

PURCHASE FROM UNREGISTERED DEALER

REVERSE CHARGE MECHANISM (RCM)

This document will explain in details about RCM Process in Tally ERP9

Topics :

1. Petty Cash Expenses with limitation of 5000 Rs
2. Purchase of Goods from Unregistered Dealer
3. Service Expenses from Unregistered Dealer (Direct Payment or Booking of Invoice)
4. GTA\Freight and Forward Charges in Reverse Charge Mechanism if Party is register

In Case of URD\RCM we have to process 4 Entries

1. Booking of exp for entire month
2. Raising of Tax liability on RCM\URD
3. Compulsory Tax Payment
4. Claiming Input Tax Credit

1. Petty Cash Expenses

Generally a firm incurred several kind of general or sundry expenses.

Under RCM in GST in a day 5000 Rs daily expenses (including all business exp) in exempted and not taxable event and above that full amount is taxable

E.g. : If we made 4000 Rs cash commission to agent in a day which is not taxable and exempted but in case if same day some other exp took place as 1500 Rs now total expense cross 5000 hence full amount 5500 is Taxable now

Now question arise how can we track record for below or above limit? Does Tally have any option to notify when it cross the limit

As of now there is no such notification in current version of Tally (6.1)

How to Pass the entry

CASE A (BELOW LIMIT)

Largest Tally Service Partner with a team of 200+ professionals

Commission paid on 1st July to an Agent Rs. 4000. We need to Pass Payment entry directly without creating Party ledger before Passing Payment enable the below option

Go to Payment entry>>Press F12 (2 TIME)>>Enable the option Party details for GST AND Allow modification of GST and save

Tally.ERP 9		Party Details	
P: Print	E: Export	M: E-Mail	O: Upd
Accounting Voucher Creation		Party Name : [REDACTED]	
Payment No. 1		Address :	
Account : Petty Cash		State :	
Cur Bal:		Registration Type :	
Particulars		GSTIN/UIN :	

Mention Party Details to who you making payment (If you wish to) and Compulsory select state and mark registration type as Unregistered

Commission Exp ledger

Tally.ERP 9	
P: Print	E: Export
M: E-Mail	O: Upd
Ledger Creation (Secondary)	
Name :	Comossin Exp
(alias) :	
Under :	Indirect Expenses
Inventory values are affected :	No
Statutory Information	
Is GST Applicable :	Applicable
Set/alter GST Details :	Yes
Type of Supply :	Services
Is TDS applicable :	Undefined

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Tally.ERP 9

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

GST Details

GST Details for Ledger:
Comossin Exp

HSN/SAC Details

Description : Service
 HSN/SAC : 987654

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

Tax Details

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 %

In above exp ledger Nature is set as not applicable because ledger can be local or interstate or Register Non Registered hence.

	Not Applicable	
	Branch Transfer Inward	Nature of Transaction
	Imports Exempt	Nature of Transaction
	Imports Taxable	Nature of Transaction
	Interstate Purchase Exempt	Nature of Transaction
	Interstate Purchase Nil Rated	Nature of Transaction
	Interstate Purchase Taxable	Nature of Transaction
	Purchase Exempt	Nature of Transaction
	Purchase From Composition Dealer	Nature of Transaction
	Purchase From SEZ - Exempt	Nature of Transaction
	Purchase From SEZ - Taxable	Nature of Transaction
	Purchase From Unregistered Dealer - Exempt	Nature of Transaction
	Purchase From Unregistered Dealer - Taxable	Nature of Transaction
	Purchase Nil Rated	Nature of Transaction
	Purchase Taxable	Nature of Transaction

Tax Classification Details

Classification/Nature : (Purchase From Unregistered Dealer)

Is reverse charge applicable? No

Tax Type	Rate	
	New	(
Integrated Tax		
Central Tax		
State Tax		
Cess		
Taxable Value :		

As we know this amount is below exempt limit hence we need to select Purchase from Unregistered dealer exempt

While saving entry it will reflect below option

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Account: Petty Cash Cur Bal: 50,000.00 Cr		F3: Company
Particulars	Amount	F4: Contra
Comossin Exp Cur Bal: 50,000.00 Dr	50,000.00	F5: Payment
		F6: Receipt
		F7: Journal
		F8: Sales
		F9: Credit Note
		F9: Purchase
		F9: Debit Note
		F10: Reversing Journ
		F11: Memos
		S: Stat Payment
		V: Reverse Chrg. Adv
		F: Refund of Adv. Recd
		T: Post-Dated
		L: Optional
		F11: Features
		F12: Debit

Narration:

The tax details are modified.

Y Accept (accept with conflicts and resolve later)
O Override (accept without conflicts)
H Back (go back to the voucher)

Q: Quit A: Accept D: Delete X: Cancel

Click on Override option as this entry is correct.

This entry will effect under Reverse Charge but as Exempt

CASE B : Now along with this entry one more general exp occurred due to which day limits crossed
While passing entry

Tax Classification Details		Natures of Transaction
Classification/Nature	Purchase From Unregistered Dealer - Taxable (Purchase From Unregistered)	J Not Applicable
Is reverse charge applicable? No		Branch Transfer Inward
Tax Type		Imports Exempt
Integrated Tax		Imports Taxable
Central Tax		Interstate Purchase Exempt
State Tax		Interstate Purchase Nil Rated
Cess		Interstate Purchase Taxable
Taxable Value		Purchase Exempt
		Purchase From Composition Dealer
		Purchase From SEZ - Exempt
		Purchase From SEZ - Taxable
		Purchase From Unregistered Dealer - Exempt
		Purchase From Unregistered Dealer - Taxable
		Purchase Nil Rated
		Purchase Taxable

Select the option Purchase from Unregistered dealer taxable

Now after passing this entry please alter first entry of commission as that entry is also becomes Taxable's

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
B Wing / 1st Floor, Steel House,
Off. Mahakali Caves Road,
Andheri East, Mumbai - 400093
Tel: +91-22-40864086 | www.antra**w**eb.com

Tax Classification Details	
Classification/Nature : XXXXXXXXXX (Purchase From Unregistered)	<ul style="list-style-type: none"> J Not Applicable <i>Nature of Transaction</i> Branch Transfer Inward <i>Nature of Transaction</i> Imports Exempt <i>Nature of Transaction</i> Imports Taxable <i>Nature of Transaction</i> Interstate Purchase Exempt <i>Nature of Transaction</i> Interstate Purchase Nil Rated <i>Nature of Transaction</i> Interstate Purchase Taxable <i>Nature of Transaction</i> Purchase Exempt <i>Nature of Transaction</i> Purchase From Composition Dealer <i>Nature of Transaction</i> Purchase From SEZ - Exempt <i>Nature of Transaction</i> Purchase From SEZ - Taxable <i>Nature of Transaction</i> Purchase From Unregistered Dealer - Exempt <i>Nature of Transaction</i> Purchase From Unregistered Dealer - Taxable <i>Nature of Transaction</i> Purchase Nil Rated <i>Nature of Transaction</i> Purchase Taxable <i>Nature of Transaction</i>
Is reverse charge applicable? No	
Tax Type	New
Integrated Tax	
Central Tax	
State Tax	
Cess	
Taxable Value : (50,000.00)	

Now check the report. One can club all expenses in single entry if it is below 5000.

(You can maintain vouchers to keep track record of exp and pass the entry on next day)

How to book Tax liability in this case we will understand in next chapter

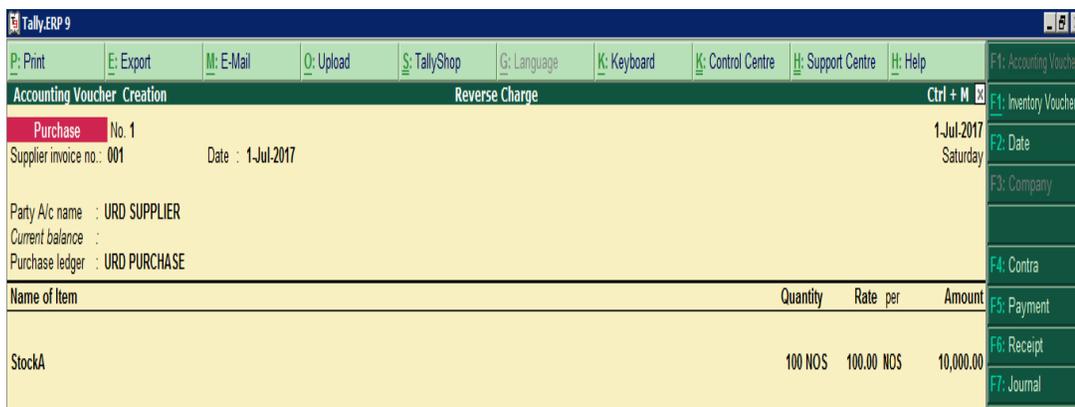
2. URD\RCM Purchase

URD Purchase of Goods

Party Master : Please Mark Party as Unregistered in GST details

Stock Item : Mention only Stock Description HSN and GST rate of Stock do not mention anything else.

Purchase Ledger: Do not enable/mention the option of GST alter details



The screenshot shows the 'Accounting Voucher Creation' window in Tally ERP 9. The voucher type is 'Purchase' (No. 1) dated '1-Jul-2017'. The supplier invoice number is '001'. The party is 'URD SUPPLIER' and the purchase ledger is 'URD PURCHASE'. The item 'StockA' is listed with a quantity of 100 NOS, a rate of 100.00 NOS, and a total amount of 10,000.00. The window title is 'Tally.ERP 9' and the voucher title is 'Reverse Charge'.

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Take Print of this Purchase known as "SELF INVOICE"

3. SERVICE EXP FROM URD\RCM SUPLIER

We used to take service from URD or RCM Service Provider so in some case we make direct payment or we book invoice in purchase or journal voucher.

In case we make direct Payment of Labor Exp to a contractor without making any invoice Go to Payment entry>>Select Bank>>

Party Details	
Party Name	: Mr Contractor
Address	: ADDRESS ADDRESS
State	: Maharashtra
Registration Type	: Unregistered
GSTIN/UIN	:

Tax Classification Details		
Classification/Nature	: Not Applicable	(Purchase From Unregistered Dealer - Taxable)
Is reverse charge applicable?	No	
Tax Type	Rate	
	New	(Current)
Integrated Tax		(18)
Central Tax		(9)
State Tax		(9)
Cess		
Taxable Value	:	

Labor exp ledger is configured same as Commission exp. Take Print of this Payment it will ask print as Tax invoice

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 Creation Reverse Charge Ctrl + M		
Payment No. 3		1-Jul-2017 Saturday
Account : HDFC BANK		
Cur Bal: 10,000.00 Cr		
Particulars	Amount	
Labour Exp		10,000.00
Cur Bal: 10,000.00 Dr		

In case we book Invoice First then

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Pass Purchase Exp entry in Account Invoice

Accounting Voucher Creation			Reverse Charge	Ctrl + M
Purchase No. 2			1-Jul-2017	F1
Supplier invoice no.: 002	Date : 1-Jul-2017	Saturday		F2
Party A/c name : URD SUPPLIER				F3
Current balance : 10,000.00 Cr				F4
Particulars	Rate per	Amount		F5
COMMISSION EXP		50,000.00		F6

Print this Invoice as Self Invoice

TDS can also deducted in this entry as well.

What if we pass Journal Entry : If we pass the same entry in Journal we will not be able to Print Self Invoice.

Entry No 2 : Now booking of Tax Liability at Month End

First Check GSTR2 Report in default view and check Tax liability

Inward Supplies					U: Status Reconcil
Reverse Charge Supplies	1,11,500.00	9,735.00	9,735.00	19,470.00	E: e-Return
Total Inward Supplies	1,11,500.00	9,735.00	9,735.00	19,470.00	N: HSN/SAC Summ
Tax Liability					A: View Accepted a
Reverse Charge Supplies	1,11,500.00	9,735.00	9,735.00	19,470.00	
Purchase From Unregistered Dealer - Taxable	1,11,500.00	9,735.00	9,735.00	19,470.00	
Total Tax Liability	1,11,500.00	9,735.00	9,735.00	19,470.00	

Now Pass Journal Entry For booking Tax Liability (Press ALT+J) Stat Adjustment>>Select Increase Tax Liability>>Select Purchase from Unregistered Dealer

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

(There will 2 Option Purchase from Unregistered dealer or Purchase under reverse charge

If party is Unregistered than select purchase from Unregistered dealer but in case party is register but even though Tax is paid on reverse basis then select option purchase under reverse charge)

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 Creation **Reverse Charge** Ctrl + M

Journal No. 1 1-Jul-2017 Saturday

Used for: Increase of Tax Liability
 (Additional Details: Purchase From Unregistered Dealer)

Particulars	Debit	Credit
By Tax Paid on RCM\URD Cur Bal: 19,470.00 Dr	19,470.00	
To CGST RCM\URD Cur Bal: 9,735.00 Cr		9,735.00
To SGST RCM\URD Cur Bal: 9,735.00 Cr		9,735.00

Tax Paid on RCM is created under Current Assets because the amount is to recoverable after a month
 CGST RCM\URD & SGST RCM\URD duty ledger has been created separately to get exact Tax liability in RCM because this liability can not be adjusted against available ITC in month and we need to pay it separately first

Entry No 3 :Now Payment of Tax

While Making Payment click on ALT+S (Stat Payment) and select

Statutory Payment

Tax Type : GST
 Period From : 1-Jul-2017 To
 Payment Type : Regular

Type of Payment

- Any
- Advance
- Recipient Liability**
- Regular

Select Recipient Liability

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Accounting Voucher Creation		Reverse Charge	Ctrl + M
Payment No. 3			20-Aug-2017 Sunday
Statutory payment for: GST (Payment Type: Recipient Liability)			
Account : Cash Cur Bal: 19,470.00 Cr			
Particulars		Amount	
CGST RCMURD Cur Bal: 0.00 Dr		9,735.00	
SGST RCMURD Cur Bal: 0.00 Dr		9,735.00	

Make the Payment and mention Challan details

Entry No 4 Raising of ITC

Pass Journal Entry and click on stat adjustment again>>GST>>Increase of Input Tax Credit>>Purchase from Un registered dealer

Accounting Voucher Creation		Reverse Charge	Ctrl + M
Journal No. 2			20-Aug-2017 Sunday
Used for: Increase of Input Tax Credit (Additional Details: Purchase under Reverse Charge)			
Particulars	Debit	Credit	
By CGST Cur Bal: 9,735.00 Dr	9,735.00		
By SGST Cur Bal: 9,735.00 Dr	9,735.00		
To Tax Paid on RCMURD Cur Bal: 0.00 Cr		19,470.00	

Now Debit Normal CGST and SGST ledger as we can claim Tax amount as ITC

4.Purchase in Case of GTA\FREIGHT & FORWARD ENTRY with RCM and TDS configuration setting

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
B Wing / 1st Floor, Steel House,
Off. Mahakali Caves Road,
Andheri East, Mumbai - 400093
Tel: +91-22-40864086 | www.antraweb.com

Go to Purchase voucher>>>Pass entry in Account Invoice Mode by pressing ALT+I and in F12 setting enable the option for Allow modification of GST

Tally.ERP 9

P: Print E: Export M: E-Mail O: Upload S: TallyShop G: Language K: Keyboard

Ledger Creation (Secondary) Reverse Charge

Name : FREIGHT & FORWARDER
(alias) :

<p>Under : Sundry Creditors (Current Liabilities)</p> <p>Maintain balances bill-by-bill ? Yes Default credit period : Check for credit days during voucher entry ? No Inventory values are affected ? No</p>	<p>Mailing Details</p> <p>Name : FREIGHT & FORWARDER Address :</p> <p>Country : India State : Maharashtra Pincode (Select the applicable state to calculate GST during voucher entry.)</p> <p>Provide bank details : No</p> <p>Tax Registration Details</p> <p>PAN/IT No. : Set/alter GST details ? Yes</p>
--	---

Click Yes to Set Alter GST details

(Select the applicable state to calculate GST during voucher entry.)

<p>GST Details</p> <p>Registration type : Regular</p> <p>Is a e-Commerce operator ? No</p> <p>GSTIN/UIIN : Party Type : Not Applicable</p>	<p>Registration Types</p> <p>Unknown Composition Consumer Regular Unregistered</p>
---	--

If Party is register then select Regular and mention GSTIN number if it is not register then select Unregistered

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
B Wing / 1st Floor, Steel House,
Off. Mahakali Caves Road,
Andheri East, Mumbai - 400093
Tel: +91-22-40864086 | www.antraweb.com

Tally.ERP 9

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

Ledger Creation (Secondary)

Name : FREIGHT FORWARD CHARGE / TRANSPORT CHARGE
 (alias) :

Under : Indirect Expenses

Inventory values are affected ? No

Statutory Information

Is GST Applicable ? **Applicable**
 Set/alter GST Details ? **Yes**
 Type of Supply : Services

Tally.ERP 9

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

GST Details Reve

GST Details for Ledger:
FREIGHT FORWARD CHARGE / TRANSPORT CHARGE

HSN/SAC Details

Description :
 HSN/SAC : 123456

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

Tax Details

Taxability : Taxable
 Is reverse charge applicable ? **Yes**
 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 %

As we all know that for this ledger RCM is applicable all time hence we can mention the option of Reverse Charge Applicable as **YES**

(If ledger is not fixed for RCM entry all time then do not enable the option)

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Tax Classification Details		
Classification/Nature	: Not Applicable	(Purchase Taxable)
Is reverse charge applicable?	Yes	(Yes)
Tax Type	Rate	
	New	(Current)
Integrated Tax		(18)
Central Tax		(9)
State Tax		(9)
Cess		
Taxable Value	:	(50,000.00)

As we have already enable allow modification of GST in F12 option this option will appear and just cross verify the option as Purchase Taxable and Reverse Charge is applicable

Final Entry

Particulars			Rate per	Amount
FREIGHT FORWARD CHARGE / TRANSPORT CHARGE				50,000.00
TDS				(-),5,000.00

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
 B Wing / 1st Floor, Steel House,
 Off. Mahakali Caves Road,
 Andheri East, Mumbai - 400093
 Tel: +91-22-40864086 | www.antraweb.com

Rest of entry

2. Raising Tax liability on month end same as explained in Topics 3 but in this case ITC can not be claimed hence we need to Debit our expenses ledger not Tax Paid on RCM (Select Purchase under Reverse Charge)

3. Payment Of Tax as above

4. ITC Can not be claimed hence no need to pass 4TH Entry. If we can claim ITC as well then it becomes same as above topics 3

**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**

Largest Tally Service Partner with a team of 200+ professionals



Antraweb Technologies Pvt Ltd.
B Wing / 1st Floor, Steel House,
Off. Mahakali Caves Road,
Andheri East, Mumbai - 400093
Tel: +91-22-40864086 | www.antraweb.com