Import Purchase in BUSY

Overview

Under GST regime, apart from custom duty, IGST is also paid during import of goods. IGST is levied at the local GST rate applicable to the goods being imported. Importer can claim tax credit of IGST paid on imports. No tax credit is available on custom duty paid and it remains a cost for the importer. This type of import where IGST has been paid is called as **'Taxable Import'**.

In some special cases, IGST is not levied during import process and that is called as **'Exempt Import'**.

In case of Import, apart from supplier's invoice (overseas) various other expenses are incurred during import process such as Shipping Charges, Custom Clearing charges, Freight charges etc. which also need to be taken care of.

Import Purchase in BUSY

To implement complete Import purchase cycle in BUSY, first we need to create various masters which are required at the time of entering vouchers.

Step 1: Create *Purchase Type* Masters

a.) Create '**I/GST-Import (Taxable)'** *Purchase Type* master for Taxable import with following characteristics:

- **Taxation Type** – Taxable
- **Region** – Inter-state
- **Type of Transaction** – Import (Normal)
- **Tax Calculation** – Multi Tax Rate

Given below is the screenshot of **'I/GST-Import (Taxable)'** *Purchase Type* master:

Add Purchase Type Master   Tax Type : GST

Purchase Type   I/GST-Import(Taxable)

b.) Create '**Import(Exempt)'** *Purchase Type* master for Exempt import with following characteristics:

- **Taxation Type** – Exempt
- **Region** – Inter-state
- **Type of Transaction** – Import (Normal)

Given below is the screenshot of **'Import (Exempt)'** *Purchase Type* master:

Step 2: Create Account 'IGST Paid Against Import'

Create a new Account **'IGST Paid Against Import'** required for maintaining account for IGST paid against imported goods. This account will be debited at the time of making IGST payment and will be credited at the time of booking purchase. Ultimately this account will be nullified. Given below is the screenshot of **'IGST Paid Against Import'** Account master.

Note: This Account will be required only in case of Taxable Import.

Step 3: Create Bill Sundries

Create following *Bill Sundry* masters:

a.) Custom duty – This *Bill Sundry* is to be applied in *Purchase* voucher for custom duty paid. It will be a Non-impact *Bill Sundry* i.e. neither it will change the invoice amount nor any other accounting entry will be posted. It will only increase cost of goods. Given below is the screenshot of Custom Duty *Bill Sundry* master:

b.) IGST (Import) – This *Bill sundry* is to be applied in *Purchase* voucher for IGST charged on goods imported. It will also be a Non-impact Bill Sundry i.e. it will not affect the invoice amount but it will affect the accounting and will be reflected in GSTR-2(5A) report. Given below is the screenshot of IGST (Import) *Bill Sundry* master:

Under *Accounting in Purchase* section '**IGST Input**' account will be debited (to increase the input) and '**IGST Paid Against Import**' account will be credited.

Note: This Bill Sundry is to be applied only in case of Taxable Import.

c.) **Others (Freight, Clearing, Shipping)** – This *Bill sundry* is to be applied in *Purchase* voucher for other charges (such as Freight, Custom Clearing Charges, Shipping Charges etc.) paid during import. This will also be a Non-impact *Bill Sundry* i.e. neither it will affect the invoice amount nor accounting. It will only increase the cost of goods. Given below is the screenshot of Others (Freight, Clearing, Shipping) *Bill Sundry* master:

After creating above three *Bill Sundry* masters we can proceed to enter vouchers related to import purchase.

Step 4: Create Dummy Party 'Import Purchase'

Create a Dummy Party named 'Import Purchase'. This party is to be debited at the time of entering multi-currency *Journal* voucher to settle the foreign currency amount with Indian INR and to be credited at the time of entering *Purchase* voucher. At the end this Party amount will be nullified.

Step 5: Enter vouchers for multi-currency related transactions and additional expenses incurred

Enter *Journal* or *Payment* voucher for multi-currency related transactions and expenses such as Freight, Shipping Charges and Custom Clearing Charges.

Given below are the screenshots of voucher(s) to be entered.

a.) *Journal* voucher for multi-currency related transaction.

Enter a multi-currency *Journal voucher* in which Debit the dummy Party named 'Import Purchase' and Credit the Party from whom you have imported the goods and specify the amount in currency used by that party (such as dollar, euro etc.). This entry is to settle the foreign currency amount with Indian INR so that while posting Purchase voucher, you can enter it in INR. Now, while entering Purchase voucher use dummy Party you have created i.e. 'Import Purchase'.

b.) *Journal* voucher for expense incurred for shipping charges from a Registered dealer.

Note: While entering *Journal* or *Payment* voucher for additional expenses incurred, you need to select GST Nature depending upon the party. If party is registered then select GST Nature as '**Registered Expense (B2B)**' whereas if party is unregistered then select GST Nature as '**RCM/UnReg. Expense'.**

Note: Since this expense is B2B, you will get Input Credit for the GST paid for Shipping Charges.

c.)   *Journal* voucher entered for expense incurred for Custom Clearing Charges from a Registered dealer.

Note: Since this expense is also B2B, you will get Input Credit for the GST paid for Custom Clearing Charges.

d.) *Journal* voucher entered for expense incurred for freight charges from an Unregistered dealer.

Note: Since this expense is from Unregistered dealer, GST on Freight will be reflected under RCM Liability.

Step 6: Enter Import Purchase Voucher
Now enter *Purchase* voucher for the goods imported and tag the *Bill Sundries* respectively.

Case 1 (Taxable Import): Given below is the screenshot of *Purchase* voucher to be entered in case of taxable import.

NOTE: Items entered in the voucher are taxable at different rates. First item is taxable at 18% and second is taxable at 12%. Thus, in Bill sundry IGST (Import) 18% and 12% is levied. BUSY will automatically calculate the tax amount as per the tax rate specified in item master. Like, in this voucher IGST (Import) 18% is calculated on first item taxable amount and IGST (Import) 12% is calculated on second item taxable amount.

Case 2 (Exempt Import): Given below is the screenshot of *Purchase* voucher to be entered in case of exempt import.

Note: In above Purchase voucher(s) we have shown all values in INR and it is advisable to do so for proper GST reporting. We have already passed a Journal voucher in multi-currency to settle foreign Party account.

Step 7: Enter *Payment* voucher for payment of Custom duty and IGST amount

Given below is the screen shot for *Payment* voucher towards payment of Custom Duty & IGST.

Step 8: Reflection in GST Reports

You can view **GSTR-2 (5A)** Report for Import of Goods. Given below is the screenshot of GSTR-2 (5A) Report.

Other expense booked as **'Registered Expense (B2B)'** will also be reflected in GSTR-2 in appropriate tables.

Conclusion

By creating masters as shown above and feeding all vouchers in specified manner, complete Import Purchase cycle can easily be implemented in BUSY.

<<<   ☺ Thank You ☺   >>>