

FAQ for Managing Expenses under GST

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Q1. What is the difference between GST Not applicable and Non-GST expense?

Ans. GST Not applicable expense are those on which no tax is charged and they are not required to be reflected in GST reports such as Salary & Wages, Bank Interest and so on. Non-GST expense are those on which some other tax is charged (not GST) but they are required to be reflected in GST reports such as Water & Electricity expense.

Q2. Is it compulsory to pay tax for services taken from transporters and lawyers?

Ans. Transportation and Legal services come under compulsory RCM and it is necessary to pay tax (RCM) for the services taken from transporters and lawyers even if they are registered dealer.

Q3. Does Compulsory RCM expenses be added in Daily Limit expenses while calculating RCM Liability?

Ans. RCM on Compulsory RCM expenses is necessarily to be paid and will be added to total RCM liability of the day but while calculating Daily Limit RCM Expenses i.e. whether total expense of a day is greater than Rs. 5,000 or not, Compulsory RCM expenses will not be included.

Q4. What are Registered expenses (B2B)?

Ans. Expenses on which you have paid GST and your Name & GSTIN is printed on the invoice will be covered under Registered Expense (B2B) such as telephone bill from Bharti Airtel Ltd. where the invoice has your Name & GSTIN printed on it or car servicing invoice from car showroom and your name & GSTING printed on it.

Q5. Under what category shall I define such expenses on which I have paid the GST but GSTIN is not printed on the bill?

Ans. Such expenses can be fed as 'Tax Paid Expense (B2C)' in BUSY. Although you have paid the tax but since your GSTIN is not printed on the bill it cannot be covered under 'Registered Expense (B2B)'. At the same time RCM is also not required to be paid as invoice is GST paid.

Q6. How shall I make an entry in BUSY for services taken from transporter for an amount below exemption limit?

Ans. While entering Payment voucher, you should select GST Nature as 'GST Exempt' to enter such transactions.

Q7. How can I specify in BUSY that an expense account is not applicable for GST or it is a Non-GST Expense?

Ans. While creating/modifying an expense account in BUSY, you can select GST Type as 'GST Not Applicable' or 'Non GST' for that account.

Q8. Is it compulsory to pay RCM on import of service?

Ans. Yes.

Q9. Under what category Petrol & Diesel expense will fall?

Ans. Petrol & Diesel Expense will fall under Non – GST Expense category.

Q10. What is the difference between 'Compulsory (Regd.)' and 'Compulsory (Un-Regd.)' Reverser Charge applicability?

Ans. You need to select 'Compulsory (Regd.)' Reverse Charge applicability when you are taking services from a registered dealer and services falls under compulsory RCM like transportation charges. Whereas you need to select 'Compulsory (Un-regd.)' Reverse Charge applicability when you are taking services from an unregistered dealer and service falls under compulsory RCM.

Q11. In Payment voucher what will be GST Nature for expenses made from regd. dealer with my GSTIN printed on bill?

Ans. You need to select GST Nature as 'Registered Expense (B2B)' in Payment voucher for entering such transactions.

Q12. What GST Nature shall I Select in BUSY for food expense from a registered hotel with my GSTIN not printed on bill?

Ans. You need to select GST Nature as 'Tax paid Expense (B2C)' in Payment voucher for entering such transactions.

Q13. What GST Nature shall I Select in BUSY for items which are exempted from GST like Books & Periodicals?

Ans. You need to select GST Nature as 'Exempt Expense' in Payment voucher for entering such transactions.

Q14. What GST Nature shall I select for water & electricity expense?

Ans. You need to select GST Nature as 'Not Applicable/Non GST' in Payment voucher for entering such transactions.

Q15. What GST Nature shall I select for salary paid?

Ans. You need to select GST Nature as 'Not Applicable/Non GST' in Payment voucher for entering such transactions.

Q16. What GST Nature shall I select for telephone bill received from MTNL but my GSTIN is not printed on it?

Ans. You need to select GST Nature as 'Tax Paid Expense (B2C)' in Payment voucher for entering such transactions.

Q17. What GST Nature shall I select for expenses reimbursed to employees?

Ans. If reimbursement is against GST paid invoice then it is to be booked as 'Tax Paid Expense (B2C)'. If reimbursement is against 'Unregistered Dealer' invoice or without any invoice, then it is to be booked as 'RCM/Unreg. Expense'.

Q18. What GST Nature shall I select for outstation hotel stay expense?

Ans. If hotel has charged GST on invoice then it is to be booked as 'Tax Paid Expense (B2C)'. If tax is not charged by hotel then it is to be booked as 'Exempt Expense' if rent is below 1000 and as 'RCM/Unreg. Expense' if rent is greater than 1000.

Q19. What GST Nature shall I select for local hotel stay expense?

Ans. If hotel has charged GST on invoice with your name & GSTIN on it, it is to be booked as 'Registered Expense (B2B)' and you will get input credit. If hotel has charged GST on invoice but your name & GSTIN is not on invoice, it

is to be booked as 'Tax Paid Expense (B2C)' and you will not get input credit. If tax is not charged by hotel then it is to be booked as 'RCM/Unreg. Expense' if rent is greater than 1000.

Q20. What GST nature shall I take for bus / auto expenses?

Ans. You need to select GST Nature as 'Exempt Expense' for entering such transactions.

Q21. What GST Nature shall I take for AC Cab services without invoice?

Ans. You need to select GST Nature as 'RCM/Un-Regd. Expense' for entering such transactions.

Q22. What GST Nature shall I take for AC Cab services with invoice?

Ans. You need to select GST Nature as 'Tax Paid Expense (B2C)' for entering such transactions.

Q23. How can I enter car petrol and maintenance expenses?

Ans. For maintaining car expense, you need to create two separate accounts, one for Car Petrol expense and one for Car Maintenance expense since Petrol is a Non GST expense while car maintenance is a GST applicable expense.

For Car Petrol expense account, you should specify GST Type as 'Non-GST Expense' in Account master and while entering Payment voucher, select the GST Nature as 'Not Applicable/Non GST Expense'.

For Car Maintenance expense account, you should specify Tax Category as 'Service 18%' and RCM as 'Based on Daily Limit' in Account master. While entering payment voucher, you need to select GST Nature as 'Registered Expense (B2B)' in case you have taken services from a registered dealer and your GSTIN is printed on the bill such as services taken from authorized Service centers i.e. registered dealers.

In case you have taken car maintenance service from an un-registered dealer then you need to select GST Nature as 'RCM/Un-regd. Expense', like you have repaired car bumper from a road side mechanic i.e. un-registered dealer.

Q24. What Tax Category do I specify in Office Maintenance Expenses master?

Ans. You need to create separate accounts for expenses taxable at different tax rates. For example, if an expense item is taxable at 18% then you need to specify its Tax Category as GST 18% for the expense account. If an expense item is taxable at 28% then you need to specify Tax Category as GST 28% for the expense account.

Q25. How can I enter daily Tea / Coffee / Snacks expenses?

Ans. For entering Tea / Coffee / Snacks expense, first you need to create an Account with ITC Eligibility as None and Reverse Charges as 'Based on Daily Limit'. While entering Payment voucher, you need to select GST Nature as 'RCM/Un-reg. Expense' if expense is made from un-registered dealer. If you have made a purchase from registered dealer and your GSTIN is not printed on the bill then you need to select GST Nature as 'Tax Paid Expense (B2C)'. However you cannot claim ITC on Food items in any of the case.

Q26. How can I make an entry for rent paid to different persons, one is registered and one un-registered?

Ans. For this, you need to create a single Rent Expense account with Tax category as Service 18%, ITC Eligibility as Input Services and Reverse Charge as Based on Daily Limit. While entering voucher for Rent paid, you need to select GST Nature as 'RCM / Un-Reg Expense' if it is paid to un-registered person otherwise select GST Nature as 'Registered Expense (B2B)' if rent is paid to a registered person.

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