

GST on Advance Receipt in BUSY

Overview

Under GST regime, you need to pay GST on the advance received from various parties. Basically the GST is to be paid at the very first transaction, be it advance received or billing or delivery of goods. This implies that if you have received an advance payment against a bill and bill will be entered later on then you must pay GST on it. GST rate will be same as applicable for the item you will sell for which you have taken the advance amount. For example, you got a Sale order of 6 pieces of Vacuum Cleaners (@ 5000 per piece) on which GST 28% is chargeable and you receive an advance amount of Rs. 38,400 for it. In such a case Rs. 30,000 will be your goods amount and Rs. 8400 is GST amount which is to be deposited to the government.

However the amount of tax deposited against advance receipt can be adjusted with the tax amount due on billing. Basically if the month in which amount is received and bill is entered are same then there is no issue as anyhow it is to be reflected in same month. But if the advance amount received month and bill month are different then you need to adjust current month tax with the tax paid in previous month. For example, you have received advance payment on 25th July and deposited tax in the month of July. Now the actual billing against that advance amount took place on 5th August, in such a case you need not to deposit tax again and can adjust it with the tax deposited in the month of July.

Implementation in BUSY

To implement GST on Advance Receipt in BUSY, you need to perform the following steps:

Step 1: Enter Receipt voucher and create a reference for the amount received.

Step 2: Enter Sales transaction and adjust it against the reference created for advance amount.

Step 3: Check/Post tax/tax adjustable against advance receipt.

Step 1: Enter Receipt voucher and create a reference for the amount received

To enter transaction for advance amount received, first you need to enter a *Receipt* voucher and specify GST Nature as 'Advance Receipt'. Given here is a screenshot of *Receipt* voucher for the advance amount received from a party.

List - F5 Paste - [F12] [X]

Add Receipt Voucher

Voucher Series: **Main** Date: **01-07-2017** (Sat) Vch No. **Adv1-2017-18**

GST Nature: **Advance Receipt**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	C	Arshia Enterprises		38,400.00	
2	D	Cash	38,400.00		
3		Allocation of Advance with GST			
4		Party Name : Arshia Enterprises			
5		Region : Local ; Place of Supply : Delhi (07)			
6		Advance Amount to be Allocated : Rs. 38,400.00			
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

Tax Summary

Tax Rate	Taxable Amt.	CGST	SGST
14+14%	30,000.00	4,200.00	4,200.00

38,400.00

Save Quit

Esc=>Quit F2=>Done

Vch. Other Detail Master Other Detail Party Dash Board IMAGE IMAGE Save Quit

Esc=>Quit F2=>Done F4=>Std.Nar. F6=>Vch.Type F7=>Repeat F9=>Del. Line

On saving the voucher, an *Allocation of Advance with GST* window appears in which you need to create a reference for the advance amount received. In the window, specify the reference number, advance amount i.e. amount on which GST is to be charged and the GST rate i.e. rate at which GST is to be charged.

Click **Save** button to save the transaction.

Step 2: Enter Sale transaction and adjust it against the reference created for advance amount received

Enter Sales transaction and adjust the sale bill with the reference created for amount received in advance. Basically on saving the voucher, an *Adjustment of Advance with GST* window appears in which you need to select the reference with which you want to adjust the sale bill.

Given here is a screenshot of *Adjustment of Advance with GST* window that appears at the time of saving *Sales* voucher.

Series **Main** Date **05-07-2017** (Wed) Vch No. **1** Sale Type **L/GST-28%** Tax Type : **GST**

Party **Arshia Enterprises** Mat. Centre **Main Store**
(Cur. Bal. : Rs. 38,400.00 Cr) (GSTIN / UIN : 07WETU123456Z3)

Narration

S.N.	Item	Qty.	Unit	Price (Rs.)	Amount (Rs.)
1	Vacuum Cleaners	6.00	Pcs.	5,000.00	30,000.00

Adjustment of Advance with GST

Party Name : Arshia Enterprises
Region : Local ; Place of Supply : Delhi (07)
Advance Amount to be Adjusted : Rs. 38,400.00

SNo.	Ref. No.	Advance Amount	Tax Rate (%)
1	Adv1-2017-18	38,400.00	28.00
2			
3			
4			
5			
6			
7			
8			

38,400.00

Tax Summary (Current Invoice)				Tax Adjusted			
Tax Rate	Taxable Amt	CGST	SGST	Tax Rate	Taxable Amt	CGST	SGST
14+14%	30,000.00	4,200.00	4,200.00	14+14%	30,000.00	4,200.00	4,200.00

Save Quit

Esc=>Quit F2=>Done

Vch. Detail Master Detail Party Dash Board VCH IMAGE ACC IMAGE ITEM IMAGE Update Discount Check Scheme Save Quit

Esc=>Quit F2=>Done F4=>Std.Hdr./BOM F6=>Vch.Type F7=>Repeat F9=>Del Line

After selecting the reference, click **Save** button to save the voucher.

Step 3: Check / Post Tax / Tax Adjusted against Advance Receipt

Once you have entered the required transactions, the next step is to check the tax to be paid against advance receipt and tax to be adjusted against advance receipt and post a *Journal* voucher for the same. For this, under *Transactions* → *Misc. GST Utilities* menu, following two options are provided:

- Check / Post Tax on Advance Receipt
- Check / Post Tax Adjustable against Advance

Check / Post Tax on Advance Receipt

Select this option to check the amount of tax to be paid on advance amount received and to post a *Journal* voucher for the same. On selecting this option, a *Tax on Advance Receipt* window appears in which you need to specify the month, type of transactions for which report is to be generated i.e. local, central or both and whether you want to club transactions on the basis of place of supply.

Click *Ok* button. On clicking the *Ok* button, a *Tax on Advance Receipt* window will appear. Given here is a screenshot of *Tax on Advance Receipt* window.

Tax on Advance Receipt							
From 1-7-2017 To 31-7-2017						Type of Transaction : Local	
Date	Vch. No.	Ref. No.	Party	Rate	Place of Supply	Total Advance Rcvd.	Advance Pending
01-07-2017		Ref1	Busy Infotech Pvt. Ltd.	28.00	Delhi (07)	1,000.00	1,000.00

Generate 'Tax on Advance Receipt' Voucher

Journal Voucher Series **Main**

Voucher Date **31-07-2017**

Account(s) to be Credited as Tax Payable against Advance Receipt

IGST Payable against Advance Receipt

CGST Payable against Advance Receipt **CGST Output**

SGST Payable against Advance Receipt **SGST Output**

Cess Payable against Advance Receipt

Account(s) to be Debited as Tax Adjustable against Tax Paid on Advance

IGST Adjustable against Tax Paid on Advance

CGST Adjustable against Tax Paid on Advance **CGST Adjustable Agnst. Advance**

SGST Adjustable against Tax Paid on Advance **SGST Adjustable Agnst. Advance**

Cess Adjustable against Tax Paid on Advance

Narration

Esc=>Quit F2=>Done

						1,000.00	1,000.00
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TimeTaken 00:00:00	Entry No : 1 / 1	Row No : 1 / 1	F9=>Hide F4=>Post 'Tax on Advance Receipt' Voucher
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In the window, you can press *F4* key to post a *Journal* voucher for the tax on advance receipt. On pressing the *F4* key, a *Generate 'Tax on Advance Receipt' voucher* window will appear. In the window, by default CGST/SGGST/IGST output and CGST/SGST/IGST adjustable against advance accounts are appearing. You can use the same accounts or can change them as per your requirement and click *Save* button to post a *Journal* voucher. Given here is a screenshot of *Journal* voucher posted for tax on advance receipt.

List - F5 Paste - [F12] X

Add Journal Voucher

Voucher Series **Main** Date **31-07-2017** (Mon) Vch No.

GST Nature **Not Applicable**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	C	CGST Output		109.38	
2	D	CGST Adjustable Agnst. Advance	109.38		
3	C	SGST Output		109.38	
4	D	SGST Adjustable Agnst. Advance	109.38		
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
			218.76	218.76	

Long Narration

Vch. Other Detail Master Other Detail ACC IMAGE VCH IMAGE Save Quit

Esc=>Quit F2=>Done F4=>Std.Nar. F6=>Vch.Type F7=>Repeat F9=>Del. Line

Check / Post Tax Adjustable Against Advance

Select this option to check the tax amount to be adjusted against advance. Basically, if you have paid tax on advance amount is paid in a month and billing is done in next month then you can post a entry for tax reversal. For example, in the month of July, you received an advance of Rs. 12,800 on which you have paid tax of Rs. 2800. In the month of August, you sell goods amounting to Rs. 10,000 and adjusted it against the amount received in July. Now, you will enter a reversal entry for the tax adjustable against tax already paid on advance. In the report, you can press *F4* key and post a Journal voucher for the same.

Refund against Advance Receipt

Apart from the cases discussed above, one more case is that you have refunded the advance amount received i.e. no billing is done and amount is paid back to the party. For this, you can enter a *Payment* voucher and select the *GST Nature* as *Refund against Advance Receipt* option and adjust refund amount with the reference created for advance amount received.

With this, we have completed the process of implementing GST on Advance Receipts in BUSY. For more details, you can view '[GST on Advance Receipt in BUSY](#)' Video on You Tube.

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