



Lesson Objectives

On completion of this lesson, you will be able to understand:

- Specifying HSN Code and Tax Rate
- Specifying SAC Code and Tax Rate
- Printing HSN / SAC in Invoice

You can specify HSN code/SAC details and tax rates at different levels for the goods and services provided by your business. This is a flexibility provided for ease of use to accommodate your business needs.

It is recommended that HSN code/SAC and tax rate should be specified at the same level. In case you have specified these at different levels, you can remove it.

It is possible to specify HSN SAC details and Tax rates at different levels in Tally ERP 9.

- Company level
- Stock Group
- Stock Item
- Ledger Group
- Ledger
- Transaction



1. Tax Rates at Company Level

You can set Tax details at company level for all goods and services which are trading by the company which have separate HSN or SAC codes and tax rates.

2. Tax Rates at Stock Group Level

You can also set HSN or SAC code at stock group level for so it is required when a specific tax rate is required for a specific stock group. It is required when that particular stock group is different from all other stock groups of the company. The rate specified at the stock group level is applicable to all stock items under the stock group.

3. Tax Rates at Stock Item Level

When there are few stock items in a particular group having separate tax rate then you have to use separate tax rate in the stock item level for those stock items. This will overwrite the ways which is specified for the stock group.

4. Tax Rates at Ledger Group or Ledger Level

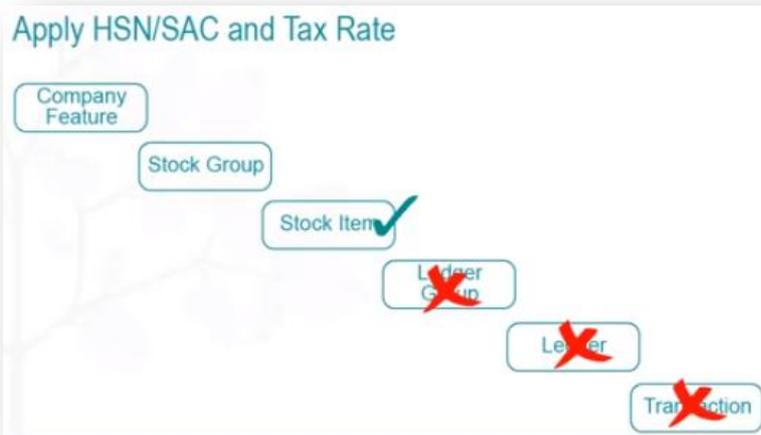
You can also specify HSN or SAC for Sale, Purchase, Expense and Income groups. This will help to use the same HSN or SAC and tax rates for different types of transactions.

Also these rates can be set at Ledger level for specific sales and purchase transactions in specific circumstances like transfer examples to branches within the state which is exempt from tax. Using the same set of items and ledgers you can modify the nature of transactions.

Checking at various Levels

Tally.ERP 9 will check the tax rates and HSN SAC codes in an order starting from lowest to highest level. Hence the rate given the transaction level will get the highest priority. If rate is not set at the transaction level, Tally ERP 9 will check the next level and will specify that rate.

If rate is not available in the Ledger level, it will check in the Ledger Group level and it will apply the tax rate. If not found in the Ledger level, it will check the Stock Item Master and then Stock Group. If not found at that level, it will check at the Company level.



If any details are found at any level it will apply the same level and rate and it will not proceed to the higher level. So in Tally ERP 9 it will check HSN or SAC codes as well as tax rates as specified by the accountant. Sometimes you may want to overwrite the settings in Tally.ERP 9.

To activate HSN/SAC Details

In GST Details Screen click on F12 Configuration

<u>Configuration</u>	
Allow HSN/SAC details	? Yes
Set type of goods	? No
Enable reverse charge calculation	? No
Set ineligible input credit	? No
Select valuation type	? No
Show all GST tax types	? No

Enable the option Allow HSN/SAC Details

Specifying HSN code and tax rate

Based on your business requirements, you can provide HSN codes and tax rates at different levels.

Business Requirement	Definition At
Most of the goods have the same HSN code and tax rate	Company
A group of items have the same HSN code and tax rate	Stock group
A few items have different HSN codes and tax rates	Stock item
Want to apply the same HSN code and tax rate for different transaction types	Sales/purchase ledger group
Want to segregate sales or purchase of items with the same HSN code and tax rate	Sales/purchase ledger
Change the tax rate (not HSN code) during transaction	Transaction

- After defining a tax rate at the company level, if a group of items attracts another rate, specify at the stock group level. For the items in the group, the rate specified at the group level is applicable.
- After specifying tax rates at the stock group level, if a few items in the group attract a different rate (or the rate set at the company level), override using rate setup at

the stock item level. For the items, the rates specified at the stock item level are applicable.

- You can specify tax rates at the sales or purchase ledger level, or at the ledger group level. This helps in situations where a special tracking as per the nature of tax is required. Then the rate defined at the ledger level will override the tax rates set at the company, stock group, or stock item levels.

A similar order is applicable in the case of HSN codes.

- In case you need to specify a separate tax rate for an item in a specific transaction, you can do so, and the rate specified during the transaction will get the highest priority.

Specifying SAC and tax rate

Based on your business requirements, you can provide SAC and tax rate at different levels.

Business Requirement	Tax Rate Definition At
Most of the services have the same SAC and tax rate	Company
A group of services have the same SAC and tax rate	Service ledger
Want to apply the same SAC and tax rate for different transaction types	Sales/purchase ledger group
Want to segregate sales or purchase of services with the same SAC and tax rate	Sales/purchase ledger
Change the tax rate (not SAC) during transaction	Transaction

- After defining a tax rate at the company level, if a few services attract a different rate, specify the rate in the service ledger. For the services, the rates specified at the service ledger level are applicable.
- You can specify tax rates at the sales or purchase ledger level, or at the ledger group level. This helps in situations where a special tracking as per the nature of tax is required. Then the rate defined at the ledger level will override the tax rates set at the company level or at the service ledger level.

A similar order is applicable in the case of SAC.

- In case you need to specify a separate tax rate for a service in a specific transaction, you can do so, and the rate given during the transaction will get the highest priority.

Printing HSN/SAC in Invoice



It is recommended that HSN code/SAC and tax rate are specified at the same level (Ledger or Group or Stock item or Stock group or Company).

When recording a transaction, Tally.ERP 9 looks for tax-related details in a predefined order.

If you have stock items attracting:

- A specific HSN/SAC and tax rate (say 12%) under a stock group - provide the HSN/SAC and tax rates at the stock group level.
- Other stock items attracting different HSN/SAC and tax rates - provide the HSN/SAC and tax rates at the stock item level.

If you have entered the HSN/SAC and tax rates in all the masters, you can remove it from the **Tax Rate History** screen of the **GST Details** screen of masters in which it is not required.

To remove the HSN/SAC from the ledger

1. Go to **Gateway of Tally > Accounts Info. > Ledgers > Alter**.
2. Enable the option **Set/alter GST Details?**

The screenshot shows the 'GST Details' window for 'Balaji Trader'. The 'Tax Rate Details' section is active, showing 'HSN/SAC Details' with 'Description' and 'HSN/SAC' (2573267). Below, 'Tax Details' are listed for the period 'From 1-Jul-2017'. The 'Taxability' is 'Unknown', and 'Is reverse charge applicable' and 'Is ineligible for input credit' are both 'No'. A table at the bottom lists tax types and their rates:

Tax Type	Valuation Type	Rate
Integrated Tax	Based on Value	0 %
Central Tax	Based on Value	0 %
State Tax	Based on Value	0 %
Cess	Based on Value	0 %

3. Press **Alt+L** in the **GST Details** screen, and delete the HSN/SAC from the **Tax Rate History** screen.

Tax Rate History						
Applicable From	Description	HSN/SAC	Taxability	Is Reverse Charge Applicable?	Is Ineligible for Input Credit?	Set/Alter Tax Details?
1-Jul-2017		2673267	Unknown	No	No	No

*** Chapter – end ***

GST CENTRE