

## RECOMMENDED ACCOUNTING PRACTICES - TALLY USERS

- 1 Accounts should be maintained as " With Inventory" showing Item Name ( which will include its HSN ) and Quantity
- 2 Inventory / Stock item code should start with HSN number of that item
- 3 For the same HSN number quantity should be expressed in same unit ( e.g Liters, Kgs, No of Units ) etc. It is possible that same HSN number includes many items which needs to be expressed in different unit of measurements. In such case, in addition to unit of measurement used in invoice, pl express the quantity in standard unit of quantity also

Eg Bill may be in liters but if for same HSN earlier bills are in Kgs, then approx wieight in Kg of those liters may aslo be indicated and same should be entered in Tally

- 4 When the account is opened in Set / Altered GST Details YES should be entered Then Drop down menu will be opened in which details of Type of Registration i.e Composit / Regular GST Number be entered correctly

It is observed that while entering GST number, following mistakes are made

Instead of " I " ( alfabet I ) Number 1 is typed or vice versa  
Instead of " S " ( alfabet I ) Number 5 is typed or vice versa  
Instead of " O " ( alfabet I ) Number 0 is typed or vice versa  
Instead of " Z " ( alfabet I ) Number 2 is typed or vice versa

- 5 Invoice Number should not exceed 16 characters including special charators like - , / etc
- 6 In sales returns / purchase returns entries, HSN number should be mentioned. In narration reference of original bill in which the relevant sales / purchases were
- 7 For each HSN code, Sale invoice should clearly indicate the basic amount and GST thereon
- 8 When taxable ledger for sales is opened **GO TO**
  - \*Ledger Alteration
  - \*Say Yes to set /alter Statutory details
  - \*Kindly choose the applicability of GST as the case may be.
  - \*Set the applicable GST Rate i.e. 18% ,28% etc. for all types of taxes.

Same to be followed in case of Purchases.

## PROPOSED DESIGN OF ACCOUNTS

The proposed system will increase the work load of accounts staff in the beginning but will help to fetch all the information readily from tally . We do not believe in creating various returns through separate Excell

sheets. Our normal experience says that at the time of assessments ( which normally takes place after two years from the close of accounting year ), these add on excell sheets are either missing or do not match with accounts.

So, we are suggesting to create various layers of groups, subgroups and accounts. These will help us to get the information required for the following at one place -

- Annual Accounts
- Tax Audit
- VAT Audit
- GST Returns, GST Audit
- Reconciliation of GST returns with Accounts

Our suggested design is as follows

BASIC GROUP	Name of group as will appear in final accounts ( as required under company law )
2 nd Layer	Name of Account within that group
3 rd Layer	Interstate ( Separate for each state ), Intra State
4 th Layer	Classification as Account - Material, Account - Labour ( No TDS ), Account - Labour ( Liable to TDS )
5 th Layer	Further Classification as per Rate of GST / VAT , URD, ITC Not Available , Composite

ILLUSTRATION      Repairs & Maintenance

BASIC GROUP      Manufacturing Expenses

2 nd Layer          Repairs & Maintenance - Factory

3 rd Layer          R & P - FACTORY - MAHARASHTRA  
R & P - FACTORY - KARNATAKA

4 th Layer          R & P - FACTORY - MAHARASHTRA  
R & P - FACTORY - MAHARASHTRA - MATERIAL  
R & P - FACTORY - MAHARASHTRA - LABOUR ( NO TDS )  
R & P - FACTORY - MAHARASHTRA - LABOUR ( LIABLE TO TDS )  
R & P - FACTORY - KARNATAKA  
R & P - FACTORY - KARNATAKA - MATERIAL  
R & P - FACTORY - KARNATAKA - LABOUR ( NO TDS )  
R & P - FACTORY - KARNATAKA - LABOUR ( LIABLE TO TDS )

5 th Layer          R & P - FACTORY - MAHARASHTRA - MATERIAL  
R & P - FACTORY - MAHARASHTRA - MATERIAL  
R & P - FACTORY - MAHARASHTRA - MATERIAL - GST 28%  
R & P - FACTORY - MAHARASHTRA - MATERIAL - GST 18%  
R & P - FACTORY - MAHARASHTRA - MATERIAL 12%  
R & P - FACTORY - MAHARASHTRA - MATERIAL 5%  
R & P - FACTORY - MAHARASHTRA - MATERIAL - EXEPT  
R & P - FACTORY - MAHARASHTRA - MATERIAL - URD - 28%  
R & P - FACTORY - MAHARASHTRA - MATERIAL - URD - 18%  
R & P - FACTORY - MAHARASHTRA - MATERIAL - URD - 12%  
R & P - FACTORY - MAHARASHTRA - MATERIAL - URD - 5%

UNDER CURRENT LIABILITIES / DUTIES & TAXES create following layers of sub groups

BASIC GROUP	DUTIES AND TAXES	
2 nd Layer	GST	
3 rd Layer	Under	GST - MAHARASHTRA
GST-MAHA-MGST - COLLECTED		14%
GST-MAHA-MGST - COLLECTED		9%
GST-MAHA-MGST - COLLECTED		6%
GST-MAHA-MGST - COLLECTED		2.50%
GST-MAHA-CGST- COLLECTED		14%
GST-MAHA-CGST- COLLECTED		9%
GST-MAHA-CGST- COLLECTED		6%
GST-MAHA-CGST- COLLECTED		2.50%
GST-MAHA-MGST - COLLECTED	-RCM	14%
GST-MAHA-MGST - COLLECTED	-RCM	9%
GST-MAHA-MGST - COLLECTED	-RCM	6%
GST-MAHA-MGST - COLLECTED	-RCM	2.50%
GST-MAHA-CGST- COLLECTED	-RCM	14%
GST-MAHA-CGST- COLLECTED	-RCM	9%
GST-MAHA-CGST- COLLECTED	-RCM	6%
GST-MAHA-CGST- COLLECTED	-RCM	2.50%
GST-MAHA-MGST - PAID		14%
GST-MAHA-MGST - PAID		9%
GST-MAHA-MGST - PAID		6%
GST-MAHA-MGST - PAID		2.50%
GST-MAHA-CGST- PAID		14%
GST-MAHA-CGST- PAID		9%
GST-MAHA-CGST- PAID		6%
GST-MAHA-CGST- PAID		2.50%
GST-MAHA-MGST - PAID	-RCM	14%
GST-MAHA-MGST - PAID	-RCM	9%
GST-MAHA-MGST - PAID	-RCM	6%
GST-MAHA-MGST - PAID	-RCM	2.50%
GST-MAHA-CGST- PAID	-RCM	14%
GST-MAHA-CGST- PAID	-RCM	9%
GST-MAHA-CGST- PAID	-RCM	6%
GST-MAHA-CGST- PAID	-RCM	2.50%

Further , it is suggested that for each HSN and SAC, separate inventory account be opened