# Implementing GST in BUSY

## Overview of GST

GST i.e. Goods and Services Tax is a proposed system of indirect taxation in India merging most of the existing taxes into single system of taxation. The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it mitigates cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage is in terms of reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30%. Last but not the least, this tax, because of its transparent and self-policing character, is easier to administer.

## Salient Features of GST

The salient features of GST are as under:
- GST is applicable on "supply" of goods or services.
- GST is based on the principle of destination based consumption taxation.
- It is a dual GST with the Centre and the States simultaneously levying it on a common base. The GST to be levied by the Centre is called as Central GST (CGST) and that to be levied by the States [including Union territories with legislature] is called as State GST (SGST). A union territory without legislature has to levy Union territory GST (UTGST).
- An Integrated GST (IGST) is to be levied on inter-State supply (including stock transfers) of goods or services. It is to be collected by the Centre so that the credit chain is not disrupted.
- Import of goods is treated as inter-State supplies and is subject to IGST in addition to the applicable customs duties.
- Import of services is treated as inter-State supplies and is subject to IGST.
- Credit of CGST paid on inputs can be used only for paying CGST on the output and the credit of SGST/UTGST paid on inputs can be used only for paying SGST/UTGST. In other words, the two streams of input tax credit (ITC) cannot be cross utilized, except in specified circumstances of inter-State supplies for payment of IGST. The credit is permitted to be utilized in the following manner:
    - ITC of CGST allowed for payment of CGST & IGST in that order;
    - ITC of SGST allowed for payment of SGST & IGST in that order;
    - ITC of UTGST allowed for payment of UTGST & IGST in that order;
    - ITC of IGST allowed for payment of IGST, CGST & SGST/UTGST in that order.
    - ITC of CGST cannot be used for payment of SGST/UTGST and vice versa.

Let us understand with the help of an example how input tax credit can be used under GST and what cross adjustments will take place. Let's assume that the Input tax credit of IGST worth Rs. 5,00,000 is available with the supplier. And output CGST is Rs.1,00,000, output IGST is Rs. 3,00,000, and output SGST is Rs. 2,00,000.

Now in order to avail the benefits of tax credit , the ITC shall be first adjusted from IGST then CGST and SGST. However, output CGST can't be adjusted from ITC of SGST and vice-versa i.e. ITC of CGST/SGST can only be adjusted against output IGST. Following table shows the cross adjustment of IGST,CGST and SGST.

| Particulars | ITC of IGST | Output IGST | Output CGST | Output IGST |
|---|---|---|---|---|
| Amounts | 5,00,000 | 3,00,000 | 1,00,000 | 2,00,000 |
| Adjustment of IGST | (3,00,000) | (3,00,000) | | |
| Adjustment of CGST | (1,00,000) | | (1,00,000) | |
| Adjustment of SGST | (1,00,000) | | | (1,00,000) |
| Output Tax Payable | | | | 1,00,000 |

From the above example we can see that Output IGST and CGST is completely adjusted in ITC of IGST whereas Output SGST is partially adjusted. Thus, Rs. 1,00,000 SGST is output tax payable.

## Implementation in BUSY

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

Step 1: Configure GST

Step 2: Create Masters and enter GST related details

Step 3: Enter vouchers and apply GST on them.

Step 4: View/Print GST Reports
We will now discuss these steps in detail.

### Step 1: Configure GST
The first step is to configure GST in BUSY. There are two sub-steps in configuring GST. The sub-steps are:
- Enable GST
- Configure GST Account-wise

### Enable GST
You can enable GST and specify Default Tax Rate at the time of company creation itself. By specifying default tax rate relevant *Sale Type*, *Purchase Type* and *Tax Category* masters will be created automatically. Given here is a screenshot of *Create Company* window.

If you have not enabled GST at the time of company creation then you can enable it through *Administration > Configuration > Features/Options > VAT/GST* tab. On clicking the VAT/GST tab, a VAT/GST window will appear. Given here is the screenshot of *VAT/GST* window.

In the *VAT/GST* window, specify the type of tax as GST. After specifying the tax type as GST certain data fields become active. Enter the GST related data in the relevant data fields. To create default masters in GST, click the *Create Default GST Masters* button.

Click *Save* button to save the configuration settings for GST.

**Configure GST Account-wise**

After GST is configured in BUSY, you need to configure GST account-wise for sundry debtors and sundry creditors. Given here is the screenshot of the *Account Master - Add* window.

Select the *Type of Dealer* from the list. Following four options appear in the list:

- **Registered** - Select this option when party is a registered dealer i.e. party is having GSTIN No.

- **Un-Registered** - Select this option when party is a un-registered dealer i.e. party is not having GSTIN No.

- **Composition** - Select this option when party is a composite dealer i.e. party is a small assesse and its turnover is less than 75 lacs in previous year.

- **UIN Holder -** Select this option when party is a UIN Holder. A party will be UIN Holder under following cases:
  - o Any specialized agency of the United Nations Organization or
  - o Any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947),
  - o Consulate or
  - o Embassy of foreign countries ;
  - o Any other person or classes of person notified by the Commissioner

When you specify the Group as Sundry Debtors or Sundry Creditors a *State/POS* data field becomes active. Enter the *State/POS* and its code will be displayed accordingly. Next, enter GSTIN No. and other GST related details for the account.

Click *Save* button to save the account information.

**NOTE:** When the group selected is **Expenses**, a *GST Details* option appears. Enter the required information in the data fields. This is required in case of RCM.

Now that you have configured GST in BUSY, you can create masters that are necessary for recording GST related details.

**Step 2: Create Masters and enter GST related details**

To enter and maintain GST related details, certain masters are required. BUSY will create certain masters automatically as per the Default Tax Rates specified by you at the time of company creation. Let us discuss the following masters which are required to maintain GST related details:

- Tax Category
- Sale/Purchase Type

Let us discuss these masters in detail.

**Tax Category**

Tax Category master specifies the tax rates which will be applicable for the items with whom the *Tax Category* master will be tagged. Under a single Tax Category, you can specify different tax rates and the date from which they are applicable. Certain Tax Category masters are created automatically as per the Default Tax Rates specified by you at the time of company creation. These can be modified or deleted as per your requirements. Given here is the screenshot of the *Tax Category Master - Add* window.



You can specify **'Y'** in *Change Tax Rate on the basis of Price* data field if Item Tax Rate depends upon its price. For example, if price of an Item is less than 1000 then 5% tax is to be charged and if price is more than 1000 then 18%

tax will be charged. After specifying 'Y' in the data field some options will appear where you have to specify the price and tax related details.

Enter appropriate information in the data fields and click *Save* button to save the new *Tax Category*.

**Sale/Purchase Type**

A Sale/Purchase Type is classification of sale/purchase based on the type of sale/purchase (central or local) and the rate of GST charged. This classification is required for the purpose of reporting. Certain Sale/Purchase Types are created automatically as per the Default Tax Rates specified by you at the time of company creation. These can be modified or deleted as per your requirements. Given here is the screenshot of the *Sale Type Master - Add* window.



Enter appropriate information in the data fields and click *Save* button to save the new *Sale Type* Master.

Now that you have created masters for GST in BUSY, you can record GST related transactions using vouchers.

**Step 3: Enter vouchers and apply GST on them**

If you have paid/received GST on sale/purchase of goods then you can enter GST related details in the appropriate vouchers. To record GST related details click *Transactions* menu > Select the appropriate voucher.

Let us understand the recording of GST with the help of an example. Star Traders is a dealer of Electronic Items based in Delhi. It sold Electronic Items to Arnav Enterprises, a dealer based in another state Punjab and collected IGST @28%. Given here is a screenshot of the *Sales* voucher that Star Traders enters for sale of electronic items.



Enter appropriate information in the voucher and click *Save* button to save the voucher.

Once you have entered Sales voucher and received GST, the next step is to make payment to government for GST collected. For this you need to enter a *Payment* voucher. Given here is a screenshot of the *Payment* voucher that Star Traders enters for payment of GST.

Under *GST Nature* data field, select the required option from the list depending upon the transaction you are entering for. In the list following four options appear:

- **Not Applicable -** Select this option when you are entering payment transaction for any expense which is inclusive of GST. For example, Payment made for food ordered from Haldirams already includes GST.

- **UnReg-RCM Purchase/Expense -** Select this option when you are entering payment transaction for Purchase/Expense made through unregistered dealer. For example, Payment made for buying office stationery through an unregistered dealer.

- **Registered Purchase/Expense -** Select this option when you are entering payment transaction for Purchase/Expense made through Registered dealer. For example, Payment made for Telephone Bill to Bharti Airtel and the receipt of payment is specifying company GSTIN No. in order to claim ITC.

- **Refund Against Advance Receipt -** Select this option when you are entering payment transaction for refund of amount received in advance.

- **GST Payment to Government -** Select this option when you are entering payment transaction for paying GST to government.

Enter appropriate information in the voucher and click *Save* button to save the voucher.

**Step 4: View/Print GST Reports**

Once you have recorded GST related transactions, you can view the GST related reports and returns. To view GST reports, click *Display* > G*ST Reports* > Select a report from the following options:

- GST Summaries
  - GST Summary
  - Item-wise Sales GST Summary
  - Item-wise Purchase GST Summary
  - Party-wise Sales GST Summary
  - Party-wise Purchase GST Summary
- GST Registers
  - Sales Register
  - Purchase Register
- Form GSTR-3B
- GSTR-1
- GSTR-2
- GSTeReturn
- Check Party GSTIN
  - Parties with Invalid GSTIN
- Input Available on Existing Stock

Select the report option as per your requirement and view report.

Given here is a brief description for each of the GST report.

**GST Summaries**
GST Summary is a detailed summary of all the transactions related to GST. The report calculates Input tax, Output tax, Tax Payable and so on.

**GST Registers**
GST Registers displays summary of sale, purchase vouchers for a specified time period.

**Form GSTR-3B**
GSTR-3B is a simpler return that a taxable person under GST needs to file in the first two months of GST (July and August, 2017).

**GSTR-1**
GSTR-1 is the monthly GST return to be filed by taxable person registered under GST. GSTR-1 will include the details of all outward supplies made in the given period.

**GSTR-2**
GSTR-2 is the monthly GST return to be filed by taxable person registered under GST. GSTR-2 will include the details of all inward supplies made in the given period.

**GSTeReturn**
A GSTe*Return* is a report that is to be submitted in an electronic media such as floppy disk, CD etc to the authorities.
**Check Party GSTIN**
Check Party GSTIN report displays list of the parties and Tax invoices (sales and purchase) with invalid GSTIN.

**Input Available on Existing Stock**

This report will display the details of Input Available on existing stock i.e. Input available on stock before 1ˢᵗ July;2017 before Implementation of GST.

With this, we have completed Implementation of GST in BUSY.

**<<<  ☺ Thank You ☺  >>>**