

(Draft) White paper

Reverse Charge

Ace 10

Reverse Charge Mechanism (RCM)

Reverse Charge under GST

Reverse charge means the liability to pay tax is by the recipient 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 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 :

1. 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

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"

Detail

Srl.	R/P	Amount	Ledger	Subledger	Cheque No.	Cheq. Dt.	On Bank	RCM	HSN /SAC
1	P	8500.00	Printing and Stationery	Best Printers		//		Y	11
2	P	0.00				//		N	

Select "P"
(Payment)

Select "Printing &
Stationery"

Select
RCM "Y"

Select
Relevant
HSN Code

Scenario 1 (b)

Purchase of good without a GST invoice
(Expense paid directly via a Cash/Bank Voucher to a
Un-Registered Dealer (URD))

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"

Detail

Srl.	R/P	Amount	Ledger	Subledger	Cheque No.	Cheq. Dt.	On Bank	RCM	HSN /SAC
1	P	8500.00	Printing and Stationery	Best Printers		//		Y	11
2	P	0.00				//		N	

Select "P"
(Payment)

Select "Printing &
Stationery"

Select
RCM "Y"

Select
Relevant
HSN Code

Scenario 2 (a)
Purchase from someone with a GST Invoice
And liability for Expense is booked (
use the new module "Expense Journal Entry"

Expenses Journal Entry

Fill field from last entry [F2] Fill document from last entry [F3]

Series : Journal No. : 00001 Date : 03/08/2017 Ledger : Sundry Creditor

Reference No. : 00001 Reference Date : 03/08/2017 Party : Best Printers

Due Date : 03/08/2017

Detail						
Srl.	Dr/Cr	Amount	Ledger	Subledger	RCM	HSN/SAC
1	D	8500.00	Printing and Stationery	Best Printers	Y	11
2	D	0.00			N	

Select "D"
(Debit)

Select "Printing &
Stationery"

Select
RCM "Y"

Select
Relevant
HSN Code

Scenario 2 (b)
Purchase from someone with-out a GST Invoice
And liability for Expense is booked
(use the new module "Expense Journal Entry"

Expenses Journal Entry

Fill field from last entry [F2] Fill document from last entry [F3]

Series : Journal No. : 00001 Date : 03/08/2017 Ledger : Sundry Creditor

Reference No. : 00001 Reference Date : 03/08/2017 Party : Best Printers

Due Date : 03/08/2017

Detail						
Srl.	Dr/Cr	Amount	Ledger	Subledger	RCM	HSN /SAC
1	D	8500.00	Printing and Stationery	Best Printers	Y	11
2	D	0.00			N	

Select "D"
(Debit)

Select "Printing &
Stationery"

Select
RCM "Y"

Select
Relevant
HSN Code

Reverse Charge Mechanism (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.

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