

Knowledge base

Availing CENVAT Credit on Purchases from Excise Dealers

What is this document about?

This document describes the steps to avail the CENVAT credit on purchases from excise dealers.

In Tally.ERP 9, CENVAT Credit on purchases from Excise Dealers can be availed -

1. While recording the purchase transaction (in the same invoice)
2. Later by recording a separate Debit Note: In this case first purchase invoice will be recorded without availing credit and later a separate Debit Note will be recorded to avail the CENVAT credit.

Example: On 15-6-2009 ABC Company received the bill for **Rs. 14,610** from Shubh distributors for the supply of 100 Water Containers – 20 Itrs @ Rs. 140.48 per container.

Against this purchase of 100 water containers, ABC Company can avail CENVAT Credit on Rs. 10,000 (@ Rs. 100 per Container i.e., on Assessable Value as per manufacturer's invoice).

Procedure:

1. Avail CENVAT Credit on purchases (in the same invoice).

Note: Create the necessary Excise masters.

Create Party Ledger

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**

- In the **Name** field enter the name of the ledger. e.g. **Shubh Distributors**
- In **Under** field select **Sundry Creditors**
- Enter the **Default Credit Period** if any
- Enter the **Mailing Details** and **Tax Information**
- Enable **Set/Alter Excise Details** to **Yes**
- Enter the **Excise Details** as shown

| <u>Excise Details</u> | |
|-------------------------------|----------------------|
| Excise Registration (ECC) No. | : ASDSE4520CXD002 |
| Date of Registration | : 1-Jun-2001 |
| Range | : RT Nagar |
| Division | : RT Nagar |
| Commissionerate | : Bangalore I |
| Default Nature of Purchase | : First Stage Dealer |
| Nature of Removal | : Domestic |

| |
|------------------|
| Types of Removal |
| Domestic |
| Exempt |
| Export |
| Special Rate |

- Press Enter to save Excise Details and Ledger Creation.

Record a Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

- In **Voucher Type** sub form select **Excise – Purchases** as the voucher type.
- Ensure that the Purchase Voucher is in Item Invoice Mode.
- Enter the **Date** as **15-6-2009**
- In **Supplier Invoice No.** field enter the Invoice No. as **SD/4578**.
- In **Party's A/c Name** field select the supplier i.e. **Shubh Distributors** from the List of Ledger Accounts.
- In **Nature of Purchase** field **First Stage Dealer** is displayed automatically.
- In **Purchase Ledger** field select the ledger **Purchase of Raw Materials** from List of Ledger Accounts.

VAT/Tax Class field automatically gets updated with the VAT/Tax class as selected in the purchase ledger, which can be changed.

- In **Name of Item** field select the Stock Item i.e. **Water Container – 20 Ltrs**
- In **Quantity** field enter the quantity as **100**
- In **Rate** field enter the rate as **Rs. 124** [Actual purchase rate (**140**) – CENVAT Credit (**16**)].
- **Amount** will be displayed automatically
- Select Basic Excise Duty (CENVAT) ledger to view the **Duty Details** screen

Note: To Avail the CENVAT Credit user needs to select CENVAT Type of Duty ledgers

In the **Duty details** screen:

- In the fields Type of Ref and Name, the details will be populated by default.
- In the Name of Item field, select the Item – Water Container – 20ltrs
- In the Assessable Value field, enter Rs. 10,000 (Assessable Value as per the Manufacturer’s invoice)
- In the Amount field, the Duty Amount will be calculated and displayed based on the assessable value entered.

| Excise Duty Allocation | | | | | | ABC Company | | | Ctrl + M | | |
|--|---------|---------------------------|-------------------|------|--------------------|---------------------------------------|----------|-----------|-----------------------|--|--|
| Excise - Purchases No. 1 | | | | | | Supplier Invoice No. : SD/4578 | | | Date : 15-Jun-2009 | | |
| Excise Unit : ABC Company | | | | | | Party's A/c Name : Shubh Distributors | | | 15-Jun-2009 Monday | | |
| Duty Details for : Basic Excise Duty (CENVAT) | | | | | | | | | | | |
| Type of Ref | Name | Name of Item | Assessable Amount | Rate | Duty Amount | Quantity | Rate per | Amount | | | |
| New Ref | SD/4578 | Water Container – 20 Ltrs | 10,000.00 | 16 % | 1,600.00 Dr | 100 U (5 Kg) | 124.00 U | 12,400.00 | | | |
| | | | | | | | 16 % | 1,600.00 | | | |
| | | | | | 1,600.00 Dr | 100 U | | 14,000.00 | | | |

- Select Education Cess (CENVAT) ledger to view the Duty Details screen

The **Duty Details** screen is displayed as shown:

| Duty Details for : Education Cess (CENVAT) | | | | | |
|---|---------|---------------------------|-------------------|------|-----------------|
| Type of Ref | Name | Name of Item | Assessable Amount | Rate | Duty Amount |
| New Ref | SD/4578 | Water Container – 20 Ltrs | 1,600.00 | 2 % | 32.00 Dr |
| | | | | | 32.00 Dr |

| Accounting Voucher Creation | | ABC Company | | Ctrl + M |
|---|----------|--------------------------------|-----------|-------------|
| Excise - Purchases No. 1 | | Supplier Invoice No. : SD/4578 | | 15-Jun-2009 |
| | | Date : 15-Jun-2009 | | Monday |
| Excise Unit : ABC Company | | | | |
| Party's A/c Name : Shubh Distributors | | | | |
| Nature of Purchase : First Stage Dealer | | | | |
| Current Balance : | | | | |
| Purchase Ledger : Purchase of Raw Materials | | | | |
| VAT/Tax Class: Purchases @ 4% | | | | |
| Name of Item | Quantity | Rate per | Amount | |
| Water Container - 20 Ltrs Rate : 16% | 100 U | 124.00 U | 12,400.00 | |
| Basic Excise Duty (CENVAT) | | 16 % | 1,600.00 | |
| Education Cess (CENVAT) | | 2 % | 32.00 | |
| Secondary Education Cess (CENVAT) | | 1 % | 16.00 | |
| Input VAT @ 4% | | 4 % | 562.00 | |
| Show Statutory Details ? Yes | | | | |
| Narration: | | 100 U | | Accept ? |
| Purchased goods from First Stage Dealer and CENVAT Credit availed | | | | Yes or No |

- Press Enter to save Purchase Invoice.

CENVAT Credit availed in the purchase voucher will be displayed in the CENVAT Credit Availed report.

To view the CENVAT Credit Availed report:

Go to **Gateway of Tally > Display > Statutory Reports > Excise Reports > Manufacturer > CENVAT Credit Availed**

| CENVAT Credit Availed | | ABC Company | | Ctrl + M | | |
|------------------------------------|-------------------------|--------------------|--------------------|---------------------------|------------------|-------------------|
| Excise Unit Name : ABC Company | | | | 1-Jun-2009 to 30-Jun-2009 | | |
| Stock Item Type : Principal Input | | | | | | |
| Date of Entry | Invoice / Adj Reference | Type of Document | Supplier Name | Supplier ECC No. | Assessable Value | Basic Excise Duty |
| 15-Jun-2009 | SD/4578 | Excise - Purchases | Shubh Distributors | ASDSE4520CX0002 | 10,000.00 Dr | 1,600.00 Dr |
| | | | | | | 2 more ... |
| Total Cenvat Total Adjusted | | | | | | 1,600.00 Dr |
| Balance | | | | | | 1,600.00 Dr |

2. Avail CENVAT Credit on purchases (later by recording a separate Debit Note).

Record a Purchase Voucher

Go to **Gateway of Tally > Accounting Vouchers > F9: Purchase**

In **Voucher Type** sub form, select **Excise – Purchases** as the voucher type.

- Ensure that the Purchase Voucher is in **Item Invoice Mode**.
- Enter the **Date** as **15-6-2008**.
- In **Supplier Invoice No.** field enter the Invoice No. as **SD/4578**.
- In **Party's A/c Name** field select the supplier i.e. **Shubh Distributors** from the List of Ledger Accounts.
- In **Nature of Purchase** field **First Stage Dealer** is displayed automatically.
- In **Purchase Ledger** field select the ledger **Purchase of Raw Materials** from List of Ledger Accounts.

VAT/Tax Class field automatically gets updated with the VAT/Tax class as selected in the purchase ledger, which can be changed.

- In Name of Item field, select the Stock Item i.e. Water Container – 20 Ltrs.
- In Quantity field, enter the quantity as 100.
- In Rate field, enter the rate as Rs. 140.48.
- Amount will be displayed automatically.
- Select Input VAT @ 4% ledger. Amount will be displayed automatically.
- Set Show Statutory Details to Yes to view statutory details.
- In the Bill-wise Details screen, accept the default details.
- Enter the transaction details in the Narration field.

| Accounting Voucher Creation | | ABC Company | | Ctrl + M |
|---|----------|--------------------|-----------|-------------|
| Excise - Purchases No. 2 | | | | 15-Jun-2009 |
| Supplier Invoice No. : SD/4578 | | Date : 15-Jun-2009 | | Monday |
| Excise Unit : ABC Company | | | | |
| Party's A/c Name : Shubh Distributors | | | | |
| Nature of Purchase : First Stage Dealer | | | | |
| Current Balance : 14,610.00 Cr | | | | |
| Purchase Ledger : Purchase of Raw Materials | | | | |
| VAT/Tax Class: Purchases @ 4% | | | | |
| Name of Item | Quantity | Rate per | Amount | |
| Water Container - 20 Ltrs Rate : 16% | 100 U | 140.48 U | 14,048.00 | |
| Input VAT @ 4% | | 4 % | 562.00 | |
| Show Statutory Details ? Yes | | | | |
| Narration: | | | | |
| | | | 100 U | Accept ? |
| | | | | Yes or No |

- Press **Enter** to save Purchase Invoice

Create Voucher Class for Debit Note

To record a **CENVAT credit availing** entry in debit note, user needs to create a voucher class for Debit Note.

To create voucher class for Debit Note:

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter**

- From the List of Voucher Types, select Debit Note
- In the Debit Note Voucher, tab down to Name of Class field
- In the Name of Class field, enter the class name as CENVAT Availing

| Voucher Type Alteration | | ABC Company | Ctrl + M |
|--|----------------|--|------------------------|
| Name : Debit Note (alias) : | | | |
| General | | Printing | Name of Class |
| Type of Voucher : Debit Note | Abbr. : D/Note | Print after saving Voucher ? No | CENVAT Availing |
| Method of Voucher Numbering ? Automatic | | | |
| Use Advance Configuration ? No | | | |
| Use EFFECTIVE Dates for Vouchers ? No | | | |
| Make 'Optional' as default ? No | | | |
| Use Common Narration ? Yes | | | |
| Narrations for each entry ? No | | | |
| Use for Excise ? No | | | |

- In the Voucher Type Class screen, set the option **Use Class for Excise/CENVAT Adjustments** to **Yes**.

| Voucher Type Class | | ABC Company | Ctrl + M |
|---|---------------------|--|-------------------------------|
| Name : Debit Note (alias) : | | Class : CENVAT Availing | |
| Use Class for Excise / CENVAT Adjustments ? Yes | | Use Class for Interest Accounting ? No | |
| <i>If you wish to restrict the groups to which this class can be used, specify them here.</i> | | | |
| Type of Voucher | Abbr. | Exclude these Groups | Include these Groups |
| Method of Voucher Numbering | | Use Advance Configuration | |
| Use EFFECTIVE Dates for Vouchers | | Make 'Optional' as default | |
| Use Common Narration | | Narrations for each entry | |
| Use for Excise | | Default Accounting Allocations for each Item in Invoice | |
| Ledger Name | VAT/Tax Class | Percentage % | Rounding Method |
| | | 100 % | Rounding Limit |
| | | | Override using Item Default ? |
| | | | No |
| Additional Accounting Entries (e.g. Taxes / Other charges) to be added in Invoice | | | |
| Ledger Name | Type of Calculation | Value Basis | Rounding Method |
| | | | Rounding Limit |
| | | | Remove if Zero ? |
| | | | Yes |

- Press **Enter** to save the Voucher Type Class screen and Voucher Type Alteration screen.

Record a Debit Note (to avail CENVAT Credit)

In F11: Features (Accounting Features)

- Set Use Debit/Credit Notes and Use Invoice mode for Debit Notes to Yes.

| Company: ABC Company | | | |
|---|-------|--|--------------|
| Accounting Features | | | |
| General | | Invoicing | |
| Integrate Accounts and Inventory | ? Yes | Allow Invoicing | ? Yes |
| Income/Expense Statement instead of P & L | ? No | Enter Purchases in Invoice Format | ? Yes |
| Allow Multi-Currency | ? No | Use Debit/Credit Notes | ? No |
| Outstandings Management | | Use Invoice mode for Credit Notes | ? No |
| Maintain Bill-wise Details (for Non-Trading A/cs also) | ? Yes | Use Invoice mode for Debit Notes | ? Yes |
| Activate Interest Calculation (use advanced parameters) | ? No | Budgets & Scenario Management | |
| Cost/Profit Centres Management | | Maintain Budgets and Controls | ? No |
| Maintain Payroll | ? No | Use Reversing Journals & Optional Vouchers | ? Yes |
| Maintain Cost Centres | ? No | Other Features | |
| Use Cost Centre for Job Costing | ? No | Enable Cheque Printing | ? No |
| More than ONE Payroll / Cost Category | ? No | Set/Alter Cheque Printing Configuration | ? No |
| Use Pre-defined Cost Centre Alllocations during Entry ? | ? No | Allow Zero valued entries | ? No |

F1: Accounts F2: Inventory F3: Statutory F5: Audit

Go to **Gateway of Tally > Accounting Vouchers > Ctrl + F9: Debit Note**

- In the **Change Voucher Type** screen in **Class** field, select **CENVAT Availing** from the Voucher Class List.

| Change Voucher Type | | ABC Company | | Ctrl + M | | | | | | | | | | | | |
|--|--------------------------|---------------------------------|--|-----------------------|--------------|--|------|--------------|-------|--------------------------|--------------------|--|--------------------------|----------------|-------------------------------------|------------------------|
| Debit Note | No. 1 | Voucher Class : CENVAT Availing | | 15-Jun-2009 Monday | | | | | | | | | | | | |
| Excise Unit : | | Used for: CENVAT Availing | | | | | | | | | | | | | | |
| Nature of Purchase : | | | | | | | | | | | | | | | | |
| Particulars | Debit | Credit | | | | | | | | | | | | | | |
| By | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <th colspan="2">Voucher Type</th> </tr> <tr> <td>Name</td> <td>: Debit Note</td> </tr> <tr> <td>Class</td> <td>: CENVAT Availing</td> </tr> </table> <table border="1" style="margin-left: 20px;"> <tr> <th colspan="2">Voucher Class List</th> </tr> <tr> <td><input type="checkbox"/></td> <td>Not Applicable</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>CENVAT Availing</td> </tr> </table> | | | | | Voucher Type | | Name | : Debit Note | Class | : CENVAT Availing | Voucher Class List | | <input type="checkbox"/> | Not Applicable | <input checked="" type="checkbox"/> | CENVAT Availing |
| Voucher Type | | | | | | | | | | | | | | | | |
| Name | : Debit Note | | | | | | | | | | | | | | | |
| Class | : CENVAT Availing | | | | | | | | | | | | | | | |
| Voucher Class List | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | CENVAT Availing | | | | | | | | | | | | | | | |
| Narration: | | | | | | | | | | | | | | | | |

- Enter the **Date** as **18-6-2008**

- In the Excise Unit field, select ABC Company
- In Nature of Purchase field select First Stage Dealer
- In **Debit** field select **Basic Excise Duty (CENVAT)** to view Excise Duty Allocation screen

In the Excise Duty Allocation screen:

- In **Type of Ref** field, **New Ref** will be filled in by default.
- In **Name** field, enter the reference name. Here you can enter any new reference name or use the reference name entered in the purchase voucher.
- In **Party Name** field, select **Shubh Distributors** from the List of Ledger Accounts.
- In the **Name of Item** field, select **Water Container – 20 Ltrs.**
- In **Quantity** field, enter **100**.
- In the **Assessable Value** field, enter **Rs. 10,000** (i.e. as per the manufacturer's invoice).
- In the **Rate** field the rate of duty i.e. **16 %** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty).
- The **duty amount** will be calculated and displayed in the **Amount** field.

| Excise Duty Allocation | | ABC Company | | | Ctrl + M | | |
|--|-------|---------------------------------|---------------------------|----------|-------------------------|------|-------------|
| Debit Note | NO. 1 | Voucher Class : CENVAT Availing | | | 18-Jun-2009 Thursday | | |
| Excise Unit : ABC Company | | Used for: CENVAT Availing | | | | | |
| Duty Details for : Basic Excise Duty (CENVAT) | | | | | | | |
| Type of Ref | Name | Party Name | Name of Item | Quantity | Assessable Amount | Rate | Amount |
| New Ref | 01 | Shubh Distributors | Water Container – 20 Ltrs | 100 U | 10,000.00 | 16 % | 1,600.00 Dr |
| | | | | | | | 1,600.00 |

- In **Debit** field, select **Education Cess (CENVAT)** to view Excise Duty Allocation screen.

In Excise Duty Allocation screen:

- In the **Type of Ref** field, **New Ref** will be filled in by default.
- In **Name** field, enter the reference name (here you can enter any new reference name or use the reference name entered in the purchase voucher)
- In **Party Name** field, select **Shubh Distributors** from the List of Ledger Accounts
- In the **Name of Item** field select **Water Container – 20 Ltrs**
- In **Quantity** field enter **100**
- In the **Assessable Value** field enter **Rs. 1600** (Excise Duty value)
- In the **Rate** field the rate of duty i.e., **2%** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty)
- The **duty amount** will be calculated and displayed in the **Amount** field

| Duty Details for : Education Cess (CENVAT) | | | | | | | |
|---|------|--------------------|---------------------------|----------|-------------------|------|-----------|
| Type of Ref | Name | Party Name | Name of Item | Quantity | Assessable Amount | Rate | Amount |
| New Ref | 01 | Shubh Distributors | Water Container – 20 Ltrs | 100 U | 1,600.00 | 2 % | 32.00 Dr. |
| | | | | | | | 32.00 |

- Similarly, in **Debit** filed select **Secondary Education Cess (CENVAT)** to view Excise Duty Allocation screen

In Excise Duty Allocation screen:

- In **Type of Ref** field, **New Ref** will be defaulted.
- In **Name** field enter the reference name (here you can enter any new reference name or use the reference name entered in the purchase voucher).
- In **Party Name** field select **Shubh Distributors** from the List of Ledger Accounts.
- In the **Name of Item** field select **Water Container – 20 Ltrs**.
- In **Quantity** field enter **100**.
- In the **Assessable Value** field enter **Rs.1600** (Excise Duty value).
- In the **Rate** field the rate of duty i.e., **1%** defined in the ledger will be defaulted (if the rate of duty is not defined during ledger creation enter the applicable rate of duty)
- The **duty amount** will be calculated and displayed in the **Amount** field

- In the **Credit** field select **Purchase of Raw Materials** ledger to view Inventory Allocation screen.

In the Inventory Allocation screen:

- In **Name of Item** field select the stock item **Water Container – 20 Ltrs**
- In the **Amount** column enter the total amount (of Basic Excise Duty, Education Cess and Secondary Education Cess) **Rs. 1648**

| Inventory Allocations for: Purchase of Raw Materials | | | |
|---|----------|----------|-------------|
| Name of Item | Quantity | Rate per | Amount |
| Water Container – 20 Ltrs | | | 1648 |
| Actuals: | () | | |

- Press Enter to accept the Inventory Allocation screen
- Enter the transaction details in the Narration field.

| Accounting Voucher Creation | | ABC Company | Ctrl + M |
|---|----------------------|---------------------------------|-------------------------|
| Debit Note | No. 1 | Voucher Class : CENVAT Availing | 18-Jun-2009 Thursday |
| | | Used for: CENVAT Availing | |
| Excise Unit | : ABC Company | | |
| Nature of Purchase | : First Stage Dealer | | |
| Particulars | | Debit | Credit |
| Dr Basic Excise Duty (CENVAT) | | 1,600.00 | |
| <i>Cur Bal: 37,360.00 Dr</i> | | | |
| Dr Education Cess (CENVAT) | | 32.00 | |
| <i>Cur Bal: 747.20 Dr</i> | | | |
| Dr Secondary Education Cess (CENVAT) | | 16.00 | |
| <i>Cur Bal: 373.60 Dr</i> | | | |
| Cr Purchase of Raw Materials | | | 1,648.00 |
| <i>Cur Bal: 24,800.00 Dr</i> | | | |
| Water Container-20 Ltrs | 1,648.00 | | |
| Narration: | | 1,648.00 | 1,648.00 |
| Availed CENVAT credit on purchase from Shubh Distributors | | | |

Accept ?

Yes or No

- Press **Enter** to save the Debit Note.

To view the CENVAT availed details, user can check the CENVAT Credit Availed report.

To view the CENVAT Credit Availed report:

Go to **Gateway of Tally > Display > Statutory Reports > Excise Reports > Manufacturer > CENVAT Credit Availed**

| CENVAT Credit Availed | | | | | | |
|------------------------------------|-------------------------|---------------------------|--------------------|------------------|------------------|-------------------|
| ABC Company | | | | | | Ctrl + M |
| Excise Unit Name : ABC Company | | 1-Jun-2009 to 30-Jun-2009 | | | | |
| Stock Item Type : Principal Input | | | | | | |
| Date of Entry | Invoice / Adj Reference | Type of Document | Supplier Name | Supplier ECC No. | Assessable Value | Basic Excise Duty |
| | | | | | | 2 more ... |
| 15-Jun-2009 | SD/4578 | Excise - Purchases | Shubh Distributors | ASDSE4520CX0002 | 10,000.00 Dr | 1,600.00 Dr |
| 18-Jun-2009 | 01 | Debit Note | Shubh Distributors | ASDSE4520CX0002 | 10,000.00 Dr | 1,600.00 Dr |
| Total Cenvat Total Adjusted | | | | | | 3,200.00 Dr |
| Balance | | | | | | 3,200.00 Dr |