

Enable GST for Regular and Composite Dealers

In GST (Goods and Services Tax), there are different types of dealers based on their method of tax compliance. The primary categories are **Regular Dealers** and **Composite Dealers**. Here's a breakdown of the differences between them:

1. Regular Dealers

**Definition:** Regular Dealers are businesses that follow the standard GST compliance rules. They are required to comply with all GST regulations, including filing detailed GST returns and maintaining proper records.

**Features:**

- **Tax Collection:** Regular dealers collect GST on their sales and are eligible to claim input tax credit (ITC) on their purchases.
- **Tax Filing:** They must file GST returns periodically (monthly or quarterly) depending on their turnover and the GST laws applicable.
- **Records:** They need to maintain detailed records of sales, purchases, and GST transactions.
- **Rates:** They are required to charge GST at applicable rates as per the GST slabs and categories.
- **Input Tax Credit:** They can claim ITC on the tax paid on their purchases and set it off against their GST liability.
- **Compliance:** They need to comply with all GST-related formalities, including maintaining detailed records and issuing GST invoices.

**Who Should Opt:** Businesses that are engaged in interstate supply, export, or those whose turnover exceeds the threshold limit for composition scheme (₹1.5 crore for most states) should opt for the Regular scheme.

2. Composite Dealers

**Definition:** Composite Dealers are small businesses that opt for a simplified tax regime under the GST law. This scheme is designed to reduce the compliance burden for smaller businesses.

**Features:**

- **Tax Collection:** Composite dealers pay GST at a lower, fixed rate on their turnover and do not charge GST on their sales to customers. They cannot claim input tax credit on their purchases.

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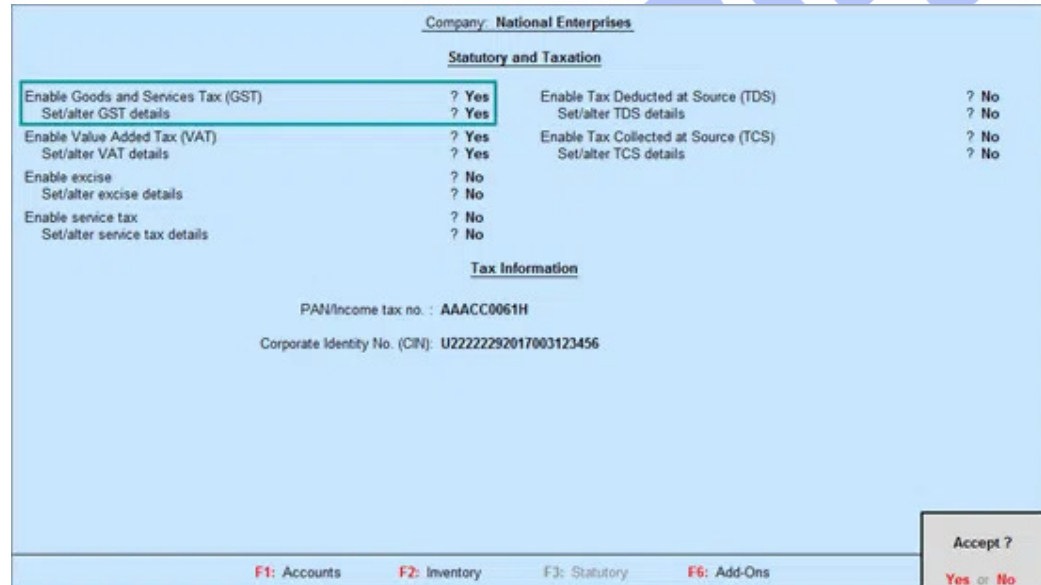
- **Tax Filing:** They file GST returns on a quarterly basis, which is less frequent compared to regular dealers. The filing requirements are simpler.
- **Records:** They need to maintain simplified records of their transactions.
- **Rates:** They pay GST at a prescribed percentage of their turnover (e.g., 1% for manufacturers, 5% for restaurants) rather than the standard GST rates.
- **Input Tax Credit:** They are not eligible to claim input tax credit on the GST paid on their purchases.
- **Compliance:** The compliance requirements are simpler, with fewer records to maintain and fewer returns to file.

**Who Should Opt:** Small businesses with a turnover below ₹1.5 crore (or ₹75 lakh in special category states) that prefer simpler compliance and lower tax rates can opt for the Composition scheme.

**Enable GST in Tally for Regular Dealers**

How to enable GST in tally for regular dealers?

1. Go to the company for which GST needs to be activated.
2. Then Press F11>F3



3. Click yes on Enable Goods and Service Tax
4. There will be an option to Set/alter GST details - On Clicking Yes, the screen showing GST details will appear

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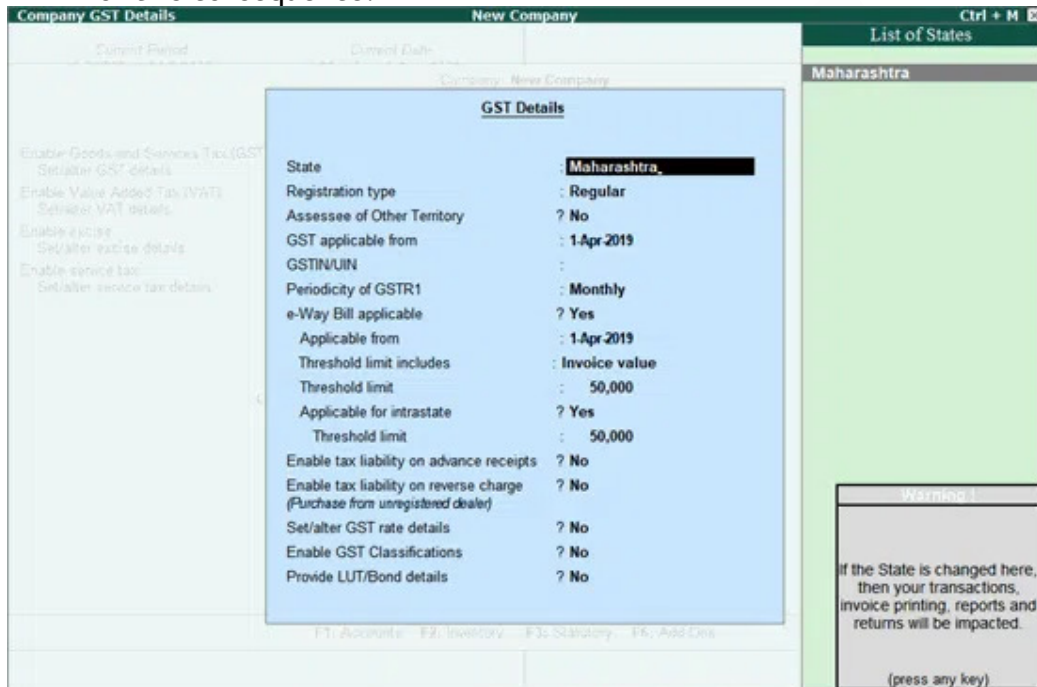
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5. State- This field is particularly important as it shows the state in which the company is located, which helps identify intrastate and interstate transactions of the party.

- Changes can be made to this in the GST detail screen. This change will result in a change in the company master.
- Existing transactions will be effected once the company's state is altered.
- When the state name is altered, a warning message appears to advise users of this consequence.



6. In the registration type Select Regular
7. For Location in the Exclusive Economic Zone (Another Territory), You need to select yes in the Assessee of Other Territory option.
8. Applicability of GST Beginning From - The date should be mentioned from which the GST is enabled.
9. Indicate the GSTIN/Unique Identification Number (UIN) for the company that can be printed on bills if necessary. This can also be specified later.
10. You can choose the monthly or quarterly option for your GSTR 1 based on your business turnover.

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11. The option E-Way Bill Applicable is set to yes along with the applicability date and the threshold limit. In the threshold limit, the value needs to be selected. Also, change the option to yes if it is Applicable to Intrastate, i.e. it applies to your state and enter the threshold value.

Note: For a few states, additional fields may appear based on their statutory demands, such as-

- Ladakh- Recently, Ladakh was made a Union Territory separate from Jammu & Kashmir. Since then, a separate GST registration number has been assigned. This change has been made since 1st January 2020, and the new GST registration number should be entered.
- Kerala- In Tally's new release of 6.5.3 and subsequent versions, two additional options are present: Kerala Cess Applicability and the Date from which it will be applicable. These are for those companies who have their registration as regular dealers in Kerala.
- Dadra & Nagar Haveli- There has been a new tally release for the same as the name of the Union Territory was changed to Dadra & Nagar Haveli and Daman & Diu, and it is changed in the masters automatically after the latest updates.

12. For calculation of tax liability in advance, click on yes in the given option.

13. To activate calculation of tax liability on reverse charge on purchases from Unregistered Dealers, enable the option to yes.

14. To enter GST details at the company level, enable set/alter GST rate details.

15. To create and use classification in the GST details, set Enable GST Classification to yes.

16. In the option to provide the Letter of Undertaking (LUT)/Bond Details, enter the required details.

17. At the end, for saving, you have to press the enter button.

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