

Discussion on Goods and Services Tax (GST)

By

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Introduction to Goods and Services Tax (GST)

Goods and Services Tax (GST) is a Comprehensive Indirect Tax effective from July 01, 2017.

GST is a Value Added Tax levied on supply (sale) of goods and / or services.

GST is levied each time the Goods and / or Services are supplied (sold) by a registered taxpayer,
except

- where the goods and / or services are exempt from levy of GST
- where it is provided that GST is to be charged under Reverse Charge Mechanism.

Introduction to Goods and Services Tax (GST)

Almost all indirect taxes are merged in GST, whether they are levied by the Central Government, State Governments or Union Territories.

Indirect Taxes that have not been merged are:

- Customs Duty (on import of Goods);
- Alcohol for Human Consumption;
- Petroleum; and
- Taxes levied by Local Bodies.

Merged Central Indirect Taxes into GST

- Central Excise Duty;
- Duties of Excise (Medicinal and Toilet Preparations);
- Additional Duties of Excise (Textile and Textile Products);
- Additional Duties of Excise (Goods of Special Importance);
- Additional Duties of Customs (CVD);
- Special Additional Duty of Customs (SAD);
- Service Tax;
- Central Surcharges and Cesses so far they relate to supply of goods and services.

Merged State Indirect Taxes into GST

- Value Added Tax (VAT);
- Central Sales Tax;
- Luxury Tax;
- Entry Tax;
- Entertainment and Amusement Tax (except where levied by local business);
- Taxes on Advertisements;
- Purchase Tax;
- Taxes on Lotteries, Betting and Gambling;
- State Surcharges and Cesses so far they relate to supply of goods and services.

Aims and Purposes of introducing GST

- No Cascading Effect of Indirect Taxes;
- Developing Common National Market;
- Ease of Doing Business;
- To simplify tax regime by having one tax and fewer rates of taxes;
- Controlling Tax Evasion;
- Better Tax Management;
- Attracting FDI;
- Uplifting GDP.

Kinds of GST that may be levied

Central Goods And Services Tax (CGST)

CGST is levied under the CGST Act on the intra-state (i.e., within the state) supplies of Goods and / or Services.

State Goods and Services Tax (SGST)

SGST is levied under the SGST Act on intra-state (i.e., within the state) supplies of goods and / or services.

Union Territory Goods and Services Tax (UTGST)

UTGST is levied under UTGST Act, in the Union Territories. UTGST is levied in place of SGST in the Union Territories.

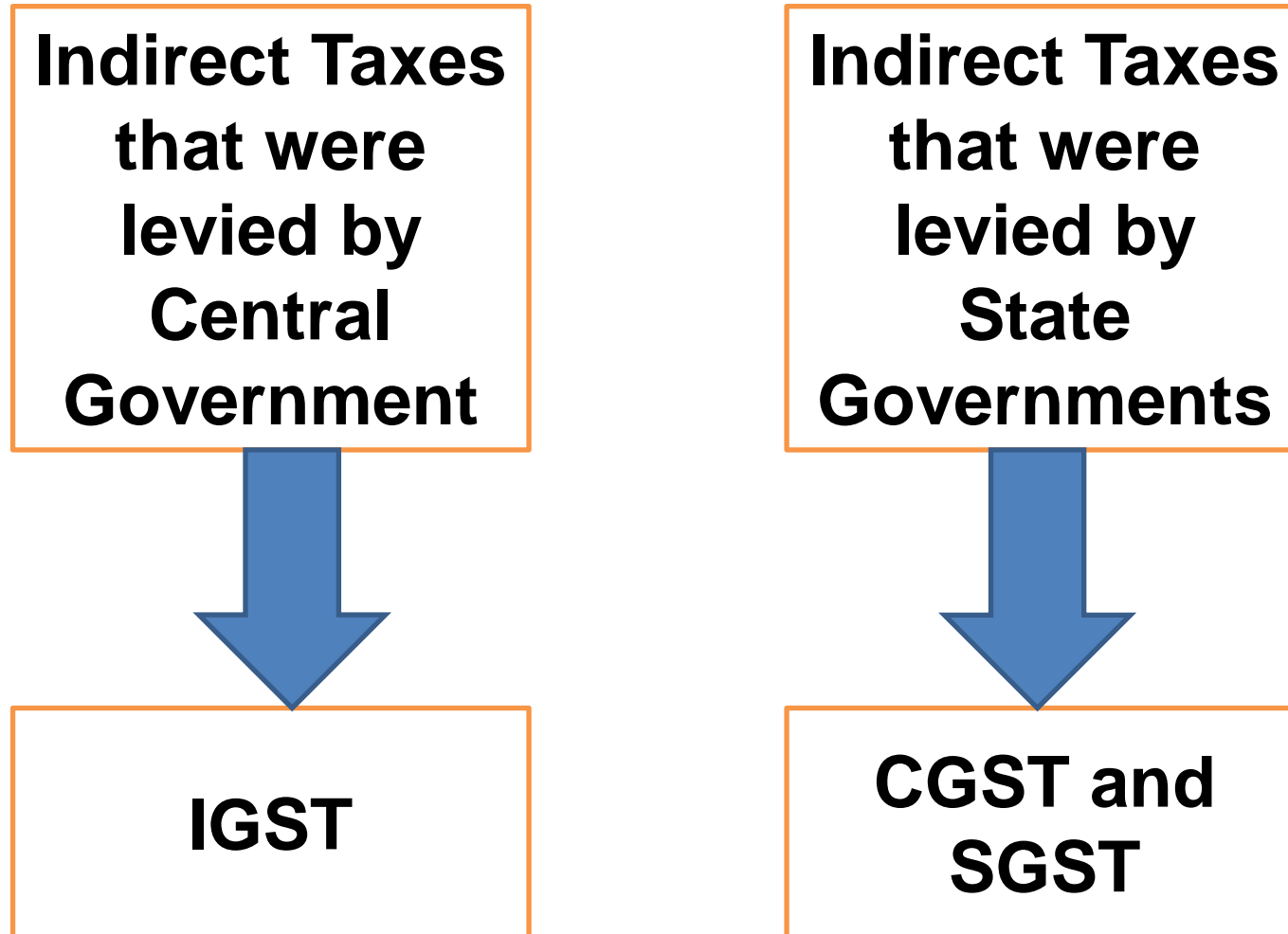
Kinds of GST that may be levied

Integrated Goods and Services Tax (IGST)

IGST is levied under the IGST ACT on inter-state supply of Goods and / or Services within India.

IGST is also levied on supply of Goods and / or Services in the course of import into India and export of goods and / or services outside India.

Levy of GST



Introduction to Goods and Services Tax (GST)

GST Paid on the purchase of Goods and / or Services is Input GST {segregated into Central GST, State GST and Integrated GST (IGST)}. It is debited to Input GST Account to be set off against Output GST.

GST Collected on sale of goods and / or services is Output GST {segregated into Central GST, State GST and Integrated GST (IGST)}. It is credited to Output GST Account to be set off against Input GST.

Introduction to Goods and Services Tax (GST)

Input GST and Output GST are set off in prescribed order.

Therefore, separate Input GST and Output GST accounts for each kind of GST is maintained ie,

Input CGST Account;

Input SGST Account;

Input IGST Account;

Output CGST Account;

Output SGST Account; and

Output IGST Account.

Who Can Collect GST?

GST can be collected only by a person who is **Registered** under GST Acts.

Who must be registered under GST?

1. Every person, other than those being exempt, having an aggregate turnover* of Rs. 20 Lakhs or more (Rs. 10 Lakhs for Hill States) must get themselves registered under GST.

*Aggregate Turnover includes taxable, non-taxable and exempt supplies on All India basis. It is based on Income Tax PAN.

2. If a person has inter-state supply (sale) of Goods and / or Services.

A person may take registration under GST voluntarily.

Who are Exempt or Need Not get Registered under GST?

Following persons may not register under GST:

- A person engaged in Charitable Activities;
- Persons supplying Goods and / or Services that are subject to levy of GST under Reverse Charge Mechanism. Such as Fee paid to Lawyers; Payment for Use of Copyright.
- If the intra-state aggregate turnover is less than the threshold limit (i.e., Rs. 20 Lakhs or Rs. 10 Lakhs as is applicable);
- Doctors, if not dispensing medicines; and
- Persons earning royalty from copyright.

Levy of GST

GST is levied on **every supply** of Goods and / or Services except on exempted goods and services except those exempted from levy of GST, which are:

- Salaries and Wages;
- Educational Services;
- Health Services;
- Electricity and Water;
- Export out of India of Goods and / or Services;
- Supply of Services to Government; and
- Supply to Embassies of other countries, UNO etc.

Educational services means “Services provided –

- (a) by an educational institution to its students, faculty and staff;
- (b) to an educational institution by way of transportation of students, faculty and staff; catering, including any mid-day meals scheme sponsored by Central Government; security or cleaning or house-keeping services performed in such educational institution; and services relating to admission to or conduct of examination by such institution up to higher secondary.

GST under Reverse Charge Mechanism

Certain Supplies of Goods and / or Services under are placed under **Reverse Charge Mechanism**.

It means the supplier of Goods and / or Services does not levy and collect GST. Instead it is paid by the person receiving supply of Goods and / or Services.

Example of transactions on which GST is levied under Reverse Charge Mechanism:

- Payment of fee to Lawyers;
- Payment for Use of Copyright;
- Purchase of Goods and / or Services by Registered Person from Unregistered Person;
- Transport of Goods;
- Insurance Commission; and
- Sponsorship Service.

Input Credit of GST not available

Input Credit of GST is not available and thus, is cost in are:

- Food and Beverages Expenses;
- Membership Fee of Club, Health and Fitness Centre;
- Health Insurance;
- Free Gifts to Staff;
- Purchase of Vehicles by persons **not** engaged in transport business;
- Goods and / or Services for personal consumption; and
- Goods and / or services purchased for sale which are exempt from levy of GST.

When Input Credit of GST Reversed?

GST paid (Input GST) is reversed in the following cases:

- Goods Lost;
- Goods Destroyed;
- Goods Written off;
- Goods given as Charity;
- Goods given as Free Sample;
- Goods taken by Proprietor or Partner for personal use; and
- Goods as may be prescribed.

Rates of GST

Rates of GST are:

- 0 %;
- 5 %;
- 12 %;
- 18 %; and
- 28%

On intra-state supply of Goods and / or Services, half of applicable GST Rate is applied as Central GST and half as State GST.

Destination Based Tax

GST is a Destination Based tax.

GST is levied at every stage of Supply of Goods and / or Services up to stage of supply to the **ultimate consumer** i.e., the person who consumes the goods and services and does not sell it further.

Government Records and E - ledgers

Every GST Authority will maintain e – ledgers of each Registered Taxpayer separately for CGST and SGST.

E – ledgers will be available to each Registered Taxpayer of his account online for viewing and printing.

Which GST to be levied?

- Supply of Goods and / or Services may be inter-state (outside state) or intra-state (within state).
- **IGST** is levied on **Inter-state** (Outside the State) supply of goods and / or services and on import of goods and / or services.
- **CGST** and **SGST or UTGST** (both) are levied on **Intra-state** (Within the State) supply of goods and / or services.
- Whether IGST or CGST and SGST is to be levied, is determined on the basis of place of supply i.e., where the supply is made i.e., whether the supply is outside the state or within the state.

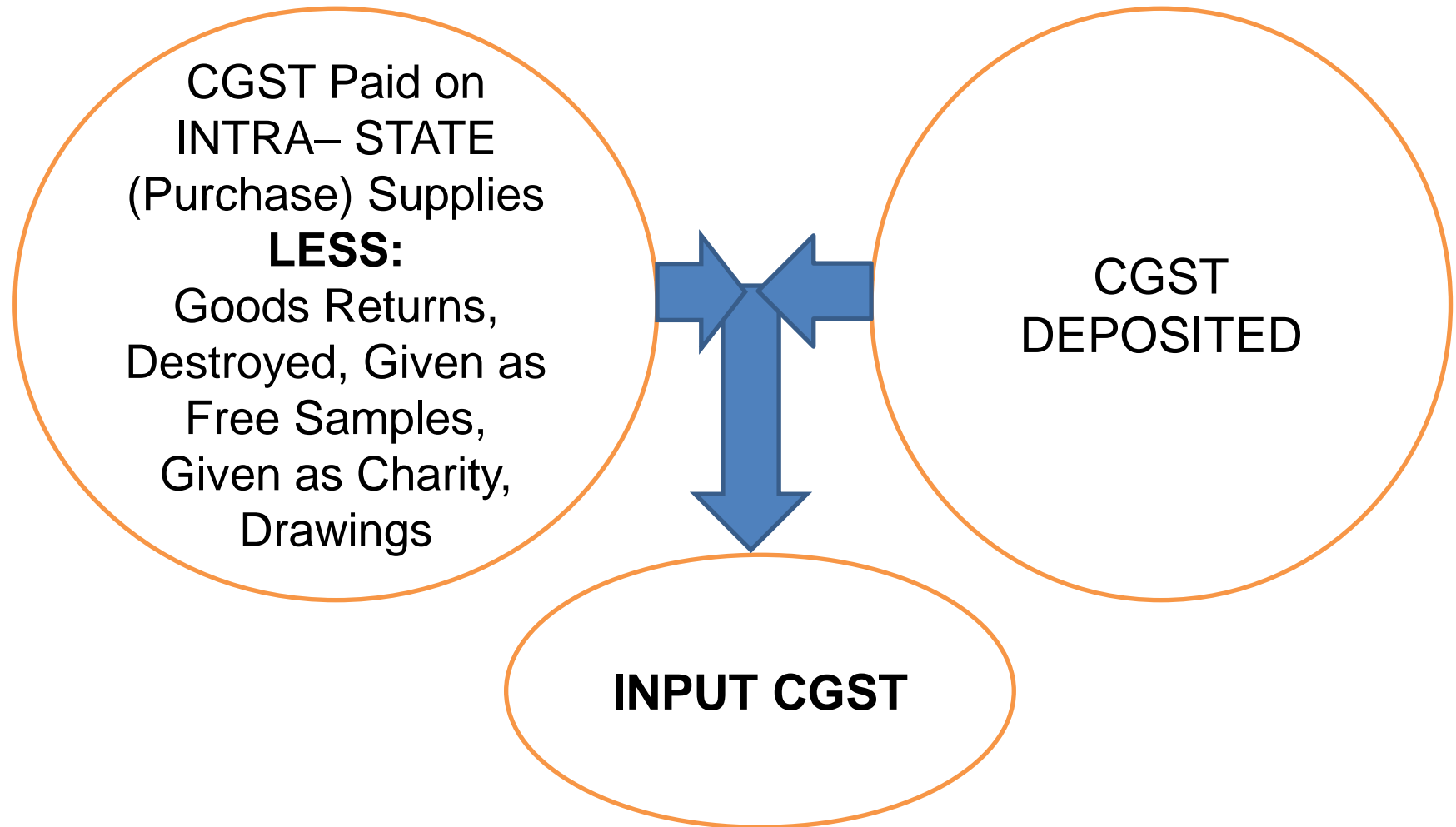
Questions?

1. IGST is levied on which types of supply?
2. When is CGST levied?
3. When is SGST levied?
4. Why is GST called Destination Based Tax?
5. Why is Input GST reversed when goods are given as free samples?
6. When does GST paid becomes cost?
7. Name two supplies which are exempt from levy of GST?
8. Name two supplies on which Input credit of GST is not available?
9. What is meant by Reverse Charge Mechanism? Name any one such supply.

Accounting of GST

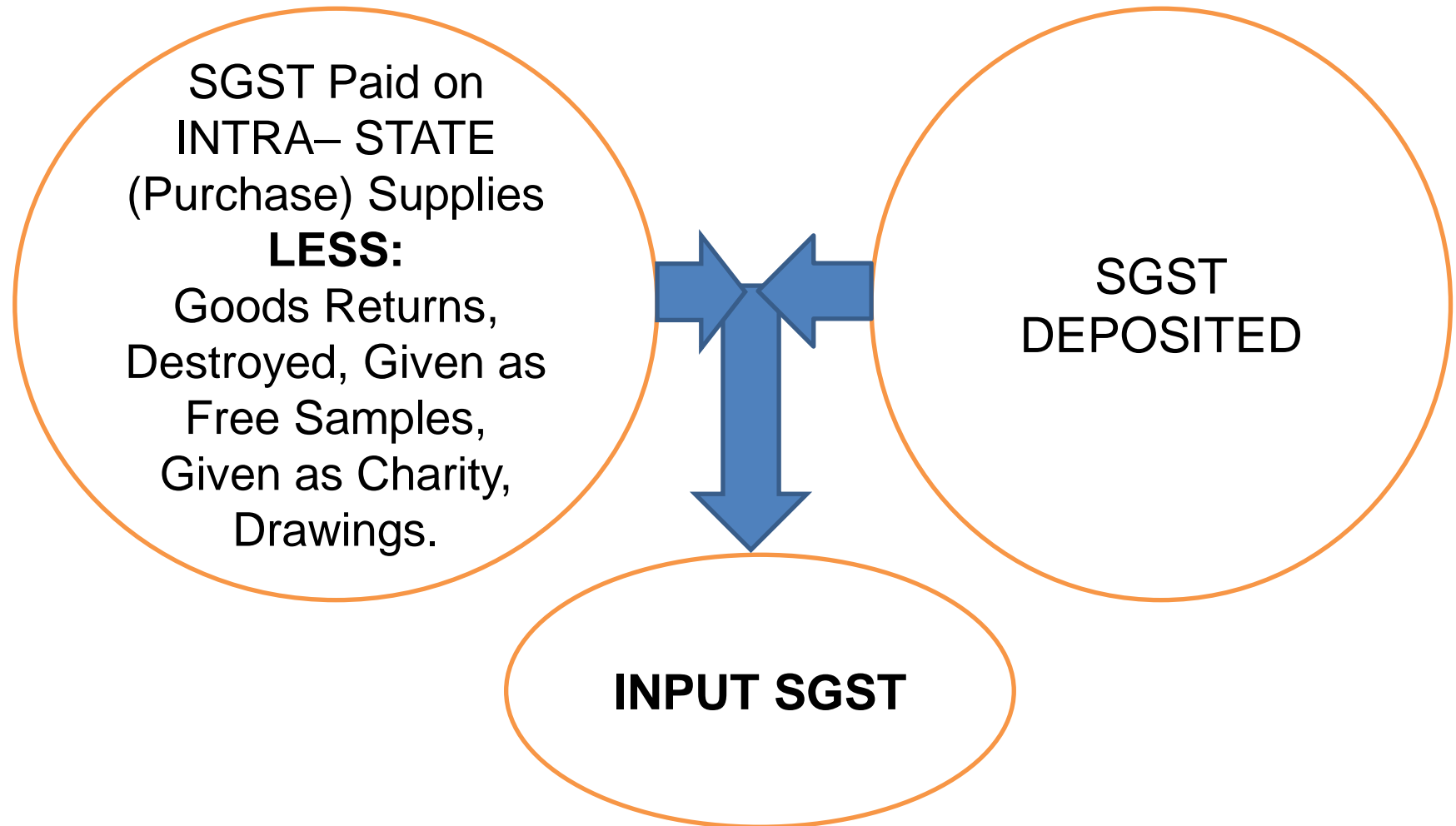
Classification of GST for Accounting Purpose

Input CGST is GST paid on intra – state (within the state) purchase of Goods and / or Services, deposit of CGST.



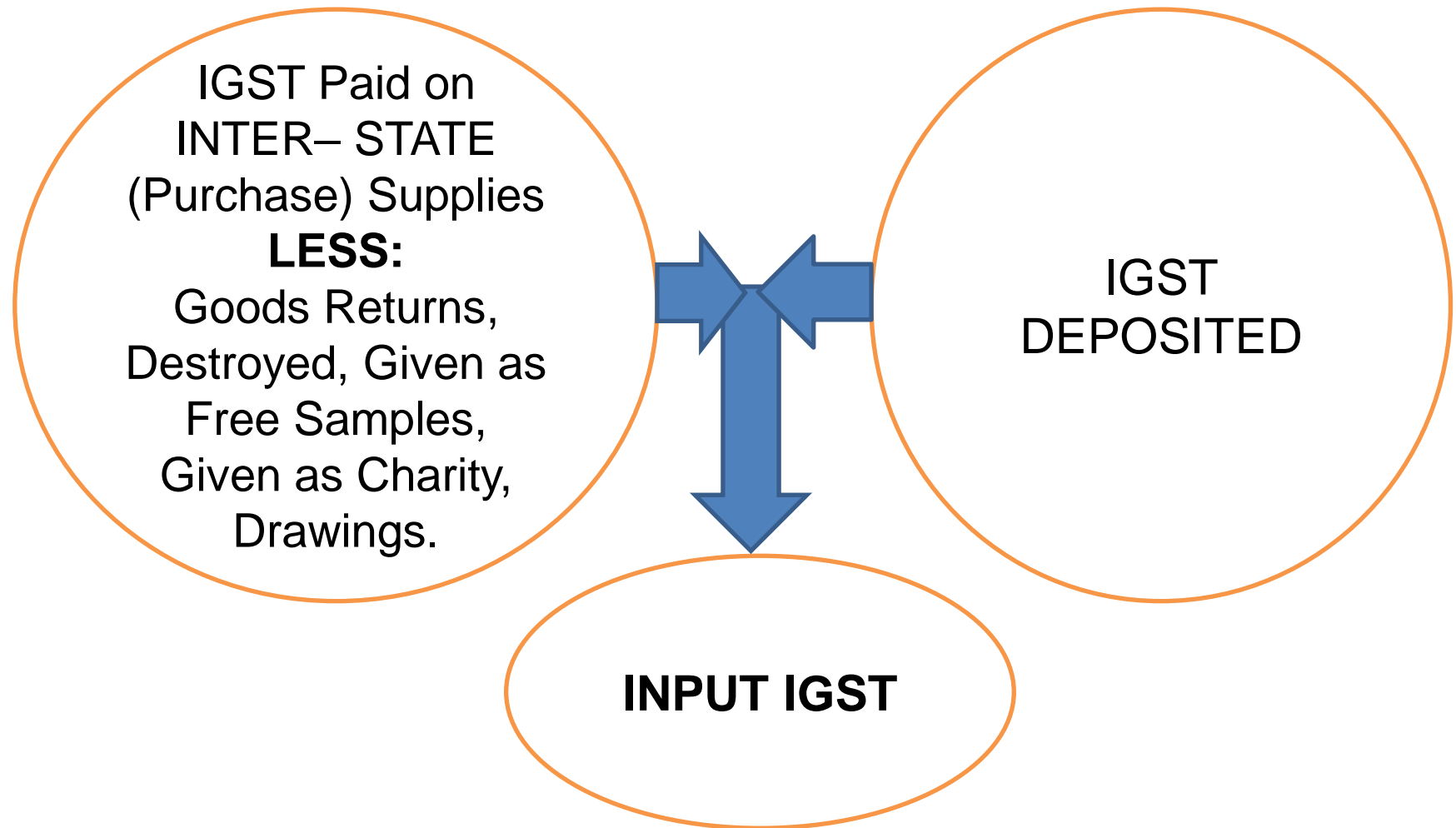
Classification of GST for Accounting Purpose

Input SGST is GST paid on intra – state (within the state) purchase of Goods and / or Services, deposit of SGST.



Classification of GST for Accounting Purpose

Input IGST is GST paid on inter – state (Outside the state) purchase of Goods and / or Services, Goods and /or Services imported into India and deposit of IGST.



Classification of GST for Accounting Purpose

- **Output CGST**

It is CGST Collected on intra – state (Within the State) supply made (ie sale) of Goods and / or Services.

- **Output SGST or UTGST**

It is SGST or UTGST Collected on intra – state (Within the State) supply made (ie sale) of Goods and / or Services.

- **Output IGST**

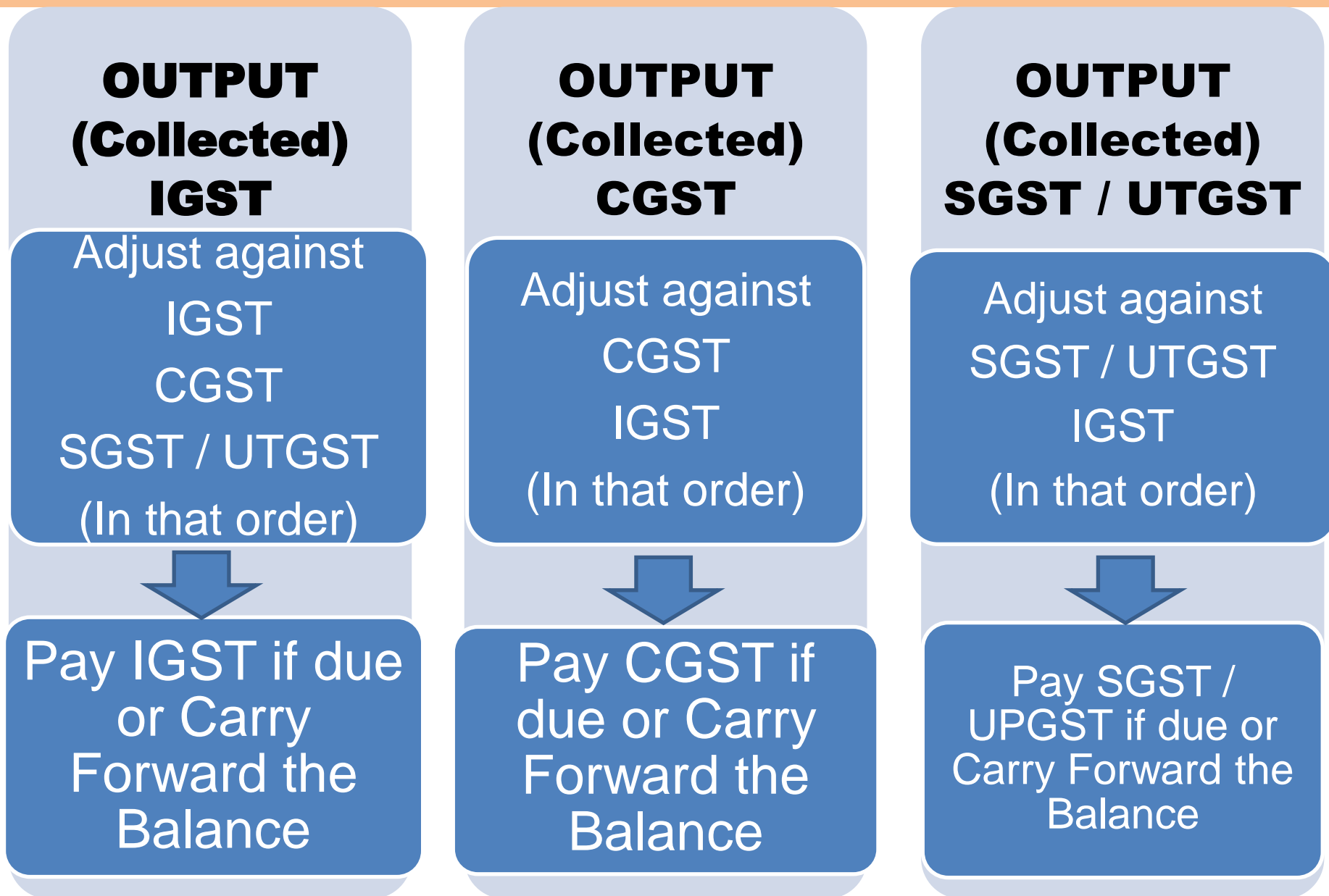
It is IGST Collected on inter – state (Outside the State) supply made (ie sale) of Goods and / or Services.

Set off of GST

Input GST (Paid) is set – off
against

Output GST (Collected)
but in the prescribed order.

Order in which GST is Set off



Specimen of IGST Bill

Tax Invoice

Gupta & Goyal

Machinery Spares and Consumables
B-62, LAJPAT NAGAR NEW DELHI-110024
Phone : 011-29842641 29839823 Fax :
GSTIN : 07ABAFG9999Q1ZP
PAN No. : ABAFG9999Q

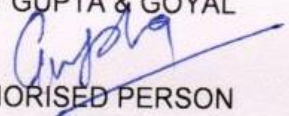
Firm Name ABC PRIVATE LIMITED
Address 62/2, DELHI MATHURA
ROAD, PALWAL, HARYANA, INDIA, 121102
Place of Supply : HARYANA 06
GSTIN : AABCA1992HSD001

Date 08/07/2017
Bill No 17-18/07/2

| S.No. | Particulars | Rate (Rs.) | HSN code | Amount |
|-------------------------------------|---|-----------------|----------|-------------|
| 1 | 10 Numbers 4 X 6 ft. Conveyor Belts for Machinery | 5,000 per piece | 409300 | 50,000 |
| Total | | | | 50,000 |
| IGST @ 18% | | | | 9,000 |
| Rupees : - Fifty Nine Thousand Only | | | | Grand Total |
| | | | | 59,000 |

Note : Please make the payment within 15 days of the receipt of the bill

For GUPTA & GOYAL


AUTHORISED PERSON

Specimen of Intra state Bill

Tax Invoice

(ORIGINAL FOR RECIPIENT)

| | | | | | |
|--|--|-------------------------------------|--|--------------------------------------|--|
| NARANG CORPORATION (2017-2018) P-25, CONNAUGHT PLACE, NEW DELHI- PHONE NO. 9810057894 TIN NO. 07810025295 GSTIN/UIN: 07AAAFN2875Q1ZP | | Invoice No. 7 | | Dated 7-Jul-2017 | |
| | | Delivery Note | | Mode/Terms of Payment CASH | |
| | | Supplier's Ref. | | Other Reference(s) | |
| Buyer Awadhesh Kumar Singh WB-75 Shakarpur New Delhi-92 | | Buyer's Order No. VERBAL | | Dated 7-Jul-2017 | |
| | | Despatch Document No. | | Delivery Note Date | |
| | | Despatched through | | Destination | |
| | | Terms of Delivery BY HAND | | | |

| Sl No. | Description of Goods | HSN/SAC | Quantity | Rate | per | Amount |
|--------|--|-------------|-----------------|----------|------------|-------------------|
| 1 | HP Z3700 Wireless Mouse | 8471 | 1.00 NOS | 1,355.08 | NOS | 1,355.08 |
| | DGST 9% | | | | 9 % | 121.96 |
| | CGST 9% | | | | 9 % | 121.96 |
| | GOODS ONCE SOLD SHALL NOT BE TAKEN BACK | | | | | |
| | WARRANTY BY PRINCIPAL COMPANY ONLY | | | | | |
| | Total | | 1.00 NOS | | | ₹ 1,599.00 |

Amount Chargeable (in words) **INR One Thousand Five Hundred Ninety Nine Only** E. & O.E

| HSN/SAC | Taxable Value | Central Tax | | State Tax | |
|--------------|-----------------|-------------|---------------|-----------|---------------|
| | | Rate | Amount | Rate | Amount |
| 8471 | 1,355.08 | 9% | 121.96 | 9% | 121.96 |
| Total | 1,355.08 | | 121.96 | | 121.96 |

Tax Amount (in words) : **INR Two Hundred Forty Three and Ninety Two paise Only**

Company's PAN : **AAAFN2875Q**

Declaration
 We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.

Customer's Seal and Signature _____ Date & Time : **7-Jul-2017 at 18:00**

for **NARANG CORPORATION (2017-2018)**

This is a Computer Generated Invoice



Journal Entries

of Transactions Involving GST

Basic information:

- All transactions are of M/s Amar Sons, Delhi
- Applicable GST Rates are: CGST @ 9%
SGST @ 9%
IGST @ 18%

Transaction:

Purchased goods for Rs. 1,00,000 from M/s General Sales, Delhi.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|---|----------------|-----------------------|-----------------------|
| | Purchases A/c ...Dr. | | 1,00,000 | |
| | Input CGST A/c ...Dr. | | 9,000 | |
| | Input SGST A/c ...Dr. | | 9,000 | |
| | To M/s General Sales A/c (Intra-state Purchase of goods) | | | 1,18,000 |

Note: It is a intra-state (within Delhi State) purchase. Therefore, both CGST and SGST will be levied.

Transaction:

Purchased Office Chairs for Rs. 10,000 from M/s Furniture Mart, Delhi against Cash

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|-------------------------------|--------|---------------|---------------|
| | Furniture A/c ...Dr. | | 10,000 | |
| | Input CGST A/c ...Dr. | | 900 | |
| | Input SGST A/c ...Dr. | | 900 | |
| | To Cash A/c | | | 11,800 |
| | (Chairs purchased for Office) | | | |

Note: It is a intra-state (within Delhi State) purchase. Therefore, both CGST and SGST will be levied.

Transaction:

Purchased goods for Rs. 50,000 from M/s Perfect Sales, Faridabad, Haryana against cheque.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Purchases A/c ...Dr. | | 50,000 | |
| | Input IGST A/c ...Dr. | | 9,000 | |
| | To Bank A/c | | | 59,000 |
| | (Inter-state Purchase of goods against cheque) | | | |

Note: It is a inter-state (Outside Delhi State) purchase. Therefore, both CGST and SGST will be levied.

Transaction:

Paid Wages to factory workers Rs. 50,000 in cash for the month of August, 2017.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|---|----------------|-----------------------|-----------------------|
| | Wages A/c ...Dr. To Cash A/c (Paid Wages to factory workers for the month of August, 2017) | | 50,000 | 50,000 |

Note: On Wages GST is not levied levied.

Transaction:

Paid Electricity bill of Rs. 20,000 by cheque for the month of August, 2017.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Electricity Expenses A/c .Dr. To Bank A/c (Paid electricity bill for the month of August, 2017) | | 20,000 | 20,000 |

Note: Electricity is exempt from levy of GST.

Transaction:

Paid Telephone bill of Rs. 5,000 by cheque for the month of August, 2017.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Telephone Exp. A/c ...Dr. | | 5,000 | |
| | Input CGST A/c ...Dr. | | 450 | |
| | Input SGST A/c ...Dr. | | 450 | |
| | To Bank A/c | | | 5,900 |
| | (Paid telephone bill for the month of August, 2017) | | | |

Note: Telephone service is not exempt from levy of GST.

Transaction:

Paid to Contractor Rs. 1,00,000 by cheque for repair of factory building.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Repairs & Maintenance Expenses A/c ...Dr. | | 1,00,000 | |
| | Input CGST A/c ...Dr. | | 9,000 | |
| | Input SGST A/c ...Dr. | | 9,000 | |
| | To Bank A/c | | | 1,18,000 |
| | (Paid repairs expenses to contractor by cheque) | | | |

Note: Repairs are carried out at the factory building within the state. Therefore, both CGST and SGST is levied.

Transaction:

Purchased Machinery from M/s Arpit Machines, Gujarat for Rs. 2,00,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Machinery A/c ...Dr. | | 2,00,000 | |
| | Input IGST A/c ...Dr. | | 36,000 | |
| | To M/s Arpit Machines A/c (Machinery purchased from M/s Arpit Machines, Gujrat) | | | 2,36,000 |

Note: Machinery is purchased is Inter – state transaction, it being supplied from Gujarat. Therefore, IGST is levied.

Transaction:

Out of the Goods purchased from M/s General Sales, Delhi given as Charity to a NGO Rs. 10,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Donation A/c ...Dr. | | 11,800 | |
| | To Input CGST A/c | | | 900 |
| | To Input SGST A/c | | | 900 |
| | To Purchases A/c | | | 10,000 |
| | (Goods purchased from M/s General Sales, Delhi given as charity) | | | |

Note: Goods given as charity is not a sale of goods. Therefore, GST (CGST and SGST) that was levied at the time of purchase is reversed.

Transaction:

Computer and Printer purchased from M/s HP Ltd., Noida for Rs. 50,000 given as donation to a NGO. Payment made by internet banking.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Donation A/c ...Dr. To Bank A/c (Computer and Printer purchased from HP Ltd., Noida given as charity) | | 59,000 | 59,000 |

Note: Assets given as donation is not a sale of goods. Therefore, Input GST is not claimed.

Transaction:

Bank Charges of Rs. 500 charged by bank for getting a Bank Draft of Rs. 1,00,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--------------------------------|--------|---------------|---------------|
| | Bank Charges A/c ...Dr. | | 500 | |
| | Input CGST A/c ...Dr. | | 45 | |
| | Input SGST A/c ...Dr. | | 45 | |
| | To Bank A/c | | | 590 |
| | (Bank Charges charged by bank) | | | |

Note: Bank Charges are subject to levy of GST, it being a service rendered by the bank.

Transaction:

Interest of Rs. 5,000 charged by bank on loan.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Interest A/c ...Dr. To Bank A/c (Interest charged by bank) | | 5,000 | 5,000 |

Note: Interest is not subject to levy of GST, as it is not a service.

Transaction:

Paid Office rent by cheque Rs. 50,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---------------------------------|--------|---------------|---------------|
| | Rent A/c ...Dr. | | 50,000 | |
| | Input CGST A/c ...Dr. | | 4,500 | |
| | Input SGST A/c ...Dr. | | 4,500 | |
| | To Bank A/c | | | 59,000 |
| | (Rent for Office premises paid) | | | |

Note: Interest is not subject to levy of GST, as it is not a service.

Transaction:

Sale of old computer used in office sold for Rs. 5,000 against cash.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Cash A/c ...Dr. | | 5,900 | |
| | To Output CGST A/c | | | 450 |
| | To Output SGST A/c | | | 450 |
| | To Computer A/c (Old Computer sold) | | | 5,000 |

Note: An old asset sold is subject to levy of GST. Whenever it is sold for cash place of supply is taken that of the seller.

Transaction:

Sold goods for Rs. 1,00,000 to M/s Hariom Sales, Delhi.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|-----------------------------|--------|---------------|---------------|
| | M/s Hariom Sales A/c ...Dr. | | 1,18,000 | |
| | To Output CGST A/c | | | 9,000 |
| | To Output SGST A/c | | | 9,000 |
| | To Sales A/c | | | 1,00,000 |
| | (Goods sold) | | | |

Note: It is a case of intra – state (Within Delhi State) sale. Hence, CGST and SGST is levied.

Transaction:

Sold goods to M/s Mohan Stores, Faridabad, Haryana for Rs. 50,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|-----------------|
| | M/s Mohan Stores A/c ...Dr. To Output IGST A/c To Sales A/c (Goods sold) | | 59,000 | 9,000 50,000 |

Note: It is a case of inter – state (Outside Delhi State) sale. Hence, IGST is levied.

Purchased 5 Laptops from HP Ltd. Noida for Rs. 50,000 each. Amount transferred through internet banking.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Purchases A/c ...Dr. | | 2,50,000 | |
| | Input IGST A/c ...Dr. | | 45,000 | |
| | To Bank A/c | | | 2,95,000 |
| | (5 Laptops purchased from HP Ltd. Noida, amount transferred through internet banking) | | | |

Note: It is a case of inter – state (Outside Delhi State) purchase. Hence, IGST is levied.

1 Laptop purchased from HP Ltd. Noida for Rs. 50,000 used for accounting and office use.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|---|----------------|-----------------------|-----------------------|
| | Computers A/c ...Dr. To Purchases A/c (1 Laptop out of Laptops purchased from HP Ltd. Noida, used for Office purposes) | | 50,000 | 50,000 |

Note: It is a case where computer purchased for resale is used for business purposes. Hence, IGST paid at the time of purchase will not be reversed.

Transaction:
Commission received Rs. 10,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|--|----------------|-----------------------|-----------------------|
| | Cash / Bank A/c ...Dr. | | 11,800 | |
| | To Output CGST A/c | | | 900 |
| | To Output SGST A/c | | | 900 |
| | To Commission Received A/c (Commission received) | | | 10,000 |

Note: Place of supply of service is not given. Hence, It is a case of intra – state (Within Delhi State) supply of service. Therefore, both CGST and SGST is levied.

Transaction:

Goods costing Rs. 10,000 lost in fire.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Loss By Fire A/c ...Dr. | | 11,800 | |
| | To Input CGST A/c | | | 900 |
| | To Input SGST A/c | | | 900 |
| | To Purchases A/c | | | 10,000 |
| | (Goods lost in fire written off and CGST and SGST reversed) | | | |

Note: It is a case of stock loss. Also it is not given whether the purchase of these goods was intra – state or inter – state. It is taken as intra – state purchase hence, both CGST and SGST levied is reversed.

Transaction:

Goods costing Rs. 20,000 lost in fire, Insurance Claim lodged.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Insurance Co. A/c ...Dr. | | 23,600 | |
| | To Input CGST A/c | | | 1,800 |
| | To Input SGST A/c | | | 1,800 |
| | To Purchases A/c | | | 20,000 |
| | (Goods lost in fire written off and CGST and SGST reversed) | | | |

Note: It is a case of stock loss. Also it is not given whether the purchase of these goods was intra – state or inter – state. Therefore, it is taken as intra – state purchase hence, both CGST and SGST levied is reversed.

Transaction:

Goods costing Rs. 5,000 distributed as free sample.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|--|----------------|-----------------------|-----------------------|
| | Sample / Advertisement Expenses A/c ...Dr. | | 5,900 | |
| | To Input CGST A/c | | | 450 |
| | To Input SGST A/c | | | 450 |
| | To Purchases A/c | | | 5,000 |
| | (Goods given as sample and CGST and SGST reversed) | | | |

Goods are not sold but given as free sample. Also it is not given whether the purchase of these goods was intra – state or inter – state. It is taken as intra – state purchase hence, both CGST and SGST levied is reversed.

Transaction:

Goods costing Rs. 10,000 taken for personal use.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|--|----------------|-----------------------|-----------------------|
| | Drawings A/c ...Dr. | | 11,800 | |
| | To Input CGST A/c | | | 900 |
| | To Input SGST A/c | | | 900 |
| | To Purchases A/c | | | 10,000 |
| | (Goods given as sample and CGST and SGST reversed) | | | |

Goods are not sold but taken for personal use. Also it is not given whether the purchase of these goods was intra – state or inter – state. It is taken as intra – state purchase hence, both CGST and SGST levied is reversed.

Transaction:

Health Insurance of partners Amit and Amrit Rs. 25,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|--|----------------|-----------------------|-----------------------|
| | Amit's Drawings A/c ...Dr. | | 14,750 | |
| | Amrit's Drawings A/c ...Dr. | | 14,750 | |
| | To Bank A/c (Health Insurance premium paid along with GST) | | | 29,500 |

Input GST is not available on Health Insurance premium of partners for two reasons:

- 1. It is not a business expense.**
- 2. Input GST is not available on Health insurance.**

Transaction:

Repaid Bank Loan of Rs. 1,00,000 along with interest of Rs. 5,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|-------------------------------|--------|---------------|---------------|
| | Bank Loan A/c ...Dr. | | 1,00,000 | |
| | Interest A/c ...Dr. | | 5,000 | |
| | To Bank A/c | | | 1,05,000 |
| | (Bank loan and interest paid) | | | |

GST is not levied on loan and interest.

Transaction:

Credit Card late payment fee of Rs. 5,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|---|----------------|-----------------------|-----------------------|
| | Late Payment Fee A/c ...Dr. | | 5,000 | |
| | Input CGST A/c ...Dr. | | 450 | |
| | Input SGST A/c ...Dr. | | 450 | |
| | To Bank A/c | | | 5,900 |
| | (Late payment fee paid on credit card payment) | | | |

GST is levied on late payment fee.

Transaction:

Goods purchased from M/s Shaw Traders were of poor quality. They allowed rebate of Rs. 5,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------|
| | Shaw Traders ...Dr. | | 5,900 | |
| | To Purchases A/c | | | 5,000 |
| | To Input CGST A/c | | | 450 |
| | To Input SGST A/c | | | 450 |
| | (Rebate received on goods due to poor quality, Input CGST and SGST reversed) | | | |

Input GST is reversed because rebate reduces the cost of purchases. Hence, Input GST should be claimed on reduced cost.

Transaction:

Liability of Rs. 50,000 due to M/s Arvind Agencies settled by payment of Rs. 45,000.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|---|--------|---------------|---------------|
| | Arvind Agencies ...Dr. | | 50,000 | |
| | To Bank A/c | | | 45,000 |
| | To Discount Received A/c | | | 5,000 |
| | (Discount received on settlement of account) | | | |

It is a settlement of account and no service has been rendered. Hence, GST is not levied.

Purchased Machinery for Rs. 1,00,000 from M/s Vidyut Machines Ltd., Gujarat. An old machine with Book Value of Rs. 25,000 and also valued at Rs. 25,000 was given in settlement. Balance was paid by cheque.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|-------------|---|----------------|-----------------------|-----------------------|
| | Machinery A/c ...Dr. Input IGST A/c To Vidyut Machines Ltd. (Machinery purchased from Vidyut Machines Ltd., Gujarat) | | 1,00,000 18,000 | 1,18,000 |

It is a Inter – state purchase of Machine. Therefore, IGST is levied.

JOURNAL ENTRY

| DATE | PARTICULARS | L F | AMT. (DR.) | AMT. (CR.) |
|------|--|--------|---------------|---------------------------|
| | Vidyut Machines Ltd. ...Dr. To Machinery (Old) A/c To Output IGST A/c To Bank A/c (Vidyut Machines Ltd. paid by giving old machine valued at Rs. 25,000 plus IGST and cheque for balance amount) | | 1,18,000 | 25,000 4,500 88,500 |

Purchase of new machine and settlement by giving a machine are two independent transactions. First transaction is that of purchase and second is that of sale. Both the transactions are that of inter – state and hence, IGST is levied.

Pass the Journal Entries up to the set off of taxes for following transactions of M/s. Logistics of Delhi for the month of July, 2017:

| Date | Particulars | Amount (Rs.) |
|-------------|---|---------------------|
| 3 | Purchased goods from M/s Amar Sales, Delhi | 50,000 |
| 5 | Purchased goods from M/s Blue Traders, Chennai | 80,000 |
| 5 | Deposited CGST Rs. 1,000; SGST Rs. 1,000; and IGST Rs. 5,000 | |
| 10 | Sold goods to M/s Rahul Traders, Delhi | 30,000 |
| 10 | Sold goods against cash to a customer | 2,000 |
| 15 | Sold goods to Basu Sales, Kolkata | 1,50,000 |
| 15 | Paid Restaurant bill for lunch with customer (including GST) | 5,900 |
| 15 | Paid to Lawyer for Consultation | 5,000 |
| 20 | Sold goods on credit to Rahul, a customer | 10,000 |
| 30 | Paid Telephone Expenses (including GST) | 5,900 |
| 30 | Paid Electricity Bill | 5,000 |
| 31 | Paid Salaries to Staff | 15,000 |

GST rates of CGST @ 9%, SGST @ 9%, IGST @ 18% and on Lawyer's fee under Reverse charge CGST @ 2.5% and SGST @ 2.5%.

Transaction:

Purchased goods for Rs. 50,000 plus GST from Amar Sales, Delhi

JOURNAL ENTRY

| DATE | PARTICULARS | LF | AMT. (DR.) | AMT. (CR.) |
|--------|---------------------------------|----|---------------|---------------|
| 2017 | Purchases A/c ...Dr. | | 50,000 | |
| July 3 | Input CGST A/c ...Dr. | | 4,500 | |
| | Input SGST A/c ...Dr. | | 4,500 | |
| | To Amar Sales | | | 59,000 |
| | (Intra-state Purchase of goods) | | | |

Note: It is a intra-state (within state) transaction. Therefore, both CGST and SGST will be levied.

Transaction:

Purchases goods of Rs. 80,000 from Blue Traders, Chennai

| DATE | PARTICULARS | LF | AMT. (DR.) | AMT. (CR.) |
|------|---|----|------------------|---------------|
| 5 | Purchases A/c ...Dr. Input IGST A/c ...Dr. To Blue Traders (Inter-state Purchase of goods) | | 80,000 14,400 | 94,400 |

Note:

It is a inter – state transaction (between Delhi and Chennai). Therefore, IGST will be levied.

Transaction:

Deposited CGST – Rs. 1,000; SGST – Rs. 1,000 and IGST Rs. 5,000.

| | | | | | |
|---|--------------------------------|--------|--|-------|-------|
| 5 | Input CGST A/c | ...Dr. | | 1,000 | |
| | Input SGST A/c | ...Dr. | | 1,000 | |
| | Input IGST A/c | ...Dr. | | 5,000 | |
| | To Bank A/c (GST deposited) | | | | 7,000 |

Transaction:

Sold goods to Rahul Traders, Delhi of Rs. 30,000

| | | | | |
|-----------|--|--|---------------|---------------|
| 10 | Rahul Traders ...Dr. | | 35,400 | |
| | To Sales A/c | | | 30,000 |
| | To Output CGST A/c | | | 2,700 |
| | To Output SGST A/c | | | 2,700 |
| | (Intra-state sale of goods) | | | |

Transaction:
Cash sale over the counter Rs. 2,000

| | | | | |
|----|----------------------|--------|-------|-------|
| 10 | Cash A/c | ...Dr. | 2,360 | |
| | To Sales A/c | | | 2,000 |
| | To Output CGST A/c | | | 180 |
| | To Output SGST A/c | | | 180 |
| | (Cash sale of goods) | | | |

Transaction:

Goods sold to Basu Sales, Kolkata of Rs. 1,50,000.

| | | | |
|-----------|------------------------------------|-----------------|-----------------|
| 15 | Basu Sales ...Dr. | 1,77,000 | |
| | To Sales A/c | | 1,50,000 |
| | To Output IGST A/c | | 27,000 |
| | (Inter-state sale of goods) | | |

Note:

It is a inter – state transaction (between Delhi and Kolkata). Therefore, IGST will be levied.

Transaction:

Paid Restaurant bill for lunch with customer Rs. 5,900 (inclusive of GST).

| | | | | | |
|----|--|--------|--|-------|-------|
| 15 | Entertainment A/c To Cash A/c (Paid restaurant bill) | ...Dr. | | 5,900 | 5,900 |
|----|--|--------|--|-------|-------|

Note:

Input CGST and Input SGST is not claimed because input credit of GST is not allowed.

Transaction:

Fee paid to Lawyer for consultation Rs. 5,000.

| | | | | |
|----|---|--|-------|-------|
| 15 | Professional Fee A/c ...Dr. | | 5,000 | |
| | Input CGST A/c ...Dr. | | 125 | |
| | Input SGST A/c ...Dr. | | 125 | |
| | To Bank A/c | | | 5,250 |
| | (Professional fee paid and CGST and SGST paid under Reverse Charge) | | | |

Note:

GST on lawyer fee is paid by the receiver of service.

Transaction:
Goods sold to Rahul Rs. 10,000.

| | | | |
|-----------|------------------------------------|---------------|---------------|
| 20 | Rahul ...Dr. | 11,800 | |
| | To Sales A/c | | 10,000 |
| | To Output CGST A/c | | 900 |
| | To Output SGST A/c | | 900 |
| | (Intra-state sale of goods) | | |

Transaction:

Telephone bill for the month paid – Rs. 5,000

| | | | | | |
|----|-----------------------|--------|--|-------|-------|
| 30 | Telephone Exp. A/c | ...Dr. | | 5,000 | |
| | Input CGST A/c | ...Dr. | | 450 | |
| | Input SGST A/c | ...Dr. | | 450 | |
| | To Cash A/c | | | | 5,900 |
| | (Telephone Bill paid) | | | | |

Transaction:
Paid Electricity Bill of Rs. 5,000

| | | | | |
|-----------|--|--|--------------|--------------|
| 30 | Electricity Exp. A/c ...Dr. To Cash A/c (Electricity Bill Paid) | | 5,000 | 5,000 |
|-----------|--|--|--------------|--------------|

Transaction:
Paid salary for the month Rs. 15,000.

Paid salary for the month Rs. 15,000.

| | | | | |
|----|---|--|--------|--------|
| 30 | Salaries A/c ...Dr. To Bank A/c (Salaries paid for the month) | | 15,000 | 15,000 |
|----|---|--|--------|--------|

| Dr. Input CGST Account | | Cr. | |
|------------------------|--------------|--------------------|--------------|
| Particulars | Rs. | Particulars | Rs. |
| To Amar Sales | 4,500 | By Output CGST A/c | 3,780 |
| To Bank A/c | 1,000 | By Output IGST A/c | 2,295 |
| To Cash A/c (Fee) | 125 | | |
| To Cash A/c (Tel.) | 450 | | |
| | <u>6,075</u> | | <u>6,075</u> |
| | | | |

| Dr. Output CGST Account | | Cr. | |
|-------------------------|--------------|------------------|--------------|
| Particulars | Rs. | Particulars | Rs. |
| To Input CGST A/c | 3,780 | By Rahul Traders | 2,700 |
| | | By Cash A/c | 180 |
| | | By Rahul | 900 |
| | <u>3,780</u> | | <u>3,780</u> |
| | | | |

| | | | | |
|-----------|--|--|--------------|--------------|
| 31 | Output CGST A/c ...Dr. To Input CGST A/c (Being the Output CGST set off against Input CGST) | | 3,780 | 3,780 |
| 31 | Output IGST A/c ...Dr. To Input CGST A/c (Being the Output IGST set off against Input CGST) | | 2,295 | 2,295 |

| Dr. Input SGST Account Cr. | | | |
|----------------------------|-------|--------------------|-------|
| Particulars | Rs. | Particulars | Rs. |
| To Amar Sales A/c | 4,500 | By Output SGST A/c | 3,780 |
| To Bank A/c | 1,000 | By Output IGST A/c | 2,295 |
| To Cash A/c (Fee) | 125 | | |
| To Cash A/c (Tel) | 450 | | |
| | 6,075 | | 6,075 |
| | | | |

| Dr. Output SGST Account Cr. | | | |
|-----------------------------|-------|------------------|-------|
| Particulars | Rs. | Particulars | Rs. |
| To Input CGST A/c | 3,780 | By Rahul Traders | 2,700 |
| | | By Cash A/c | 180 |
| | | By Rahul | 900 |
| | 3,780 | | 3,780 |
| | | | |

| | | | | |
|-----------|--|--|--------------|--------------|
| 31 | Output SGST A/c ...Dr. To Input SGST A/c (Being the Output CGST set off against Input CGST) | | 3,780 | 3,780 |
| 31 | Output IGST A/c ...Dr. To Input SGST A/c (Being the Output IGST set off against Input SGST) | | 2,295 | 2,295 |

| Dr. | | Input IGST Account | | Cr. | |
|-----------------|--|--------------------|--------------------|--------|--|
| Particulars | | Rs. | Particulars | Rs. | |
| To Blue Traders | | 14,400 | By Output IGST A/c | 22,410 | |
| To Bank A/c | | 5,000 | | | |
| To Bank A/c | | 3,010 | | | |
| | | 22,410 | | 22,410 | |

| Dr. | | Output IGST Account | | Cr. | |
|-------------------|--|---------------------|---------------|--------|--|
| Particulars | | Rs. | Particulars | Rs. | |
| To Input IGST A/c | | 22,410 | By Basu Sales | 27,000 | |
| To Input CGST A/c | | 2,295 | | | |
| To Input SGST A/c | | 2,295 | | | |
| | | 27,000 | | 27,000 | |

| | | | | |
|-----------|---|--|---------------|---|
| 31 | Input IGST A/c ...Dr. To Bank A/c (Being the IGST deposited) | | 3,010 | 3,010 |
| 31 | Output IGST A/c ...Dr. To Input IGST A/c To Input CGST A/c To Input SGST A/c (Set off of IGST) | | 27,000 | 22,410 2,295 2,295 |

Vijay Sales, Delhi entered into following transactions in the month of July, 2017 for which prepare the necessary books:

| Date | Particulars |
|-------------|--|
| 7 | Purchased 10 Cordless Keyboards from M/s Reliable Sales, Delhi @ Rs. 2,000 each, against cheque. |
| 8 | Purchased from HP Ltd. Noida (UP) 10 Desktop Computers @ Rs. 15,000 each 10 Monitors 14" @ Rs. 2,500 each 10 Laptop Carry Bags @ Rs. 300 each Trade Discount 20% |
| | Purchased 50 Pens @ Rs. 10 each from Reynolds in cash for Office Use |
| 10 | Purchase from Sony Ltd., Delhi 5 Laptops @ Rs. 25,000 each |
| 10 | Purchased from HP Ltd. Noida (UP) against cheque 5 Inkjet Printers @ Rs. 3,500 each 2 Lazor Printers @ Rs. 18,000 each 10 Cordless Mouse @ Rs. 1,000 each |

13 Sold to Mehra Agencies, Delhi
4 Desktop Computers @ Rs. 17,500 each;
4 Monitors 14" @ Rs. 3,500 each;
2 Sony Laptops @ Rs. Rs. 35,000; Laptop Bags were given free along with the Laptops;
2 Inkjet Printers @ Rs. 4,500.

15 Counter Sale was
2 Desktop Computers @ Rs. 17,500 each;
2 Monitors 14" @ Rs. 3,500 each;
1 Laptop @ Rs. 30,000 each and gave Carry Bags free with the laptop;
2 Inkjet Printers @ Rs. 3,500.

Additional Information:

1. Applicable GST rates are: CGST 6%, SGST 6% and IGST 12%;
2. Firm donated 1 Desktop Computer and Monitor to a nearby school;
3. Proprietor took a Desktop Computer, Monitor and Mouse for his personal use.
4. One Desktop Computer and 5 Cordless Keyboards were returned, they being defective;
5. Mehra Agencies returned one Desktop Computer, it being defective. It was returned to the seller against debit note.
6. One Laptop and Inkjet printer was used for preparing bills and for accounting.

Record the transactions in the books (including subsidiary books) of the firm.

Entries to be recorded in Purchases Book

| Date | Particulars |
|------|--|
| 8 | Purchased from HP Ltd. Noida (UP) 10 Desktop Computers @ Rs. 15,000 each 10 14" Monitors @ Rs. 2,500 each 10 Laptop Carry Bags @ Rs. 300 each Trade Discount 20% |
| 10 | Purchase from Sony Ltd., Delhi 5 Laptops @ Rs. 25,000 each |

Purchases Book for July, 2017

| Dt | Particulars | L F | Details (Rs.) | Cost (Rs.) | Input CGST (Rs.) | Input SGST (Rs.) | Input IGST (Rs.) | Total (Rs.) |
|----|---|-----|--|-----------------|------------------|------------------|------------------|-----------------|
| 8 | HP Ltd, Noida UP 10 Desktop Computers @ Rs. 15,000 each 10 14" Monitors @ Rs. 2,500 each 10 Laptop Carry Bags @ Rs. 300 each Less Trade Discount (20%) Add: IGST 12% | | 1,50,000 25,000 3,000 <hr/> 1,78,000 35,600 <hr/> 1,42,400 17,088 <hr/> 1,59,488 <hr/> | | | | | |
| | | | | 1,42,400 | - | - | 17,088 | 1,59,488 |
| 10 | Sony Ltd., Delhi 5 Laptops @ Rs. 25,000 Add: CGST @ 6% SGST @ 6% | | 1,25,000 7,500 7,500 <hr/> 1,40,000 <hr/> | | | | | |
| | | | | 1,25,000 | 7,500 | 7,500 | - | 1,40,000 |
| | Total | | | 2,67,400 | 7,500 | 7,500 | 17,088 | 2,99,488 |

Journal Entry for Purchases Book

| | | | | |
|-----------------------------|------------------------------------|---------------|-----------------|-----------------|
| 2017 July 30 | Purchases A/c | ...Dr. | 2,67,400 | |
| | Input CGST A/c | ...Dr. | 7,500 | |
| | Input SGST A/c | ...Dr. | 7,500 | |
| | Input IGST A/c | ...Dr. | 17,088 | |
| | To HP Ltd., Noida | | | 1,59,488 |
| | To Sony Ltd., Delhi | | | 1,40,000 |
| | (Being the Goods purchased) | | | |

Entries to be recorded in Sales Book

- | | |
|----|---|
| 13 | Sold to Mehra Agencies, Delhi 4 Desktop Computers @ Rs. 17,500 each; 4 Monitors 14" @ Rs. 3,500 each; 2 Sony Laptops @ Rs. Rs. 35,000; Laptop Bags were given free along with the Laptops; 2 Inkjet Printers @ Rs. 4,500. |
|----|---|

Sales Book for July, 2017

| Dt | Particulars | L F | Details (Rs.) | Cost (Rs.) | Output CGST (Rs.) | Output SGST (Rs.) | Otput IGST (Rs.) | Total (Rs.) |
|----|---------------------------------------|-----|---------------|------------|-------------------|-------------------|------------------|-------------|
| 13 | Mehra Agencies, Delhi | | | | | | | |
| | 4 Desktop Computers @ Rs. 17,500 each | | 70,000 | | | | | |
| | 4 Monitors (14") @ Rs. 3,500 each | | 14,000 | | | | | |
| | 2 Sony Laptops @ Rs. 34,700 each | | 69,400 | | | | | |
| | 2 Laptop Bags @ Rs. 300 | | 600 | | | | | |
| | 2 Inkjet Printers @ Rs. 4,500 | | 9,000 | | | | | |
| | | | 1,63,000 | | | | | |
| | Add: CGST 6% | | 9,780 | | | | | |
| | SGST 6% | | 9,780 | | | | | |
| | | | 1,82,560 | 1,63,000 | 9,780 | 9,780 | | 1,82,560 |
| | | | | | | | | |

Journal Entry of Sales Book

| | | | |
|----|---|-----------------|---|
| 30 | Mehra Agencies, Delhi ..Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being sale for the period) | 1,82,560 | 1,63,000 9,780 9,780 |
|----|---|-----------------|---|

Entries to be recorded in Purchases Return Book:

1. One Desktop Computer and 5 Cordless Keyboards were returned, they being defective.

Purchase Cost of Desktop Computer Rs. 15,000
less 20% Trade Discount purchased from HP
Ltd. Noida

Purchase Cost of Cordless Keyboards Rs. 2,000
purchased from Reliable Agencies, Delhi

2. Mehra Agencies returned one Desktop Computer, it being defective. It was returned to the seller against Debit Note.

Purchase Cost of Desktop Computer Rs. 15,000
purchased from HP Ltd. Noida

Purchases Return Book for July, 2017

| Dt | Particulars | L F | Details (Rs.) | Cost (Rs.) | Input CGST (Rs.) | Input SGST (Rs.) | Input IGST (Rs.) | Total (Rs.) |
|----|---|-----|--------------------------------|---------------|------------------|------------------|------------------|---------------|
| 30 | HP Ltd., Noida 2 Desktop Computers @ Rs. 15,000 each Less: Trade Discount 20% | | 30,000 6,000 24,000 | | | | | |
| | Add: IGST @ 12% | | 2,880 26,880 | 24,000 | | | 2,880 | 26,880 |
| | Reliable Agencies 5 Cordless Keyboards @ Rs. 2,000 Add: CGST 6% SGST 6% | | 10,000 600 600 11,200 | 10,000 | 600 | 600 | | 11,200 |
| | Total | | | 34,000 | 600 | 600 | 2,880 | 38,080 |

Journal Entry of Purchases Return Book

| | | | | |
|--------------------|---|--|--------|--------|
| 2017 July 30 | HP Ltd. Noida ...Dr. | | 26,880 | |
| | Reliable Agencies ...Dr. | | 11,200 | |
| | To Purchases Returns A/c | | | 34,000 |
| | To Input CGST A/c | | | 600 |
| | To Input SGST A/c | | | 600 |
| | To Input IGST A/c | | | 2,880 |
| | (Being the purchases returns accounted) | | | |

Entries to be recorded in Sales Return Book:

Mehra Agencies, Delhi returned one Desktop Computer, it being defective.

Sale price of Desktop Computer Rs. 17,500.

Sales Return Book for July, 2017

| Dt | Particulars | L F | Details (Rs.) | Cost (Rs.) | Output CGST (Rs.) | Output SGST (Rs.) | Output IGST (Rs.) | Total (Rs.) |
|----|---|-----|---|---------------|-------------------|-------------------|-------------------|---------------|
| 30 | Mehra Agencies, Delhi 1 Desktop Computers @ Rs. 17,500 each Add: CGST @ 6% SGST @ 6% | | 17,500 1,050 1,050 19,600 | 17,500 | 1,050 | 1,050 | | 19,600 |
| | | | | | | | | |

Journal Entry of Sales Return Book

| | | | | |
|--------------------|---|--|---|---------------|
| 2017 July 30 | Sales Returns A/c ...Dr. Output CGST A/c ...Dr. Output SGST A/c ...Dr. To Mehra Agencies, Delhi (Being the sales return recorded) | | 17,500 1,050 1,050 | 19,600 |
|--------------------|---|--|---|---------------|

Entries to be recorded in Cash Book:

| Date | Particulars |
|------|--|
| 7 | Purchased 10 Cordless Keyboards from M/s Reliable Sales, Delhi @ Rs. 2,000 each, against cheque. |
| | Purchased 50 Pens @ Rs. 10 each from Reynolds in cash for Office Use |
| 10 | Purchased from HP Ltd. Noida (UP) against cheque 5 Inkjet Printers @ Rs. 3,500 each 2 Lazor Printers @ Rs. 18,000 each 10 Cordless Mouse @ Rs. 1,000 each |
| 15 | Counter Sale was 2 Desktop Computers @ Rs. 17,500 each; 2 Monitors 14" @ Rs. 3,500 each; 1 Laptop @ Rs. 30,000 each and gave Carry Bags free with the laptop; 2 Inkjet Printers @ Rs. 3,500. |

| Dr. | | | | CASH BOOK | | | | Cr | |
|-----|--------------------|---------------|---------------|-----------|-----------------------------------|---------------|---------------|----|--|
| Dt. | Particulars | Cash (Rs.) | Bank (Rs.) | Dt. | Particulars | Cash (Rs.) | Bank (Rs.) | | |
| 15 | To Sales A/c | 79,000 | | 7 | By Reliable Sales (Purchases) | | 20,000 | | |
| | To Output CGST A/c | 4,740 | | | By Input CGST A/c | | 1,200 | | |
| | To Output SGST A/c | 4,740 | | | By Input SGST A/c | | 1,200 | | |
| | | | | 8 | By Printing and Stationery A/c | 560 | | | |
| | | | | 10 | By HP Ltd. Noida (Purchases) | | 63,500 | | |
| | | | | | By Input IGST A/c | | 7,620 | | |

JOURNAL ENTRIES

| DATE | PARTICULARS | LF | AMT. (DR.) | AMT. (CR.) |
|--------------------|---|----|---------------|-----------------------------|
| 2017 July 30 | Donation A/c ...Dr. To Purchases A/c To Input IGST A/c (Donated a Desktop Computer and Monitor) | | 15,680 | 14,000 1,680 |
| 30 | Drawings A/c ...Dr. To Purchases A/c To Input IGST A/c To Input CGST A/c To Input SGST A/c (Desktop Computer Monitor and Monitor taken for personal use) | | 16,800 | 15,000 1,680 60 60 |

| | | | | |
|----|--|--|--------------------------------------|----------------------------|
| 30 | Computer A/c ...Dr. Printer A/c ...Dr. To Purchases A/c (Desktop and Printer used for business) | | 25,000 3,500 | 28,500 |
| 30 | Purchases A/c ...Dr. Input CGST A/c ...Dr. Input SGST A/c ...Dr. Input IGST A/c ...Dr. To HP Ltd., Noida To Sony Ltd., Delhi (Being the Goods purchased) | | 2,67,400 7,500 7,500 17,088 | 1,59,488 1,40,000 |
| 30 | Mehra Agencies, Delhi ...Dr. To Sales A/c To Output CGST A/c To Output SGST A/c (Being sale for the period) | | 1,82,560 | 1,63,000 9,780 9,780 |

| | | | | |
|----|---|--|--------|--------|
| 30 | HP Ltd. Noida ...Dr. | | 26,880 | |
| | Reliable Agencies ...Dr. | | 11,200 | |
| | To Purchases Returns A/c | | | 34,000 |
| | To Input CGST A/c | | | 600 |
| | To Input SGST A/c | | | 600 |
| | To Input IGST A/c | | | 2,880 |
| | (Being the purchases returns accounted) | | | |
| 30 | Sales Returns A/c ...Dr. | | 17,500 | |
| | Output CGST A/c ...Dr. | | 1,050 | |
| | Output SGST A/c ...Dr. | | 1,050 | |
| | To Mehra Agencies, Delhi | | | 19,600 |
| | (Being the sales return recorded) | | | |

| | | | | |
|----|---|--|----------------|--------|
| 30 | Output CGST A/c ...Dr. To Input CGST A/c (Being the Input CGST adjusted against Output CGST) | | 8,040 | 8,040 |
| 30 | Output SGST A/c ...Dr. To Input SGST A/c (Being the Input SGST adjusted against Output SGST) | | 8,040 | 8,040 |
| 30 | Output CGST A/c ...Dr. Output SGST A/c ...Dr. To Input IGST A/c (Being the Input IGST adjusted against Output CGST and SGST) | | 5,430 5,430 | 10,860 |

| Dr. Input CGST Account Cr. | | | |
|---------------------------------|--------------|--------------------------------------|--------------|
| Particulars | Rs. | Particulars | Rs. |
| To Bank A/c (Reliable Sales) | 1,200 | By Drawings A/c | 60 |
| To Sundries (Purchase Book) | 7,500 | By Sundries (Purchases Ret. Book) | 600 |
| | | By Output CGST A/c | 8,040 |
| | <u>8,700</u> | | <u>8,700</u> |

| Dr. Input SGST Account Cr. | | | |
|---------------------------------|--------------|--------------------------------------|-------------|
| Particulars | Rs. | Particulars | Rs. |
| To Bank A/c (Reliable Sales) | 1,200 | By Drawings A/c | 60 |
| To Sundries (Purchases Book) | 7,500 | By Sundries (Purchases Ret. Book) | 600 |
| | | By Output CGST A/c | 8,040 |
| | <u>8,700</u> | | <u>8700</u> |

| Dr. | | Output CGST Account | | Cr. | |
|------------------------|--|---------------------|---------------------|--------|--|
| Particulars | | Rs. | Particulars | Rs. | |
| To Sundries (Sale R B) | | 1,050 | By Cash A/c (Sales) | 4,740 | |
| To Input CGST A/c | | 8,040 | By Sundries | 9,780 | |
| To Input IGST A/c | | 5,430 | (Sales Book) | | |
| | | 14,520 | | 14,520 | |
| | | | | | |

| Output SGST Account | | | |
|----------------------------------|--------|--------------------------|--------|
| Dr. | | | Cr. |
| Particulars | Rs. | Particulars | Rs. |
| To Sundries (Sales Returns Book) | 1,050 | By Cash A/c (Sales) | 4,740 |
| To Input SGST A/c | 8,040 | By Sundries (Sales Book) | 9,780 |
| To Input IGST A/c | 5,430 | | |
| | 14,520 | | 14,520 |
| | | | |

| Dr. | | Input IGST Account | | Cr. |
|---------------------------------|---------------|-------------------------------------|---------------|-----|
| Particulars | Rs. | Particulars | Rs. | |
| To Sundries (Purchases Book) | 17,088 | By Donation A/c | 1,680 | |
| To Bank A/c (Purchases) | 7,620 | By Drawings A/c | 1,680 | |
| | | By Sundries (Purchase Ret. Book) | 2,880 | |
| | | By Output CGST A/c | 5,430 | |
| | | By Output SGST A/c | 5,430 | |
| | | By Balance c/d | 7,608 | |
| | <u>24,708</u> | | <u>24,708</u> | |

THANK YOU



Please be free to write query at:
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