

GST (General Sales Tax)

GST is a consumption tax charged on consumers (consumption tax refers to a taxing system as a whole where people are taxed based on how much they consume as opposed to income tax that is based on how much people add to the economy). The seller collects it from consumers on behalf of the government and pays it to the government.

GST is levied on a product whenever value is added at a stage of production and at final sale. GST paid by the users is the cost of the product less any of the cost of materials that are used in the product and have already been taxed. For example, if a particular product costs Rs1000 to the manufacturer and Rs200 GST is added to, the product will be sold to the wholesaler for 1200. The wholesaler will further add GST, say Rs300 and sell it the retailer. The wholesaler now must pay Rs300 to the government but s/he can claim back Rs 200 already paid to the manufacturer. And so the chain will continue.

How retailers charge GST?

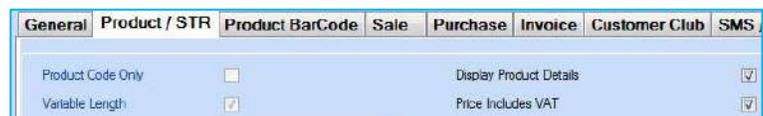
Retailers add on GST to their selling prices and it is shown on the invoice. There are two ways a retailer might add GST to the retail price of any product. First, retail price is calculated after including GST. Second, retail price is exclusive of GST, and in this case, GST is added at the time of selling. In both cases, the amount of GST will be visible on the invoice. Later on, the retailer can subtract the GST that s/he has already paid in the GST chain, and calculate the amount due to the government. In other words, the payable GST by the retailer will be:

Input GST (the amount of GST already paid by the retailer for goods and services purchased) –
Out put GST (amount of GST charged by the retailer for various goods and services sold)

CONFIGURING GST IN CANDELA

First you need to decide whether you want to **include GST in the retail price or keep retail price exclusive of GST.**

You can configure this decision in the system:



General	Product / STR	Product BarCode	Sale	Purchase	Invoice	Customer Club	SMS
	Product Code Only	<input type="checkbox"/>			Display Product Details	<input checked="" type="checkbox"/>	
	Variable Length	<input checked="" type="checkbox"/>			Price Includes VAT	<input checked="" type="checkbox"/>	

Figure 1

Configuration > System Configuration > Product (STR)

On the Product STR screen you will check **Price Includes GST** if you want your retail price to be inclusive of GST, you will leave it unchecked if you want to keep the retail price exclusive of GST.

Next, you will configure GST for a particular shop or a chain of shops:

- **Configuration >Shop Definition**

On the bottom right hand side you will see the following fields:

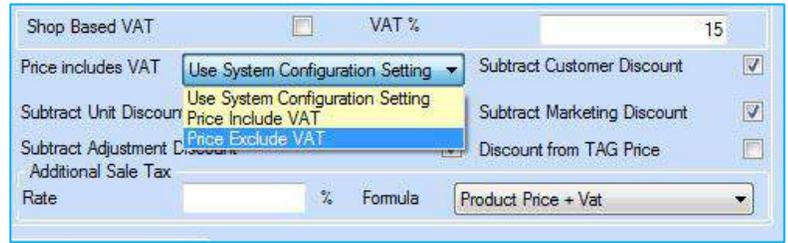


Figure 2

- **Shop Based GST-** Check this if uniform GST is applicable to all products sold at a particular shop..
 - **GST%-** Enter GST Percentage.
 - **Price Includes GST-** Select the option from the drop down menu. If you select **Use System Configuration Setting**, the system will use the setting you configured in system configuration (price inclusive or exclusive of GST. see Fig 1). You can also select different options for different shops.
 - **Subtract Unit Discount-**
 - **Subtract Adjustment-**
 - **Subtract Customer Discount-**
 - **Subtract Marketing Discount**
- } Check the ones you have configured on various screens

GST will be charged on the invoice after deduction of discounts. In case all these discounts are configured, they will be deducted in the order they appear on the screen: unit, customer, marketing, adjustment.

- **Additional Sale Tax Rate-** If there is some additional tax other than GST, it is accounted for in this field. You will give percentage of the tax, and select option you want to apply. You have the option to charge this tax on **Product Price+GST** or on **Net Amount**.
- **Discount from TAG Price-** Not used anymore

Price Inclusive of GST

Now let's assume the retail price of one your products is Rs 10, and it is inclusive of 15% GST.

When you sell this item, the system will treat Rs 10 as inclusive of GST and show the break up on the invoice. (See Fig 3 &4)

Since the price was *inclusive* of GST, the system first separated 15% GST from the retail price using this formula: **Retail Price-(Retail price/(1+(GST/100)))**.

The screenshot shows a product selection screen for a cookie. The 'Basic' tab is selected, and the 'Assembly' option is chosen. The 'Purchase Conv. Unit' is set to '--Select--' and the 'Purchase Conv. Factor' is 0. The 'Sale Tax (%)' is 0.00, and the 'At Retail Price' option is selected. The 'VAT' is 15.00, with the 'Percentage' option selected. The 'Average Cost' is 5.00. The 'Date' is 08/ Apr /2014, the 'Price' is 10.00, and the 'Product ID' is 0. The invoice summary on the right shows a 'Gross Total' of 8.70, 'Customer Discount' of 0.00, 'Invoice Disc' of 0.00, 'Net Gross Total' of 8.70, 'Adjustment' of 0.00, and 'VAT' of 1.30. The 'Net Total' is 10.00. The 'Invoice Cash' is 10.00 and the 'Balance' is 0.00.

Figure 3 & 4

The break-up (of price and GST) is visible on the invoice. Where retail price minus GST is 8.7 and GST is 1.3. The total charged on the invoice remains Rs 10.

Price Exclusive of GST

If you decide to keep price exclusive of GST, Fig 6 shows how it will appear on the sales and return screen.

Here, as you can see, since the price is exclusive of GST, 15% VAT is charged on Rs 10 and now the total amount charged on the invoice comes to Rs 11.5.

The screenshot shows the same product selection screen for a cookie. The 'Basic' tab is selected, and the 'Assembly' option is chosen. The 'Purchase Conv. Unit' is set to '--Select--' and the 'Purchase Conv. Factor' is 0. The 'Sale Tax (%)' is 0.00, and the 'At Purchase Price' option is selected. The 'VAT' is 15.00, with the 'Value' option selected. The 'Average Cost' is 5.00. The 'Date' is 08/ Apr /2014, the 'Price' is 10.00, and the 'Product ID' is 0. The invoice summary on the right shows a 'Gross Total' of 10.00, 'Customer Discount' of 0.00, 'Invoice Disc' of 0.00, 'Net Gross Total' of 10.00, 'Adjustment' of 0.00, and 'VAT' of 1.50. The 'Net Total' is 11.50. The 'Invoice Cash' is 0.00 and the 'Balance' is 0.00.

Figure 5 & 6

Calculating GST/Sales Tax On GRN

Retailers are charged tax by their suppliers on the inventory. This tax is shown as Sales Tax % on the Product Definition Screen. Sales Tax can be charged either on the retail price or the cost price.

Let's first consider the scenario where sales Tax is charged on retail price:

Look at the Product definition in Fig-7. Here we have entered 10% Tax on Retail price. Let's go to the GRN screen, load this item and check **Show Discount and Sales Tax Detail**. Now look at Fig -8 below:

The screenshot shows the 'Product Definition' window with the following settings:

- Buttons: Refresh, Reset Default, Set Default, Select
- Image: Two bottles of liquid (one red, one orange)
- Basic: Basic, Assembly
- Purchase Conv. Unit: --Select--
- Purchase Conv. Factor: 0
- Sale Tax (%): 10.00
- At Retail Price: At Retail Price, At Purchase Price
- VAT: 15.00
- Percentage: Percentage, Value
- Average Cost: 100.00
- Date: 09/Apr/2014
- Price: 300.00
- Product ID: 0

Figure 7

The screenshot shows the 'GRN Records' window with the following details:

- Supplier: Hafeez Chaudry
- Due Date: 30/Apr/2014
- Invoice No.: 5
- Other Expense:
- Batch No.: 5
- Payment Mode: Cash, Credit
- Invoice Amount: 127.27
- Adj. Amount:
- Date: 30/Apr/2014
- Comments:
- Loading Expense:
- Sales Tax (%):
- Apply Disc:
- Apply ST:
- Bill No.:
- Bill Date: 30/Apr/2014
- Freight Expense:
- Sales Tax: 0
- Total Amount: 127.27
- Product Code:
- Purchase Order: --Select--
- Hold Product Help: Keep Focus:
- Show Product Detail: Show Discount and Sales Tax Detail:
- Show PO History: Show Conversion Detail:
- Print Retail Price: Barcode Templates: Zebra Labels
- Print in Sequence: Print Preview: Generate Barcode:
- Title: Goods Receipt Notes
- Clear Rates: Clear Qty

Product	Product Name	Size	Color	Unit	R Price	Rate	Disc%	Disc ...	ST%	ST Amt	N Rate	Pack ...	Tc
GR00002	Shampoo	999	Default	Pcs	300.00	100.00	0.00	0.00	10.00	27.27	127.27	1.00	

Figure 8

The system has calculated TAX on retail price by using this formula: **Retail Price-(Retail price/(1+(Sales Tax/100)))**. The tax amounts to 27.27, it is then charged (by the system) to the cost price which (after including tax) comes to 127.27 and this is what the retailer will pay to the vendor.

The formula is used because the system first separates tax from the retail price, calculates tax and then adds it to the cost price.

GRN screen when the tax is charged to Cost price on the Product Definition Screen

The screenshot shows the 'GRN Records' window. At the top, there are fields for Supplier (Hafeez Chaudry), Due Date (30/ Apr/2014), Invoice No. (5), and Invoice Amount (110). Below these are fields for Batch No. (5), Date (30/ Apr/2014), Bill No., and Bill Date (30/ Apr/2014). The Payment Mode is set to Credit. There are also fields for Loading Expense, Freight Expense, and Sales Tax (0). A 'Total Amount' field shows 110. The interface includes various checkboxes for 'Show Product Detail', 'Show PO History', 'Print Retail Price', and 'Print in Sequence'. At the bottom, a table displays the following data:

Product	Product Name	Size	Color	Unit	R Price	Rate	Pack ...	Total Amt	Unit Qty	Comments
GR00002	Shampoo	999	Default	Pcs	300.00	100.00	1.00	110.00	1.00	

Figure 9

As the Fig-9 shows, when tax is charged to purchase (cost price), the procedure is pretty simple. The system charges 10% tax to the cost price which then amounts to Rs 110.

GENERATING REPORTS TO VIEW DETAILS OF TAX

There are three sales reports in Candela that show details of the Tax charged by the retailer on Sales:

Reports > C-Sales Reports >

C-11

C-14

C-16

C-42

To view details of Sales Tax (tax paid to the suppliers), you can generate the following reports:

Reports > F-Purchase Reports >

F-05 & F-02