Microsoft Dynamics AX

Tax Engine (AX 2009 SP1)

The new Tax Engine helps Microsoft Dynamics AX 2009 SP1 comply with the India Goods and Services Tax (GST). This document will help you learn how to import tax configurations from a Microsoft Dynamics Lifecycle Services (LCS) asset library. You will also learn how to set up master data, such as tax rates and main accounts, how to work with and review the tax document for each transaction, and how to run tax settlement for tax payments.

Demo script

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The new Tax Engine helps Microsoft Dynamics AX 2009 Service Pack 1 (SP1) comply with the India Goods and Services Tax (GST). In this document, you will learn how to set up master data such as tax rates and main accounts. You will also learn how to work with and review the tax document for each transaction, and how to run tax settlement for tax payments.

Concepts

Tax document: A tax document is a transaction where tax details (lines and amounts) and the tax amount are distributed in a manner that is ready for consumption by any accounting system or framework.

Tax applicability

Tax type: A tax type is analogous to a tax regime. For example, sales tax and value-added tax (VAT) are two common sales tax types. Tax types are applicable only when specific conditions (**applicability rules**) are met.

Tax components: Tax components are like sub-tax types that a tax authority can levy within the same jurisdiction or a different jurisdiction. For example, in the US, sales tax is levied at various levels of jurisdiction, such as the state, country, or city level. Different tax components can be treated differently from accounting, tax reporting, tax settlement, and other perspectives.

Tax calculation

Measures: Measures are the computation blocks for tax calculation. Measures can be of different types (**measure types**). The various measure types have different behavior and are used for different computational purposes. The following measure types are available:

- **Base Amount:** This measure type should be used to hold the amount that is the basis for tax calculation. Typically, **Base Amount** × **Rate** = **Tax Amount**.
- **Rate:** This special measure type is used to provide the applicable tax rate. It's a compound measure type and can also be used to hold threshold amount values as required.
- **Factor:** This special measure type is a subset measure type of **Rate**. It can be used to hold threshold amount values as required.
- **Tax Amount:** This measure type = **Base Amount** × **Rate**. This amount should then be distributed for accounting purposes as required.
- **Amount:** This measure type should be used for distributed tax amounts, such as the tax recoverable amounts or the load on inventory amount.
- **Percentage:** This simple measure type can be used to hold any percentage values. Typically, it should be used for cases such as load on inventory percentage or expense percentage.

Formulas: After the measure have been defined, they can be used to create the tax calculation formulas. The formulas can be created in two notations:

- **Simple assignment notation:** For typical scenarios.
- **Advanced linear equations:** Specifically for price-inclusive tax calculation scenarios, such as Maximum retail price (MRP).

Additionally, formulas might have to be used conditionally. In this case, the user should add appropriate business conditions.

Key model attributes that should be assigned for calculation

The following table lists reserved keywords for attributes. When you create a new taxable document model, make sure that the model's attributes are defined as specified in the following table.

Attribute name	Data type
Base Amount	Real
Price includes tax	Real
Tax amount included in price	Real
Line tax amount	Real

These attributes are available in the Taxable Document (India) model that is provided by Microsoft.

- **Base Amount:** This attribute is an output attribute and is used as a base amount for tax calculation.
- **Price includes tax:** This attribute is more like a flag that tells the engine that the tax amount is included in the line amount.
- **Tax amount included in price:** This attribute is the tax amount that should be considered as included in the price, per the business practice or statutory laws. The engine uses this value to determine the invoice line amount and the amount that should be considered during accounting.
- **Line tax amount:** This attribute it the tax amount that is computed for the line. This value will remain the same across the price-exclusive and price-inclusive scenarios. Withholding tax amounts should not typically be considered while this attribute is initialized.

The following scenarios show how these attributes should be initialized and used in the tax document configuration.

Price-inclusive scenario

'Base Amount' = 'Assessable Value' – CGST.'Tax Amount' – 'SGST'.'Tax Amount' – 'IGST'.'Tax Amount' – CESS.'Tax Amount' – CGST_TDS.'Tax Amount' – SGST_TDS.'Tax Amount' – IGST_TDS.'Tax Amount' – CESS_TDS.'Tax Amount'

'Price includes tax' = 1.0

'Line tax amount' = CGST.'Tax Amount' + 'SGST'.'Tax Amount' + 'IGST'.'Tax Amount' + 'CESS'.'Tax Amount' + CGST_TDS.'Tax Amount' + SGST_TDS.'Tax Amount' + IGST_TDS.'Tax Amount' + CESS_TDS.'Tax Amount'

'Tax amount included in price' = CGST.'Tax Amount' + 'SGST'.'Tax Amount' + 'IGST'.'Tax Amount' + 'CESS'.'Tax Amount' + CGST_TDS.'Tax Amount' + SGST_TDS.'Tax Amount' + IGST_TDS.'Tax Amount' + CESS_TDS.'Tax Amount'

Price-exclusive scenario

'Base Amount' = 'Assessable Value'

'Price includes tax' = 0.0

'Line tax amount'=CGST.'Tax Amount' + 'SGST'.'Tax Amount' + 'IGST'.'Tax Amount'+BCD.'Tax Amount' + 'ECESS C'.'Tax Amount' + 'SHECESS C'.'Tax Amount' + 'CESS'.'Tax Amount' + CGST_TDS.'Tax Amount' + SGST_TDS.'Tax Amount' + IGST_TDS.'Tax Amount' + CESS_TDS.'Tax Amount'

For the price-exclusive scenario, the engine implicitly initializes the **Tax amount included in price** attribute to **0** (zero). Therefore, the equation doesn't have to be written explicitly.

Tax accounting

Tax accounting provider: A tax accounting provider is the subledger that will be affected in the tax accounting scenario. For example, in the purchase flow, if tax must be paid to the vendor as part of the vendor invoice, the tax accounting provider will be **Party/Vendor**. The list depends on the underlying enterprise resource planning (ERP) system. For Microsoft Dynamics AX, the following providers are currently supported:

- Party
- Inventory
- Tax
- Ledger

Posting types: When the Tax subledger is affected as part of the tax accounting process, the tax amount must be distrusted further for settlement, reporting, costing, and similar purposes. The list can also vary because of country/region-specific regulations that are based on tax types. For India, of the following posting types are supported:

- Tax Recoverable
- Tax Payable
- Tax Expense
- Deferred Tax Recoverable
- Interim Tax Payable
- Interim Tax Recoverable

Tax credit pool

When the preceding configuration is used, the tax recoverable and payable amount will be accumulated on each tax credit pool.

Set-off rule

A set-off rule indicates how the tax recoverable should be used to set off tax payable. The following table shows the setup details.

Recoverable side	Payable side
IGST	IGST
	CGST
	SGST
CGST	CGST
	IGST
SGST	SGST
	IGST
CESS	CESS
CGST_TDS	CGST
SGST_TDS	SGST
IGST_TDS	IGST
CESS_TDS	CESS_TDS

Prerequisites

● The India GST hotfix must be installed.

Master data setup

Create business verticals

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Business vertical**.

2 Create business verticals.
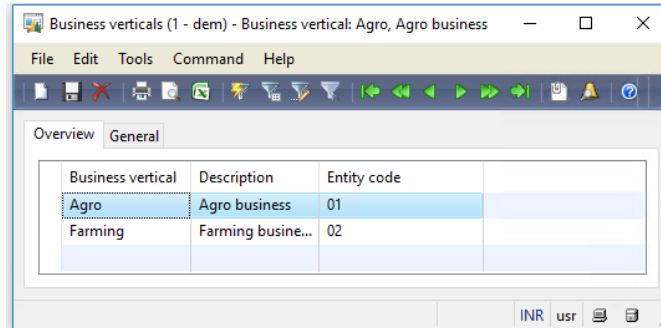
Update state codes for IND states

1 Go to **Basic** > **Setup** > **Addresses** > **Country/region**.

2 In the **Country/region** field, select **IN**.

3 Click **States**.
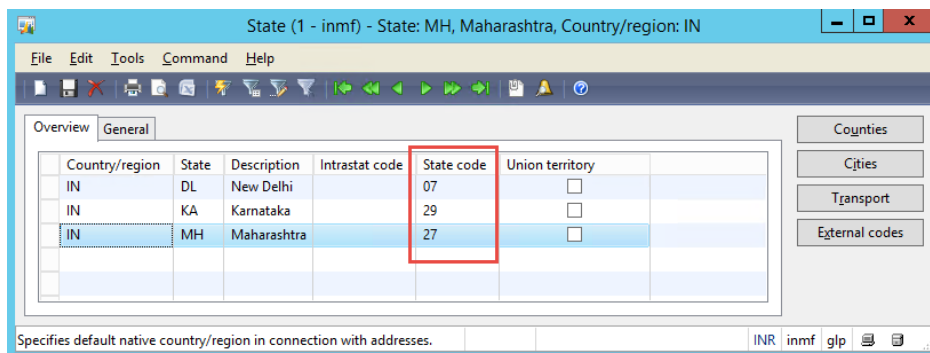
Create GSTIN masters

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Tax registration numbers**.

2 Create company registration numbers for the **GST** tax type:

- **Registration number:** 29AGNPB4831B001

  Description: Registration of Agro (Bangalore/Karnataka)

  Business vertical: Agro

- **Registration number:** 07AGNPB4831B001

  Description: Registration of Agro (Delhi)

  Business vertical: Agro

- **Registration number:** 29AGNPB4831B002

  Description: Registration of Manufacture (Bangalore/Karnataka)

  Business vertical: Farming

- **Registration number:** 07AGNPB4831B002

  Description: Registration of Manufacture (Delhi)

  Business vertical: Farming
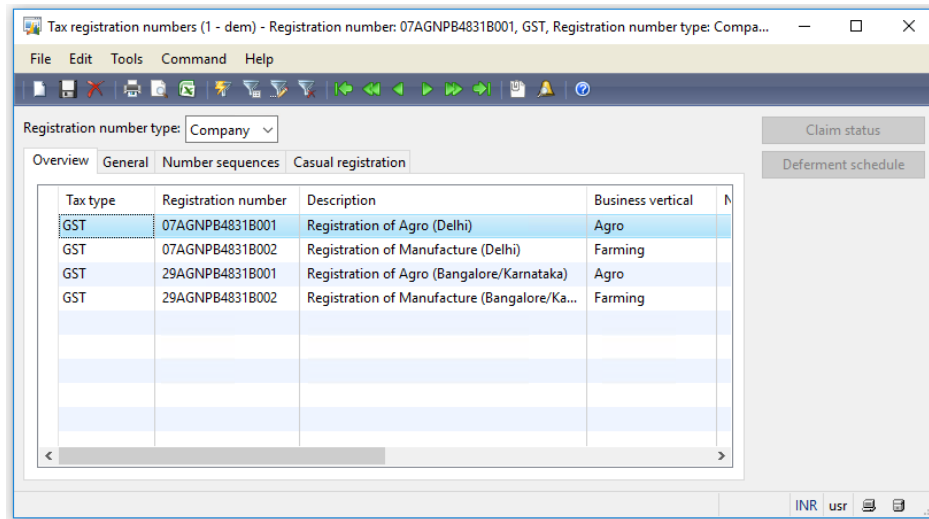
3 Create vendor registration numbers for the **GST** tax type:
- **Registration number:** 29AXLPB4831B001

  Description: Registration of Agro (Bangalore/Karnataka)

  Business vertical: Agro

- **Registration number:** 07AXLPB4831B001

  Description: Registration of Agro (Delhi)

  Business vertical: Agro
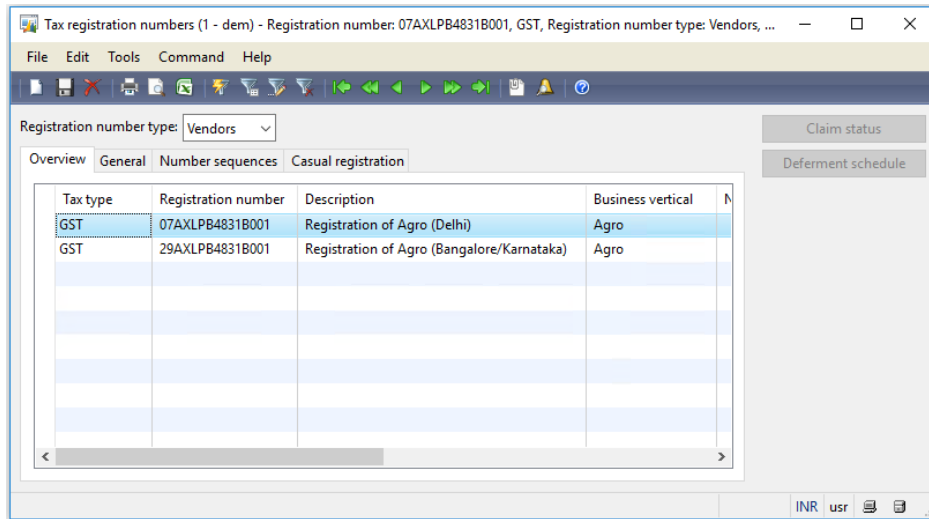
4 Create customer registration numbers for the **GST** tax type:

- **Registration number:** 29AXLBH4571B001

  Description: Registration of Agro (Bangalore/Karnataka)

  Business vertical: Agro

- **Registration number:** 07AXLBH4571B001

  Description: Registration of Agro (Delhi)

  Business vertical: Agro
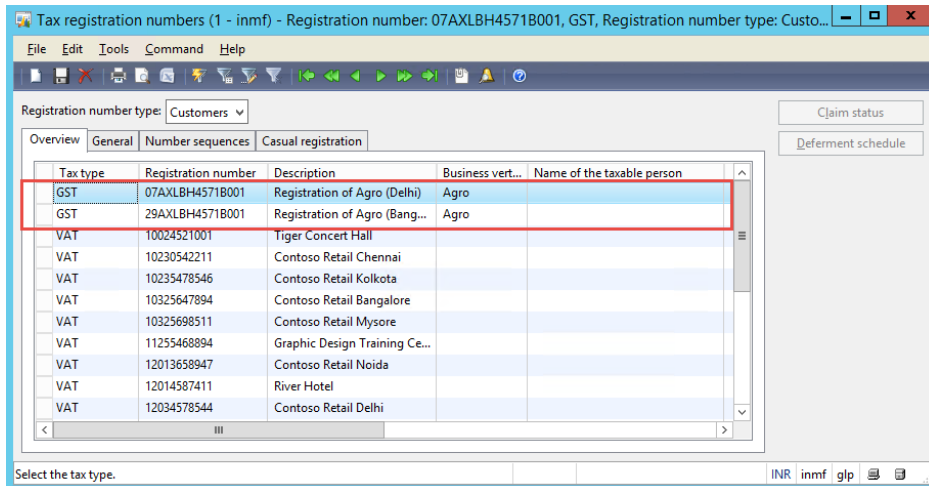
Next, you must set the GSTIN numbers for the legal entity, vendor, and customer.

5 For the legal entity, go to **Basic** > **Setup** > **Company information** > **Tax information**.

- Contoso Entertainment Asia-Pacific, Address = New Delhi, GSTIN = 07AGNPB4831B001

6 For the vendor, go to **Accounts payable** > **Common forms** > **Vendor details** > **Setup** > **Address** > **Tax information**.

- Vendor account (1001), Address = Delhi, GSTIN = 07AXLPB4831B001
- Vendor account (1002), Address = Karnataka, GSTIN = 29AXLPB4831B001

Note: Remove the Tax Deducted at Source (TDS) group for this demo script.

7 For the customer, go to **Accounts receivable** > **Common forms** > **Customer details** > **Setup** > **Address** > **Tax information**.
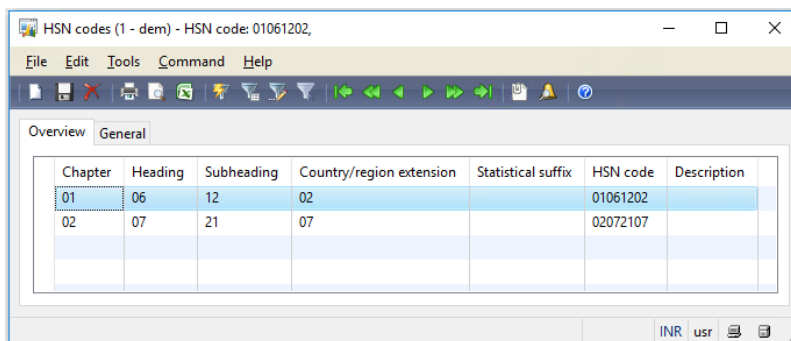
- Customer account (1101), Address = Delhi, GSTIN = 07AXLBH4571B001
- Customer account (1102), Address = Karnataka, GSTIN = 29AXLBH4571B001

Note: Remove the Tax Collected at Source (TCS) group for this demo script.

Create HSN codes and Service Accounting Codes
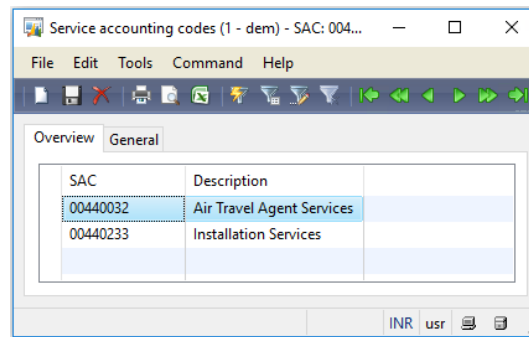
The Harmonized System of Nomenclature (HSN) code and Service Accounting Code (SAC) are built as master data, and they can be attached in the **Item details** form.

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **HSN code**.

2 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Service accounting codes**.

3 Go to **Inventory management** > **Common forms** > **Item details**, and follow these steps:

a Select an item.

b Click the **References** tab.
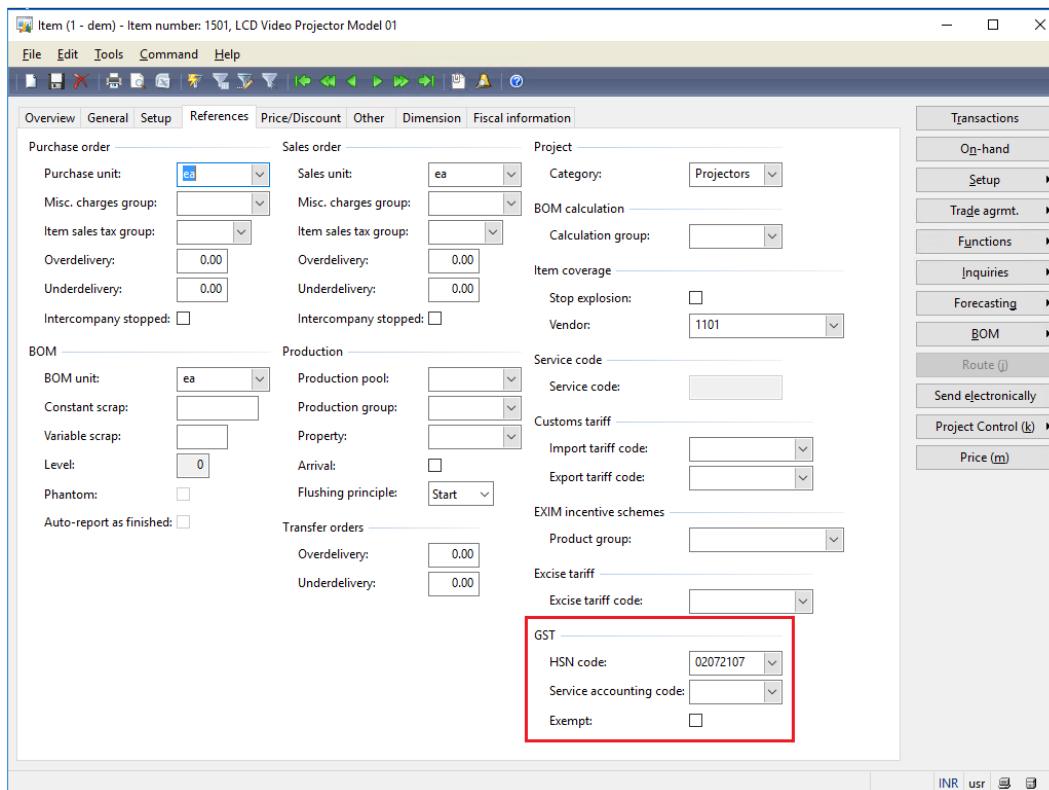
c Define an HSN code.

Note: The following setup is required for the computation of GST:

a   Define either an item of the **Item** type that has an HSN code or an item of the **Service** type that has an SAC.

b   Remove the item sales tax group.

Create main accounts for GST

- Go to **General ledger** > **Common forms** > **Chart of account details**.

Main account	Name	Account type	Posting type
223110	CGST payable	Liability	GST
223210	CGST interim payable	Liability	GST
131110	CGST recoverable	Asset	GST
131210	CGST interim recoverable	Asset	GST
663310	CGST expense	Profit and loss	GST
223120	SGST payable	Liability	GST
223220	SGST interim payable	Liability	GST
131120	SGST recoverable	Asset	GST
131220	SGST interim recoverable	Asset	GST

Main account	Name	Account type	Posting type
663320	SGST expense	Profit and loss	GST
223130	IGST payable	Liability	GST
223230	IGST interim payable	Liability	GST
131130	IGST recoverable	Asset	GST
131230	IGST interim recoverable	Asset	GST
663330	IGST expense	Profit and loss	GST
223330	Customs duty accrual	Liability	Interim Transit
223140	CESS payable	Liability	GST
223240	CESS interim payable	Liability	GST
131140	CESS recoverable	Asset	GST
131240	CESS interim recoverable	Asset	GST
663340	CESS expense	Profit and loss	GST
131150	CGST_TDS recoverable	Asset	GST
131160	SGST_TDS recoverable	Asset	GST
131170	IGST_TDS recoverable	Asset	GST
131180	CESS_TDS recoverable	Asset	GST
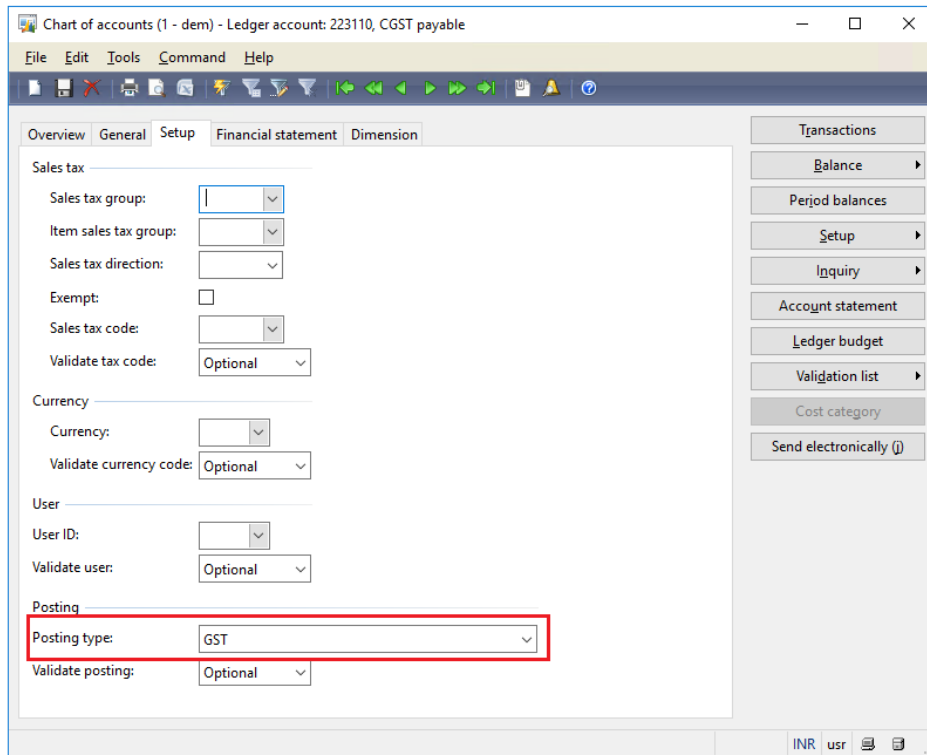
Create tax settlement periods

1 Go to **Accounts payable** > **Common forms** > **Vendor details** to create a new vendor.
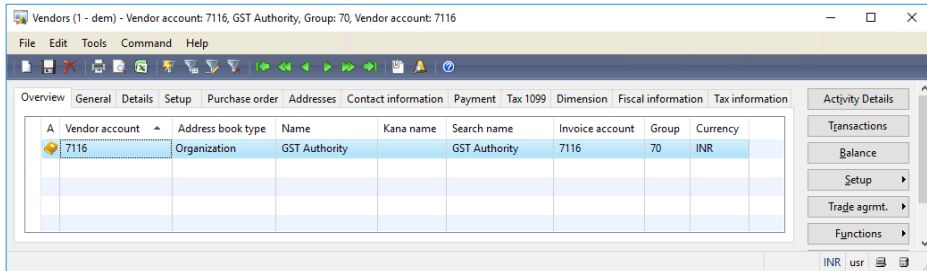
2 Go to **General ledger** > **Setup** > **Sales tax** > **Sales tax authorities** to create a new authority.
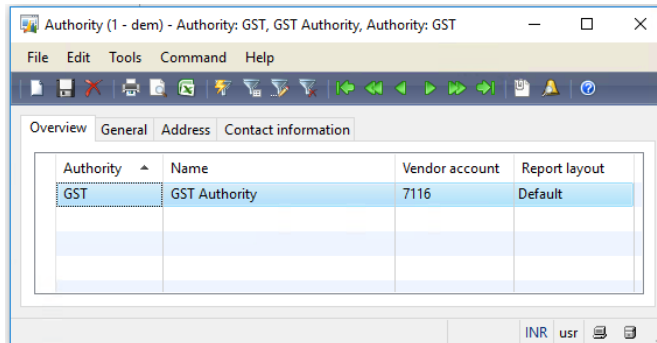
3 Go to **General ledger** > **Setup** > **Sales tax** > **Sales tax settlement periods** to create a new tax period for GST and periods.
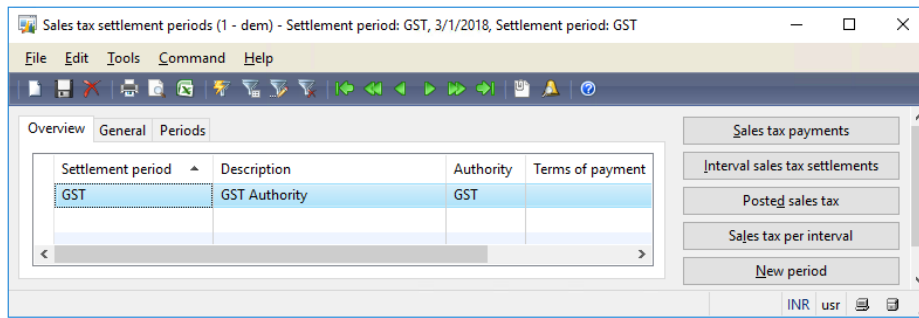
Attach a GSTN to a tax registration group

- Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Tax registration group** to create a new group and attach a GSTN number.
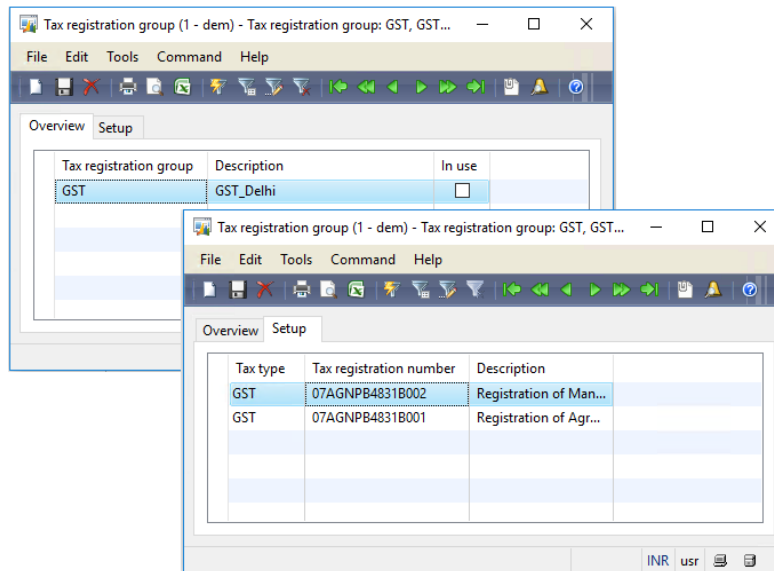
Create a fiscal calendar for the operating year

- Go to **General ledger** > **Setup** > **Periods** > **Periods**.
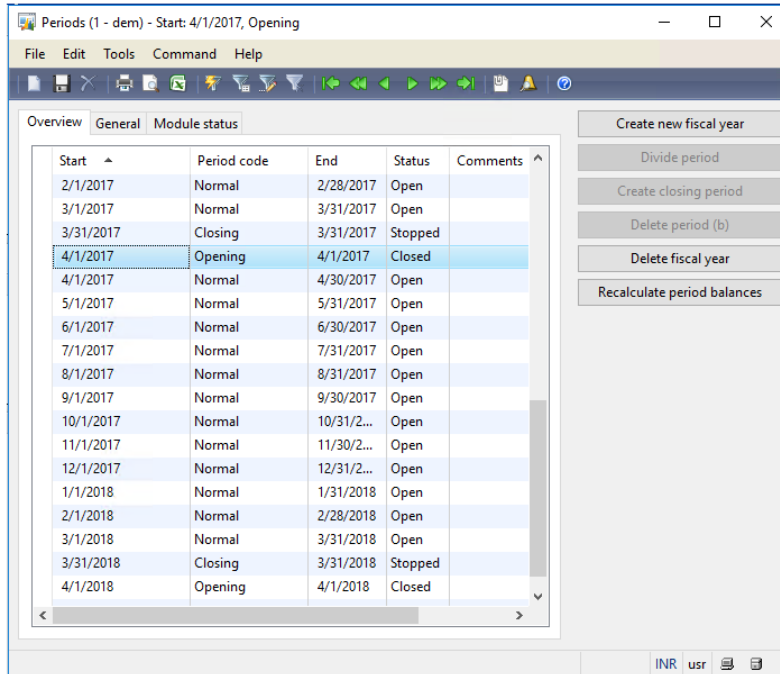
Create GST minor codes

- Go to **General ledger** > **Setup** > **Sales tax** > **India** > **GST minor code** to create a new minor code.

   Note: Minor codes must have 10 numeric digits.
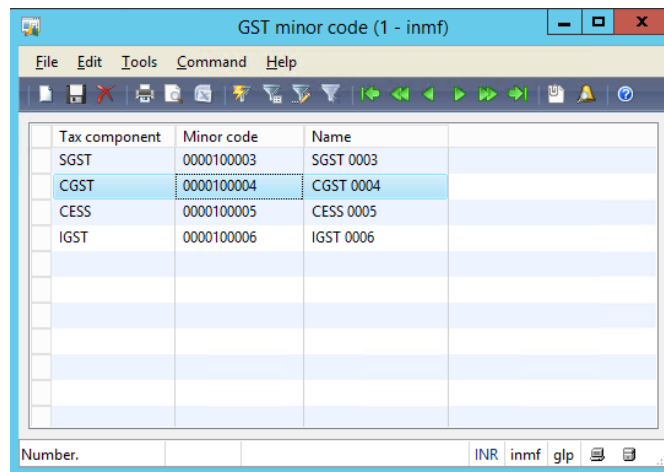
Miscellaneous

Update the parameters so that the ledger for AP/AR packing slips is posted

1 Go to **Accounts payable** > **Setup** > **Parameters**.

2 On the **Updates** tab, select the **Post packing slip in ledger** check box.
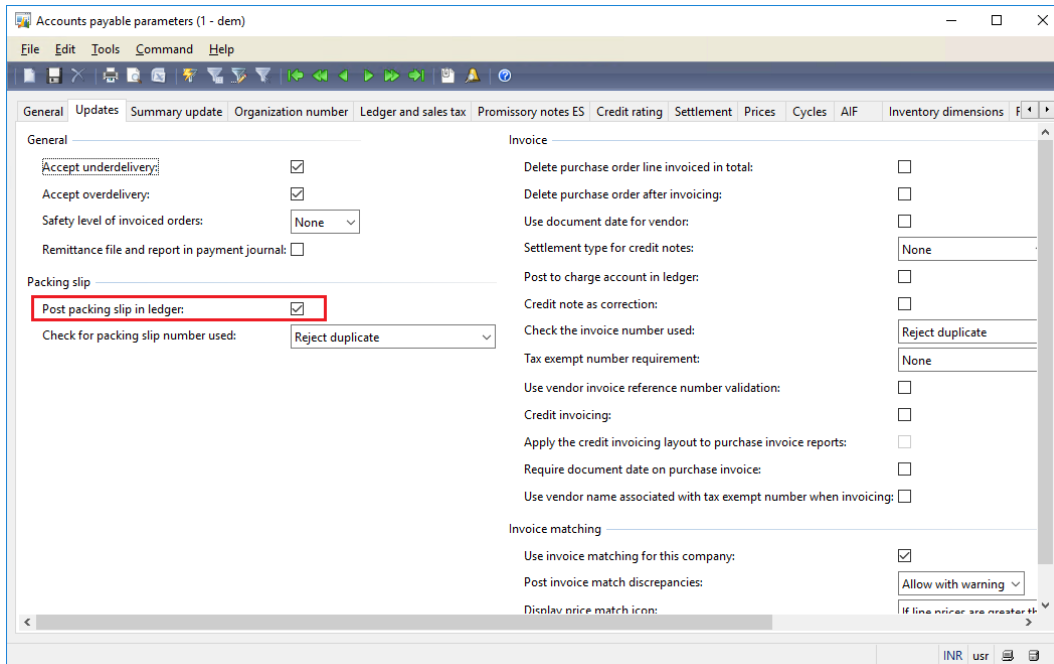
3 Go to **Accounts receivable** > **Setup** > **Parameters**.

4 On the **Update** tab, select the **Post packing slip in ledger** check box.
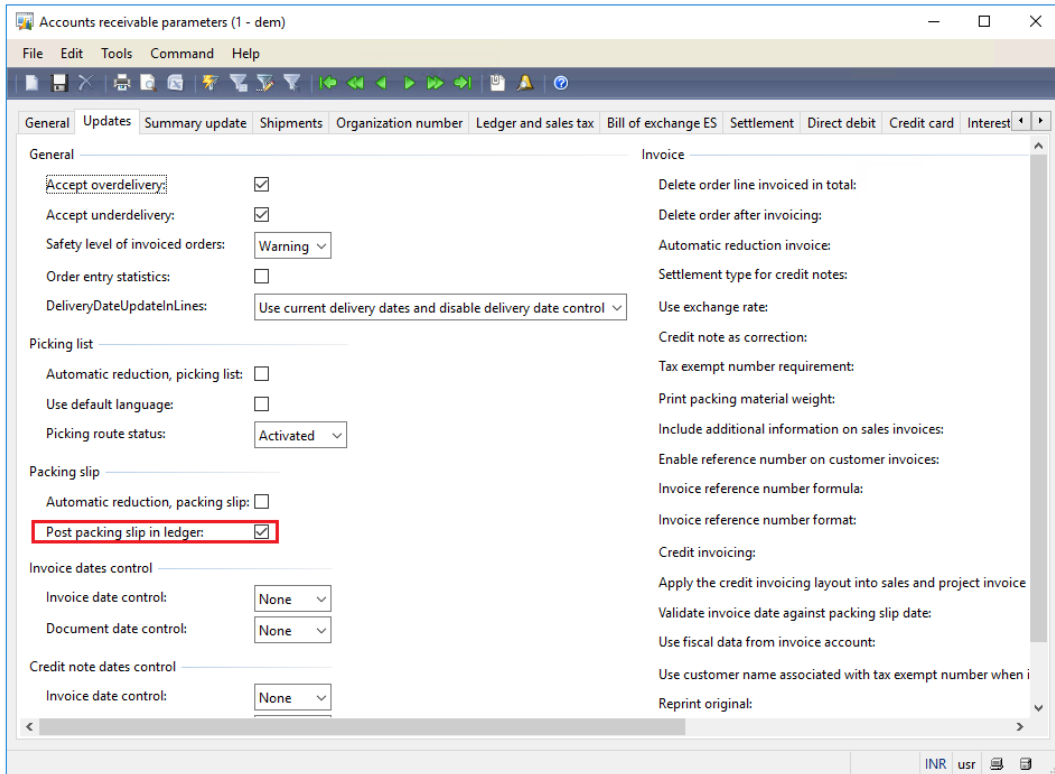
Update the parameters so that miscellaneous charges can be added to the assessable value as a tax calculation base

1 Go to **General ledger** > **Setup** > **Parameters**.
2 Select the **Miscellaneous charges** check box.
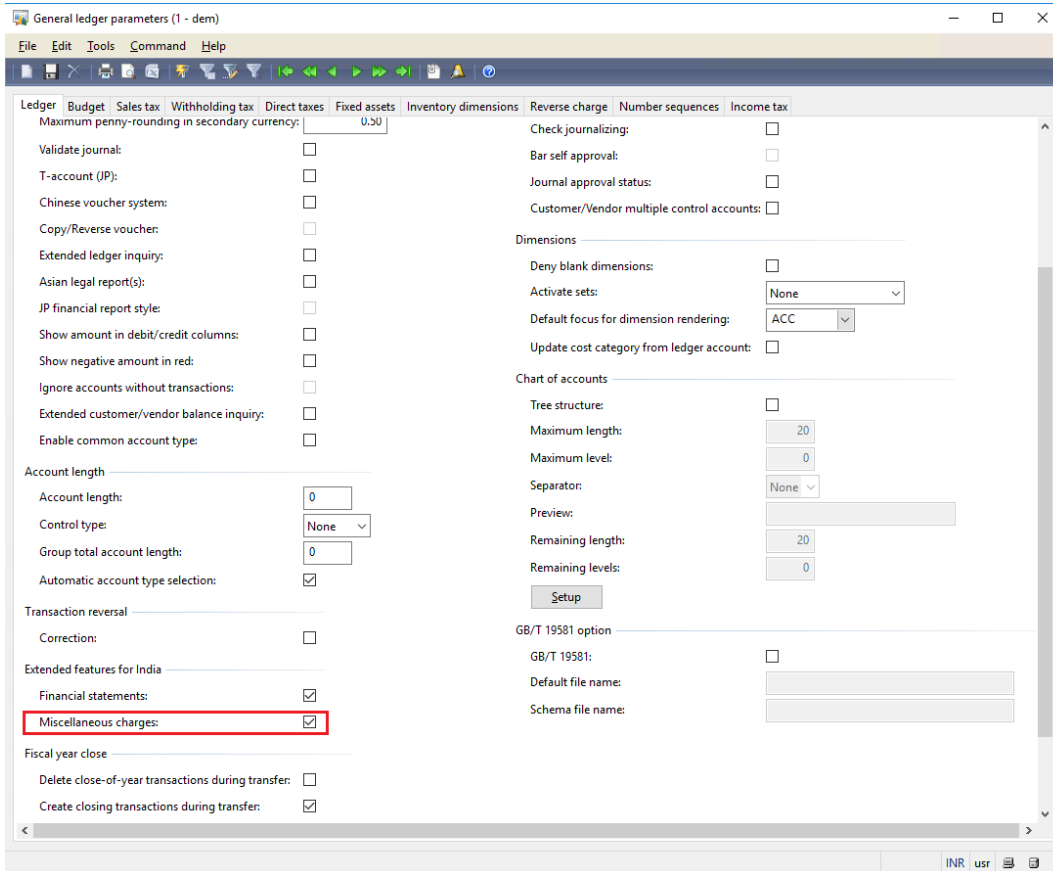
3 In the **Miscellaneous charges transactions** form, an **Assessable value** check box will be selected for every miscellaneous charge transaction. When this check box is select, the value of the miscellaneous charge will be added to the assessable value of the related document line.
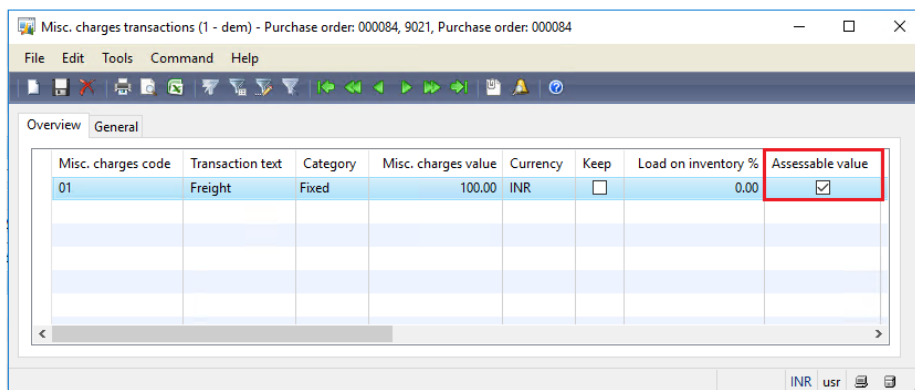
Import the configuration and deploy it to a specific company

1 Save all the configuration files in one folder that Microsoft Dynamics AX Application Object Server (AOS) can access.

2 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Load configurations**.
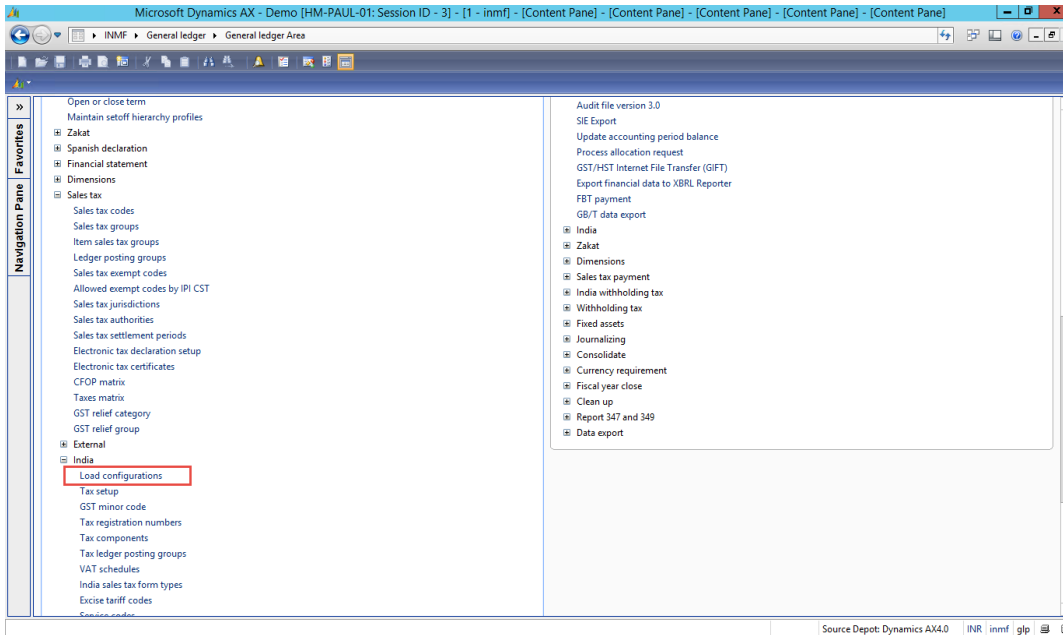
3 Set the **Directory** field to the folder where you saved the configuration files.
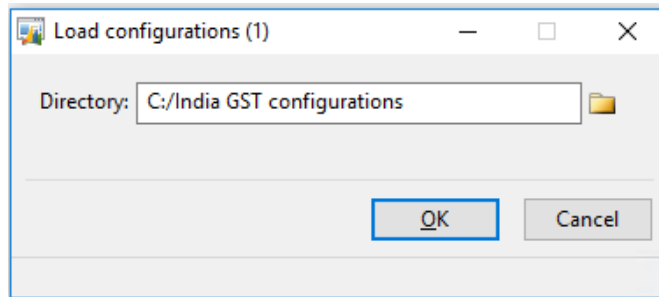
Note: Both tax configuration files and report configuration files are saved in the same folder.

4   Click **OK**.
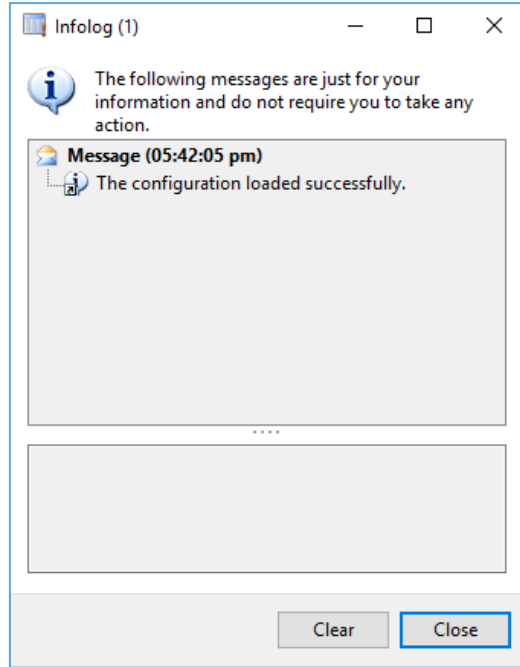
5   Click **Close**.

6   Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Tax setup**.

7   Create a new record, and define a tax setup.

8   Click **Configuration**.
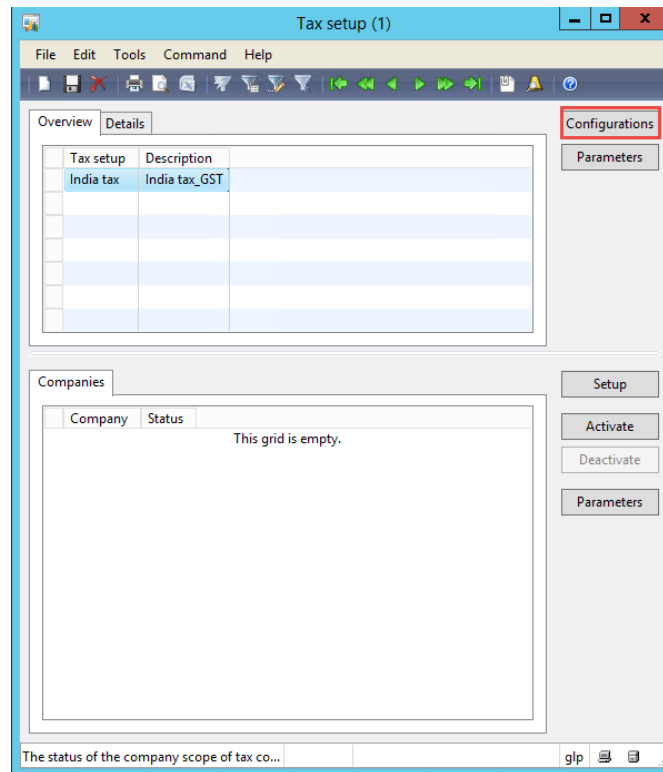
9 Click **Configuration**, and add a tax configuration.

Note: Configurations are related to tax are listed on the **Available configurations** tab.
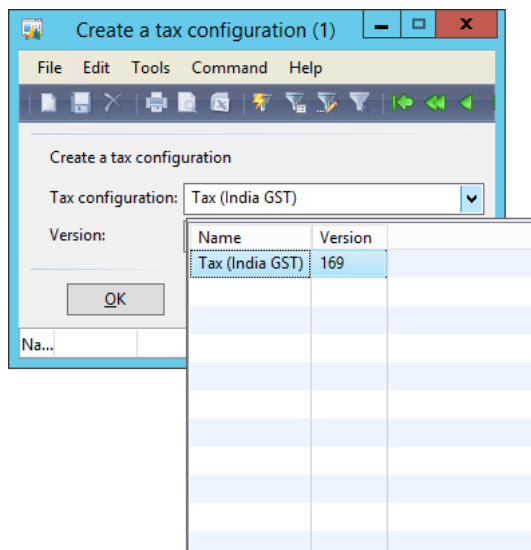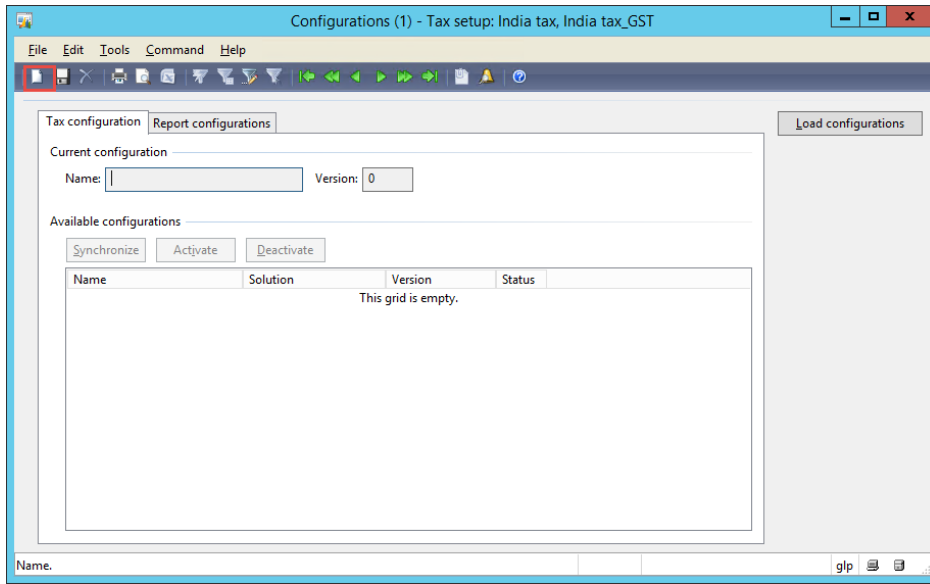
10 Select the required configuration, such as **Tax (India GST) 169**, and then click **Synchronize**.
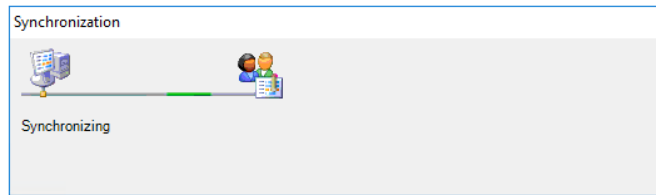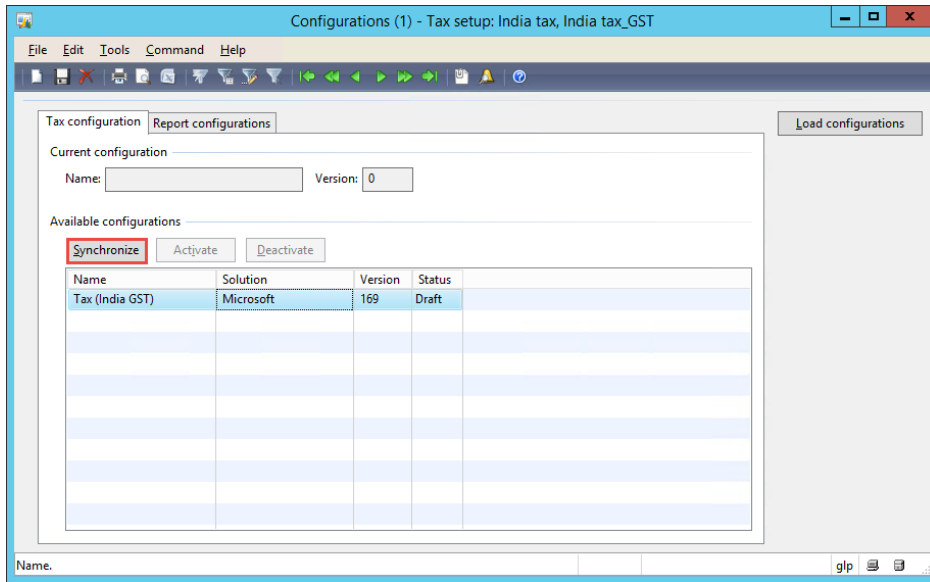
11 Click **Activate**.
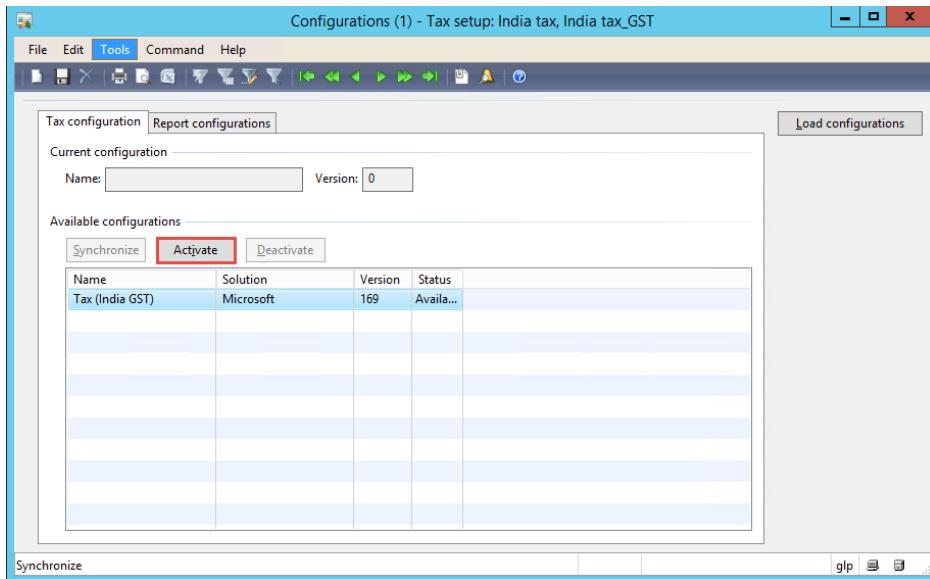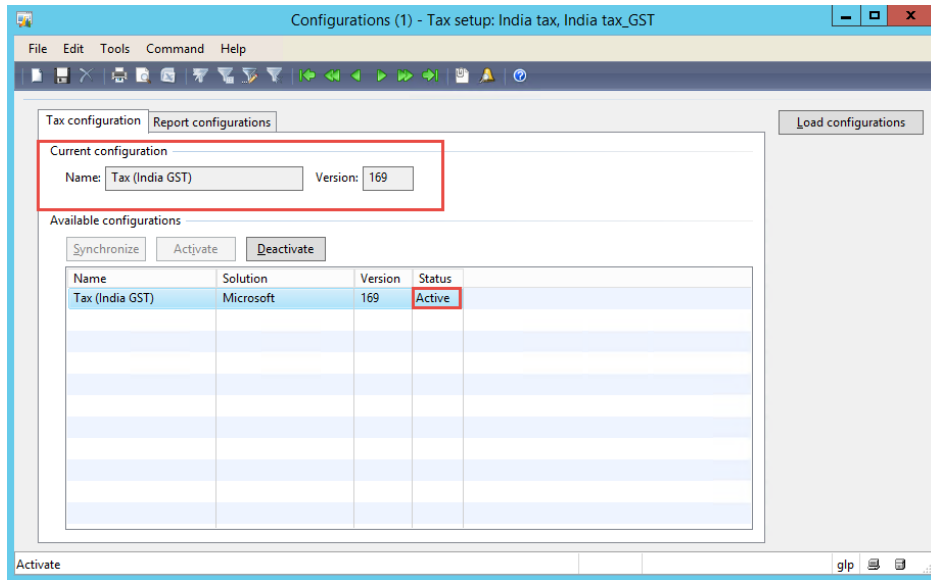
12 Click the **Report configurations** tab.

Note: Configurations that are related to reports are listed on the **Report configurations** tab.
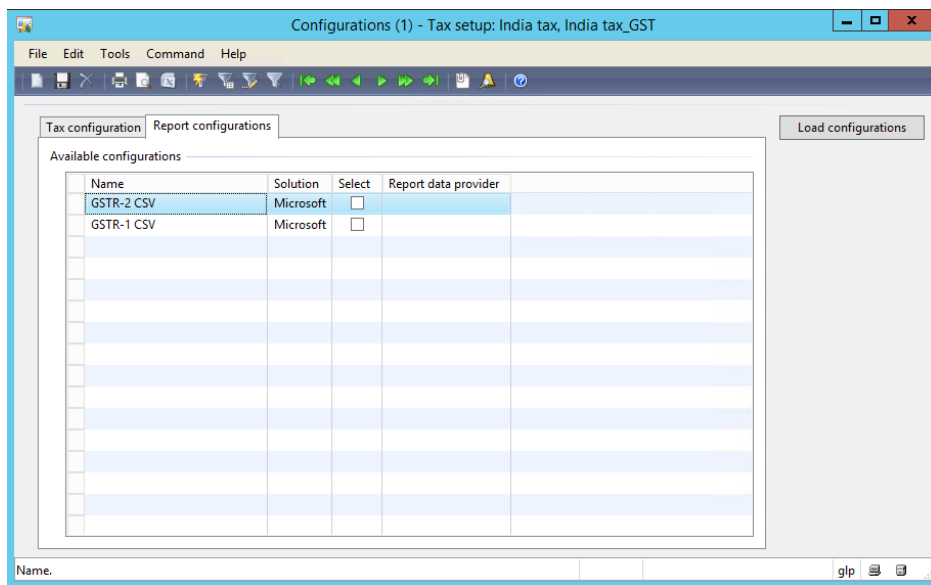
13 Select the **Select** check box for the report that you require.
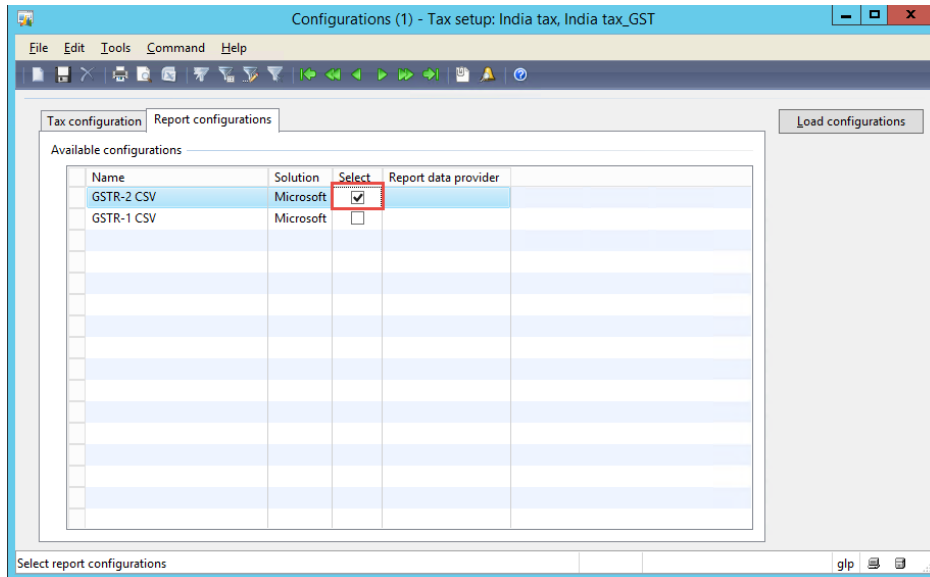
14 In the **Report data provider** field, select the report data provider.
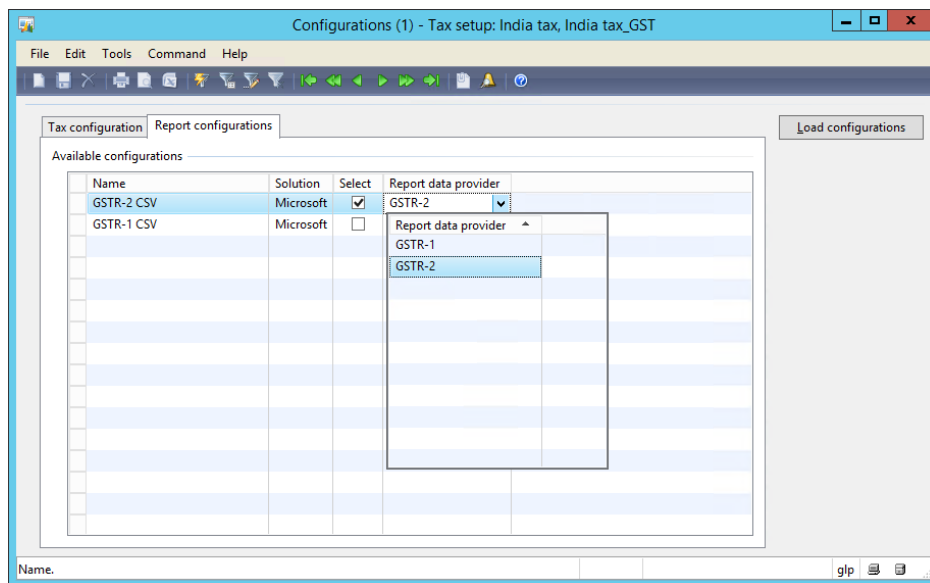
Note: Repeat steps 13 through 14 for the additional required reports.

15 Close the form.

16 Click the **Companies** FastTab.

17 Create a new record.

18 In the **Companies** field, select companies as you require.
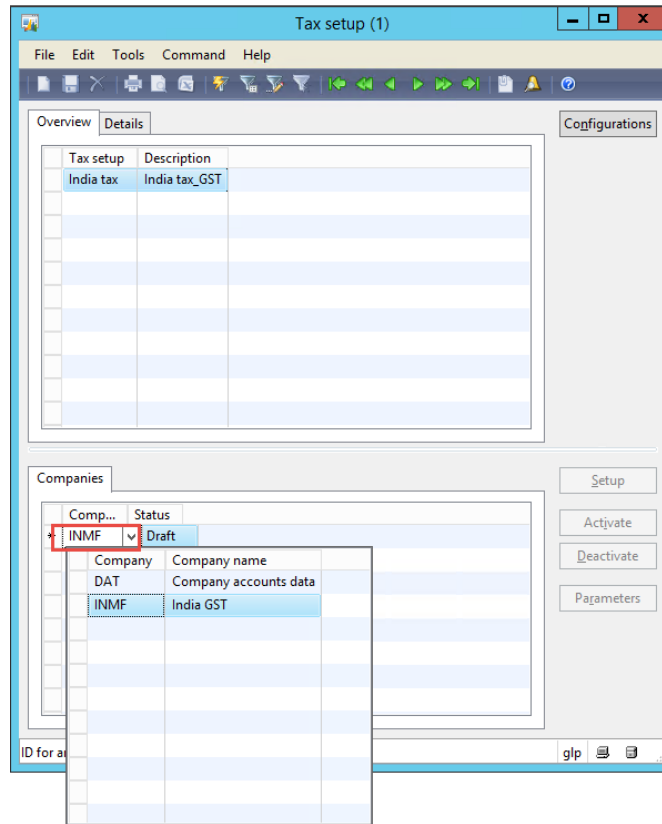
19 Save the record.

20 Follow the steps in the Tax setup section to set up tax.

21 Click **Activate** to activate the configuration for the company.
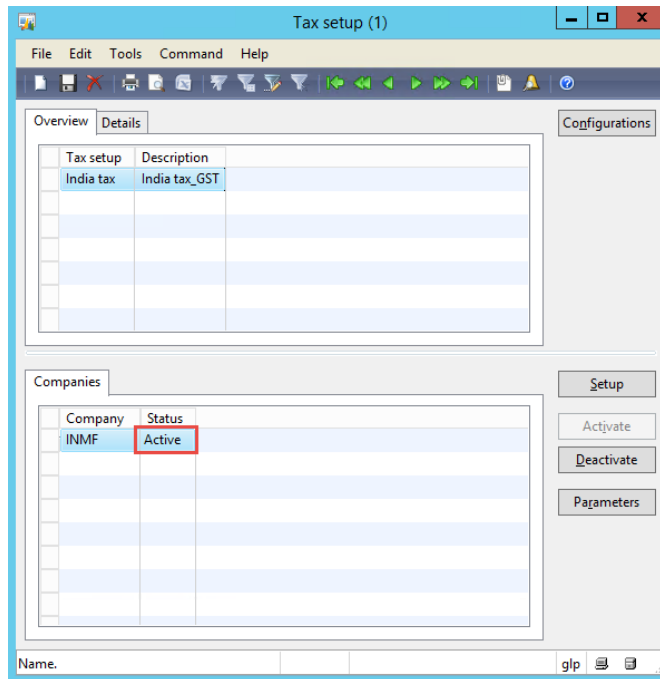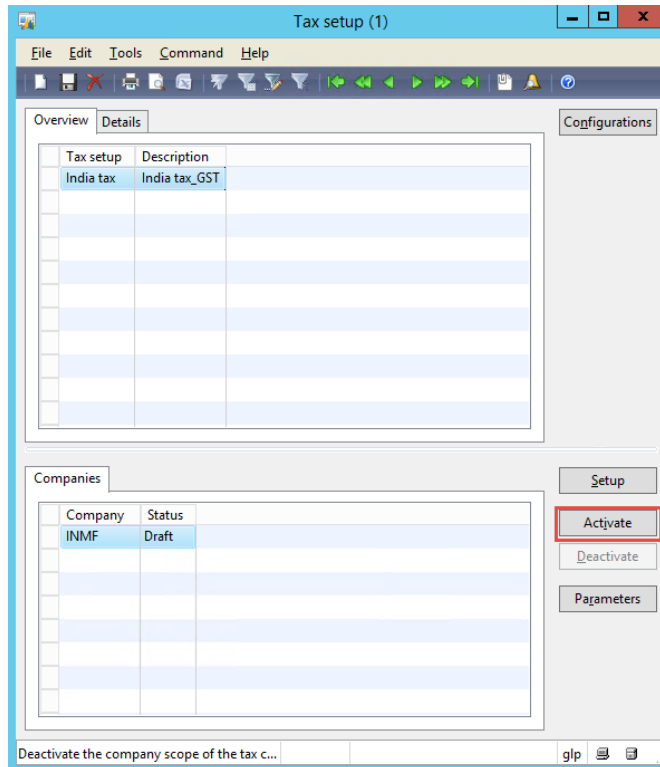
Switch configuration (Optional)

If there is a new configuration version update, follow these steps to switch the configuration version. Both the old configuration and the new configuration will be maintained in the system, but only one configuration will be activated.

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Tax setup** > **Companies**, and click **Deactivate** to deactivate the company.
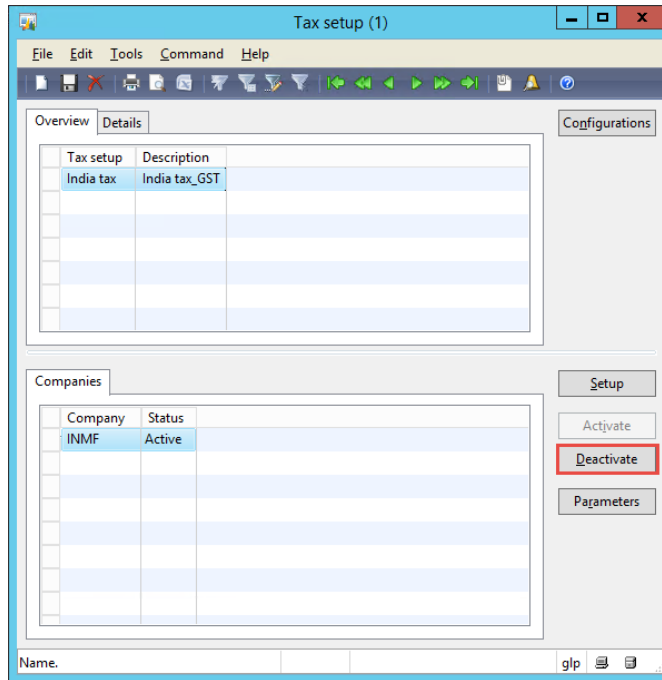
2 Follow steps 1 through 10 in the Import the configuration and deploy it to a specific company section to load and synchronize the new version.
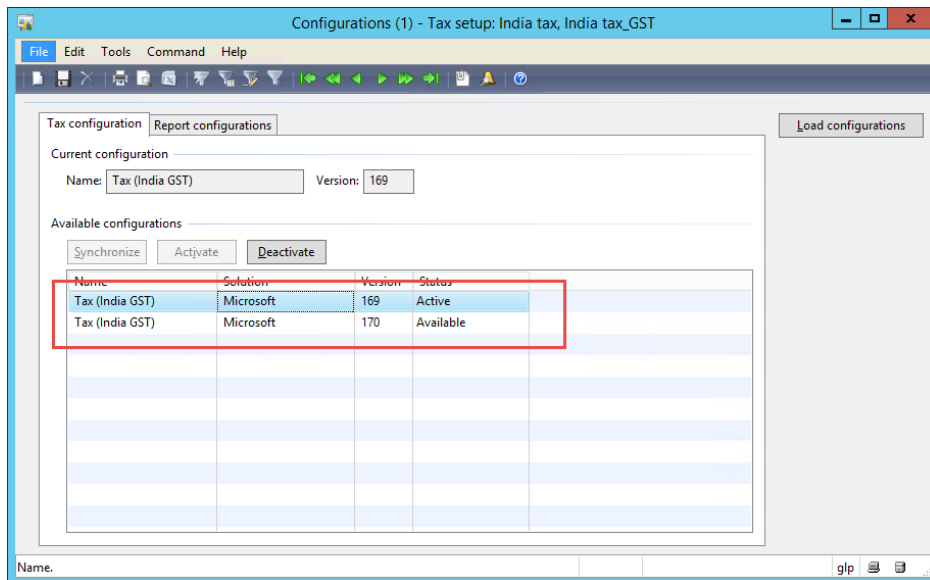
3 Select the new version, and then click **Activate**.
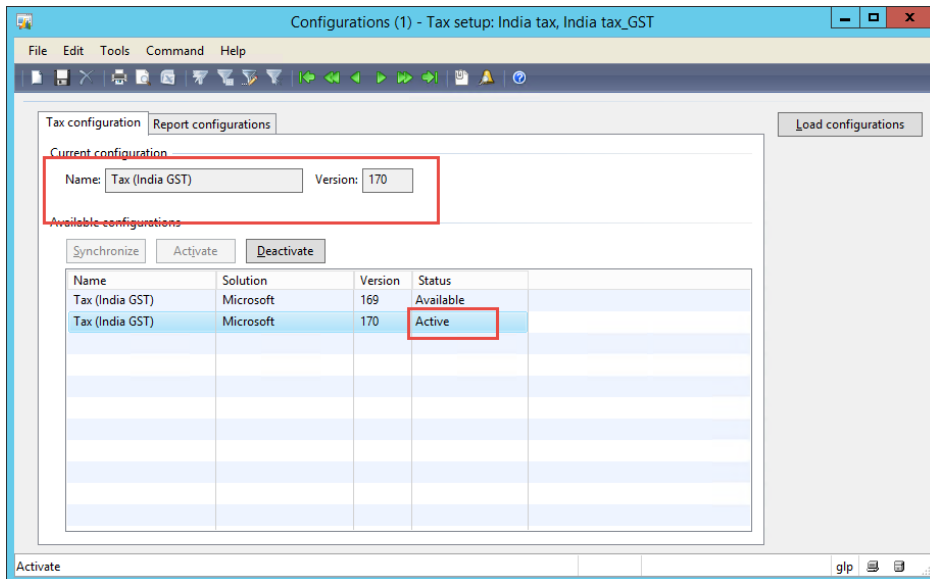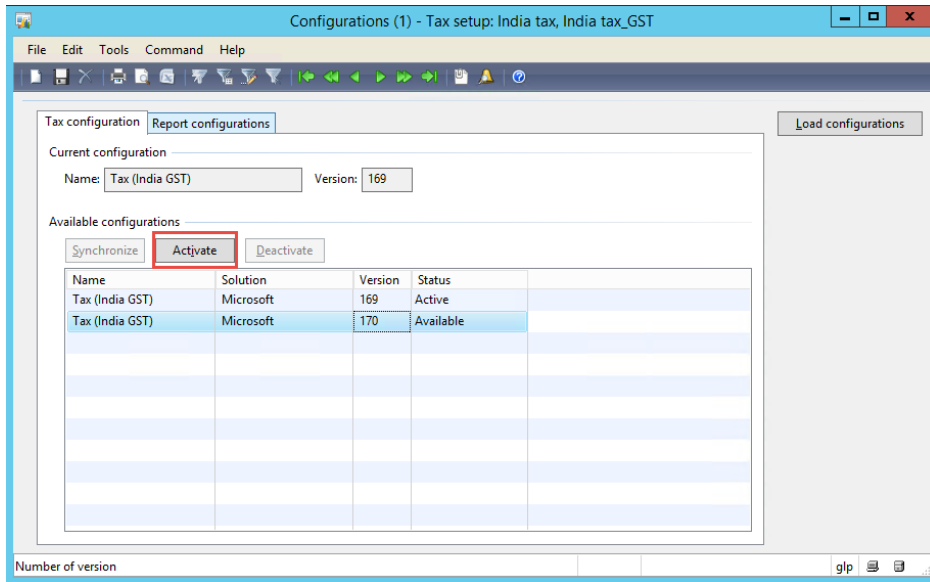
4 Follow the steps in the Tax setup section to set up data for the new version.

Note: If the steps in the Tax setup section have been completed for the older version, the data will be retained after you switch to the new configuration version. You just have to review and update the setup per the new changes.

Tax setup

Map configuration tax types to ERP tax types

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Tax setup**.

2 Select a company, and then click **Setup**.

Note: The left side of the form will list all the applicable taxes that are configured as part of the tax document.

3 Click the **GST** node, and then click the **Tax type mapping** tab.

4 In the **Tax type** field, select the tax type to map.
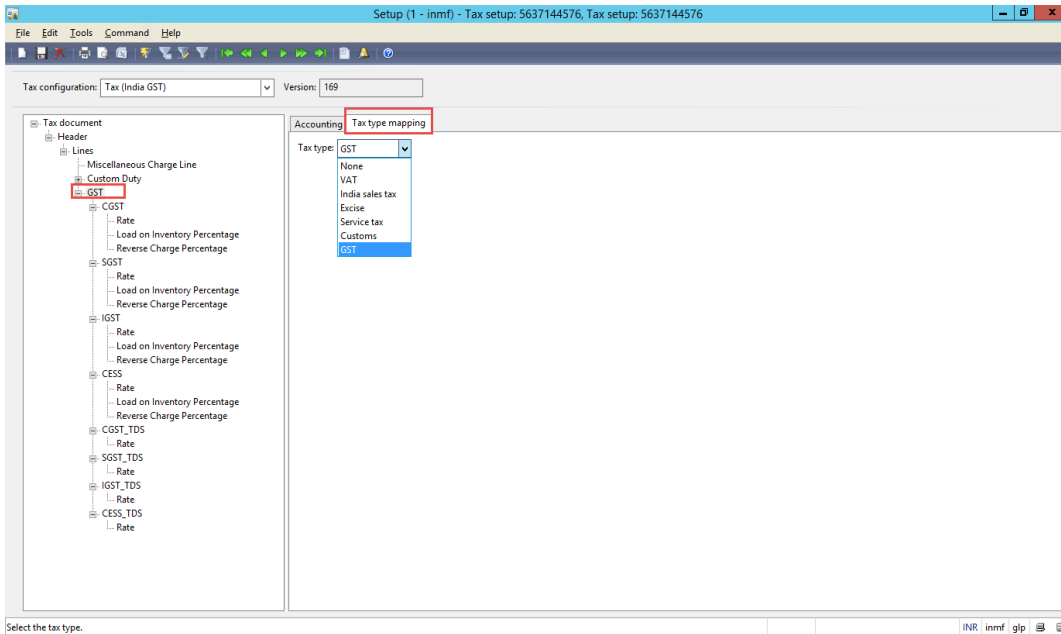
Define a tax period

1 Click the **CGST** node, and then click the **Tax period mapping** tab.

2 In the **Period** field, select a period to map.
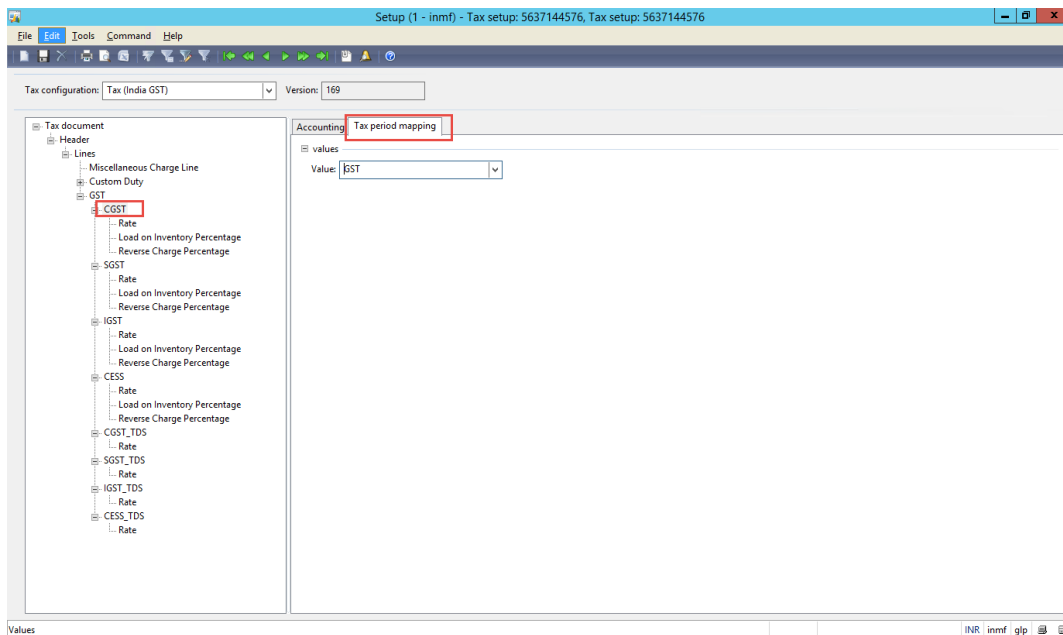
Set up main accounts

1 Select a tax type or a tax component, and define the tax related main accounts.

2 Click the **Accounting** tab.

3 Expand the **Conditions** FastTab.

4 Create a new record.

Note: The account list is generated dynamically, based on the posting profile setup from the configuration.

5 Select the appropriate tax main accounts.
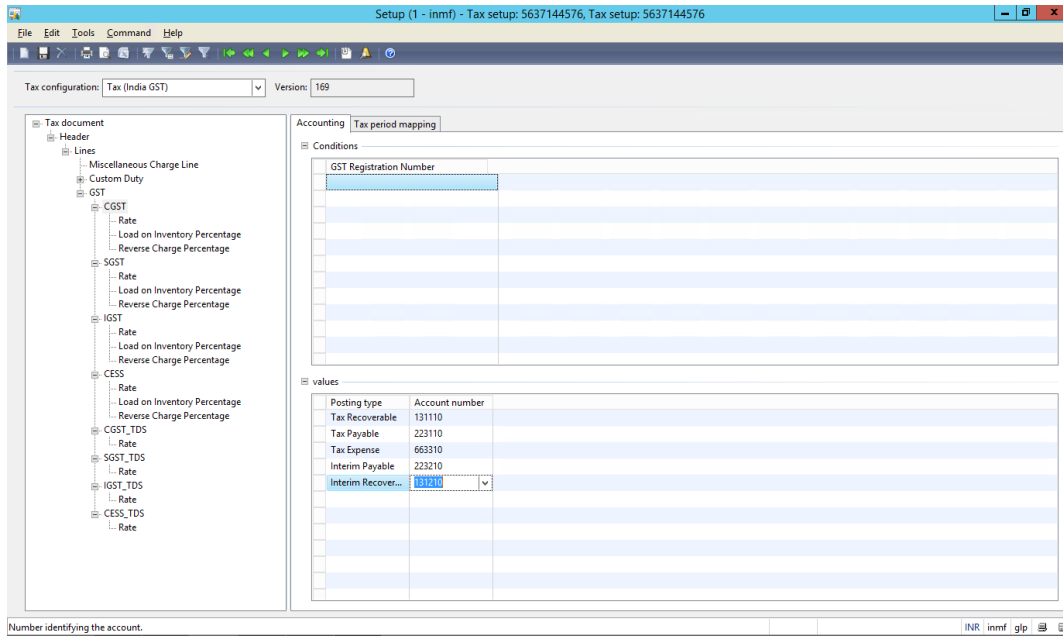
Note: Tax main accounts can be defined at either the tax type level or the tax component level. The value at the tax component level will override the value at the tax type level. If the field is left blank for a posting type at the tax component level, the corresponding value from the tax type level will be used for posting.

Tip: We recommend that you set up tax accounts at the tax component level.

Set up rate and percentage tables

1 Expand the **node for the tax type**.

2 Expand the node for the **tax component**, to define the tax rate and percentage values.

3 Select the **Rate** node.

4 Create a new record. In the **Value** field, define the tax rates.

5 Select the **Reverse Charge Percentage** node to define the reverse charge percentage in the **Value** field.

6 Select the **Load on Inventory Percentage** node to define the load on inventory percentage in the **Value** field.

The rate or percentage table is presented on the right side.

For this example, set up tax rates as follows:

- CGST:
  - **Rate:** 10 percent
  - **Reverse Charge on Percentage:** 30 percent

- SGST:
  - **Rate:** 5 percent
- IGST:
  - **Rate:** 20 percent
7 Click **Close**.

8 Click **Parameters**.
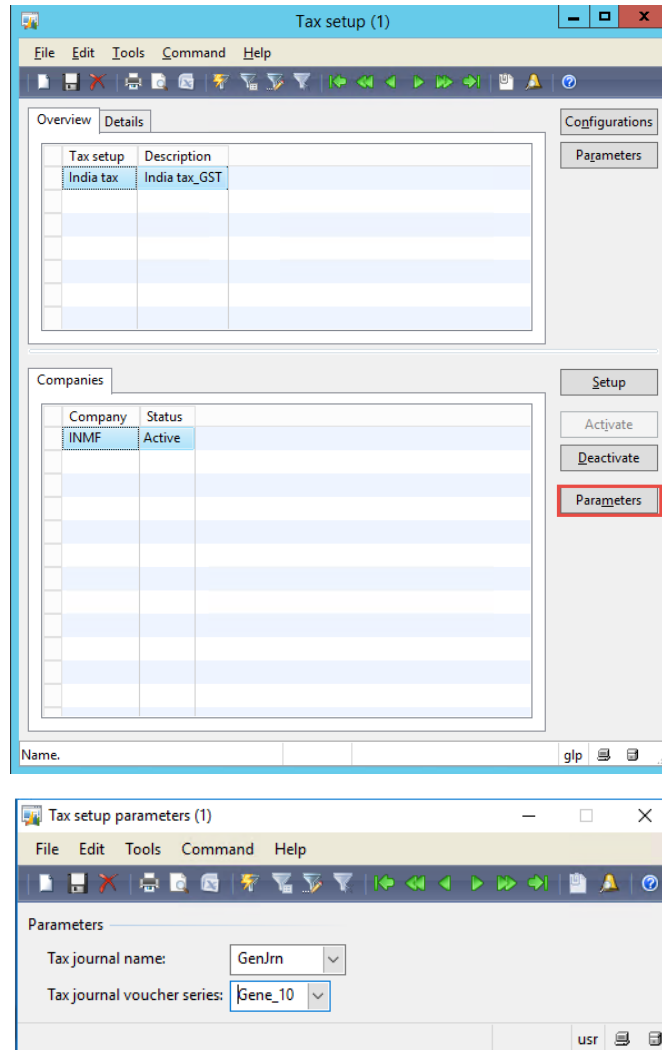
9 Close the form.

Set up and activate a tax hierarchy tree

Set up a sales tax hierarchy and set-off rules

1 Go to **General ledger** > **Setup** > **Sales tax** > **India** > **Sales tax hierarchies**.

2 Create a new record.

3 Enter a name, and then click **OK**.
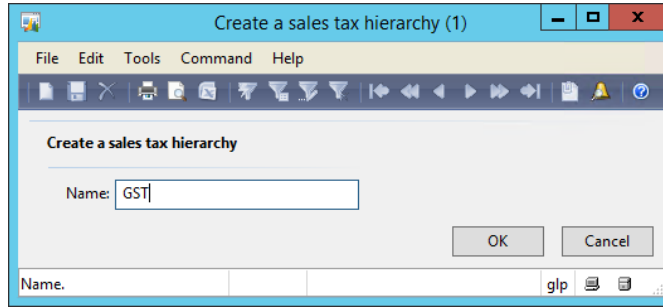
4 Click the **Versions** tab.
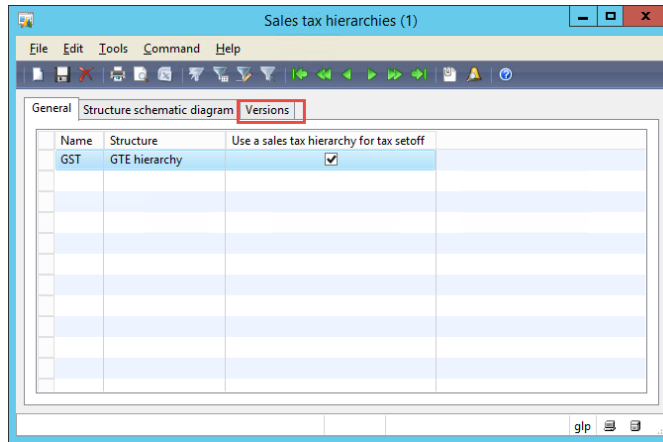
5 Click **View**.
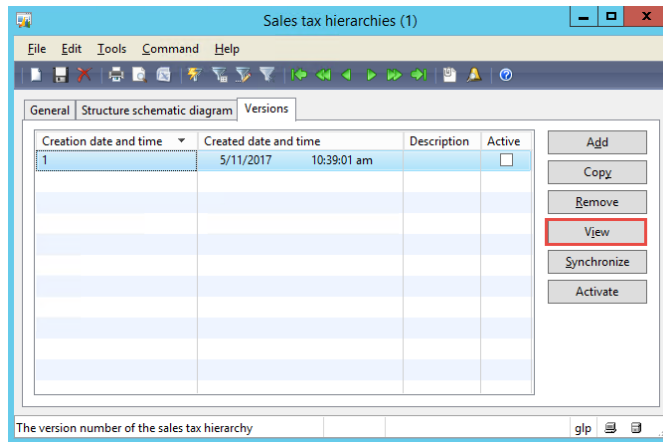
The **Sales tax hierarchy designer** form shows the tax type and tax components per the configuration.

6 Click **Setoff rules for sales tax hierarchy**.
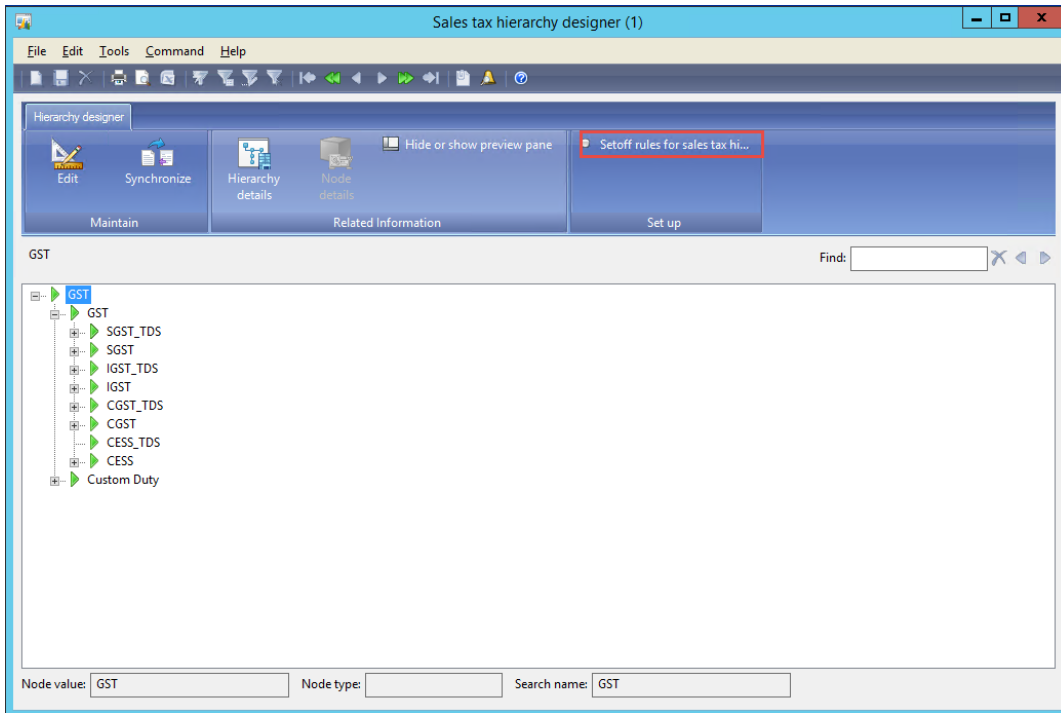
7 Create a new record, and enter a name.

8 Save the record.

9 Click the **Recoverable** tab.

10 Select the tax components, and adjust their priority.
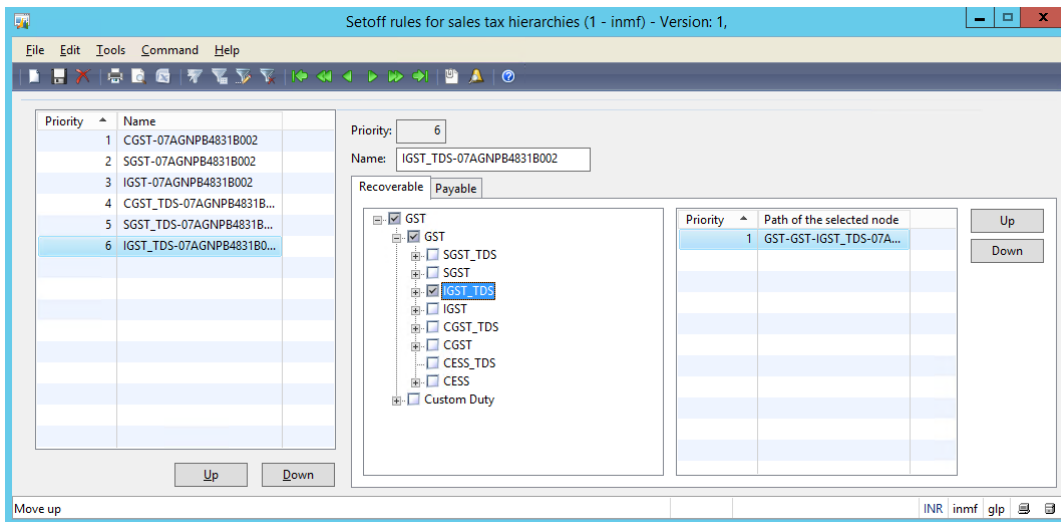
11 Click the **Payable** tab.

12 Select the tax components, and adjust their priority.
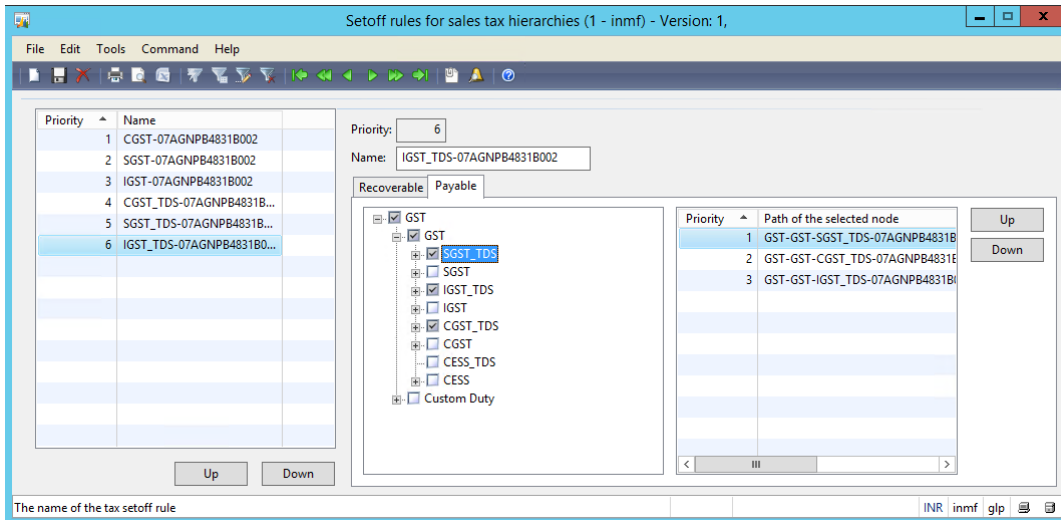
13 Define the set-off rules per the legal requirement.
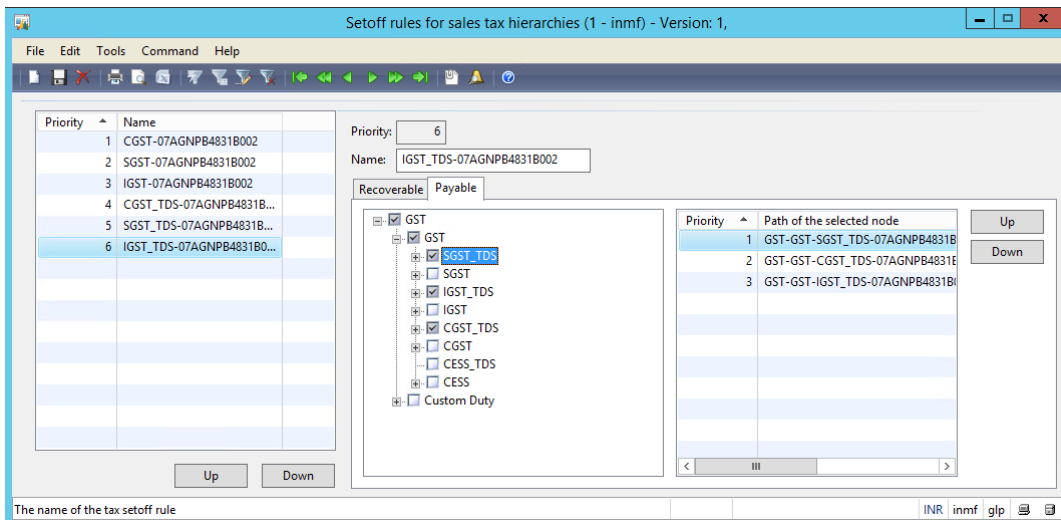
14 Close the **Setoff rules for sales tax hierarchies** form.

15 Close the **Sales tax hierarchy designer** form.

16 Click **Activate**.
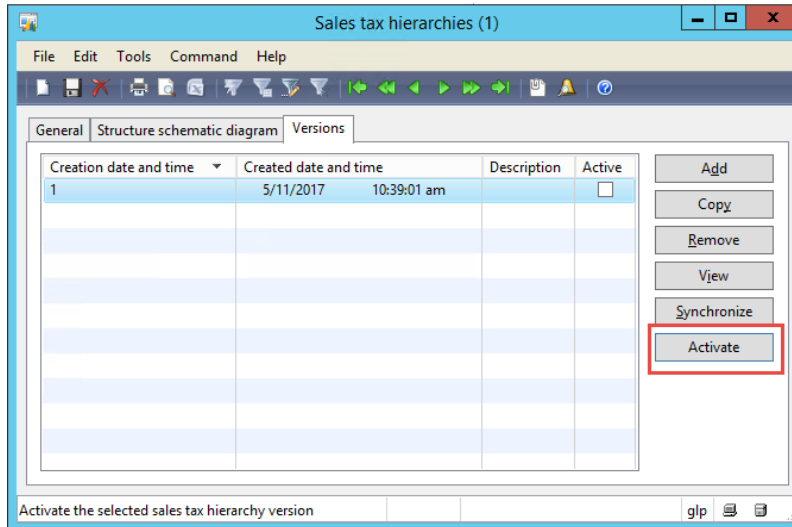
17 Close the **Sales tax hierarchies** form.

18 Go to **General ledger** > **Setup** > **Maintain setoff hierarchy profiles**.

19 Click **New**, and enter the effective date.

20 Select the hierarchy.
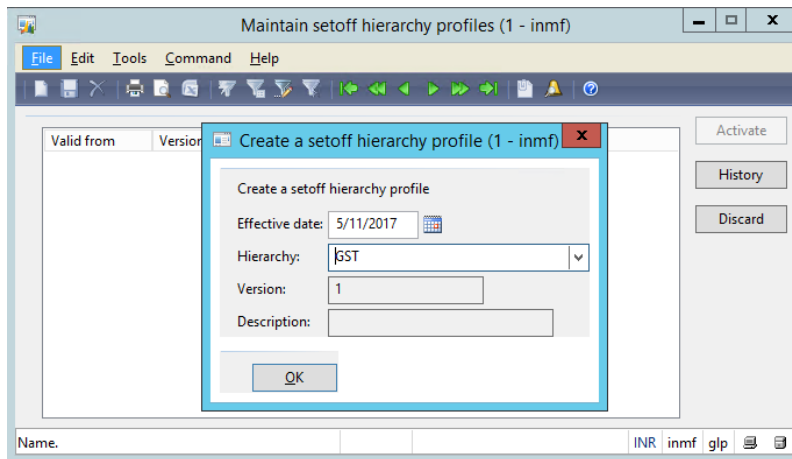
21 Click **OK**.

22 Click **Activate**.
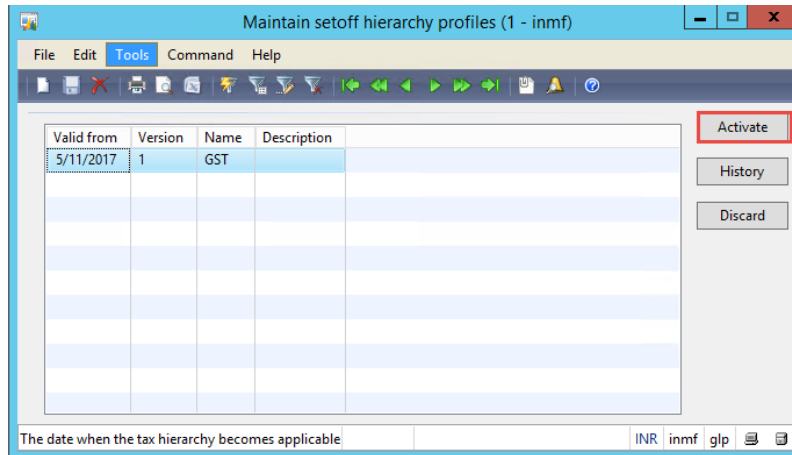
You can now test your configuration and tax setup by entering a transaction.

Transaction entry

Tax document user interface

The following illustration shows the **Tax document** form. This form contains all the tax information that is calculated for the transaction document.
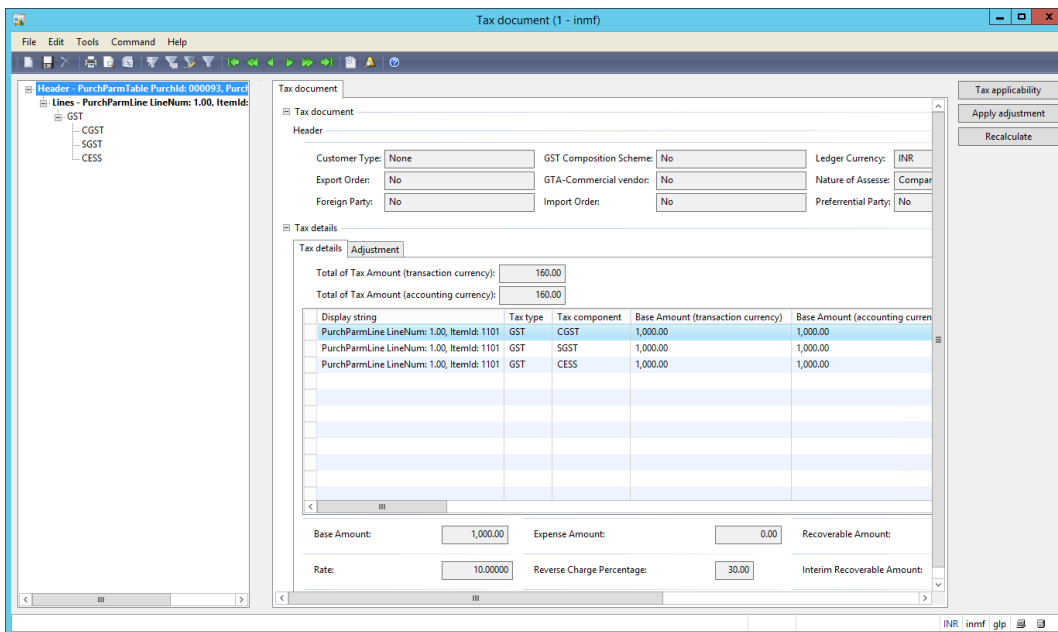
You can make adjustments to both the applicability and the calculated tax amount by clicking the buttons at the top of the form.

Use the **Adjustment** tab on the **Tax details** FastTab to adjustment the calculated tax amount.

Use the **Tax applicability** button to override the system-determined tax applicability. Select the appropriate tax type and tax components, and then click **OK**.

For example, for our tax document, clear the **CGST SGST** check boxes, and select the **IGST** and **CESS** check boxes.
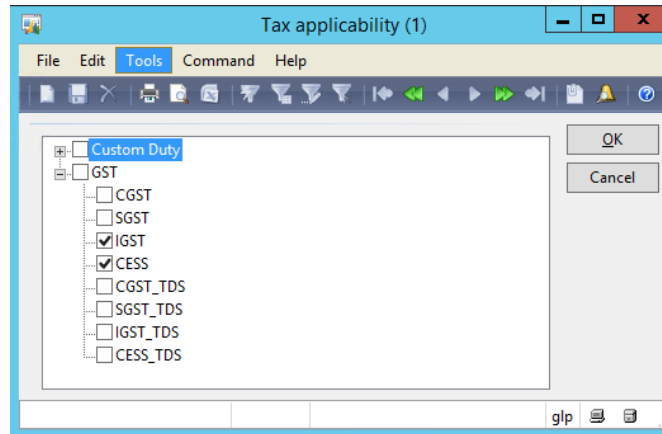
Use the **Apply adjustment** button to apply adjustment (adjusted tax applicability or tax amount).
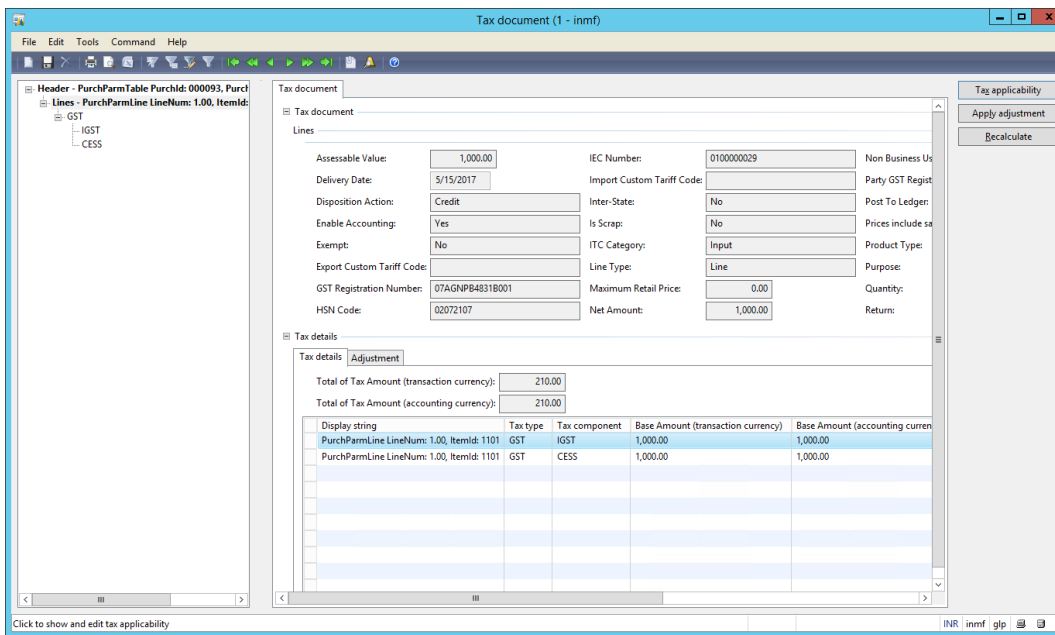
Use the **Recalculate** button to recalculate taxes if any changes are made to the tax attributes after the order is created. You also use this button to reset adjustments that are made through tax applicability or adjustment (tax amount).
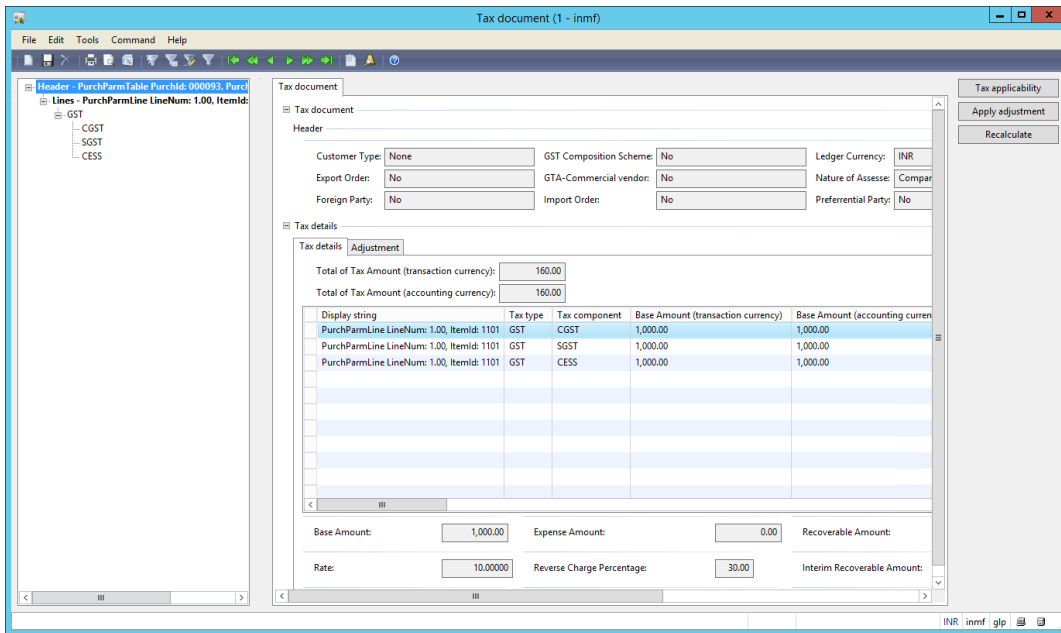
Purchase order, purchase receipt, and purchase invoice

## Purchase: Purchase order – Intrastate transaction

1   Go to **Accounts payable** > **Common forms** > **Purchase order details**.

2   Create a new purchase order for an intrastate transaction.

   For this example, use vendor account **1001**.

3   Select and item, and set the quantity to **1**, the site to **Site 1**, the warehouse to **11** and the unit price to **150,000.00**.

4   Save the record.
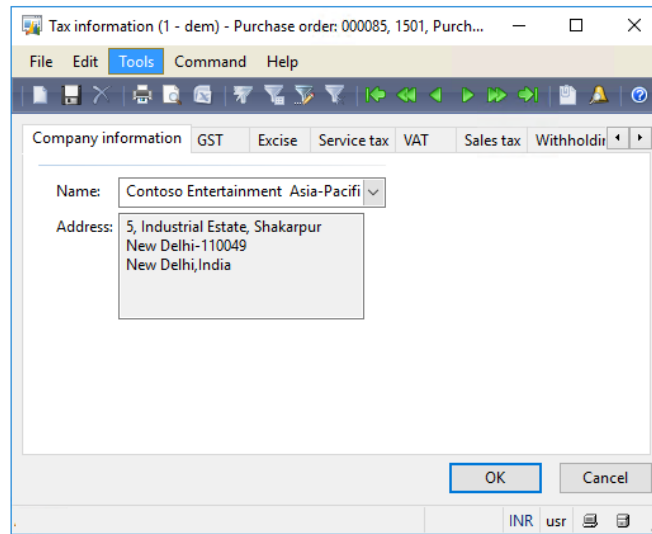
   Note: Tax information is enabled.

5 Click **Tax information**.

6 Click the **GST** tab.

7 Verify that default values are entered in the following fields:

- **GSTIN/GDI/UID:** The GSTIN number should be entered.
- **HSN code**
- **ITC Category: Input** should be selected.
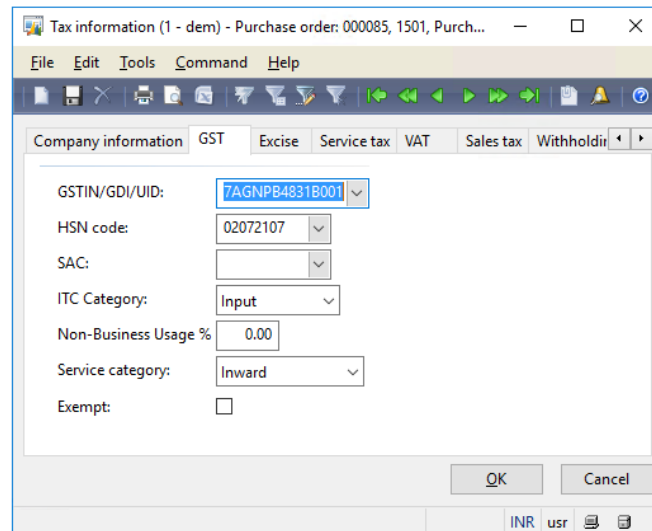
8 Click the **Vendor tax information** tab, and verify that the vendor location is in **New Delhi**, and that the vendor has GST tax information (that is, the vendor is a registered dealer).

9 Click **OK**.

10 Click **Setup** > **Tax document** to review the calculated taxes.

The CGST, SGST, and CESS tax components are applied, because this transaction is an intrastate transaction.

If any tax attributes are changed after the order line is created, you can click **Recalculate** to recalculate tax.

11 Close the form.

Purchase: Purchase invoice – Intrastate transaction

1 On the Action Pane, click **Posting** > **Invoice**.

2 In the **Quantity** field, select **All**.

3 Enter the invoice number.

4 Click **OK**.

5 On the Action Pane, click **Inquiries** > **Invoice** > **Voucher**.
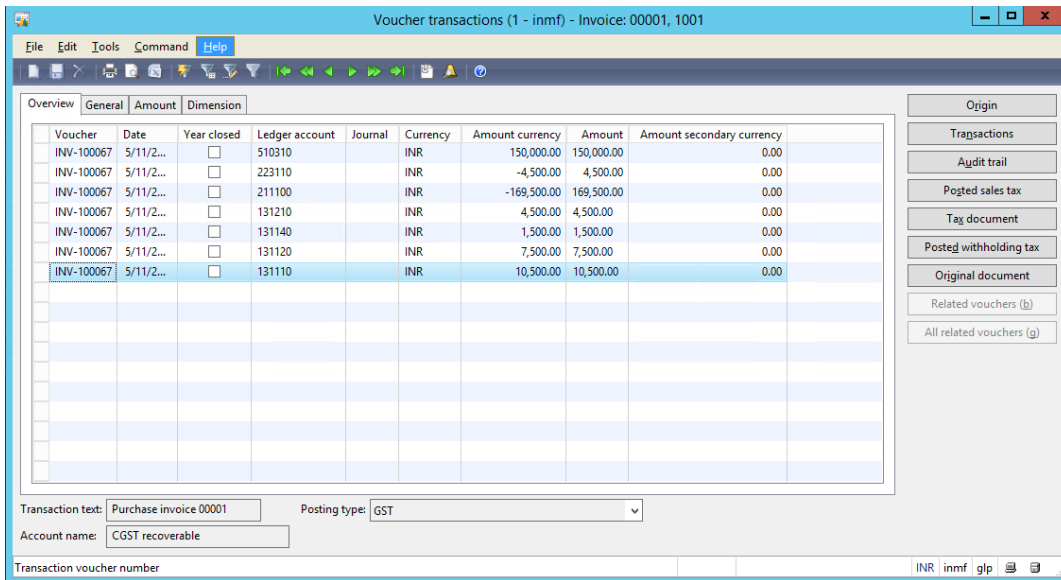
Note: For this example, GST accounts are defined at the tax component level.

Ledger account	Name	Debit	Credit
510310	PPV - Purchase Price variance	150,000.00	
131110	CGST recoverable	10,500.00	
131210	CGST interim recoverable	4,500.00	
131120	SGST recoverable	7,500.00	
223110	CGST payable		4,500.00
131140	CESS recoverable	1,500.00	
211100	Vendor balance		169,500.00

Payment: Vendor payment to the preceding invoice

1 Go to **Accounts payable** > **Journals** > **Payments** > **Payment journal**.

2 Create a journal, and then click **Lines**.

3 Create a journal voucher for vendor account **1001**.

4 On the Action Pane, click **Functions** > **Settlement**.

5 Select the invoice.
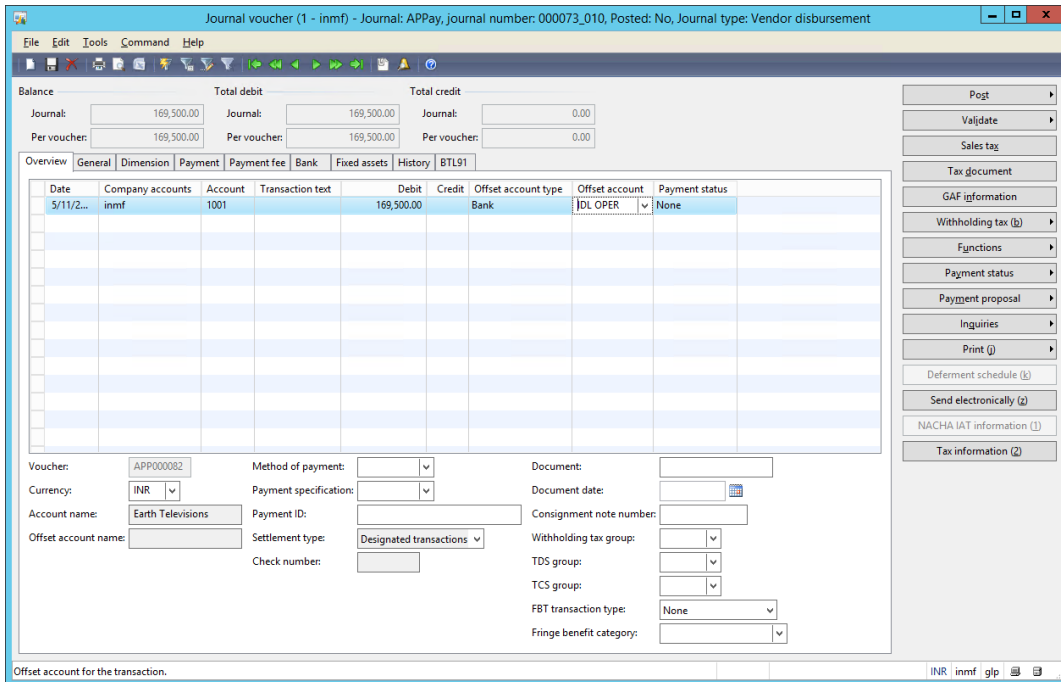
6 Click **Post** > **Post**.

7 On the Action Pane, click **Inquiries** > **Voucher**.
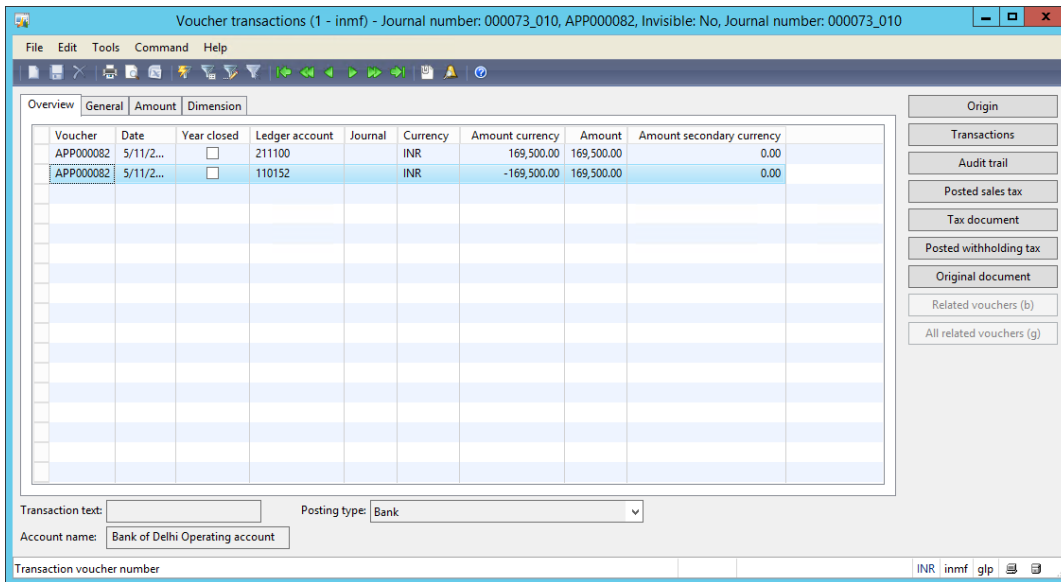
Purchase: Purchase order – Interstate transaction

1 Go to **Accounts payable** > **Common forms** > **Purchase order details**.

2 Create a new purchase order for an interstate transaction.

For this example, use vendor account **1002**.

3 Select and item, and set the quantity to **3**, the site to **Site 2**, the warehouse to **21**, and the unit price to **50,000.00**.

4 Save the record.
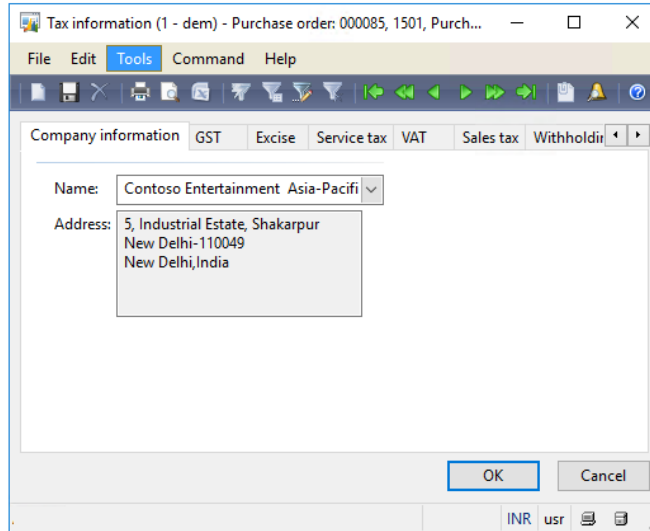
> **Note:** Tax information is enabled.

5 Click **Tax information**.

6 Click the **GST** tab.

7 Verify that default values are entered in the following fields:

- **GSTIN/GDI/UID:** The GSTIN number should be entered.
- **HSN code**
- **ITC Category: Input** should be selected.
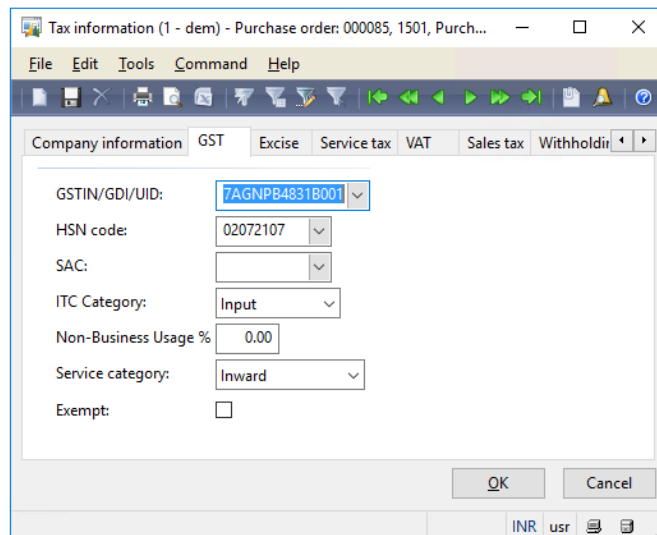
8 Click the **Vendor tax information** tab, and verify that the vendor location is **Bengaluru**, and that the vendor has GST tax information (that is, the vendor is a registered dealer).

9 Click **OK**.

10 Click **Setup** > **Tax document** to review the calculated taxes.

The IGST tax component is applied, because this transaction is an interstate transaction.

11 Close the form.

Purchase: Packing slip (Optional)

1 On the Action Pane, click **Posting** > **Packing slip**.

2 Click the **Lines** tab.

3 Set the quantity to **2.00**.

4 Close the message that appears.

5 Click **Tax document**.
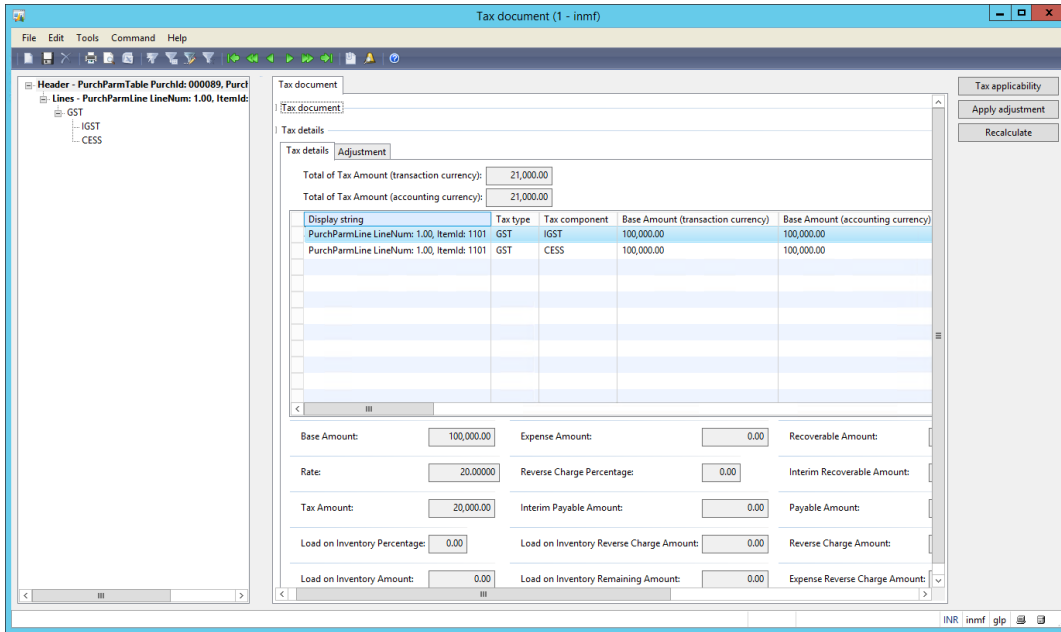
Note: The tax document will be generated based on the quantities on the packing slip.

6 Close the form.

7 Click the **Overview** tab.

8 Enter the packing slip number.

9 Click **OK**.

Purchase: Purchase invoice

1 On the Action Pane, click **Posting** > **Invoice**.

2 In the **Quantity** field, select **Packing slip**.

3 Click **Tax document**.
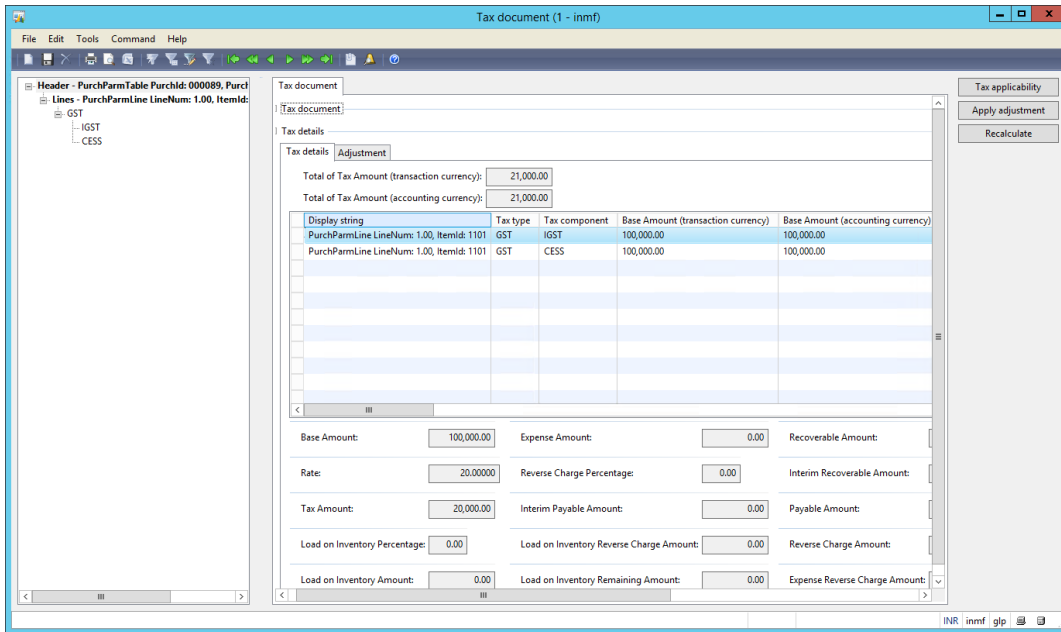
4 Close the form.

5 Enter the invoice number.

6 Click **OK**.

7 On the Action Pane, click **Inquiries** > **Invoice** > **Voucher**.
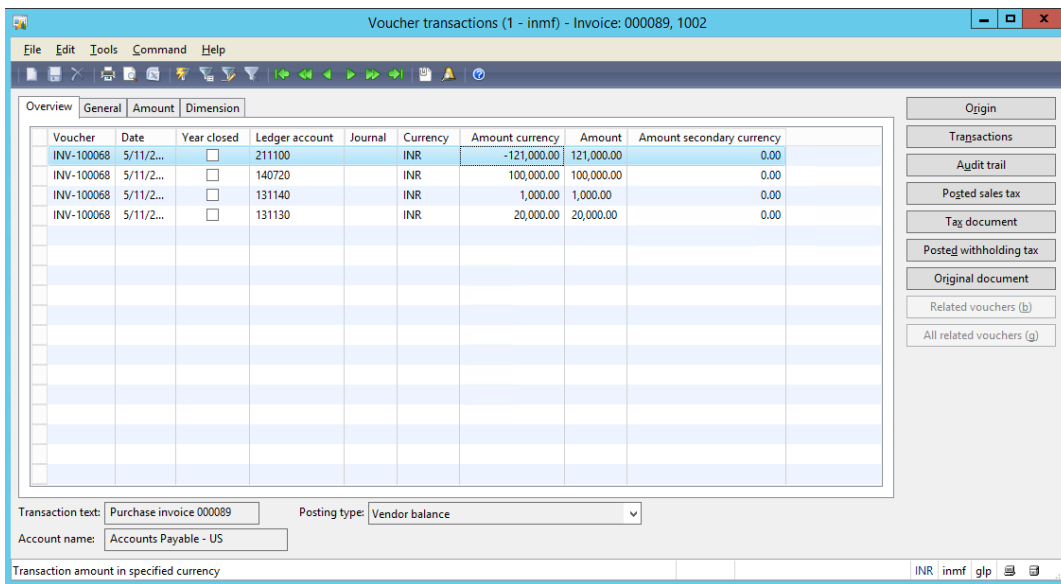
Ledger account	Name	Debit	Credit
140520	Purchase, receipt	100,000.00	
131130	IGST recoverable	20,000.00	
131140	CESS recoverable	1,000.00	

Ledger account	Name	Debit	Credit
211100	Vendor balance		121,000.00

Payment: Vendor payment to the preceding invoice

1 Go to **Accounts payable** > **Journals** > **Payments** > **Payment journal**.

2 Create a journal, and then click **Lines**.

3 Create a journal voucher for vendor account **1002**.

4 On the Action Pane, click **Functions** > **Settlement**.

5 Select the invoice that has the amount INR **121,000.00**.

6 Click **Post** > **Post**.

7 On the Actin Pane, click **Inquiries** > **Voucher**.
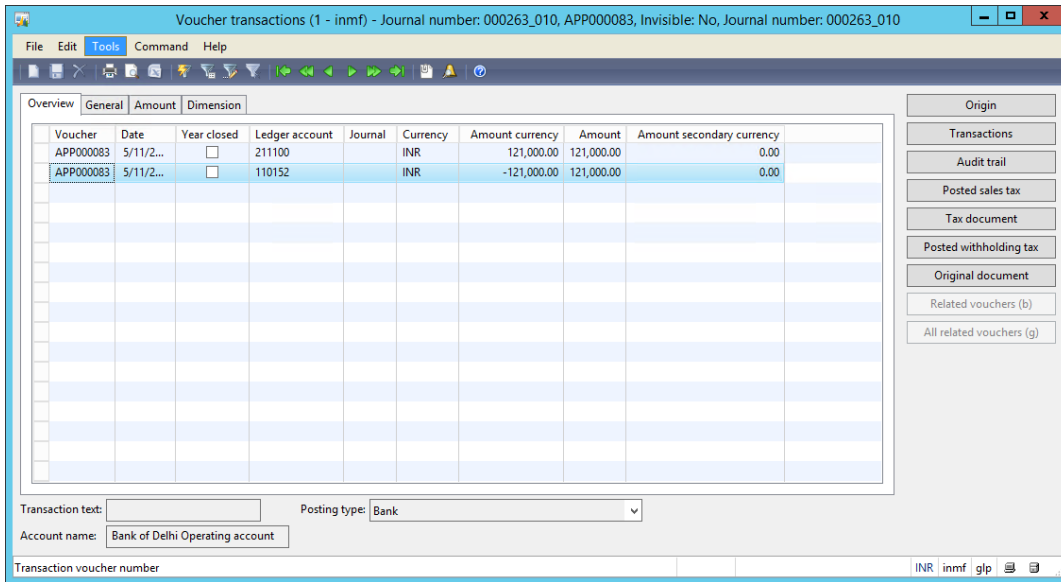
Free text invoice

1 Go to **Accounts receivable** > **Common forms** > **Free text invoices details**.

2 Create a free text invoice.

Sales: Free text invoice – Intrastate transaction

1 Select customer account **1101**.

2 Save the record.

3 Click the **Invoice lines** tab.

4 Enter the main account.

5 In the **Amount** field, enter **150,000.00**.

6 Save the record, so that the **Tax information** button becomes available.

7 Click **Tax information**.

8 Click the **GST** tab.

9 Select the HSN code.

10 Click the **Customer tax information** tab.

11 Click **OK**.

12 On the Action Pane, click **Setup** > **Tax document** to review the tax calculation.

13 Click **Post** to account the invoice.

14 On the Action Pane, click **Inquiries** > **Invoice** > **Voucher**.

Ledger account	Name	Debit	Credit
401100	Product Sales		150,000.00
223120	SGST payable		7,500.00
223110	CGST payable		10,500.00
223140	CESS payable		1,500.00
130100	Accounts Receivable	169,500.00	

Payment: Customer payment to the preceding invoice

1 Go to **Accounts receivable** > **Journals** > **Payments** > **Payment journal**.

2 Create a journal, and then click **Lines**.

3 Create a journal voucher for customer account **1101**.

4 On the Action Pane, click **Functions** > **Settlement**.

5 Select the invoice that has the amount INR **169,500.00**.
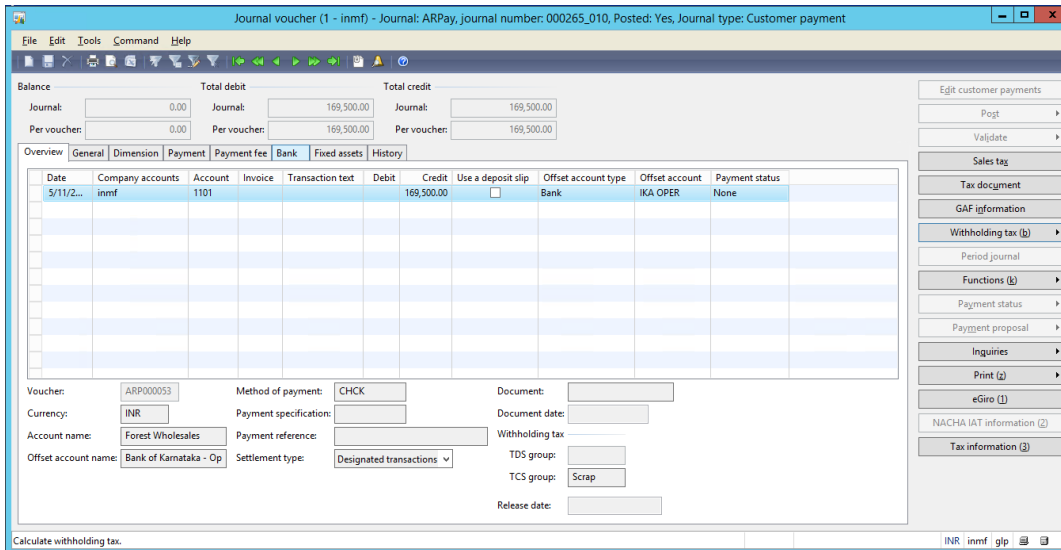
6 Post the journal.

7 On the Action Pane, click **Inquiries** > **Voucher**.
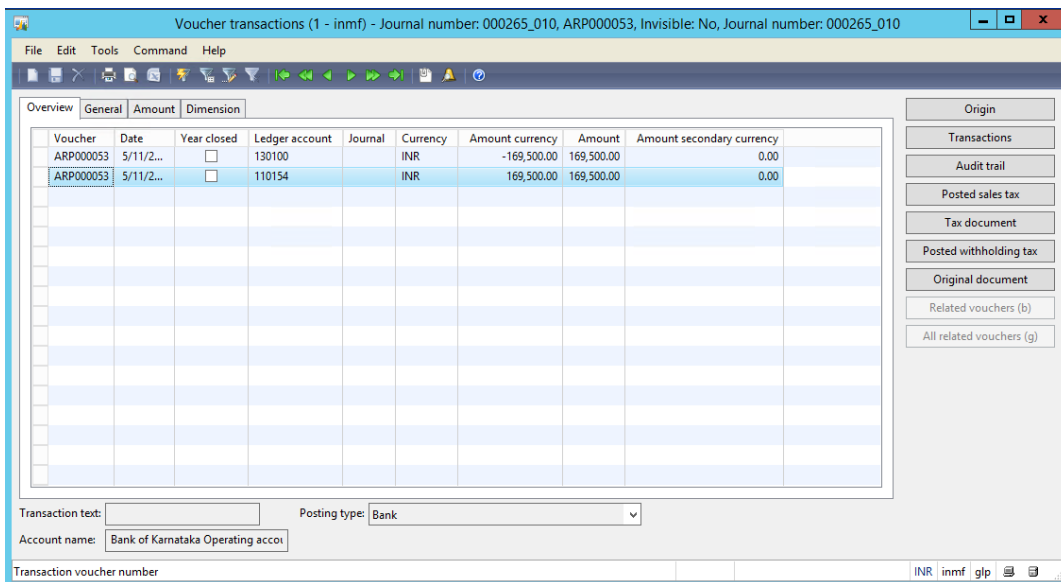
Sales: Free text invoice – Interstate transaction

1 Go to **Accounts receivable** > **Common forms** > **Free text invoices details**.

2 Create a free text invoice.

3 Select customer account **1102**.

4 Enter the main account.

5 In the **Amount** field, enter **200,000.00**.

6 Save the record, so that the **Tax information** button becomes available.

7 Click **Tax information**.

8 Click the **GST** tab.

9 Select the HSN code.

10 Click the **Customer tax information** tab.

11 Click **OK**.

12 On the Action Pane, click **Setup** > **Tax document** to review the tax calculation.

13 Click **Post** to account the invoice.

14 On the Action Pane, click **Inquiries** > **Invoice** > **Voucher**.

Ledger account	Name	Debit	Credit
170150	Goodwill		200,000.00
223130	IGST payable		-40,000.00
223140	CESS payable		2,000.00
130100	Customer balance	242,000.00	

Tax journal: Transfer the CGST payable account to an interim payable account

1 Go to **General journal** > **Journals** > **Tax journal**.

2 Click **New** to create a new record for the tax journal.

3 Click **Add** to create a journal line that has the following information:

- **Account type:** Tax

  Tax type: GST

  Tax component: CGST

  Tax posting type: Tax Payable

  Account: 223110

  Debit: 10000

- **Offset account type:** Tax

  Tax type: GST

Tax component: CGST

Tax posting type: Interim Payable

Account: 223210

4 Save the record, so that the **Tax information** button becomes available.

5 Click **Tax information** to view tax information.
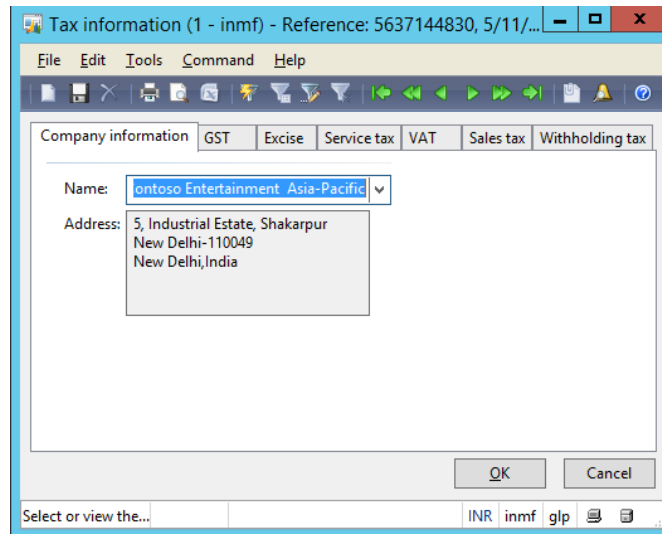
6 Click **OK**.

7 On the Action Pane, click **Tax document** to review the tax calculation.
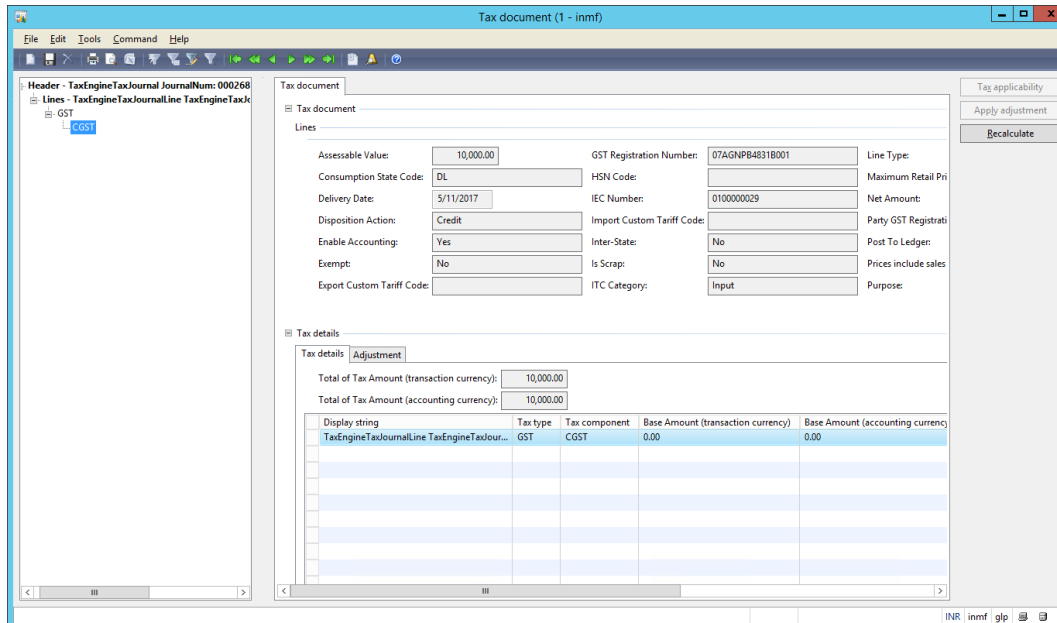
8 Click **Post** to account the invoice.

9 Click **Voucher**.
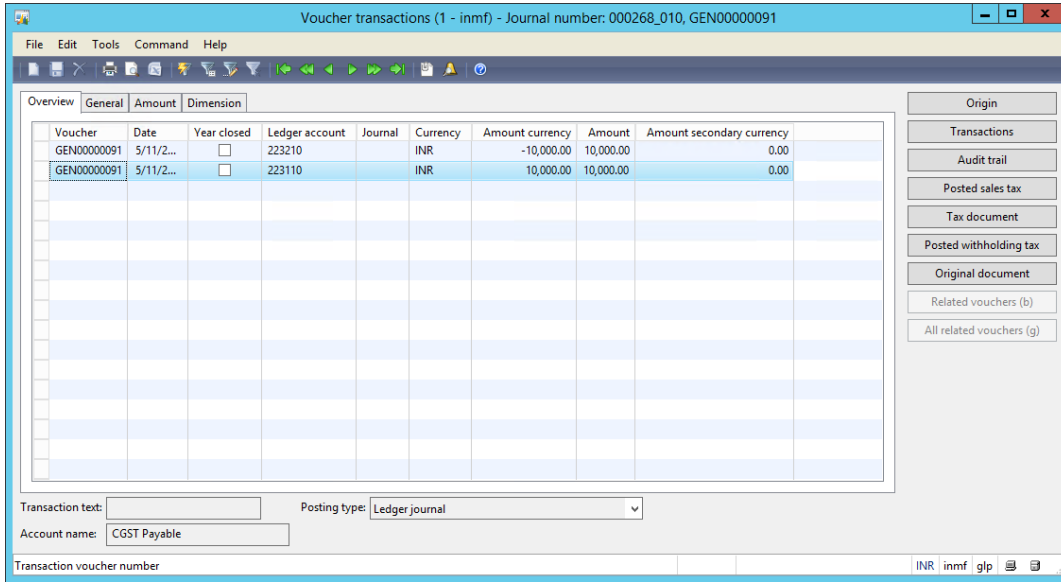
Ledger account	Name	Debit	Credit
223110	CGST Payable	10000.00	
223210	CGST interim payable		10000.00

Tax inquiry

Posted tax document transactions

1 Go to **General ledger** > **Inquiries** > **Tax** > **India posted tax** > **Posted tax document transactions**.

2 Select the registration number for the query.
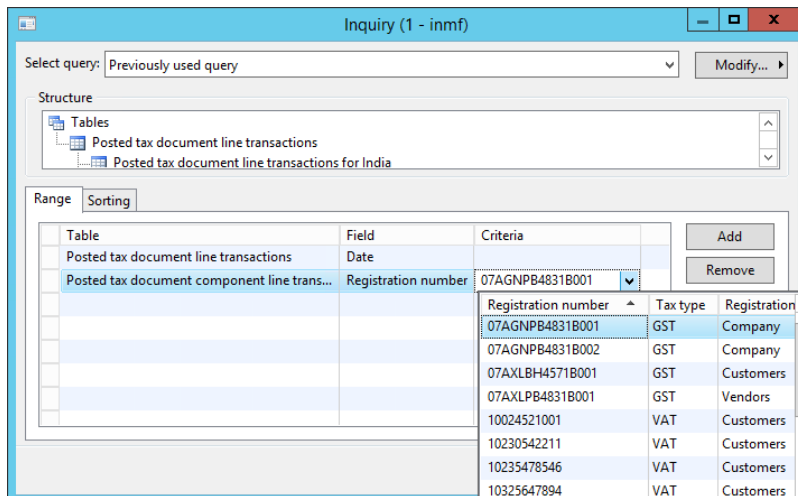
3 Click **OK** to see the posted transaction lines and the corresponding details.

Tax settlement process

Sales tax payment

1 Go to **General ledger** > **Periodic** > **Sales tax payments** > **Sales tax payments (GST)**.

2 Define the values.

3   Click **Tax adjustment**.
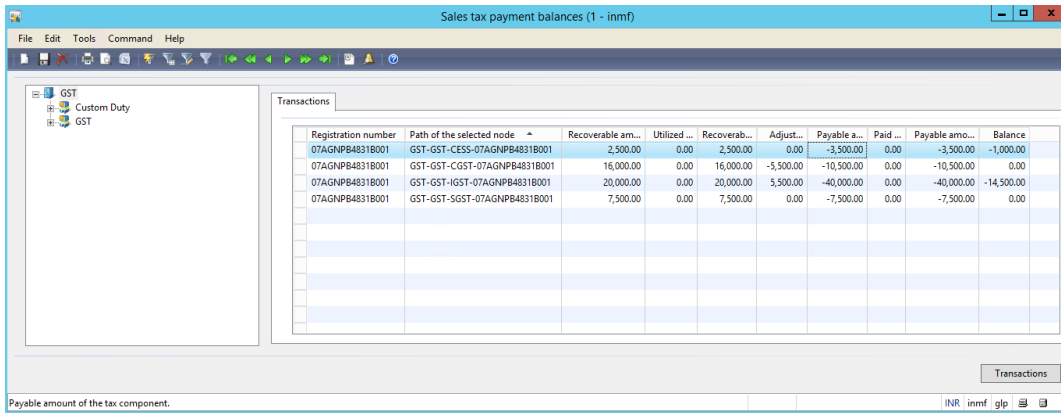
Note: The set-off rule is applied, and excess IGST is used to set off CGST.

4   Click **Close**.

5   Select **Update**.

6   Click **OK**.

Validate tax settlement voucher entries

1   Go to **General ledger** > **Setup** > **Sales tax** > **Sales tax settlement periods**.

2   Select the settlement period, and then click **Sales tax payments**.
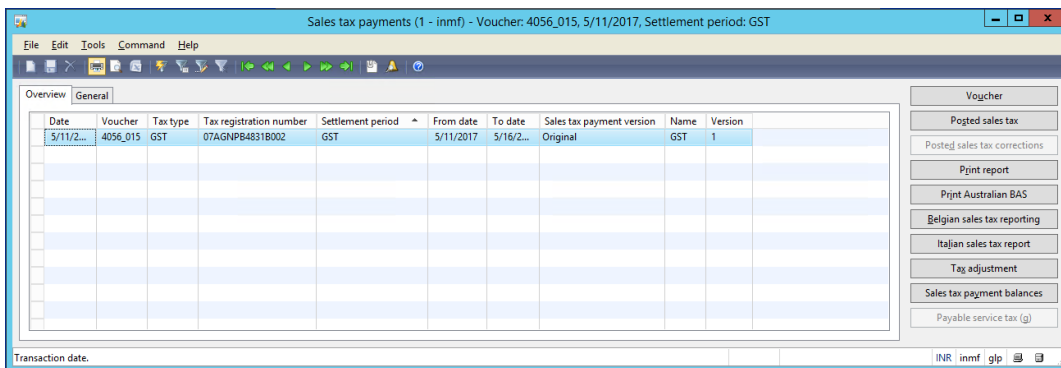
3   Verify that the settlement for the selected registration for the period is posted successfully.

GST authority payment

1   Go to **Accounts payable** > **Journals** > **Payments** > **Payment journal**.

2   Create a journal, and then click **Lines**.

3   Create a journal voucher for vendor account **7116**.

4   On the Action Pane, click **Functions** > **Settlement**.

5   Select the transaction.

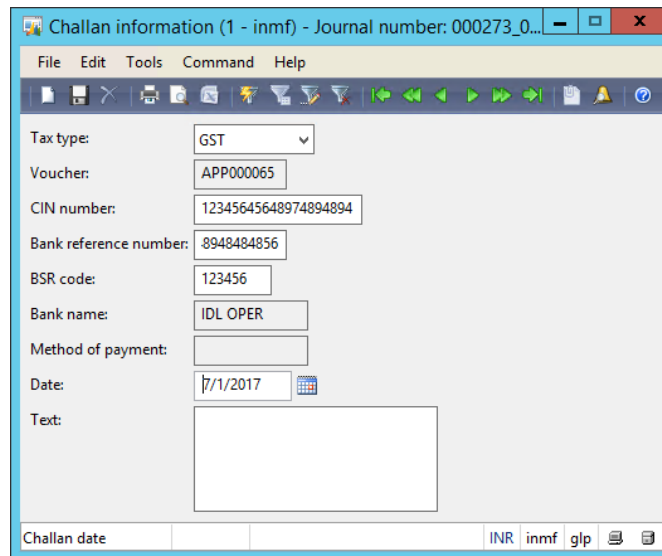**6**   Close the form.

7   Post the journal.

8   On the Action Pane, click **Inquiries** > **Voucher**.
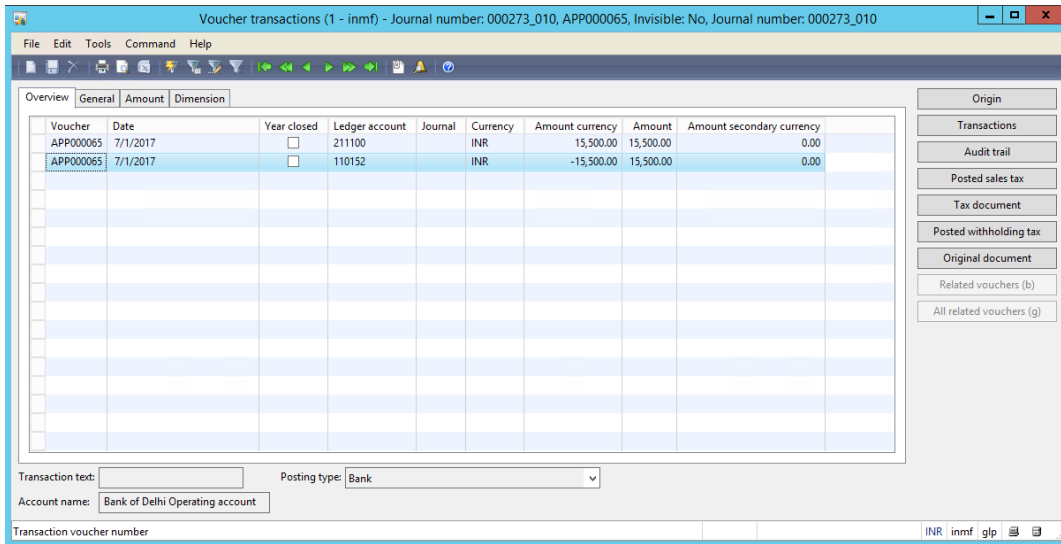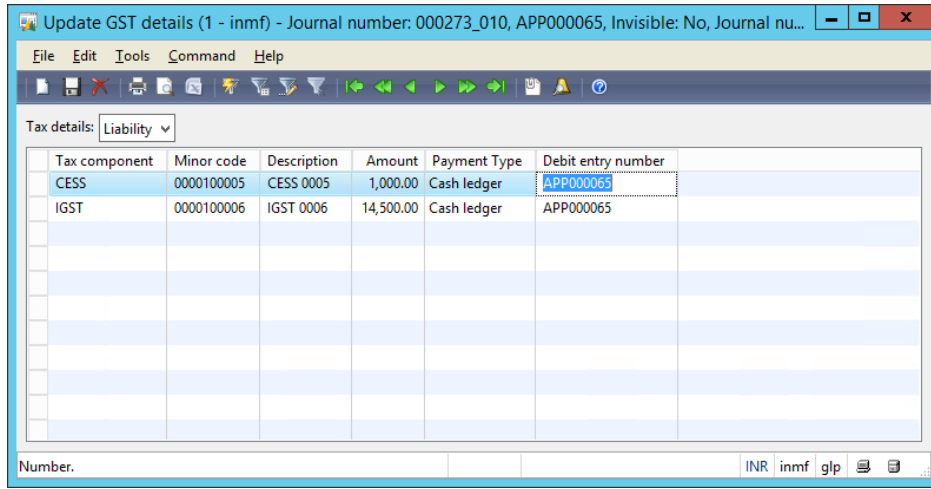

Update challan information

● On the Action Pane, click **Functions** > **Challan information**.

   Note: CIN numbers and bank reference numbers must have 17 to 20 digits, and BSR codes must have six digits.
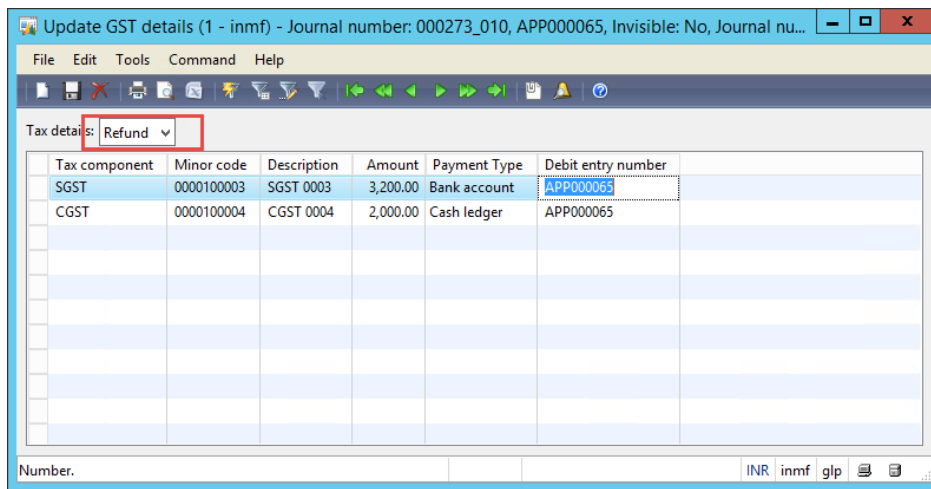
Update GST details

1 On the Action Pane, click **Functions** > **Update GST details** to create GST details information for the payment journal.
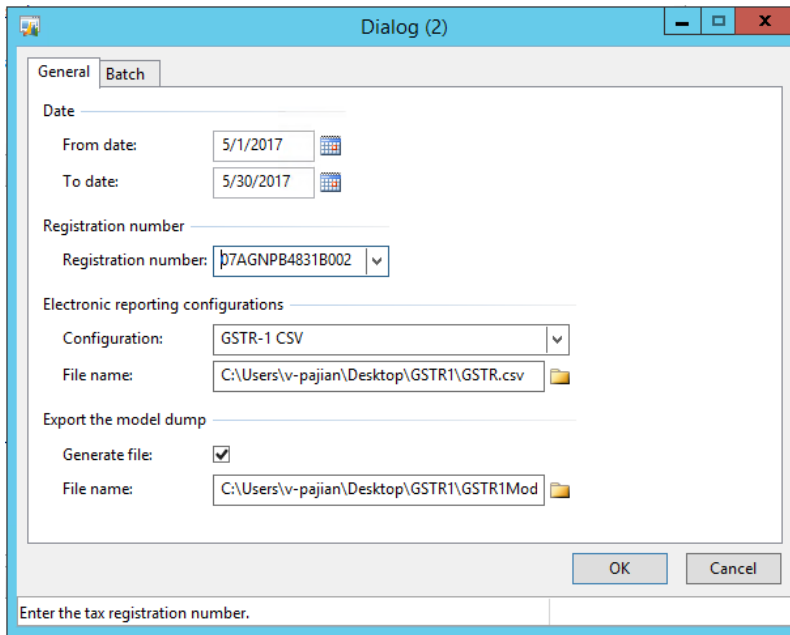

2 In the **Tax details** field, select **Refund**, and create details for refunds, as required. Here is an example.
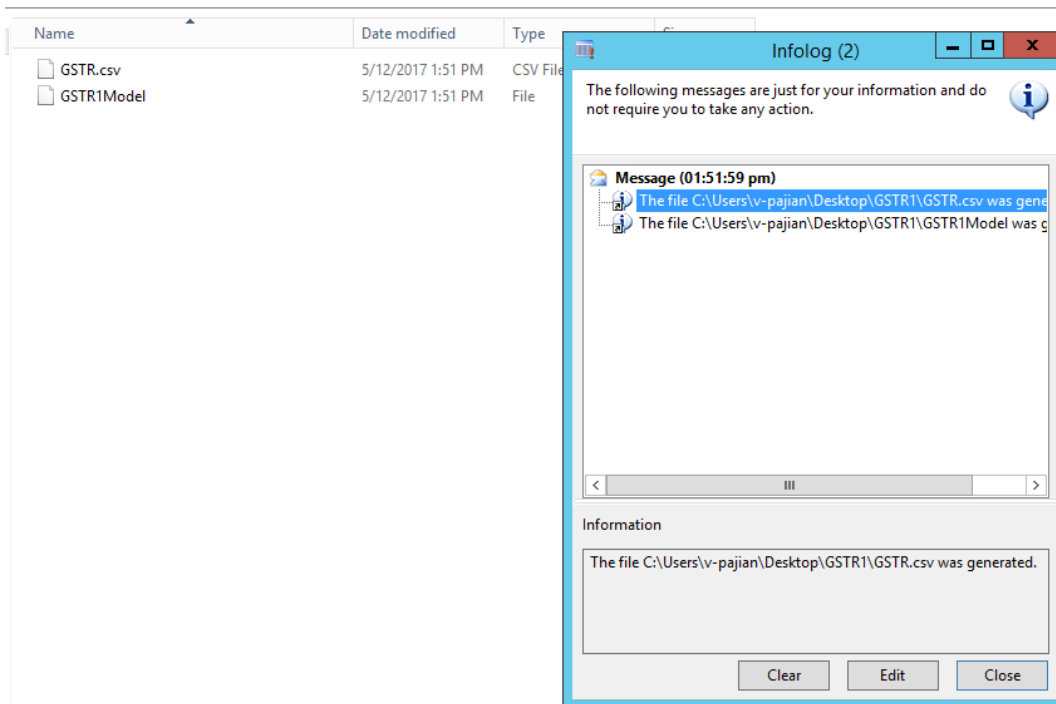
Generate the GSTR report

1 Go to **General ledger** > **Reports** > **India** > **Goods and services tax returns**, and set the fields as shown in the following illustration to generate the **GSTR-1** report.

2 Click **OK** to generate the **GSTR-1** report in comma-separated values (CSV) format.

3 Open File Explorer. The file will be generated per your settings.

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