cenvat Credit admissible as ITC of central tax in accordance with transitional provisions
1	2	3	4	5	6
	<b>Total</b>				

Person Registered under Service Tax / Excise can take the credit of closing balance as on 30<sup>th</sup> June 2017 as carry forward credit as CGST credit in GST. For that, the details need to be provided in above mentioned format. It can be seen from the table that return of Service tax / excise must be filed before giving this data in TRAN-1

2. Credit of VAT to be carried forward as per the closing balance of return u/s 140(1) of SGST Act. Format of the same is as below:

(b) Details of statutory forms received for which credit is being carried forward

Period: 1<sup>st</sup> Apr 2015 to 30<sup>th</sup> June 2017

TIN of Issuer	Name of Issuer	Sr. No. of Form	Amount	Applicable VAT Rate
<b>C-Form</b>				
<b>Total</b>				
<b>F-Form</b>				
<b>Total</b>				
<b>H/I-Form</b>				
<b>Total</b>				

(c) Amount of tax credit carried forward to electronic credit ledger as State/UT Tax(For all registrations on the same PAN and in the same State)

Registration No. in existing law	Balance of ITC of VAT and [Entry Tax] in last return	C Forms		F Forms		ITC reversal relatable to [(3) and] (5)	H/I Forms		Transition ITC 2-(4+6-7+9)
		Turnover for which forms Pending	Difference tax payable on (3)	Turnover for which forms Pending	Tax payable on (5)		Turnover for which forms Pending	Tax payable on (7)	
1	2	3	4	5	6	7	8	9	10

Person Registered under VAT can take the credit of closing balance as on 30<sup>th</sup> June 2017 as carry forward credit as SGST credit in GST. For that, the details need to be provided in above mentioned 2 formats.

Now, if for the period 01-04-2015 to 30-06-2017, any Sales made against Form C / H / I / F, then that forms need to be collected from the parties, need to be submitted to the VAT authorities and details are required to be mentioned in the above mentioned table in form TRAN1. For those part of turnover, for which forms are yet to come, the differential credit of that sales need to be reversed and balance if any, can be carried forward as SGST.

**3. Credit of capital good's CENVAT to be carried forward which are not yet availed. - u/s 140(2) of CGST Act. Format of the same is as below:**

**6. Details of capitals goods for which unavailed credit has not been carried forward under existing law (section 140 (2)).**

**(a) Amount of unavailed cenvat credit in respect of capital goods carried forward to electronic credit ledger as central tax**

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details of capital goods on which credit has been partially availed			Total eligible cenvat credit under existing law	Total cenvat credit availed under existing law	Total cenvat credit unavailed under existing law (admissible as ITC of central tax) (9-10)
					Value	Duties and taxes paid				
						ED/ CVD	SAD			
1	2	3	4	5	6	7	8	9	10	11
		<b>Total</b>								

Person registered under excise / service tax can take unavailed credit on capital goods purchased under this section and format. Capital good's credit is being provided in two installments in excise law. Benefit is also given even if the asset may not have completed one year.

**4. Credit of capital good's VAT to be carried forward which are not yet availed. - u/s 140(2) of SGST Act. Format of the same is as below:**

**(b) Amount of unavailed input tax credit carried forward to electronic credit ledger as State/UT tax (For all registrations on the same PAN and in the same State)**

Sr. no	Invoice / Document no.	Invoice / document Date	Supplier's registration no. under existing law	Recipients' registration no. under existing law	Details regarding capital goods on which credit is not availed		Total eligible VAT [and ET] credit under existing law	Total VAT [and ET] credit availed under existing law	Total VAT [and ET] credit unavailed under existing law (admissible as ITC of State/UT tax) (8-9)
					Value	Taxes paid VAT [and ET]			
1	2	3	4	5	6	7	8	9	10
		<b>Total</b>							

**5. Credit of Excise lying in stock to be carried forward for the person, who was not liable to be registered under the Excise / Service tax, or who was engaged in the manufacture of exempted goods or provision of exempted services, or who was providing works contract service and was availing of the benefit of notification No. 26/2012— Service Tax, dated the 20th June, 2012 or a first stage dealer or a second stage dealer or a registered importer or a depot of a manufacturer – U/s 140(3) of CGST act. Format of the same is as below:**

**7. Details of the inputs held in stock in terms of sections 140(3), 140(4)(b) and 140(6).**

**(a) Amount of duties and taxes on inputs claimed as credit excluding the credit claimed under Table 5(a) and 7(a)**

Sr. no.	Details of inputs held in stock or inputs contained in semi-finished or finished goods held in stock				
	HSN (at 6 digit level)	Unit	Qty.	Value	Eligible Duties paid on such inputs
1	2	3	4	5	6
<b>7A Where duty paid invoices or any other document are available</b>					
Inputs					
Inputs contained in semi-finished and finished goods					
<b>7B Where duty paid invoices are not available (Applicable only for person other than manufacturer or service provider) – Credit in terms of Rule 1 (4)</b>					
Inputs					

6. Credit of VAT lying in the stock to be carried forward for the person, who was not liable to be registered under the VAT or who was engaged in the sale of exempted goods or tax free goods, by whatever name called, or goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State under the existing law but which are liable to tax under this Act or where the person was entitled to the credit of input tax at the time of sale of goods. – U/s 140(3) of SGST Act. – Format of the same is as below:

(b) Amount of vat and entry Tax paid on inputs supported by invoices/documents evidencing payment of tax carried forward to electronic credit ledger as SGST/UTGST

Details of inputs in stock					Total input tax credit claimed under earlier law	Total input tax credit related to exempt sales not claimed under earlier law	Total Input tax credit admissible as SGST/UTGST
Description	Unit	Qty	Value	VAT [and Entry Tax] paid			
1	2	3	4	5	6	7	8
<b>Inputs</b>							
<b>Inputs contained in semi-finished and finished goods</b>							

(c) Stock of goods not supported by invoices/documents evidencing payment of tax (credit in terms of rule 1 (4)) (To be there only in States having VAT at single point)

Details of inputs in stock				
Description	Unit	Qty	Value	Tax paid
1	2	3	4	5

7. Goods are sent on job-work under old law and are with job-worker as on appointed day. Details need to be provided in the following format:

9. Details of goods sent to job-worker and held in his stock on behalf of principal under section 141

a. Details of goods sent as principal to the job worker under section 141

Sr. No.	Challan No.	Challan date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job-worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Job Worker, if available								
<b>Total</b>								

b. Details of goods held in stock as job worker on behalf of the principal under section 141

Sr. No.	Challan No.	Challan Date	Type of goods (inputs/ semi-finished/ finished)	Details of goods with job-worker				
				HSN	Description	Unit	Quantity	Value
1	2	3	4	7	8	9	10	11
GSTIN of Manufacturer								
<b>Total</b>								

If the Goods are with Job-worker as on appointed day, the above details are required to be filled by **Manufacturer as well as job-worker** in form TRAN-1. The goods need to be returned within 6 month without payment of GST. Section 141 says if the stock is not mentioned by the manufacturer and job-worker in the above format, then the benefit of 6 months will not be available.

Form TRAN2

8. Person availing benefit for the proviso to the section 140(3), (i.e. 60% / 40% scheme on stock) are required to file the TRAN2 form every month for 6 months. The format for the same is as below:

4. Details of inputs held on stock on appointment date in respect of which he is not in possession of any invoice/document evidencing payment of tax carried forward to Electronic Credit ledger.

Opening stock for the tax period			Outward supply made					Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	Central Tax	Integrated Tax	ITC allowed	Qty
1	2	3	4	5	6	7	8	9

5. Credit on State Tax on the stock mentioned in 4 above (To be there only in States having VAT at single point)

Opening stock for the tax period			Outward supply made				Closing balance
HSN (at 6 digit level)	Unit	Qty.	Qty	Value	State Tax	ITC allowed	Qty
1	2	3	4	5	6	8	9

If you are not registered under the Excise law, then the credit can be taken under sec 140(3) based on the duty mentioned on the purchase document. However, if you don't have the duty paying document, then a trader can claim credit on stock as per the scheme mentioned in the proviso to the section 140(3) read with Rule 1(4) of Transitional Rules. Which says that you can take the credit on stock for the excise portion @ 40 percent of CGST if your output product falls under the rate below 18% and @ 60 percent of CGST if your product falls 18% or above. The same credit will be available only after you sell the commodity and paid the tax. This form will determine the same as to which stock of 30<sup>th</sup> June 2017 has been sold in the month and based on that credit will be given in the next month of selling of that product / commodity.

This form need to be filled every month till 6 months and based on that credit will reflect in credit ledger.

**Things need to be done – checklist for smooth migration to the GST:**

- Get Complete your working for Closing Stock for the period 31.3.2017 / 30.6.2017 before GST Implementation date
- Allocate your such stock into quantitate mode
- Get the A/c Statement from your Suppliers / Creditors for the year ended 31/3/2017 & compiled them from your books
- Rectify Mismatch Reports of Purchases, if persists
- Make strict follow-up to Collect all the C forms/H Form/ I forms [forms for sales made between 01/04/2015 to 30/06/2017]
- Get your Books Finalise for FY 2016-17
- Make a separate file of those items which are shown in your Unsold stock as on 30.6.2017 e.g. Purchase Bills/ Bill of Entry/ Excise Paying Documents etc.
- Stock ageing be made to ascertain if any stock is more than 1yr old. If yes then dispose it off immediately or sell it to your sister concern against Tax Invoice locally
- Classify stock tax rate wise, purchased locally to get ITC into SGST
- Classify stock purchased on invoices bearing Duty Payment & non duty payments to get ITC transferred to CGST
- Inform your GSTIN / ARN to all suppliers of Goods & Services
- Obtain GSTIN of all Suppliers & Buyers
- Train your accountants for GST accounting and returns formats
- Make Chart of HSN CODES, SAC Codes & GST Rates on your goods & services to be purchased & Sold.
- Check whether any stock of one year old is lying with you
- Make Travel policy for the employees incase of business travel and insist them to provide expense claim with supporting of bills containing GST
- Analyze P&L and see which expenses are liable to RCM. Try to switch your purchase only from registered dealer.