

Service tax

Introduction :

Service tax is an indirect tax levied on certain category of services provided by a person, firm, agency, etc. The Government of India has marked a set of services as taxable under the service tax structure. The seller provides a service and the responsibility of paying the service tax to the government rests with the seller

How to enable in Tally:

When you open particular company in Tally press **F11**→**Statutory and Taxation**→**Enable Service Tax to YES**



Company: <u>A</u>		
<u>Statutory & Taxation</u>		
Enable Dealer - Excise	? No	Enable Ta
Set/Alter Dealer - Excise Details	? No	Set/Alt
Follow Excise rules for Invoicing	? No	Enable Ta
Enable Value Added Tax (VAT)	? No	Set/Alt
Set/Alter VAT Details	? No	Enable Fr
Enable Service Tax	? Yes	Set/Alt
Set/Alter Service Tax Details	? No	

To give the information about the Service Tax details of the company Set the option Set/Alter Service tax Details TO YES Then you'll get the screen as below

<u>Company Service Tax Details</u>		<u>Division</u>	
Service Tax Registration No.	: Registration Number	Code	: 123
Date of Registration	: 1-Apr-2006	Name	: Name
Assessee Code	: 123456	<u>Range</u>	
Type of Organisation	: Association of Persons	Code	: Code
Major Service Category Name	: Advertising Agency	Name	: Name
Credit Adjustment(%)	: 100	<u>Commissionerate</u>	
		Code	: Code
		Name	: Name
<u>Focal Bank Details</u>			
Focal Bank Code	: 1235477		
Focal Bank Name	: SBI		
Focal Bank Address	: B'lore_		

Fill the details and accept the screen

Note:As soon as you accept this screen and go back the option will set to NO by default you need to set it as YES when ever you want to change the details of service tax.

Ledgers to be created for Service tax and the entries

Ledgers for Purchase of Service Tax

Sundry Creditor(under sundry creditor and set the option Is Service Tax applicable to YES and Type of classification to Not Applicable and enable the Bill wise details)

Courier Charges(under Indirect\direct exp and set the option is service tax applicable to YES and select the category in this case it is courier agency)

Service tax on courier (under Duties and Taxes→type of duty Service Tax and category courier agency)

Note:The category selected for exp and service tax ledger should same then only the service tax will be calculated automatically

Entries to be passed for Purchase

From Gate way of Tally go to Accounting voucher press F9 to go to purchase voucher and let it be in Accounting invoice(set the option common ledger for item allocation and default for bill allocation to NO in F12)

The screen looks like below

Accounting Voucher Creation		Service Tax Test	Ctrl + M
Purchase No. 5		22-Apr-2007	
Ref. :		Sunday	
Party's A/c Name : Creditor			
Current Balance : 3,875.00 Cr			
Particulars	Rate per	Amount	
Exp		10,000.00	
Input Service Tax	12 %	1,224.00	
	(Cess 2 %)		
Narration:		<u>11,224.00</u>	

In party account name select the ledger i.e, Sundry creditor In Particulars select the courier exp and give the amount and next select the service tax ledger created and the service tax details will be calculated automatically and shown as below

Service Tax Details			
Service Ledger	:	Service Purchase	
Service Amount	:	10,000.00	
Less :			
Abatement	:	@	0 %
Expense	:		
Assessable Value	:	<u>10,000.00</u>	
Service Tax	:	@	10 % 1,000.00
Cess	:	@	2 % 20.00
Total Service Tax	:	<u>1,020.00</u>	
Service Tax-Bill Wise Detail for : Input Service Tax			
Type of Ref	Name	Amount	Dr/ Cr
New Ref	Purc/1	1,020.00	Dr

accept the screen and it will ask for Bill wise details as below select the appropriate service tax details and accept the screen

Bill-wise Details for : New"					
Upto Rs. 22,040.00 Cr					
Type of Ref	Name	Due Date, or Credit Days (wef: 7-4-2006)	Service Tax Ledger	Amount	Dr/ Cr
New Ref	2		Input Service Tax	22,040.00	Cr

You need to pass one payment entry for the party against this Invoice then only You'll be able to get the amount in Input credit form

To check the Input credit available Go to Display → Statutory Reports → Service Tax Reports → Input credit Form the screen will be as shown below

Input Credit Form											
Service										Ctrl + M	
Input Credit Form										as at 1-Sep-2006	
Date	Ref. No.	Partys' Name/ Service Tax No.	Party Address	Category Name	Bill Value			Realised Value			Total Credit
					Assessab- le Value	Service Tax	Cess	Assessab- le Value	Service Tax Credit	Cess Credit	
2-Aug-2006	Jrn/6	S Creditors		Business Auxiliary Services	68,250.00	8,190.00	163.80	68,248.67	8,189.84	163.80	8,353.63
2-Aug-2006		Journal	6	8,363.80 Dr							
Total					68,250.00	8,190.00	163.80	68,248.67	8,189.84	163.80	8,353.63

This screen appears only if you have made payment to the Party

Ledgers for Sale Of Services

Sundry Debtors (under the group sundry debtor and Type Not applicable and enable Bill wise details)

Audit work (Under direct Income \ Indirect income and set the option Is service tax applicable to Yes and select the correct category)

Service tax on audit (under duties and taxes and Type of Duty TO Service Tax and select the category)

From Gate way of Tally go to Accounting voucher press F8 to go to Sales voucher and let it be in Accounting invoice

Select the party i.e, sundry debtor and in particular select auditing and then select service tax ledger and give the bill wise details and accept the screen and pass one receipt entry against this bill.

The sales invoice will be as below

Accounting Voucher Alteration (Secondary)		Service Tax	Ctrl + M
Sales	No. 4		2 Aug-2008 Saturday
Ref. :			
Party's A/c Name :	Debtor		
Current Balance :			
Particulars	Rate	per	Amount
Sales			9,888.00
Output		12 %	1,222.16
		(Cess 2 %, Sec Cess 1 %)	
Narration:			<u>11,110.16</u>

To check the service tax payable amount Go to Display → Statutory Reports → Service Tax Reports → Service Tax Payable the screen looks like below

Service Tax Payable										
Service										
Service Tax Payable as at 1-Sep-2006										
Date	Ref. No.	Partys' Name	Category Name	Bill Value			Realised Value			Total Payable
				Assessa-ble Value	Service Tax	Cess	Assessa-ble Value	Service Tax Payable	Cess Payable	
2-Apr-2006	Jrn/1	Creditor	Chartered Accountants	10,000.00	1,000.00	20.00	10,000.00	1,000.00	20.00	1,020.00
Total				10,000.00	1,000.00	20.00	10,000.00	1,000.00	20.00	1,020.00

How to adjust the service tax payable with Input credit Available

For this we need to pass one JV(Journal Voucher)

Gate way of tally→Accounting Voucher→PressF7

Dr Service tax on audit..... 1020

It will ask the bill wise detail select the bills and accept it will as for Credit limit give 100%

Cr Service tax on courier.....1020

Select the bill wise details upto the payable available