Reverse Charge Ace 10

(Draft) White paper

<u>Reverse Charge Mechanism</u> (RCM)

Reverse Charge under GST

Reverse charge means the liability to pay tax is <u>by the recipient</u> of goods/services instead of the supplier. Reverse charge may be applicable for both services as well as goods.

This white paper (draft edition) will guide you about possible ways to enter reverse charge (RCM) entries in ACE 10.

Please send your feedback to <a>acegst@coral.in

RCM Scenario(s)

There could various scenario's where RCM need to be paid by you on behalf of your supplier/vendor

This edition of the document addresses how to enter RCM entries for :

- Purchases of goods which we usually book as an expense (e.g. Printing & Stationery, Staff Welfare Expenses, Business Development Expenses etc.)
- 2. In next release of this document, we will address how to enter expenses for services (Service Bills where you need to pay the GST under RCM)

Expense purchases under RCM

How to enter expense purchases in ACE 10

For the explanation of this we will take a sample transaction :

- Ledger : Printing & Stationery Amount : Rs 8,500/-
- Sub Ledger/Party: Best Printers

We usually do such expense entry in ACE 10 in two ways

- 1. Pay directly via a Cash/Bank Voucher, or
- 2. Book the expense via Expense Journal (new module in ACE 10)

Further in both the approach you could be paying for this expense to :

- 1. A registered dealer (RD)
- 2. An un-registered dealer (URD)

Scenario 1 (a)

Purchase from someone with a GST Invoice And Expense paid via a Cash/Bank Voucher

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Find Label [F2] Insert Template Text [F3] Adjustment [F7]												
Series : Doc. : 00001 Date : 03/08/2017 Cash/Bank : CASH-IN-HAND •												
Paid/Receipt : Paid												
Narration : Printing & Stationery for amount 8,500/- paid to "Best Printers"												
Detail												
Srl.	Srl. R/P Amount Ledger			Subledger Cheque No.		Cheq. Dt. On Bank		RCM HSN/SA		I/SAC		
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2	Ρ	0.00					11		N			
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Sc. 1(a) CB Voucher from a RD (continued)

Row Level Tax for Best Printers

Press TAB to save and exit. Press ESC to cancel

Name: Best Printers

Amount: 8500



Scenario 1 (b)

Purchase of good without a GST invoice

(Expense paid directly via a Cash/Bank Voucher to a

Un-Registered Dealer (URD))

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😂 Cash Bank Entry													
Find Label [F2] Insert Template Text [F3] Adjustment [F7]													
	Series : Doc.: 00001 Date : 03/08/2017 Cash/Bank : CASH-IN-HAND •												
Paid/Receipt : Paid													
Narration : Printing & Stationery for amount 8,500/- paid to "Best Printers"													
ļ	D	etail											
	Srl.	R/P	Amour	nt Ledger		Subledger Cheque No.		Cheq. Dt. On Bank		RCM HSN/SAC			
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Select "P" (Payment) Select "Printing & Select Stationery" Select "RCM "Y" Select HST							Sele Relev HSN C	ct an oc					

Sc. 1(b) CB Voucher from a URD (continued)



Select Ledger "Provision against RCM"

Scenario 2 (a)

Purchase from someone with a GST Invoice And liability for Expense is booked (use the new module "Expense Journal Entry"

٢	Fill field from last entry [F2] Fill document from last entry [F3]											
	Se	eries : [Journal No. : 00001 Date : 03/08/2017 V Ledger : Sundry Creditor								
F	efere	ence No	. : 00001	Ref	erence Date : 03/08/2017 - Due Date : 03/08/2017 -	Party: Be	st Printers		·			
	C Srl.	Detail Dr/Cr	Amo	unt Ledger			Subledger		RCM	HSN /SAC		
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(_	√		Ň				Salact	\bigcap	• Select		
	Se	elect (<i>Del</i>	t " D " bit)	Selec St	ationery"			RCM "Y"	R H	elevant SN Code		

Sc. 2 (a) Expense from a RD (continued)

Row Level Tax for Best Printers

Press TAB to save and exit. Press ESC to cancel

Name: Best Printers

Amount: 8500



Scenario 2 (b)

Purchase from someone with-out a GST Invoice

And liability for Expense is booked

(use the new module "Expense Journal Entry"

K	Expenses Journal Entry											
	last entry [F2] last entry [F3]											
	Se	eries : [Jo	Journal No. : 00001 Date : 03/08/2017 💌 Ledger : Sundry Creditor						٠		
	Refere	ence No	.: 00001	Reference Date : 03/08/2017 V Party : Best Printers								
Due Date : 03/08/2017 💌												
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	Srl.	Dr/Cr	Amount	Ledger			Subledger		RCM	HSN /SAC		
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Sc. 2 (b) Expense from a RD (continued)



Select Ledger "Provision against RCM"

<u>Reverse Charge Mechanism</u> (RCM)

- We will be releasing an update to this document explaining an example with Expense for Services as well.
- We will also incorporate how to handle RCM for Advances.

Please send your feedback to acegst@coral.in