Inter-State Sales and Purchase (CST)

Sales Tax is a Tax on Sale of Goods. The liability to pay sales tax arises on making Sale of Goods. India, the law for levying Sales Tax is provided in the Central Sales Tax Act, 1966.

Accordingly, Sales can be classified into 3 categories :

- **IntraState Sales i.e. Sales within the State.**
- **Sales during Import and Export**
- **Inter-State Sales**

The Provisions of the CST Act apply only in respect of InterState Sales and not IntraState Sales, Import or Export Sales.

An inter-state sale takes place when a sale or purchase:
- Leads to movement of goods from one State to another State.
- Is achieved by the transfer of documents of title while the goods are being moved from one Sta to another State.

Example 1: "A" in Andhra Pradesh sells and delivers goods to "B" in Karnataka.

Example 2: "A" in Maharashtra delivers goods to "B" in Gujarat. "B" sells it to "C" in Gujrat by transferrir the document of title during the goods movement from Maharashtra to Gujrat.

Note: Goods that are sold within a state, but while transporting travel through another state is n considered inter-state sales.

- State specific CST Returns.
- Tracking of forms:
  - C forms – (Issuable/Issued/Receivable/Received).
  - E1, E2 Forms – Issued against sale of goods in transit by the buyer.
  - F forms – For Consignment sales and Branch Transfer.
  - H Forms – for sale in course of exports.
  - D Forms – For sale to Govt. Organisations.
  - I Forms – For sale to SEZ customers.
- Reminder Letters/Covering letters to customers.
- Auto-Fill option.

Activating CST in Tally 9.0

To Activate CST features in Tally...

- Go to *Gateway of Tally* ➤ *F3: Cmp Info* ➤ *Create Company / Alter.*

- In the **Company Creation / Alternation** screen set **Use Indian VAT ?** to **Yes** and SAVE.

Use Indian VAT	? **Yes** Applicable From :	**1-4-2007**
VAT TIN	: **21761502741**	
Local Sales Tax Number	:	
Inter-state Sales Tax Number	: AC-2837 Dtd: 26.08.2002	
Income-Tax Number	: **BLS-555QRSTABC**	

Implementation of CST on Tally 9.0

Example : SWAYAM ELECTRONICS is a Company located in Orissa and is the C& F of "SWAYAM PC of West Bengal who produced assembled PC, and supply it to their dealers in different States in Indi This time they had purchased 25 nos of PCs @ 15000 each and the CST paid on the item @4% again Bill No-ABC123/08-09.

They have sold 10 PCs @ 20000 to their dealer in West Bengal M/s Xcel IT Care against Bill N SE001/08-09, CST charge on the Bill @ 4%.

To record the Transaction do the following...

Step-1

Step-1 :   Create the following Ledger from

Gateway of Tally ➤ Accounts Info ➤ Ledger ➤ Create (Single)

Ledger Name	Group	VAT Returns	VAT/Tax Class
Interstate Purchase of Computer	Purchase	Yes	Interstate Purchase
Interstate Sales of Computer	Sales	Yes	Interstate Sales

The Ledger Creation screen will be as shown below :

Ledger Creation

Name   : **Inter-State of Computer**
(alias)   :

Under   : **Sales Accounts**

Inventory values are affected   ? **Yes**

Statutory Information

Used In VAT Returns   ? **Yes**

Ledger Creation

Name   : **Inter-State Purchase of Computer**
(alias)   :

Under   : **Purchase Accounts**

Inventory values are affected   ? **Yes**

Statutory Information

Used In VAT Returns   ? **Yes**

Implementation on Tally 9.0

Step-2: Create the CST Ledger from

Gateway of Tally ➤ Accounts Info ➤ Ledger ➤ Create

Ledger Name	Group	Type	VAT / Tax Class
CST Paid @ 4% on Interstate	Duties & Taxes	CST	N.A.
CST Payable @4% on Interstate Sale	Duties & Taxes	CST	Interstate Sales

The Ledger Creation screen will be as shown below :

Ledger Creation

Name : **CST Payable @ 4%**
(alias) :

Under : **Duties & Taxes**
  (Current Liabilities)

Type of Duty/Tax : **CST**
  VAT/Tax Class : **Inter-State Sales**
Inventory values are affected ? **No**
Percentage of Calculation (eg 5) ? **0 %**

Ledger Creation

Name : **CST Paid @ 4%**
(alias) :

Under : **Duties & Taxes**
  (Current Liabilities)

Type of Duty/Tax : **CST**
  VAT/Tax Class : □ **Not Applicable**
Inventory values are affected ? **No**
Percentage of Calculation (eg 5) ? **0 %**

Step-3 (Implementation CST on Tally)

Step-3 :   Create the Supplier and Customer from

Gateway of Tally ➤ Accounts Info ➤ Ledger ➤ Create

Ledger Name   *Group*
SWAYAM PC   Sundry Creditors
M/s Xcel IT Care   Sundry Debtors

Ledger Creation   S

Name   : **SWAYAM PC**
(alias)   :

Under   : **Sundry Creditors**
                     (Current Liabilities)

Maintain balances bill-by-bill   ? **Yes**   Default Credit Period   : ▮▮▮▮▮

Inventory values are affected   ? **No**

Ledger Creation   S

Name   : **M/s Xcel IT Care**
(alias)   :

Under   : **Sundry Debtors**
                     (Current Assets)

Maintain balances bill-by-bill   ? **Yes**   Default Credit Period   : ▮▮▮▮▮

Inventory values are affected   ? **No**

Step-4 (Implementation CST on Tally)

Step 4 : Create the Product "Assembled PC" from
Gateway of Tally ➤ Inventory Info ➤ Stock Item ➤ Create

Stock Item Creation

Name   : **Assembled PC**
(alias)   :

Under   : **Hardware**
Units   : **Pcs.**
Rate of Duty (eg 5)   : **0**
Rate of VAT (%)   : **0**

	Quantity	Rate	per

Opening Balance   :

Accept ?

Yes or No

Step-5 (Implementation CST on Tally)

Step 5 : Enter the Purchase Transaction from
Gateway of Tally ➤ Accounting Vouchers ➤ Purchase (F9)

Accounting Voucher Creation	Swayam Electronics				Ctrl + M

Purchase   No. 1   1-Apr-2008
Ref : ABC123/08-09   Tuesday

Party's A/c Name : SWAYAM PC
Current Balance :
Purchase Ledger : Interstate Purchase of Goods
VAT/Tax Class: Inter-State Purchases

Name of Item	Quantity	Rate	per	Amount
Assembled PC	25 Pcs.	15,000.00	Pcs.	3,75,000.00
CST Paid @/% on Interstate Purchase		4	%	15,000.00

Form to Issue   : C Form   Form No : E1   Date : 1-Apr-2008

Narration :   25 Pcs.   ₹ 90,000.00

Step-6 (Implementation CST on Tally)

Step 6 : Enter the Sales Transaction from
Gateway of Tally ➤ Accounting Vouchers ➤ Sales (F8)

Accounting Voucher Creation				Ctrl + M
Sales No. **1**				**1-Apr-2008**
Ref : **SE001/08-09**				Tuesday

Party's A/c Name : **M/s Xcel IT Care**
Current Balance :
Sales Ledger : **Interstate Sale of Computer**
VAT/Tax Class: **Inter-State Sales**

Name of Item	Quantity	Rate	per	Amount
Assembled PC	10 Pcs.	15,000.00	Pcs.	1,50,000.00
CST Payable @4% on Interstate Sale		4	%	6,000.00

Form to Receive : **C Form**   Form No   : **E1** Date   : **1-Apr-2008**

Narration :	10 Pcs.	**1,56,000.00**

Step-7 (Implementation CST on Tally)

Step 7 :   You can display the report of CST from

Display ➤ Statutory Report ➤ VAT Report ➤ VAT Computation

And configure the screen by F12 and activate "Show All Vat Classification".

VAT Computation			Ctrl + M
Particulars		**Swayam Electronics** 1-Apr-2008 to 30-Apr-2008	
		Assessable Value	**Tax Amount**
Sales			
A. Output Tax			
Inter-State Sales		1,50,000.00	6,000.00
	Total Output Tax	1,50,000.00	6,000.00
Purchases			
Excess Input Credit Brought Forward			
Others (VAT Not Applicable)			
Inter-State Purchases		3,90,000.00	
	Total Input Credit	3,90,000.00	
VAT Payable			6,000.00