DEBIT NOTE UNDER GST

Generally Debit Note use to raise for any amount receivable it may be Taxable or Not Taxable.

Debit Note for any kind of reimbursement or Debit Note any kind of Sales or Purchase Invoice Correction

This document will help you to understand the the various concept of Debit Note under GST

1- Debit Note for Purchase Return

2- Debit Note for Discount Received on Purchase

3- Debit Note for Correction against Sales Invoice for any addition amount to be recovered from customer such as Transport amount, Rate Difference Account etc (Debit Note against Sales)

Before Proceeding Entry level I would like to update that Debit Note against any Purchase will be Part of GSTR2 where as Debit Note against any Sales will be Part of GSTR1

In case of Debit Note against any sales will go to GSTR1 Report Table wise summary Point 4 or Point 5

What is Point 4 ?

This include all Credit Note/Debit Note raised in case of B2B Transaction only

What is Point 5 ?

This include all Credit Note/Debit Note raised in Case of B2C (Interstate) where original invoice value was above Rs 2.5 Lakhs

In case of Debit Note\Credit Note of B2C (Interstate or Intrastate) having original invoice value below 2.5 lakhs it will be directly subtracted from Point 3

1- Debit Note for Purchase Return

Some time goods purchase with GST need to be return for any fault or other reason hence we used to raise Debit Note against Purchase Invoice

(Please Note that one debit note against one Invoice)

(One debit Note can not be used against multiple Invoice in Tally)

Example : Purchase Goods 100Qty@100Each @18% GST on 1st July

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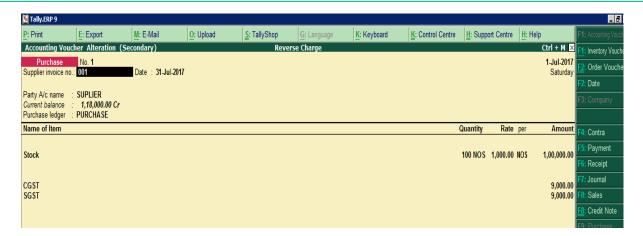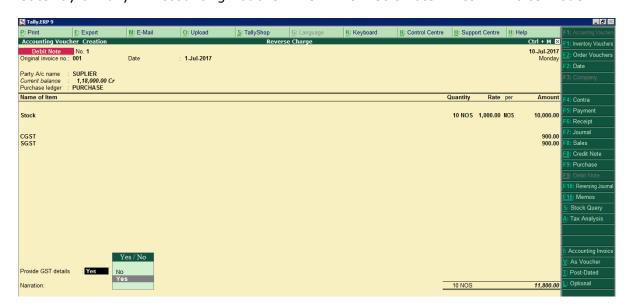Tel: +91-22-40864086 | www.antraweb.com

Out of above Purchase 10 Qty Returned for any reason Pass Debit Note

Gateway of Tally>>Accounting Voucher>>CTL+F9 Debit Note>>Item Invoice mode

Provide the details under GST details such Nature/Document No/Date of Supplier

Additional Details : Purchase Taxable

Nature of Return   : 01-Sales Return
Supplier's Debit/Credit Note No.   : CN001   Date   :   9-Jul-2017

O: Quit

(It will hit in GSTR 2 Point No 7)

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2- Debit Note for Discount Received on Purchase

Some time discount on Purchase received for lump-sum value it will be treated as Inclusive of GST amount

Let us continue with Same Example Purchase worth Rs 1,18,000 (Including Tax 18000)

We received any discount for Rs 11800 then this 11800 Rs can be treated as Including GST amount depending upon Credit Note raised by Supplier

If supplier raised credit Note with GST it means supplier intend to decrease Tax liability and we have to decrease our Input Tax Credit on Purchase as well

(This debit note is to decrease payable amount and not return of goods so pass below entry)

Option A : (Pass entry in Account Invoice mode or Voucher Mode)

As we are getting discount so it will decrease our **Purchase value** so we can pass the entry by following way

Before Passing entry Press F12>>Enable the option for Modification of GST

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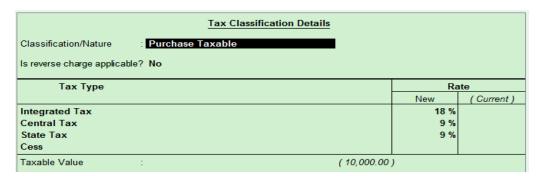Tel: +91-22-40864086 | www.antraweb.com

Fill the details shown as above

While Passing this entry as soon as you will select your Purchase ledger

A pop-up box will appear select below option

(If box appear on your screen does not look like this then Press F12 at same page and enable all the option)

Before saving this entry one more message box will appear like this

Click on Override option (Press O)

Now check GSTR2 Point 7 Table wise summary

OR

We can Process same entry in Item Invoice mode as well

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Select Stock Item but do not mention any quantity

Option B : If we select Discount Received Ledger instead of Purchase ledger

As we all know Discount Received is an Income Part but if we select Income then Tally will not show the accurate report under GSTR2 as it should be subtracted from GSTR2 hence you need to keep your ledger either under Purchase Account or Indirect Exp

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Tally.ERP 9

P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop

GST Details   **Reve**

GST Details for Ledger:
DISCOUNT RECIVED ON PURCHASE

HSN/SAC Details

Description :
HSN/SAC :

Is non-GST goods ? **No**
Nature of transaction : ⌐ **Not Applicable**

Tax Details

(From 1-Jul-2017)

Taxability : **Taxable**
    Is reverse charge applicable ? **No**
    Is ineligible for input credit ? **No**

Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	18 %
Central Tax	Based on Value	9 %
State Tax	Based on Value	9 %
Cess	Based on Value	0 %

ENTRY

Tally.ERP 9

P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help

Accounting Voucher Alteration (Secondary)   Reverse Charge   Ctrl + M ⊠

Debit Note   No. **1**   **10-Jul-2017**
Original invoice no.: **001**   Date   : **10-Jul-2017**   Monday

Party A/c name : **SUPLIER**
Current balance : **1,06,200.00 Cr**

Particulars	Rate	per	Amount
DISCOUNT RECIVED ON PURCHASE			10,000.00
CGST			900.00
SGST			900.00

- F1: Accounting Vouch
- F1: Inventory Vouch
- F2: Order Vouche
- F2: Date
- F3: Company
- F4: Contra
- F5: Payment
- F6: Receipt
- F7: Journal
- F8: Sales
- F8: Credit Note

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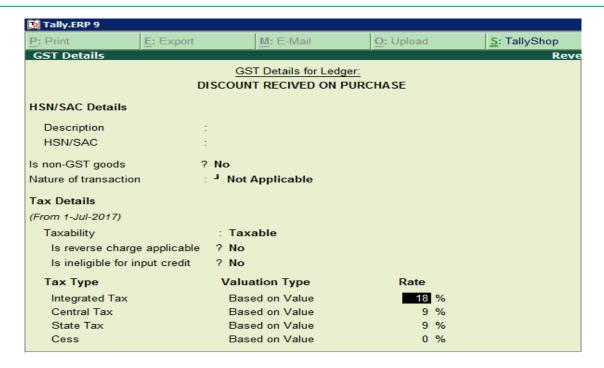Tel: +91-22-40864086 | www.antraweb.com

Additional Details : Purchase Taxable

Nature of Return   : 02-Post Sale Discount

Supplier's Debit/Credit Note No.   : CRN001   Date   :   9-Jul-2017

Mention all details as above (While passing entry please select against reference)

3. Debit Note against Sales (For Correction of Invoice such Transport Charge\Freight Charges\Rate Difference)
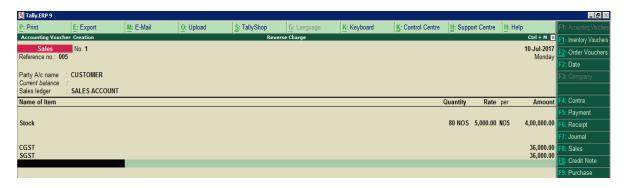
Sometime While making sales Invoice we forgot to add some kind off charges such as courier/transport/freight/Rate difference amount hence we raised Debit Note against sales Invoice to tackle such case pass below entry

Option A : Raising Debit Note for any charges to be collected

One thing we should understand that Charges to be collected from customer is actually our income.

Example : To deliver some order we hire a truck from Factory location to Buyers or consignee location for which Transporter raise bill on us not on buyer as we have hired Transporter. In this case Transport Charges Paid on that is Independent exp and Transport Charges Collected on Invoice is composite Supply Income hence It is better to create 2 different ledger for **Transport Charges Exp** & **Transport Charges on Sales**

Entry : Sales Entry

Tally.ERP 9										
P: Print	E: Export	M: E-Mail	O: Upload	S: TallyShop	G: Language	K: Keyboard	K: Control Centre	H: Support Centre	H: Help	F1: Accounting Vouchers

Accounting Voucher Creation   Reverse Charge   Ctrl + M

Sales   No. 1   10-Jul-2017   Monday
Reference no.: 005

Party A/c name   : CUSTOMER
Current balance   :
Sales ledger   : SALES ACCOUNT

Name of Item	Quantity	Rate per	Amount
Stock	80 NOS	5,000.00 NOS	4,00,000.00
CGST			36,000.00
SGST			36,000.00

F1: Inventory Vouchers
F2: Order Vouchers
F2: Date
F3: Company
F4: Contra
F5: Payment
F6: Receipt
F7: Journal
F8: Sales
F8: Credit Note
F9: Purchase

ENTRY : Debit Note for Additional Charges

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Option B : Rate Difference

Some time It happens that Product price was 1000 Rs but we charged only 900 hence for 100 Rs we need to raise Debit Note

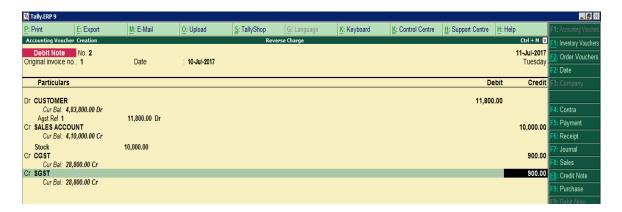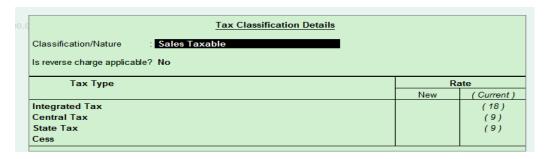**(Pass Debit Note in Voucher mode press CTL+V)**

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Dr your Party mention total amount including Tax 11800 DR against Bill Cr Sales Ledger
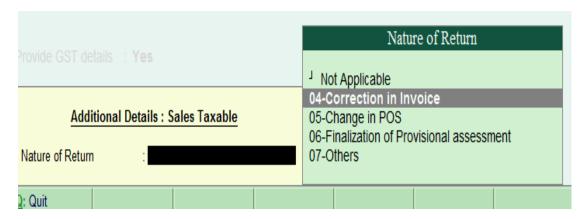
Do not mention any Quantity just total amount of difference

CR CGST\SGST OR IGST Ledger

AND SELECT Appropriate option under GST Derails

At time of saving entry If any override message option arise then click on "O" to save the entry

In above case we selected stock item if you do not wish to select stock item or sales ledger you can create a Rate difference ledger under Income and pass the entry directly in Account Invoice mode

Important Point to Note

1-Ledger under Indirect Exp will affect your GSTR2 report where as Ledger under Income will affect your GSTR1

2- Debit Note against any Purchase will include ledgers which are under Indirect expenses/direct Exp/Purchase Account including Round off ledger (Default behavior of Tally)

3- Debit Note against any Sales should contain primary ledger under Income/SALES including Round off Ledger (As default behavior of Tally)

4- There are lot of problem that due to Round of ledgers entries are not reflecting under GSTR Report. Hence create 2 Round off ledger Round off on sales and Round off on Purchase

5- Tally Accept Single debit note against single Sales or Purchase Invoice

Incase of any queries, please call us on 022-40864086 or mail us at gst@antraweb.com. Watch GST related videos and documents on www.tallyhelp.com

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