



**LIVE
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Streamlining GST Compliance

A Guide to Managing Goods and Services Tax in Tally



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GST in Tally

Goods and Services Tax (GST) is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. Tally is a popular accounting software that allows businesses to manage their finances, including GST compliance. This guide will walk you through the basics of handling GST in Tally.

Setting Up GST in Tally

Before you can manage GST transactions, you need to configure GST in Tally. Follow these steps to set up GST in your Tally software:

- 1. Enable GST in Tally:**
 - Open Tally and go to the **Gateway of Tally**.
 - Navigate to **Features** by pressing **F11**.
 - Select **Statutory & Taxation**.
 - Enable GST by setting it to **Yes**.
- 2. Enter GST Details:**
 - Once GST is enabled, enter the **GST Registration Details** such as GSTIN, Registration Type, and State.
- 3. Set Up GST Ledgers:**
 - Create separate ledgers for CGST, SGST/UTGST, and IGST under the group **Duties & Taxes**.
 - Ensure the correct tax rates and types are selected for each ledger.

Creating Masters for GST

You need to set up your products and services with relevant GST details. This includes creating Stock Items and Service Ledgers with applicable GST rates.

- **Stock Items:**

- Go to **Inventory Info > Stock Items > Create**.
- Define the GST Rate and HSN/SAC code for each item.
- **Service Ledgers:**
 - Navigate to **Accounts Info > Ledgers > Create**.
 - Specify the relevant GST Rate and select the appropriate tax type.

Recording GST Transactions

Once GST is set up, you can start recording transactions:

1. Sales Transactions:

- Go to **Accounting Vouchers > Sales**.
- Enter details such as party name, item details, and select the applicable GST ledgers.
- Tally will automatically calculate the GST based on the configured rates.

2. Purchase Transactions:

- Navigate to **Accounting Vouchers > Purchase**.
- Input the necessary purchase details and select the GST ledgers.
- Review the GST calculations to ensure accuracy.

GST Returns and Reports

Tally simplifies the process of filing GST returns and generating reports:

● GST Reports:

- Access various GST reports from **Display > Statutory Reports > GST**.
- View GSTR-1, GSTR-3B, and more to prepare for filing.

● Filing GST Returns:

- Use the reports generated in Tally to file your GST returns online.
- Ensure all data is accurate and reconciled before submission.

Types of GST

In India, the Goods and Services Tax (GST) is categorized into three main types to streamline tax collection between the central and state governments. Understanding these types is crucial for businesses to ensure compliance and proper accounting in systems like Tally.

1. Central Goods and Services Tax (CGST)

CGST is levied by the Central Government on the intra-state supply of goods and services. The revenue collected from CGST goes to the central treasury. It's important for businesses to account for CGST when dealing with transactions within a single state.

2. State Goods and Services Tax (SGST)

SGST is levied by the State Government on the same intra-state supply of goods and services. It complements CGST, and the revenue is collected by the state where the transaction occurs.

Businesses must ensure they accurately track SGST for state-specific transactions.

3. Integrated Goods and Services Tax (IGST)

IGST applies to inter-state transactions and imports. It is collected by the Central Government and then distributed between the central and state governments. IGST ensures a seamless flow of input tax credit between states, preventing double taxation on the movement of goods and services across state lines.

Benefits of GST

The introduction of the Goods and Services Tax (GST) in India has brought about significant changes in the taxation structure, offering numerous benefits to businesses, consumers, and the economy as a whole. Here are some of the key advantages of GST:

1. Simplified Tax Structure

GST replaces a multitude of indirect taxes previously levied by both central and state governments, such as VAT, service tax, excise duty, and others. This consolidation into a single tax system simplifies compliance and reduces the complexity of managing multiple tax returns and payments.

2. Elimination of Tax Cascading

Prior to GST, taxes were levied on every stage of production, leading to a cascading effect where tax was charged on tax. GST eliminates this by allowing for the seamless flow of input tax credit, reducing the overall tax burden on goods and services.

3. Increased Transparency

With GST, the entire tax system has become more transparent. The usage of a comprehensive IT platform for filing returns and maintaining records ensures that transactions are traceable, reducing the chances of tax evasion and fraud.

4. Uniform Tax Rates

GST standardizes tax rates across different states, creating a uniform market. This removes discrepancies in tax structures between states, facilitating easier movement of goods and services across state borders, and promoting interstate commerce.

5. Boost to Export and Manufacturing

GST exempts exports from taxes, making Indian goods more competitive in the global market. Additionally, GST reduces the cost of locally produced goods by eliminating input taxes, thus

encouraging manufacturing growth and attracting foreign investment.

6. Beneficial for Small Businesses

With the introduction of the Composition Scheme under GST, small businesses with a turnover below a certain threshold can pay tax at a lower rate with minimal compliance requirements. This eases their tax burden and encourages more small enterprises to register and comply with tax regulations.

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