

GST on Advance Receipt in BUSY

Overview

Under GST regime, you need to pay GST on the advance received from various parties if billing is not done within same tax period. Basically, if you have taken advance from a party and at the end of month there is some pending amount left with you against which billing is not done or it has not been refunded then you need to pay tax on the pending amount. However in the next month when the billing will take place, you can adjust the already deposited tax in the previous month with the tax to be deposited in this month. If the month in which advance amount is received and billing is done are same then there is no need to deposit tax on advance received.

GST rate will be same as applicable for the item 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 if the billing is not done within same tax period.

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/Refund transaction and adjust it against the reference created for advance amount.

Step 3: Check/Post Tax against Advance Receipt.

Step 4: Check / Post 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]

Add Receipt Voucher

Voucher Series: **Main** Date: **01-07-2017** (Sat) Vch No. **Adv6-2017-18**

GST Nature: **Advance Receipt**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	C	Arshia Enterprises		37,400.00	
2	D	Cash	37,400.00		

Allocation of Advance with GST

Party Name : Arshia Enterprises
Region : Local ; Place of Supply : Delhi (07)
Advance Amount to be Allocated : Rs. 37,400.00

SNo.	Ref. No.	Advance Amount	Tax Rate (%)
1	Adv/Arshia/1	25,600.00	28.00
2	Adv/Arshia/2	11,800.00	18.00
3			
4			
5			
6			
7			
8			
		37,400.00	

Tax Summary

Tax Rate	Taxable Amt.	CGST	SGST
14+14%	20,000.00	2,800.00	2,800.00
9+9%	10,000.00	900.00	900.00

(Cur. Bal. : Rs. 51,9...)

Long Narration

Vch. Other Deta

Save Quit

Esc=>Quit F2=>Done

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 from which GST is to be deducted (if required) and the GST rate i.e. rate at which GST is to be deducted. In the above example, we have create two references with different tax rates assuming that we have received advance amount for items taxable at different tax rate.

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. On saving the Sales 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 **10-07-2017** (Mon) Vch No. **3** Sale Type **L/GST-28%** Tax Type : **GST**

Party **Arshia Enterprises** Mat. Centre **Main Store**
 (Cur. Bal. : Rs. 37,400.00 Cr) (GSTIN / UIN : 07RGTS061782321)

Narration

S.N.	Item	Qty.	Unit	Price (Rs.)	Amount (Rs.)
1	Eureka Forbes Vaccum Cleaner	4.00	Pcs.	5,000.00	20,000.00

Adjustment of Advance with GST

Party Name : Arshia Enterprises
 Region : Local ; Place of Supply : Delhi (07)
 Advance Amount to be Adjusted : Rs. 25,600.00

SNo.	Ref. No.	Advance Amount	Tax Rate (%)
1		25,600.00	28.00
2	Adv/Arshia/1	25,600.00	28%
3	Adv/Arshia/2	11,800.00	18%

Only first reference adjusted
 Second reference pending in the current month (July)

Tax Rate	Adv. to be Adjusted	Adv. Pending	Adv. Cleared
14+14%	25,600.00	25,600.00	0.00

Total Pending Amt. : 0.00

Save
Quit

Esc=>Quit F2=>Done

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

Once you have entered the required transactions, the next step is to check the tax to be paid against pending advance receipt (for which invoice not raised in current tax period).

Step 3: Check/Post Tax on Advance Receipt

For this, go to *Transactions* → *Misc. GST Utilities* → *Check/Post Tax on Advance Receipt* menu.

On selecting this option, a *Tax on Advance Receipt* window appears in which you need to specify the month, type of entries to be considered i.e. Pending or All (including cleared) and type of transactions for which report is to be generated i.e. local, central or both.

Click *Ok* button. On clicking the *Ok* button, a *Tax on Advance Receipt* report will appear. Through this report you can check the advance entries and their adjustments and finally the tax payable. Once data is checked and verified, you can post accounting voucher for the same using F4 key. Given here is a screenshot of *Tax on Advance Receipt* window and corresponding voucher posting.

Tax on Advance Receipt

From 1-7-2017 To 31-7-2017 Type of Transaction : Both

Date	Vch. No.	Party	Place of Supply	Ref. No.	Rate	Adv. Received	Adv. Adjus...	Adv. Pending
01-07-2017	Adv6-20...	Arshia Enterprises	Delhi (07)	Adv/Arshia/2	18.00	11,800.00		11,800.00

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	IGST Output
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	IGST Adjustable Agnst. 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

11,800.00
0.00
11,800.00

Hidden Entries: 2 | TimeTaken 00:00:01 | Entry No : 1 / 3 | Row No : 1 / 2 | [F9]=>Unhide F4=>Post 'Tax on Advance Receipt' Voucher

This window appears on pressing F4 key

Posting Journal voucher for the tax on advance amount pending in current tax month (July)

In the voucher posting window, by default CGST/SGST/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/Non-GST**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	C	CGST Output		900.00	
2	D	CGST Adjustable Agnst. Advance	900.00		
3	C	SGST Output		900.00	
4	D	SGST Adjustable Agnst. Advance	900.00		
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
			1,800.00	1,800.00	

Long Narration

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

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

With the help of above voucher we have updated our accounts for our tax liability arising out of advance receipt.

Step 4: Check / Post Tax Adjustable Against Advance

Select this option to check the tax amount to be adjusted against advance. Basically, if tax on advance amount is paid in a month and billing is done in next month then you can post an entry for tax reversal. To understand this option thoroughly, let us first generate Sale bill against pending advance in next month. Given here is a screenshot of Sales voucher entered in the month of August for the advance amount received in the month of July.

Series **Main** Date **02-08-2017** (Wed) Vch No. **2** Sale Type **L/GST-18%**
 Party **Arshia Enterprises** Mat. Centre **Main Store**
 (Cur. Bal. : Rs. 11,800.00 Cr) (GSTIN / UIN : 07RGTS061782321)
 Narration

S.N.	Item	Qty.	Unit	Price (Rs.)	Amount (Rs.)
1	Philips Hair Dryers	10.00	Pcs.	1,000.00	10,000.00

Adjustment of Advance with GST

Party Name : Arshia Enterprises
 Region : Local ; Place of Supply : Delhi (07)
 Advance Amount to be Adjusted : Rs. 11,800.00

SNo.	Ref. No.	Advance Amount	Tax Rate (%)
1		11,800.00	18.00
2	Adv/Arshia/2	11,800.00	18%

Total Pending Amt. : 0.00

Esc=>Quit F2=>Done

Sale bill of August adjusted against reference created for advance amount received in the month of July

In the month of July, you have received an advance of Rs. 11,800 on which you have paid tax of Rs. 1800 in July itself. In the month of August, you sell goods amounting to Rs. 10,000 on which Rs. 1800 tax is charged and adjusted this sale bill against the amount received in July.

Now, you will enter a reversal entry for the tax adjustable against tax already paid on advance. For this you will go to *Transactions* → *GST Misc. Utilities* → *Check / Post Tax Adjustable Against Advance* option. On clicking this option, you need to specify the month for which you want to check / post tax adjustable, Type of transactions i.e. local, central or both and whether you want to include tax adjustable of current month also or only for previous month.

Click *Ok* button. On clicking the *Ok* button, a *Tax Adjustable Against Advance* window appears. Given here is a screenshot of *Tax Adjustable Against Advance* window.

Tax Adjustable against Advance

From 1-8-2017 To 31-8-2017 Type of Transaction : Local

Date	Vch. No.	VchType	Party	Place of Supply	Ref. No.	Rate	Earlier Tax Prd. Adv...	Taxable Amount
02-08-2017	2	Sale	Arshia Enterprises	Delhi (07)	Adv/Ars...	18.00	11,800.00	10,000.00

Generate 'Tax Adjustable against Advance' Voucher

Journal Voucher Series **Main**

Voucher Date **31-08-2017**

Account(s) to be Debited 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 Credited 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

11,800.00 10,000.00

TimeTaken 00:00:00 Entry No : 1 / 1 Row No : 1 / 1 F9=>Hide F4=>Post 'Tax Adjustable against Advance' Voucher

In the report, you can press *F4* key and post a *Journal* voucher for the same. Given here is a screenshot of Journal voucher displaying tax adjustable entry.

List - F5 Paste - [F12]

Add Journal Voucher

Voucher Series: **Main** Date: **31-08-2017** (Thu) Vch No. _____

GST Nature: **Not Applicable/Non-GST**

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	C	CGST Adjustable Agnst. Advance		900.00	
2	D	CGST Output	900.00		
3	C	SGST Adjustable Agnst. Advance		900.00	
4	D	SGST Output	900.00		
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
			1,800.00	1,800.00	

Reversal entry posted for adjustment of current tax (August) with advance tax paid in previous month (July)

Long Narration: _____

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

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. Given here is a screenshot of Payment voucher entered for refund of advance amount received.

List - F5 Paste - [F12] [X]

Add Payment Voucher

Voucher Series: **Main** Date: **03-08-2017** (Thu) Vch No. **1**

GST Nature Refund against Advance Receipt

S.No	D/C	Account	Debit (Rs.)	Credit (Rs.)	Short Narration
1	D	Arshia Enterprises	12,800.00		
2	C	Cash		12,800.00	
Adjustment of Advance with GST					
Party Name : Arshia Enterprises Region : Local ; Place of Supply : Delhi (07) Advance Amount to be Adjusted : Rs. 12,800.00					
SNo.	Ref. No.	Advance Amount	Tax Rate (%)		
1		12,800.00	28.00		
2	Adv/Arshia/3	12,800.00	28%		
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

Cur. Bal. : Rs. 37,-

Long Narration

Vch. Other Deta

Save Quit

Esc=>Quit F2=>Done

With this, we have completed the process of implementing GST on Advance Receipts in BUSY.

<<<----- X ----->>>