taxonomics

Taxonomics Accounting Guide Book

The complete guide to billing, GST, stock, payroll and accounts — from start to end.

PROPRIETOR · FIRM · LLP
COMPANY · TRUST

FREE FOR TRAINING

A2Z360 Private Limited · A2Z NexGenSoft · Vapi, Gujarat

Taxonomics Accounting Guide Book — the complete guide to billing, GST, stock, payroll and accounts
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This book is free. You may print it and share it, unchanged, for training and teaching. It may not be sold.

All names, GST numbers and figures in the examples and pictures are invented for teaching; any match with a real business is by chance. The pictures show the sample company "A2Z360 India Limited (sample company)" that comes with the software.

The law changes. Rates, limits and dates in this book are as the software uses them in November 2026. Confirm with your Chartered Accountant for your own case before acting on them. Taxonomics is not a government site and not a GST Suvidha Provider; you file returns yourself on the government portals.

Tally is a trademark of its owner; it is named only to explain how to import data.

How to use this book

Read Part 1 first. After that, go straight to the chapter you need — each chapter stands on its own.

Words in **bold** are exactly what you see on the screen. **More › Stock features** is a path through the menus. Alt + 1 means hold Alt and press 1.

TIP
A shorter or faster way to do something.

CAREFUL
A mistake people often make, and how to avoid it.

THE LAW
What the Act or the rules say. Confirm with your Chartered Accountant for your case.

EXAMPLE
A worked example with simple, invented figures.

Practise on the sample company first: on the first screen of the software choose **Try with demo data**. Nothing you do there touches your real books.

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PART 1

Getting started

Your licence, your company, your masters, and finding your way around.

CHAPTER 01

Welcome to Taxonomics

What the software does, where it runs, who this book is for and how to read it. At the end you load the sample company so that you can practise every chapter without touching your own books.

What Taxonomics does

Taxonomics is GST billing and full accounting software for Indian businesses. You make a bill once, and the same entry flows into your stock, your accounts, your GST returns and your reports. You do not type anything twice.

The main jobs it does are:

- **Billing** — sales bills (tax invoice, or "Bill of Supply" for a composition dealer, or a plain "Bill" when you are not registered under GST), purchase bills, sales and purchase returns, quotations, orders, delivery challans and recurring bills. Bills can be printed, saved as PDF or sent on WhatsApp.
- **GST files** — GSTR-1 and GSTR-3B are worked out from your bills, with the file (JSON) the GST portal accepts. It also makes the e-way bill file and the e-invoice file, and helps with GSTR-2B matching, GSTR-7, GSTR-9 and more.
- **Stock** — items with HSN, GST rate and unit; opening stock; stock value; low-stock alerts; barcode; and, when you switch them on, batches, serial numbers, godowns, price lists, recipes (BOM) and production.
- **Accounts** — full double-entry books: cash book, bank book, party ledgers, journal, Trial Balance, Profit & Loss and Balance Sheet, bank reconciliation, fixed assets and depreciation, TDS / TCS register.
- **Payroll** — employees, salary register, PF, ESIC, professional tax, payslips and one salary journal a month.
- **Reports** — day book, outstanding (who owes you money), stock reports, Business report (today, week, month, year) and many more, each with Excel and PDF.
- **Check-up** — **Smart Check** looks at every entry before it is saved and warns you about common mistakes; **Business check-up** (in Reports) looks at the whole business — cash, profit, customers, suppliers, stock, loans, GST and books — and lists what to do first.

> **CAREFUL**
> Taxonomics prepares your GST figures and portal files. It does not file returns for you and it is not a GST Suvidha Provider (GSP). You log in to **gst.gov.in** yourself and upload the file. Never give your GST portal password to any software.

Where it runs

The same software runs in three places. Your login (your licence key and password) is the same in all three.

Where	How you get it	Good for
Website	Open soft.a2znexgen.com in a browser and log in	Any computer, nothing to install
Windows app	Download "Windows computer — Setup" and install it	Shop and office computers, printing, digital signature (DSC) on bills
Android app	Download "Android phone — App (APK)" and install it	Billing and checking figures on your phone

Works offline. Your books are kept on your own device. After you have logged in once with internet, you can make bills and see reports without internet till your licence end date. When the internet comes back, the software checks the licence again in the background. If you choose, a copy of each company can also be kept in your own Google Drive (chapter on backup and data).

> **TIP**
> Each device keeps its own copy of the books. To have the same books on the phone and the computer, use the data and backup choices explained later in this book (Google Drive, Wi-Fi sync or a backup file).

English and Hindi

Every screen of the software can be shown in English or in Hindi. The language button on the top bar shows the name of the other language; press it once and the whole app changes. Bills can be printed in English, or in Hindi and English together (Settings › Invoice language). The help steps on every screen are also written in both languages. This book uses the English names of buttons and screens.

Who this book is for

- **Owners and shopkeepers** who want to make bills, know who owes them money and see their profit without learning accounting first.
- **Accountants and staff** who enter the daily work, keep the books and prepare GST and TDS figures.
- **Students** of commerce and accounting who want to see how real books are kept by software.
- **Owners of every kind of business** — sole proprietor, partnership firm, LLP, private or public limited company, trust or society. Later chapters show how the books differ for each.

You do not need to know accounting to begin. Every word is explained the first time it is used.

How to read this book

Read chapters 1 to 5 first: they cover getting a licence, creating your company, the masters (accounts, parties, items) and how to find your way on the screen. After that, read the chapters you need in any order.

How steps are written

Steps you do in the software are numbered. Words in **bold** are exactly what you see on the screen. A path through menus is written like **More › Settings**. Keys to press are written like Alt + 1 (hold Alt, press 1).

1. Open **Make Bill** (Alt + 1).
2. Choose the customer and the item, then press **Save**.

The four boxes

TIP
A shorter or easier way to do something.

CAREFUL
A common mistake, or something that cannot easily be undone.

THE LAW
What the law says, with the section number. Income-tax sections are from the Income-tax Act, 2025. GST sections and rules are from the CGST Act and CGST Rules. The software and this book never promise a legal result. Confirm with your Chartered Accountant for your case.

EXAMPLE
A worked case with round, made-up figures and names, such as a sale of ₹1,00,000 plus 18% GST of ₹18,000 = ₹1,18,000 by "Shree Ganesh Traders".

Two words used everywhere: Dr and Cr

In accounts every amount is either a **debit (Dr)** or a **credit (Cr)**. Think of an account page with two sides: debit is the left side, credit is the right side. Every entry has equal debits and credits, so the books always balance. For a customer, Dr means "they owe you"; for a supplier, Cr means "you owe them". On party screens the software also says it in plain words, such as "They owe you ₹x".

EXAMPLE

Shree Ganesh Traders sells goods for ₹1,00,000 plus GST ₹18,000 for cash.

Account	Dr ₹	Cr ₹
Cash	1,18,000	
Sales		1,00,000
CGST		9,000
SGST		9,000

You only make the bill; the software writes this entry by itself.

Screen pictures

The pictures in this book are taken from the sample company described below, so the names and figures you see are made up.

The sample company

To practise without any risk, the software carries one sample business: **A2Z360 India Limited (sample company)**. It is a made-up public limited company in Gujarat that trades in office technology and gives installation and support services. Every customer, supplier, person, GSTIN, PAN and figure in it is invented.

It holds one full earlier financial year and the current year up to today, so every report has something to show. In it you can see, among other things:

- sales and purchase bills with GST, returns, receipts and payments;
- one month's salary with PF, ESIC, professional tax and TDS (Company pack › Salary);
- what is owed to PF, ESIC and the tax office, month by month (Statutory dues);
- share capital, securities premium, reserves, dividend and provision for tax;
- the GST set-off of a month in GSTR-3B;
- fixed assets with the year's depreciation, and a term loan (More › Loans & EMI);
- entries Smart Check wants you to look at again (Entries to review).

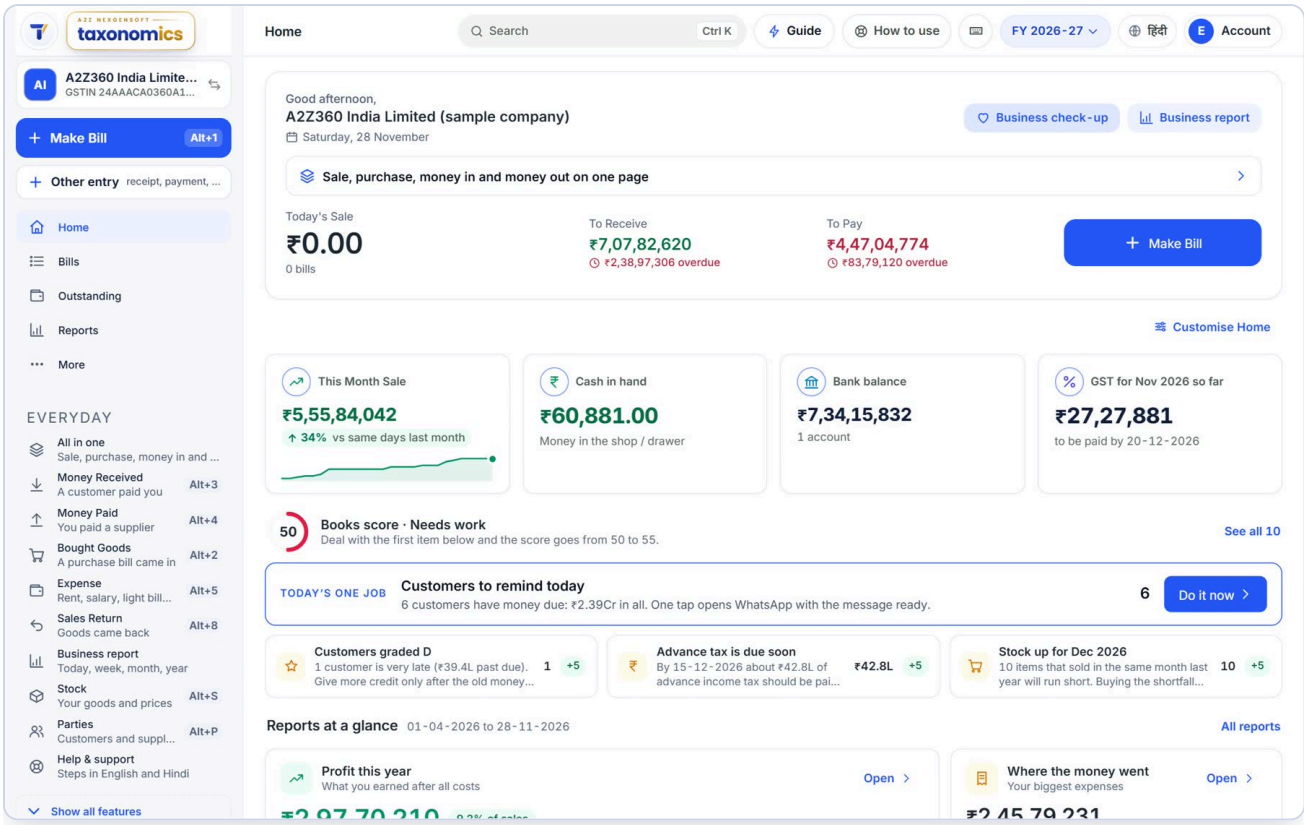

Figure 1.1 — Home screen of the sample company, with the "This is demo data" strip at the top.

Load the sample company

The sample is opened in an empty company place. On a new device, the first screen you see after login is that empty place. If you already have a company, make an empty place first.

1. If you already have a company: press **Companies** on the top bar (or **More › Companies**) and press **New company**. An empty company opens with the welcome screen.
2. On the welcome screen, in the box **First time?**, press **Try with demo data**.
3. Wait a moment while "Loading the sample business..." shows. Home opens with the sample company.
4. Practise freely: make bills, open reports, try every chapter.

The sample company is not counted against the number of companies on your licence, and it is never saved to the cloud.

Remove the sample company

1. Open the sample company and go to Home.
2. In the strip **This is demo data**, press **Remove demo data**.
3. Confirm. The sample business and all its bills are deleted from this device. Your own companies are not touched.

CAREFUL

Never enter your real bills in the sample company. It is for practice only and is removed with one button.

REMEMBER

- One bill feeds stock, accounts, GST files and reports together.
- It runs on the website, Windows and Android, with the same login, and works without internet after the first login.
- Taxonomics makes the GST files; you upload them yourself on gst.gov.in.
- Bold words in steps are exact screen words; Dr = left side, Cr = right side.
- Practise in "A2Z360 India Limited (sample company)": New company › Try with demo data; remove it with Remove demo data.

CHAPTER 02

Getting Your Licence and Logging In

How to start a free 7-day trial or a bought licence key, set your own password, log in and out, recover a forgotten password, use Google sign-in, and install and update the Windows and Android apps.

Your licence key is your User ID

Every customer gets a **licence key**. The key is your **User ID** on the login screen. You choose your own password; the seller never sees it.

A key looks like **24A2Z00001**: the first two digits are your GST State code (24 = Gujarat), then the letters A2Z, then a five-digit serial number. Keys made earlier were 7 digits long (shown as "482 7316"); those keys still work. When you type a real key, a green tick appears beside the box ("This User ID is written correctly"), so a typing mistake is caught at once.

The licence server keeps only the list of licence keys. Your bills and accounts are never kept there; they stay on your device (and, if you choose, in your own Google Drive).

Way 1: Free 7-day trial from the website

Anyone can try the full software for 7 days on **1 company** and **1 device**. No credit card is needed.

1. Open the website soft.a2znexgen.com and press **Start free trial**.
2. In the box **Your 7-day free trial**, fill **Your name**, choose **Yes, registered** or **No, unregistered** for GST, and fill the rest: **GST number (GSTIN)** if registered, **Business name**, **Mobile number**, **E-mail**, **State** and **City**. A registered business must give its GSTIN; the State is then taken from the GSTIN.
3. Press **Send the code**. A 6-digit code comes to your e-mail. Type it in **6-digit code from your e-mail** and press **Start my free trial**.
4. The box says **Your free trial is ready.** and shows **Your licence key (this is your User ID)**. Note the key.
5. Press **Open Taxonomics and set your password**. The login screen opens with your key, mobile and e-mail already filled in ("Your free trial key is filled in. Choose your own password to start.").
6. Read the licence agreement and agree to it (it is asked only once, when a key is started).

7. Type a password in **Choose a password** and again in **Type the password again** (at least 8 characters, with letters and numbers). Press **Start and log in**.

> **CAREFUL**
> Only one free trial is given per mobile number, per e-mail and per GSTIN, at any time. A new trial from the same internet connection is also refused for 30 days after a trial was started.

When the trial ends the app locks with the message that your 7-day free trial has ended. Press **Buy a licence on WhatsApp**. When you buy, the **same key** becomes a paid licence: your password and all your entries stay as they are. A trial key that is not bought is removed 45 days after the trial ends.

Way 2: A licence key from the seller

When you buy a licence, the seller makes a key for you with your name, mobile number and e-mail, and sends it to you (usually on WhatsApp). The seller also sets how long the licence lasts, on how many devices it may be used and how many companies it may keep.

1. Open the website or the app. On the login screen press **I have a new key**.
2. Read the licence agreement and agree to it. (It is shown only here, once on each device, never at an ordinary login.)
3. Type the key in **User ID**.
4. Type **Your mobile number** — the number your seller has. It is checked with the key; a wrong number is refused.
5. Type **Your e-mail**. It is used only to send a code if you forget the password.
6. Type your password in **Choose a password** and **Type the password again**.
7. Press **Start and log in**. If the software answers that it has sent you a code, type the 6-digit code from your e-mail in **Code we sent you** (it works for 10 minutes) and press **Check the code and start**. **Send the code again** sends a fresh one.

> **TIP**
> No key yet? On the login screen press **Get a licence key** to message the seller. You can also call or message 98920 69804 or 99240 99804, or write to info@a2znexgen.com.

Logging in

1. Type your key in **User ID**.

2. Type your **Password**. Press **Show** inside the box to see what you typed. If "Caps Lock is on" appears, switch Caps Lock off.
3. Press **Login**.

Internet is needed the first time on each device. After that the app opens without internet till your licence end date, and checks the licence again in the background when the internet is on.

Staff login

A person the owner has added on the Users page logs in with **Staff login (e-mail)**, using their own e-mail and password. A staff login must be checked online at least once a week. Users and roles are explained in the chapter on users and security.

Forgot password

1. On the login screen press **Forgot password?**.
2. Type your key in **User ID** and **Your mobile number**. Press **Send the code**.
3. A 6-digit code is sent to the e-mail saved with your key. It works for 10 minutes. Type it in **Code we sent you**.
4. Type the **New password** twice and press **Save password and log in**.

After a password change, your other devices must log in again with the new password.

> **TIP**
> Forgot the licence key itself? It is in the message your seller sent you. Or message the seller with your name and mobile number.

Sign in with Google

You can log in with your Google account instead of typing the password — but only after you link Google to your key once.

1. Log in with your key and password.
2. Press **Account** (top right) › **Your licence**.
3. Press **Link my Google account** and choose your Google account. The message says it is linked.
4. Next time, on the login screen, press **Sign in with Google**. In the Windows app your browser opens; finish the Google login there, then come back to the app.

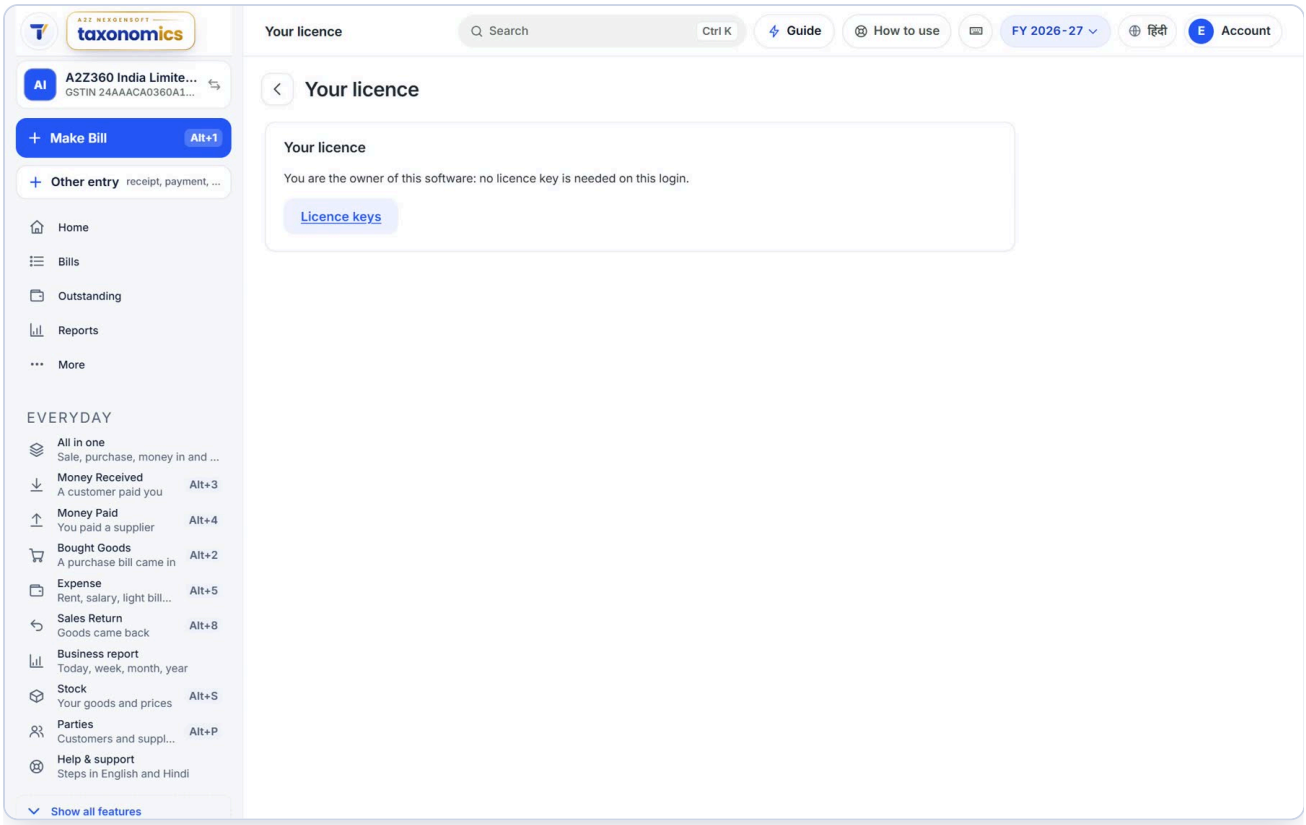

Figure 2.1 — Account › Your licence: the key, days left and the button to link a Google account.

Devices and companies on one key

Devices. Each key may be used on the number of devices your seller set (a trial: 1 device). The website, the Windows app and a private (incognito) browser window each count as one device. When all places are used, a new device shows "This licence is already used on all its devices". Log out on a device you no longer use, or ask your seller to free a place, then press **Check again**.

Companies. Each key may keep 1 to 5 companies, as your seller set (a trial: 1 company). Companies are counted on the device; the sample company is not counted. When the limit is reached, a new company is refused with the message "Your licence is for 2 companies and all 2 are in use" (with your own number). Delete a company you no longer need, or ask your seller for a licence with more companies.

Renewal

From 15 days before your licence ends, a bar on top says "Your licence ends in N days. Renew it so that your billing does not stop. Your books stay as they are."

- **Renew on WhatsApp** sends the seller a message with your key.
- **Later** hides the bar till midnight. In the last 3 days it cannot be hidden.

If the licence ends, the app locks with "The app is locked". Your data stays safe on the device. After renewal press **Check again** and everything opens as before.

Lock message says	What to do
Your licence ended on …	Renew with your seller, then press Check again.
Already used on all its devices	Log out on an old device or ask the seller to free one, then Check again.
This licence has been switched off	Contact your seller.
The date on this device looks wrong	Set the correct date and time, or turn on the internet, then Check again.
Internet is needed the first time on this device	Turn on the internet and press Check again.

The Account button

The **Account** button is at the top right of every screen. It shows your User ID and the licence days left, and opens:

- **Your licence** — your key, name, days left, and Google linking;
- **Cloud and sync** — where your books are kept;
- **Settings** — your business details;
- **Log out**.

Logging out

1. Press **Account** › **Log out** (or **More › Logout**).
2. Confirm "Log out? Data stays on this device."

Logging out frees this device's place on your key. Your books are not deleted; they open again when you log in on this device.

Downloading the apps

The download buttons are in the card **Download the apps** on the first (welcome) screen, and in the link **Download the apps** under the login form.

1. **Windows:** press **Windows computer — Setup**. Open the downloaded file and press Install. Log in with your key.
2. **Android:** press **Android phone — App (APK)**. Open the file and allow "Install from this source" once. Log in with your key.

CAREFUL

Download the apps only from the official website soft.a2znexgen.com or from inside the software, never from a link someone forwards to you.

Updates

The software looks for a new version a few times a day. When one is ready, a bar says "New version … is ready".

- **Website:** press **Reload**.
- **Windows app:** press **Update now**. The new setup downloads, the app closes and the installer opens.
- **Android app:** press **Update now**. The new app downloads; open the file and press Install. Your data stays.
- **Later** hides the bar for that version.

To see which version you have, open **More › Help & support** › **What's new**. If an Android phone says "App not installed", read the help topic "App does not update" in the Help centre.

REMEMBER

- Your licence key is your User ID; you choose your own password.
- Free trial: 7 days, 1 company, 1 device; buying keeps the same key and entries.
- A new key needs the mobile number your seller registered; the agreement is asked once.
- Forgot password: key + mobile, then the 6-digit e-mail code (10 minutes).
- Link Google once (Account › Your licence) to use Sign in with Google.
- Renew when the bar appears 15 days before the end; your books are never lost.

CHAPTER 03

Creating Your Company

How to fill the new-business form, choose the type of organisation, answer the step-by-step Tax setup questions, read the list of legal duties, and set the company details: financial year, bill numbers, logo, signature and bill design.

The welcome screen

After your first login, or after you press **New company** on the Companies page, the screen says **Welcome. Let us set up your business.** It shows three steps: **Business details**, **Tax questions**, **Your first bill**. Only the business name and the State are a must; everything else can be filled later.

On the left side of the same screen you also find:

- **Try with demo data** — opens the sample company (chapter 1);
- **Bring my companies from my Google Drive**, **Bring data from mobile / computer** and **Restore backup** — for a business that already uses Taxonomics on another device;
- **Download the apps** — the Windows and Android apps (chapter 2).

The new-business form

Whose accounts are these?

The first card asks for the **type of organisation**. Tap one card: **Sole proprietor**, **Partnership firm**, **LLP**, **Trust / society (non-profit)**, **Company — Private Limited** or **Company — Limited (public)**. Not sure? Leave **Sole proprietor**; you can change it later in **More › Type of organisation**. What each type changes is explained below.

Business

1. Type the **Business name ***, for example "Shree Ganesh Traders".
2. Answer **Is your business registered under GST?** — **Yes, I have a GSTIN** or **No, not registered**.
3. If registered, type the 15-character **GSTIN**. The software checks it for typing mistakes, then fills the State and the PAN from it ("GSTIN format is correct ✓ — State and PAN filled").
4. Type the **Address (shop no., street, area)** and the 6-digit **PIN code**. City, district and State fill by themselves. Check **State ***.
5. Type the **Mobile** number.

6 A composition dealer ticks **Composition scheme (Bill of Supply, no GST charged)** and chooses the **Composition category**: Trader — 1%, Manufacturer — 1%, Restaurant (no alcohol) — 5% or Service provider — 6%.

> **TIP**
> Not registered under GST? You still get full accounting and every report. Bills print as "Bill" without GST, and the GST return pages stay hidden. When you get a GSTIN later, type it in Settings and the GST pages come back by themselves.

More details (optional)

Press **More details — logo, signature, bank, UPI, TAN** to open the rest. You can also fill these later in Settings.

- **Default dispatch-from address (optional)** — only if goods usually leave from a godown or factory, not from the address above.
- **Email**, **PAN** (filled from the GSTIN), **TAN (if you deduct / collect TDS-TCS)** — 10 characters, such as MUMS12345A.
- **E-invoice applies (turnover above ₹5 crore) — IRN + QR on B2B bills**.
- **I type every sales bill number myself (no automatic number)** — see "Bill numbers" below.
- **Logo & Signature (printed on every bill automatically)** — **Business logo**, **Authorised signature** and **Signatory name (printed under signature)**.
- **Books** — **Books start from *** and **Invoice language**.
- **Bank & UPI (printed on bills)** — **UPI ID**, **Bank name**, **Account no.**, **IFSC**, and **Terms printed on bill**.

Press **Start**. The business is created and the Tax setup questions open.

Accounts made when the company is created

Every new company gets the standard groups and the basic ledgers (the full list is in chapter 4). Two things depend on this form:

Ledger	Group (head)	Where it shows	Made when
Cash, Sales, Purchase, CGST, SGST, IGST, Round Off, Capital	See chapter 4	See chapter 4	Always, for every new company
Your bank (named as typed in Bank name)	Bank Accounts (under Current Assets)	Balance Sheet › Current Assets	Only if Bank name is filled when you press Start

The Tax setup wizard

A new company goes straight to **Set up your business**: one question on each screen, with **Next**, **Back** and **Skip — make my first bill**. A bar shows "Step n of m". From your answers the software decides when TDS, TCS and reverse charge (RCM) apply to your bills and payments, and which reminders and checks to switch on. Some questions appear only when they apply to you.

Question	Choices	What it changes
What kind of business is it?	Proprietor (own name) · HUF · Partnership / LLP · Company (Pvt / Ltd) · Trust / Society / Other	Whether income-tax TDS must be deducted on payments. A firm or company always deducts; a proprietor or HUF depends on turnover. For a company it offers **Open the company pack**.
How do you file GST returns? (GST registered, not composition)	Every month · Every quarter (QRMP); with QRMP: do you upload B2B bills of the first two months through IFF (by the 13th)?	Due dates of GSTR-1 and GSTR-3B on Home, and one set-off per quarter for QRMP.
Total turnover of the last tax year?	Up to ₹1 crore (profession: up to ₹50 lakh) · ₹1 – 10 crore (profession: above ₹50 lakh) · Above ₹10 crore	TDS duty of a proprietor / HUF; above ₹10 crore also TDS 0.1% on purchase of goods; tax audit reminder.
Has turnover crossed ₹5 crore in any year since 2017–18? (GST registered)	Yes · No	Yes switches on e-invoice (IRN + QR) for B2B bills.
Income tax: your TAN / do you have a TAN?	Type the TAN	TAN is checked (4 letters, 5 digits, 1 letter) and used for TDS and TCS.
Do you sell any of these? (TCS must be collected)	Scrap · Alcoholic liquor · Tendu leaves · Timber / other forest produce · Coal, lignite or iron ore · Motor vehicle above ₹10 lakh	TCS is added on bills of the goods you tick.
Do you buy scrap or waste? (GST registered)	Yes · No; then: GST TDS registration (REG-07)? and its number	Reverse charge on scrap bought from unregistered sellers, and GST TDS 2% on scrap bought from registered sellers above ₹2.5 lakh.
Your shop / office / godown is… (GST registered)	My own · On rent — landlord has GST number · On rent — landlord has NO GST number · Rented house / flat used for business	With an unregistered landlord or a rented house, you pay 18% GST on the rent yourself (RCM); the app reminds you every month.

Any of these expenses? (RCM) (GST registered)	Yes · No	RCM is offered on transporter, advocate, security and similar bills.
Where do you sell?	Amazon / Flipkart / Meesho · Government department / PSU · Outside India (exports)	Amounts the buyer or the portal deducts go to the right ledger when money comes in; exports bring the LUT reminder.
How many people work for you on salary?	No employees · 1 to 9 · 10 to 19 · 20 or more	Professional tax from the first employee, ESIC from 10, PF from 20.
Sign your bills with your digital signature (DSC)? (Windows app only)	Find my DSC, or skip	Every bill PDF is signed by itself.

THE LAW

TCS on the listed goods is under section 394(1) of the Income-tax Act, 2025; TDS on salary is under section 392. Reverse charge and GST TDS come from the CGST Act. The limits shown on these screens are the usual ones; a limit or date changed by a later notification is not known to the software. Confirm with your Chartered Accountant for your case.

The last step: your legal duties

The last screen is **Rules you must follow — switched on for you**. It lists, from your answers, what the law asks, by when, and what the software does about each. Then press **Save & start**. If you have no entries yet, **Make Bill** opens next.

The list can contain these duties (only those that apply to you are shown):

Duty	What the software does
Monthly GST: GSTR-1 by the 11th and GSTR-3B by the 20th of the next month — or quarterly (QRMP): GSTR-1 by the 13th after the quarter	GSTR-1 and GSTR-3B made from your bills, with portal files; due dates on Home
Composition: CMP-08 by the 18th after each quarter; GSTR-4 by 30 June; no sale to another State	Bill of Supply on every sale; a bill to another State is stopped
GSTR-9 by 31 December after the year (optional up to ₹2 crore turnover); GSTR-9C above ₹5 crore	GSTR-9 and GSTR-9C working from the books
E-way bill for goods worth more than ₹50,000 in one consignment	The bill asks for the vehicle and distance and makes the portal file
E-invoice on every B2B bill, credit and debit note (when it applies)	The e-invoice file is made when the bill is saved
GST credit of a year only till 30 November after the year; supplier unpaid 180 days means credit to be paid back	Smart Check warns about late credit and suppliers unpaid 180 days

Reverse charge (RCM) paid by you, in cash	RCM entries offered; monthly rent reminder
GST TDS 2% and GSTR-7 by the 10th	GSTR-7 made from the purchase register
Income-tax TDS: pay by the 7th (March: 30 April); quarterly return by 31 July, 31 October, 31 January, 31 May	Smart Check asks for TDS; TDS register and return figures
TCS on the ticked goods: pay by the 7th; quarterly return by the 15th after the quarter (fourth quarter: 15 May)	TCS added to the bill by itself
Cash: not ₹2 lakh or more from one person for one bill or one day; cash expense above ₹10,000 not allowed in income tax	Smart Check asks before such an entry is saved
MSME suppliers paid within 45 days (15 days without a written agreement)	Due date and overdue list for suppliers marked MSME
Advance income tax: 15 June, 15 September, 15 December, 15 March	Profit so far in Reports; dates on Home
Tax audit above the turnover limits	Statements in the legal format and Excel for the auditor
Professional tax, ESIC (10+ employees), PF and ECR (20+ employees), by the 15th	Payroll works them out on every payslip
Exports without IGST need an LUT (RFD-11), renewed every year	Export bills check the LUT
Keep books and records 72 months after the annual return due date	Audit trail of every change; backup and Google Drive

You can open the same questions and duty list at any time from **More › Tax setup**. There the button is **Save & apply**.

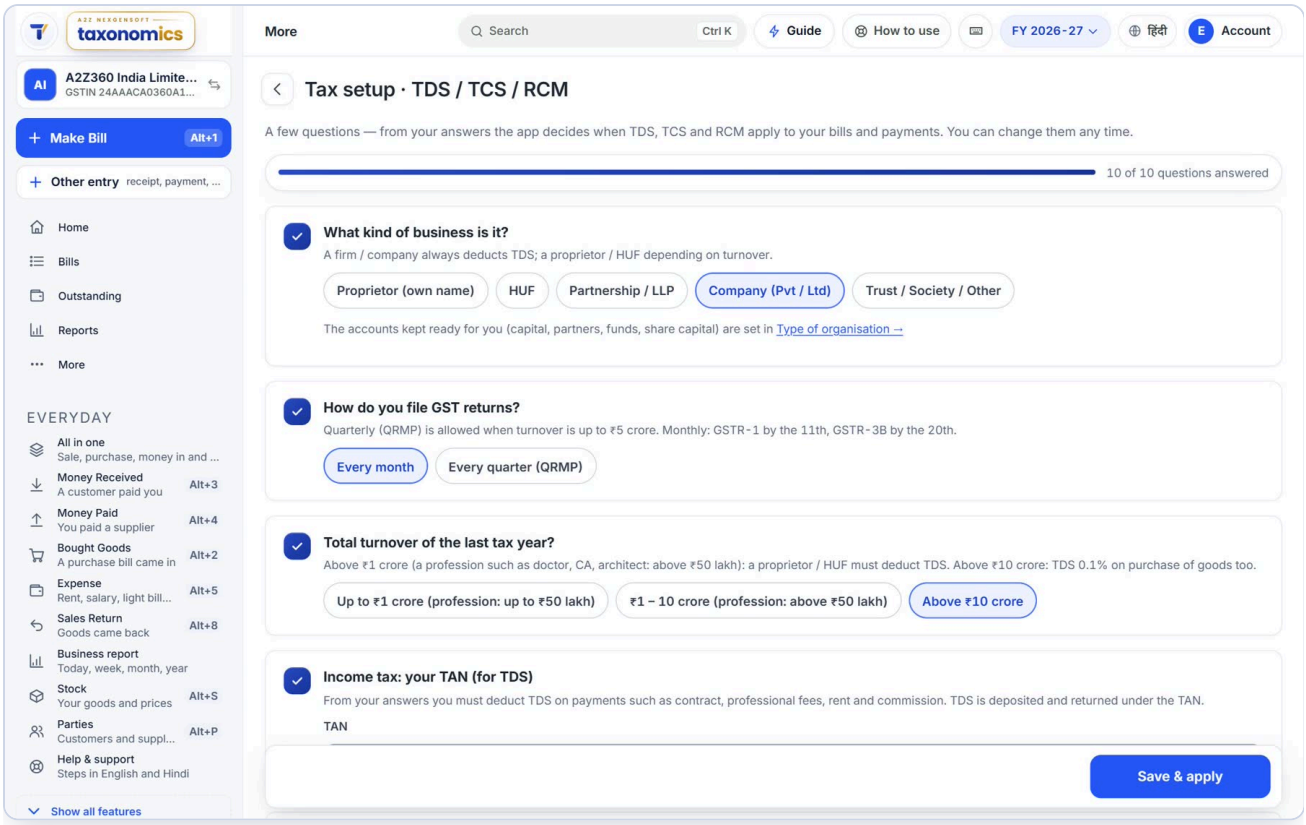

Figure 3.1 — Tax setup with all questions and the card "Rules you must follow — switched on for you".

> **CAREFUL**
>
> The dates are the usual due dates. When the government extends a date, the software does not know it. Check the portal and your Chartered Accountant.

Type of organisation: what it changes

The type of organisation decides which accounts the software keeps ready and which entries it questions. You can change it at **More › Type of organisation** : tap the card, read **What changes when you apply this**, then press the blue button (**Set up the accounts for this type** or **Change to this type**). Nothing is ever renamed, moved or deleted. If you already have an account with a usual name (for example your own "Drawings"), the software uses it instead of making a second one.

Ledger	Group (head)	Where it shows	Made when
Drawings	Capital Account	Balance Sheet › Capital (reduces capital)	Sole proprietor chosen
Interest on Partners' Capital	Indirect Expenses	P&L › Indirect Expenses	Partnership firm or LLP chosen

Partners' Remuneration	Indirect Expenses	P&L › Indirect Expenses	Partnership firm or LLP chosen
"(Partner's name) — Capital" and "(Partner's name) — Current A/c"	Capital Account	Balance Sheet › Capital	When you add the partner in More › Partners & capital
Corpus Fund, General Fund, Earmarked Funds, Capital Grants (Deferred Income)	Capital Account	Balance Sheet › Capital / Funds	Trust / society chosen
Donations Received — General, Grants Received, Transfer from Earmarked Funds	Indirect Incomes	Income & Expenditure Account › Income	Trust / society chosen
Grants Received in Advance (Unspent)	Current Liabilities	Balance Sheet › Current Liabilities	Trust / society chosen

For a **company** (private or public limited) the **company pack** is switched on. It adds two groups — **Share Capital** (under Capital Account) and **Statutory Dues Payable** (under Current Liabilities) — and 21 accounts:

Ledger	Group (head)	Where it shows	Made when
Equity Share Capital	Share Capital	Balance Sheet › Capital	Company chosen
Securities Premium, General Reserve, Surplus in Statement of Profit & Loss	Reserves & Surplus	Balance Sheet › Capital (Reserves & Surplus)	Company chosen
Salary Payable, Dividend Payable	Current Liabilities	Balance Sheet › Current Liabilities	Company chosen
PF Payable — Employees' Share, PF Payable — Employer's Share, ESIC Payable, Professional Tax Payable	Statutory Dues Payable	Balance Sheet › Current Liabilities	Company chosen
TDS Payable — 392 Salary	Duties & Taxes	Balance Sheet › Current Liabilities	Company chosen
Provision for Income Tax	Provisions	Balance Sheet › Current Liabilities	Company chosen

Staff Advances	Loans & Advances (Asset)	Balance Sheet › Current Assets	Company chosen
Director's Loan Account	Unsecured Loans	Balance Sheet › Loans	Company chosen
Salaries & Wages, Director's Remuneration, Employer's Contribution to PF, PF Administration & EDLI Charges, Employer's Contribution to ESIC, Professional Tax — Company (PTEC), Income Tax (Current Tax)	Indirect Expenses	P&L › Indirect Expenses	Company chosen

The type also changes the reports a little: a trust's Profit & Loss is titled "Income & Expenditure Account", a company's profit is shown inside Reserves & Surplus, and a firm shows each partner's share of profit under Capital Account. Smart Check then questions entries that do not suit the type — for example "Drawings" in a company is stopped. Chapters 17 to 22 explain the books of each type in full.

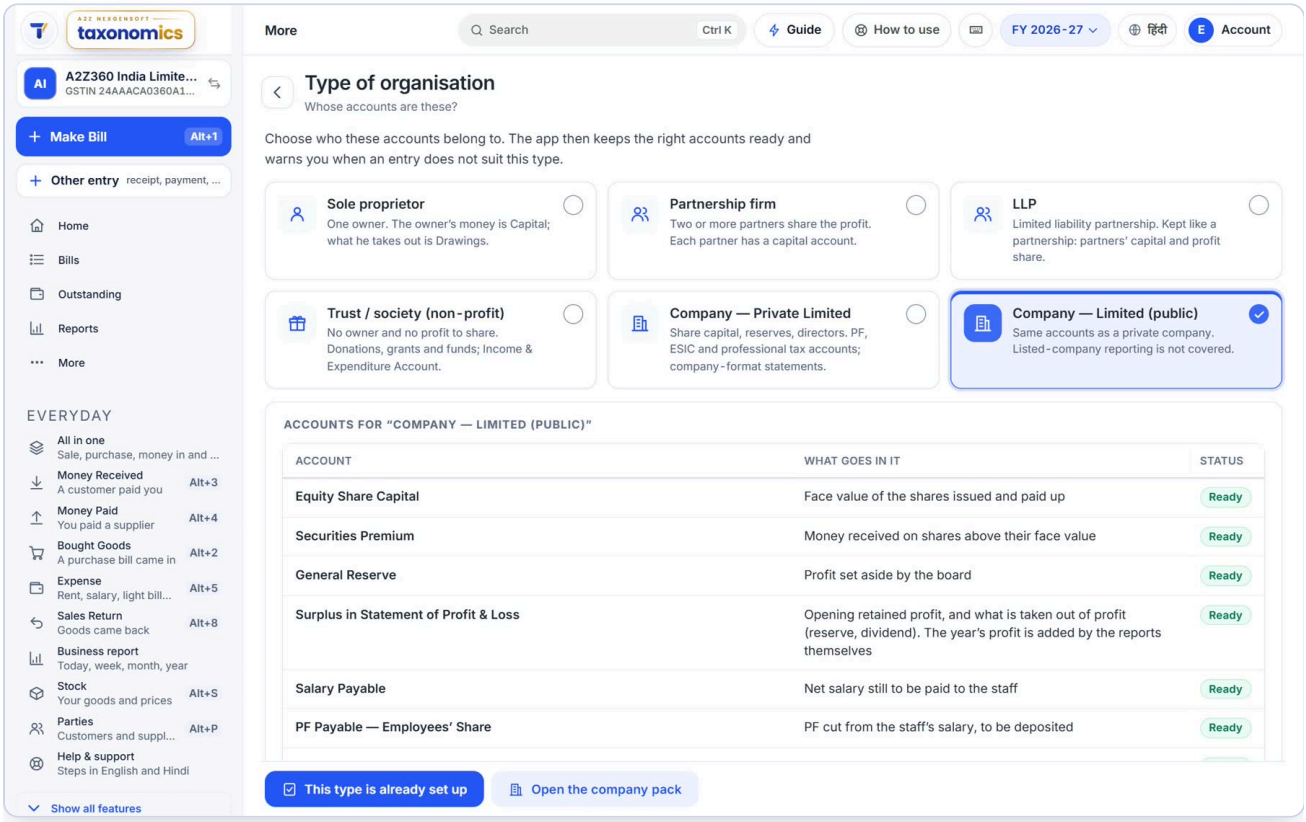

Figure 3.2 — More › Type of organisation: the six cards and the accounts that will be added.

THE LAW

Which type your business is depends on how it is registered (proprietorship, partnership deed, LLP or company incorporation, trust deed). Choose the type that matches your registration. Confirm with your Chartered Accountant for your case.

Company settings

Everything on the new-business form can be changed later at **More › Settings** (or **Account › Settings**). Press **Save** after a change. The Settings page also has:

- **Lock books up to (no changes on or before this date)** — use it after filing a GST return or after audit. Only the owner can change the lock date.
- **Not registered under GST** card (only without a GSTIN) — **Keep GST pages hidden** or **Show GST pages anyway**.
- **Features you use** — tick **We import goods from another country**, **We make or process goods**, **We pay salaries**. Pages you do not need stay out of the menus; nothing is deleted.
- **Audit trail (who changed what)** — **Yes, show it** or **No, hide it**. Either way the record is kept in the background.
- LUT and Digital signature (DSC) cards, explained in chapters 6 and 13 to 15.

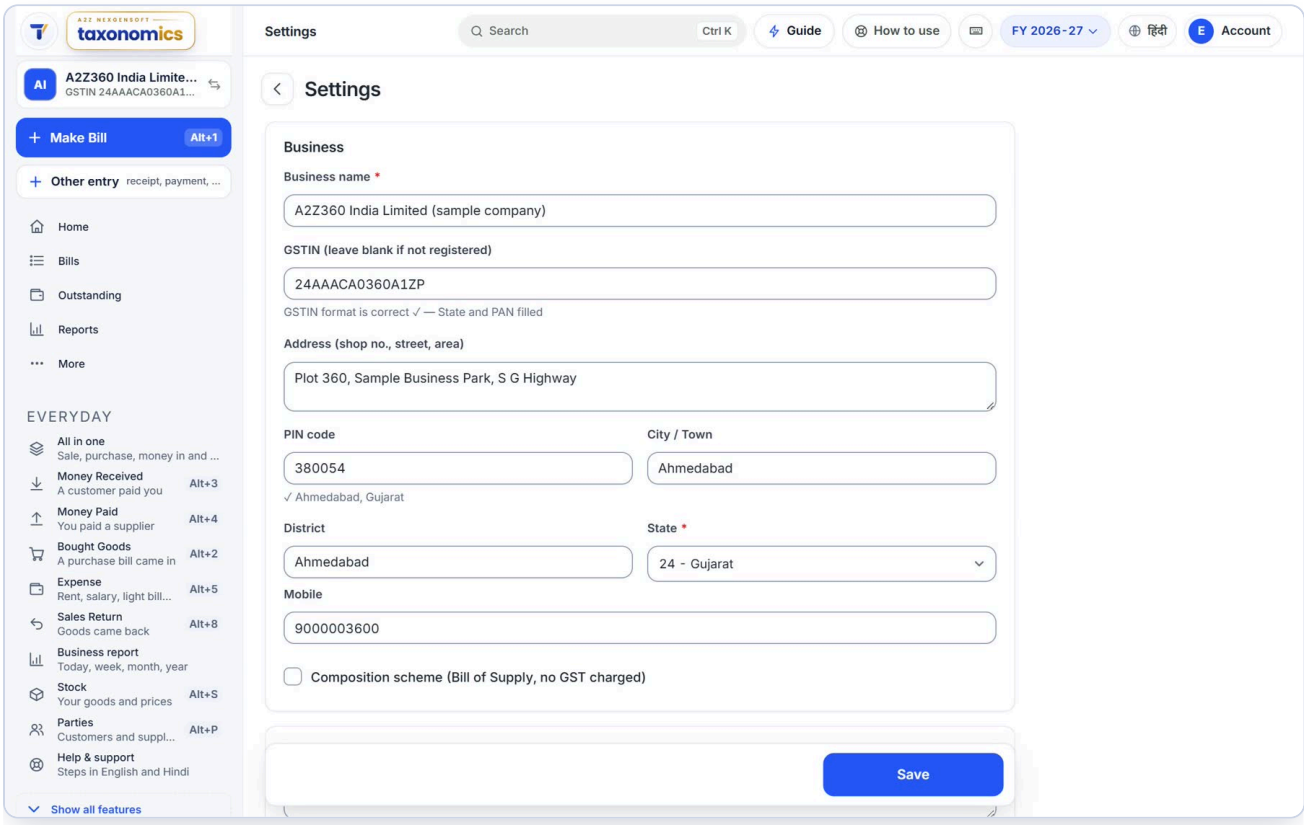

Figure 3.3 — More › Settings: business details, books, bank and UPI.

Financial year

The Indian financial year runs from 1 April to 31 March. **Books start from** is the first day of your books — usually 1 April of this financial year. If you start in the middle of a year (for example 1 October), type that date; opening balances are then taken as on that date. The financial year itself always starts on 1 April.

The books are one continuous set: there is no "close the year" step and no closing entry. Cash, bank, parties, stock, loans and capital simply carry on into the next year, and the reports work out each year's profit by themselves. The chip **FY 2026–27** on the top bar chooses which financial year the reports open on. Bills and entries are not changed by it.

> **CAREFUL**
> You cannot move **Books start from** to a later date if some entries are dated before it. Fix those entries first.

Bill numbers: automatic or manual

Automatic (the usual way): each sales bill gets the next number by itself, for example **INV/26-27/0001**, **INV/26-27/0002**. The middle part is the financial year, so numbering starts again from 0001 on 1 April. Other entries have their own series: PUR (purchase), CN (sales return), DN (purchase return), RCT (money received), PMT (money paid), CTR (cash ⇄ bank), JV (journal).

Manual: if you type your own bill numbers, tick **I type every sales bill number myself (no automatic number)** in Settings, or on **Make Bill** press **Type bill no. myself** under the bill number. The box then starts empty and must be filled; the hint shows the **Last bill no.**. A number already used in the same financial year is refused. To go back, press **Use automatic numbers**.

> **THE LAW**
> GST invoices must carry a consecutive serial number, unique for the financial year (CGST Rules, rule 46). A deleted bill keeps its number as "Cancelled" and is reported in GSTR-1 as a cancelled document. Confirm with your Chartered Accountant for your case.

Logo and signature

1. Open **More › Settings** and find **Logo & Signature (printed on every bill automatically)**.
2. **Business logo**: choose a picture. A square picture fits well; it is shown at the top of every bill.
3. **Authorised signature**: sign on white paper, take a photo and choose it. The white background is removed by itself.
4. Type the **Signatory name (printed under signature)**, for example "Proprietor", "Partner" or "Director". Press **Save**.

Keep each picture under 300 KB.

Default bill design

There are seven bill designs: **Corporate letterhead** (used when you have never picked one), **Premium**, **Modern**, **Classic**, **Elegant**, **Bold** and **Soft card**. To change it, open any saved sales bill; the **Design** buttons are shown above the bill. Tap a design. Your choice is saved for the company, so every bill after that prints in it. The owner or accountant can change it.

REMEMBER

- Only the business name and State are a must; a GSTIN fills State and PAN by itself.
- Choose the type of organisation first; it decides which accounts are kept ready.
- Answer the Tax setup questions; the duty list shows what the law asks and what the app does.
- Books are continuous; the FY chip only chooses the year the reports open on.
- Bill numbers are automatic (INV/26–27/0001) unless you choose to type them yourself.
- Change anything later in More › Settings, Tax setup or Type of organisation.

CHAPTER 04

Masters: Accounts, Parties and Items

"Masters" are the lists you fill once and then only pick: groups and ledgers (accounts), parties (customers and suppliers), items and services. This chapter shows the full chart of accounts every new company gets, how to add your own, how to enter opening balances, and how to bring data in from Excel, Tally or Zoho Books.

Groups and ledgers

A **ledger** is one account: Cash, HDFC Bank, Rent, "Kavya Textiles LLP". A **group** (also called a head) is a box of similar ledgers: all bank accounts sit in "Bank Accounts", all customers in "Sundry Debtors". The group decides where a ledger's balance shows in the Balance Sheet or the Profit & Loss account (P&L). Pick the right group once, and every report is right.

Every group has a **nature**: Assets or Liabilities (shown in the Balance Sheet), Income or Expenses (shown in the P&L). Some income and expense groups are **direct**: they come in the first part of the P&L and decide the **gross profit** (sales less cost of goods). The others are **indirect** and come after gross profit, giving the **net profit**.

The default groups

Every new company gets these 28 groups: 15 main groups and 13 sub-groups. They are fixed (marked as reserved): you cannot delete or rename them, but you can add your own groups under them.

Group (head)	Under	Nature	Where it shows
Capital Account	—	Liabilities	Balance Sheet › Capital (owner's funds)
Reserves & Surplus	Capital Account	Liabilities	Balance Sheet › Capital
Loans (Liability)	—	Liabilities	Balance Sheet › Loans
Bank OD A/c	Loans (Liability)	Liabilities	Balance Sheet › Loans
Secured Loans	Loans (Liability)	Liabilities	Balance Sheet › Loans
Unsecured Loans	Loans (Liability)	Liabilities	Balance Sheet › Loans
Current Liabilities	—	Liabilities	Balance Sheet › Current Liabilities

Duties & Taxes	Current Liabilities	Liabilities	Balance Sheet › Current Liabilities
Provisions	Current Liabilities	Liabilities	Balance Sheet › Current Liabilities
Sundry Creditors	Current Liabilities	Liabilities	Balance Sheet › Current Liabilities (suppliers)
Suspense A/c	—	Liabilities	Balance Sheet › its own line (a temporary place for an amount not yet sorted)
Branch / Divisions	—	Liabilities	Balance Sheet › its own line
Fixed Assets	—	Assets	Balance Sheet › Fixed Assets
Investments	—	Assets	Balance Sheet › Investments
Current Assets	—	Assets	Balance Sheet › Current Assets
Bank Accounts	Current Assets	Assets	Balance Sheet › Current Assets
Cash-in-Hand	Current Assets	Assets	Balance Sheet › Current Assets
Deposits (Asset)	Current Assets	Assets	Balance Sheet › Current Assets
Loans & Advances (Asset)	Current Assets	Assets	Balance Sheet › Current Assets
Stock-in-Hand	Current Assets	Assets	Balance Sheet › Current Assets (the closing stock value is put here by the software)
Sundry Debtors	Current Assets	Assets	Balance Sheet › Current Assets (customers)
Misc. Expenses (ASSET)	—	Assets	Balance Sheet › its own line on the assets side
Sales Accounts	—	Income (direct)	P&L › Sales (gross profit part)
Direct Incomes	—	Income (direct)	P&L › Direct Incomes (gross profit part)
Purchase Accounts	—	Expenses (direct)	P&L › Purchases (gross profit part)
Direct Expenses	—	Expenses (direct)	P&L › Direct Expenses (gross profit part)

Indirect Incomes	—	Income	P&L › Indirect Incomes (after gross profit)
Indirect Expenses	—	Expenses	P&L › Indirect Expenses (after gross profit)

TIP

A balance on the "wrong" side is moved to the right place in the Balance Sheet by itself: a customer who paid in advance shows as "Advances from customers" under Current Liabilities; a supplier you paid in advance as "Advances to suppliers" under Current Assets; GST input credit more than output as "GST input credit and taxes receivable" under Current Assets; a loan account in debit as "Loans and advances given".

The default ledgers

Every new company gets these ledgers. They are reserved: their group cannot be changed and they cannot be deleted.

Ledger	Group (head)	Where it shows	Made when
Cash	Cash-in-Hand	Balance Sheet › Current Assets	Every new company
Sales	Sales Accounts	P&L › Sales	Every new company
Purchase	Purchase Accounts	P&L › Purchases	Every new company
CGST	Duties & Taxes	Balance Sheet › Current Liabilities (Current Assets when credit is more)	Every new company
SGST	Duties & Taxes	Balance Sheet › Current Liabilities (Current Assets when credit is more)	Every new company
IGST	Duties & Taxes	Balance Sheet › Current Liabilities (Current Assets when credit is more)	Every new company
Round Off	Indirect Expenses	P&L › Indirect Expenses	Every new company
Capital	Capital Account	Balance Sheet › Capital	Every new company
Your bank (the name typed in Bank name)	Bank Accounts	Balance Sheet › Current Assets	Only if Bank name was filled when the company was created

There is one ledger for each GST head. Tax you collect on sales is credited to it and tax you pay on purchases is debited to the same ledger, so its balance is what you owe (or can claim) for that head — the same way the GST portal shows it.

Other ledgers are added only when a feature needs them — for example the type of organisation (chapter 3), payroll, TDS, GST payment and loans. Each chapter lists the ledgers its feature makes.

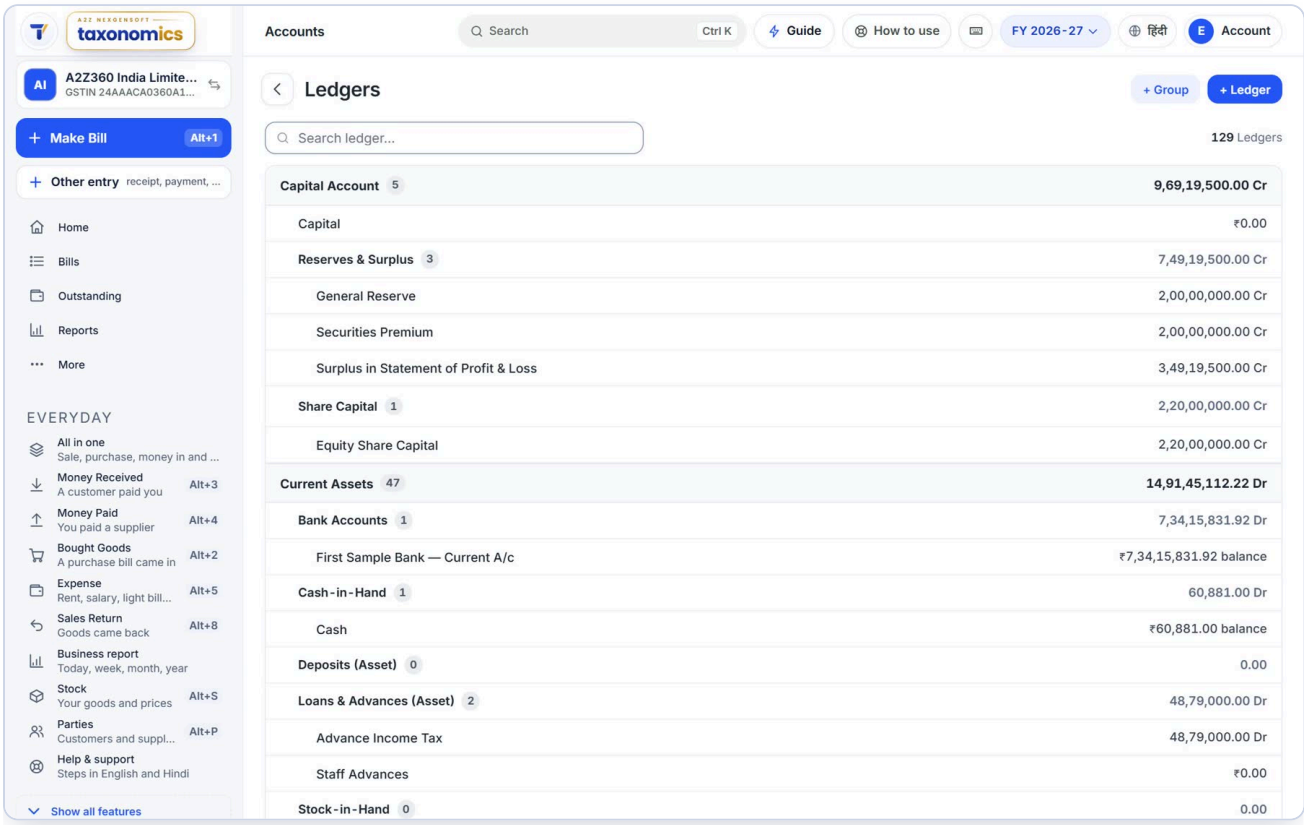

Figure 4.1 — More › Ledgers: every group with its ledgers, and the buttons + Group and + Ledger.

Creating a ledger

1. Open **More › Ledgers** and press **+ Ledger**.
2. Type the **Name ***, for example "Shop Rent".
3. In **Type / Group** choose the group, for example **Indirect Expenses**.
4. For a balance-sheet account (bank, loan, capital, deposit), fill **Opening Balance** and choose **Dr** or **Cr**. Income and expense ledgers have no opening balance box.
5. Press **Save**.

Which group to choose:

Account	Choose group
A bank account (also fill Account number and IFSC)	Bank Accounts

Bank overdraft / cash credit	Bank OD A/c
Rent, electricity, salary, telephone, office expenses	Indirect Expenses
Freight inward, wages of factory workers	Direct Expenses
Interest received, commission received	Indirect Incomes
Machine, computer, furniture, vehicle (choose Asset type (block) and Put to use on)	Fixed Assets
Loan from a bank against security / without security	Secured Loans / Unsecured Loans
Security deposit you gave	Deposits (Asset)

For a bank ledger the **Account number** is used to recognise the bank by itself when you import a bank statement. To make your own group, press **+ Group**, type the **Group name *** and choose **Under**; the new group follows its parent (income, expense, asset or liability).

> **CAREFUL**
> A wrong group gives a wrong profit. Rent put under "Sundry Creditors" will not show in the P&L at all. When in doubt, ask your accountant before saving.

Parties: customers and suppliers

A **party** is a customer who buys on credit or a supplier you buy from. Each party is a ledger: customers sit in **Sundry Debtors**, suppliers in **Sundry Creditors**. For cash sales you do not need a party.

Ledger	Group (head)	Where it shows	Made when
Each customer (its own name)	Sundry Debtors	Balance Sheet › Current Assets (Current Liabilities if in advance)	When you add a customer
Each supplier (its own name)	Sundry Creditors	Balance Sheet › Current Liabilities (Current Assets if in advance)	When you add a supplier

1. Open **More › Customers & Suppliers** (or **Parties** in the side menu, Alt + P) and press **Add**.
2. Type the **Name *** and choose **Customer (Debtor)** or **Supplier (Creditor)**.
3. **GST and tax**: if the party is registered, type the **GSTIN (if registered)**. The software checks it and fills the State and **PAN**. For an unregistered party type the PAN yourself if you have it.

4. **Contact and address**: **Mobile** (for WhatsApp), address and **PIN code** (city, district, State fill by themselves), **Area / market / route** (optional, for area-wise reports, such as "Main Bazaar"), **Email** and **Credit days**.

5. For a customer you may also set **Credit limit (₹)**, **Interest on overdue (% a year)**, **Reminder language**, and tick **On hold — no more credit bills until dues are cleared**.

6. For a supplier you may set **TDS section (default)** — filled by itself on bills and payments — and the MSME details (**Udyam registration no.**, **Enterprise type**, **Activity**, **Credit days agreed in writing**).

7. If old money is pending, fill **Opening Balance** and choose **Dr — they owe me** or **Cr — I owe them**. Press **Save**.

TIP

While making a bill you can add a party without leaving the bill: type the name in the party box and choose **New Customer** or **New Supplier**.

THE LAW

The State of the buyer decides the place of supply, and so whether CGST + SGST or IGST is charged (IGST Act, sections 10 and 12). A wrong State on a party gives a wrong tax on every bill. Confirm with your Chartered Accountant for your case.

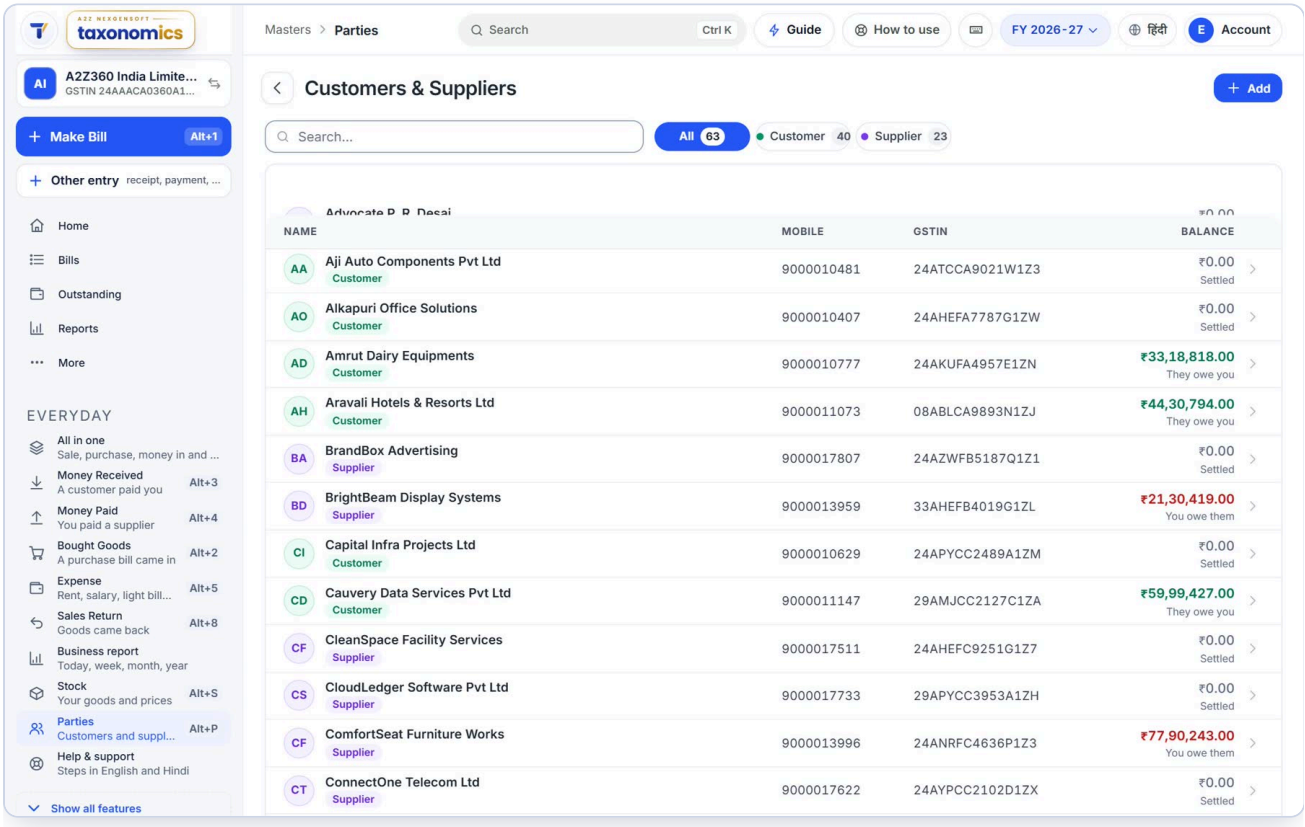

Figure 4.2 — More › Customers & Suppliers: the party list with the Add button.

Items and services

An **item** is anything you sell or buy: goods you keep in stock, or a service. Add it once with its GST rate and price; after that you only pick it on the bill.

1. Open **Stock** (Alt + S) or **More › Items** and press **Add**.
2. Type the **Name ***. For a service (repair, labour, consultancy) or a thing you do not keep stock of, tick **Service or non-stock item (no stock is kept)**.
3. Type the **HSN code** (for goods) or **SAC code** (for services, starts with 99) — 4 digits if your turnover is up to ₹5 crore, otherwise 6. Choose **GST %**: 0, 0.1, 0.25, 1.5, 3, 5, 18 or 40.
4. Choose the **Unit (UQC)**, for example NOS, PCS, KGS, BOX.
5. Optional: **Category** and **Brand**, to filter lists and see category-wise reports.
6. **Price**: **Sale rate (₹)**, **Purchase rate (₹)**, **MRP (₹)**. These fill by themselves on a new bill. Tick **Price includes GST** if your rate already has GST in it.
7. **Stock** (goods only): **Opening stock (qty)**, **Opening rate (₹ / unit)** and **Low stock alert at**.
8. **Barcode**: scan the product's own barcode, or leave it blank — one is made by itself when you save.
9. Press **Save**.

Scrap dealers and sellers of TCS goods also see **Scrap and TCS** (**Scrap?** and **TCS on sale (Sec 394(1))**); others can open it with **Scrap or TCS item? Show those options**. On the Items page, **+ Scrap items** adds the usual scrap items (MS, copper, aluminium, brass, plastic) in one tap, and **Labels** prints barcode labels.

> **TIP**
> Do not know the HSN? Look at your supplier's bill: the HSN is printed against each item. You can also add a new item from inside a bill: type the name in the item box and choose **New Item**.

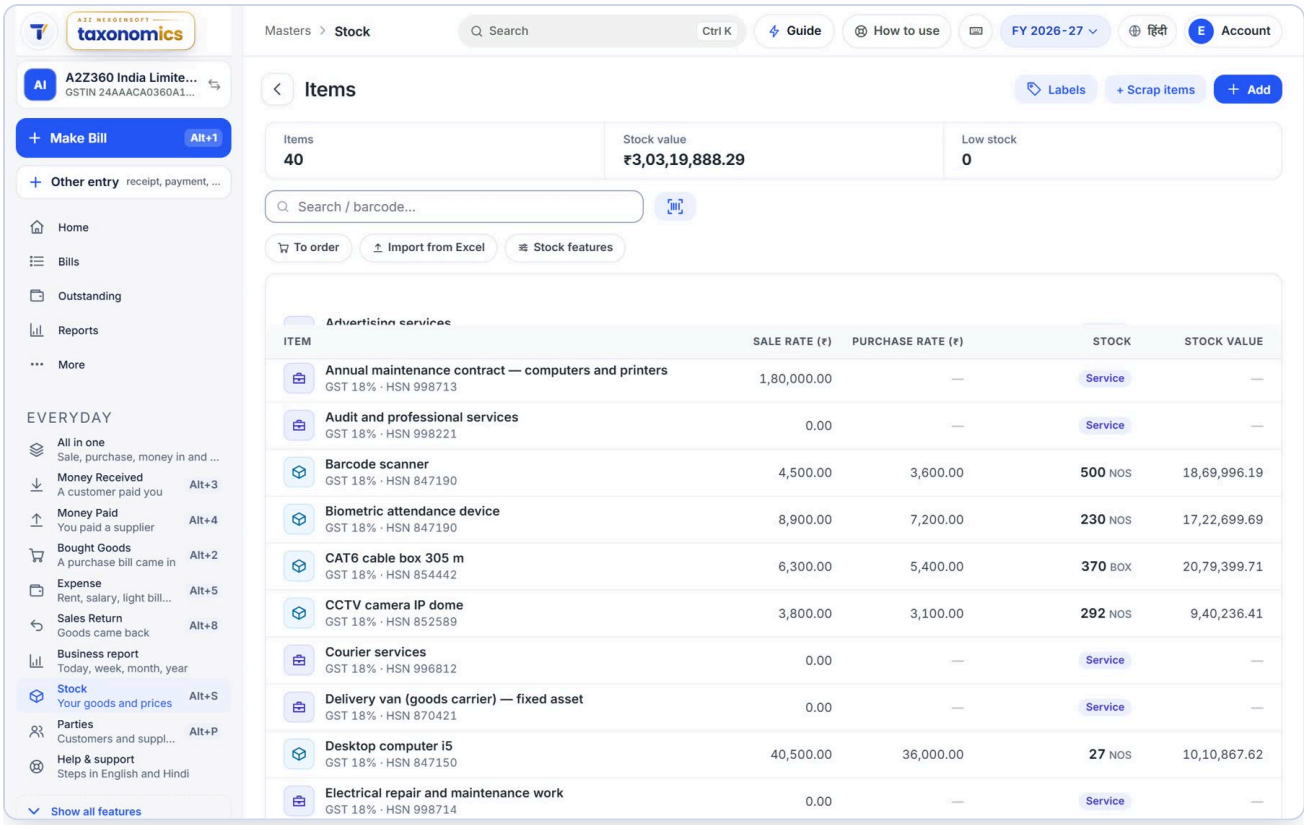

Figure 4.3 — Stock: the item list with stock value and low-stock count.

Units

Units are taken from the government's list of unit codes (UQC), so the GST returns accept them: NOS (numbers), PCS (pieces), KGS (kilograms), GMS (grams), LTR (litres), MTR (metres), BOX, BAG, BTL (bottles), PAC (packs), DOZ (dozens), SET, PRS (pairs), CTN (cartons), ROL (rolls), BDL (bundles), QTL (quintals), TON (tonnes), SQF (square feet), SQM (square metres) and the rest of the list, ending with OTH (others). You do not need to create units.

If you buy in boxes and sell in pieces, switch on **Second unit (box ⇄ piece)** in **More › Stock features**, then open the item and fill **Second unit (optional)**, for example 1 BOX = 12 PCS. Stock and GST returns stay in the main unit.

Opening balances

The **opening balance** is what you had on the day your books start: cash, bank, stock, money to take and money to give, loans and capital. Fill it once.

1. **Parties**: **More › Customers & Suppliers** › the party › **Opening Balance** with **Dr — they owe me** or **Cr — I owe them**.
2. **Cash, bank, loans, capital**: **More › Ledgers** › the ledger › **Opening Balance** with Dr or Cr.

3. **Stock**: **Stock** › the item › **Opening stock (qty)** and **Opening rate (₹ / unit)** — what one piece cost you, not the sale price.
4. Open Reports › **Trial Balance**. If a line "Difference in opening balances" shows, something is still missing — usually the owner's Capital.

EXAMPLE

Shree Ganesh Traders starts its books on 1 April with cash ₹50,000, bank ₹2,00,000, stock worth ₹1,50,000, and Kavya Textiles LLP owes it ₹1,00,000. It owes a supplier ₹1,00,000. Capital = what is owned less what is owed = ₹50,000 + ₹2,00,000 + ₹1,50,000 + ₹1,00,000 − ₹1,00,000 = ₹4,00,000.

Account	Dr ₹	Cr ₹
Cash	50,000	
Bank	2,00,000	
Opening stock (from items)	1,50,000	
Kavya Textiles LLP (customer)	1,00,000	
Supplier		1,00,000
Capital		4,00,000

Debit total ₹5,00,000 = credit total ₹5,00,000, so there is no difference.

CAREFUL

Goods bought after the books start are not opening stock — enter them in **Bought Goods**. An opening rate left at zero gives the stock no value in the Balance Sheet.

Importing items and parties from Excel

Nothing is saved until you confirm, and importing the same file again does not add anything twice.

1. Open **More › Import from Excel**. Under **What do you want to import?** choose **Items**, **Customers & Suppliers** or **Price lists**.
2. Press **Download sample file** to see the columns, or press **Choose Excel / CSV file** and pick your own sheet (any column order; the first sheet is read).
3. Under **Match the columns** check that each box shows the right column of your file. Columns you do not need can stay "— not in file —". Tick **Also update … that are already there** if you want existing records changed.

4. Under **Check and confirm** each row is marked **New**, **Will be updated**, **Already there** or **Problem** with the reason. Press **Save n records**.
5. Correct the problem rows in the file and import it again — rows already saved are skipped.

Items can carry name, HSN, GST %, rates, barcode, opening stock, batches and category. Parties can carry name, GSTIN, mobile, address and opening balance.

Importing from Tally

Data kept in Tally can be imported in five steps.

1. Open **More › Tally import / export** .
2. In TallyPrime export the masters: **Alt+E** › Masters › Configure › Type of master: All Masters, Export closing balance as opening: Yes, Closing balance as on: the day before your first entry (for example 31–Mar) › Export.
3. In TallyPrime export the entries: **Alt+E** › Transactions › Period: from that next day › Export.
4. Press **Choose Tally XML files** and choose both files together (Masters.xml and Transactions.xml). Check the preview: ledgers, groups, stock items and entries, and the lists "Not imported" and "Please check".
5. Press **Import now** and confirm. The Trial Balance opens: match its total with your old books.

> **CAREFUL**
> If the company already has entries, take a backup before importing.

Importing from Zoho Books

1. In Zoho Books open each module › ··· (top right) › Export › CSV: Contacts, Items, Invoices, Bills, Credit Notes, Customer Payments, Vendor Payments.
2. Open **More › Tally import / export** and, in **Import from Zoho Books**, press **Choose Zoho CSV files**. Choose all the CSV files together.
3. Check the preview (ledgers, stock items, entries, "Not imported", "Please check"), press **Import now** and confirm.
4. Open Reports › **Trial Balance** and match the total with Zoho Books.

REMEMBER

- The group of a ledger decides where it shows in the Balance Sheet or P&L.
- Every company starts with 28 groups and the ledgers Cash, Sales, Purchase, CGST, SGST, IGST, Round Off and Capital.
- Customers go under Sundry Debtors, suppliers under Sundry Creditors; a GSTIN fills State and PAN.
- Items need HSN / SAC, GST %, unit and, for goods, opening stock at cost.
- After opening balances, the Trial Balance must show no "Difference in opening balances".
- Excel, Tally and Zoho imports show a preview first; nothing is saved until you confirm.

CHAPTER 05

Finding Your Way

The parts of the screen on a computer and on a phone, the shortcut keys, quick search, the help on every page, Smart Check, the language switch, the look of the app, and the date box.

The screen on a computer

The screen has three parts: the **side menu** on the left, the **top bar**, and the **page** in the middle.

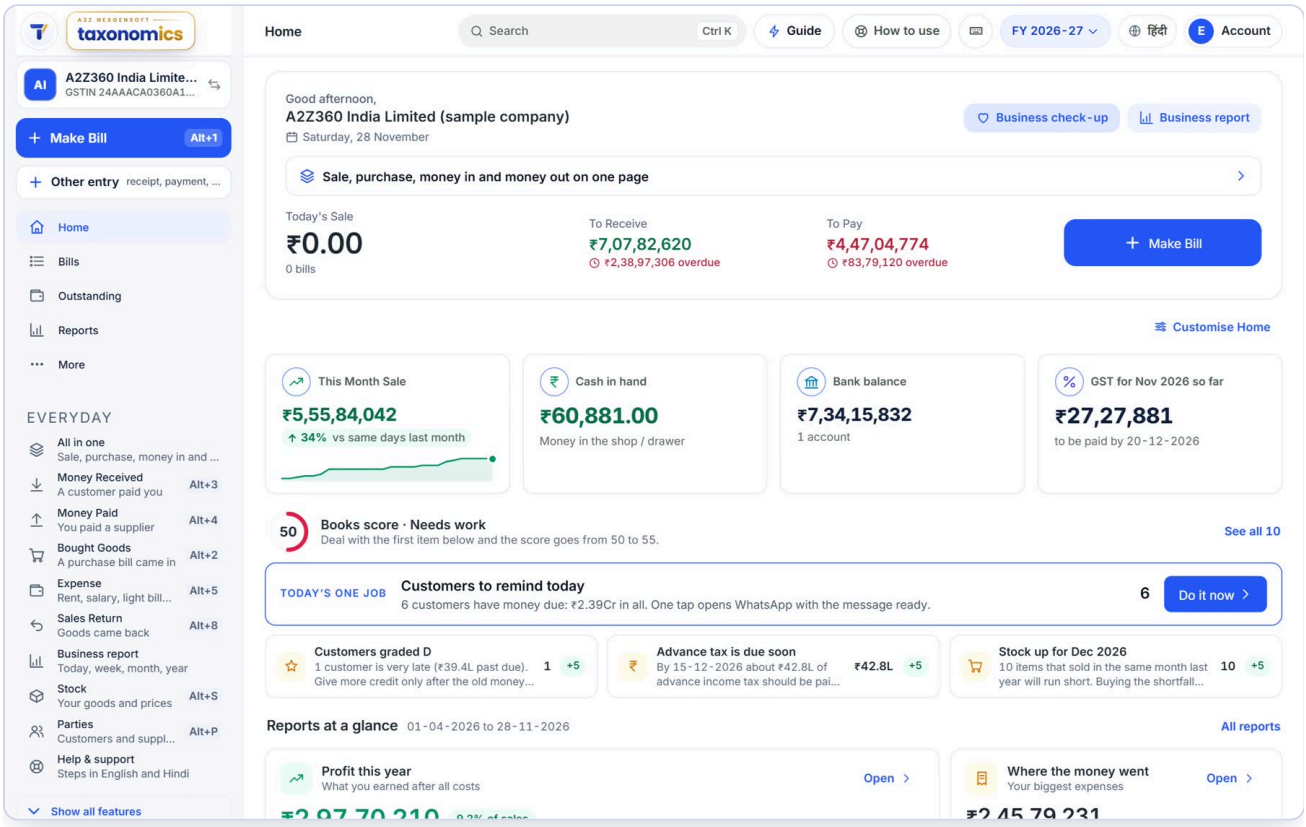

Figure 5.1 — Home on a computer: side menu on the left, top bar above, page in the middle.

The side menu

From top to bottom the side menu shows:

- the company card — tap it to open **Your companies** and switch company;
- **Make Bill** — the main button (Alt + 1);
- **Other entry** — receipt, payment, purchase and the rest, in one sheet;
- **Home**, **Bills**, **Outstanding**, **Reports** and **More**;
- the groups of pages, each with its shortcut key shown on the right.

Simple menu: "Everyday" or all features

A new user sees the **simple menu**: one group called **Everyday**, with a one-line hint under each job:

Menu item	Hint on screen
All in one	Sale, purchase, money in and out
Money Received	A customer paid you
Money Paid	You paid a supplier
Bought Goods	A purchase bill came in
Expense	Rent, salary, light bill…
Sales Return	Goods came back
Business report	Today, week, month, year
Stock	Your goods and prices
Parties	Customers and suppliers
Help & support	Steps in English and Hindi

Press **Show all features** at the bottom of the side menu to see every group: **Transactions**, **Orders**, **Masters**, **GST**, **Accounting**, **Payments** and **Admin**. Press **Show simple menu** to go back. The choice is kept on that device. In the simple menu, the group of the page you have open is added for as long as you are on it, so it never disappears. Every page is also listed in **More**, which has its own search box ("Search settings and screens…").

> **TIP**
> In **More › Settings** › **Features you use**, untick work your business does not do (imports, making goods, salaries). Those pages then stay out of the menus.

The top bar

- company name and GSTIN, and where you are (for example "Transactions › Expense");
- **Search** (Ctrl + K);
- **How to use** — help for the open page;
- the keyboard button — the list of shortcut keys (F1);
- **Companies** — open another company;
- the sync chip and the **FY** chip (financial year of the reports);
- the user chip, when several users are set up (switch user / lock);
- the language button (English / Hindi);
- **Account** — your licence, Cloud and sync, Settings, Log out (chapter 2).

The screen on a phone

On a phone the menu moves to a **bottom bar**: **Home**, **Bills**, the round **+ New** button in the middle, **Outstanding** and **More**. Reports opens from its tile on Home or from More.

The **+** button opens the **New entry** sheet: Make Bill, Money Received, Money Paid, Bought Goods, Expense, Sales Return, Cash ⇄ Bank, Journal, Purchase Return, Stock journal, Quotation, Sales order, Purchase order, and Orders & quotations. Tap one to start. On a computer the same sheet opens from **Other entry** and shows each key.

Shortcut keys

Hold Alt and press a number on the number row above the letters (not the number pad). The keys are the same on the website and in the Windows app. Press F1 or the keyboard button on the top bar to see this list at any time.

New entry

Keys	Opens
Alt + 1	Make Bill
Alt + 2	Bought Goods
Alt + 3	Money Received
Alt + 4	Money Paid
Alt + 5	Expense
Alt + 6	Cash ⇄ Bank
Alt + 7	Journal
Alt + 8	Sales Return
Alt + 9	Purchase Return
Alt + J	Stock journal
Alt + L	Salary (payroll)
Alt + Q	New quotation
Alt + D	New delivery challan
Alt + I	New proforma invoice
Alt + G	New sales order
Alt + U	New purchase order

Open

Keys	Opens
Alt + N	Orders & quotations
Alt + H	Home
Alt + B	Bills
Alt + O	Outstanding
Alt + R	Reports
Alt + S	Stock
Alt + P	Parties
Alt + M	Payment reminders
Alt + Y	Day close
Ctrl + K	Search
F1	Shortcut keys
Alt + Z	Jump between the page, the menu and the top bar

While typing

Keys	Does
Ctrl + S	Save
Enter	Next box
Esc	Close

Lists and reports

Keys	Does
↑ ↓	Move the row cursor
Enter	Open the row (drill down)
Esc or Backspace	Go back to where you were
Alt + ←	Go back
Home End	First / last row

PgUp PgDn	One screen up / down
A – Z	Jump to a row by typing its name
Space	Select the row / fold a group
Ctrl + A	Select all rows
/	Go to the search box
F2	Change the period

Ctrl+C, Ctrl+V, Ctrl+P and Ctrl+Z work as usual. On the **Your companies** page, press 1 to 9 to open a company, N for a new company.

Quick search (Ctrl+K)

Press Ctrl + K, or the **Search** box on the top bar, and type. It finds screens, parties, ledgers, items, serial numbers, bills (by number, even typed in part, such as "0119"), help answers and the meaning of accounting words. Use ↓ to move, Enter to open, Esc to close.

A few words at the start act as commands that open a new entry:

Type	Opens
bill, sale, sales, invoice	Make Bill
receipt, receive, received	Money Received
pay, paid, payment	Money Paid
purchase, buy, bought	Bought Goods
quote, quotation	Quotation

> **EXAMPLE**
> Type **bill kavya** and press Enter: Make Bill opens with the customer "Kavya Textiles LLP" already chosen. Type **rent rcm** to find the help answer on GST on shop rent.

"How to use" on every page

The **How to use** button on the top bar opens the help steps written for the page that is open. The sheet has an English / Hindi switch, the steps, a **More help** button for the full answer in the Help centre, and "Other questions on this page". Where a page has no topic of its own, the button opens the Help centre.

Help centre

Open **More › Help & support**. It has:

- a search box for questions in English or Hindi;
- the help topics in eight groups: **Start here**, **Daily work**, **GST made simple**, **TDS / TCS in plain words**, **Stock**, **Month end and year end**, **Backup, cloud and devices**, **Mistakes and fixes**;
- a list of accounting words with their meaning;
- **Contact support** and **What's new** (the version you have and what changed);
- **Report a problem** — describe what went wrong and press **Send report** or **Copy**. The report adds the app version, device and recent errors, and only counts of your data — never party names or amounts.

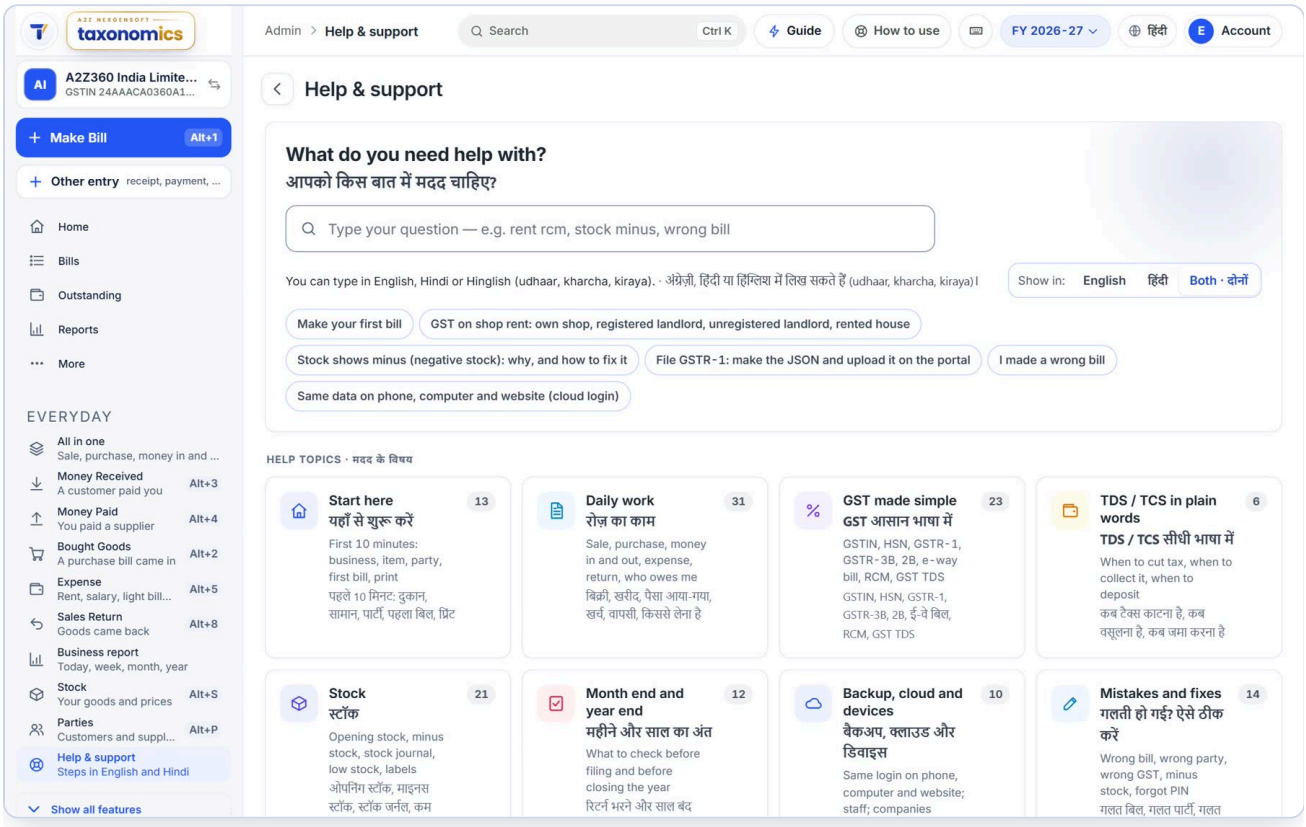

Figure 5.2 — Help centre with search, topic groups and Report a problem.

Smart Check

Smart Check looks at every bill, receipt, payment, expense and journal before it is saved, on your device and without internet. It speaks in three ways:

Kind	What happens	Examples
Stop	The entry cannot be saved until it is put right	Bill number used twice, same supplier bill entered again, date in a locked period, debit and credit not equal

Ask	A sheet "Please check before saving" gives the reason. Press **Go back** to correct it, or **Save anyway** if it is right	An extra zero in the amount, a bill far bigger than this party's usual, cash of ₹2,00,000 or more, a wrong GST type for the party's State
Tip	A small note only; the entry saves normally	Hints that do not need an answer

While you type, a chip on the entry says **Looks right** or how many things there are to check. Tap it to read them; many come with a one-tap fix. When you press **Save anyway**, the software keeps a record of it in the audit trail.

Smart Check settings

Open **More › Smart Check**.

- **Ask before saving when something looks unusual** — when off, the same points show only as small notes.
- Switch groups of checks on or off: **GST**, **Same entry twice**, **Amounts and prices**, **Dates**, **Stock**, **Cash limits and credit**.
- **Always on** — the stops listed above cannot be switched off.

The same checks over entries already saved are in Reports › **Entries to review**. Nothing is changed there; open an entry to correct it.

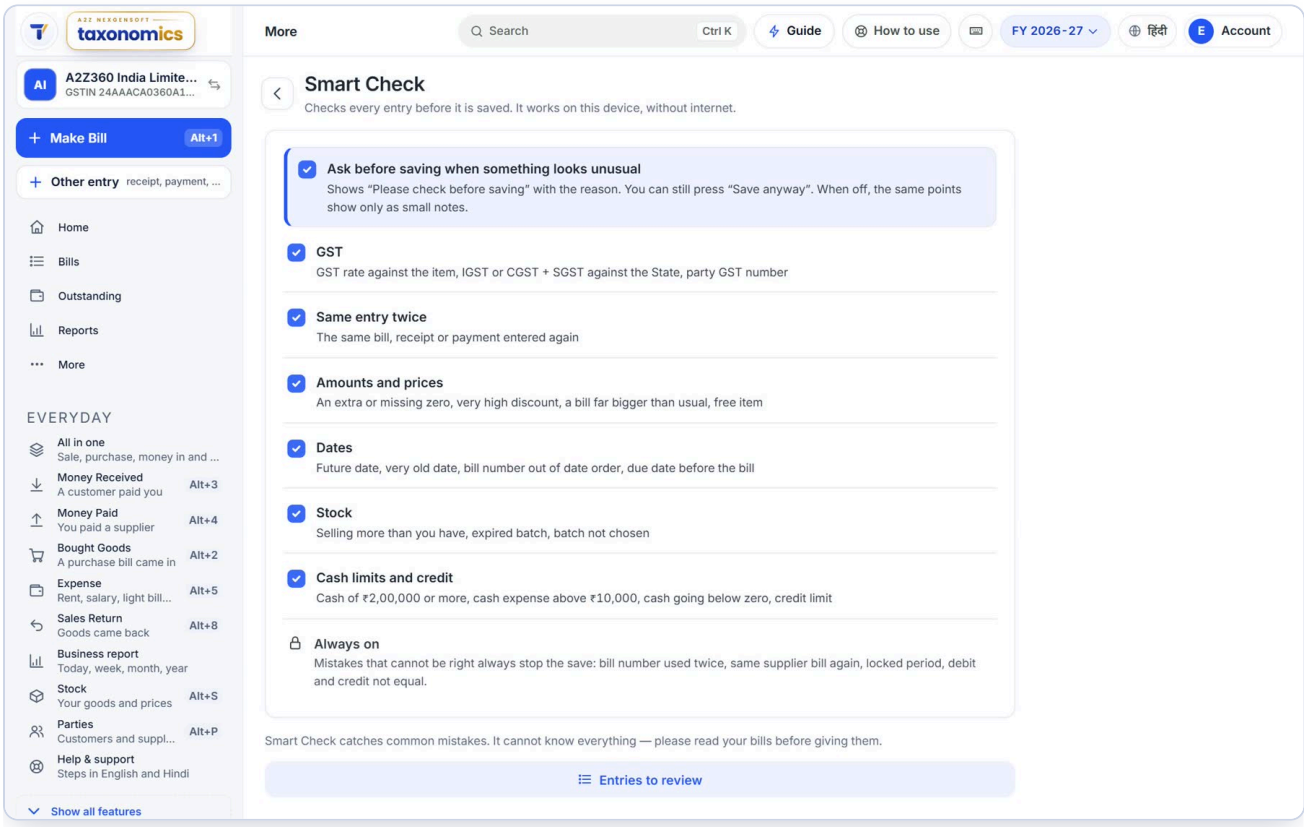

Figure 5.3 — More › Smart Check: the main switch, the six groups and the checks that are always on.

> **CAREFUL**
> Smart Check catches common mistakes. It cannot know everything — read your bills before giving them.

English or Hindi

Press the language button on the top bar. It shows the name of the other language; one press changes the language of the whole app. The login screen and first setup have the same button. The language of printed bills is set separately in Settings (Invoice language).

Appearance

Open **More › Appearance**. These choices change only how the app looks on this device; bills, PDFs and reports do not change, and printed bills always stay white.

- **Light or night**: **Light**, **Night** or **Auto** (same as this device). Tick **Also turn night on from 7 pm to 6 am** for a dark screen every evening.
- **Colour**: the colour of buttons and highlights — Royal Blue, Sage Green, Sky Blue, Sea Teal or Lavender. Green for money received and red for money paid do not change.
- **Text size**: **Small**, **Normal**, **Large**, **Extra large**. Text, buttons and tables grow together.
- **Rows**: **Comfortable** (more space) or **Compact** (more rows on one screen).
- **Easier to see and use**: **High contrast**, **Bigger buttons**, **Marks with colours** (a ✓ ! ✕ mark for colour-blind eyes), **Less movement**.
- **Back to the normal look** undoes everything.

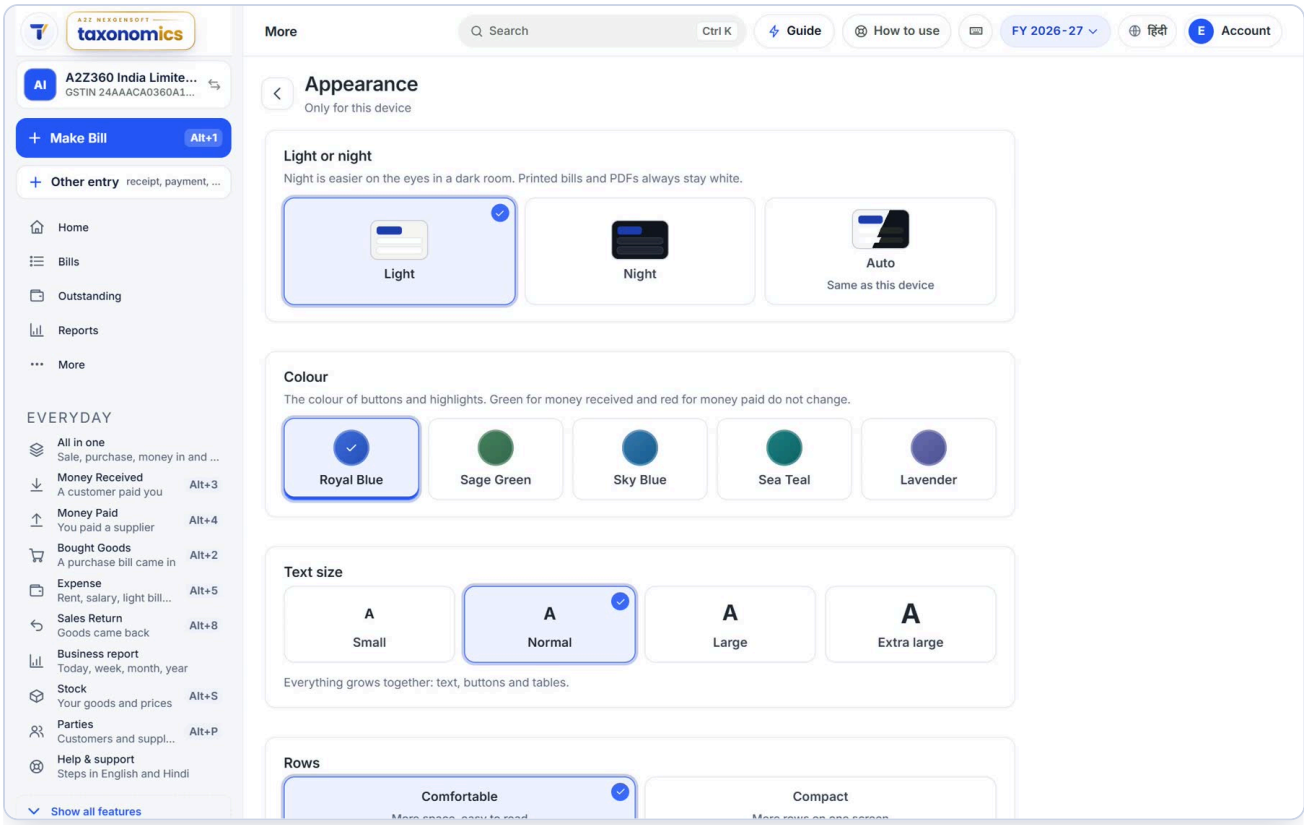

Figure 5.4 — More › Appearance with the sample preview.

The date box

Every date in the software is shown and typed day first: **DD-MM-YYYY**, for example 15-08-2026, on every computer and phone.

- Type only the digits (15082026); the dashes come by themselves.
- A date typed another way (15/08/2026 or 1-4-26) is rewritten as 15-08-2026 when you leave the box.
- ↑ makes it one day later, ↓ one day earlier.
- Alt + ↓ or the calendar button opens the calendar.
- An impossible date (31-02-2026) shows a red edge. When you leave the box it goes back to the last good date and says so under the box.

Customise Home

Home shows cards: today's sale, money to receive and to pay, cash and bank, charts, due dates and more. You can choose which cards you see and in what order. Each user keeps their own choice.

1. On **Home**, press **Customise Home**.
2. Tick the cards you want and untick the ones you do not need.

3. Use **Move up** and **Move down** to put them in your order.
4. Close the box. The message **Home saved ✓** shows.

Under **Pinned reports** you see the reports you have pinned to Home. To pin a report, open it and press **Pin to Home**. To take one off, press **Remove** next to it.

REMEMBER

- The simple menu shows the everyday jobs; "Show all features" shows everything.
- Alt + a number opens an entry (Alt+1 Make Bill); F1 shows all keys.
- Ctrl+K finds anything; "bill" plus a party name starts a bill for that party.
- "How to use" on the top bar gives the steps for the page you are on.
- Smart Check stops impossible entries and asks about unusual ones; switches are in More › Smart Check.
- Dates are always DD-MM-YYYY; arrow keys move one day.

PART 2

Daily work

Bills, purchases, money in and out, banks and parties.

CHAPTER 06

Making a Sales Bill

You will learn every box of **Make Bill**, how the app works out GST, how to print, sign and send the bill, how to make a packing list and the files for the e-invoice and e-way bill portals, and which accounts the bill moves in your books.

Before you start

A sales bill (tax invoice) is the paper you give the buyer when you sell goods or services. In Taxonomics every sales bill is made on one screen: **Make Bill**. The same screen makes a cash sale, a credit sale, an export bill and a bill of supply.

Three things should be ready first: your business details and GSTIN in Settings, at least one item, and (for a credit sale) the customer. Chapter 4 show how to add them. You can also add a new item or a new customer from inside the bill.

> **TIP**
> Open **Make Bill** from Home, from the side menu, or with Alt + 1 from anywhere in the app.

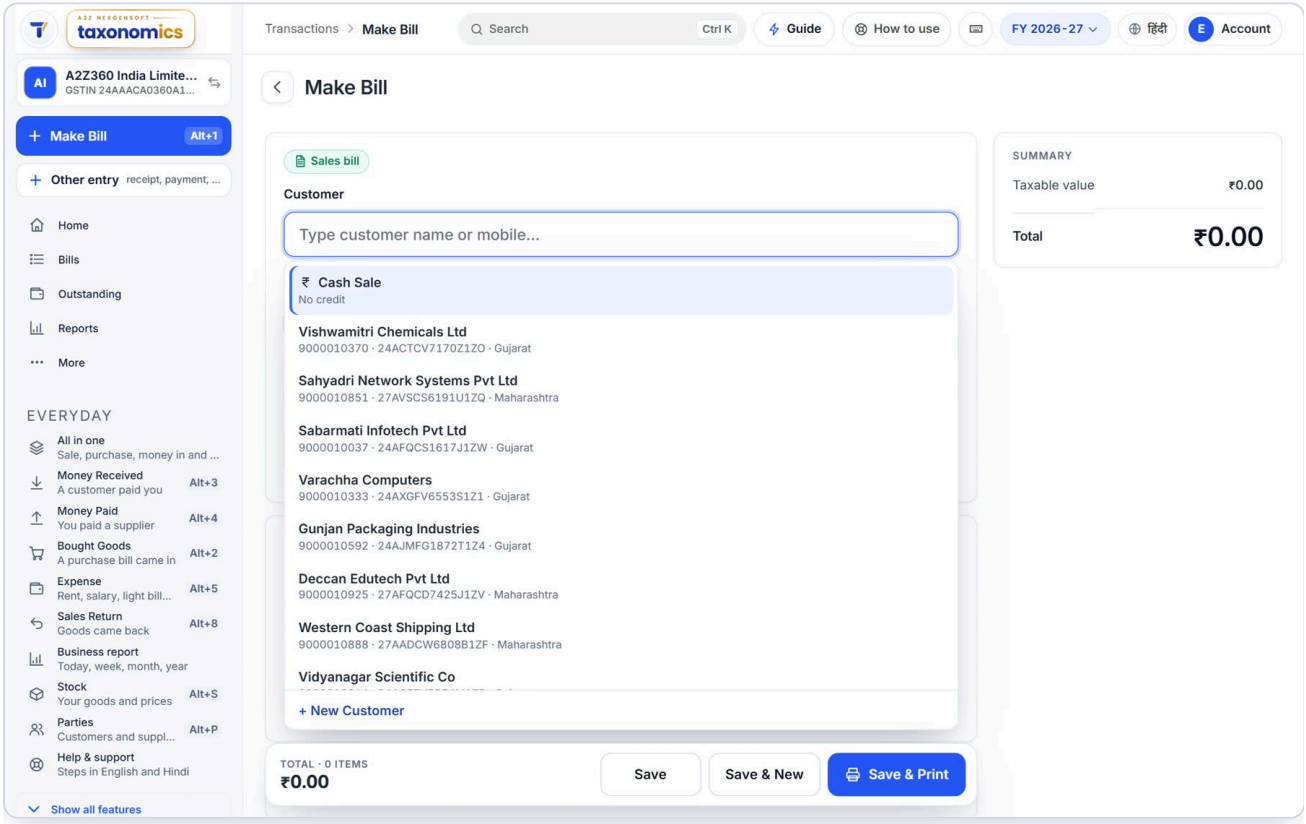

Figure 6.1 — The Make Bill screen: date, bill number and customer on top, items in the middle, the summary and "Payment received now?" on the right.

The quick way: a bill in five steps

1. Open **Make Bill** (Alt + 1).
2. In **Customer** type the name or mobile number and pick the party. For a walk-in buyer who pays at once, leave it empty or pick **Cash Sale**.
3. In **+ Add Item (type name)…** type a few letters and pick the item, or scan its barcode. Change **Qty**, **Rate ₹** or **Discount %** if needed.
4. If the customer pays now, fill **Payment received now? (optional)**: press **Full** for the whole amount and choose Cash or the bank in **Received in**.
5. Press **Save**, or **Save & Print** to print at once, or **Save & New** to start the next bill.

Shortcut keys on this screen: Ctrl + S = Save, Ctrl + Shift + S = Save & New, Ctrl + P = Save & Print.

Every box on Make Bill

Customer first

On a computer the **Customer** box is the first and widest box on the bill, and the cursor starts there (or in **Bill no.** if you type your own numbers). Choosing the customer first matters, because the customer decides the GST:

- Under the name the app shows the customer's GSTIN (or "Unregistered") and his State.
- A chip says **Same state (CGST + SGST)** or **Inter-state (IGST)**.
- A second chip shows the **Place of supply**. When it comes from the customer's GST number it says "from GST number" and cannot be changed on the bill.
- If the customer has a balance, a chip says **They owe you ₹…** or **You owe them ₹…**.
- If he has open quotations, orders or challans, a row **From quotation / order / challan** shows them (see Chapter 7).
- If he paid an advance earlier, a tick box says **Advance received from this customer: ₹… — adjust it against this bill**.

A new customer can be made without leaving the bill: type the name and choose **New Customer**.

For a cash sale you need no name. The screen says so: "No name needed for a cash sale. Type a name only when the customer will pay later or needs a bill in his name."

Date and bill number

Date is today by default. You can type it as DD-MM-YYYY; the arrow keys move it one day up or down.

Bill no. is filled by the app with the next number of the year. If you want to type your own invoice numbers, press **Type bill no. myself** under the box. Then the box starts empty, it must be filled, the hint **Last bill no.** shows the last number used, and a number already used in the year is refused. To go back, press **Use automatic numbers**. With automatic numbers a repeat cannot happen: a bill whose number is taken moves to the next free number when you save. A bill number can have up to 16 characters, as the GST rules allow.

Items, quantity, rate and discount

Each line shows the item name, its HSN code and unit, and the stock left. If the bill would take stock below zero, the line shows **Stock negative**; the bill can still be saved after you confirm (unless you switched on "Never let stock go below zero" in Stock features).

- **Qty** – the quantity. The – and + buttons change it by one.
- **Rate ₹** – the price of one unit. If you sold the item to this customer before at another rate, a small link "Last rate ₹… (date)" puts that rate back in one tap.
- **Discount %** – a percentage off the line (0 to 100).
- **GST** – the rate of the item (for example GST 18%). It comes from the item; you can change it on the line.
- **Price includes GST** – tick this when the rate you typed already has GST inside it. The app then takes the tax out of the rate.
- **Amount** (with GST) – the line total.

For a regular customer, chips of the items he usually buys appear above the lines. With a known customer and an empty bill, **Copy items of last bill …** brings the lines of his last bill.

How GST is worked out

You never type the tax. The app looks at two things: your own State (from your GSTIN) and the place of supply of the bill.

- Place of supply in your own State: **CGST + SGST**, each half of the rate. (In a Union Territory the second part is UTGST.)
- Place of supply in another State: **IGST**, the full rate in one piece.
- Export or supply to an SEZ: always treated as inter-State (IGST), as section 7(5) of the IGST Act says.

The place of supply is taken from the customer: from his GSTIN when he has one, else from his State. If the wrong tax comes, the customer's State or GSTIN is wrong. Correct it in **More › Customers & Suppliers** → the party → **Edit**. For an unregistered customer you can change the place of supply on the bill: press **Change** on the chip, or open **More details**.

EXAMPLE

Shree Ganesh Traders (Gujarat) sells goods of ₹1,00,000 at 18%. To Kavya Textiles LLP in Gujarat: CGST ₹9,000 + SGST ₹9,000. To a buyer in Maharashtra: IGST ₹18,000. The total is ₹1,18,000 either way.

THE LAW

Place of supply of goods is generally where the movement of goods ends (section 10 of the IGST Act). When goods are billed to one person and sent to another (bill-to ship-to), the place of supply stays the billing party's State. Confirm with your Chartered Accountant for your case.

Cash sale or credit sale

- **Cash sale**: pick **Cash Sale** (or leave the customer empty). The money goes straight into Cash. The party line says "No credit".
- **Credit sale**: pick the customer. The bill amount stays pending in his name until he pays. It shows in **Outstanding** (Chapter 10).
- **Part payment now**: on a credit sale, fill **Payment received now? (optional)** with the amount received and choose **Received in**. **Balance due** shows what stays pending. The received amount cannot be more than the bill.

If the customer has a credit limit, or old bills are overdue, a warning with the figures shows on the bill. It stops the bill only when "Strict" is switched on in Credit control (Chapter 10).

The extra cards

Below the items are folded cards. Each opens only when you need it.

- **Bill from · Dispatch from · Ship to** – tick **Goods dispatched from a different place (godown / factory)** and type the **Dispatch from address**; or tick **Ship to a different person / address** and fill **Ship-to name**, **Ship-to GSTIN (if any)**, **Ship-to address** and **Ship-to state**. Write the 6-digit PIN code at the end of the address: the e-invoice and e-way bill files read it from there.
- **More details** – **Place of supply**, **Sales ledger** (the income account the bill goes to; normally "Sales"), **E-way bill no.** and **Note**.
- TCS, export and e-way bill boxes – described later in this chapter.

Smart Check while you type

The app checks the bill as you type: an extra zero in the rate, a quantity ten times the usual, a date in the future, a 0% GST line, a bill number out of order, the same bill twice. Most hints only ask; a few real errors stop the save. You can still press **Save anyway** on a question after reading it.

Save, Save & New, Save & Print

- **Save** – saves and opens the saved bill.
- **Save & New** – saves and opens a fresh bill at once. Use it at a busy counter.

- **Save & Print** – saves and opens the print window.

A small tick "Saved ✓" confirms the save. The total at the bottom bar shows the bill value and the GST.

The saved bill: print, send, design

After saving, the bill opens on a sheet like paper. You can also open any old bill from **Bills** (Alt + B). The buttons on top are:

Button	What it does
Print	Prints the bill on A4 paper (or saves a PDF from the print window).
Send	WhatsApp, e-mail or PDF. The app makes the PDF itself, without the print window.
Packing list	Makes a packing list from this bill (see below).
Edit	Opens the bill to correct it. The number stays the same.
Repeat this bill	Makes a recurring bill from it (Chapter 7).
Thermal 80mm / A4 format	Switches between a small roll-printer bill and the A4 bill.
Copy list	Chooses the copy printed on top: **Original for Recipient**, **Duplicate for Transporter**, **Triplicate for Supplier** or **Extra copy**.
Colour	Shows the row of colours for the bill.
Delete	Removes the bill fully (see Chapter 9).

On a phone, the less used buttons fold into **More**.

Bill designs (seven)

Above the bill there is a row of small design tabs. One click shows the bill in that design. The design you choose is used for every bill and PDF of the company. The seven designs are:

Design	Look
Corporate letterhead	Logo and name on the left, a light "Tax Invoice" on the right, calm grey tables. This is the default.
Premium	Fine blue and gold lines, light on ink.
Modern	Clean, coloured accents.
Classic	Boxed, traditional format.
Elegant	Light, premium, side band.

Bold	Coloured header, big total.
Soft card	Rounded soft boxes, total in a blue pill, a thank-you line.

Press **Colour** to pick one of eight colours. Only the owner or accountant can change the design. Every design prints the same details required by rule 46 of the CGST Rules; only the look changes. Add your logo and signature in **More › Settings**.

> **CAREFUL**
> The PDF that goes on WhatsApp or e-mail has one common layout for all designs; only "Soft card" has its own PDF look. The design tabs change the printed bill and the screen.

The title on the bill

The app chooses the title itself: **Tax Invoice** for a normal GST bill, **Export Invoice** for an export, **Tax Invoice (SEZ)** for a supply to an SEZ, **Bill of Supply** when you are a composition dealer or every line is at 0%, and simply **Bill** when your business has no GSTIN.

Thermal printer

For a small counter printer with 80 mm paper, press **Thermal 80mm** on the bill and then **Print**. Press **A4 format** to go back.

Send on WhatsApp, e-mail or PDF

1. Open the bill and press **Send**.
2. Choose WhatsApp, e-mail or PDF.
3. On a computer the PDF is saved in Downloads and WhatsApp or the e-mail opens; attach the saved PDF there. On an Android phone the PDF goes with the message.

The customer's mobile number and e-mail come from his party record.

Digital signature (DSC) on the bill PDF

In the Windows app you can sign every bill PDF with your Digital Signature Certificate (DSC) token. The token stays plugged into the billing computer. The PIN is asked once when you open the app; it is never stored. The private key never leaves the token.

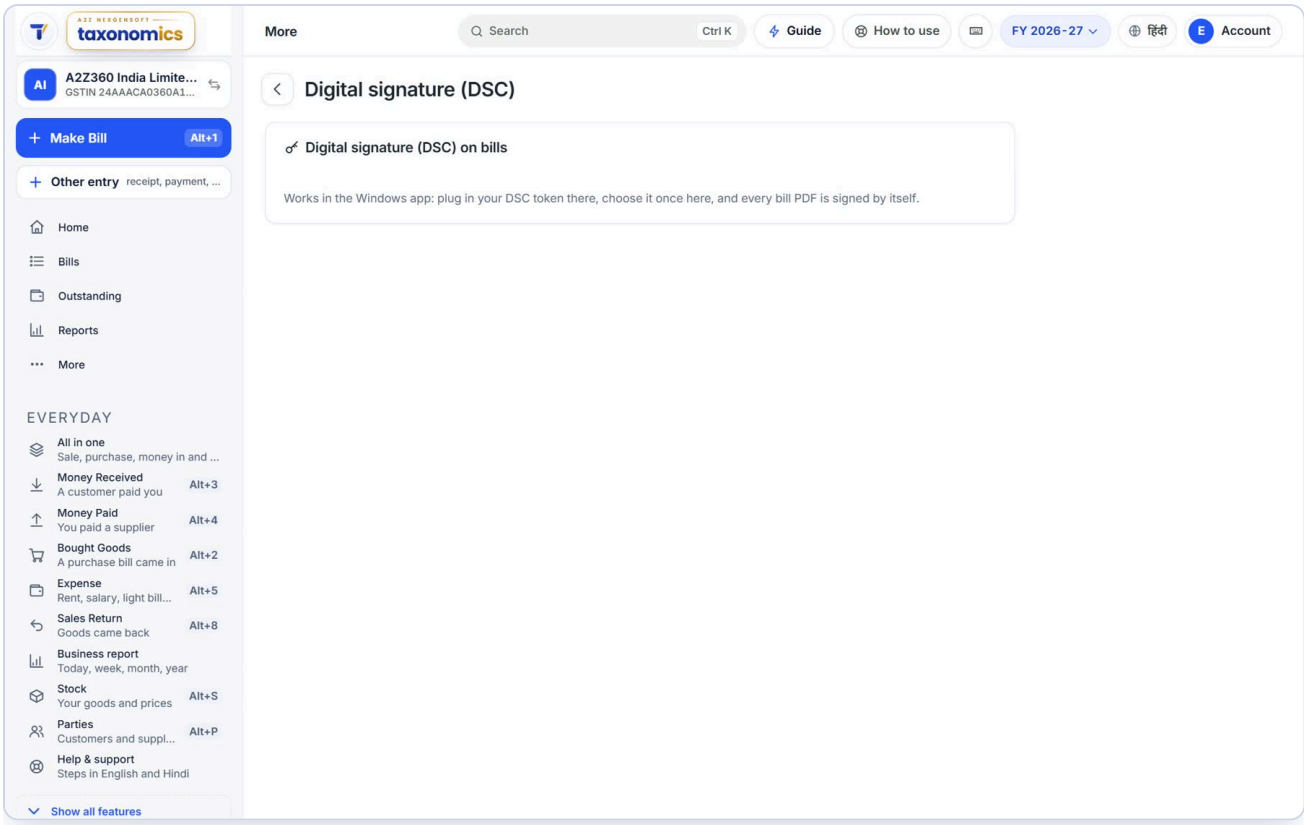

Figure 6.2 — The "Digital signature (DSC) on bills" card: find the DSC, choose it, test it.

1. Plug in the DSC token (its driver must be installed on the computer).
2. Open **More › Settings** and go to the card **Digital signature (DSC) on bills**. (The **Add DSC** chip on the bill bar opens the same card.)
3. Press **Find my DSC**. If one valid DSC is found, it is chosen at once; if there are several, choose yours.
4. Keep **Sign every bill PDF automatically** ticked.
5. Press **Test signing** and type the PIN in the token window. The card says "Signed ✓ — your DSC works."

From now on every bill PDF you save, send on WhatsApp or e-mail carries the signature, and the signature box says "Digitally signed by …" with the date and time. The bill bar shows **DSC signed**.

> **CAREFUL**
> A paper print cannot carry a digital signature; only the PDF does. When many bills are printed together in one PDF, they are not signed. On the website and the phone the card only says that this works in the Windows app.

Packing list from a bill

A packing list tells the transporter, the buyer and customs which goods are in which box, with marks, weight and size. It never changes your accounts, stock or GST.

1. Open the sales bill (**Bills** → the bill) and press **Packing list**.
2. The first time, all items are put in one package ("Same as bill"). To split them, press **Add package**, then **Item** to pick an item; the list shows how much is still left to pack.
3. For many identical packages write the package number as a range, like 1–5: five packages with the same goods, weight and size. **Copy package** makes the next one the same.
4. Fill **Shipping marks**, **Net kg** and **Gross kg** (gross is never less than net) and, if known, length, width and height in cm. The volume in m³ is worked out.
5. The box on top says **All items packed** in green, or in amber what is "Not packed". Press **Save** (Ctrl + S).
6. Press **Print**, **PDF**, **Send** or **Excel**. In the bills list the bill now shows a small **Packed** mark.

If the bill is changed after packing, open the packing list again: a line whose item changed is marked "Choose the item again". A packing list can also be made from a delivery challan (Chapter 7).

E-way bill on the bill

An e-way bill is needed to move goods when the value is, generally, above ₹50,000. Taxonomics does not log in to the portal. It asks for the transport details on the bill and gives you a ready file; you upload it yourself on ewaybillgst.gov.in.

The e-way bill box on Make Bill

- Goods above the limit: the box asks **Vehicle no.**, **Distance (km)** and **Transporter ID (if any)** right on the bill. If the goods are exempt, press **Not needed (exempt goods)**.
- Goods below the limit: the box asks "Is an e-way bill to be made for this bill?" – press **Yes, make it** or **No**.
- After saving, the bill is in the day's e-way bill file. The link **Open E-way bills** opens the list.

The daily file

1. Open Reports → **E-way bill**.
2. Press **Select all ready** (or tick the bills), then **Make the file**. A JSON file is saved.
3. Press **Open the e-way bill portal**, log in yourself, go to e-Waybill → Generate Bulk and upload the file.

4. Copy the portal's result table (or choose the result file) and put it in **Paste the portal's result here**. The e-way bill numbers go onto the bills and print on them.

> **TIP**
> Some States have a different limit for movement inside the State, and a few goods are exempt. Check your State's rule once.

The portal files card: e-invoice JSON and e-way bill JSON

When a saved bill still needs an e-invoice (IRN) or an e-way bill, a card **Files for the GST portals** appears at the top of the bill. It has two rows:

- **E-invoice (IRN)** – button **E-invoice JSON** and **Open portal**. Upload the file on einvoice1.gst.gov.in → e-Invoice → Bulk Upload. Do this first.
- **E-way bill** – button **E-way bill JSON** and **Open portal**. Upload on ewaybillgst.gov.in → e-Waybill → Generate Bulk.

For a new bill both files are downloaded as soon as the bill is saved. If a file cannot be made (for example a PIN code is missing), the row says what to fix first. After uploading, type the IRN and the e-way bill number in the boxes lower on the bill, so that they print.

> **THE LAW**
> E-invoicing applies when your aggregate turnover crossed ₹5 crore in any year from 2017–18. Then B2B bills, exports and credit / debit notes must be reported on the e-invoice portal. Switch it on in **More › Settings** : "E-invoice applies (turnover above ₹5 crore) — IRN + QR on B2B bills". Businesses with turnover of ₹10 crore and above cannot report a bill older than 30 days. Confirm with your Chartered Accountant for your case.

> **CAREFUL**
> Taxonomics is not a GSP and does not file anything on any portal. You upload the files yourself after logging in. Never give your portal password to any software.

Export, SEZ and LUT bills

Exports and supplies to an SEZ are "zero-rated". You either supply under a Letter of Undertaking (LUT) without charging IGST, or you pay IGST and claim it back as a refund.

Enter the LUT once a year

1. File the LUT (form GST RFD-11) on the GST portal yourself.

2. In **More › Settings › Export / LUT** press **Add LUT**, type the **LUT ARN**, **Valid from** and **Valid to**, and press **Save**.

Make the export bill

1. Open **Make Bill** and pick the foreign buyer (State "Other Countries (export)"). The box **Export / SEZ supply (zero-rated)** turns on.
2. In **Type** choose one of four: Export — without payment of IGST (under LUT); Export — with payment of IGST (claim refund); Supply to SEZ — without payment of IGST (under LUT); Supply to SEZ — with payment of IGST.
3. Choose the **Invoice currency** and the exchange rate. The books stay in rupees; the foreign amount is kept on the bill.
4. Fill **Port code**, **Shipping bill no.**, **Shipping bill date** and **Country code** when you have them (they can be added later, before filing GSTR-1).
5. For an export with payment, keep **IGST is not charged to the buyer — I will claim it as refund** ticked. Untick it only when the buyer pays the IGST to you with the bill.
6. Press **Save**. The bill goes to the export (or SEZ) table of GSTR-1.

If no LUT covers the bill date, the app says "No LUT entered for this date" and asks you to add it or choose "with payment of IGST". The Export register warns you 30 days before the LUT ends.

Bill of supply

A bill of supply is issued instead of a tax invoice when no GST is charged: by a composition dealer, or for goods and services that are exempt or at nil rate. In Taxonomics you make it on the same **Make Bill** screen. The app gives the title **Bill of Supply** by itself when your company is under composition (set in Settings), or when every line of the bill is at 0%. A composition dealer's bill shows no GST; the app also stops a composition dealer from billing to another State, because section 10(2)(c) of the CGST Act does not allow it.

The accounting entry a sale makes

Every bill is also a double entry in your books. **Dr** means debit (the left side of an account) and **Cr** means credit (the right side). Every entry has equal debits and credits. You never type this entry; the app makes it when you press Save.

The GST ledgers work like the GST portal: there is one ledger for each head (CGST, SGST, IGST). Tax you charge on sales is a credit in it; tax you pay on purchases is a debit in the same ledger. The balance is what you still owe the government (or the credit you still have).

Credit sale in the same State

> **EXAMPLE**
> Shree Ganesh Traders sells goods of ₹1,00,000 at 18% to Kavya Textiles LLP, Gujarat, on credit.

Account	Dr ₹	Cr ₹
Kavya Textiles LLP (customer)	1,18,000	
Sales		1,00,000
CGST		9,000
SGST		9,000

To another State, the two GST lines become one line: IGST Cr 18,000. If the total has paise, the app rounds the bill to the rupee and puts the small difference in "Round Off".

Cash sale

The same entry, but the debit goes to Cash instead of a customer: Cash Dr 1,18,000; Sales Cr 1,00,000; CGST Cr 9,000; SGST Cr 9,000.

Credit sale with "Payment received now"

The bill makes the entry above. The money received makes a second entry, a Money Received entry, set against this bill:

Account	Dr ₹	Cr ₹
Bank (or Cash)	50,000	
Kavya Textiles LLP (customer)		50,000

The customer now owes ₹68,000 on this bill.

Export

Under LUT: the buyer is debited and Sales credited with ₹1,00,000; there is no GST line. With payment of IGST and refund claimed:

Account	Dr ₹	Cr ₹
Foreign buyer	1,00,000	
IGST refund receivable (exports)	18,000	
Sales		1,00,000
IGST		18,000

When the buyer pays, open Reports → **Export register** → **Money received** and type the rupees the bank credited; any gain or loss on exchange is posted by itself. When the refund comes, enter it in **Money Received** from "IGST refund receivable (exports)".

Ledgers used by a sales bill, and their heads

Ledger	Group (head)	Where it shows	Made when
Sales	Sales Accounts	Profit & Loss – income (trading part, above gross profit)	Ready in every new company
CGST, SGST, IGST	Duties & Taxes (under Current Liabilities)	Balance Sheet – Current Liabilities (a net credit you still have shows on the assets side)	Ready in every new company
GST Cess	Duties & Taxes	Balance Sheet – Current Liabilities	The first time a bill has cess
Round Off	Indirect Expenses	Profit & Loss – indirect expenses	Ready in every new company
Cash	Cash-in-Hand (under Current Assets)	Balance Sheet – Current Assets	Ready in every new company
Each customer	Sundry Debtors (under Current Assets)	Balance Sheet – Current Assets (a customer in credit shows as "Advances from customers" under Current Liabilities)	When you add the customer
Your bank	Bank Accounts (under Current Assets)	Balance Sheet – Current Assets	When you give the bank name in Settings, or add a bank account
TCS Payable — (section)	Duties & Taxes	Balance Sheet – Current Liabilities	The first time you collect TCS on a sale
IGST refund receivable (exports)	Loans & Advances (Asset) (under Current Assets)	Balance Sheet – Current Assets	The first export bill with IGST claimed as refund
Exchange rate difference (gain / loss)	Indirect Expenses	Profit & Loss	The first foreign-currency receipt with a gain or loss
GST paid on advances (to be adjusted)	Loans & Advances (Asset)	Balance Sheet – Current Assets	The first advance for a service with GST (Chapter 8)

You can choose another income account for a bill in **More details → Sales ledger**, for example a separate "Service Income" ledger you made.

Correcting a bill

- Small mistake (item, quantity, rate, date): open the bill, press **Edit**, correct it, press **Save**. The number stays.
- Whole bill wrong: press **Delete**. Chapter 9 explains what delete does and when it is refused (a month whose GSTR-1 is marked filed, a bill with an IRN or an e-way bill number, a locked period).
- The customer already has the bill, or the GSTR-1 of that month is filed: do not change it. Make a **Sales Return** (credit note) for the wrong part (Chapter 8) and a new bill if needed.
- A bill with an IRN cannot have its date, number, party, items or amounts changed until the e-invoice is cancelled on the portal.

REMEMBER

- Pick the customer first: his GSTIN or State decides CGST + SGST or IGST.
- Cash sale = **Cash Sale**; credit sale = the customer's name; part payment = **Payment received now?**.
- **Save & New** for speed; **Send** for WhatsApp, e-mail or PDF; seven designs in the tabs above the bill.
- The DSC signs bill PDFs in the Windows app; the PIN is asked once a session and never stored.
- E-way bill and e-invoice files are made by the app; you upload them on the portals yourself.
- A sale: Dr customer (or Cash), Cr Sales, Cr GST.

CHAPTER 07

Quotations, Orders, Challans and Recurring Bills

Before a sale there is often a price offer, an order or a challan. You will learn to make each of them, to turn one into the next with the pending quantity carried over, and to set a bill that repeats every month.

Documents that do not touch your accounts

A quotation, a proforma invoice, a sales order, a delivery challan and a purchase order are "documents". They are kept in the app, printed and sent, but **they never post**: no ledger, no stock (except a challan, if you ask), no GST return is changed by them. Only the bill made from them goes into the books.

Document	Number starts with	Used for	Date box
Quotation	QT	Your price offer before the sale (an estimate)	Valid till
Proforma invoice	PI	A bill-like paper to ask for an advance; not a tax invoice	Valid till
Sales order	SO	What the customer has ordered	Delivery by
Delivery challan	DC	Goods sent without a bill (job work, approval, branch, repair…)	Expected back / bill by
Purchase order	PO	What you have ordered from a supplier	Delivery by

Numbers run by year, for example QT/26-27/0001.

All of them live on one page: **More › Orders & quotations** (on a computer: side menu "Orders", or Alt + N). It has a tab for each kind and a tab **Pending to bill**.

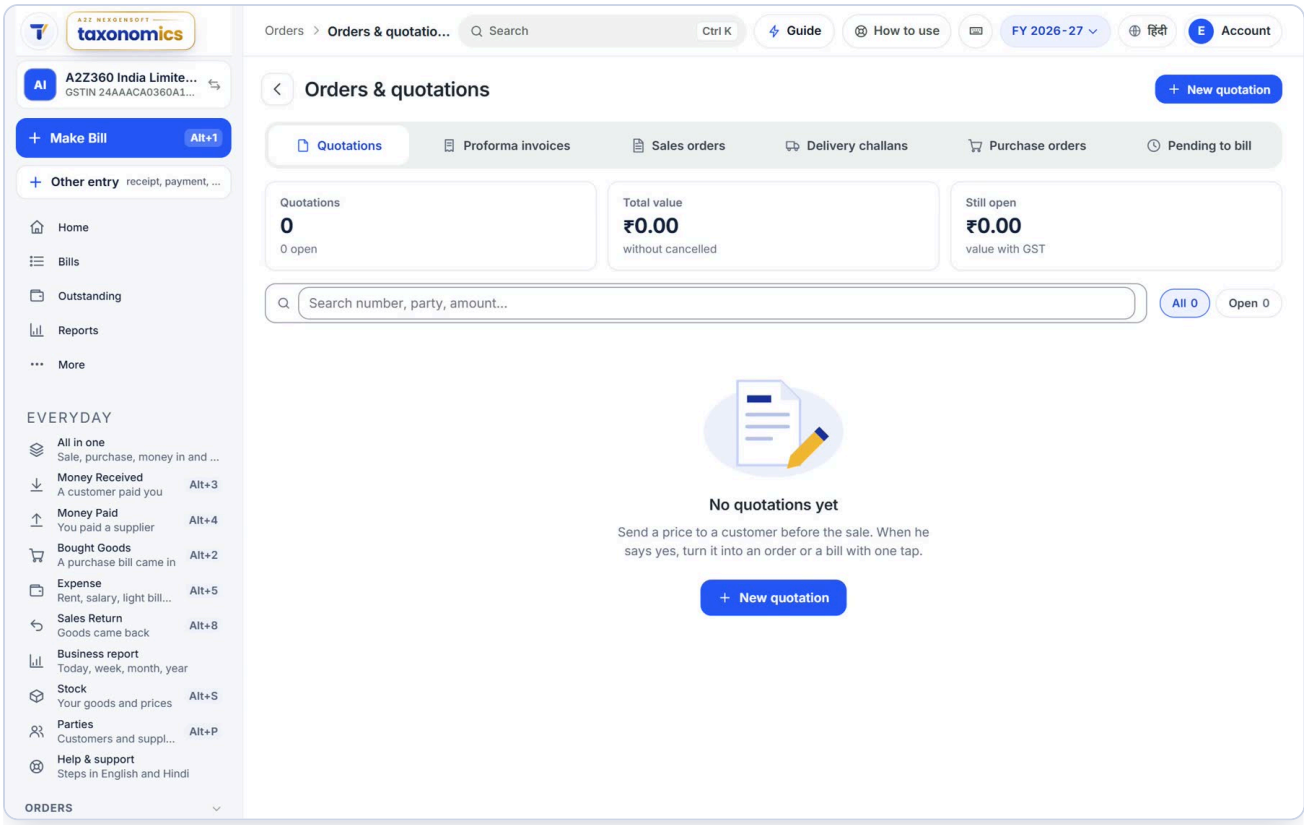

Figure 7.1 — Orders & quotations: one tab for each kind of document and the "Pending to bill" tab.

New document	Key
New quotation	Alt + Q
New proforma invoice	Alt + I
New sales order	Alt + G
New delivery challan	Alt + D
New purchase order	Alt + U

Quotation

A quotation tells the customer your price before the sale. When he agrees, you turn it into an order or a bill in one tap.

1. Open **More › Orders & quotations**, tab Quotations, and press **New quotation** (or Alt + Q).
2. Choose the **Customer** and add the items with **Qty**, **Rate** and **Discount %**, as on a bill. GST is shown the same way.
3. Check **Valid till**.
4. Type your **Terms & conditions** (advance, delivery time, validity). They print at the bottom.

5. Press **Save & Print**, or **Save** and then **Send** for WhatsApp, e-mail or PDF.

A quotation whose "Valid till" date has passed shows as expired. **Duplicate** makes a new quotation with the same items, for example for another customer.

> **EXAMPLE**
> Shree Ganesh Traders quotes Kavya Textiles LLP for 100 metres of cloth at ₹1,000 a metre, 18% GST: value ₹1,00,000, GST ₹18,000, total ₹1,18,000, valid for 15 days.

Proforma invoice

A proforma invoice is made the same way (**New proforma invoice**, Alt + I). It looks like a bill and shows your bank details so that the customer can pay an advance. The paper itself says: "This is a proforma invoice, not a tax invoice. It cannot be used to claim input tax credit."

When the advance comes, enter it in **Money Received** (Chapter 9). When the goods go, turn the proforma into a sales bill.

Sales order: bill in parts

An order notes what was ordered. You can bill it in parts: order 100, bill 60, and 40 stays pending until it is billed or you close the order.

1. Tab Sales orders → **New sales order** (Alt + G), or open a quotation and press **Make sales order**.
2. Choose the customer, add the items and the **Delivery by** date. Press **Save**.
3. To bill: open the order and press **Make sales bill**. The bill opens with the pending quantity. If only a part is going now, lower the quantity, then **Save**.

You can also start from **Make Bill**: choose the customer first, and the row **From quotation / order / challan** shows his open documents with their pending value. Tap one to bring its pending items onto the bill. The note of the bill says which document it came from.

What is pending

The tab **Pending to bill** lists every open order and challan, **Party-wise** or **Item-wise**: ordered, done and pending. The numbers always follow the bills:

- A bill made from the order reduces the pending quantity.
- If that bill is deleted, the quantity becomes pending on the order again by itself.
- **Close (nothing more to bill)** ends an order whose remaining quantity will not be supplied. It shows "Closed — nothing more will be billed". **Open again** undoes it.

EXAMPLE

Kavya Textiles LLP orders 100 metres. On 5th you bill 60 metres (₹60,000 + GST ₹10,800 = ₹70,800). The order shows 40 metres pending. On 20th you bill the other 40 metres and the order is fully billed.

Delivery challan: goods without a bill

Use a delivery challan when goods move but it is not a sale yet: job work, sale on approval, your own branch or godown, exhibition, repair.

1. Tab Delivery challans → **New delivery challan** (Alt + D).
2. Choose the party and the items.
3. Choose the **Reason (GST rule 55)** (see the table below). For job work, branch transfer and other "not a supply" reasons no GST is shown and the paper says it is not for sale. The GST rate of each item is kept for the bill, if you bill it later.
4. Tick **Reduce stock now** if the goods should leave your stock on the challan date. Leave it unticked and stock goes down only when you make the bill. Either way the goods are never counted twice.
5. Fill **Vehicle no.** and **Transporter**, press **Save & Print**. Choose the copy: Original for Consignee, Duplicate for Transporter, Triplicate for Consigner.

Reason (GST rule 55)	A sale later?
Job work	No
Sale on approval	Yes, when approved (or within 6 months)
Own branch / godown transfer (same GSTIN)	No
Supply — bill will follow	Yes
Goods sent in lots / parts (bill made first or later)	Yes
Liquid gas — quantity not known when sent	Yes
Exhibition / fair / demo	No
Sent for repair / returned after repair	No
Other (not a supply)	No

After the challan

- The customer keeps the goods: open the challan and press **Make sales bill**. If stock was reduced on the challan, the bill does not reduce it again.

- The goods came back: press **Close (nothing more to bill)**. If the stock had been reduced, the app asks "Did they come back?" – answer **Yes — put them back into stock** or **No — they stay out of stock**.
- A challan can have its own **Packing list** (see Chapter 6).

> **THE LAW**
> Rule 55 of the CGST Rules lists when goods may move on a delivery challan, in three copies. Goods sent on approval must be billed or taken back within six months (section 31(7) of the CGST Act). Goods above ₹50,000 moving by vehicle usually need an e-way bill even on a challan. Confirm with your Chartered Accountant for your case.

> **TIP**
> For job work, the More menu also has a Job work page that tracks goods sent and goods back, and makes the ITC-04 working.

Purchase order

A purchase order works the same way on the buying side.

1. Tab Purchase orders → **New purchase order** (Alt + U).
2. Choose the **Supplier**, the items and **Delivery by**. Save and send it.
3. When the supplier's bill comes, open the order and press **Make purchase bill**. The **Bought Goods** screen opens with the pending quantity. Type the supplier's bill number and date and save.

On **Bought Goods**, after you pick the supplier, the row **From purchase order** shows his open orders.

Turning one document into the next

Every document has a button for the usual next step. When there is more than one choice, a **Convert** button lists them.

From	Can be turned into
Quotation	Sales order, sales bill, delivery challan, proforma invoice
Proforma invoice	Sales bill, sales order, delivery challan
Sales order	Sales bill, delivery challan, proforma invoice
Delivery challan	Sales bill

Purchase order	Purchase bill

The buttons read, for example, **Make sales order**, **Make sales bill**, **Make delivery challan**, **Make proforma invoice**, **Make purchase bill**. Only the quantity that is still pending is taken; you can change it before you save. The same rate, discount and GST rate come along, and each line remembers the line it came from.

Cancel a document

Press **Cancel this document**. It stays in the list marked "Cancelled" and its number is not used again. Nothing changes in your accounts, because documents never post. This is different from deleting a bill (Chapter 9).

Recurring bills: the same bill every month

For rent, AMC, a monthly service and the like, set the bill up once. The app makes it every week, month, quarter or year – by itself, or after your one tap on Home.

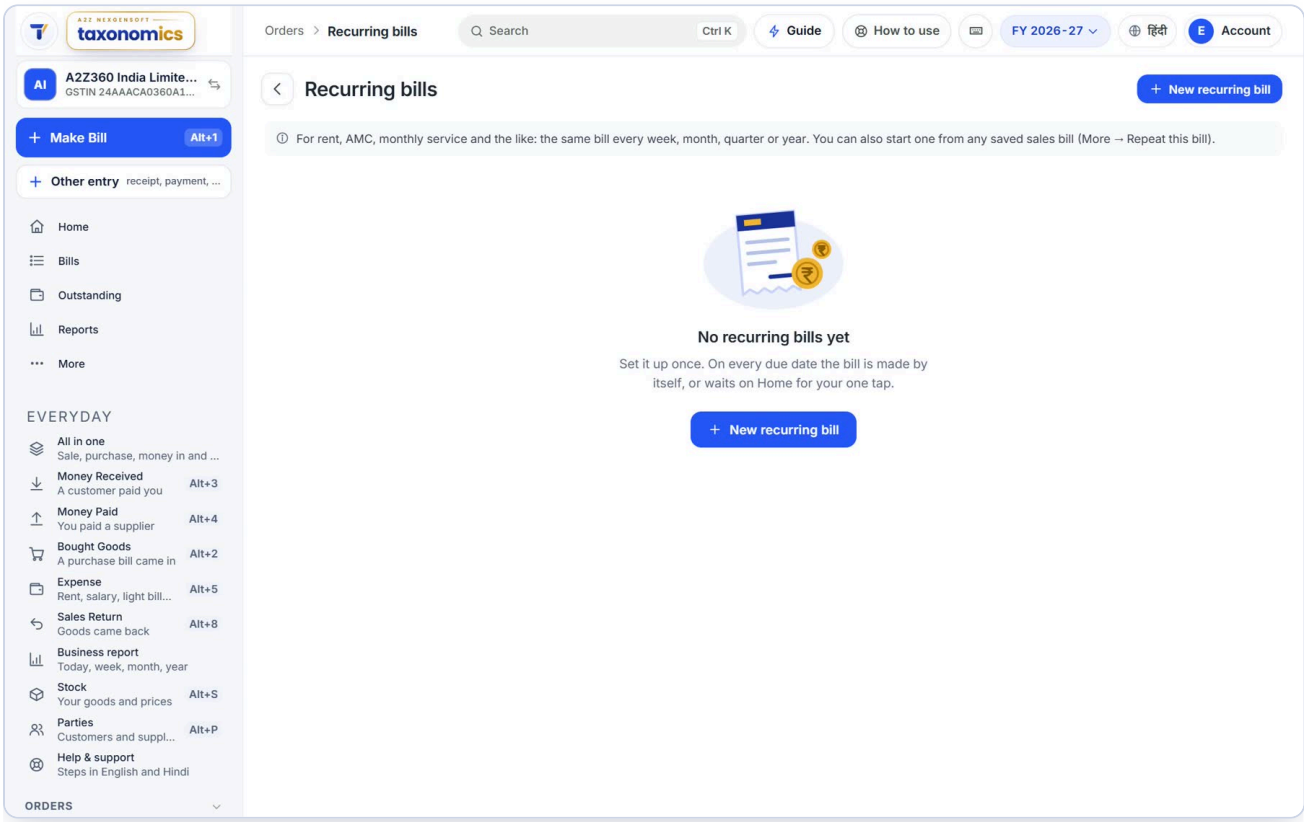

Figure 7.2 — Recurring bills: each plan with its next date, and the Pause, Edit, Skip and Stop buttons.

1. Open **More › Recurring bills** and press **New recurring bill**. Or open any saved sales bill and press **Repeat this bill** (under More on a phone).

2. Type the **Name of this recurring bill** (only you see it, e.g. “Shop rent — Verma”), choose the customer and the items.
3. In **When to bill** choose **Repeat**: Every week, Every month, Every 3 months, Every year, or Every few days (then **Every how many days**).
4. Type **First bill on**. If you want an end, fill **Last bill by (optional)** or **Or stop after this many bills (optional)**.
5. In **How the bill is made** choose **Create automatically** (the bill is made by itself when the app is opened on or after the due date) or **Remind me to review** (it shows on Home for you to check). Add a **Note on every bill (optional)** and press **Save**.

On the due date Home shows a card “1 recurring bill is due” (or more). Press **Create all** (or **Create the bill**), or **Review** to open one and change it first.

On the Recurring bills page each plan has **Pause** (then **Resume**), **Edit**, **Skip this one** for a month you do not want to bill, and **Stop**. Stopping makes no more bills; bills already made stay as they are.

> **CAREFUL**
> If you type your bill numbers yourself (Chapter 6), the app cannot number these bills. They are shown on Home for you to review and number.

> **TIP**
> Using two devices? The same recurring bill is never made twice: after the sync there is one bill.

Accounts and ledgers

Quotations, proforma invoices, orders, challans, purchase orders and recurring plans **make no ledger and no accounting entry**. The bill made from them makes the normal entry of a sales bill (Chapter 6) or a purchase bill (Chapter 8). A challan with **Reduce stock now** ticked moves only stock quantity, not any account.

Ledger	Group (head)	Where it shows	Made when
None	—	—	These documents never post; the bill made from them uses the ledgers listed in Chapters 6 and 8

REMEMBER

- Quotations, proformas, orders, challans and purchase orders never post to the books.
- Convert with one tap; only the pending quantity is carried over.
- “Pending to bill” shows what is still to be billed, party-wise or item-wise.
- A challan needs a rule 55 reason; “Reduce stock now” decides when stock goes down, never twice.
- Recurring bills: create automatically or remind to review; Pause, Skip, Stop any time.

CHAPTER 08

Purchases, Returns, Reverse Charge and Advances

You will learn to enter a supplier's bill so that your input tax credit is safe, to mark bills on which no credit is allowed, to make purchase and sales returns, to enter reverse charge bills, and to handle money paid or received in advance. For each one you will see the entry it makes in your books.

Bought Goods: entering a supplier's bill

When goods or a service come in with a supplier's bill, enter that bill in **Bought Goods**. Stock goes up, the supplier's balance goes up, and the GST on the bill becomes your input tax credit (ITC) – the tax you can set off against the GST you collect on sales.

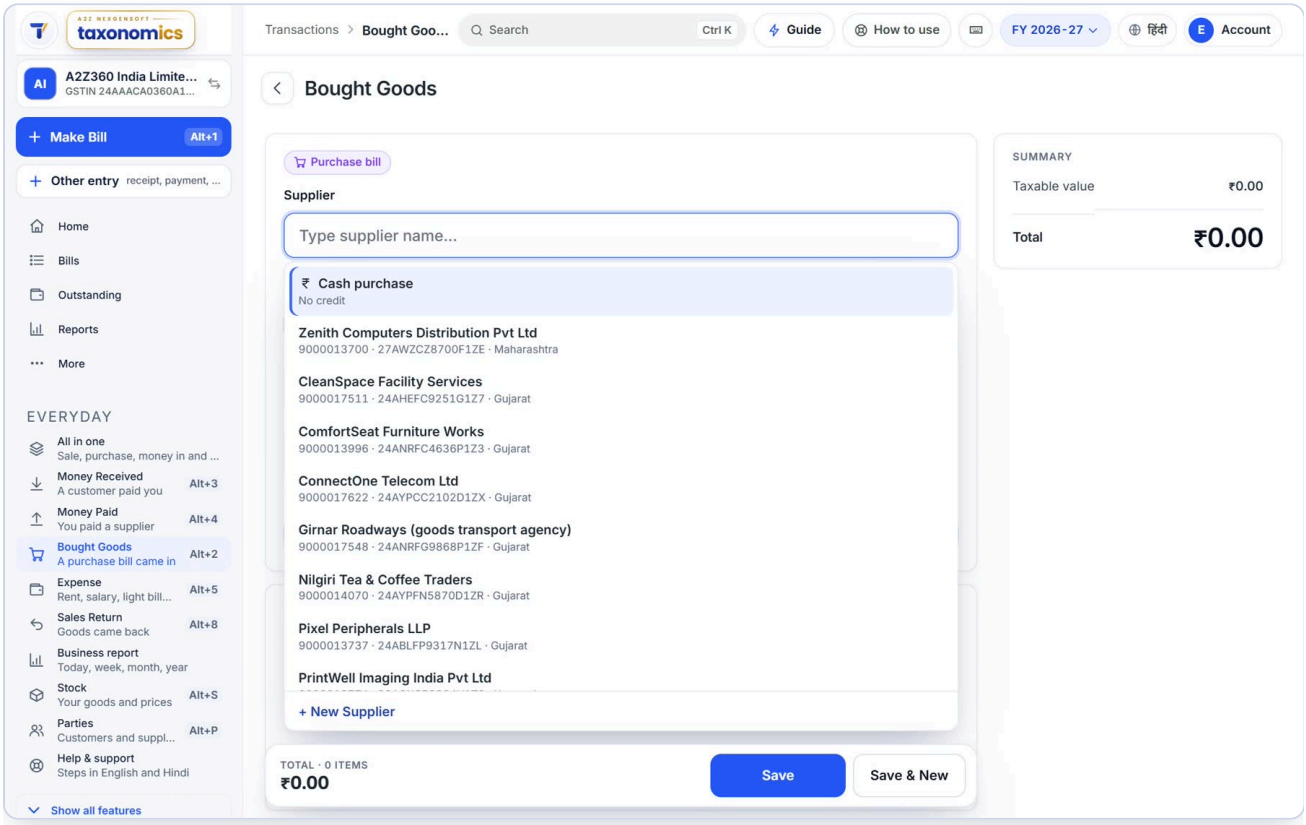

Figure 8.1 — Bought Goods: supplier, supplier's bill number and date, items, and the cards for TDS, reverse charge and "No input credit".

1. Open **Bought Goods** from Home (Alt + 2).
2. Pick the **Supplier**, or **Cash purchase** if you paid in cash and keep no account for him. A new supplier can be made from here: type the name and choose **New Supplier**.

3. Type **Supplier's bill no.** and **Supplier's bill date** exactly as printed on his bill.
4. Add the items with quantity and the purchase rate. Tick **Price includes GST** on a line if the rate has GST inside it.
5. Check that the **Total** is the same as the supplier's bill.
6. Press **Save** (Ctrl + S), or **Save & New** for the next bill.

The box at the top-left is **Entry no.** – your own running number for the purchase entry. The supplier's number goes in **Supplier's bill no.**.

The tax is worked out from the supplier's State and the place of supply: same State = CGST + SGST, other State = IGST. If the supplier's State is wrong, the tax type will be wrong; Smart Check warns about it.

In **More details** you can choose another **Purchase ledger**, for example a "Freight Inward" or "Repairs" account you made.

> **TIP**
> On **Bought Goods** the row **From purchase order** brings the pending items of the supplier's open purchase order (Chapter 7).

Supplier's bill number and the duplicate check

The supplier's bill number matters for two reasons:

- When the supplier has a GSTIN, the number is required. The app says: "Enter supplier's invoice number (needed for ITC)". GSTR-2B matching uses the number and the date.
- The same supplier bill can never be entered twice. If the same supplier's bill number is already in the books in the same financial year, the app refuses to save: "Supplier invoice … already entered (…)", and the hint names the earlier entry, its date and amount.

Why this matters: two entries of one bill double your stock, your ITC and what you owe the supplier. For older books, Reports → **Books finalisation & audit pack** has the check "No purchase bill entered twice".

Input tax credit (ITC)

The GST on a purchase bill becomes ITC by itself. It shows in GSTR-3B table 4 and in the GST ledgers. But credit is only safe when the supplier reports the bill in his own GSTR-1 with your correct GSTIN, so that it reaches your GSTR-2B.

1. Download the month's GSTR-2B JSON from the GST portal yourself.
2. Open Reports → **GSTR-2B reconciliation (ITC)** and load the file.

3 Look at **In books, not in 2B**. First check your own entry (bill number, date, supplier's GSTIN). Then press **WhatsApp supplier** to ask him to upload the bill.

THE LAW

Section 16 of the CGST Act allows ITC only with a tax invoice, when the goods or services are received, when the supplier has paid the tax and the bill is in your GSTR-2B, and within the time limit of section 16(4). Rule 37 asks you to reverse credit when you do not pay the supplier within 180 days; Smart Check reminds you. Confirm with your Chartered Accountant for your case.

Supplier charged TCS, or you deduct TDS

- **Supplier charged TCS on this bill?** – open it only when the supplier's bill shows TCS (scrap, a vehicle above ₹10 lakh, timber…). Type the amount in **TCS charged by the supplier (₹)**. It is added to what you pay him and comes back as tax credit (Form 26AS).
- **TDS — Income-tax (deduct from supplier)** – for rent, contract work, professional fees and the like. Choose the section of the Income-tax Act, 2025; the app works out the TDS and the **Net payable to party**. The party's PAN must be filled. Chapter 9 shows TDS on a payment instead of on the bill.
- **Deduct GST TDS 2% (Sec 51 — scrap and waste)** – shows for scrap bills when your business holds a GST TDS registration.

The entry a purchase makes

EXAMPLE

Shree Ganesh Traders buys goods of ₹1,00,000 + 18% GST from Kavya Textiles LLP, Gujarat, on credit.

Account	Dr ₹	Cr ₹
Purchase	1,00,000	
CGST	9,000	
SGST	9,000	
Kavya Textiles LLP (supplier)		1,18,000

From another State the two GST lines are one: IGST Dr 18,000. A **Cash purchase** credits Cash instead of the supplier. The same CGST, SGST and IGST ledgers carry sales tax (credit side) and purchase tax (debit side); their balance is your net tax.

With TDS of, say, ₹1,000 deducted on a contract bill, the supplier is credited ₹1,000 less and "TDS Payable — (section)" is credited ₹1,000. With TCS of ₹100 charged by the supplier, the supplier is credited ₹100 more and "TCS Receivable (collected by suppliers)" is debited ₹100.

Bills with no ITC: blocked credit, section 17(5)

For some things the law does not allow credit: food and drinks, a car for own use, club fees, things for personal use, gifts and the like. For such a bill tick **No input credit (ITC) on this bill** on **Bought Goods**.

The GST then becomes part of the expense and is not taken as credit in GSTR-3B. The bill is still shown in the GST working as blocked credit. If you return goods of such a bill, the debit note follows the bill and is also without credit.

EXAMPLE
Staff lunch bill of ₹10,000 + 5% GST ₹500 from a registered caterer, "No input credit" ticked.

Account	Dr ₹	Cr ₹
Staff Welfare (the expense account chosen)	10,500	
Caterer (supplier)		10,500

Smart Check also asks when an item or account name looks like a blocked item and the box is not ticked, and when credit is taken on a bill of a supplier without a GST number.

A composition dealer, and a business without GSTIN, never takes ITC: the app puts the GST into the cost of every purchase by itself.

THE LAW
Section 17(5) of the CGST Act lists the blocked credits. Some have exceptions (for example a vehicle used for transport of goods). Confirm with your Chartered Accountant for your case.

A machine, computer or vehicle bought for the business is not a normal purchase. Enter it in Reports → **Buy a fixed asset with GST**: the bill goes to the asset's own account, and you choose "Take input credit" or "No credit — blocked (section 17(5))".

Purchase return (debit note)

When you send goods back to the supplier, make a **Purchase Return** (debit note). Stock goes down and what you owe the supplier goes down; the ITC of that part is reduced.

1. Open **More › Purchase Return** (Alt + 9).
2. Pick the supplier and, in **Against original bill**, the purchase bill.
3. Add the items sent back with the quantity and the purchase rate.
4. Press **Save**.

Account	Dr ₹	Cr ₹
Kavya Textiles LLP (supplier)	11,800	
Purchase		10,000
CGST		900
SGST		900

A debit note against a reverse charge bill can be marked **Reverse charge applies (RCM)** in **More details**.

Sales return (credit note) and its time limit

When a customer returns goods, or you reduce the price after the bill, make a **Sales Return** (credit note). Stock comes back, the customer's balance goes down and the GST of that bill is reduced.

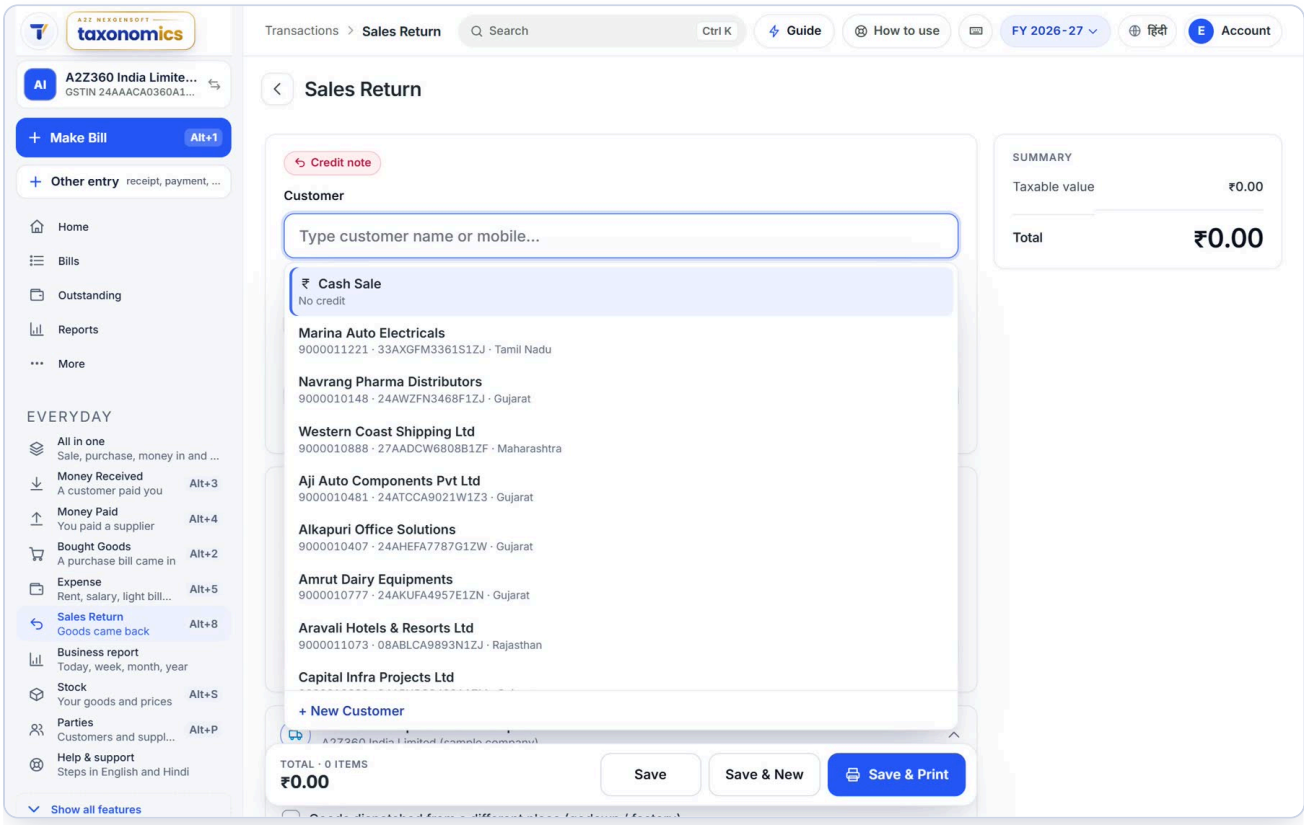

Figure 8.2 — Sales Return: customer, "Against original bill" and the items that came back.

1. Open **Sales Return** from Home or More (Alt + 8).
2. Pick the **Customer**.
3. In **Against original bill** pick the bill the goods were returned against.

4. Add only the items that came back, with the quantity returned and the same rate as on the bill.

5. Press **Save** or **Save & Print**. If you gave money back, enter it in **Money Paid** to that customer (Chapter 9).

Account	Dr ₹	Cr ₹
Sales	10,000	
CGST	900	
SGST	900	
Kavya Textiles LLP (customer)		11,800

The return goes back into the same "Sales" ledger (no separate return ledger is made), so the P&L shows net sales. A credit note number can have up to 16 characters.

THE LAW

Under section 34(2) of the CGST Act, a credit note that reduces GST must be declared not later than 30 November following the end of the financial year of the original bill, or the date of filing the annual return if that is earlier. Example: for a bill of 10–06–2026 (year 2026–27), the last date is 30–11–2027. Smart Check asks when a credit note is dated after 30 November; the app does not know your annual return date, so check that yourself. Confirm with your Chartered Accountant for your case.

TIP

If the GSTR-1 of the bill's month is already filed, do not edit or delete the bill. A credit note is the right way to correct it.

Reverse charge (RCM) entries

Normally the supplier adds GST and pays it. In a few listed cases the law turns this round: the supplier charges no GST and you, the buyer, pay it directly to the government. This is reverse charge.

Common cases for a shop: rent of a shop, office or godown paid to a landlord without a GST number; freight to a transporter (GTA) who has not charged GST; advocate fees; security guards from a supplier who is not a company; metal scrap bought from an unregistered seller.

1. Open **Bought Goods** (not Expense) and pick the landlord, transporter, advocate or agency as **Supplier**.

2. Add the service line with the amount.
3. Tick **Reverse charge (RCM)** and choose under **What is this? (notified supply)**, for example "Renting of commercial property by unregistered landlord", "Goods Transport Agency (GTA) — freight", "Legal services by advocate / firm of advocates" or "Security services (guards)". The rate is filled for you.
4. Press **Save**. The supplier is owed only his bill amount. If he is unregistered, the app gives the entry a self-invoice number (RCM/26-27/0001 and so on) on save.

If you answered the rent question once in **More › Tax setup** ("Your shop / office / godown is…"), Home reminds you every month to "Enter rent with RCM". An Expense entry for such rent shows a yellow box with **Enter with reverse charge**.

EXAMPLE

Shop rent ₹50,000 for the month to a landlord without GSTIN, 18% under RCM: CGST ₹4,500 + SGST ₹4,500.

Account	Dr ₹	Cr ₹
Rent (the expense account chosen)	50,000	
Landlord (supplier)		50,000
CGST (credit taken)	4,500	
CGST (tax payable under RCM)		4,500
SGST (credit taken)	4,500	
SGST (tax payable under RCM)		4,500

Both sides of the tax go to the same CGST and SGST ledgers, so the ledger balance does not change. GSTR-3B shows the ₹9,000 as tax payable on reverse charge (table 3.1(d)) and, for a regular dealer, the same amount as ITC. RCM tax must be paid in cash, not from ITC. A composition dealer gets no credit: the app adds the tax to the expense (Rent Dr ₹59,000) and credits the GST ledgers.

See all RCM bills in Reports → **TDS · TCS · RCM** → RCM.

THE LAW

RCM applies only to the goods and services notified under section 9(3) and 9(4) of the CGST Act (Notification 13/2017 for services), not to every purchase from an unregistered person. From 16-01-2025 a composition dealer does not pay RCM on commercial rent; the app stops that entry. Confirm with your Chartered Accountant for your case.

Advances

Advance paid to a supplier

Pay the supplier in **Money Paid** before his bill comes. With no pending bills the app says "No pending bills. Amount will be kept "on account"."

Account	Dr ₹	Cr ₹
Kavya Textiles LLP (supplier)	50,000	
Bank		50,000

When his bill is entered in **Bought Goods**, a tick box shows "Advance paid to this supplier: ₹50,000 — adjust it against this bill". Keep it ticked and the advance clears the bill first. Until then the Balance Sheet shows the supplier's debit balance as "Advances to suppliers (suppliers in debit)" under Current Assets.

Advance received from a customer

Enter it in **Money Received**. With no pending bill it is kept on account: Dr Bank, Cr customer. On his next sales bill the tick box "Advance received from this customer: … — adjust it against this bill" sets it off. Until then the Balance Sheet shows it as "Advances from customers (customers in credit)" under Current Liabilities.

GST on an advance for a service

For a service, GST is due in the month the advance comes in. For goods, no GST is due on an advance.

1. In **Money Received**, choose the party and type the amount received.
2. Tap **Advance for a service? Add GST on the advance**. Check the **GST rate** and **Place of supply**; the value and the tax are shown. Press **Save**.
3. Later make the bill as usual. Then open Reports → **GST on advances** and press **Adjust all**: the tax already paid is taken off the bill (GSTR-1 table 11B).
4. If you return the advance: **Money Paid** to the same party → **Refund of an advance on which GST was paid?**.

> **EXAMPLE**
> Advance of ₹1,18,000 for a service at 18%, same State: value ₹1,00,000, CGST ₹9,000, SGST ₹9,000.

Account	Dr ₹	Cr ₹

Bank	1,18,000	
Customer		1,18,000
GST paid on advances (to be adjusted)	18,000	
CGST		9,000
SGST		9,000

When the bill is made and adjusted, a journal dated as the bill takes it back: CGST Dr 9,000, SGST Dr 9,000, GST paid on advances (to be adjusted) Cr 18,000. The tax is never paid twice.

Ledgers used in this chapter

Ledger	Group (head)	Where it shows	Made when
Purchase	Purchase Accounts	Profit & Loss – direct (trading part, above gross profit)	Ready in every new company
CGST, SGST, IGST	Duties & Taxes (under Current Liabilities)	Balance Sheet – Current Liabilities; a net credit balance in your favour shows under Current Assets	Ready in every new company
Each supplier	Sundry Creditors (under Current Liabilities)	Balance Sheet – Current Liabilities; a supplier in debit shows as "Advances to suppliers" under Current Assets	When you add the supplier
Sales (for sales returns)	Sales Accounts	Profit & Loss – income	Ready in every new company
Expense heads you make on the Expense screen (Rent, Staff Welfare…)	Indirect Expenses	Profit & Loss – indirect expenses	When you type a new head and choose "+ New"
TDS Payable — (section and name)	Duties & Taxes	Balance Sheet – Current Liabilities	The first time TDS of that section is deducted
GST TDS Payable (Sec 51)	Duties & Taxes	Balance Sheet – Current Liabilities	The first purchase with GST TDS deducted
TCS Receivable (collected by suppliers)	Loans & Advances (Asset) (under Current Assets)	Balance Sheet – Current Assets	The first purchase bill with TCS charged by the supplier

GST paid on advances (to be adjusted)	Loans & Advances (Asset)	Balance Sheet – Current Assets	The first advance for a service with GST
Round Off	Indirect Expenses	Profit & Loss	Ready in every new company

Read a supplier's bill from a PDF or photo

On a new purchase bill (**Bought Goods**, Alt + 2) there is a button **Read a bill**. It reads the bill your supplier sent you and fills a draft, so you type less.

1. Open **Bought Goods** and press **Read a bill**.
2. Choose the supplier's bill: a PDF, or a clear photo.
3. Check what was read: the **Supplier**, the bill number and date, the **Bill total as read**, and each line. For each line choose the **Item in your books**, or **New item with this name**, and tick **Use this line**.
4. Press **Put on the bill**. The lines go on the purchase bill. Nothing is saved yet.
5. Compare the bill on screen with the paper bill, then save it yourself as usual.

TIP

If the supplier's bill is an e-invoice, a photo with its QR code is read on your own device, with no internet: the supplier, the bill number, the date and the total come from the QR code.

CAREFUL

Reading a PDF or a photo needs internet: the text of the PDF, or the picture, is sent to be read and is not kept. The reading can be wrong. The software checks the arithmetic and shows every doubt, but you must compare with the bill before you save.

REMEMBER

- Type the supplier's bill number and date exactly; the same bill cannot be entered twice in a year.
- Tick "No input credit (ITC) on this bill" for blocked items under section 17(5).
- Purchase Return reduces stock, the supplier and the ITC; Sales Return reduces sales, the customer and the output GST.
- A credit note on GST must be declared by 30 November after the bill's year.
- RCM bills go in Bought Goods with "Reverse charge (RCM)" ticked; the tax is paid in cash.
- Advances stay "on account" and are adjusted on the next bill; services carry GST on the advance.

CHAPTER 09

Money In, Money Out and Journals

Every rupee that comes in or goes out has its own screen. You will learn Money Received, Money Paid, Expense, Cash ⇄ Bank and Journal, the reversing journal and the memorandum entry, and what "Delete" does, when it is refused, and how it differs from "Cancel". Each section shows the entry made.

Which screen for which money?

What happened	Screen	Key
A customer paid you	**Money Received**	Alt + 3
You paid a supplier (or refunded a customer)	**Money Paid**	Alt + 4
Salary, electricity, tea, petrol, bank charges	**Expense**	Alt + 5
Cash put in the bank, cash taken out, bank to bank	**Cash ⇄ Bank**	Alt + 6
An adjustment where no cash, bank or goods move	**Journal**	Alt + 7

TIP

If money or goods moved, do not use Journal. Use Make Bill, Bought Goods, Money Received, Money Paid or Expense, so that bills, cash and GST stay right.

Money Received

Use it when a customer pays you. Pick the customer and the amount; the app sets the money against his oldest pending bills.

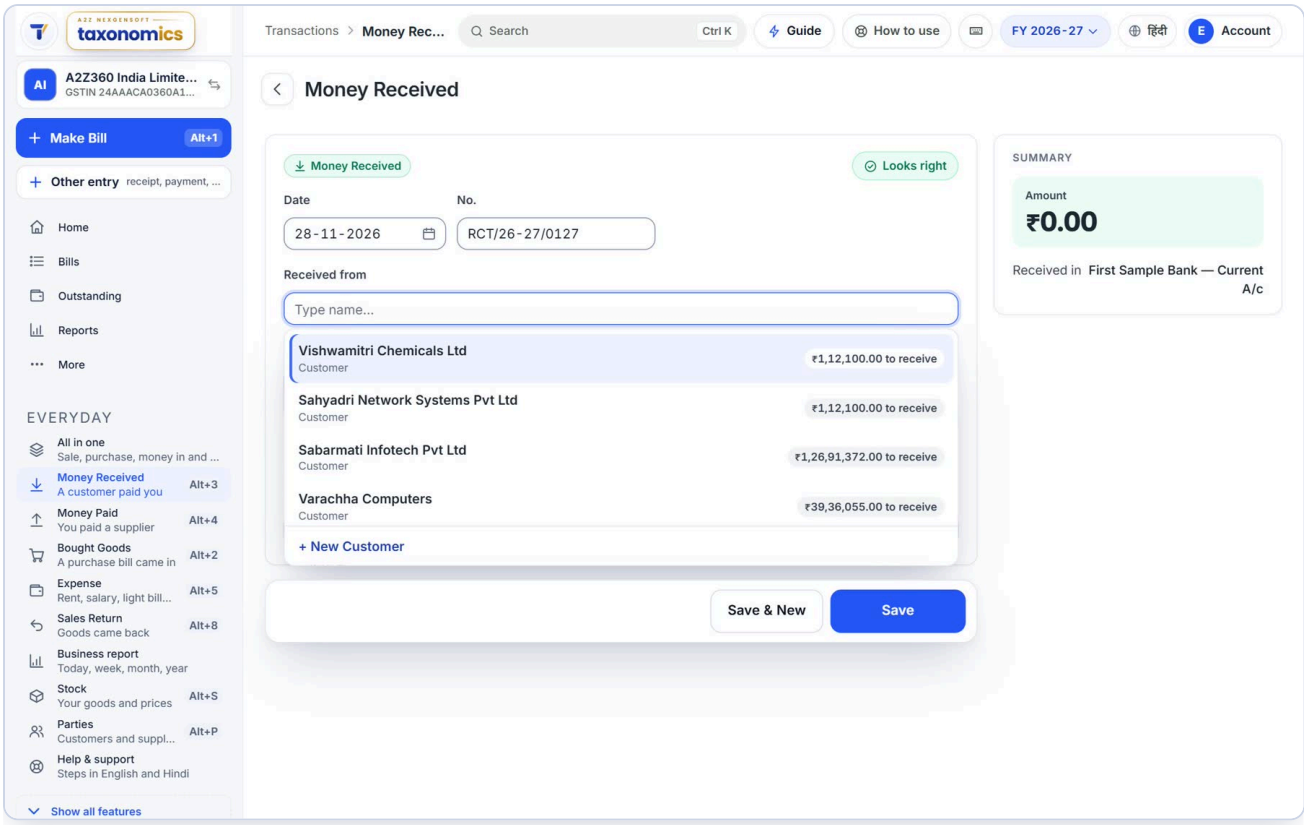

Figure 9.1 — Money Received: "Received from", amount, "Received in", and the pending bills under "Against bills".

1. Open **Money Received** (Alt + 3).
2. In **Received from** pick the customer. His balance shows below in plain words (₹… to receive).
3. Type the **Amount** and choose **Received in**: Cash or the bank. A new bank can be added from here.
4. Under **Against bills** check which bills are cleared. With no pending bill the amount is kept **On account** (an advance).
5. Write the UPI reference or cheque number in **Note** and press **Save** (or **Save & New**).

Extra boxes on Money Received

- **Did the customer deduct TDS / TCS?** – type **Income-tax TDS cut by customer**, or the GST TDS / GST TCS. "Reduces the party balance by:" shows the total, so his bill is fully cleared.
- **Received by cheque? Cheque details** – **Cheque no.**, **Cheque date**, **Customer's bank (drawn on)**. For a post-dated cheque press **Use the cheque date for this entry**, so the books change only on that date. The cheque is listed in **More › Cheques** (Chapter 10).
- **Advance for a service? Add GST on the advance** – see Chapter 8.

> **EXAMPLE**
> Kavya Textiles LLP owes ₹1,00,000. It pays ₹99,000 into the bank and has cut ₹1,000 TDS.

Account	Dr ₹	Cr ₹
Bank	99,000	
TDS Receivable (deducted by customers)	1,000	
Kavya Textiles LLP (customer)		1,00,000

Without TDS it is simply Bank (or Cash) Dr, customer Cr. Match the TDS later with your tax statement in Reports → **TDS · TCS · RCM** → "Deducted from us".

CAREFUL

Smart Check asks before saving a large cash receipt (₹2 lakh or more from one person) or a cash expense above the cash limit (₹10,000; ₹35,000 for transporters), because the Income-tax Act limits such cash dealings. Confirm with your Chartered Accountant for your case.

Money Paid

Use it to pay a supplier. His oldest bills are cleared first.

1. Open **Money Paid** (Alt + 4).
2. In **Paid to** pick the supplier.
3. Type the **Amount** and choose **Paid from**: Cash or the bank.
4. Check **Against bills**, write the reference in **Note** and press **Save**.

- **TDS — Income-tax (deduct and pay the rest)** – choose the section; the app keeps back the TDS and shows **Net payable to party**. It tells you if the yearly limit is not crossed yet.
- **Paid by cheque? Cheque details** – cheque number and date; tick **Print "A/c payee only"** if you will print the cheque from the app.
- **Refund of an advance on which GST was paid?** – for returning a service advance (Chapter 8).

EXAMPLE

You pay a contractor's bill of ₹50,000 and deduct TDS of, say, ₹1,000.

Account	Dr ₹	Cr ₹
Contractor (supplier)	50,000	
Bank		49,000
TDS Payable — (section)		1,000

Deposit the TDS by the 7th of the next month. Reports → **TDS · TCS · RCM** shows what is due.

Expense

Use **Expense** for salary, electricity, tea, petrol, bank charges and other running costs.

1. Open **Expense** (Alt + 5).
2. In **Expense Head** pick the head. For a new head type its name and choose **+ New**.
3. Type the **Amount** and choose **Paid from**: Cash or the bank.
4. If you use cost centres, choose the **Cost centre / project** (Chapter 10).
5. Write a short **Note** and press **Save**.

Account	Dr ₹	Cr ₹
Electricity	5,000	
Cash		5,000

A head made with **+ New** goes under **Indirect Expenses** (Profit & Loss). For rent, transporter freight, advocate fees or security guards, a yellow box may tell you that you must pay the GST yourself (RCM); press **Enter with reverse charge** and the entry moves to Bought Goods (Chapter 8). An expense bill with GST from a registered supplier, where you want the credit, is also entered in Bought Goods.

If you set a budget for the head (Chapter 10), the screen tells you gently when this month's budget is crossed. It never stops the entry.

Cash ⇄ Bank (contra)

A contra entry only moves your own money from one place to another. It is not income or expense.

1. Open **More › Cash ⇄ Bank** (Alt + 6).
2. **From (money goes out of)**: Cash for a deposit, the bank for a withdrawal.
3. Type the **Amount** and choose **To (money goes into)**.
4. Press **Save**. Bank-to-bank transfer is entered the same way.

Account	Dr ₹	Cr ₹
Bank (money goes into)	20,000	
Cash (money goes out of)		20,000

Journal

Journal is for adjustments where no cash, bank or goods move: interest added by a party, a correction between two ledgers, a provision at year end.

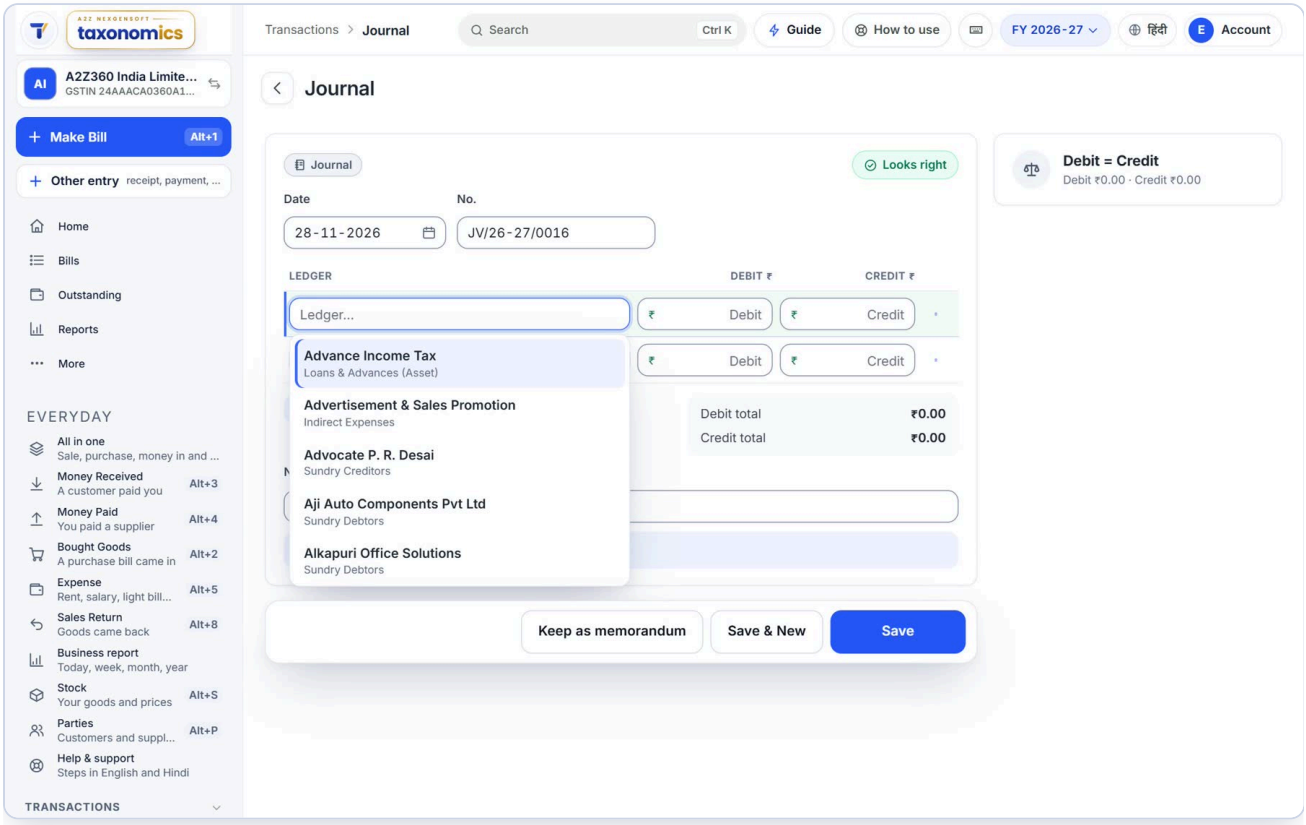

Figure 9.2 — Journal: one line per ledger with Debit or Credit, the totals, and the reversing and memorandum options.

1. Open **More › Journal** (Alt + 7).
2. On each line pick the **Ledger** and type the amount in **Debit** or **Credit**. **Add line** adds a line.
3. **Debit total** and **Credit total** must be equal (the screen says **Balanced**, or shows the **Difference**).
4. Write the reason in **Note** and press **Save**.

> **EXAMPLE**
> A supplier charges ₹2,000 interest for late payment by a note. Interest Paid Dr 2,000; supplier Cr 2,000.

Reversing journal (accrual / provision)

Some entries are needed only for one period, for example an expense of March whose bill will come in April. Tick **Reverse this entry automatically (accrual / provision)** and choose **Reverse on** (for example 1 April). The app makes a mirror entry (debit and credit swapped) on that date, so the

amount counts only in the earlier period. Cancelling or deleting the journal takes the mirror with it. The mirror itself says: “This is the reversal of another journal. It changes when that journal changes.”

EXAMPLE

Audit fee of ₹20,000 for 2026–27 is not yet billed on 31–03–2027.

Account	Dr ₹	Cr ₹
Audit Fees (Indirect Expenses)	20,000	
Audit Fees Payable (a ledger you make under Provisions)		20,000

On 01–04–2027 the mirror entry is made by itself: Audit Fees Payable Dr 20,000, Audit Fees Cr 20,000. When the auditor’s bill comes, enter it as usual.

Memorandum entries

A memorandum is a journal you want to keep without putting it in the books yet: an estimate, a proposal, an entry waiting for the bill.

1. In a new Journal, fill the lines and press **Keep as memorandum** instead of Save. It is “Kept outside the books — no ledger, no report changes”.
2. Open **More › Memorandum entries** to see them all.
3. When it is final, press **Post to books**. A Journal opens already filled; save it, and the memorandum is removed from the list.
4. **Delete** removes a memorandum; it was never in the books, so nothing else changes.

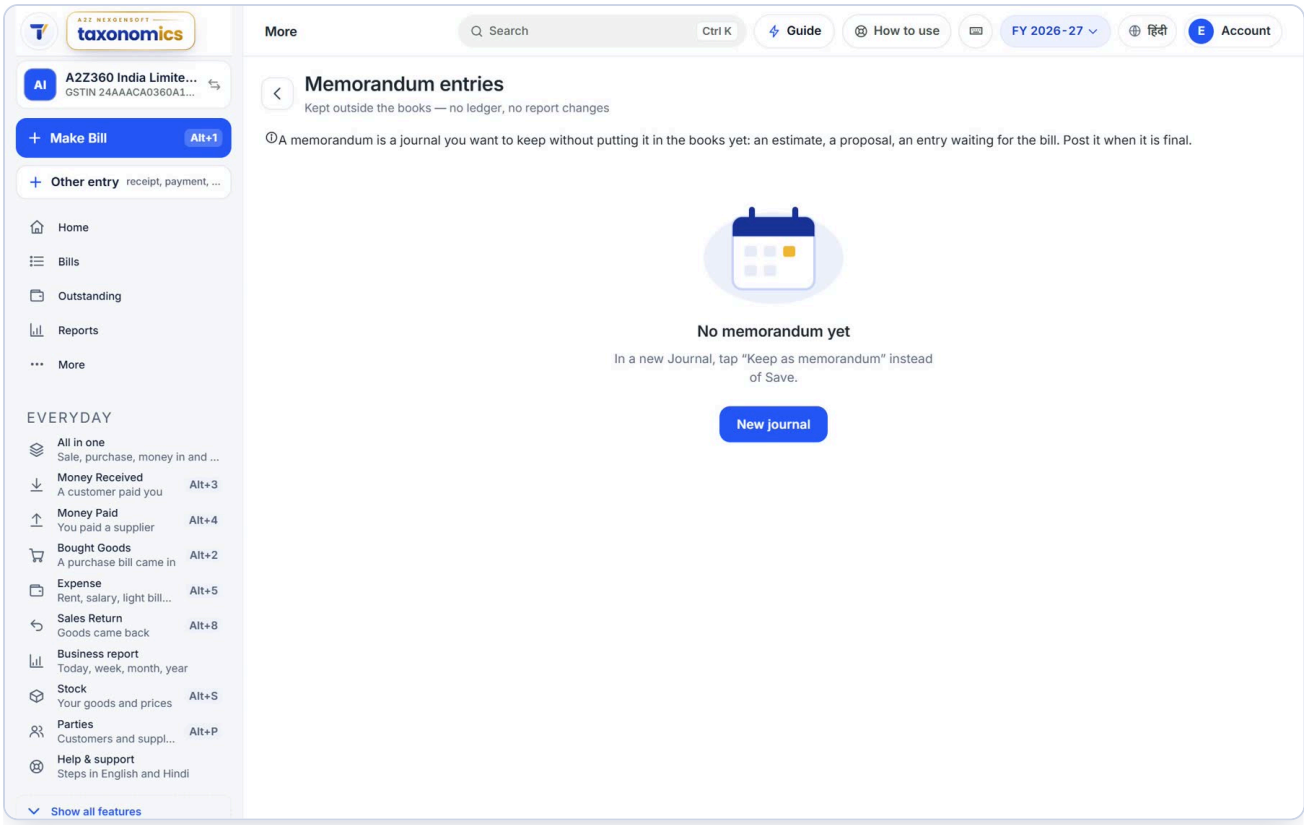

Figure 9.3 — Memorandum entries: journals kept outside the books, each with "Post to books".

Correct, delete or cancel

Correct (Edit)

Open the entry from **Bills** (choose the kind of entry on top), press **Edit**, correct it and press **Save**. For a receipt or payment you can change the amount, the bank or the bills it is set against; Outstanding changes at once. The number stays the same.

Delete = fully gone

1. Open the entry and press **Delete**.
2. Type a **Reason (optional)** and press **Delete this entry**.

The entry is removed from every list, report, balance and GST return, GSTR-1 included. Its number becomes free again, so the next bill can use it. A full copy is kept only in the audit log, as the law requires: who deleted it, when, and what it was. Many entries can be deleted together from the bills list (tick them, then **Delete**); the same rules apply.

> **CAREFUL**
> When e-invoicing is switched on, a deleted sales bill, credit note or debit note keeps its number, because the e-invoice portal never takes the same number twice. GSTR-1 table 13 then shows that number as cancelled.

Cancel

"Cancel" is different. Entries that the app itself takes back (for example a GST set-off or a depreciation entry that is undone) stay visible marked "Cancelled", with a reason. Quotations, orders and challans have **Cancel this document**: they stay in the list as "Cancelled" and their number is not used again (Chapter 7). Your own bills and money entries are removed with **Delete**.

What cannot be deleted

Case	What the app says to do
Sales bill, credit note or debit note of a month whose GSTR-1 is marked filed	Make a credit note for it instead.
Bill with an e-invoice (IRN)	Cancel the e-invoice on the e-invoice portal first (allowed within 24 hours), remove the IRN from the bill, then delete. Its date, number, party, items and amounts cannot be edited either while the IRN is on it.
Bill with an e-way bill number	Cancel the e-way bill on the portal first (allowed within 24 hours), remove its number from the bill, then delete.
Entry on or before the lock date	"Books are locked up to …". The owner can move the lock date in More › Settings → **Lock books up to (no changes on or before this date)**.
Entry that other live entries depend on	"First cancel the linked entries: …".

> **TIP**
> If a filed month is changed for any reason, a change in the books does not change the return already filed. The GSTR-1 page lists such changes as amendments for the next return. Tell your CA before changing a filed month.

A user with limited rights may change only his own entries made today; the owner can change all.

Ledgers used in this chapter

Ledger	Group (head)	Where it shows	Made when
Cash	Cash-in-Hand (under Current Assets)	Balance Sheet – Current Assets	Ready in every new company
Bank accounts	Bank Accounts (under Current Assets)	Balance Sheet – Current Assets	Bank name in Settings, or "Add your bank account" on a money screen

Expense heads made with "+ New"	Indirect Expenses	Profit & Loss – indirect expenses	When you make the head on the Expense screen
New customer / supplier made on a money screen	Sundry Debtors (Money Received) / Sundry Creditors (Money Paid)	Balance Sheet – Current Assets / Current Liabilities	When you make the party there
TDS Receivable (deducted by customers)	Loans & Advances (Asset) (under Current Assets)	Balance Sheet – Current Assets	The first receipt with TDS cut by the customer
GST TDS Receivable (Sec 51), GST TCS Receivable (Sec 52)	Loans & Advances (Asset)	Balance Sheet – Current Assets	The first receipt with GST TDS / TCS
TDS Payable — (section and name)	Duties & Taxes (under Current Liabilities)	Balance Sheet – Current Liabilities	The first payment with TDS of that section
Journal and memorandum ledgers	Whatever ledgers you choose	—	Journal makes no ledger by itself; a memorandum touches no ledger at all

REMEMBER

- Money Received: Dr Cash/Bank, Cr customer. Money Paid: Dr supplier, Cr Cash/Bank.
- Expense: Dr expense head, Cr Cash/Bank. Cash ⇄ Bank only moves your own money.
- Journal only when nothing moves; a reversing journal makes its own mirror entry.
- A memorandum stays outside the books until "Post to books".
- Delete removes an entry fully (copy kept in the audit log); a filed month, an IRN or an e-way bill number blocks it.

CHAPTER 10

Banks, Parties and Money Control

You will learn to match your bank statement with the books, teach the app bank rules, keep a register of cheques, see who owes you and whom you owe, send reminders, set credit limits, charge interest on late payment, pay MSME suppliers in time, see the profit of each shop or project, set budgets, and handle loans and EMIs.

Bank reconciliation

Bank reconciliation means checking every line of the bank statement against your books, so that you know the bank balance in the books is right. Taxonomics reads the statement file, matches each line with your entries, and offers ready entries for the rest.

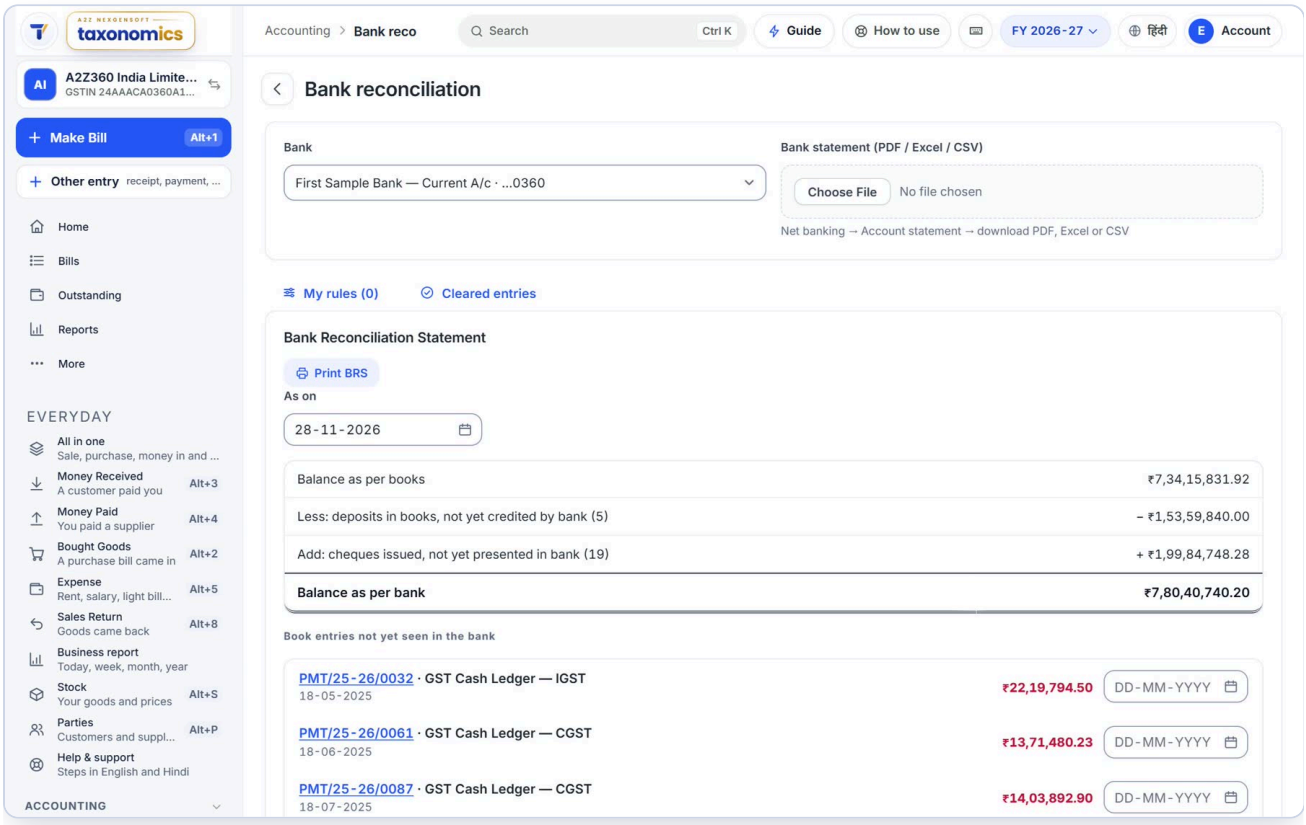

Figure 10.1 — Bank reconciliation: choose the bank and the statement file; matched lines, new lines with the ledger the app suggests, and the Bank Reconciliation Statement.

1. Download the statement from net banking as PDF, Excel or CSV (Net banking → Account statement).
2. Open Reports → **Bank reconciliation**. Choose the **Bank** and the file under **Bank statement (PDF / Excel / CSV)**. For a locked PDF type the **PDF password**.

3. Check each line. Matched lines are marked. For a new line the app has already chosen a ledger – from the party name, UPI or account number, an open bill of that amount, or what you chose before. Change it if wrong; the app remembers next time. Nothing goes to suspense.
4. Press **Save matched entries**. New lines become Money Received or Money Paid entries, already marked as reconciled.
5. The **Bank Reconciliation Statement** below shows **Balance as per books**, **Balance as per bank** and the **Book entries not yet seen in the bank** (for example a cheque issued but not yet presented). **Print BRS** prints it as on a date.

Cleared entries shows the bank date of each matched entry. You can change a bank date, or empty it to take the entry out of reconciliation, and press **Save bank dates**.

> **TIP**
> An old .xls file cannot be read. Open it in Excel and save it as .xlsx or CSV first.

Bank rules, split lines and duplicates

- **Always…** – on a line, teach once that a narration goes to a ledger. Check the words (at least 3 letters; all must be in the narration, in any order) and the ledger, press **Save**. Next month such lines go there by themselves. The list **My rules: narration contains → ledger** holds them, and **Add a rule** adds one directly. Your rules are tried before the app's own guesses.
- **Split** – post one bank line to two or more ledgers. The parts must add up to the line ("The parts add up to the bank line ✓"). One entry is made with the bank on one side and these ledgers on the other.
- Duplicates – lines that are in the file twice are found. Choose **Leave the copies out** or **Count them anyway**.

Account	Dr ₹	Cr ₹
Bank Charges	590	
Bank		590

Above: a bank charges line in the statement becomes this entry. Interest credited by the bank becomes Bank Dr, Interest Received Cr.

Cheques

Type the cheque number and date in **Money Received** or **Money Paid** (open "Cheque details"). **More › Cheques** then lists every cheque: cheques in hand to deposit, coming due in 7 days, post-dated, deposited, cleared and bounced.

1. In **Money Received** choose the bank, open **Received by cheque? Cheque details** and fill **Cheque no.** and **Cheque date**. For a post-dated cheque press **Use the cheque date for this entry**.
2. In **More › Cheques** press **Deposited** when you deposit it, then **Cleared** when the bank credits it (it is also marked in bank reconciliation).
3. Tick cheques and press **Add to deposit slip** to print the **Bank deposit slip**.
4. If it comes back, press **Bounced…**, give the **Date the bank returned it** and the **Bank charges for the return (₹)** (leave 0 if none), tick **Recover these charges from the customer** if you will, and press **Reverse the entry**.

A bounce marks the receipt as bounced, takes it off the bills (they are pending again) and makes these entries:

Account	Dr ₹	Cr ₹
Kavya Textiles LLP (customer) – cheque reversed	50,000	
Bank		50,000
Bank Charges	500	
Bank		500
Kavya Textiles LLP (if recovered)	500	
Bank Charges		500

Print on a cheque leaf

1. **More › Cheques** → **Print a cheque**. Choose the **Bank format**.
2. Press **Test print on plain paper** and hold the paper over a real cheque against the light.
3. If something is off, open **Adjust positions (mm)**, change the numbers and press **Save positions**.
4. Put the cheque in the printer and press **Print cheque**. Date in boxes, name, amount in words and figures and “A/c payee only” are printed.

Outstanding: who owes me, whom I owe

Outstanding (bottom bar, or Alt + O) lists every party with pending bills and how late they are.

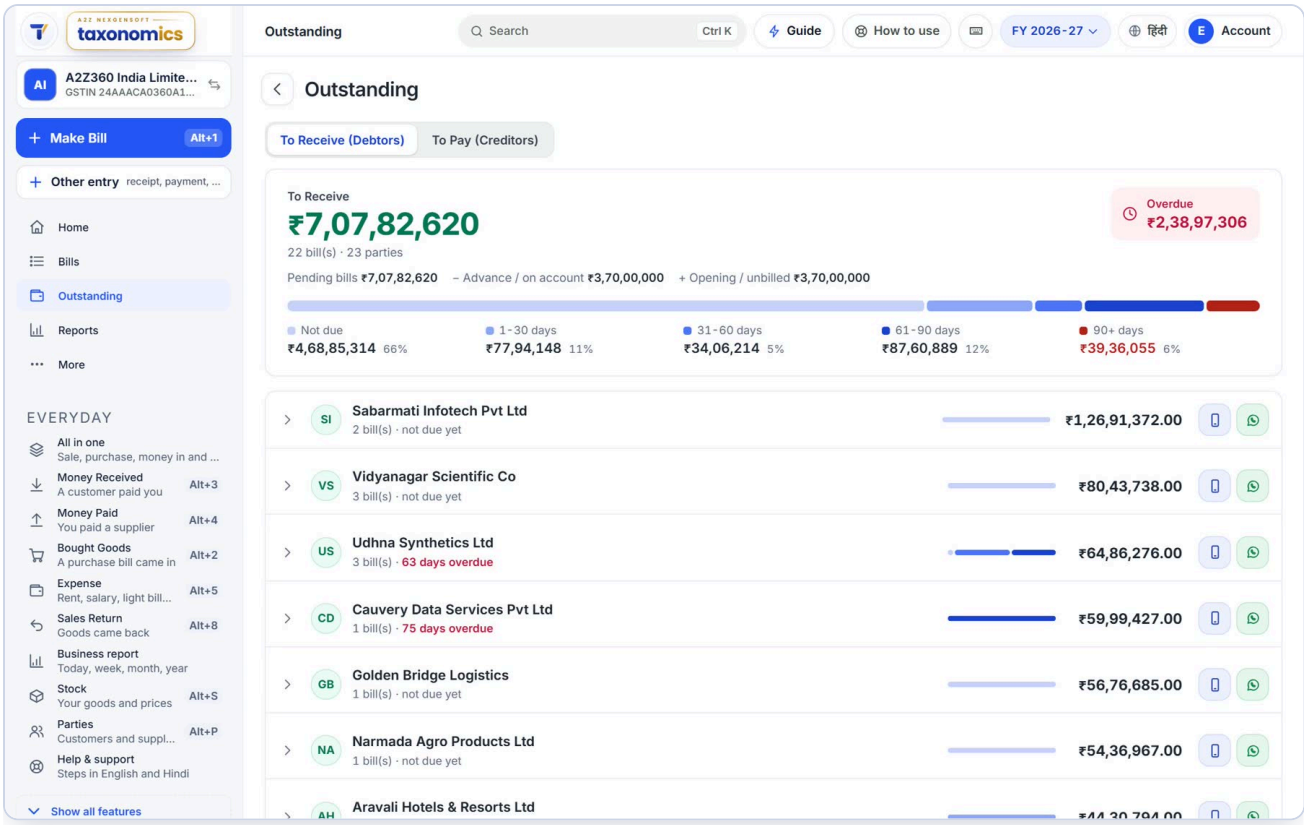

Figure 10.2 — Outstanding: To Receive (Debtors) and To Pay (Creditors), with the age of the dues.

- **To Receive** (Debtors) = customers who owe you. **To Pay** (Creditors) = suppliers you owe.
- The boxes **Not due**, 1–30 days, 31–60 days, 61–90 days and 90+ days show how old the dues are.
- For each party, **Pending bills**, **Advance / on account** (money received or paid without a bill) and **Opening / unbilled** add up exactly to the ledger balance.
- Tap a party to see his pending bills and statement. Press the WhatsApp button to send a polite reminder, or call him.
- When he pays, press **Money Received** on the same screen.

Payment reminders

More › Payment reminders (Alt + M, or the card on Home) lists who should be reminded today: bills past their due date and bills falling due today. One tap opens WhatsApp with a polite message, the exact amount and a UPI pay link. The app cannot send by itself; you press Send in WhatsApp.

1. Tap **WhatsApp** on a customer, or **Remind all** to go through the list one by one ("Open WhatsApp, then next").
2. If the customer gives a date, tap **Promised…** and enter it. He is not shown again till that date; if the money has not come, he returns with "promise not kept".

3. **Snooze 7 days** hides a customer for a week.
4. **Rules & messages** sets when to remind (how many days before the due date, how often, dues smaller than which amount to ignore) and lets you change the message in English and Hindi.

> **TIP**
> Add your UPI ID in Settings to put a pay link and QR in every reminder. A customer can have his own reminder language: open the party and choose **Reminder language**.

Credit control

Give a customer a credit limit. When a new bill would cross it, or old bills are overdue, the bill screen warns with the figures.

1. More › Customers & Suppliers → open the customer → fill **Credit limit (₹)** and **Credit days**.
2. To stop credit sales to him, tick **On hold — no more credit bills until dues are cleared**.
3. More › Credit control shows, in the **Credit report**, the limit, used, available, oldest overdue and average days to pay, and "Customers over their limit".
4. In its **Settings** tab set **Credit limit for customers who have none (₹)** and choose **Warning only** or **Strict: block the bill when the limit is crossed or the customer is on hold**.

With Strict on, a bill over the limit cannot be saved; the staff are told to ask the owner. A customer's own limit always wins over the shop's general limit.

Interest on late payment

Set a yearly rate once. The app works out simple interest on each late bill from its due date and makes the entry in one tap. Interest already charged is not charged again.

1. More › Credit control → **Settings**: type **Interest on overdue bills (% a year)** and press **Save**. A customer can have his own rate.
2. Open the **Interest on overdue** tab and press **Statement** on a customer to see bill-wise days late and interest.
3. Press **Charge … — make the entry**.

EXAMPLE

A bill of ₹1,00,000 is paid 73 days late; rate 18% a year. Interest = 1,00,000 × 18% × 73 ÷ 365 = ₹3,600.

Account	Dr ₹	Cr ₹
Kavya Textiles LLP (customer)	3,600	
Interest Received		3,600

If you are a registered micro or small enterprise, tick “We are a registered micro / small enterprise (Udyam): charge interest under the MSMED Act — 3 × RBI bank rate, compounded monthly”.

THE LAW

Interest for late payment is part of the value of supply under GST (section 15(2)(d) of the CGST Act), so GST may have to be charged on it. Confirm with your Chartered Accountant for your case.

Paying MSME suppliers: the 15 / 45-day rule

A registered micro or small supplier (manufacturer or service provider) must be paid within 15 days, or within the time agreed in writing, up to 45 days. Traders and medium enterprises are outside this rule.

1. More › Customers & Suppliers → the supplier → **Edit** → tick **MSME registered (Udyam)** and fill the Udyam number, type (micro / small / medium) and activity (manufacturing / services / trading).
2. Fill **Credit days agreed in writing** if there is a written agreement (blank = 15 days; the most is 45), and **Registered / informed on** (bills before this date are outside the rule).
3. Reports → **MSME payments (Udyam)** lists each bill with its **Pay by** date and status. Pay the “Overdue” and “Due soon” bills first, and before 31 March.

THE LAW

Section 15 of the MSMED Act 2006 sets the 15 / 45 days; section 16 charges compound interest at three times the RBI bank rate with monthly rests on late amounts. Under section 37(2)(g) of the Income-tax Act 2025, an amount owed to such a supplier and not paid in time is allowed as an expense only in the year it is actually paid. Confirm with your Chartered Accountant for your case.

Smart Check also reminds you on the bill and on the late payment.

Cost centres and cost categories

Optional. If you have more than one shop, site or project, add them as cost centres to see the profit of each.

1. Open **More › Cost centres / projects** → **The list** → type a name (e.g. Main shop, Site 2) and press **Add**.
2. To group centres, give a **Category (e.g. Branches)**; the tab **By category** then totals each category.
3. A centre shared by others (for example Head office split 60 / 40) can be set with **Share…**: its amounts are spread to the other centres in those shares.
4. In **Expense** or **Journal**, choose the **Cost centre / project** under the expense head.
5. Open **Profit by centre** for income, expenses and profit of each, and **Head by centre** for each expense head across centres.

Only income and expense amounts are counted. An amount entered without a cost centre is under "Not allocated", so the total always equals the Profit & Loss.

Budgets

Set a yearly or month-wise figure for an expense or income head; the app shows budget, actual and the difference.

1. Open **More › Budgets** → **Set a budget**.
2. Choose the **Expense or income head**, type the **Total for the year** (or tick **Different figure for each month**). Optionally choose **Only for this cost centre (optional)**. Press **Save**.
3. Choose a month or **Whole year** at the top to compare: **Budget**, **Actual**, **Difference**, and "Over budget" where crossed.

When an expense crosses its month's budget, the entry screen tells you gently; it never stops the entry.

Loans and EMI

Add a loan with amount, rate and number of EMIs. The app shows the schedule, and each month one tap makes the EMI entry with principal and interest split. Loans you gave work the same way.

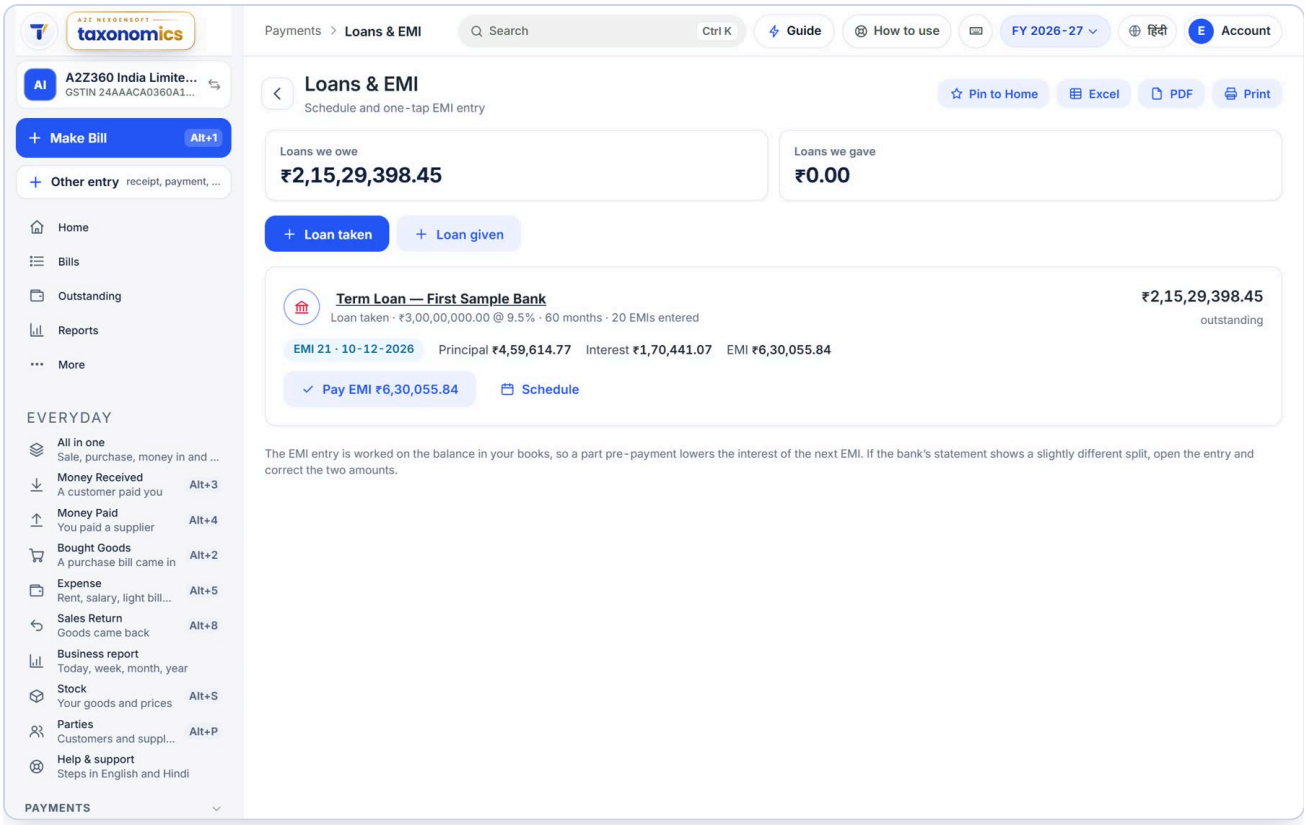

Figure 10.3 — Loans & EMI: loans we owe and loans we gave, with the schedule and the "Pay EMI" button.

1. Open **More › Loans & EMI** → **Loan taken** (or **Loan given**).
2. Fill **Lender (bank / person)** (e.g. "HDFC Car Loan"), **Loan amount (₹)**, **Interest (% a year)**, **Number of monthly EMIs** and **First EMI date**. Leave the EMI at 0 to let the app work it out.
3. Answer **Is this loan already running?**: a new loan enters the money received in (or paid from) the bank; an old loan only puts the balance still owed as opening balance.
4. Press **Save**.
5. Each month press **Pay EMI …**, check the date and bank, and press **Make the entry**.

The EMI entry is worked on the balance in your books, so a part pre-payment lowers the interest of the next EMI. If the bank's statement shows a slightly different split, open the entry and correct the two amounts.

EXAMPLE

A new loan of ₹5,00,000 is credited to the bank. Later an EMI of ₹15,000 is paid, of which, say, interest ₹5,000 and principal ₹10,000.

Account	Dr ₹	Cr ₹
Bank	5,00,000	

HDFC Car Loan (loan taken)		5,00,000

Account	Dr ₹	Cr ₹
HDFC Car Loan (principal)	10,000	
Interest Paid	5,000	
Bank		15,000

Ledgers used in this chapter

Ledger	Group (head)	Where it shows	Made when
Bank Charges	Indirect Expenses	Profit & Loss – indirect expenses	The first bank-statement line of charges posted, or a cheque bounce with charges
Interest Received	Indirect Incomes	Profit & Loss – indirect income	The first interest credited by the bank, interest charged to a customer, or EMI received on a loan given
Interest Paid	Indirect Expenses	Profit & Loss – indirect expenses	The first bank interest debit, or the first EMI on a loan taken
Loan taken (named by you, e.g. “HDFC Car Loan”)	Secured Loans (under Loans (Liability))	Balance Sheet – Loans	When you save a “Loan taken”
Loan given (named by you)	Loans & Advances (Asset) (under Current Assets)	Balance Sheet – Current Assets	When you save a “Loan given”
Bank accounts	Bank Accounts (under Current Assets)	Balance Sheet – Current Assets	When you add the bank
Customers / suppliers	Sundry Debtors / Sundry Creditors	Balance Sheet – Current Assets / Current Liabilities	When you add the party
Cost centres, cost categories, budgets, reminders, credit limits	No ledger	Reports only	Never: they only read the books

REMEMBER

- Bank reconciliation reads your statement file, matches lines and makes the missing entries; teach rules with “Always…”.
- Cheques: Deposited → Cleared, or Bounced… which reverses the entry and reopens the bills.
- Outstanding and Payment reminders show who owes you; reminders go through your own WhatsApp.
- Credit limit warns, Strict blocks; interest on overdue is Dr customer, Cr Interest Received.
- MSME micro / small suppliers (not traders): pay in 15 / 45 days, or the expense moves to the year of payment.
- Loans: one tap per EMI, principal to the loan account, interest to Interest Paid.

PART 3

Stock and manufacturing

Goods, godowns, batches, recipes, production and job work.

CHAPTER 11

Stock: Goods In, Goods Out, and What They Are Worth

Stock (inventory) is the goods you keep to sell or to use. In this chapter you will learn how to enter opening stock, switch on only the stock features you need, move goods without buying or selling, count the shelves, take damaged goods out with the right GST entry, and read how the software puts a value on your stock.

How stock works in Taxonomics

Every item has a quantity. A purchase bill (**Bought Goods**) adds to it, a sales bill (**Make Bill**) takes from it, and returns put it back. You never type the closing stock yourself: the software works it out from the entries, item by item, and puts its value in the Profit & Loss account and the Balance Sheet.

For a simple shop, that is all. For other businesses there are extra tools — batches, serial numbers, godowns, price lists, a second unit — which stay switched off until you need them.

Opening stock

Opening stock is the goods lying in your shop on the day your books start in Taxonomics. Enter it once for every item.

1. Open **Stock** from Home and tap the item (or press **Add** for a new item).
2. In **Opening stock (qty)** type how many you had.
3. In **Opening rate (₹ / unit)** type what one piece cost you — the purchase price, not the sale price.
4. Press **Save**. Do this for every item.
5. Check Reports › **Stock Summary**: the opening column and the total value.

> **EXAMPLE**
> Shree Ganesh Traders starts its books on 1 April with 100 bags of rice bought at ₹1,000 a bag. Opening stock (qty) = 100, Opening rate = ₹1,000. Opening stock value = ₹1,00,000.

TIP

Goods bought after the books start are not opening stock. Enter them in **Bought Goods**. For an item kept in batches, open the item, press **Edit** and use **Opening stock batch-wise › Add batch**.

Stock features: switch on only what you need

Open **More › Stock features**. Everything here is off for a simple shop. Turn on a switch, then open each item that uses it (**Stock** › the item › **Edit**) and tick it there too. Switching a feature off later only hides its boxes; nothing already entered is deleted. Only the owner or the accountant can change these settings.

Switch	For whom
Batch number & expiry	Medical stores, FMCG, food: batch on purchase, first-expiry-first on sale, expiry report.
Serial numbers (IMEI)	Mobiles, electronics, machines: one number per piece, warranty, full history.
Godowns / locations	Shop + godown, or more than one branch: stock kept place-wise, transfers.
Price lists & party rates	Retail / Wholesale / Dealer rates, quantity slabs, special rate for one party.
Second unit (box ⇄ piece)	Buy in boxes, sell in pieces: 1 BOX = 12 PCS.
Never let stock go below zero	Stops an entry that needs more than is in stock (see below).
Count minus stock in closing stock	Values a minus item at its average cost instead of nil (see below).

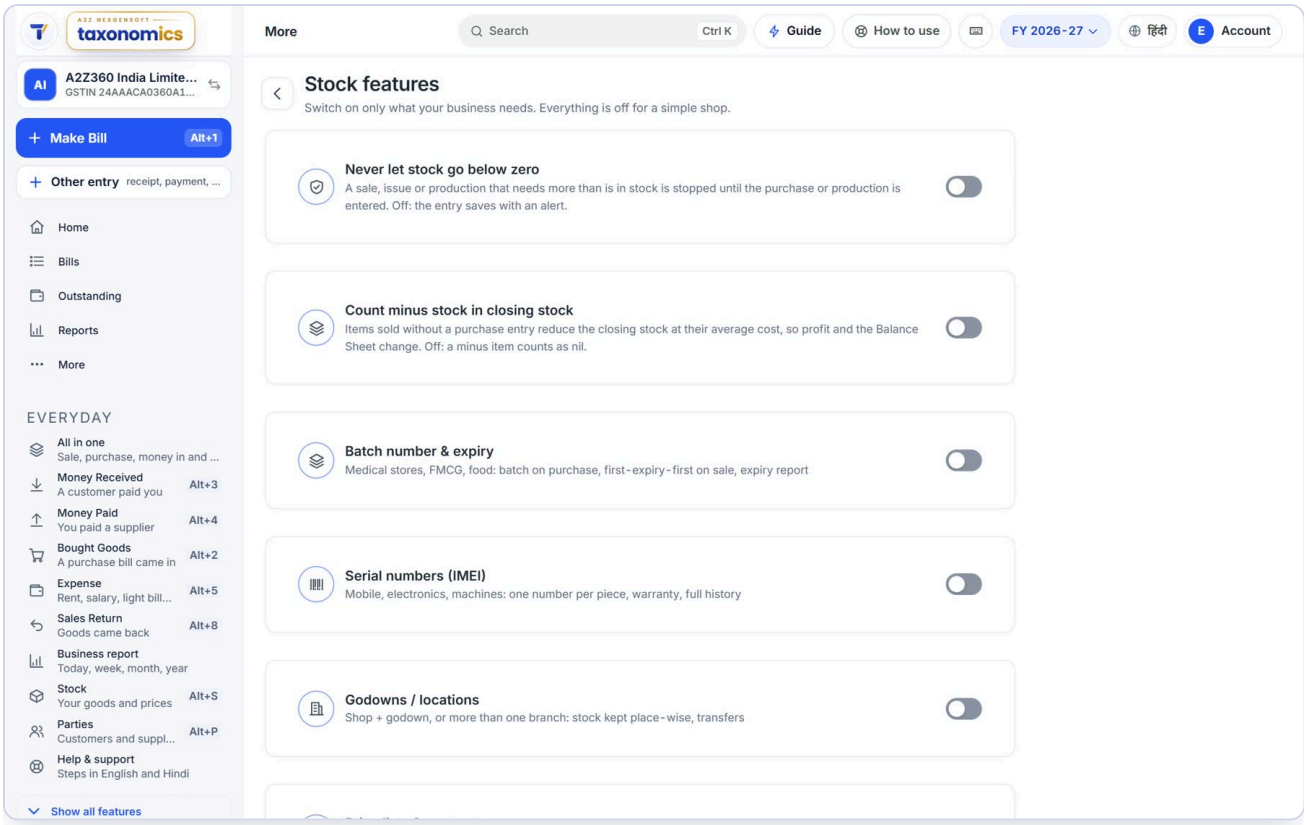

Figure 11.1 — More › Stock features: each switch says in one line who needs it.

Negative stock: alert or block

Negative (minus) stock means the software has more sales than purchases for an item. Almost always a purchase bill or the opening stock has not been entered yet.

The usual way: an alert

By default Taxonomics lets stock go below zero and only warns you. While billing, a yellow box says the stock of the item is going negative. You can still save: press **Save**, then **Save anyway**. Reports › **Stock Summary** shows minus quantities in red, and Home shows a note that stock is negative.

The strict way: a block

If you never want stock to go below zero, turn on **Never let stock go below zero** in Stock features. Then a sale, issue or production that needs more than is in stock is stopped until you enter the purchase or the production first. With the switch off, the entry saves with an alert.

How to fix minus stock

- **Purchase not entered** — enter the supplier's bill in **Bought Goods** with its real date. This is the usual fix.
- **Old goods not entered** — fill **Opening stock (qty)** and **Opening rate (₹ / unit)** on the item.
- **Wrong item or quantity on a bill** — open the bill, press **Edit** and correct it.
- **You make or repack the goods** — enter a stock journal so the made goods come into stock.

Count minus stock in closing stock: when this is off, an item with minus stock counts as nil in closing stock. When it is on, items sold without a purchase entry reduce the closing stock at their average cost, so profit and the Balance Sheet change. Either way, fix the missing entry — while stock is minus, the stock value and the profit of that item are not correct.

Stock journal: making, repacking, sorting

Use a stock journal when one kind of goods becomes another without buying or selling: raw material into finished goods, a big bag into small packets, mixed scrap sorted into grades. Open **More › Stock journal** or press Alt + J.

1. Under **Goods consumed (out of stock)** add what was used, with quantity.
2. Under **Goods produced (into stock)** add what was made, with quantity.
3. If there was labour, power or cutting cost, type it in **Processing cost to add (labour, power, cutting)**.
4. Press **Carry the consumed value to the produced goods** so the cost moves to the new goods.
5. Waste you can sell (rubble, scrap) goes under goods produced, after the main product, with its rate and **By-product** ticked. Its value is taken off before the cost is shared.
6. Write a **Note** and press **Save**.

No ledger amount is posted by a stock journal — only stock moves, and its value moves with it. When two or more main goods are made, the cost can be shared **By quantity** or **By selling price** (**Share the cost between grades**).

> **EXAMPLE**
> Kavya Foods repacks one 50 kg bag of sugar (cost ₹2,000) into 50 packets of 1 kg. Consumed: Sugar 50 kg bag × 1. Produced: Sugar 1 kg packet × 50. After "Carry", each packet is valued at ₹2,000 ÷ 50 = ₹40.

Process loss: if you type **Normal process loss %** on the raw material (item › **Edit**), the stock journal tells you whether the loss is normal or abnormal. Normal loss is part of the cost of the good output. Abnormal loss is kept out of stock as a loss of the period. Goods destroyed by an accident, fire or theft are not entered here; use Goods out (below), which also reverses the GST credit.

Batches and expiry

1. Turn on **Batch number & expiry** in Stock features. In the item press **Edit** and tick **Keep batch number and expiry for this item**.

2. In **Bought Goods**, under the item, fill **Batch no.** and **Expiry** (type 03/2027 for March 2027).
3. In **Make Bill** the **Batch** box already shows the batch that expires first, with its quantity. Change it if you are giving another batch.
4. If one batch cannot cover the quantity, tap **Take from the next batch too (first expiry first)**.
5. Reports › **Expiry report** shows what has expired and what expires in the next 30, 60 and 90 days. **Batch-wise stock** lists every batch with its expiry.

In Stock features you can set **Warn when a batch expires within (days)**. Expired or short stock only gives an alert; the bill still saves. Batch and expiry print on the bill.

Serial numbers (IMEI) and warranty

1. Turn on **Serial numbers (IMEI)**. In the item press **Edit**, tick **Every piece has its own serial / IMEI number** and fill **Warranty (months)**.
2. In **Bought Goods** press the **Serial numbers** button under the item and scan each piece, or paste the list — one number per line. The count must equal the quantity; the software warns you when it does not.
3. In **Make Bill** press **Serial numbers** and tap the numbers you are giving. They print on the bill.
4. To trace one number: press Ctrl + K (search) and type it, or open Reports › **Serial numbers**. You see where it came from, who bought it and till when the warranty runs.

Godowns and transfers

A godown is any place where you keep stock: a store room, a warehouse, a second shop.

1. Turn on **Godowns / locations** and add the second place with **Add**. With one place only, no Godown box is shown anywhere.
2. On a bill choose **Godown** under the item. If you choose nothing, the goods are in the default godown.
3. To shift goods: **Stock journal** › **Move between godowns** › choose **From godown** and **To godown**, add the items under **Goods to move** › **Move the goods**.
4. Reports › **Godown-wise stock** shows every item in every godown.

A transfer changes only the place. Stock quantity, stock value and average cost stay the same. No ledger is touched.

Price lists and party rates

1. Turn on **Price lists & party rates**, then open **More › Price lists**.
2. Press **New price list**, type a name such as "Wholesale" and **Save**.
3. Type the rate against each item, or one **% off the sale rate for every item**. For a lower rate on a bigger quantity press **Slab**.
4. Under **Customers on this list** add the customers who get these rates.
5. For one party and one item only: open the item › **Price lists** › **Special rate for a party**.

Which rate a bill gets: the special rate of the party → the party's price list → the item's sale rate. Changing a list never changes a saved bill.

Second unit (box and piece)

1. Turn on **Second unit (box ⇄ piece)**.
2. In the item press **Edit**, choose **Second unit (optional)** and fill how many pieces it holds (for example 1 BOX = 12 PCS).
3. On the bill, under the item, change **Unit** to BOX. Type the number of boxes and the rate per box.

The bill prints the unit you sold in. Stock, GST returns and the HSN summary stay in the main unit, so stock goes down in pieces.

Item categories

Put each item in a category (Grocery, Medicines, Mobiles…). Open the item, press **Edit** and choose **Category** (or **New category**); **Brand** is optional. In **Stock**, tap a category chip above the list to see only those items. Reports › **Category-wise stock and sales** shows stock value and sales of each category.

Low stock and what to order

1. Open the item, press **Edit** and fill **Low stock alert at**, **Reorder quantity** and **Preferred supplier**.
2. When stock falls to that level, the item shows "Low stock" and Home shows the card **Low stock**.
3. Open Reports › **To order**. Items are listed supplier-wise with the quantity to order.

4. Press **Send** next to the supplier and choose WhatsApp.

> **TIP**
> If **Reorder quantity** is empty, the software suggests enough to bring the stock to twice the low-stock level.

Barcode labels

Each item can have a barcode. In the item, the **Barcode** box takes the product's own barcode (scan it) or, left blank, gets one made for you. On **Make Bill** scan with a barcode scanner or the phone camera button and the item is added.

1. Open **More › Labels** (the page **Barcode labels**).
2. Type how many labels you want for each item. Only items with a barcode are listed.
3. Press the print button. Labels print on A4, 3 per row, with the item name, the barcode and the MRP (or the rate). Use "Save as PDF" in the print screen to keep a file.

From an item page, **Print barcode label** opens the same page with that item ready.

The item page

Tap an item in **Stock**. Its page shows stock in hand, value, last purchase and sale price, and **Movement** — every purchase, sale and return with a running quantity (tap a line to open that bill). **Parties** shows who buys it and who supplies it. If you counted one item and the number differs, press **Adjust stock**, type **Stock counted now** and press **Correct the stock**.

Count sheet: counting many items at once

Once a month or once a year you count the shelves. The count sheet compares your count with the books for many items on one date.

1. Open Reports › **To order**, then the tab **Count sheet** (address **#/stock/count**).
2. Choose the **Date of the count**. Use **Find** to look for an item, category or barcode.
3. For each item the column **In the books** shows the book stock. In **Counted** type what is really on the shelves. Only the items you type are changed.
4. For each difference choose the **Reason**: Shortage (not known why), Damaged / destroyed, Expired / written off, Lost / stolen, Found extra, or Earlier counting / entry mistake.

5 Press **Correct the stock**. All the differences go into one stock journal with their reasons, each at the average cost on that date.

Items kept in batches or with serial numbers are not on the count sheet; they are counted on their own pages, batch by batch.

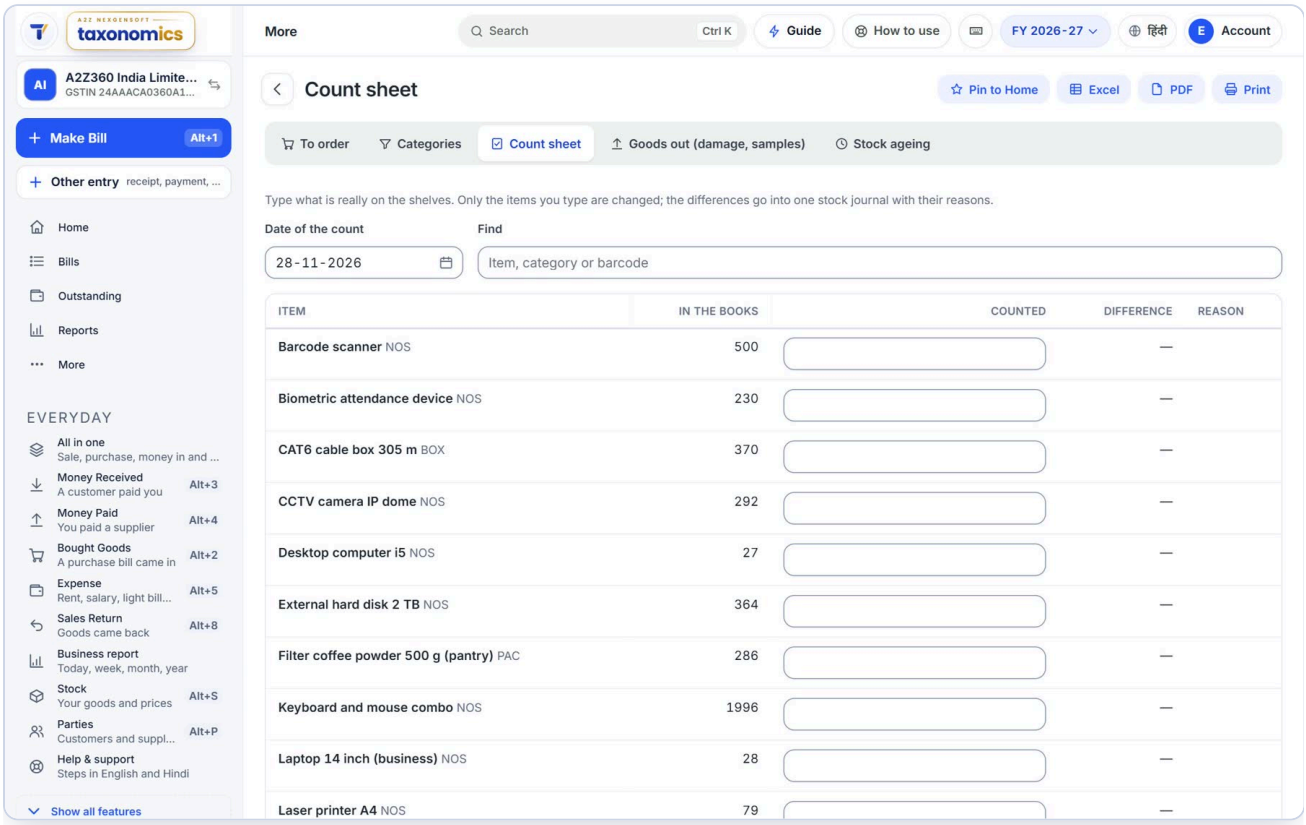

Figure 11.2 — Count sheet: book stock, counted stock and the difference, item by item.

> **CAREFUL**
> If goods were damaged, expired or lost and you had taken GST credit on them, that credit must be reversed. The count sheet reminds you: use **Goods out** for those items instead, or the GSTR-3B helper.

Goods out: damage, free samples, gifts, own use

Sometimes goods leave without a sale: they are damaged, given as free samples or gifts, or taken for own or staff use. The GST law (CGST Act section 17(5)(h) for goods lost, destroyed, written off, gifts and free samples; section 17(5)(g) for personal use) says the input credit (ITC — the GST you paid on purchase and claimed back) on such goods must be paid back.

1 Open the tab **Goods out (damage, samples)** on the same stock page (address `#/stock/out`).

2. Choose the **Date** and **Why**: Damaged / destroyed / written off, Free samples, Gifts, or Own use / staff use.
3. Under **Choose the goods and their quantity** pick each **Item** and its **Qty** (**Add another item** for more).
4. Read the value and the GST credit to reverse, then press **Take the goods out**.

The software makes two entries:

- a stock journal that takes the goods out at their average cost (only stock moves);
- a journal that reverses the GST credit taken on those goods. IGST or CGST + SGST is chosen from the item's latest purchase. This reversal shows in GSTR-3B table 4(B)(1).

EXAMPLE

Shree Ganesh Traders finds 10 cartons damaged by rain. Average cost ₹1,000 each, GST 18% was taken as credit on a purchase inside the state. Stock out: ₹10,000. Credit to reverse: ₹1,800 (CGST ₹900 + SGST ₹900).

Account	Dr ₹	Cr ₹
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))	1,800	
CGST		900
SGST		900

The ₹10,000 of stock is not a ledger entry: it simply lowers the closing stock, and so the profit.

Ledger	Group (head)	Where it shows	Made when
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))	Indirect Expenses	P&L: Indirect Expenses	The first time you use Goods out with GST credit to reverse
CGST, SGST (or UTGST), IGST	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities	Ready in every new company (GST Cess is made when first used)

If the business has no GSTIN or is a composition dealer, there is no credit to reverse and only the stock moves. Confirm with your Chartered Accountant for your case.

Stock ageing

The tab **Stock ageing** (address `#/stock/ageing`) shows how long the goods in hand have been lying. Choose **As on**. The software assumes first in, first out: what is left is what you bought last. Goods are put in buckets of 0–30, 31–60, 61–90, 91–180 and more than 180 days, with their value. Old buckets mean money stuck in stock. Reports › **Slow and non-moving stock** lists goods lying unsold.

How your stock value is worked out

Taxonomics values stock at the **moving weighted average cost** — the average price you paid, worked out again each time goods come in. It never uses the sale price.

- When goods come in (opening stock, purchase, goods made), the new average = total value in hand ÷ total quantity in hand.
- When goods go out (sale, issue, goods out), they leave at the current average. The average does not change.
- Closing value = closing quantity × average cost. In Reports › **Stock Summary**, "Avg cost" × closing quantity = "Value".

EXAMPLE

Kavya Textiles LLP has an item "Cotton shirt".

Step	Qty in hand	Value ₹	Average ₹
Opening 10 @ ₹100	10	1,000	100
Buy 10 @ ₹120	20	2,200	110
Sell 5 (out at ₹110)	15	1,650	110
Buy 5 @ ₹130	20	2,300	115

Closing stock = 20 × ₹115 = ₹2,300.

Goods made in a stock journal are valued at what the materials really cost that day (their moving average) plus the processing cost, less any by-products. So a purchase entered later with an older date also corrects the value of goods made from it. An item with minus stock is valued at nil unless you switched on **Count minus stock in closing stock**. If a value looks wrong, check the purchase rates on the bills and the item's **Opening rate (₹ / unit)**.

Closing stock is not a ledger you post to. The software adds it to the P&L (as closing stock) and shows it in the Balance Sheet under Current Assets.

REMEMBER

- Enter opening stock at cost price, once per item.
- Switch on only the stock features you need in More › Stock features.
- Minus stock only alerts — unless you turn on "Never let stock go below zero". Fix it by entering the missing purchase.
- Stock journal moves goods, not money; godown transfers change only the place.
- Damaged goods, samples, gifts and own use go through Goods out, which also reverses the GST credit.
- Stock is valued at the moving weighted average cost.

CHAPTER 12

Manufacturing: Recipes, Production and Job Work

If you make or process goods, Taxonomics can keep the recipe of each product, tell you what to buy, move raw material into finished goods at the right cost, follow work in progress, and track goods sent to job workers for the ITC-04 return. This chapter walks through each step with one example factory.

First: tell the software you make goods

The manufacturing pages stay out of the menus until they are needed. Open `More › Settings`, find **Features you use** and tick **We make or process goods**. This shows **Recipes (BOM)**, **Production orders**, **Job work · ITC-04** (for a GST-registered business) and the report **Recovery by lot**. Once you have a recipe, a production order or a job-work challan, the pages show by themselves.

All the examples in this chapter use an invented furniture maker, **Shree Ganesh Furniture Works**, which makes a "Standard 4 ft table".

Recipes (BOM)

A recipe, also called a **bill of materials (BOM)**, says which raw materials make one batch of a finished item, how much is normally wasted, and what labour or job charges are spent. A recipe only plans: it never moves stock by itself. The stock journal it fills is what moves the stock, so changing a recipe later never changes an entry already saved.

Make a recipe

1. Open `More › Recipes (BOM)` and press **New recipe** (you can also **Start from a copy of** another recipe).
2. In **Finished item (what you make)** choose the item, for example "Standard 4 ft table". Fill how many **One batch makes**.
3. Under raw materials press **Add raw material** for each part: the item, its **Qty** for one batch and the normal **Wastage %**. For a long list, use **Paste from Excel**: three columns — item name (or barcode), quantity for one batch, wastage % (optional).
4. Under **Labour and other costs** press **Add a cost** and type labour, power or job charges for one batch.

5. Under **Scrap / by-products from one batch** press **Add scrap / by-product** for what comes out besides the main item (cuttings, dust, a second-grade piece). Give its quantity and **Value of one unit ₹** (leave blank to use its average cost).
6. Press **Save**.

The **Cost summary** shows the material cost, labour, less scrap value, the cost of one unit today and the margin at the sale rate. Each raw material shows its share of the cost, so you can see where the money goes. One item can have only one active recipe; to keep an old one without using it, tick **Switch this recipe off (keep it, do not use it)**.

EXAMPLE

One batch makes 1 table.

Line	Qty	Rate ₹	Cost ₹
Wooden plank (wastage 5%)	4 + 5% = 4.2	1,000	4,200
Screws (packet)	1	300	300
Labour			1,600
Less: wood cuttings (by-product)	2 kg	50	−100
Cost of one table			**6,000**

Material issued = recipe quantity × number of batches × (1 + wastage).

Why wastage, labour and by-products matter

- **Wastage**: the normal loss is issued with the raw material, so the finished goods carry its cost.
- **Labour and other costs** are part of the cost of the goods made, as the accounting standard on inventories (AS 2) asks. No ledger entry is made for them: your wages are already in the P&L when you pay them; the closing stock simply carries their share.
- **By-products** go into stock at their own value, and that value comes off the main item's cost. They can never be worth more than what went in.

Plan a production and the material plan

In the recipe, the section **Plan a production** answers two questions: how many can I make with my stock, and what must I buy?

1. Type **How many to make**.
2. The table shows each raw material **Needed**, **In stock** and **Short**. The line **Stock on hand can make** gives the number you can make now.

3. If a part has its own active recipe (a **sub-assembly**, for example a "Table top" that you also make), the plan is multi-level: the stock of that part is used first, and only the shortfall is broken into its own raw materials (**Made in-house from its own recipe**, **make first**).

4. The line **To buy** lists the raw materials to purchase, added up across all levels.

5. Press **Make a purchase order for these**. A purchase order opens with those items and quantities filled in (the supplier is filled when all the items have the same preferred supplier).

> **TIP**
> A purchase order is not an entry in the books. When the goods arrive, enter the supplier's bill in **Bought Goods**.

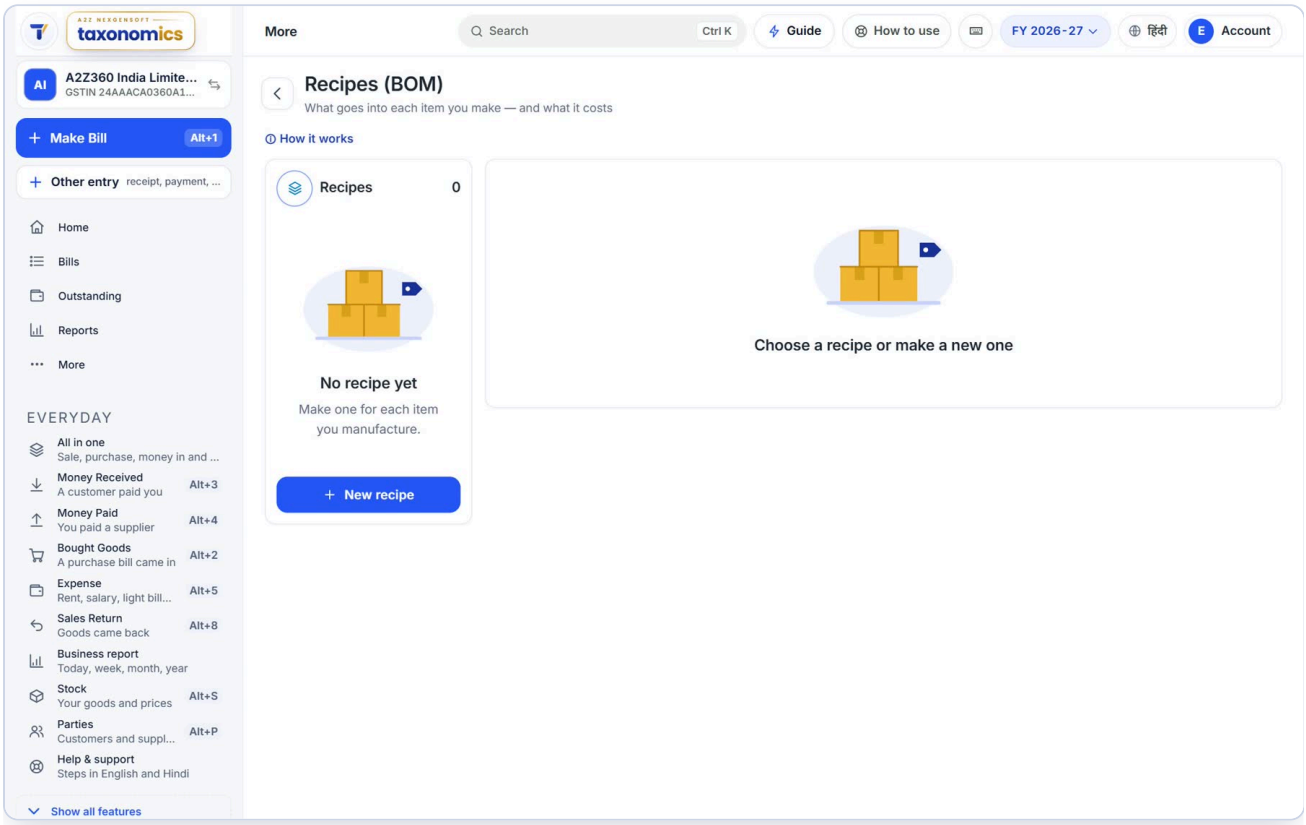

Figure 12.1 — Recipes (BOM): raw materials with their share of the cost, labour, scrap and the cost card.

Making goods through a stock journal

For a quick, one-step production, use the stock journal.

1. In the recipe press **Make now**, or open **More › Stock journal** and use the card **Make from a recipe (BOM)**.

2. Choose the **Recipe** and type **How many to make**. The line **Stock on hand can make** warns you if raw material is short.

3. Press **Fill from recipe**. "What went in" is filled with the raw materials at their average cost; "What came out" is filled with the finished goods (and any by-products) at full cost, including the labour of the recipe.
4. Check and press **Save**.

> **EXAMPLE**
> Making 10 tables: 42 planks (₹42,000) and 10 packets of screws (₹3,000) go out of stock. Labour of 10 batches is ₹16,000. 20 kg of wood cuttings come into stock at ₹1,000. 10 tables come into stock at ₹42,000 + ₹3,000 + ₹16,000 − ₹1,000 = ₹60,000, that is ₹6,000 each. No ledger amount is posted; the stock value moves from raw material to finished goods.

Production orders and work in progress

When making takes days, use a production order. It has three steps: **Plan → issue materials (work in progress) → finish**. Open `More › Production orders`.

1. Press **New production order**. Choose the **Recipe (item to make)**, type **Quantity to make**, the **Date** and **Due by**, and press **Save**. The order gets a number such as MO-0001.
2. When the materials go to the shop floor, press **Issue materials**. If stock is short the software asks whether to issue anyway.
3. When the goods are ready, press **Finish**, type the **Quantity really made** (it may differ from the plan) and press **Save**.

The WIP item

Work in progress (WIP) is goods that are started but not finished. When you issue materials, the software makes a stock item of its own called **"WIP — name of the product"** (for example "WIP — Standard 4 ft table") in the category **Work in progress**. The materials go out of stock and the WIP item comes in at their cost. On finishing, the WIP item goes out and the finished goods come in, with the labour of the recipe added and the by-products taken off.

Each step is a stock journal, so the stock value and the audit trail follow by themselves. WIP is counted in the closing stock (shown under Current Assets), as AS 2 asks.

Ledger / item	Group (head)	Where it shows	Made when
Stock item "WIP — *product*" (not a ledger)	Item category: Work in progress	Closing stock — Balance Sheet: Current Assets	The first time a production order of that product issues materials

No new ledger is made by recipes, stock journals or production orders.

The production report

The tab **Production report** lists every finished order with **Planned**, **Made** and **Yield** (made ÷ planned), **Material by recipe** (what the recipe allows for what was made) against **Material issued**, the difference **More (+) / less (−) used**, and the **Cost of one unit**.

> **EXAMPLE**
> MO-0001 planned 10 tables, 9 were made: yield 90%. The recipe allows ₹40,500 of material for 9 tables but ₹45,000 was issued: ₹4,500 more used. Look for the reason — waste, theft or a wrong recipe.

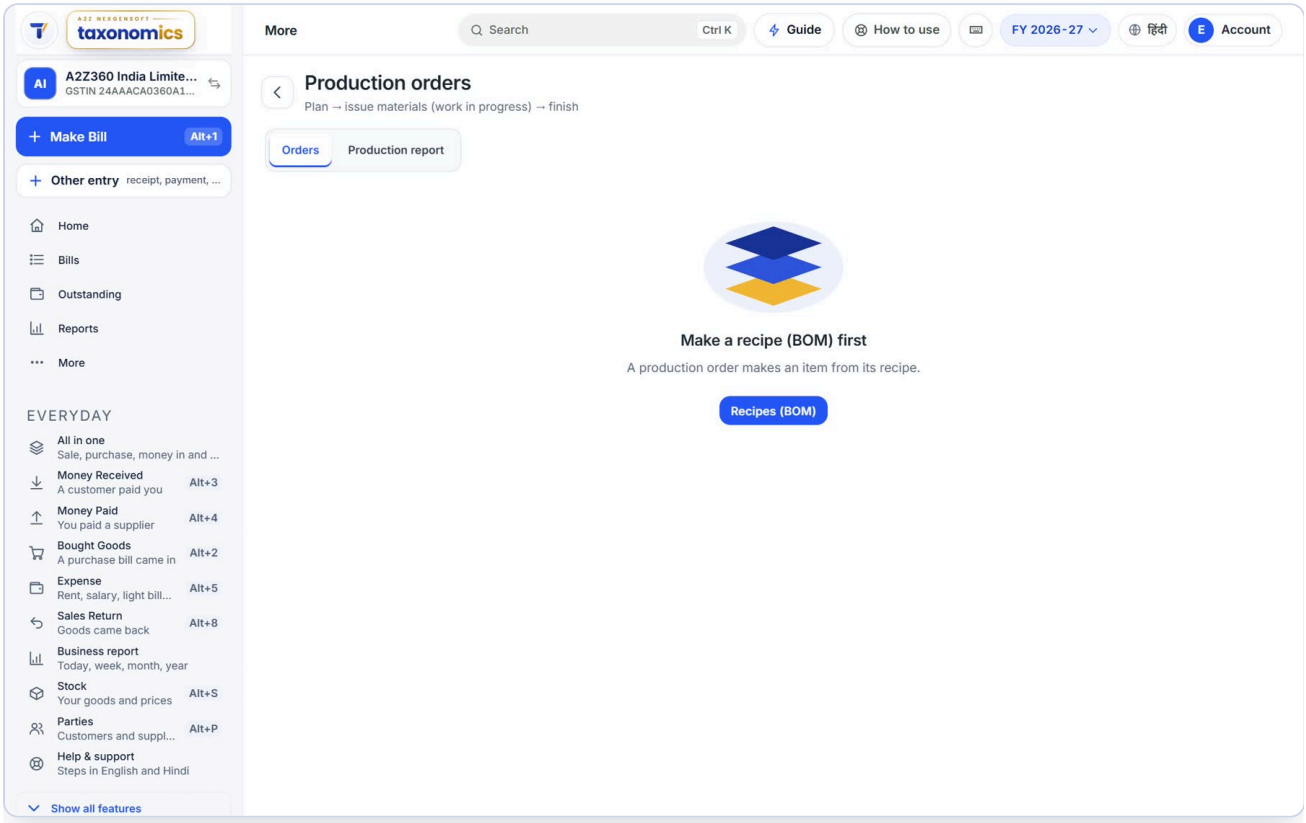

Figure 12.2 — Production orders: plan, issue materials and finish, with the production report tab.

FEFO: first expiry, first out

If a raw material is kept in batches with expiry (Stock features › **Batch number & expiry**, and the item ticked), a production from a recipe issues the batch that expires first. When one batch is not enough, it takes the rest from the next batch. This is called FEFO (first expiry, first out). It works both in the stock journal and in production orders.

Job work

Job work means sending your goods to another person (the job worker) to do some work on them — cutting, polishing, stitching — and getting them back. The goods remain yours. The GST law (CGST Act section 143) lets you send them without paying GST, if they come back in time:

- inputs (raw material) within **1 year**;
- capital goods (moulds, dies, jigs, tools) within **3 years**.

If not, they are treated as supplied by you on the day they were sent: a tax invoice is due, with GST and interest.

Send goods

1. Open **More › Orders & quotations** › tab **Delivery challans** › **New delivery challan**.
2. Choose the job worker and the items. In **Reason (GST rule 55)** choose **Job work**. No GST is shown and the paper says the goods are not for sale.
3. Fill **Vehicle no.** and **Transporter** and save. Goods above ₹50,000 moving by vehicle usually need an e-way bill even on a challan.

Follow and receive the goods

1. Open **More › Job work · ITC-04**. The tab **With job workers** shows each challan line: **Sent**, **Back**, **Sent on**, **Sold there**, **Waste** and what is still **With job worker**, with the date they must be back by.
2. When goods come back, press **Record goods back / sent on** on the challan. In **What happened** choose: Came back from the job worker, Sent on to another job worker, or Sold from the job worker's place.
3. Type the **Job worker's challan no.** (or **Invoice no.** for goods sold there), the **Work done** (for example "Machining"), the quantity and any **Waste / loss**, and press **Save**.

A red box **Past the time limit** lists lines that are with the job worker for more than 1 year (inputs) or 3 years (capital goods).

> **CAREFUL**
> Goods on a job-work challan stay in your stock; "goods back" does not move stock. When the processed goods come back as another item (for example rough planks back as polished planks), make a stock journal or a production from a recipe. Enter the job worker's bill for his charges as a purchase in **Bought Goods**.

ITC-04

ITC-04 is the GST return of goods sent to and received from job workers. The tab **ITC-04** gives the tables from your challans for the **Period** you choose:

- **Table 4 — goods sent to job workers**
- **Table 5A — received back**
- **Table 5B — sent on to another job worker**

- **Table 5C — sold from the job worker's place**

Press **Excel for the GST offline tool** and copy the rows into the government offline tool. This Excel is not an upload file (JSON). The screen shows the date to file by: yearly by 25 April if last year's turnover was up to ₹5 crore, else every half-year (April–September by 25 October, October–March by 25 April), under rule 45(3).

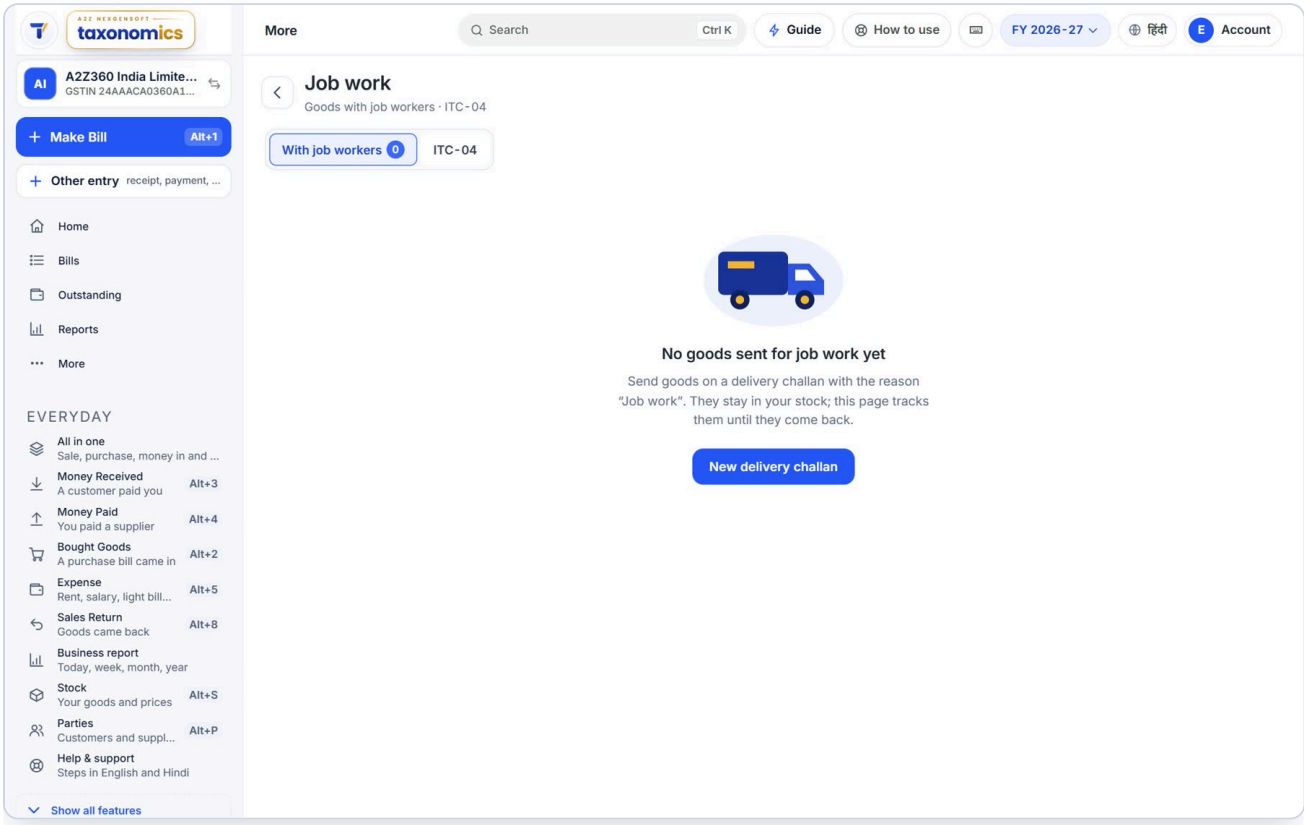

Figure 12.3 — Job work · ITC-04: goods with job workers and the date each line must come back.

THE LAW

Job work: CGST Act section 143 and rule 45; challan: rule 55; ITC-04: rule 45(3). Confirm with your Chartered Accountant for your case.

REMEMBER

- Tick "We make or process goods" in Settings › Features you use.
- A recipe (BOM) holds raw materials, wastage, labour and by-products; it plans, the stock journal moves.
- Plan a production shows what is short and makes a purchase order for it.
- Production orders move materials into a "WIP — product" stock item, then into finished goods; the production report shows yield and extra material used.
- Job-work goods stay in your stock; bring inputs back within 1 year and capital goods within 3 years; ITC-04 comes as an Excel.

PART 4

GST, TDS and TCS

Returns, e-invoice, e-way bill and every special case.

CHAPTER 13

GST in the Software: From the Bill to the Return

GST is worked out on every bill as you make it. In this chapter you will learn where your GST details are kept, how rates and HSN codes work, how each bill finds its place in GSTR-1, how to read the GSTR-1 and GSTR-3B screens, how the set-off of credit is posted, how to match GSTR-2B, and what you must do yourself on the GST portal.

> **CAREFUL**
> Taxonomics is not a GSP (GST Suvidha Provider) and does not file returns. It prepares the figures and the files; you log in to gst.gov.in yourself, upload or type them, pay and file. Never give your GST portal password to any software.

A few words first

- **GSTIN** — your 15-character GST number. The first 2 digits are your State code, the next 10 your PAN.
- **Output tax** — GST you charge on sales. **Input tax credit (ITC)** — GST you paid on purchases, which you can use to pay your output tax.
- **CGST + SGST** — charged when the buyer is in your own State (half and half). **IGST** — charged when the buyer is in another State (the full rate in one piece). In a Union Territory without a legislature, SGST is called **UTGST**.
- **Place of supply** — normally the buyer's State. It decides CGST + SGST or IGST.
- **Dr / Cr** — in journal tables, Debit is the left money column and Credit the right.

Your GST registration details

Open **More › Settings**.

1. At **Is your business registered under GST?** choose **Yes, I have a GSTIN**. (If you choose **No, not registered**, GST pages stay hidden; type a GSTIN later and they switch on by themselves.)
2. Type the **GSTIN**. The software checks it for typing mistakes and fills the State and PAN from it.
3. Tick **Composition scheme (Bill of Supply, no GST charged)** only if you are a composition dealer (Chapter 15).

4. Tick **E-invoice applies (turnover above ₹5 crore) — IRN + QR on B2B bills** only if it applies (Chapter 14).
5. For exports without IGST, add your LUT under **Export / LUT › Add LUT** (Chapter 15).
6. Press **Save**.

The **More › Tax setup** page also asks **How do you file GST returns?** — **Every month** or **Every quarter (QRMP)** — and, for QRMP, **Do you upload B2B bills of the first two months through IFF (by the 13th)?**. Due dates and the set-off follow your answer.

GST rates and HSN codes

Each item carries its own GST rate and code. Open **Stock** › the item › **Edit**:

- **HSN code** (for goods) or **SAC code** (for services, starting with 99): 4 digits if your turnover is up to ₹5 crore, else 6. The software accepts 4, 6 or 8 digits.
- **GST %**: the rate. The rates offered are those in force after 22 September 2025: 0, 0.1, 0.25, 1.5, 3, 5, 18 and 40%. Old rates (12%, 28% and others) remain only for old bills.
- **Unit (UQC)**: the unit code the GST portal uses (NOS, KGS, BOX…).

On **Make Bill**, after you pick the customer, the line under the name says "Same state (CGST + SGST)" or shows the other State. The tax is worked out line by line.

EXAMPLE

Shree Ganesh Traders (Gujarat) sells goods of ₹1,00,000 at 18%.

Buyer	Tax	Bill total
In Gujarat	CGST ₹9,000 + SGST ₹9,000	₹1,18,000
In Maharashtra	IGST ₹18,000	₹1,18,000

If the wrong tax comes, the party's State is wrong: open the party (**More › Customers & Suppliers** › the party › **Edit**) and correct the GSTIN or State. To change the place of supply on one bill, open "More details (place of supply, due date, transport…)" on the bill.

The GST ledgers and their heads

Taxonomics keeps **one ledger for each GST head**, like the GST portal. Input tax is debited and output tax is credited to the same ledger. So at any time:

- a **credit (Cr) balance** is tax still payable;
- a **debit (Dr) balance** is credit carried forward (your Electronic Credit Ledger).

There are no separate "Input CGST" and "Output CGST" ledgers. (Books from very old versions that had them are merged into one ledger per head.)

Ledger	Group (head)	Where it shows	Made when
CGST	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities	Ready in every new company
SGST (named UTGST in a Union Territory)	Duties & Taxes	Balance Sheet: Current Liabilities	Ready in every new company
IGST	Duties & Taxes	Balance Sheet: Current Liabilities	Ready in every new company
GST Cess	Duties & Taxes	Balance Sheet: Current Liabilities	The first bill with a cess rate
GST Cash Ledger — IGST / CGST / SGST / Cess	GST Electronic Cash Ledger (a group under Current Assets)	Balance Sheet: Current Assets	The first time you record a deposit (PMT-06) for that head

EXAMPLE

A sale of ₹1,00,000 + 18% inside the State, on credit to Kavya Textiles LLP:

Account	Dr ₹	Cr ₹
Kavya Textiles LLP	1,18,000	
Sales		1,00,000
CGST		9,000
SGST		9,000

A purchase of ₹50,000 + 18% inside the State debits CGST ₹4,500 and SGST ₹4,500. The CGST ledger then shows Cr ₹4,500 — tax still payable.

How a bill finds its GSTR-1 table: the "GST return" chip

GSTR-1 is the return of your sales. Every bill falls in one table by three things: does the customer have a GSTIN, is the customer in your State, and how big is the bill. Open any saved bill and tap the **GST return** chip. It shows **Where this bill goes in the GST returns**: the GSTR-1 table, the reason in plain words, and the GSTR-3B row it feeds, with **Open GSTR-1** and **Open GSTR-3B** buttons. A purchase shows **Not in GSTR-1**.

The bill	GSTR-1 table

Customer has a GSTIN (and supplies to an SEZ unit)	4A, 4B, 6B, 6C — "B2B, SEZ, DE Invoices", bill by bill
No GSTIN, other State, invoice above ₹1 lakh (₹2.5 lakh for bills up to 31 July 2024)	5 — "B2C (Large) Invoices", bill by bill
Any other sale to a customer without GSTIN	7 — "B2C (Others)", one total per State and rate
Export	6A — "Exports Invoices"
Lines at 0% (nil rated, exempt, non-GST)	8 — "Nil Rated Supplies"
Credit note to a customer with GSTIN	9B — "Credit / Debit Notes (Registered)"
Credit note against a B2C Large or export invoice	9B — "Credit / Debit Notes (Unregistered)"; against a small B2C sale it only reduces table 7
Advance for a service, before the invoice / adjusted later	11A / 11B
Every sale again by HSN; bill numbers	12 (HSN summary, B2B and B2C apart); 13 (Documents Issued)
Sales through Amazon, Flipkart, Meesho…	14 — "Supplies made through ECO"

To print the whole chart: **Reports › GST & tax — more tools › Which bill goes in which table?** › **Print**.

The GSTR-1 screen

1. Open Reports › **GSTR-1**. Set "From" and "To" to the month (or the quarter if you file quarterly). The screen shows the date to **File by**.
2. **GSTR-1 at a glance** and **Tables of GSTR-1** are in the order of the GST portal. Tap a table to see **What goes in this table** and the **Bills behind this table**.
3. Clear the list under **Checks before filing**: items marked "Must be corrected — the portal will refuse the file" first, then "Please look once".
4. Press **GSTR-1 JSON**. A file is saved on your device.
5. If you prefer the government offline tool, press **Excel — offline utility format**: one sheet for each sheet of the offline utility, plus a Summary.

The box **Does GSTR-1 agree with GSTR-3B?** compares the two returns and explains every difference. Tables the software does not prepare — deemed exports (6C), table 15, and amendments of advances — are marked **Not prepared here**; fill them on the portal if they apply.

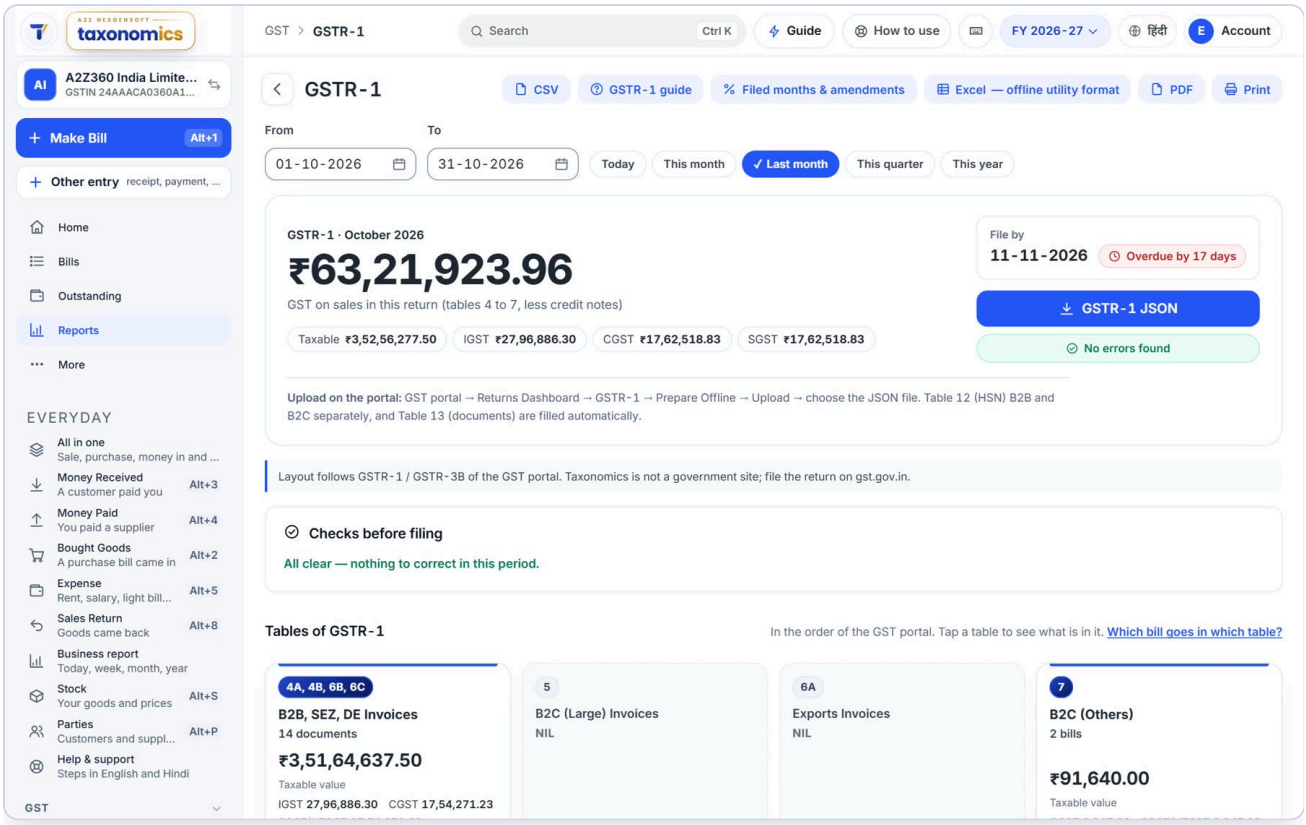

Figure 13.1 — GSTR-1 in the order of the GST portal, with the checks before filing.

Upload GSTR-1 on the portal (you do this)

1. On gst.gov.in log in › Returns Dashboard › choose the year and period › GSTR-1 › Prepare Offline › Upload › choose the JSON file.
2. Wait until the portal shows the file as processed. If it shows an error, download the error report, correct that bill in Taxonomics and upload again.
3. Check that the portal totals match the software, then submit and file with EVC (OTP) or DSC.

The GSTR-3B screen, table by table

GSTR-3B is the summary return in which you pay GST. Open Reports › **GSTR-3B** and set the month. Tap any figure to see the **Entries behind this figure**.

Table	What the software puts there
3.1 (a)	Outward taxable supplies (other than zero rated, nil rated and exempted)
3.1 (b)	Zero rated supplies: exports and SEZ
3.1 (c)	Nil rated and exempted supplies
3.1 (d)	Inward supplies liable to reverse charge — your purchases under RCM
3.1 (e)	Non-GST outward supplies

3.1.1	Supplies through an e-commerce operator under section 9(5) — left blank by the software; fill on the portal if it applies
3.2	Inter-State supplies to unregistered persons, State-wise (supplies to composition dealers and UIN holders are not tracked — enter them on the portal)
4(A)	ITC available: (1) import of goods, (2) import of services, (3) reverse charge, (5) all other ITC
4(B)	ITC reversed: (1) rules 38, 42, 43 and section 17(5) — for example goods out and exempt sales; (2) others — for example rule 37
4(C), 4(D)	Net ITC; ITC reclaimed that was reversed earlier
5	Inward supplies from composition suppliers, exempt, nil rated and non-GST
5.1	Interest and late fee — worked out by the portal; nothing to enter from the books
6.1	Payment of tax: how much is paid through ITC and how much in cash, head by head

Under the tables, **How the input credit was used, step by step** (**Set-off steps**) shows the order of use. The order is fixed by law (section 49, 49A and rule 88A):

1. IGST credit pays IGST first; what is left pays CGST and SGST. IGST credit must be used up before CGST or SGST credit.
2. CGST credit pays CGST, then IGST. SGST credit pays SGST, then IGST.
3. CGST credit never pays SGST, and SGST credit never pays CGST. Cess credit pays only cess.
4. Reverse-charge tax, interest and late fee are paid in cash only.

Press **Excel** for the return in its layout. On the portal, most of 3.1 and 3.2 comes filled from your GSTR-1 — compare it with the software. Before claiming table 4, match it with GSTR-2B.

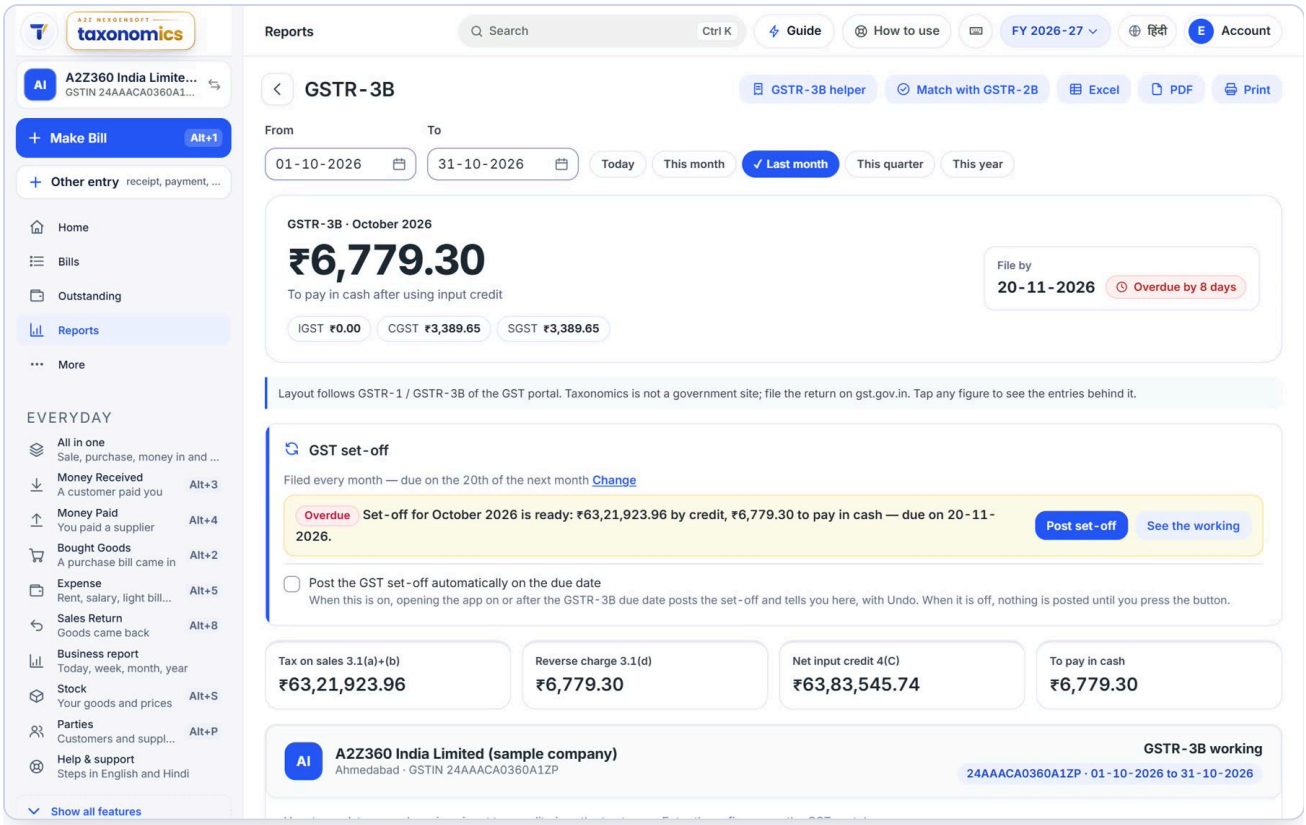

Figure 13.2 — GSTR-3B with every table and the set-off steps.

The set-off of credit

Each month (or quarter) the credit must be used against the tax and the rest paid in cash. In the books this is one journal, the **GST set-off**. Nothing is posted in the background: you see a card **GST set-off** on Home, on the GST pages, on **GST ledgers** and on GSTR-3B.

Monthly or QRMP

The first time, the card asks **How do you file GSTR-3B? — Every month** or **Every quarter (QRMP)**. You can change it any time with **Change**.

- **Monthly**: one set-off per month. GSTR-1 by the 11th, GSTR-3B by the 20th of the next month.
- **QRMP** (allowed when turnover is up to ₹5 crore): one set-off per quarter, with the quarterly GSTR-3B (22nd or 24th after the quarter, by State). In the first two months, tax is deposited through challan PMT-06 by the 25th of the next month. For those months the GSTR-1 screen shows **QRMP: IFF (optional) by** the 13th. IFF (Invoice Furnishing Facility) lets you report B2B bills of the first two months early. The software shows the date; there is no separate IFF file — enter or upload those B2B bills on the portal yourself.

Ready, posted and later changes

1. After the period ends, the card says the set-off is ready. Press **See the working** to check it.

2. Make the challan on the portal (Services › Payments › Create challan) and pay it. Then press **Record the cash paid (challan)** (on **GST ledgers**: **Deposit cash (PMT-06)**), fill the date, **Paid from** and the IGST / CGST / SGST amounts, and **Save deposit**.
3. Press **Post set-off**. The card then says "Set-off is up to date. Nothing to post." **Undo** takes it back.
4. If you change a bill of that period afterwards, the card offers **Redo set-off**. A locked period is never changed.
5. If you filed a different split of IGST credit on the portal, use **Filed a different split of IGST credit?** and type it.

The switch **Post the GST set-off automatically on the due date**: when on, opening the app on or after the GSTR-3B due date posts the set-off and tells you, with Undo. When off, nothing is posted until you press the button.

EXAMPLE

For May, output CGST ₹9,000 and SGST ₹9,000; input CGST ₹4,000 and SGST ₹4,000. Credit pays ₹4,000 of each; ₹5,000 of each is paid in cash.
Deposit (PMT-06):

Account	Dr ₹	Cr ₹
GST Cash Ledger — CGST	5,000	
GST Cash Ledger — SGST	5,000	
Bank		10,000

Set-off (the cash used to pay the tax):

Account	Dr ₹	Cr ₹
CGST	5,000	
SGST	5,000	
GST Cash Ledger — CGST		5,000
GST Cash Ledger — SGST		5,000

After this the CGST and SGST ledgers are nil for May. When IGST credit is used for CGST or SGST, the same entry also moves credit between the head ledgers.

Reports › GST ledgers shows, for the **Return period**, the **Electronic Credit Ledger**, the **Electronic Cash Ledger**, **Payment of tax (GSTR-3B table 6.1)** and **Tax still payable**. Match these with the portal (Services › Ledgers). **Re-run set-off** makes the entries again after you change bills.

GSTR-2B reconciliation

GSTR-2B is the portal's monthly list of the credit you can take. You get credit only for bills your supplier has reported in his GSTR-1 with your GSTIN.

1. On the portal: Returns Dashboard › choose the month › GSTR-2B › Download › Generate JSON. Save the file.
2. In the software: Reports › **GSTR-2B reconciliation (ITC)** › choose the file under **GSTR-2B JSON (or zip)**.
3. **Matched** = fine. **Mismatch** = amount, date or number differs — open the bill and correct your entry if your typing was wrong.
4. **In books, not in 2B** = the supplier has not reported the bill. Press **WhatsApp supplier** to remind him. Until he does, this credit is at risk.
5. **In 2B, not in books** = a purchase bill you may have forgotten. Enter it in **Bought Goods**.

> **TIP**
> For a bill under "In books, not in 2B", first check your own entry: is the supplier's bill number and date exactly as on his bill, and is his GSTIN right?

Mark a month as filed

After you file GSTR-1 on the portal, tell the software, so a filed month is never changed silently.

1. Open **Reports › GSTR-1 — filed months & more tables**. Choose the month.
2. Press **Mark *month* as filed** and confirm.
3. Later, if a bill of that month is changed or a missed bill is entered, the same page shows **Changes after filing** for the next return, as amendments (tables 9A, 9C, 10). Press **Excel** and enter them on the portal.
4. A bill of a filed month cannot be deleted. A bill that was filed and then cancelled cannot be withdrawn — make a credit note for it.

The same page has table 8 (nil, exempt and non-GST sales) and table 14 (sales through e-commerce operators). After filing, you can also lock the books: **More › Settings › Lock books up to**.

What you do yourself on gst.gov.in

Task	From the software	On the portal (by you)
GSTR-1	JSON or Excel, checks	Prepare Offline › Upload, check, file with EVC / DSC
GSTR-3B	Figures of every table, Excel	Type / compare the figures, offset liability, file
Tax payment	Cash needed per head	Create challan (PMT-06) and pay; then record it in the software
GSTR-2B	Matching	Download the JSON
IFF (QRMP)	Due date	Report B2B bills of months 1 and 2

A GSTR-3B upload file is not made, because its layout is not published; use the Excel. The government sometimes extends a due date; the software knows only the usual dates.

THE LAW

Credit use: CGST Act sections 49 and 49A, rule 88A. Returns: GSTR-1 (section 37), GSTR-3B (section 39). Confirm with your Chartered Accountant for your case.

REMEMBER

- One ledger per GST head under Duties & Taxes: Cr balance = tax payable, Dr balance = credit carried forward.
- The "GST return" chip on every bill tells you its GSTR-1 table and GSTR-3B row.
- GSTR-1: clear the checks, make the JSON, upload it on the portal yourself.
- Record the PMT-06 deposit, then post the GST set-off; redo it after changing bills.
- Match GSTR-2B every month before taking credit.
- Mark each month as filed; later changes come out as amendments.

CHAPTER 14

E-invoice and E-way Bill

Some bills must also be reported on a government portal: the e-invoice (to get an IRN and QR code) and the e-way bill (to move goods). In this chapter you will learn when each one applies, the free daily routine — make one file in Taxonomics, upload it on the portal yourself, bring the numbers back — and how the e-way bill register helps you watch validity.

Two different things

	E-invoice	E-way bill
What it is	Registering a B2B bill on the e-invoice portal (IRP). You get an IRN (Invoice Reference Number, 64 characters), an acknowledgement and a signed QR code.	A document for moving goods by vehicle, made on the e-way bill portal, with a number and a validity.
When	Your turnover crossed ₹5 crore in any year since 2017–18. Then every B2B bill, export bill and credit / debit note to a registered customer needs it. B2C bills do not.	Goods are moved and their value is, generally, above ₹50,000 (goods with their tax; service lines are left out).
Portal	einvoice1.gst.gov.in	ewaybillgst.gov.in

TIP

Some States have a different limit for movement inside the State, and a few goods are exempt. When the GST rules file gives a State's own limit, the software uses it for bills inside that State. Check your State's rule once.

CAREFUL

Taxonomics does not log in to any portal for you. You log in yourself, upload the file and type any OTP. Never give your portal password to the software.

E-invoice

Switch it on

1. Open **More › Settings** and tick **E-invoice applies (turnover above ₹5 crore) — IRN + QR on B2B bills**. Press **Save**.
2. Make your bills as usual.

Until it is ticked, the E-invoice page says that e-invoice is off.

The daily routine

1. Open Reports › **E-invoice (IRN)**. Set the dates. B2B bills and credit notes to customers with a GSTIN are listed. A bill marked "Details incomplete (open the bill)" must be corrected first.
2. Tick the bills and press **Bulk JSON**. One file is saved for all of them.
3. On einvoice1.gst.gov.in log in › e-Invoice › Bulk Upload › upload this file.
4. The portal gives a result file with the IRN, Ack no., Ack date and signed QR of every bill. Back in the software, under **Bring the IRNs back from the portal**, press **Choose response file** (or paste its text in **Paste the response here**) and press **Save IRNs**.
5. Each IRN is saved on its bill, and the IRN and QR code print on the bill.

For one bill you can also open the bill and type the **IRN**, **Ack No.**, **Ack Date** and **Signed QR code (copy from the portal and paste)** by hand.

> **CAREFUL**
> Make the e-invoice on the day of the bill. For businesses with turnover of ₹10 crore and above, the portal refuses a bill older than 30 days. A bill that carries an IRN cannot have its date, number, party, items or amounts changed: cancel the e-invoice on the portal first (allowed within 24 hours), or make a credit note. Such a bill cannot be deleted in the software either until the e-invoice is cancelled.

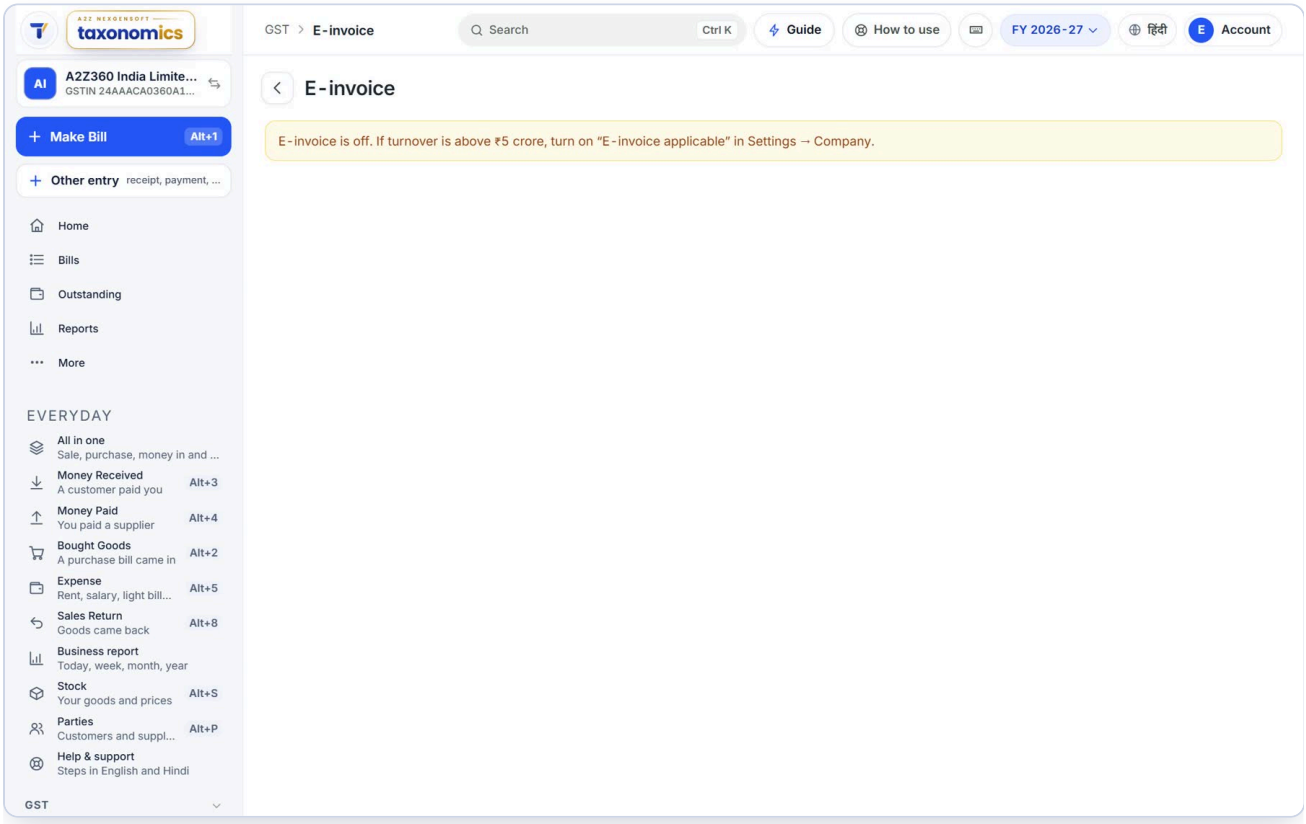

Figure 14.1 — E-invoice (IRN): tick the B2B bills, make one bulk file, then bring the IRNs back.

E-way bill

The box on the bill

When you make a sales bill for goods, a small box on **Make Bill** asks about the e-way bill:

- **Goods above the limit** — the box says "E-way bill needed — goods above ₹50,000" and asks **Vehicle no.**, **Distance (km)** and **Transporter ID (if any)** right there. After saving, the bill is in the day's e-way bill file.
- **Goods below the limit** — the box asks "Is an e-way bill to be made for this bill?" Answer **Yes, make it** (for example for a movement where your State asks for one) or **No**. Exempt goods can be marked **Not needed (exempt goods)**.

When a new bill still needs an e-invoice or an e-way bill, the bill's page shows **Files for the GST portals**: the **E-invoice JSON** (upload first) and the **E-way bill JSON** for that one bill, with **Open portal** links.

Transporter and vehicle details

Open the saved bill to see the full e-way bill form:

Field	What to type
Mode	Road, Rail, Air or Ship
Vehicle no. and **Vehicle type**	For example MH12AB1234; Regular or Over-dimensional cargo
Distance (km)	0 = the portal works it out from the PIN codes
Transporter name, **Transporter ID (GSTIN/TRANSIN)**	When a transporter carries the goods
LR / RR / Doc no., **Doc date**	The transporter's lorry receipt number and its date (not the bill date)
Document type	Tax invoice for a normal sale; delivery challan for job work or a branch transfer
E-way bill no. from the portal, **E-way bill date**, **Valid up to**	12 digits — printed on the bill; filled for you when you bring the result back

The free daily routine: one file for the day

Open Reports › **E-way bill** (also **More › E-way bill**). The page shows four steps at the top:

1. Type the vehicle no. and distance of each bill in the list (the boxes save when you leave them). A bill shows **Ready** or **Fill vehicle / transport**.

2. Press **Select all ready**, then **Make the file** (or **Bulk JSON** at the top). One file is saved for all the ticked bills.

3. Press **Open the e-way bill portal**. On ewaybillgst.gov.in log in › e-Waybill › Generate Bulk › upload the file.

4. Copy the portal's result table (Ctrl + A, Ctrl + C) and paste it in the box **Put the e-way bill numbers on the bills**, or press **Choose the result file** (Excel, CSV or JSON). The software matches each line to its bill. Press **Save numbers on *n* bills**.

The e-way bill number, date and validity are now on every bill and print on it. A bill the portal refused is listed with the portal's reason.

> **EXAMPLE**
> Shree Ganesh Traders makes six goods bills today, three of them above ₹50,000. At 6 pm the clerk types the vehicle numbers, presses "Select all ready (3)" and "Make the file (3)", uploads one file on the portal, pastes the result back, and all three bills now carry their e-way bill numbers.

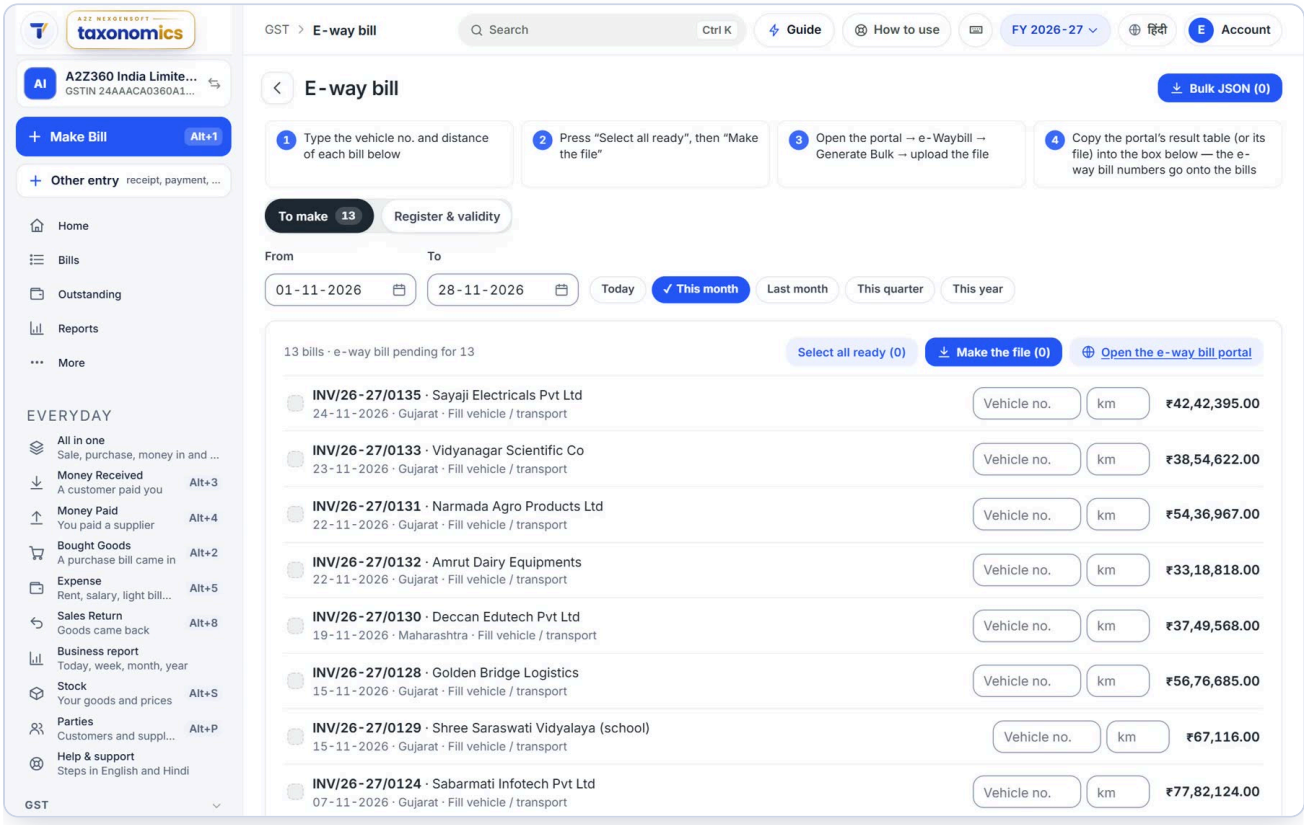

Figure 14.2 — E-way bill: the four steps, the bills to make, and the box for the portal's result.

The e-way bill register

The tab **Register & validity** lists the **E-way bills made** in the period, with bill, party, e-way bill number and vehicle, **Valid up to** and a status: Valid, Ends today / tomorrow, Validity over, or Part A only — vehicle to be filled. Press **Excel** for the register.

Validity is one day for every 200 km (20 km for over-dimensional cargo), up to midnight. If the goods have not reached, extend the validity on the portal within 8 hours before or after it ends.

The automatic route through a GSP

A GSP (GST Suvidha Provider) is a company licensed to connect software to the government's e-way bill system, usually for a fee. Taxonomics has the inside part ready for making e-way bills through a GSP when a bill is saved, but **no GSP is connected**. Until one is connected, nothing of it shows and nothing happens automatically: use the daily file routine above. The software never makes up an e-way bill number. The e-way bill page itself says that generating directly from the app needs a GSP connection.

Ledgers: e-invoice and e-way bills do not make any ledger or change any amount in the books. They only add numbers to the bill.

> **THE LAW**
> E-invoice: CGST rule 48(4) and the notifications that set the turnover limit. E-way bill: CGST rule 138. Limits and exemptions can change. Confirm with your Chartered Accountant for your case.

REMEMBER

- E-invoice: only above ₹5 crore turnover, for B2B bills; make it the same day.
- E-way bill: goods worth more than ₹50,000 moving by vehicle (check your State's own limit).
- Daily routine: one bulk file → upload on the portal yourself → paste the result back.
- Watch validity in the register and extend on the portal in time.
- The GSP route is not switched on; no GSP is connected.

CHAPTER 15

Special GST Cases

Most bills follow the normal GST rule. A few do not: reverse charge, the composition scheme, GST TDS on scrap, exports and SEZ supplies, advances for services, late credit notes, unpaid suppliers, and the annual return. This chapter shows how each case is entered in Taxonomics, which ledgers it uses, and what you still do on the portal.

> **THE LAW**
> The rules in this chapter come from the CGST Act and Rules and the notifications named. They change from time to time. Confirm with your Chartered Accountant for your case.

Reverse charge (RCM)

Normally the supplier adds GST to his bill and pays it. In a few listed cases the law turns this round: the supplier charges no GST and you, the buyer, pay it to the government. This is reverse charge (RCM). It does not apply to every purchase from an unregistered person — only to the listed goods and services.

Common cases

- Rent of a shop, office or godown paid to a landlord without a GST number (from 10–10–2024).
- A rented house or flat used for the business (registered tenant).
- Freight paid to a goods transport agency (GTA) that has not charged GST.
- Advocate fees; security guard service from a non-company supplier; director services to a company.
- Metal scrap bought from an unregistered seller (from 1–11–2026 also plastic scrap, tyre scrap, e-waste and used cooking oil).
- Import of services.

Enter an RCM bill

1. Open **Bought Goods** (Alt + 2). Do not enter it as a plain expense.
2. Pick the landlord, transporter or advocate as supplier and add the service line with the amount.
3. Tick **Reverse charge (RCM)** and under **What is this? (notified supply)** choose the case, for example "Renting of commercial property by unregistered landlord" or "Goods Transport Agency (GTA) — freight". The rate is filled for you.

4 Press **Save**. When the supplier has no GSTIN, the software gives the bill a self-invoice number such as RCM/26-27/0001.

EXAMPLE

Shree Ganesh Traders pays shop rent of ₹50,000 to a landlord without GST number. GST at 18% = ₹9,000 (CGST ₹4,500 + SGST ₹4,500), payable by the tenant.

Account	Dr ₹	Cr ₹
Rent	50,000	
Landlord		50,000
CGST (credit)	4,500	
SGST (credit)	4,500	
CGST (tax payable under RCM)		4,500
SGST (tax payable under RCM)		4,500

The landlord is owed only ₹50,000. Because one ledger is kept for each GST head, both sides fall in the same CGST and SGST ledgers. The tax goes to GSTR-3B table 3.1(d) and the credit to table 4(A)(3).

RCM tax is always paid in cash, never from credit. The set-off (Chapter 13) takes care of this. A regular dealer gets the same amount back as credit when the expense is for the business; a composition dealer does not. See all RCM bills in Reports › **TDS · TCS · RCM** › tab **RCM**.

Rent: tell the software once

In **More › Tax setup**, answer **Your shop / office / godown is…** (My own; On rent — landlord has GST number; On rent — landlord has NO GST number; Rented house / flat used for business) and press **Save & apply**. Every month Home then reminds you to enter the rent with RCM until the rent bill is entered.

TIP

If the transporter or landlord has charged GST on his bill, it is a normal purchase — no reverse charge. Composition dealers do not pay RCM on commercial rent to an unregistered landlord (from 16-01-2025); the software refuses that combination.

Composition dealer: CMP-08 and GSTR-4

A composition dealer pays a small fixed percentage of turnover, does not charge GST on the bill and gets no input credit. The bill is called a **Bill of Supply**.

1. More › Settings › tick **Composition scheme (Bill of Supply, no GST charged)**. Choose the **Composition category**: Trader — 1%, Manufacturer — 1%, Restaurant (no alcohol) — 5%, Service provider — 6%. Press **Save**.
2. **Make Bill** now prints a Bill of Supply with no GST columns.
3. Every quarter open Reports › **CMP-08 (Composition)** for the tax to pay, and pay it on the portal by the 18th after the quarter. For a trader the tax is worked on taxable sales; exempt and nil-rated sales count in turnover but carry no composition tax.
4. Once a year open Reports › **GSTR-4 (composition, yearly)**, choose the **Financial year**, check that **Table 5 — summary of CMP-08** agrees with your four CMP-08 statements, press **Excel** and fill the return online on the portal. GSTR-4 is due by 30 June after the year.

The page also gives tables 4A to 4D (purchases from registered and unregistered suppliers, reverse charge, import of services) and table 6 (sales and reverse-charge purchases by rate). A composition dealer does not file GSTR-1, GSTR-3B or GSTR-9.

> **TIP**
> General limits: ₹1.5 crore turnover for traders (lower in some hill and north-eastern States); small service providers up to ₹50 lakh. No sale to another State.

GST TDS (GSTR-7 / 7A) and scrap

GST TDS (section 51) is different from income-tax TDS. A government department, local authority or PSU deducts 2% GST TDS on purchases above ₹2.5 lakh. From 10-10-2024 a registered buyer of **metal scrap** from a registered seller above ₹2.5 lakh must also deduct it. From 1-11-2026 the same duty covers plastic scrap, tyre scrap, e-waste and used cooking oil (Notifications 06/2026-CT and 07/2026-CT — please check on the GST portal).

When you deduct (you file GSTR-7)

1. Take a separate GST TDS registration on the portal. Type it in **GST TDS number** on the GSTR-7 screen and press **Save**.
2. Mark scrap items: on the item, **Scrap?** can stay **Auto (from HSN)** or be set to "Metal scrap (MS, copper, aluminium…)", "Plastic scrap" or "Other scrap / waste".
3. Enter scrap purchases in **Bought Goods** as usual. For metal scrap (HSN 72 to 81) from a registered supplier above ₹2.5 lakh, the 2% is worked out by the software. On other bills tick **Deduct GST TDS 2% (Sec 51 — scrap and waste)**.
4. Open Reports › **GSTR-7 · GST TDS** and choose the month. **Check with books** shows any TDS not yet entered — press **Pass entry**.

5. Press **Excel for offline tool** and copy the rows into sheet "3 TDS" of the government GSTR-7 offline utility (the safer way), or use **GSTR-7 JSON** (its format is not verified).
6. Pay the total from the electronic cash ledger and file GSTR-7 by the 10th of the next month. Each supplier then gets his certificate, GSTR-7A, from the portal.

EXAMPLE

Kavya Metals buys MS scrap of ₹5,00,000 + 18% GST (₹90,000) from a registered seller in the same State. GST TDS 2% on ₹5,00,000 = ₹10,000 (CGST TDS ₹5,000 + SGST TDS ₹5,000). The seller is paid ₹5,90,000 − ₹10,000 = ₹5,80,000; ₹10,000 sits in "GST TDS Payable (Sec 51)" until you deposit it.

When your customer deducts (you claim GSTR-7A)

Enter it on **Money Received › Did the customer deduct TDS / TCS? › GST TDS (Sec 51) · 2%**. It goes to "GST TDS Receivable (Sec 51)". After you accept the credit on the portal, the tab **Deducted by customers · 7A** on the GSTR-7 screen moves it to your GST cash ledger.

Metal scrap bought from an **unregistered** seller is under reverse charge instead (see RCM above).

Ledger	Group (head)	Where it shows	Made when
GST TDS Payable (Sec 51)	Duties & Taxes	Balance Sheet: Current Liabilities	The first purchase on which you deduct GST TDS
GST TDS Receivable (Sec 51)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first receipt where a customer deducted GST TDS
GST TCS Receivable (Sec 52)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first receipt where an e-commerce operator collected GST TCS
GST Cash Ledger — IGST / CGST / SGST	GST Electronic Cash Ledger (under Current Assets)	Balance Sheet: Current Assets	When the GSTR-7A credit is moved to the cash ledger (or on a PMT-06 deposit)

Export, SEZ and LUT

Exports and supplies to SEZ units are **zero-rated**: either you supply under a Letter of Undertaking (LUT) without charging IGST, or you pay IGST and claim it back as a refund.

1. Each year file the LUT (form GST RFD-11) on the portal. In the software: **More › Settings › Export / LUT** › **Add LUT** › type the **LUT ARN**.
2. In **Make Bill** pick the foreign buyer (State "Other Countries (export)") or the SEZ unit. The box **Export / SEZ supply (zero-rated)** turns on.

3. Choose under LUT or with payment of IGST, the invoice currency and the exchange rate; fill **Port code**, **Country code** and **Shipping bill no.** when you have them (they can be added later).
4. Save. An export goes to GSTR-1 table 6A; an SEZ supply goes to the B2B tile (6B). In GSTR-3B both are in 3.1(b).

If no LUT covers the bill date, the software tells you so: add the LUT, or choose "with payment of IGST".

With payment of IGST: refund and exchange

Keep **IGST is not charged to the buyer — I will claim it as refund** ticked. The buyer is billed without the tax; the IGST waits in "IGST refund receivable (exports)" until the refund comes. When the buyer pays, open Reports › **Export register** › "Money received" and type the rupees the bank credited; the gain or loss on exchange is posted by itself. When the refund comes, enter it in **Money Received** from "IGST refund receivable (exports)". The Export register warns you 30 days before your LUT ends.

Ledger	Group (head)	Where it shows	Made when
IGST refund receivable (exports)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first export bill with payment of IGST claimed as refund
Exchange rate difference (gain / loss)	Indirect Expenses	P&L: Indirect Expenses (a gain shows as a credit balance)	The first payment received at a rate different from the bill

Advances for a service: tables 11A and 11B

For a **service**, GST is due in the month the advance comes in. For **goods** there is no GST on an advance.

1. Open **Money Received**, choose the party and type the amount received.
2. Tap **Advance for a service? Add GST on the advance**. Check the GST rate and place of supply; the value and the tax inside the advance are shown. Press **Save**.
3. Later make the bill as usual. Then open Reports › **GST on advances** and press **Adjust all** — the tax already paid is taken off the bill.
4. If you return the advance: **Money Paid** to the same party › **Refund of an advance on which GST was paid?**

The tax on the advance shows in GSTR-1 table 11A in the month it is received, and in table 11B when it is adjusted on the invoice in a later month. The page **GST on advances** shows **Tables 11A and 11B of GSTR-1** for any month, the **Register of advances with GST** and an Excel.

EXAMPLE

Kavya Consultants receives ₹1,18,000 in advance for a service at 18%, inside the State. Tax inside = ₹18,000 (CGST ₹9,000 + SGST ₹9,000).

Account	Dr ₹	Cr ₹
Bank	1,18,000	
Customer		1,18,000
GST paid on advances (to be adjusted)	18,000	
CGST		9,000
SGST		9,000

When the bill is made and adjusted, this entry is turned back, so the tax is not paid twice.

Ledger	Group (head)	Where it shows	Made when
GST paid on advances (to be adjusted)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first advance saved with GST

Credit notes: the deadline

A credit note (Sales Return, Alt + 8) can reduce your GST only if it is issued by **30 November after the end of the financial year of the bill**, or the date you file that year's annual return, if earlier (CGST Act section 34(2)). Smart Check warns you when a credit note is late. A late credit note still corrects the party's account, but it cannot cut the tax. The same 30 November date is the last day to take credit on a purchase bill of the year (section 16(4)).

EXAMPLE

A bill of 10 January 2026 (financial year 2025–26): a credit note against it must be issued by 30 November 2026 to reduce GST.

Rule 37: supplier not paid in 180 days

If you have not paid a supplier within 180 days of his invoice date, the credit taken on the unpaid part must be reversed. It is taken back when you pay him. Reverse-charge bills and bills with blocked credit are left out.

1. Open Reports › **GSTR-3B helper** and choose the month.
2. Under **Supplier not paid in 180 days (rule 37)** each bill shows its 180th day, the unpaid amount and the credit to reverse. Press **Reverse**.
3. After you pay the supplier, press **Take back**.

The reversal shows in GSTR-3B table 4(B)(2) and the take-back in 4(D)(1). Interest may also be due: under **Interest for paying late** type the date you paid and the interest at 18% a year is shown.

The same page reverses credit when you also make exempt sales: **Credit to reverse: sales without GST (rule 42)**, which shows in table 4(B)(1). It also gives **Excel in GSTR-3B layout** and **Negative tax carried forward**.

Ledger	Group (head)	Where it shows	Made when
Input credit reversed — supplier not paid in 180 days (to take back)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first rule 37 reversal
Input credit reversed (exempt supplies)	Indirect Expenses	P&L: Indirect Expenses	The first rule 42 reversal

The rule 37 credit is kept as an asset because it comes back when you pay; the rule 42 credit is lost for good, so it is an expense.

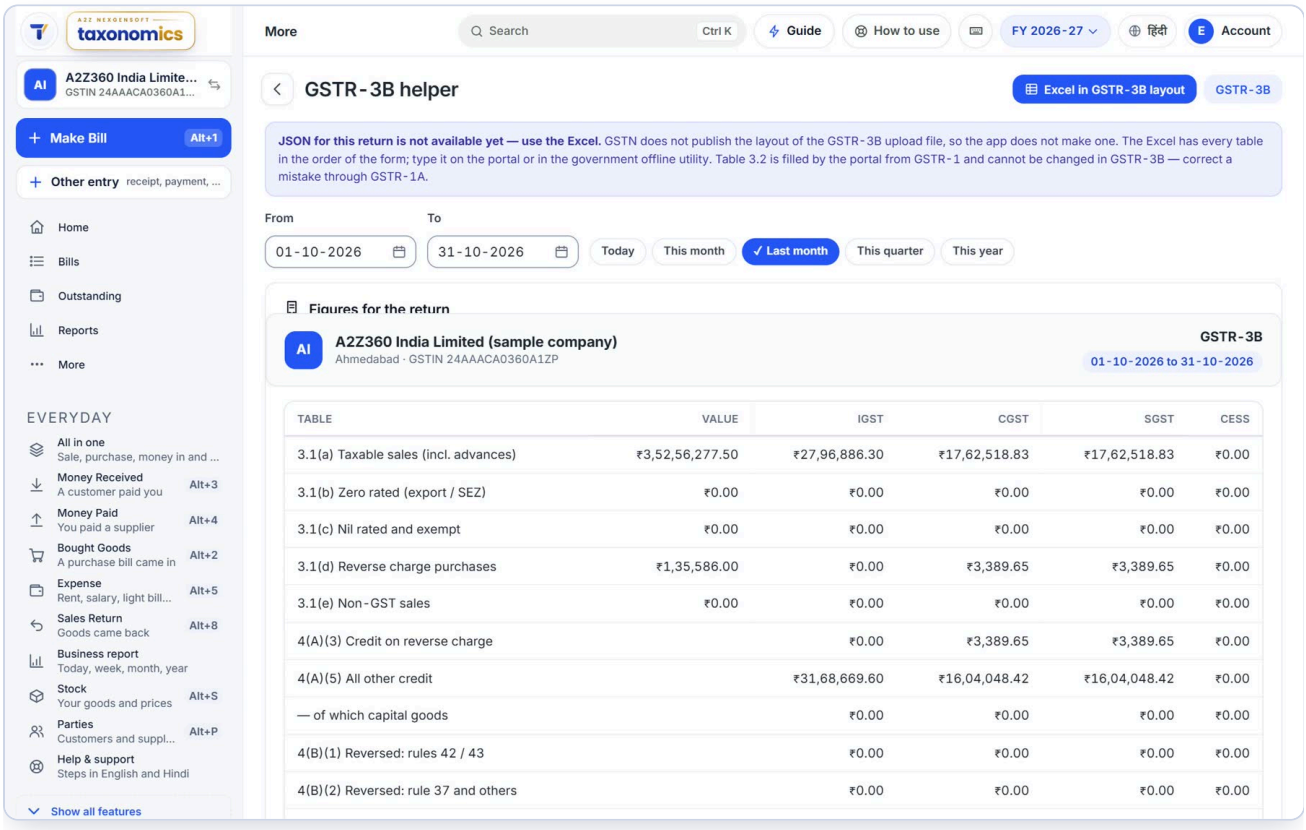

Figure 15.1 — GSTR-3B helper: interest for paying late, rule 42 and rule 37 reversals.

GSTR-9 annual return

GSTR-9 is compulsory when the year's turnover is above ₹2 crore (optional up to that), and is due by 31 December after the year. The portal fills it from your monthly returns; Taxonomics gives the same tables from your books so you can find any difference before you file.

1. Open Reports › **GSTR-9 annual return** and choose the **Financial year**. Tables 4 to 9, 17 and 18 are filled from the books.
2. On a table press **Compare with returns** and type the figure the portal shows. A difference shows in red.
3. See **Month-wise working** to find the month where a difference came from.
4. Press **Excel in GSTR-9 layout** for all tables, the HSN summaries and the month-wise working, and fill the return on the portal.

GSTR-9C reconciliation statement

GSTR-9C is needed when the year's turnover is above ₹5 crore. Since FY 2020-21 you certify it yourself — no CA certificate is needed. The ₹2 crore and ₹5 crore limits are on the turnover of all your GST registrations under one PAN; the screen shows this GSTIN only. The page tells you whether 9C is needed for the year and by when.

Open Reports › **GSTR-9C working**. The left side is your books (Profit & Loss); the "as declared" rows are GSTR-9. It reconciles:

- **Reconciliation of gross turnover** — table 5, un-reconciled turnover (5R);
- **Reconciliation of taxable turnover** — table 7 (7G);
- **Rate-wise tax and tax paid** — table 9 (9R: tax payable as per books against tax paid as declared);
- **Reconciliation of input tax credit** — table 12 (12F).

Differences the software can see by itself are listed on their own lines. For any other difference, **Write the reason if there is a difference** (tables 6, 8, 10 and 13), then **Save figures and reasons** and press **Excel in GSTR-9C layout**. If a difference shows tax not paid, pay it through DRC-03 and show it in table 11 on the portal.

> **EXAMPLE**
> Books show sales of ₹6,10,00,000; GSTR-9 shows ₹6,00,00,000. The software finds a ₹10,00,000 journal posted to a sales account that is not a sales bill, and lists it on its own line; with that line, the turnover not reconciled (5R) is nil.

REMEMBER

- RCM: tick "Reverse charge (RCM)" on Bought Goods and choose the case; the tax is paid in cash.
- Composition: Bill of Supply, CMP-08 by the 18th after each quarter, GSTR-4 by 30 June.
- GST TDS on scrap: 2% above ₹2.5 lakh from a registered seller; GSTR-7 by the 10th.
- Export / SEZ: add the LUT each year, or pay IGST and claim the refund.
- Advance for a service carries GST (table 11A); adjust it on the bill (table 11B).
- Credit notes by 30 November after the year; reverse credit of suppliers unpaid for 180 days.

CHAPTER 16

TDS and TCS

TDS and TCS are income-tax collected through businesses. In this chapter you will learn whether they apply to you, the sections and limits the software uses (Income-tax Act, 2025), how TDS is cut on a bill or payment, how to deposit it, how to get the quarterly statement data, how TCS is added on sales, and which ledgers the software makes.

What TDS and TCS are

- **TDS (tax deducted at source)** — when you pay rent, a contractor, professional fees or commission, you cut a small tax from the payment and deposit it in the other person's name. In the Income-tax Act, 2025 the TDS rules are in section 393.
- **TCS (tax collected at source)** — when you sell some listed goods (scrap, timber, tendu leaves, coal, liquor, costly motor vehicles), you add a small tax on the bill, collect it from the buyer and deposit it. The TCS rules are in section 394.
- **TAN** — the 10-character number you need to deduct or collect (4 letters, 5 digits, 1 letter, for example AHMA12345B).

Many small shops need neither. This is income-tax, not GST; GST TDS on scrap is a separate thing (Chapter 15).

Do they apply to me? Tax setup

1. Open **More › Tax setup** .
2. Answer **What kind of business is it?** and **Total turnover of the last tax year?** (Up to ₹1 crore; ₹1 – 10 crore; Above ₹10 crore — for a profession the limit is ₹50 lakh).
3. At **Income tax: do you have a TAN?** type your TAN.
4. At **Do you sell any of these? (TCS must be collected)** tick what you sell.
5. Read the box at the bottom that says in plain words what is turned on for you, and press **Save & apply**.

The rule the software follows: a firm or company always deducts TDS. A proprietor or HUF deducts on the ordinary rows only when last year's turnover was above ₹1 crore (a profession such as doctor, CA or architect: receipts above ₹50 lakh). Below that, an individual or HUF has only two duties: rent above ₹50,000 a month, and contract work / professional fees / commission above ₹50 lakh to one person in the year (both at 2%). Above ₹10 crore turnover, TDS of 0.1% on purchase of goods also applies.

The TDS sections in the software

The software uses the table serial numbers of section 393(1) of the Income-tax Act, 2025 (in force from 1 April 2026). "Ind / HUF" is the rate when the payee's PAN shows an individual or HUF (4th letter P or H); "Others" for firms, companies and the rest.

Section (2025 Act)	Payment	Rate Ind / HUF	Rate others	Limit
393(1) Table Sl. 6(i)	Payment to contractor / sub-contractor	1%	2%	Single payment above ₹30,000, or above ₹1,00,000 in the year
393(1) Table Sl. 6(iii)(b)	Fees for professional services	10%	10%	Above ₹50,000 in the year
393(1) Table Sl. 6(iii)(a)	Fees for technical services	2%	2%	Above ₹50,000 in the year
393(1) Table Sl. 6(iii)(c)	Director remuneration (other than salary)	10%	10%	No limit
393(1) Table Sl. 6(iii)(d)	Royalty	10%	10%	Above ₹50,000 in the year
393(1) Table Sl. 1(ii)	Commission or brokerage	2%	2%	Above ₹20,000 in the year
393(1) Table Sl. 2(ii)(b)	Rent — land, building, furniture	10%	10%	Above ₹50,000 for a month or part of a month
393(1) Table Sl. 2(ii)(a)	Rent — plant, machinery, equipment	2%	2%	Above ₹50,000 for a month or part of a month
393(1) Table Sl. 5(iii)	Interest (other than bank interest)	10%	10%	Above ₹10,000 in the year
393(1) Table Sl. 8(ii)	Purchase of goods (buyer turnover above ₹10 crore)	0.1%	0.1%	Only on purchases from one seller above ₹50 lakh in the year
393(1) Table Sl. 8(iv)	Benefit or perquisite of business	10%	10%	Above ₹20,000 in the year
393(3) Table Sl. 7	Salary, bonus, commission, interest to partner	10%	10%	Above ₹20,000 in the year
393(1) Table Sl. 2(i)	Rent — paid by an individual / HUF not liable to tax audit	2%	2%	Above ₹50,000 for a month or part of a month

393(1) Table Sl. 6(ii)	Contract work / professional fees / commission — paid by an individual / HUF not liable to tax audit	2%	2%	Above ₹50 lakh to one person in the year

No PAN: if the payee's PAN is not on record (and cannot be read from his GSTIN), the higher rate of section 397(2) applies — 20% for most rows, 5% for purchase of goods. TDS on salary (section 392) is worked out in Payroll and is not part of this table.

How the limits are checked

- The yearly limit is looked at first. When this payment takes the year's total above the limit, TDS is cut on this payment **and** on the earlier payments made without TDS (catch-up).
- For contractors, a single payment above ₹30,000 needs TDS even below the yearly limit.
- For rent, the limit is per month: a quarterly rent bill of ₹1,20,000 (₹40,000 a month) needs no TDS.
- The software tells you if the limit is not crossed yet and no TDS is needed.

> **THE LAW**
> Income-tax Act, 2025: TDS section 393, no-PAN rate section 397(2), TCS section 394(1); Income-tax Rules, 2026: deposit rule 218, statements rule 219. Rates and limits here are as kept in the software. Confirm with your Chartered Accountant for your case.

Deducting TDS on a bill or a payment

1. Set the usual section once on the party: **More › Customers & Suppliers** › the party › **Edit** › **TDS section (default)**. Fill his PAN — without PAN the rate is much higher.
2. On a bill: **Bought Goods** (Alt + 2) › **TDS — Income-tax (deduct from supplier)**.
3. Or on a payment: **Money Paid** (Alt + 4) › **TDS — Income-tax (deduct and pay the rest)**.
4. Check the amount the software works out, with its reason (for example "Single payment above ₹30,000"), and press **Save**.

TDS is worked out on the value without GST. The party is owed the bill amount less the TDS; the TDS is kept as payable to the government.

EXAMPLE

Shree Ganesh Traders (a partnership firm) gets a repair bill of ₹1,00,000 from Kavya Builders, a contractor who is an individual with PAN. Section 393(1) Table Sl. 6(i), rate 1%. TDS = ₹1,000.

Account	Dr ₹	Cr ₹
Repairs	1,00,000	
Kavya Builders		99,000
TDS Payable — 393(1) Table Sl. 6(i) Payment to contractor / sub-contractor		1,000

Kavya Builders is paid ₹99,000. The ₹1,000 is deposited by the 7th of the next month.

Depositing TDS

- Deposit by the **7th of the next month**. TDS deducted in March: by **30 April**.
- An individual or HUF deducting under Table Sl. 2(i) or 6(ii) pays within 30 days from the end of the month, with the challan-cum-statement Form 141.
- Late deposit carries interest of 1.5% for every month or part of a month; the statement page shows it.

1. Open Reports › **TDS · TCS · RCM** (address `#/report/tax`). Tabs: **TDS deducted**, **TCS collected**, **GST TDS deducted**, **Deducted from us**, **RCM**. Each deduction shows its "Deposit by" date.
2. Pay the challan on the income-tax portal yourself.
3. Enter it in **Money Paid** against the TDS (or TCS) payable ledger, from your bank.

Account	Dr ₹	Cr ₹
TDS Payable — 393(1) Table Sl. 6(i) Payment to contractor / sub-contractor	1,000	
Bank		1,000

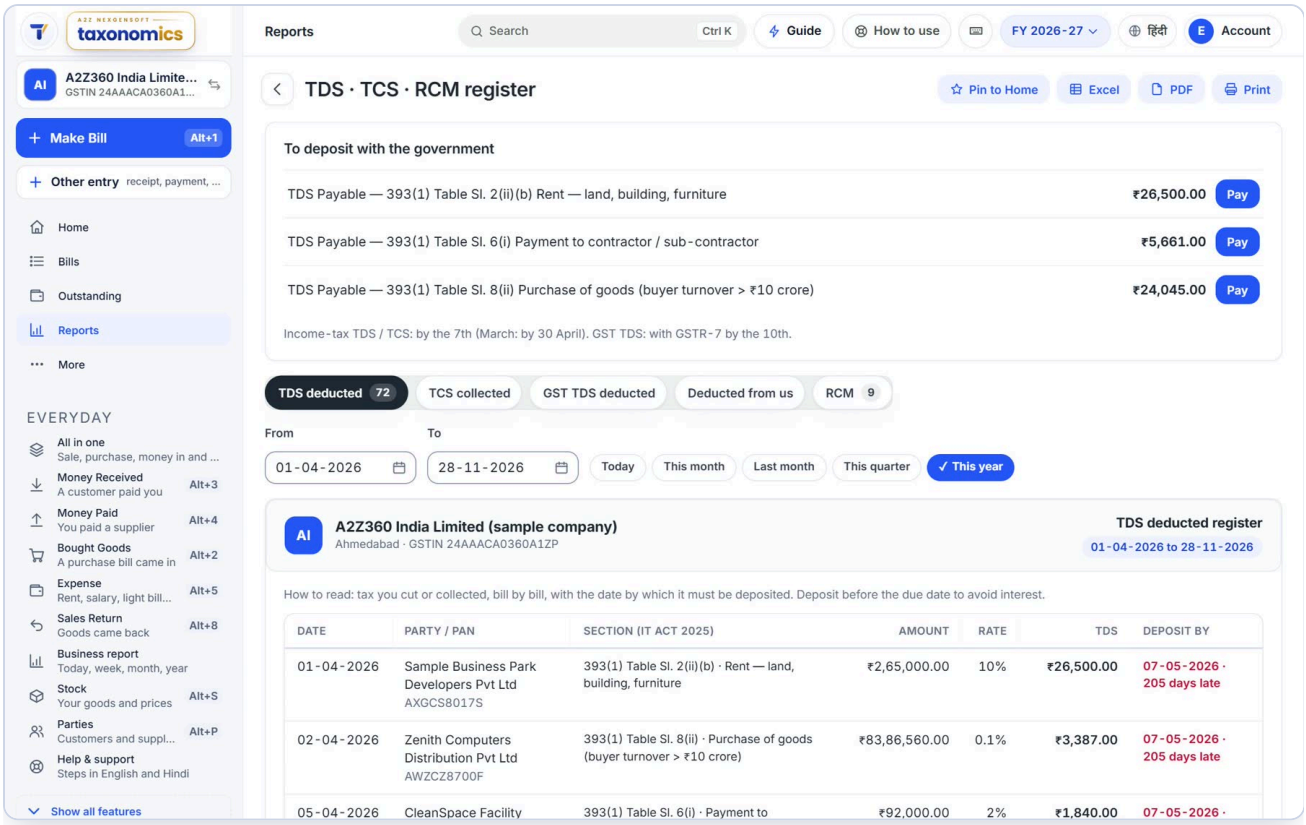

Figure 16.1 — TDS · TCS · RCM register: every deduction with its deposit date.

The quarterly statement files

Every quarter the TDS you deducted is reported in **Form No. 140** (earlier 26Q) and TCS in **Form No. 143** (earlier 27EQ). Certificates to parties — Form No. 131 (earlier 16A) and Form No. 133 (earlier 27D) — are made by TRACES from the statement, due 15 days after the statement's due date.

1. Open Reports › **TDS / TCS quarterly statement**. Choose the **Tax year** and the **Quarter**. The screen shows the due date: 31 July, 31 October, 31 January, and 31 May for January–March.
2. Under **Challans (Part B)** type the **BSR code (7 digits)** and **Challan serial no.** of every deposit and press **Save**.
3. Clear the list under **Fix before filing** (missing PAN, tax not deposited).
4. Check **Deductee-wise (Annexure)** (and **Collectee-wise (Annexure)** for TCS) and **Certificate data, party-wise (Form No. 131)**.
5. Press **Excel for the filing utility** and copy the rows into the Income-tax Department's utility. The statement itself is prepared, validated and uploaded there, by you.

The section **TDS deducted, not yet deposited** lists TDS still to deposit with its due date, days late and interest so far.

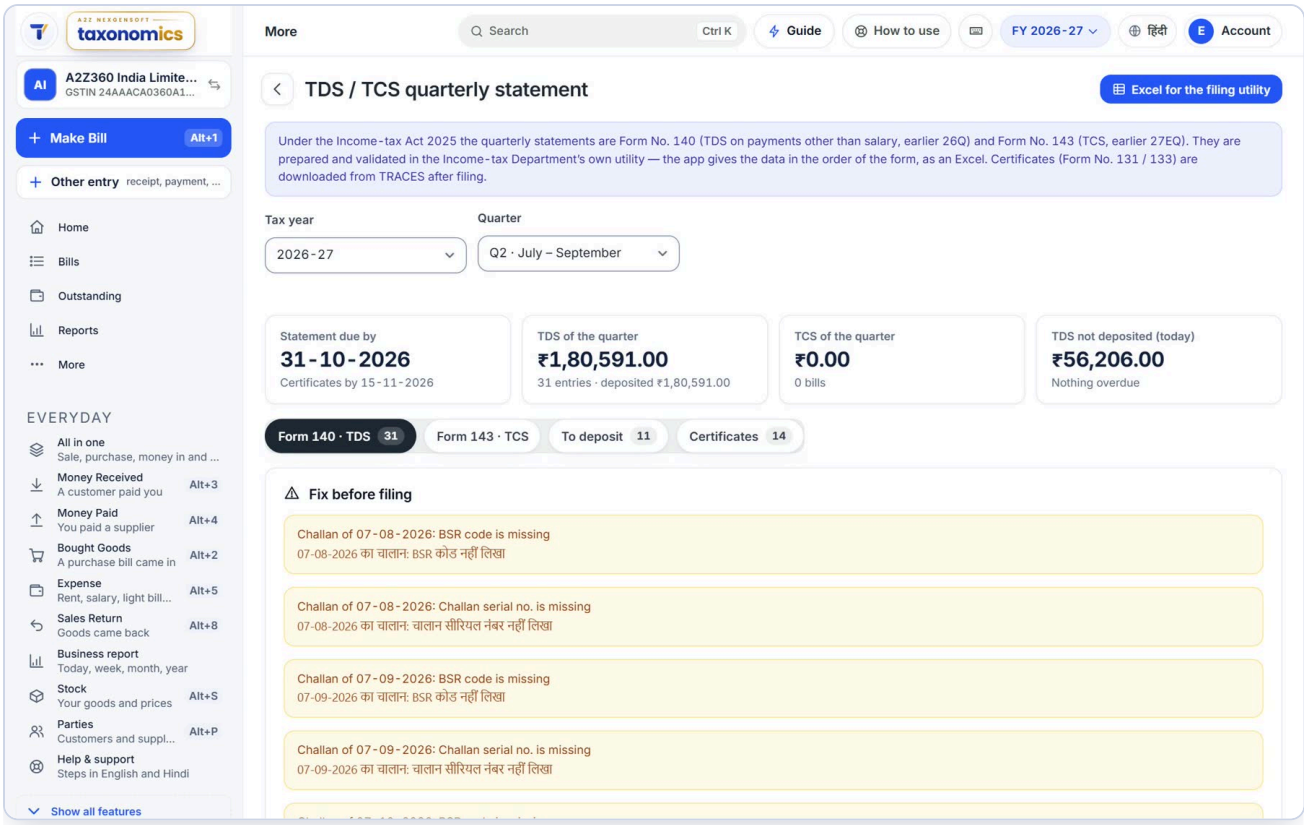

Figure 16.2 — TDS / TCS quarterly statement: challans, deductees and the problems to fix before filing.

TCS on sales

The goods in the software (section 394(1) Table):

Section (2025 Act)	Goods	Rate
394(1) Table Sl. 1	Alcoholic liquor for human consumption	2%
394(1) Table Sl. 2	Tendu leaves	2%
394(1) Table Sl. 3	Timber / other forest produce	2%
394(1) Table Sl. 4	Scrap	2%
394(1) Table Sl. 5	Coal, lignite or iron ore	2%
394(1) Table Sl. 6	Motor vehicle above ₹10 lakh	1%

1. In `More › Tax setup` tick what you sell under **Do you sell any of these? (TCS must be collected)** and press **Save & apply**.
2. On the item (**Stock** › the item › **Edit**), **TCS on sale (Sec 394(1))** can stay on "Auto" or be set by hand.
3. **Make Bill** then adds the TCS line to the bill total by itself. TCS is worked on the value of those goods including their GST.

4 Deposit it by the 7th of the next month (TCS collected in March: by 30 April from March 2027); see Reports › **TDS · TCS · RCM** › **TCS collected**.

EXAMPLE

Kavya Metals sells scrap of ₹1,00,000 + 18% GST inside the State. Goods with GST = ₹1,18,000; TCS 2% = ₹2,360. Bill total ₹1,20,360.

Account	Dr ₹	Cr ₹
Buyer	1,20,360	
Sales		1,00,000
CGST		9,000
SGST		9,000
TCS Payable — 394(1) Table Sl. 4 Scrap		2,360

When others deduct or collect from you

- **A customer paid less because he cut TDS**: in **Money Received** (Alt + 3) type the amount that actually came, open **Did the customer deduct TDS / TCS?** and type it in **Income-tax TDS cut by customer**. The line "Reduces the party balance by:" shows the total; press **Save**. His bill is fully cleared and the TDS is your tax credit. Match it later in **Deducted from us** with your tax statement on the income-tax portal.
- **A supplier charged TCS on his bill**: enter it on the purchase bill in **Bought Goods**. He is owed that much more, and it is your tax credit, claimed in your income-tax return.

The ledgers the software makes

You never make these by hand. Each is made the first time it is needed, with its group fixed.

Ledger	Group (head)	Where it shows	Made when
TDS Payable — *section and name*, one per section (for example "TDS Payable — 393(1) Table Sl. 6(i) Payment to contractor / sub-contractor")	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities	The first entry with TDS under that section
TCS Payable — *section and goods* (for example "TCS Payable — 394(1) Table Sl. 4 Scrap")	Duties & Taxes	Balance Sheet: Current Liabilities	The first sales bill with TCS on those goods

TDS Payable — 392 Salary	Duties & Taxes	Balance Sheet: Current Liabilities	When salary heads are set up (Payroll / company pack)
TDS Receivable (deducted by customers)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first receipt where a customer cut TDS
TCS Receivable (collected by suppliers)	Loans & Advances (Asset)	Balance Sheet: Current Assets	The first purchase bill with TCS charged by the supplier

The payable ledgers become nil when you deposit the tax. The receivable ledgers are adjusted against your own income-tax when you file your return.

REMEMBER

- Answer Tax setup once; the software then applies TDS and TCS by itself, with each section's limits.
- Keep every party's PAN — without it the rate is much higher.
- Deposit TDS and TCS by the 7th of the next month (March: 30 April) and enter the deposit in Money Paid.
- Each quarter type the challan details and take the Excel for Form 140 / 143 into the department's utility.
- TDS / TCS payable sits under Duties & Taxes; TDS / TCS receivable under Loans & Advances (Asset).

PART 5

Books for every kind of organisation

Proprietor, partnership firm, LLP, private and public company, trust — which ledgers, which heads, which statements.

CHAPTER 17

Type of Organisation: Whose Accounts Are These?

The same sale, purchase and payment are entered in the same way by every business. What differs is who owns the business and where its profit goes. In this chapter you will learn where to choose the type of organisation, what each choice adds to your books, what you can change later, and what never changes.

Why the type matters

A sole proprietor puts in capital and takes out **drawings** (money or goods the owner takes for himself). A partnership firm shares its profit among partners. A company has **share capital** (money received for its shares) and **reserves** (profit kept in the company). A trust has no owner at all: it has **funds**, and its profit is called **surplus**.

So each type needs some accounts of its own, and some entries that are right for one type are wrong for another. For example, "Drawings" is normal for a shop owner but wrong in a company. When you tell Taxonomics the type, it does three things:

- it makes the accounts (ledgers) that type needs, under the right group;
- it shows the year's profit in the right place on the Balance Sheet, without any closing entry;
- it questions entries that do not suit the type, and offers the right account with one tap.

In the journal tables of this part of the book, **Dr** (debit) is the left money column and **Cr** (credit) is the right money column. A ledger is one account (for example "Cash" or "Salary Payable"); a group (head) is the heading it sits under (for example "Current Liabilities").

The six choices

Card on the screen	What the app says about it
Sole proprietor	One owner. The owner's money is Capital; what he takes out is Drawings.
Partnership firm	Two or more partners share the profit. Each partner has a capital account.
LLP	Limited liability partnership. Kept like a partnership: partners' capital and profit share.
Trust / society (non-profit)	No owner and no profit to share. Donations, grants and funds; Income & Expenditure Account.

Company — Private Limited	Share capital, reserves, directors. PF, ESIC and professional tax accounts; company-format statements.
Company — Limited (public)	Same accounts as a private company. Listed-company reporting is not covered.

Where you choose it

When you make a new business

The new-business form asks **Whose accounts are these?** The first card, **Sole proprietor**, is chosen unless you tap another. The form says: "Not sure? Leave Sole proprietor; you can change it later in More → Type of organisation."

Later, at any time

1. Open **More › Type of organisation**.
2. Tap the card that fits your business.
3. Read the table **Accounts for "…"**. Each account shows one of three words: **Will be added** (a new ledger), **Your own account is used** (you already have a ledger with a usual name, so the app uses it as it is) or **Ready**.
4. If the books already have entries, read the box **What changes when you apply this**.
5. Press the blue button: **Set up the accounts for this type** (first time) or **Change to this type** (later). If the books already have entries, the app asks you once more before it saves.
6. A partnership firm or LLP is taken to **Partners & capital**; a company is taken to the **Company pack**.

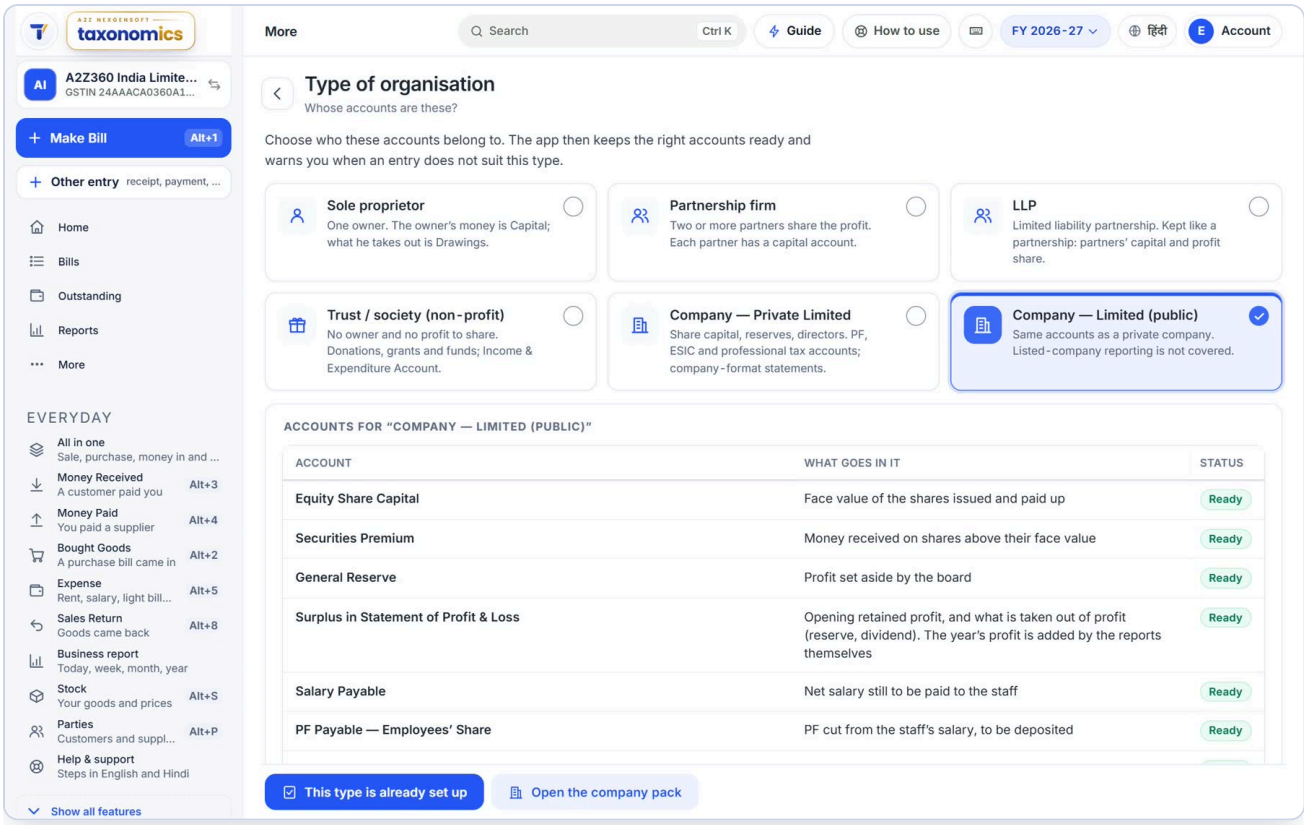

Figure 17.1 — More › Type of organisation: the six cards, the accounts each type needs, and the blue button that sets them up.

> **TIP**
>
> Only a user who may change business details and accounts can change the type. A staff user sees the page but the button stays grey.

> **CAREFUL**
>
> A book where nobody ever chose a type works exactly as before: no ledger is added and the reports do not change. The page then shows only a type guessed from your Tax setup answer, with the note that nothing has been set up yet. Press the button to make the choice real.

What each choice changes — overview

Type	Ledgers the app adds	Where the year's profit shows	Extra screens and reports	Statement format	Book depreciation (first choice)

Sole proprietor	Drawings (Capital is already in every new book)	Balance Sheet: "Net profit for the year" as its own line; earlier years' profit inside Capital Account ("Profit of earlier years")	Reports › Capital account	ICAI Guidance Note on Non-Corporate Entities	Income-tax rates (WDV)
Partnership firm	Interest on Partners' Capital; Partners' Remuneration (each partner's own accounts are made in Partners & capital)	Inside Capital Account, one line per partner: "share of profit for the year", in the ratio of that year	More › Partners & capital	ICAI Guidance Note on Non-Corporate Entities	Income-tax rates (WDV)
LLP	Same as a firm	Same as a firm	More › Partners & capital; LLPIN box in the statements	ICAI Guidance Note on LLPs	Income-tax rates (WDV)
Trust / society	Corpus Fund, General Fund, Earmarked Funds, Donations Received — General, Grants Received, Transfer from Earmarked Funds, Capital Grants (Deferred Income), Grants Received in Advance (Unspent)	"Surplus for the year" with the Funds; earlier surplus shown as "General Fund — surplus carried forward"	Profit & Loss is renamed Income & Expenditure Account; Reports › Funds of the trust; "Paid out of fund" box on Money Paid and Journal	ICAI Technical Guide on Not-for-Profit Organisations	Income-tax rates (WDV)

Company (Pvt Ltd or Ltd)	2 groups and 21 ledgers (share capital, reserves, PF / ESIC / professional tax / salary TDS payable, salary heads, tax provision, director's loan)	Inside Shareholders' funds as "Surplus in Statement of Profit & Loss"	More › Company pack; Reports › Reserves & Surplus, Balance Sheet — company format, Statement of Profit & Loss — company format, Statutory dues, Salary for the month	Schedule III (Division I), Companies Act, 2013	Companies Act — straight line (SLM), Schedule II

Chapters 18 to 22 show each type in full. The ledger tables there give every ledger, its group and where it shows.

The Tax setup answer follows the type

When you choose a type, the "kind of business" answer in Tax setup is set to match: an individual for a proprietor (an HUF stays an HUF), a firm for a firm or LLP, a company for a company, and "other" for a trust. TDS and other tax questions then work for that kind of payer.

The audit trail page

The software always records every change (the audit trail). Whether the **Audit trail** page shows in the menu is a choice in Settings. If you never answered it, the page is shown for a company and hidden for the other types. Recording never stops either way.

Entries the app questions for each type

Smart Check (the checks before saving) has rules for the type of organisation. All of them ask a question; only one stops the entry.

Type	What the app catches	What it offers
Every book	A journal that "transfers the year's profit" to capital, reserves or a fund	"See where the profit is shown" — the reports already carry the profit; the journal would count it twice
Company	Drawings debited (this one **stops** the entry)	Use "Director's Loan Account"
Company	The proprietor's Capital account used	Use "Equity Share Capital"

Company	A director's loan account going into debit (the company would be lending to a director)	A question, with a note on section 185 of the Companies Act, 2013
Company	Salary paid straight to the salary expense head	Pay "Salary Payable", or open "Salary for the month"
Company	PF, ESIC or professional tax paid to an expense head	Use the payable account
Firm / LLP	A partner's personal withdrawal booked as an expense	Use the partner's current (or capital) account
Firm / LLP	Partner's remuneration or interest entered by hand without TDS	Open "Partners & capital"
Trust	A corpus or earmarked donation credited to general donations	Use "Corpus Fund" or "Earmarked Funds"
Trust	A grant for buying a fixed asset credited to income	Use "Capital Grants (Deferred Income)"
Trust	Money paid straight out of an earmarked fund	Choose the expense head and pick the fund under "Paid out of fund"

In a company or a trust, the proprietor's Capital and Drawings accounts are also kept out of the account list on Money Received and Money Paid — but only while they are unused (no opening balance, no entry).

Changing the type later

A business can change: a proprietor takes a partner, a firm becomes a company. You may change the type at any time in **More › Type of organisation**. Before saving, the box **What changes when you apply this** lists, for your books, the points below that apply.

- "No entry and no account is deleted or renamed. Your figures stay as they are."
- How many new accounts will be added, and their names.
- To a company: the Balance Sheet will show the profit under Reserves & Surplus, and the Capital account report becomes "Reserves & Surplus".
- To a company or a trust: an owner's Capital or Drawings account that still has a balance keeps it, and shows with the shareholders' funds (or the funds). Pass a journal to move the balance to Equity Share Capital or the Director's Loan Account (company), or to the Corpus Fund or the General Fund (trust).
- From a company to another type: the company screens (salary for the month, statutory dues, company format) are hidden. The accounts already made stay in the books.

- To a trust: Profit & Loss is titled "Income & Expenditure Account" and profit is called surplus. From a trust back to another type: the name goes back to "Profit & Loss".
- To a firm or LLP: add the partners and their profit share in "Partners & capital".

EXAMPLE

Shree Ganesh Traders was a proprietorship. On 1 April 2027 it became Shree Ganesh Traders Private Limited. The owner's Capital shows ₹10,00,000 credit. After changing the type to Company — Private Limited, the app adds the company ledgers. The Capital balance stays and shows with the shareholders' funds. Shares of ₹10,00,000 are allotted to the owner, so one journal moves the balance:

Account	Dr ₹	Cr ₹
Capital	10,00,000	
Equity Share Capital		10,00,000

Confirm with your Chartered Accountant how the business was taken over (shares, loan, or both), and for which date.

CAREFUL

A change of legal form usually means a new PAN, a new GST registration and new books from a date. Many accountants start a new company in the app from that date rather than continue the old one. Decide this with your Chartered Accountant before you press the button.

What never changes

- **No entry is changed.** Bills, receipts, payments and journals stay exactly as they were.
- **No account is renamed, moved or deleted.** If you already kept, say, "Salary Payable", the app uses your own account and does not make a second one. If the name is taken by a different kind of account, the new one gets a plain suffix (for a company: "(company)").
- **Running the set-up twice adds nothing.** A head that already has its ledger keeps it.
- **The depreciation method already used stays.** The method is saved the first time depreciation is posted. A company book whose depreciation was posted at income-tax rates before it chose a method is asked once, on the Fixed assets screen, which method to use from now on; entries already posted are not changed.
- **Company settings are kept, switched off.** If you move away from a company, its CIN, rates and statement choices stay stored, so switching back brings them back.
- **There is no closing entry, for any type.** The reports carry the profit into capital, partners' accounts, reserves or funds by themselves.

What you must still do yourself

- Choose the type that matches the legal document: the partnership deed, the LLP agreement, the certificate of incorporation or the trust deed.
- Move any old Capital or Drawings balance by a journal after a change of type.
- Check the opening balances of the new accounts on the books start date.
- Confirm with your Chartered Accountant for your case before changing the type of a book that already has a year of entries.

REMEMBER

- Choose the type on the new-business form or later in More › Type of organisation.
- Each type adds only the accounts it needs; your own accounts with usual names are used as they are.
- The profit is shown in the right place by the reports — never pass a closing entry.
- Changing the type later never deletes, renames or changes anything; old Capital or Drawings balances are moved by one journal.
- Smart Check questions entries that do not suit the type and offers the right account.

CHAPTER 18

Books of a Sole Proprietor

A sole proprietorship is a business with one owner. In law the owner and the business are one person, but in the books the business is kept apart from the owner's home. You will learn how to set it up, which accounts the app keeps, the opening entries, the entries of a normal year, how the year ends without a closing entry, and what the owner must do outside the software.

Two words first

- **Capital** — what the owner has put into the business, plus the profit he has left in it. It is what the business owes the owner.
- **Drawings** — money or goods the owner takes out for himself or his family. Drawings are not an expense of the business. They reduce the capital.

Setting up

1. Make the new business. On the form, under **Whose accounts are these?**, keep the first card **Sole proprietor**.
2. For a book that is already in use, open **More › Type of organisation**, tap **Sole proprietor** and press **Set up the accounts for this type**.
3. The table shows one account, **Drawings**. The page also says: "The owner's Capital account is already in every new set of books."
4. In Tax setup, the kind of business is now an individual. An HUF that keeps the proprietor card stays an HUF.

The ledgers the app keeps

Ledger	Group (head)	Where it shows	Made when
Capital	Capital Account	Balance Sheet, liabilities side: Capital Account	In every new set of books

Drawings	Capital Account	Balance Sheet: inside Capital Account, as a minus figure; Capital account report: "Drawings" column	When Sole proprietor is set up (your own account named "Drawings", "Drawing" or "Proprietor drawings" under Capital Account is used instead, if you have one)
Cash	Cash-in-Hand (under Current Assets)	Balance Sheet: Current Assets	In every new set of books
Sales; Purchase	Sales Accounts; Purchase Accounts	Profit & Loss: trading part (gross profit)	In every new set of books
CGST, SGST, IGST	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities (a debit balance is shown with Current Assets as "GST input credit and taxes receivable")	In every new set of books
Round Off	Indirect Expenses	Profit & Loss	In every new set of books
Depreciation	Indirect Expenses	Profit & Loss: below gross profit	The first time depreciation is posted
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))	Indirect Expenses	Profit & Loss	The first time goods are taken out under Stock › Goods out
TDS Payable — (section and name)	Duties & Taxes	Balance Sheet: Current Liabilities	The first time an entry deducts TDS under that section

All other accounts — the bank, customers, suppliers, rent, electricity — are made by you in Masters, under the group that fits.

Opening entries

When a running business moves to Taxonomics, the balances of the day before the books start are typed once, as **Opening Balance** on each account (Masters › Ledgers or the party's page), and opening stock on each item (**Opening stock (qty)** and **Opening rate (₹ / unit)**). There is no opening journal. The owner's Capital is the balancing figure.

EXAMPLE

Shree Ganesh Traders starts its books on 1 April 2026. On 31 March 2026 it had:

Account	Group	Opening Dr ₹	Opening Cr ₹
Cash	Cash-in-Hand	50,000	
City Bank — Current A/c	Bank Accounts	2,00,000	
Stock (from the items' opening stock)	Stock-in-Hand	3,00,000	
Customers (total)	Sundry Debtors	1,50,000	
Suppliers (total)	Sundry Creditors		1,00,000
Capital	Capital Account		6,00,000
Total		**7,00,000**	**7,00,000**

Capital = what the business has (₹7,00,000) less what it owes others (₹1,00,000) = ₹6,00,000.

TIP

If the openings do not tally, the Balance Sheet shows a line "Difference in opening balances" and explains which side is short. If the only thing missing is the owner's capital, press **Put the difference in Capital**. If a cash, bank, stock or customer balance is missing, correct that account instead.

Entries of a normal year

Sales, purchases, receipts and payments are the same for every type of business and are taught in the daily-work chapters. Below are the entries that belong to a proprietor.

1. Capital introduced

The owner brings ₹1,00,000 from his savings into the business bank account.

1. Open **Money Received** (Alt + 3).
2. Choose the account **Capital**, the amount, and the bank it came into.
3. Write a note, for example "Capital brought in from savings", and save.

Account	Dr ₹	Cr ₹
City Bank — Current A/c	1,00,000	
Capital		1,00,000

2. Drawings in cash or by bank

The owner takes ₹20,000 a month for his household.

1. Open **Money Paid** (Alt + 4).
2. Choose the account **Drawings**, the amount and Cash or the bank. Save.

Account	Dr ₹	Cr ₹
Drawings	20,000	
Cash		20,000

The same account is used when the business pays the owner's personal bills: his life insurance premium, his children's school fees, his house electricity, and his own income tax or advance tax. None of these is an expense of the business.

> **CAREFUL**
> Do not book the owner's personal bills under the business's expense heads. They would lower the profit wrongly. A proprietor also cannot pay himself a salary or interest on his capital as an expense: whatever he takes is Drawings.

3. Goods taken for own use

The owner takes goods costing ₹10,000 for his home. GST credit of ₹1,800 (CGST ₹900 + SGST ₹900) was taken when they were bought. Credit on goods used for personal purposes must be reversed (CGST Act, section 17(5)(g)).

1. Open **Stock › Goods out (damage, samples)** .
2. Choose the item and quantity and the reason **Own use / staff use**. Save.
3. The stock goes out at its average cost, and the app passes the credit reversal journal by itself (shown in GSTR-3B table 4(B)(1)).

Account	Dr ₹	Cr ₹
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))	1,800	
CGST		900
SGST		900

The stock is now lower and the cost of the goods falls into the profit and loss as goods consumed. To charge the goods and the reversed credit to the owner instead, pass one more Journal (Alt + 7):

Account	Dr ₹	Cr ₹
Drawings	11,800	
Purchase		10,000
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))		1,800

This second journal is your choice; the app does not make it. Confirm with your Chartered Accountant for your case.

4. Staff salary

For a small shop, salary is a plain payment: **Expense** (Alt + 5) or **Money Paid** to an expense account such as "Salary" that you make under Indirect Expenses.

Account	Dr ₹	Cr ₹
Salary (Indirect Expenses)	30,000	
City Bank — Current A/c		30,000

If the shop has staff under PF, ESIC or professional tax, use **More › Payroll** . It works for every type of business and adds the same salary heads as a company (Salaries & Wages, PF and ESIC payable, Salary Payable and the rest — see Chapter 21), and posts one salary journal a month.

5. Loan taken

A bank term loan goes under **Secured Loans**; a loan from a relative or friend under **Unsecured Loans** (both under Loans (Liability)). Use **More › Loans & EMI** for the schedule and the one-tap EMI entry: only the interest part is an expense, the principal part reduces the loan.

6. Depreciation

Fixed assets lose value each year. For a proprietor the app's first choice is income-tax rates on the written-down value.

1. Open **Reports › Fixed assets & depreciation** and add each asset with its date put to use, cost and kind.
2. Under **Depreciation in the books** keep **Income-tax rates (WDV) — for proprietors / firms**.
3. At year end press **Post depreciation for the year**.

Account	Dr ₹	Cr ₹
Depreciation	15,000	

Computer		15,000

The asset account itself is credited; there is no separate "accumulated depreciation" account. An asset used for less than 180 days in the year gets half the rate (Income-tax Act, 2025, section 33).

7. Income tax

Income tax of a proprietor is the owner's personal tax. No provision for tax is made in the business books. Advance tax or self-assessment tax paid from the business bank goes to **Drawings**. **Reports › Income-tax estimate** shows a rough figure of the year's tax from the profit so far, with the advance tax dates.

The year end — no closing entry

Taxonomics passes no closing entry. The books are one continuous set; on 1 April the new year simply starts at nil profit, and the reports show the old year's profit inside Capital. Do not pass a journal to "transfer the net profit to capital": Smart Check will ask you not to, because it would count the profit twice.

EXAMPLE

In 2026–27 Shree Ganesh Traders made a net profit of ₹4,00,000. The owner brought in ₹1,00,000 and took out ₹2,40,000.

Balance Sheet as on 31 March 2027 — Capital Account	₹
Capital	7,00,000
Drawings	(2,40,000)
Capital Account	**4,60,000**
Net profit for the year (its own line)	4,00,000

On 1 April 2027 the same sheet shows, inside Capital Account, a line **Profit of earlier years** ₹4,00,000, and the new year's profit starts at nil.

A loss is never shown as an asset. A loss of the running year is shown inside Capital Account as **Less: net loss for the year**, and a loss of earlier years as **Loss of earlier years**.

The **Capital account** report (**Reports › Capital account**) gives the year in one table: opening (the capital accounts plus the profit of earlier years), brought in, drawings, profit and closing. For the example: ₹6,00,000 + ₹1,00,000 − ₹2,40,000 + ₹4,00,000 = ₹8,60,000.

> **TIP**
> The Drawings account keeps adding up from year to year, because nothing is closed. If you like a clean Drawings account each year, pass a Journal dated 31 March: Dr Capital, Cr Drawings, for the year's drawings. It only moves figures inside Capital Account; no total changes.

Statements and their format

- **Profit & Loss** and **Balance Sheet** (Reports): the T-form working view — expenses left, income right; liabilities left, assets right. They carry a chip "ICAI format" that leads to the statutory set.
- **Financial statements** (**Reports › Financial statements**): the Balance Sheet and the Statement of Profit and Loss in the vertical format of the ICAI Guidance Note on Financial Statements of Non-Corporate Entities, with numbered notes. The owner's money is "Owners' Fund"; the note **Owner's capital account** shows opening balance, capital introduced, withdrawals, profit for the period and closing balance, with the profit in a row "Accumulated profit". The first note also gives the ICAI level of the entity (I to IV), worked out from turnover and borrowings.
- Press **Details for the statements** to type the auditor's firm, FRN, membership number, place and the name of the proprietor who signs. The signature block reads "For (business name)" and "Proprietor".
- The list **Disclosures to complete by hand** includes: confirm that only the assets and liabilities of the business are included, and that the proprietor's personal assets, liabilities, income and expenses are left out.

Reports to look at

Report	Why
Capital account	Opening, brought in, drawings, profit, closing — the owner's whole year
Profit & Loss	Gross profit and net profit
Balance Sheet	Must say "Balance sheet tallies"; check "Difference in opening balances" is nil
Trial Balance	All balances on one page for the auditor
Fixed assets & depreciation	Asset register and the year's depreciation
Financial statements	The set for the bank, the auditor and the return
Income-tax estimate	A rough guide to advance tax

What the owner must do outside the software

- File the income-tax return of the proprietor (the business income is part of it) and pay advance tax on time.
- Get the tax audit done when the business crosses the limit (turnover above ₹1 crore, or ₹10 crore when cash receipts and payments are up to 5%; professional receipts above ₹50 lakh), before the return.
- Deduct TDS where the business is liable and file the quarterly TDS statements.
- File GST returns on gst.gov.in (Taxonomics makes the files; you upload them).
- Keep the shop's local registration (shop and establishment, professional tax) up to date.
- Keep personal and business bank accounts apart where you can.
- Confirm with your Chartered Accountant for your case — limits and dates change with the law.

REMEMBER

- Capital is made in every new book; Drawings is added when you choose Sole proprietor. Both sit under Capital Account.
- Capital in: Money Received to Capital. Money or personal bills out: Money Paid to Drawings.
- The owner's salary, interest and income tax are Drawings, not expenses.
- No closing entry: the year's profit shows by itself, then moves into "Profit of earlier years" on 1 April.
- Financial statements follow the ICAI format for non-corporate entities.

CHAPTER 19

Books of a Partnership Firm

A partnership firm is two or more partners who run one business and share its profit in an agreed ratio. You will learn how to add the partners with dated profit shares, keep a capital and a current account for each, post interest on capital and remuneration with TDS, admit or retire a partner within what the software supports, close the year without a closing entry, and read the firm's statements.

Words used in this chapter

- **Partnership deed** — the written agreement of the partners: profit ratio, interest on capital, remuneration, and so on. The books follow the deed.
- **Profit-sharing ratio** — how the profit (or loss) is divided, for example 3 : 2.
- **Capital account** — the money a partner has put in for the long term.
- **Current account** — a partner's running account: his drawings, interest, remuneration and share of profit. Keeping it apart from the capital account keeps the capital steady (often called the fixed-capital method).
- **Interest on capital** and **remuneration** (salary of a working partner) — paid to partners only if the deed says so. They are expenses of the firm, credited to the partner.

Setting up

1. On the new-business form, under **Whose accounts are these?**, tap **Partnership firm**. For a book in use: **More › Type of organisation** › **Partnership firm** › **Set up the accounts for this type**.
2. The app then opens **More › Partners & capital**. It says: "Add each partner with the profit share. The app then keeps a capital account per partner and splits the year's profit."
3. Press **Add a partner** and fill the box (below). Repeat for every partner.

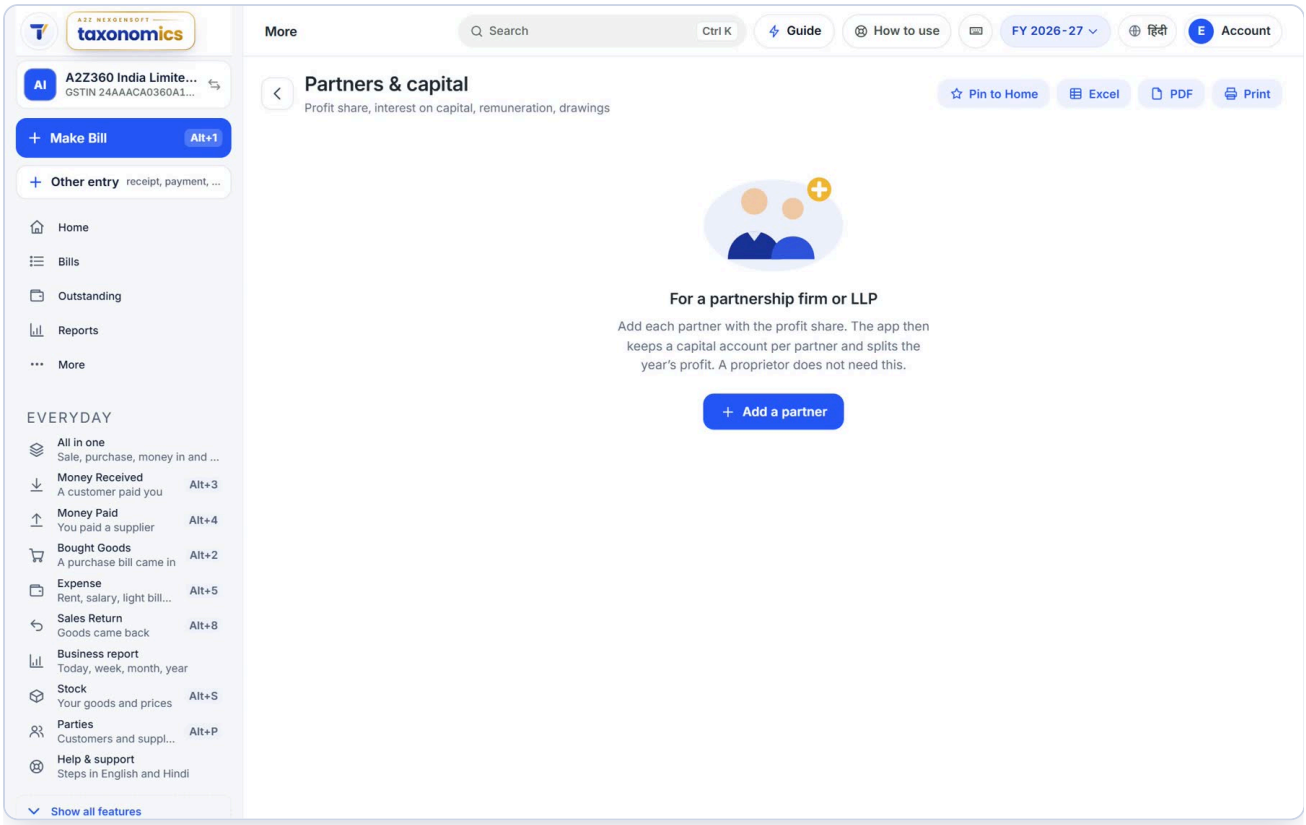

Figure 19.1 — More › Partners & capital. In a book with no partners yet it shows "For a partnership firm or LLP" and the button Add a partner.

The partner box

Field	What to type
Partner's name	As in the deed.
Profit share	Any numbers: 50 and 50, or 3 and 2. The app works out the percentage.
Shares the profit from (new partner in a firm that already has entries) / **New share applies from** (when you change a share)	The date from which this share applies. Profit of earlier dates stays shared in the old ratio.
Capital account	Pick his existing account under Capital Account, or **+ Make a new capital account**.
Current account (drawings, interest, salary)	**Same as the capital account**, or **+ Make a separate current account** (recommended).
Interest on capital (% a year)	The deed's rate; 0 = none.
Remuneration per month (₹)	For a working partner, as in the deed; 0 = none.
Partner's PAN	For TDS on his remuneration and interest: 10% with PAN, 20% without. The PAN is also written on his accounts if they have none.

The ledgers the app makes

Ledger	Group (head)	Where it shows	Made when
(Partner name) — Capital	Capital Account	Balance Sheet: Capital Account; statements: note "Partners' capital and current accounts", part (a)	When you add a partner and choose + Make a new capital account
(Partner name) — Current A/c	Capital Account	Balance Sheet: Capital Account; statements: same note, part (b) Partners' Current Account	When you choose + Make a separate current account
Interest on Partners' Capital	Indirect Expenses	Profit & Loss; in the ICAI statement under "Finance cost"	When Partnership firm is set up, or the first time interest is posted
Partners' Remuneration	Indirect Expenses	Profit & Loss; in the ICAI statement as its own line "Partners' remuneration"	When Partnership firm is set up, or the first time remuneration is posted
TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities; TDS register	The first time TDS is deducted on a partner's interest or remuneration
Capital (the seeded owner's account)	Capital Account	Stays in the book; unused unless you use it	In every new set of books

If you already keep accounts named, for example, "Interest on capital" or "Partners salary" as expenses, the app uses yours and makes no second one.

Opening entries

Type each partner's balance on the books start date as the **Opening Balance** of his capital account and his current account (credit when the firm owes him). All other balances are typed on their own accounts, as for every business.

EXAMPLE

Kavya Textiles has two partners, Anil and Bharat, sharing 3 : 2. On 1 April 2026:

Account	Opening Dr ₹	Opening Cr ₹
Anil — Capital		6,00,000
Bharat — Capital		4,00,000
Anil — Current A/c		50,000
Bharat — Current A/c	20,000	

Bharat's current account is in debit: he had drawn ₹20,000 more than his credits.

TIP

If the openings do not tally, the "Put the difference in Capital" button puts the difference into the plain "Capital" account that every new book has. In a firm, move it afterwards to the right partner by a journal.

Entries of a normal year

1. Capital brought in

On the partner's card press **Capital brought in**. Money Received opens with his capital account filled in.

Account	Dr ₹	Cr ₹
City Bank — Current A/c	2,00,000	
Anil — Capital		2,00,000

2. Drawings

Press **Drawings** on the partner's card. Money Paid opens with his current account (or capital account, if he has one account only).

Account	Dr ₹	Cr ₹
Bharat — Current A/c	15,000	
Cash		15,000

A partner's personal bills paid by the firm go the same way. If such a payment is booked to an expense head and the note or the account names a partner or says "drawings" or "personal use", Smart Check asks and offers his current account.

3. Partner's remuneration, with TDS

Each month the card shows **Post this month's remuneration ₹…**, with the TDS beside it. One tap makes the journal. Once posted the button reads **This month's remuneration is entered**.

The TDS rule the app uses (Income-tax Act, 2025, section 393(3), Table Sl. 7): when a partner's remuneration and interest of the year go above ₹20,000, tax is deducted at 10% on the whole amount when it is credited; 20% when the partner has no PAN. Every firm deducts, whatever its turnover.

EXAMPLE

Anil's remuneration is ₹15,000 a month. In April the year's total is ₹15,000 — below ₹20,000, so no TDS:

Account	Dr ₹	Cr ₹
Partners' Remuneration	15,000	
Anil — Current A/c		15,000

In May the total becomes ₹30,000, above ₹20,000. TDS of 10% is now due on the whole ₹30,000 = ₹3,000, deducted from May's credit:

Account	Dr ₹	Cr ₹
Partners' Remuneration	15,000	
Anil — Current A/c		12,000
TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner		3,000

From June, ₹1,500 (10%) is deducted each month.

The remuneration is the monthly figure for a full month; a part month counts by days.

4. Interest on capital

The card shows **Post interest on capital ₹…** for the year so far. The app works out interest by the product method: the capital account's credit balance on each day × rate ÷ 365. The opening balance earns for the whole period; money brought in or taken out counts from its date; a debit balance earns nothing. You may post it once at the year end, or part-way and again later — the app posts only what is not yet posted.

EXAMPLE

Anil's capital was ₹6,00,000 all year; the deed gives 10%. Interest = ₹6,00,000 × 10% = ₹60,000. With his remuneration (₹1,80,000 for the year), his credits are above ₹20,000, so TDS of 10% applies.

Account	Dr ₹	Cr ₹
Interest on Partners' Capital	60,000	
Anil — Current A/c		54,000
TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner		6,000

TIP

Keep a separate current account. Interest is worked out on the capital account only, and if remuneration and drawings also go to the capital account, every such credit and debit changes the interest.

THE LAW

Under section 13(c) of the Indian Partnership Act, 1932, interest on capital is payable only out of profits, unless the deed says otherwise. If the profit before interest is less than the interest, the app shows the profit and asks: "Post the full amount all the same?" It never blocks.
For income tax, interest and remuneration are allowed only if the deed provides for them and within the limits of the Act: interest up to 12% a year (simple), and remuneration only to working partners, within a limit worked out on the book profit (for the first ₹6,00,000 of book profit or loss: ₹3,00,000 or 90% of book profit, whichever is more; on the rest: 60%). The app does not check these limits. Confirm with your Chartered Accountant for your case.

CAREFUL

If you enter a partner's remuneration or interest yourself by Money Paid or Journal without a TDS line, Smart Check asks and offers to open Partners & capital. Entries made from the card carry the TDS and go into the TDS register.

5. Paying the TDS

Deposit the TDS by Money Paid to the TDS payable account. Due dates and party-wise figures are in **More › TDS · TCS · RCM register** (the name drops RCM when GST is off).

Account	Dr ₹	Cr ₹

TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner	3,000	
City Bank — Current A/c		3,000

6. Staff salary, depreciation and the firm's income tax

- **Staff salary**: as for a proprietor — an expense account, or **More › Payroll** when PF, ESIC or professional tax apply.
- **Depreciation**: **Reports › Fixed assets & depreciation**, method **Income-tax rates (WDV) — for proprietors / firms**, then **Post depreciation for the year** (Dr Depreciation, Cr each asset).
- **Income tax**: a firm pays its own income tax. If you make a provision at year end, use a Journal to an expense account named "Income Tax" (under Indirect Expenses — the statements then show it as "Current tax") and a liability account "Provision for Income Tax" under Provisions. The partners then share the profit after tax.

Account	Dr ₹	Cr ₹
Income Tax (Indirect Expenses)	2,70,000	
Provision for Income Tax (Provisions)		2,70,000

The amount is worked out by your Chartered Accountant; the app does not calculate the firm's tax.

Profit-sharing ratios with dates

Each partner keeps a list of dated shares. The year's profit is always shared in the ratio of that year: the profit is cut at every 1 April and at every date a share changed, and each piece is shared in the ratio in force on its first day. Changing a share later never moves a finished year's profit between partners. Rounding paise go to the largest fractions, so the shares always add up to the profit exactly.

1. To change a share: on the partner's card press **Edit**, type the new **Profit share**, and set **New share applies from**.
2. Change every partner whose share moves, with the same date. Save.

Admission of a partner

Press **Add a partner** in a firm that already has entries. The box asks **Shares the profit from**: he has share 0 before that date. Then enter his capital by **Capital brought in**, and change the old partners' shares from the same date if the deed changes them.

Retirement of a partner

Give him share 0 from the date he left (**Edit › New share applies from**), and settle his account by Money Paid or by a journal to a loan account. The name stays on the list so earlier years do not change. **Remove from the list** is refused while he has a balance or a share of profit in the books, with the message: "To retire a partner, change the profit share to 0 from the date he left and settle his account; the name stays on the list so that earlier years do not change."

CAREFUL

The screen says what is not covered: admission or retirement with goodwill or revaluation, interest on drawings, interest on a partner's loan, and a guaranteed share. Work these out with your Chartered Accountant and pass the journals yourself.

The year end — no closing entry

Do not pass a journal to transfer the profit to the partners. The Balance Sheet shows each partner's share of profit under Capital Account by itself, every year in the ratio of that year. There is no "Profit & Loss A/c" line for a firm.

EXAMPLE

Kavya Textiles, year ended 31 March 2027. Net profit after interest, remuneration and tax: ₹9,00,000, shared 3 : 2 = Anil ₹5,40,000, Bharat ₹3,60,000. The Balance Sheet's Capital Account shows the partners' accounts and the lines "Anil — share of profit for the year ₹5,40,000" and "Bharat — share of profit for the year ₹3,60,000". From 1 April 2027 these become "… — share of profit of earlier years".

Partners & capital — Anil (separate current account)	₹
Opening (capital ₹6,00,000 + current ₹50,000)	6,50,000
Interest on capital	60,000
Remuneration	1,80,000
TDS deducted	(24,000)
Drawings	(2,40,000)
Share of profit	5,40,000
Closing	**11,66,000**

TDS: 10% of ₹2,40,000 (₹60,000 interest + ₹1,80,000 remuneration) = ₹24,000.

A loss is shared the same way, as "… — share of loss for the year".

Statements and their format

- **Partners & capital** table **Partners' capital accounts**: Partner, Share, Opening, Brought in, Interest on capital, Remuneration, TDS deducted, Drawings, Share of profit, Closing. The tile at the top shows "Profit (year) so far".
- **Balance Sheet** and **Profit & Loss** (T-form working view), with the "ICAI format" chip.
- **Financial statements**: the ICAI Guidance Note on Financial Statements of Non-Corporate Entities. The note **Partners' capital and current accounts** has (a) Partners' Capital Account and (b) Partners' Current Account, with columns: Share of profit / (loss) %, Opening balance, Capital introduced, Remuneration, Interest, Less: tax deducted at source, Withdrawals, Share of profit / (loss), Closing balance. In the Statement of Profit and Loss, partners' remuneration has its own line and interest on partners' capital is shown under finance cost. The signature block is "For (firm name)" with two "Partner" lines; **Details for the statements** has a **Registration number** box for the firm.

Reports to look at

Report	Why
Partners & capital	Each partner's year; buttons for interest and remuneration
Balance Sheet	Partners' shares of profit inside Capital Account
Profit & Loss	Profit after interest and remuneration
TDS · TCS · RCM register	TDS on partners, due dates
Financial statements	The partners' note and the ICAI format

What the firm must do outside the software

- Keep a written, stamped partnership deed; record every change (ratio, admission, retirement) in a deed or supplementary deed with its date.
- Register the firm with the State's Registrar of Firms where you want the benefits of registration.
- File the firm's income-tax return; get the tax audit done when the limits are crossed; pay advance tax.
- Check that interest and remuneration are within the deed and the income-tax limits.
- Deposit TDS on partners' payments and file the quarterly TDS statement.
- Each partner files his own return; his share of profit and his interest and remuneration are treated differently there.
- File GST returns on gst.gov.in.
- Confirm with your Chartered Accountant for your case.

REMEMBER

- Add every partner in More › Partners & capital with a dated profit share; use a separate current account.
- Interest on capital and remuneration are posted from the partner's card, with TDS (10% above ₹20,000 a year; 20% without PAN).
- Each year's profit is shared in that year's ratio and shown inside Capital Account — no closing entry.
- Retire a partner by share 0 from his date; goodwill and revaluation are not covered.
- Statements follow the ICAI format for non-corporate entities.

CHAPTER 20

Books of an LLP

A limited liability partnership (LLP) is registered under the Limited Liability Partnership Act, 2008. Its partners share the profit like a firm, but the LLP is a separate legal body and each partner's liability is limited to his agreed contribution. Taxonomics keeps an LLP's books the same way as a firm's. This chapter shows what is the same, what is different, and the LLP's own statement format.

Words used in this chapter

- **Contribution** — what a partner has agreed in the LLP agreement to bring in (money, property or services). In an LLP the word "contribution" is used where a firm says "capital".
- **Designated partner** — a partner named to be responsible for the LLP's filings under the law. Every LLP must have at least two, each with a DPIN (Designated Partner Identification Number).
- **LLPIN** — the LLP's registration number from the Ministry of Corporate Affairs.

Setting up

1. On the new-business form, or in **More › Type of organisation**, tap **LLP** ("Limited liability partnership. Kept like a partnership: partners' capital and profit share.").
2. Press **Set up the accounts for this type**. The app opens **More › Partners & capital**.
3. Press **Add a partner** for every partner — designated or not — with name, profit share and its date, capital (contribution) account, current account, interest on capital, remuneration and PAN. The box is the same as for a firm (Chapter 19).
4. Open **Reports › Financial statements** › **Details for the statements** and type the **LLPIN**. In **Names of the people who sign for the business**, type the designated partners, one per line.

> **TIP**
> The Partners screen has no "designated partner" tick. The software marks the signature lines of an LLP's statements as "Designated Partner" with a "DPIN:" line; type their names in Details for the statements.

The ledgers the app makes

The same as a firm:

Ledger	Group (head)	Where it shows	Made when
(Partner name) — Capital	Capital Account	Balance Sheet: Capital Account; LLP statements: "Partners' Funds", note part (a) Partners' Contribution	When you add a partner with + Make a new capital account
(Partner name) — Current A/c	Capital Account	Balance Sheet: Capital Account; LLP statements: note part (b) Partners' Current Account	When you choose + Make a separate current account
Interest on Partners' Capital	Indirect Expenses	Profit & Loss; LLP statement: under finance cost	When LLP is set up, or the first time interest is posted
Partners' Remuneration	Indirect Expenses	Profit & Loss; LLP statement: its own line "Partners' remuneration"	When LLP is set up, or the first time remuneration is posted
TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities; TDS register	The first time TDS is deducted on a partner's interest or remuneration

You may rename "(name) — Capital" to "(name) — Contribution" in Masters. The Partners screen follows the account, not its name.

Opening entries

Type each partner's contribution received and his current account balance on the books start date as the **Opening Balance** of his accounts. Contribution agreed but not yet received is not entered in the books; it is a disclosure (see below).

EXAMPLE

Kavya Textiles LLP has two designated partners, Meera and Nikhil, sharing 1 : 1. The LLP agreement fixes each one's contribution at ₹5,00,000. Meera has paid in full; Nikhil has paid ₹3,00,000.

Account	Opening Cr ₹
Meera — Capital	5,00,000
Nikhil — Capital	3,00,000

The ₹2,00,000 still to come from Nikhil is shown only in the disclosure "Contribution of each partner agreed in the LLP agreement (received and still to be received)".

Entries of a normal year

All of these are made exactly as for a firm (Chapter 19): **Capital brought in** (contribution received), **Drawings**, **Post this month's remuneration**, **Post interest on capital**, with TDS worked out by the same rule.

Contribution received later

Account	Dr ₹	Cr ₹
City Bank — Current A/c	2,00,000	
Nikhil — Capital		2,00,000

Remuneration to a working partner

Account	Dr ₹	Cr ₹
Partners' Remuneration	40,000	
Meera — Current A/c		36,000
TDS Payable — 393(3) Table Sl. 7 Salary, bonus, commission, interest to partner		4,000

The payer named in that row of the Income-tax Act, 2025 is a firm, and a firm there includes an LLP. So the LLP deducts TDS on its partners' remuneration and interest in the same way.

The LLP's income tax

An LLP pays income tax as a firm. A provision is made by Journal: Dr "Income Tax" (an expense account under Indirect Expenses), Cr "Provision for Income Tax" (under Provisions), for the figure your Chartered Accountant works out.

Depreciation

The first choice is **Income-tax rates (WDV) — for proprietors / firms**. You may choose a Companies Act method on the Fixed assets screen if your auditor asks for it.

Differences from a partnership firm

Point	Partnership firm	LLP
Law	Indian Partnership Act, 1932	Limited Liability Partnership Act, 2008 and the LLP agreement
Interest on capital out of profits	Section 13(c) of the Partnership Act; the app asks when profit is short	The app asks the same question (it quotes the Partnership Act); for an LLP the agreement decides — read the question as a reminder only

Statement format in the app	ICAI Guidance Note on Non-Corporate Entities	ICAI Guidance Note on Financial Statements of LLPs
Funds heading	Owners' Fund	PARTNERS' FUNDS AND LIABILITIES; "Partners' Funds"
Note on partners	Partners' capital and current accounts	Partners' funds — contribution and current accounts; column "Contribution introduced"
Signature block	"For (firm)", Partner	"For and on behalf of (LLP)", Designated Partner, DPIN
Number on the statements	Registration number (firm)	LLPIN
Extra disclosure	—	Contribution of each partner agreed in the LLP agreement (received and still to be received)
Filings	Income-tax return; registration with the State Registrar of Firms	Also the yearly filings with the Registrar of Companies

The year end — no closing entry

Exactly as for a firm: the Balance Sheet shows "(partner) — share of profit for the year" inside Capital Account, in the ratio of that year; on 1 April it becomes "… — share of profit of earlier years". Never pass a journal to transfer the profit.

Statements and their format

- **Reports › Financial statements** makes the Balance Sheet, the Statement of Profit and Loss and numbered notes in the format of the ICAI Guidance Note on Financial Statements of Limited Liability Partnerships. The first note says the LLP is "a limited liability partnership", gives the LLPIN, PAN and GSTIN, and the ICAI level of the entity worked out from turnover and borrowings.
- The partners' note has (a) Partners' Contribution and (b) Partners' Current Account, and the foot note: "The contribution agreed in the LLP agreement is not kept in the books — see Disclosures to complete by hand."
- The T-form Balance Sheet and Profit & Loss remain as working views.

Reports to look at

- Partners & capital — each partner's year.
- Balance Sheet and Profit & Loss.
- TDS · TCS · RCM register — TDS on partners.

- Financial statements — the LLP format and the hand-filled disclosures.

What the LLP must do outside the software

- Keep the LLP agreement and every change to it filed with the Registrar.
- File the yearly statement of account and solvency and the annual return with the Registrar of Companies by their due dates.
- Get the accounts audited when the turnover or contribution crosses the limit in the LLP rules.
- Keep the designated partners' DPIN KYC up to date.
- File the LLP's income-tax return, tax audit where required, advance tax, and TDS statements.
- File GST returns on gst.gov.in.
- Confirm with your Chartered Accountant for your case — forms, limits and dates are set by the law and change.

REMEMBER

- Choose LLP: the app keeps the books like a firm, with the same partner screen and buttons.
- Type the LLPIN and the designated partners in Details for the statements.
- Only contribution actually received is in the books; the agreed contribution is a disclosure.
- TDS on partners' remuneration and interest applies to an LLP too.
- Statements follow the ICAI Guidance Note for LLPs; no closing entry.

CHAPTER 21

Books of a Private or Public Limited Company

A company is a separate legal person owned by its shareholders and run by its directors. Its books need share capital, reserves, salary with PF, ESIC, professional tax and TDS, statutory dues with due dates, depreciation under Schedule II, a provision for tax, dividends, and statements in the Schedule III format. This chapter shows how the Company pack in Taxonomics does each of these, and what the company must still do outside the software.

Words used in this chapter

- **Share capital** — the face value of shares issued and paid up. **Securities premium** — money received on shares above their face value.
- **Authorised capital** — the most share capital the company may issue under its memorandum. It is a note figure, never an entry.
- **Reserves & Surplus** — profit kept in the company: general reserve, securities premium and the "Surplus in Statement of Profit & Loss" (retained profit).
- **Appropriation** — what is taken out of the surplus: transfer to reserve, dividend.
- **Statutory dues** — money cut from salary or owed by the company to the government: PF, ESIC, professional tax, TDS on salary.
- **CIN** — Corporate Identity Number, 21 characters, on the certificate of incorporation.

Private and public company — what differs

In Taxonomics the two cards **Company — Private Limited** and **Company — Limited (public)** give exactly the same accounts, screens and statements. The first note of the statements says "a private limited company" or "a public limited company". For a public company the app states what is not covered: "listed-company (SEBI) reporting, Ind AS, consolidated statements."

In law the differences are many: number of members and directors, transfer of shares, accepting deposits, audit committee and independent directors, and more filings. These are outside the books. Confirm with your Chartered Accountant or Company Secretary for your case.

Setting up — the Company pack

1. On the new-business form tap **Company — Private Limited** (or **Company — Limited (public)**). For a book in use: **More › Type of organisation**, tap the company card, press **Set up the accounts for this type**. (Or open **More › Company pack** and press **Yes — set up as a company**.)
2. The app asks once, then adds the accounts and opens **More › Company pack**. Its tabs are **Company**, **Salary for the month**, **Profit: reserve, dividend, tax**, **Statement format** and **Rates & due dates**.
3. On the **Company** tab, under **Company details**, type the **CIN (optional)** — the app checks its 21-character pattern, for example U12345GJ2020PTC123456 — and the **Authorised share capital (optional)**: "Only a note for the statements — it is never posted to the books." Press **Save**.
4. Read the table **Accounts of the company** (account, what goes in it, balance today). If an account is shown as missing, press **Add the … missing account(s)**.

> **CAREFUL**
> The pack is for accounting only. It does not make an ECR file, a challan or any return. (For an employee-wise salary register and the PF ECR file, use **More › Payroll**; it posts into the same accounts.)

The 21 heads and two groups the pack makes

Two new groups: **Share Capital** (under Capital Account) and **Statutory Dues Payable** (under Current Liabilities). Then 21 ledgers. "Where it shows" gives the T-form Balance Sheet / Profit & Loss place, then the Schedule III heading.

Ledger	Group (head)	Where it shows	Made when

Equity Share Capital	Share Capital (under Capital Account)	Shareholders' funds › Share capital	When the company type is set up. Your own account with a usual name and the same kind (for example "Share capital", "Retained earnings", "Salary payable") is used instead and nothing is made twice.
Securities Premium	Reserves & Surplus (under Capital Account)	Shareholders' funds › Reserves and surplus	
General Reserve	Reserves & Surplus	Reserves and surplus	
Surplus in Statement of Profit & Loss	Reserves & Surplus	Reserves and surplus (holds only the opening retained profit and the appropriations)	
Salary Payable	Current Liabilities	Other current liabilities	
PF Payable — Employees' Share	Statutory Dues Payable	Other current liabilities	
PF Payable — Employer's Share	Statutory Dues Payable	Other current liabilities	
ESIC Payable	Statutory Dues Payable	Other current liabilities	
Professional Tax Payable	Statutory Dues Payable	Other current liabilities	
TDS Payable — 392 Salary	Duties & Taxes (under Current Liabilities)	Other current liabilities; TDS register	
Dividend Payable	Current Liabilities	Other current liabilities	
Provision for Income Tax	Provisions (under Current Liabilities)	Short-term provisions	
Staff Advances	Loans & Advances (Asset) (under Current Assets)	Short-term loans and advances	

Director's Loan Account	Unsecured Loans (under Loans (Liability))	Long-term borrowings
Salaries & Wages	Indirect Expenses	Employee benefits expense
Director's Remuneration	Indirect Expenses	Employee benefits expense
Employer's Contribution to PF	Indirect Expenses	Employee benefits expense
PF Administration & EDLI Charges	Indirect Expenses	Employee benefits expense
Employer's Contribution to ESIC	Indirect Expenses	Employee benefits expense
Professional Tax — Company (PTEC)	Indirect Expenses	Other expenses (the company's own yearly professional tax)
Income Tax (Current Tax)	Indirect Expenses	Tax expense — (1) Current tax

Other ledgers that a company also gets when first used: **Depreciation** (Indirect Expenses, Schedule III "Depreciation and amortisation expense") on the first depreciation posting, and the TDS payable ledgers of other sections (Duties & Taxes) when an entry first deducts tax. If a name is already taken by another kind of account, the new ledger is called, for example, "Salary Payable (company)". You may rename any account; the company screens follow the account, not its name.

Opening entries

Type the balances of the day before the books start as the **Opening Balance** of each account. In a company the retained profit of earlier years goes on **Surplus in Statement of Profit & Loss**.

EXAMPLE

Kavya Textiles Private Limited starts its books on 1 April 2026:

Account	Opening Dr ₹	Opening Cr ₹
Equity Share Capital (10,00,000 shares of ₹10)		1,00,00,000
Securities Premium		20,00,000
General Reserve		10,00,000
Surplus in Statement of Profit & Loss		20,00,000
Director's Loan Account		15,00,000
Fixed assets, stock, customers, bank (total)	2,40,00,000	
Suppliers and other liabilities (total)		75,00,000
Total	**2,40,00,000**	**2,40,00,000**

TIP

If the openings do not tally, the Balance Sheet's "Difference in opening balances" fix puts the difference into the Surplus account for a company (not into an owner's capital). Find the real cause first.

Entries of a normal year

1. Share capital received

Company pack › **Company** tab › **Share capital received** opens Money Received with Equity Share Capital filled in. Shares issued at a premium need two credits, so enter them as a Journal (Alt + 7). 1,00,000 shares of ₹10 issued at ₹12:

Account	Dr ₹	Cr ₹
City Bank — Current A/c	12,00,000	
Equity Share Capital		10,00,000
Securities Premium		2,00,000

2. Director's loan — and the guard

Money a director lends goes to **Director's Loan Account** by Money Received; repayment by Money Paid.

Account	Dr ₹	Cr ₹
City Bank — Current A/c	5,00,000	
Director's Loan Account		5,00,000

The app guards this account in two ways:

- **Drawings is stopped.** A company has no drawings. An entry that debits a Drawings account is not saved; the message offers "Use Director's Loan Account" or booking the amount as Director's Remuneration through Salary for the month.
- **A loan account going into debit is questioned.** If after an entry the director would owe the company, the app asks before saving: "Loans to directors are restricted by section 185 of the Companies Act, 2013 — please check with your CA before saving." On the Balance Sheet such a debit balance is shown as an asset (loans and advances), not as a minus loan.

Using the proprietor's "Capital" account in a company is also questioned, with "Use Equity Share Capital" offered.

3. Salary for the month (with PF, ESIC, professional tax and TDS)

One journal records the whole month's salary, dated the last day of the wage month. You type totals from your salary sheet; no employee list is needed.

1. Open **More › Company pack › Salary for the month** (also in Reports).
2. Under **Which month?** choose the **Salary month**.
3. Under **Totals from the salary sheet** type: **Gross salary of all staff** (before any cutting), **PF wages (total)**, **ESIC wages (total)** (wages of staff earning up to ₹21,000 a month), and **Of which: directors' remuneration**.
4. Under **Cut from the staff's salary**: **Professional tax** (the total cut this month), **TDS on salary** (section 392) and **Advance / loan recovered** (goes against Staff Advances). The employees' PF (12%) and ESIC (0.75%) are worked out.
5. Under **Paid by the company on top** the app shows employer's PF 12%, administration charges 0.5% (at least ₹500), EDLI 0.5% and employer's ESIC 3.25%. Each worked-out figure is a hint: if your challan differs by a few rupees, type the challan figure.
6. Read **The entry that will be saved**, with **Net salary to pay** and what the month costs the company. Press **Save the salary entry**.
7. Then press **Pay the net salary ₹…** (Money Paid from Salary Payable) and **See statutory dues and due dates**.

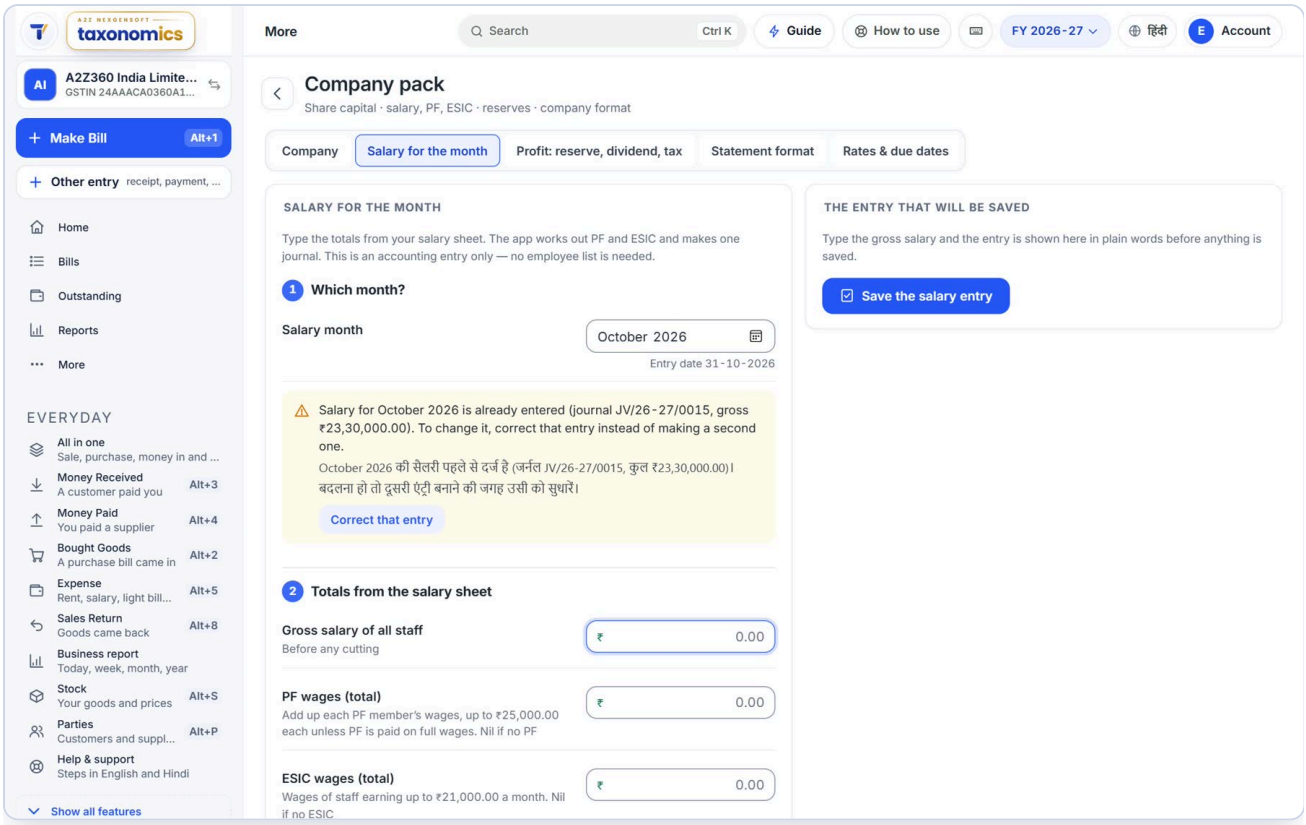

Figure 21.1 — Company pack › Salary for the month: totals from the salary sheet on the left, the journal in plain words on the right.

EXAMPLE

Salary for April 2026. Gross ₹2,00,000, of which directors' remuneration ₹50,000. PF wages ₹1,00,000. ESIC wages ₹40,000. Professional tax cut ₹1,000. TDS cut ₹5,000. Advance recovered ₹2,000.
Worked out: employees' PF 12% = ₹12,000; employer's PF 12% = ₹12,000; administration 0.5% = ₹500 (the minimum ₹500); EDLI 0.5% = ₹500; employees' ESIC 0.75% = ₹300; employer's ESIC 3.25% = ₹1,300.

Account	Dr ₹	Cr ₹
Salaries & Wages	1,50,000	
Director's Remuneration	50,000	
Employer's Contribution to PF	12,000	
PF Administration & EDLI Charges	1,000	
Employer's Contribution to ESIC	1,300	
PF Payable — Employees' Share		12,000
PF Payable — Employer's Share (12,000 + 500 + 500)		13,000
ESIC Payable (300 + 1,300)		1,600
Professional Tax Payable		1,000
TDS Payable — 392 Salary		5,000
Staff Advances		2,000
Salary Payable (net)		1,79,700
Total	**2,14,300**	**2,14,300**

Net salary = 2,00,000 − (12,000 + 300 + 1,000 + 5,000 + 2,000) = ₹1,79,700. The month costs the company ₹2,14,300.

PF is rounded to the nearest rupee and ESIC upward, as the PF and ESIC offices do. If you save a second salary journal for the same month, Smart Check asks first ("Saving this would book the month's salary twice"). To change a saved month, use **Correct** in **Salary entries of this year**. Paying salary straight to the Salaries & Wages head is questioned, because it would leave PF and ESIC out of the books.

4. Paying the statutory dues

Open **Reports › Statutory dues**. Each head — PF (employees' share), PF (employer's share), ESIC, professional tax, TDS on salary — shows opening, added in the month, paid, balance to pay, due date and status (paid, paid late, not yet due, overdue). Press **Pay** on a line: Money Paid opens with

that account and its balance to pay. Pay each head this way. One PF challan covers both PF shares; if you want them in one entry, use a Journal (Alt + 7) instead:

Account	Dr ₹	Cr ₹
PF Payable — Employees' Share	12,000	
PF Payable — Employer's Share	13,000	
City Bank — Current A/c		25,000

Head	Due date the app uses
PF (both shares)	15th of the next month
ESIC	15th of the next month
TDS on salary	7th of the next month; March salary — 30 April
Professional tax	The State's due day (Gujarat: 15th; others as set in Rates & due dates)

Payments settle the oldest month first. Below the dues is the month-wise **record**: "Give this record to your tax auditor: it shows, for every month, the due date and the date of deposit of the employees' and the employer's contributions." Paying a PF / ESIC / professional tax amount to an expense head instead of the payable account is questioned.

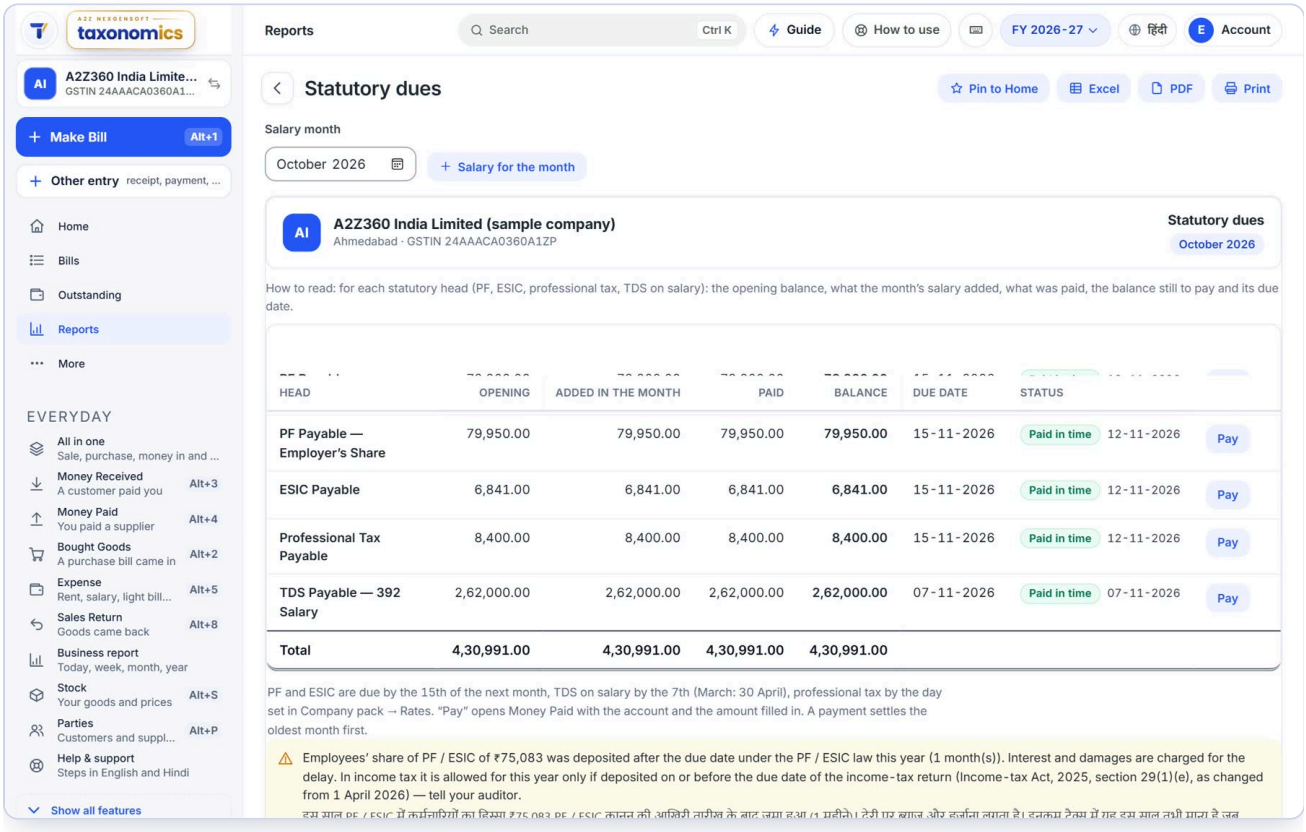

Figure 21.2 — Reports › Statutory dues: each head with the month's addition, payment, due date and status, and the month-wise record for the tax auditor.

THE LAW

Employees' share of PF / ESIC: for wage months from April 2026 the Income-tax Act, 2025, section 29(1)(e) allows it when deposited on or before the due date of the income-tax return; for years up to 2025–26 it had to be deposited by the PF / ESIC due date. The employer's share and taxes are allowed when paid (section 37). Late deposit still draws interest and damages under the PF / ESIC law. The app shows these as questions when you pay late, and as notes at the year end. Confirm with your Chartered Accountant for your case.

5. Rates and due dates

The tab **Rates & due dates** shows every rate the pack uses, with its source, the date it was read and a status — "Confirmed from official text" or "Please check". The app holds: PF 12% + 12%, administration 0.5% (at least ₹500), EDLI 0.5%, PF wage ceiling ₹15,000, ₹25,000 from 17 September 2026; ESIC 0.75% + 3.25%, ₹21,000 limit; due days as above; professional tax slabs for some States (Gujarat, Maharashtra, Karnataka, Telangana, Andhra Pradesh). Change any rate or due day for your company and press **Save**; **Back to the standard rates** undoes it. Check these when the law changes.

6. Depreciation under Schedule II

For a company the app's book method is **Companies Act — straight line (SLM)**: the useful lives of Schedule II to the Companies Act, 2013, a residual value of 5% of cost, pro rata from the date an asset is put to use. You may choose **Companies Act — written down value (WDV)** on **Reports › Fixed assets & depreciation**. The method is saved the first time you press **Post depreciation for the year**.

Account	Dr ₹	Cr ₹
Depreciation	3,80,000	
Plant & Machinery		3,00,000
Computers		80,000

Income-tax depreciation (section 33) is kept apart in the same screen's Income-tax block; it does not enter the books.

7. Provision for tax

Company pack › **Profit: reserve, dividend, tax** › **Provision for income tax**: "Income-tax on the year's profit, as worked out by your CA." Date: 31 March. Type the amount and press **Post the journal**.

Account	Dr ₹	Cr ₹
Income Tax (Current Tax)	10,00,000	

Provision for Income Tax		10,00,000

Advance tax and the final tax are paid through **Tax paid? Enter the payment** (Money Paid, Dr Provision for Income Tax, Cr Bank).

8. Transfer to reserve

Same tab, **Transfer to General Reserve**: "It only moves inside Reserves & Surplus — the profit of the year does not change." Date: 31 March.

Account	Dr ₹	Cr ₹
Surplus in Statement of Profit & Loss	5,00,000	
General Reserve		5,00,000

9. Dividend and its TDS

Same tab, **Dividend declared**. The date is the date of the meeting that declared it — the AGM for a final dividend, the board meeting for an interim dividend — not 31 March. A dividend dated 31 March is questioned (AS 4: a proposed dividend is a note, not a liability). An amount above the **Surplus available** is questioned too: "A company can transfer or distribute only out of profits."

EXAMPLE

The AGM on 30 September 2027 declares ₹1 a share on 10,00,000 shares.

Account	Dr ₹	Cr ₹
Surplus in Statement of Profit & Loss	10,00,000	
Dividend Payable		10,00,000

Paid on 15 October 2027, with TDS of 10% on the shareholders who are liable (here assumed for all):

Account	Dr ₹	Cr ₹
Dividend Payable	10,00,000	
City Bank — Dividend A/c		9,00,000
TDS Payable — Dividend		1,00,000

THE LAW

The app's note: TDS at 10% is deducted before paying dividend to a resident shareholder (Income-tax Act, 2025, section 393(1) Table Sl. 7: no threshold). No TDS only for an individual shareholder who gets up to ₹10,000 in the year and is paid by bank, not in cash (section 393(4) Table Sl. 10(f)), or who has given the declaration. Without PAN the rate is higher. Confirm with your Chartered Accountant for your case.

CAREFUL

The app has no TDS section for dividend. Make a ledger yourself, for example "TDS Payable — Dividend" under Duties & Taxes, and enter the payment as a Journal with three lines. This tax is not picked up by the app's TDS register or TDS return files; prepare that return outside the app.

10. Donations made by the company

A donation paid by the company is an expense: make an account such as "Donations" under Indirect Expenses (it falls under "Other expenses" in Schedule III). Corporate social responsibility (CSR) spending and its disclosure are not worked out by the app.

The year end — reserves and surplus without a closing entry

A company passes no closing entry in Taxonomics. All retained profit — earlier years and this year, a loss too — is shown inside shareholders' funds as "Surplus in Statement of Profit & Loss". There is no separate "Profit & Loss A/c" on the Balance Sheet, and the Surplus ledger itself holds only the opening retained profit and the appropriations. Never pass a journal to "transfer the profit"; Smart Check asks you not to.

EXAMPLE

Year 2026–27: profit after tax ₹30,00,000; transfer to General Reserve ₹5,00,000; opening surplus ₹20,00,000. The Balance Sheet (Shareholders' funds) shows:

Line	₹
Share Capital	1,10,00,000
Reserves & Surplus (Securities Premium ₹22,00,000 + General Reserve ₹15,00,000)	37,00,000
Surplus in Statement of Profit & Loss — earlier years	20,00,000
Surplus in Statement of Profit & Loss — profit for the year	30,00,000
Less: appropriations of the year (reserve, dividend)	(5,00,000)
Shareholders' funds	**1,92,00,000**

A loss year shows "Deficit in Statement of Profit & Loss — loss for the year" as a minus line; it never goes to the assets side.

Reports › Reserves & Surplus is the statement of changes in equity: share capital, each reserve and the surplus with opening, profit, additions and transfers in, transfers out and dividend, and closing. It says: "No closing entry is passed: the surplus of every year is carried into the next year by this statement itself." Its closing figure equals shareholders' funds in the Balance Sheet.

Statements in the Schedule III format

- **Reports › Balance Sheet — company format** and **Reports › Statement of Profit & Loss — company format**: the same balances as the T-form statements, grouped under the headings of Schedule III (Division I) to the Companies Act, 2013 — Equity and Liabilities (Shareholders' funds, Non-current liabilities, Current liabilities) and Assets (Non-current, Current); Revenue from operations, Other income, Purchases of Stock-in-Trade, Employee benefits expense, Finance costs, Depreciation and amortisation expense, Other expenses, Tax expense. Totals always equal the T-form statements. Trade payables are split into (A) micro and small enterprises and (B) others, from the MSME tick on each supplier.
- The company-format screens say what they leave out: notes to accounts, deferred tax, the split of one loan into current and non-current parts, and the cash-flow statement in this form.
- Company pack › **Statement format**: choose **Which heading each group goes under** (same side only), or **Back to the standard choice**. Under **Loans: part repayable within 12 months** type, for each long-term loan, the amount due within 12 months; it is shown as "Current maturities of long-term borrowings" under Short-term borrowings.

- **Reports › Financial statements** : the full Schedule III set with numbered notes (Corporate information, accounting policies, Share capital with the authorised capital you typed, Reserves and surplus, and the rest), the signature block "For and on behalf of the Board of Directors" with two Director / DIN lines, and the list **Disclosures to complete by hand** — number and face value of shares of each class, reconciliation of shares, shareholders holding more than 5%, promoters' shareholding, and more.

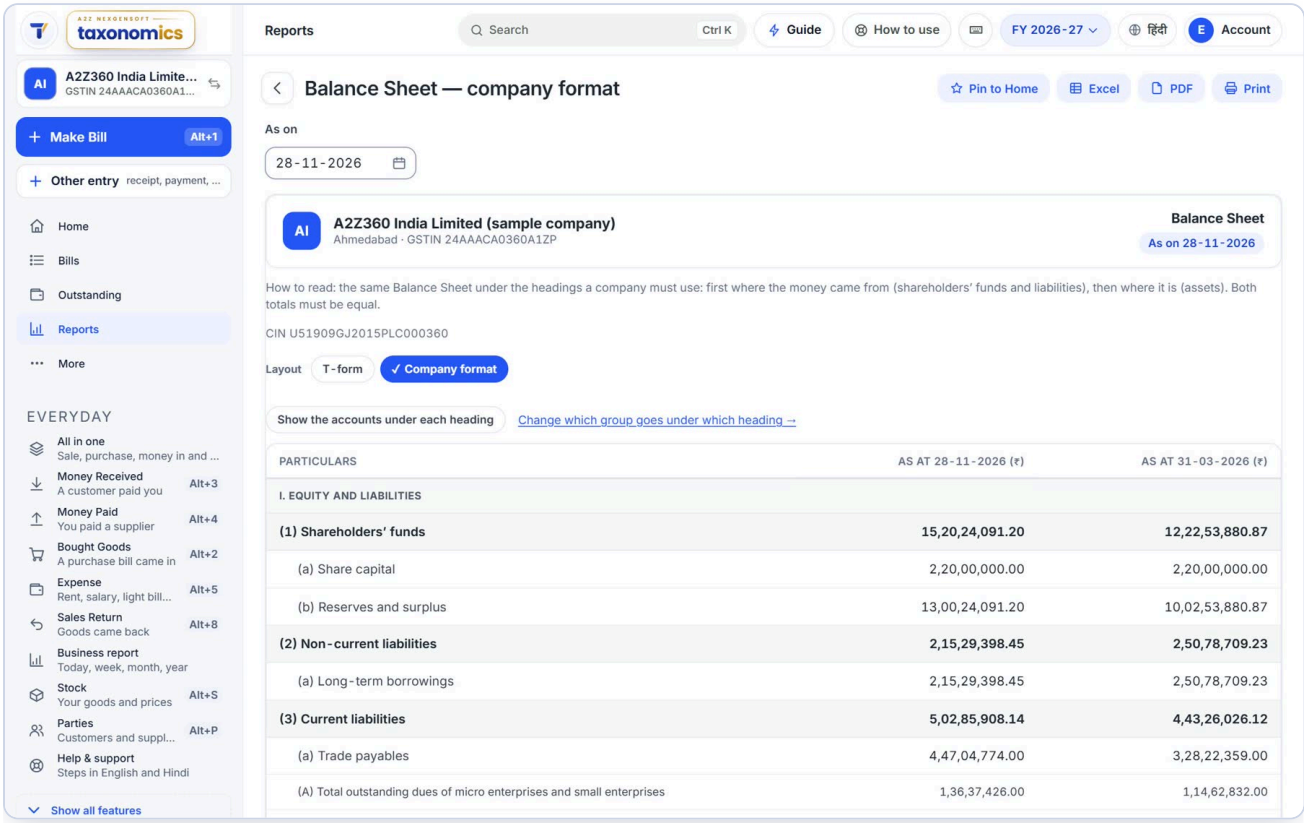

Figure 21.3 — Reports › Balance Sheet — company format: Schedule III headings made from the same balances as the ordinary Balance Sheet.

Reports to look at

Report	Why
Statutory dues	Every month: what is unpaid and when it is due
Salary for the month	The salary journal of each month
Reserves & Surplus	Share capital, reserves and retained profit for the year
Balance Sheet / Statement of Profit & Loss — company format	Schedule III view at any date
Fixed assets & depreciation	Schedule II register
Financial statements	The set for the auditor and the board

Entries to review	Late statutory dues, MSME bills unpaid after 45 days

What the company must do outside the software

- Hold board meetings and the AGM; approve the financial statements and any dividend; keep minutes and the statutory registers.
- Get the statutory audit done and file the financial statements and the annual return with the Registrar of Companies by their due dates; file the other yearly forms that apply (for example director KYC, MSME half-yearly return — the app reminds about MSME Form 1).
- Deposit PF, ESIC, professional tax and TDS on time and file their returns (ECR, ESIC, professional tax, quarterly TDS statements). The app keeps the record; it files nothing.
- Work out income tax, pay advance tax, get the tax audit where required and file the company's return.
- Deduct TDS on dividend and deposit it; file that return outside the app.
- Check that no loan is given to a director against section 185 of the Companies Act, 2013.
- File GST returns on gst.gov.in (Taxonomics makes the files; you upload them).
- Confirm with your Chartered Accountant for your case — and your Company Secretary for the company-law filings.

REMEMBER

- Choose a company type: the pack adds two groups and 21 ledgers; private and public get the same.
- One salary journal a month from totals; pay the net salary, then each statutory due from Reports › Statutory dues.
- A company has no drawings: the app stops them. A director's loan in debit is questioned.
- Tax provision, transfer to reserve and dividend are made in "Profit: reserve, dividend, tax"; the profit itself needs no closing entry.
- Depreciation follows Schedule II; statements follow Schedule III.

CHAPTER 22

Books of a Trust, Society or Non-Profit (NPO)

A trust or society has no owner and shares no profit. It receives donations and grants and spends them on its objects. Its books are kept in funds, and its profit and loss account is called the Income & Expenditure Account. You will learn the fund accounts the app makes, how to enter general, corpus and earmarked donations, revenue and capital grants, spending out of a fund, how the year ends, and the statements in the ICAI format for not-for-profit organisations.

Words used in this chapter

- **Corpus fund** — donations given to be kept for ever (the donor says "towards corpus"). Only the income from it is spent. It is not income of the year.
- **General fund** — the trust's own accumulated surplus of earlier years.
- **Earmarked (restricted) fund** — money given for one named purpose (a building, scholarships, medical help) until it is spent on it.
- **Revenue grant** — a grant for running the activities. It is income to the extent used in the year.
- **Capital grant** — a grant for buying or building a fixed asset. It is not income of the year it is received.
- **Surplus / deficit** — the trust's words for profit / loss: income over expenditure, or expenditure over income.

Setting up

1. On the new-business form, or in **More › Type of organisation**, tap **Trust / society (non-profit)**.
2. Read the table of accounts and press **Set up the accounts for this type**.
3. From now on **Profit & Loss** is titled **Income & Expenditure Account**, "Net profit" reads "Surplus (income over expenditure)", "Net loss" reads "Deficit (expenditure over income)" and "Expenses" reads "Expenditure". The Tax setup answer becomes "other".
4. Make your own accounts in Masters: income heads (hall rent, interest on deposits) under Indirect Incomes, programme expenses (scholarships, teachers' honorarium, medicines) under Indirect Expenses, and one fund account under Capital Account for each earmarked purpose, with "Fund" in its name (for example "Scholarship Fund").

CAREFUL

Only a book where you chose "Trust / society" yourself works as a trust. An old Tax setup answer "Trust / Society / Other" alone changes nothing.

The page also states what is not covered: "the 85% application working, Form 10B / 10BB figures, fund-wise Income & Expenditure, FCRA accounts."

The ledgers the app makes

Ledger	Group (head)	Where it shows	Made when
Corpus Fund	Capital Account	Balance Sheet: Funds; statements: Funds note, unrestricted funds, "Corpus"	When Trust / society is set up. Your own account with a usual name of the same kind (for example "Trust fund", "Accumulated fund", "Donations", "Building fund") is used instead.
General Fund	Capital Account	Balance Sheet: Funds; Funds of the trust: "General Fund (including surplus)"	
Earmarked Funds	Capital Account	Balance Sheet: Funds; statements: Funds note, restricted funds	
Donations Received — General	Indirect Incomes	Income & Expenditure Account: income	
Grants Received	Indirect Incomes	Income & Expenditure Account: income	
Transfer from Earmarked Funds	Indirect Incomes	Income & Expenditure Account: income (equal to what was spent out of earmarked funds)	
Capital Grants (Deferred Income)	Capital Account	Balance Sheet: Funds	
Grants Received in Advance (Unspent)	Current Liabilities	Balance Sheet: Current liabilities	

Any other account under Capital Account whose name says "fund" (other than the Corpus Fund, the General Fund and an "endowment") is treated as an earmarked fund too. The owner's "Capital" account that every new book has stays unused and is kept out of the Money Received / Money Paid list while it is empty.

Opening entries

Type each balance on the books start date as **Opening Balance**. The General Fund is the balancing figure: assets less liabilities, less the corpus and the earmarked funds.

EXAMPLE

Seva Shiksha Trust, 1 April 2026:

Account	Opening Dr ₹	Opening Cr ₹
School Building (Fixed Assets)	30,00,000	
Fixed Deposit (Investments)	20,00,000	
Bank	5,00,000	
Corpus Fund		50,00,000
Earmarked Funds		1,50,000
General Fund (balancing)		3,50,000
Total	**55,00,000**	**55,00,000**

TIP

If the openings do not tally, the Balance Sheet's "Difference in opening balances" fix puts the difference into the General Fund for a trust. Find the real cause first.

Entries of a normal year

1. General donation

Money Received (Alt + 3), account **Donations Received — General**. A donation for the trust's work in general is income of the year.

Account	Dr ₹	Cr ₹
Bank	50,000	
Donations Received — General		50,000

2. Corpus donation

Money Received, account **Corpus Fund**. Keep the donor's letter saying "towards corpus".

Account	Dr ₹	Cr ₹
Bank	1,00,000	
Corpus Fund		1,00,000

If the note says "corpus" or "endowment" but the amount goes to a donations income account, Smart Check asks and offers "Use Corpus Fund".

3. Earmarked donation

Money Received, account **Earmarked Funds** or your own fund account, for example "Scholarship Fund".

Account	Dr ₹	Cr ₹
Bank	2,00,000	
Scholarship Fund		2,00,000

If the note says, for example, "earmarked", "building fund" or "for scholarships" and the amount goes to donations income, Smart Check offers "Use Earmarked Funds".

4. Spending out of an earmarked fund

Scholarships of ₹50,000 are paid out of the Scholarship Fund.

1. Open **Money Paid** (Alt + 4). Choose the expense head **Scholarships Paid** (not the fund) and the bank.
2. In **Paid out of fund** pick **Scholarship Fund**. (Leave it at **Not from an earmarked fund** for ordinary spending.) Save.

The entry you typed stays as it is, and the app adds two lines by itself:

Account	Dr ₹	Cr ₹
Scholarships Paid	50,000	
Bank		50,000
Scholarship Fund	50,000	
Transfer from Earmarked Funds		50,000

So the spending shows in the Income & Expenditure Account, the surplus of the year is not changed, and the fund falls by what was spent (ICAI Technical Guide on Accounting for Not-for-Profit Organisations). Only expense heads count: a fixed asset bought from a fund is not moved to income at once.

> **CAREFUL**
> Do not debit the fund straight against the bank. Then the spending never reaches the Income & Expenditure Account; Smart Check asks and tells you to use the expense head with "Paid out of fund". Only money given back to the donor is debited to the fund directly.

5. Revenue grant, and the unspent part

A government grant of ₹3,00,000 for running the evening school is received: Money Received to **Grants Received**.

Account	Dr ₹	Cr ₹
Bank	3,00,000	
Grants Received		3,00,000

By 31 March only ₹2,40,000 is spent. The unspent ₹60,000 is income of the year in which it is spent, so pass a Journal on 31 March:

Account	Dr ₹	Cr ₹
Grants Received	60,000	
Grants Received in Advance (Unspent)		60,000

Next year, when it is spent, pass the reverse journal (Dr Grants Received in Advance (Unspent), Cr Grants Received). The app does not make these two journals by itself.

6. Capital grant

A grant of ₹5,00,000 to buy a school van. The app follows the deferred-income way (AS 12; ICAI Technical Guide): Money Received to **Capital Grants (Deferred Income)**.

Account	Dr ₹	Cr ₹
Bank	5,00,000	
Capital Grants (Deferred Income)		5,00,000

If the note says the money is for buying a vehicle, building, equipment and so on, but it goes to an income account, Smart Check offers "Use Capital Grants (Deferred Income)". Each year, pass a Journal moving to income a part equal to the van's depreciation for the year, say ₹75,000:

Account	Dr ₹	Cr ₹
Capital Grants (Deferred Income)	75,000	
Grants Received		75,000

AS 12 also allows the other way — deduct the grant from the cost of the asset (credit the asset's own account). You may do that instead. Confirm with your Chartered Accountant for your case.

7. Other income and expenditure

- **Interest on fixed deposits**: Money Received to an income account under Indirect Incomes.
- **Hall rent with GST**: if the trust is registered under GST, make a sales bill (Alt + 1) to the hirer, as any business does.
- **Programme expenses and office expenses**: Money Paid or Expense to the right expense head.
- **Depreciation**: Reports › Fixed assets & depreciation. The first choice is income-tax rates (WDV); choose the method your auditor asks for, then **Post depreciation for the year** (Dr Depreciation, Cr each asset).

The year end — no closing entry

The trust passes no closing entry. The surplus of the year is shown by the Balance Sheet with the Funds as **Surplus for the year**; from 1 April it is shown as **General Fund — surplus carried forward**. A deficit is never an asset: it is shown as **Less: deficit for the year** inside the Funds. The note under the Balance Sheet reads: "No closing entry is needed at year end. The surplus of the years already over is shown with the funds; only this year's surplus or deficit is shown separately." A journal that "transfers the surplus to the General Fund" is questioned by Smart Check.

Reports › Funds of the trust shows the Corpus, the General Fund (including surplus) and the earmarked / restricted funds, with opening, additions, used and transfers out, and closing.

> **EXAMPLE**
> In 2026–27 Seva Shiksha Trust had income of ₹12,00,000 (including ₹50,000 transfer from earmarked funds) and expenditure of ₹10,50,000. Surplus ₹1,50,000. On 31 March 2027 the Funds show: Corpus Fund ₹51,00,000; General Fund ₹3,50,000; Surplus for the year ₹1,50,000; Scholarship Fund ₹1,50,000 (₹2,00,000 received − ₹50,000 spent); Earmarked Funds ₹1,50,000; Capital Grants (Deferred Income) ₹4,25,000.

Statements and their format

- **Income & Expenditure Account** and **Balance Sheet** (Reports): the T-form working views; the Balance Sheet heads its capital side "Funds".

- **Reports › Financial statements**: the set in the format of the ICAI Technical Guide on Accounting for Not-for-Profit Organisations — a Balance Sheet with "FUNDS EMPLOYED" and "REPRESENTED BY", the **Income and Expenditure Account** (income from activities, other income, staff payments and benefits, depreciation, other expenses), and numbered notes. The **Funds** note has *Unrestricted funds* (Corpus, General Fund, others) and *Restricted funds* (the earmarked funds), and the foot note: "The surplus or deficit of the period is carried to the General Fund. A deficit is deducted from the General Fund; it is never shown as an asset."
- The accounting policy written by the app says: "Donations and grants are recognised when received, unless the donor has earmarked them: corpus donations are credited directly to the Corpus Fund and earmarked receipts to the fund concerned."
- **Details for the statements** has a **Registration number** box; the signature block reads "For (trust name)" with two "Trustee" lines.
- The list **Disclosures to complete by hand** includes, among others, the unrestricted and restricted funds columns of the Income and Expenditure Account, which the app does not split.

Reports to look at

Report	Why
Income & Expenditure Account	Surplus or deficit of the year
Funds of the trust	Corpus, general and earmarked funds, with what was used
Balance Sheet	Funds, assets, and that it tallies
Fixed assets & depreciation	Assets and the year's depreciation (also the figure for the capital grant release)
Financial statements	The set for the auditor and the trustees

What the trust must do outside the software

- Keep the trust deed or society bye-laws, the registration under the State trust or society law, and the income-tax registration and approvals up to date.
- Work out the application of income for charitable purposes (the 85% working) and accumulations — the app does not.
- Get the accounts audited and file the audit report and the income-tax return of the trust by the due dates.
- Give receipts to donors and file the statement of donations received where the trust is approved for donor deduction.

- Keep foreign contributions in the separate FCRA bank account and books, if the trust receives them — the app does not keep FCRA accounts.
- Deduct TDS where the trust is liable; file GST returns if registered.
- Confirm with your Chartered Accountant for your case.

REMEMBER

- Choose Trust / society yourself: the app adds the corpus, general and earmarked funds, donations and grants accounts, and renames Profit & Loss as Income & Expenditure.
- General donations are income; corpus and earmarked donations go to their funds.
- Spend out of a fund through the expense head with "Paid out of fund" — the transfer is added by itself.
- Capital grants are deferred income, moved to income in step with depreciation; unspent revenue grants go to "Grants Received in Advance (Unspent)".
- No closing entry: the surplus is carried to the General Fund by the reports.

PART 6

Payroll, reports and analysis

Salaries, every report, statutory statements and the business check-up.

CHAPTER 23

Payroll: Salary, PF, ESIC and Payslips

You will learn how to add employees once, run the salary of every month, read PF, ESIC, professional tax and TDS on each slip, send payslips, make the bank and PF files, and post one salary journal. At the end you will see the yearly side: loans, bonus, gratuity, full and final settlement and the Form 24Q rows.

What the payroll does, in one look

Payroll is the work of paying salary every month and keeping the records the law asks for. In Taxonomics you enter each employee one time, with the pay for a full month. After that, the software works out every month by itself: the days paid, the PF, the ESIC, the professional tax, the TDS on salary, the advance recovered and the net pay.

When the month looks right, you press one button and the software posts **one journal** for the whole month. That journal, the salary register, the payslips and the PF file all agree to the rupee.

- Open it from **More › Transactions › Payroll**, or press **Alt** + **L**.
- The page has four tabs: **Salary for the month**, **Employees**, **Loans** and **Year: bonus, gratuity, TDS**.
- If you do not see Payroll in the menu, open **More › Settings**, find the card **Features you use** and tick **We pay salaries**. Payroll also shows by itself once an employee is saved, or when the tax set-up says you have employees.

> **TIP**
> Payroll works for every type of organisation: proprietor, partnership firm, LLP, trust or company. You do not have to switch on the company pack to use it.

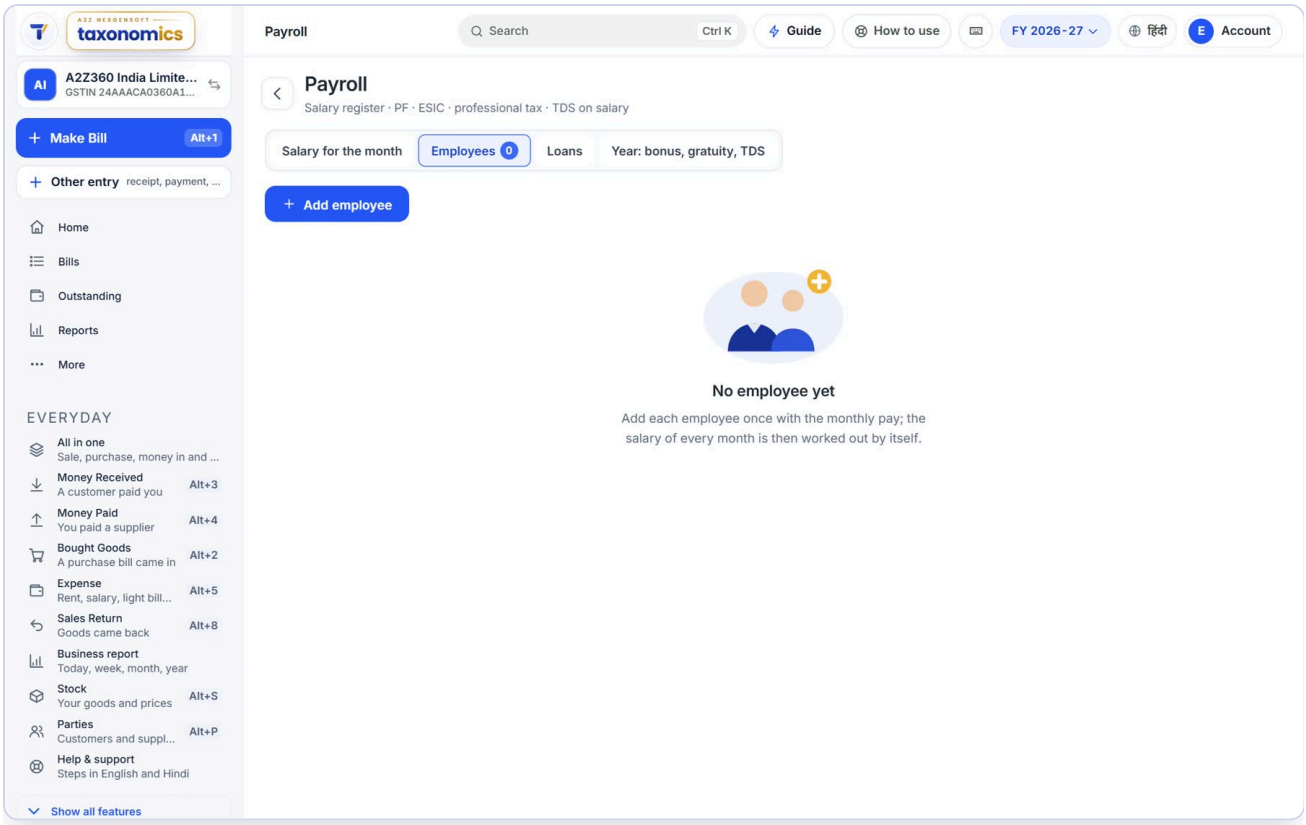

Figure 23.1 — The Payroll page with its four tabs: Salary for the month, Employees, Loans and Year.

Step 1: Add your employees

Open the **Employees** tab and press **Add employee**. Fill the form once. Only the name, the date of joining and the basic pay are a must; the rest helps the payslip, the PF file and the bank file.

The fields on the employee form

Field	What to type
Name	The employee's full name, as in the bank and PF records.
Employee code	Your own short code, for example E-01. Two employees cannot have the same code.
Designation	For example Accountant, Helper, Salesman.
Date of joining / Date of leaving	The pay of the first and last month is worked out only for the days on the rolls. Leave "Date of leaving" empty while the person works with you.
PAN	10 characters, like ABCDE1234F. Needed for TDS and Form 24Q.
Department	For example Sales, Store, Office.
Gender	Male, Female or Other. Some States have a separate professional tax slab for women (Maharashtra is built in).

Date of birth	Must be before the date of joining.
Salary bank account: **Account number**, **IFSC**, **Bank**	Account number of 6 to 18 digits; IFSC of 11 characters, like SBIN0001234. Needed for the bank transfer file.
Monthly pay (full month): **Basic**, **DA**, **HRA**, **Other allowances**	The pay for a full month. DA = dearness allowance. HRA = house rent allowance. Other allowances = special allowance and the like.
PF UAN (12 digits)	The Universal Account Number given by EPFO. Needed for the PF ECR file.
ESIC number (10 digits)	The ESIC insurance number.
TDS every month (blank = estimate)	Leave it blank and the software estimates the TDS. Type a figure only if you want the same TDS every month.

The tick boxes

- **PF member** — the employee is in the provident fund.
- **PF on wages up to the ceiling only** — PF is worked out only on wages up to the PF wage ceiling (most employers do this). Untick it to pay PF on the full wages.
- **ESIC** — a list with three choices: **When the full-month pay is within ₹21,000** (the software decides), **Covered (keep till the period ends — Apr–Sep / Oct–Mar)** (use it after a raise takes a covered employee above the limit in the middle of a contribution period), and **Not covered**.
- **Professional tax** — cut professional tax by the State slab. Untick it for someone who is not liable.
- **Director (remuneration, no PF / ESIC)** — the pay goes to "Director's Remuneration", and no PF or ESIC is worked out.

Press **Save**. The list shows each employee with the date of joining, the monthly pay and what applies (PF · ESIC · PT, or Director). Press **Edit** on a row to change it. An employee with a date of leaving shows in grey.

> **CAREFUL**
> Change the pay of an employee only from the month the raise starts. A month already posted keeps the slips as they were posted, so a later raise does not change an old month's register, payslips or Form 24Q.

Step 2: The salary of the month

Open the **Salary for the month** tab. Choose the **Wage month** (the list shows the last 15 months). The register shows one row for every employee on the rolls in that month.

What you type in the register

Column	What it means
Days without pay	Days of absence that are not paid (loss of pay). Paid days = days on the rolls – days without pay.
Gross	Worked out: the full-month pay × paid days ÷ days in the month, plus overtime, bonus and arrears.
Overtime · Bonus · Arrears	Three small boxes: **OT**, **Bonus**, **Arrears**. Each is treated in its own way (see below).
PF, **ESIC**, **Prof. tax**	The employee's share, worked out by the software.
TDS	The income-tax cut from salary. The estimate is filled in; you can type over it.
Advance	Loan or advance recovered this month. A loan instalment fills it by itself (see Loans below).
Net pay	Gross – PF – ESIC – professional tax – TDS – advance. This is what the employee gets.

Under each name you see "27 of 30 days" (paid days of the month) and a **Send** button for the payslip.

Paid days

The software counts the days the employee was on the rolls in the month (from the date of joining, up to the date of leaving), then takes away the days without pay. Basic, DA, HRA and other allowances are each paid for those days only.

> **EXAMPLE**
> Ravi joined long ago. His full-month basic is ₹12,000. November has 30 days. He was absent without pay for 3 days. Paid days = 30 – 3 = 27. Basic for the month = ₹12,000 × 27 ÷ 30 = ₹10,800.

Overtime, bonus and arrears

- **OT** (overtime) counts for ESIC, but not for PF.
- **Bonus** counts for neither PF nor ESIC, and is left out of the professional tax slab.
- **Arrears** (old pay of basic, DA or allowances paid now) count for both PF and ESIC.

Below the register

Four boxes show what the month costs the business on top of the pay: **Employer's PF (incl. pension)**, **EDLI and PF admin charges**, **Employer's ESIC** and **Cost to the business**. A yellow list may show points to look at, for example "professional tax of this State is not built in" or "no PAN". They do not stop the posting, but read them.

How PF is worked out

PF means the Employees' Provident Fund. Both the employee and the employer pay into it every month.

1. **PF wages.** Under the Code on Social Security, "wages" are basic + DA + other (special) allowances. HRA, overtime and bonus are left out — but if what is left out is more than half of the pay, the extra is added back. So the software takes the higher of (basic + DA + other allowances) and half of the month's fixed pay. Arrears are added.
2. **Wage ceiling.** When **PF on wages up to the ceiling only** is ticked, PF wages stop at the ceiling. The software uses ₹15,000 a month up to 16 September 2026 and ₹25,000 a month from 17 September 2026 (check the current rate).
3. **Employee's share:** 12% of PF wages, cut from the salary.
4. **Employer's share:** 12% of PF wages. Out of this, 8.33% of the wages up to the ceiling goes to the pension scheme (EPS); the rest goes to PF.
5. **EDLI** (the insurance scheme): 0.5% of wages up to the ceiling, paid by the employer.
6. **Administration charges:** 0.5% of PF wages, at least ₹500 a month for the business (check the current rate). Paid by the employer.

PF figures are rounded to the nearest rupee, employee by employee. Hold the mouse on a PF figure to see the PF wages behind it.

> **THE LAW**
> PF wages follow section 2(88) of the Code on Social Security, 2020 and the EPF Scheme, 2026. The PF wage ceiling of ₹25,000 from 17 September 2026 is the figure in the software; the month of September 2026 is worked out at the ceiling in force at the month end. Check the current rate, and how your PF office treats September 2026. Confirm with your Chartered Accountant for your case.

How ESIC is worked out

ESIC is the Employees' State Insurance. It covers employees whose full-month pay (basic + DA + HRA + other allowances, before days without pay and without bonus or overtime) is within ₹21,000 a month (check the current rate).

- ESIC wages = the gross of the month, less bonus.
- Employee's share 0.75%, employer's share 3.25% (check the current rate). Both are rounded up to the next rupee.
- A director is never covered. "Not covered" on the employee form switches it off.
- After a raise above the limit, choose **Covered (keep till the period ends — Apr–Sep / Oct–Mar)** to keep the employee covered to the end of the contribution period.

CAREFUL

For a person with a disability the ESIC limit is higher (₹25,000 is reported). The software does not apply it by itself — use "Covered" on that employee. Check the current rate.

Professional tax by State

Professional tax (PT) is a State tax cut from salary. The software picks the slab from your business's State (the State code of your GSTIN or address) and the month's salary (gross, less bonus and arrears). Five States are built in:

State	Monthly slab in the software	Due day in the software
Gujarat	Below ₹12,000: nil; ₹12,000 and above: ₹200	15th of the next month
Maharashtra	Men: up to ₹7,500 nil; ₹7,501–10,000 ₹175; above ₹10,000 ₹200 (₹300 in February). Women: up to ₹25,000 nil; above ₹200 (₹300 in February)	End of the next month
Karnataka	Below ₹25,000 nil; ₹25,000 and above ₹200 (₹300 in February)	20th of the next month
Telangana	Up to ₹15,000 nil; ₹15,001–20,000 ₹150; above ₹20,000 ₹200	10th of the next month
Andhra Pradesh	Up to ₹15,000 nil; ₹15,001–20,000 ₹150; above ₹20,000 ₹200	10th of the next month

For every other State the software does not know the slab. The register shows a note, and you type the professional tax in the **Prof. tax** figure yourself — or untick **Professional tax** on the employee if it does not apply.

CAREFUL

The slabs and due days above are from the software's rate file. Several are marked as read from secondary sources (check the current rate). In a company (company pack on) you can change the rates and due days in **More › Company pack › Rates & due dates**; other types of organisation use the figures as built in.

TDS on salary (the estimate)

TDS on salary is the income-tax the employer cuts from salary and deposits with the government (section 392 of the Income-tax Act, 2025). If you leave **TDS every month (blank = estimate)** empty on the employee, the software estimates it under the **new tax regime**:

1. It adds the salary paid in the earlier months of the financial year, this month's salary, and the full-month pay for the months still to come (up to the date of leaving, if any).
2. It takes off the standard deduction of ₹75,000.
3. It works out the tax by the slabs: up to ₹4 lakh nil; ₹4–8 lakh 5%; ₹8–12 lakh 10%; ₹12–16 lakh 15%; ₹16–20 lakh 20%; ₹20–24 lakh 25%; above ₹24 lakh 30%. No tax when the taxable income is up to ₹12 lakh (rebate), with marginal relief just above it. Then 4% cess (check the current rate).
4. It takes away the TDS already cut in the year and spreads the rest over the months left.

So a raise, days without pay or a bonus are taken care of over the year. No TDS is put in a month with no paid days.

CAREFUL

The estimate does not work out surcharge (income above ₹50 lakh), the old tax regime, or other income and deductions the employee declares. If the employee chose the old regime or gave proofs, type the right TDS in the register. Without a PAN, tax must be cut at 20% at least — the register reminds you.

THE LAW

TDS on salary: section 392 of the Income-tax Act, 2025 (old section 192). The slabs are those carried into tax year 2026–27 and change with each Budget. Confirm with your Chartered Accountant for your case.

Step 3: Payslips, the bank file and the PF file

The bar above the register has four buttons.

Payslips

1. Press **Payslips**. A page "Payslips · November 2026" opens with one payslip for each employee.
2. Each slip shows the company, employee, designation, PAN, UAN, paid days, earnings (Basic, DA, HRA, Other allowances, Overtime · Bonus · Arrears, Gross) and deductions (Provident fund, ESIC, Professional tax, Income-tax (TDS), Advance recovered), and the net pay.
3. Use the **Print**, **PDF** or **Excel** buttons at the top. When printed, each payslip goes on its own page.

To send one employee his payslip, press **Send** under his name in the register. Choose **WhatsApp**, **E-mail** or **Download PDF**. The PDF is an A4 payslip on your letterhead with the net pay in words and a line showing the employer's PF and ESIC paid on top of the pay. The message reads "Your payslip for … is attached. Net pay: …".

Bank transfer file

Press **Bank transfer file**. The software saves **Salary-bank-transfer-YYYY-MM.csv**: Sl, Employee code, Employee name, Account number, IFSC, Bank, Amount (net pay), Narration ("Salary November 2026"), and a total line. Upload it in your bank's bulk payment page, or hand it to the bank. Employees with no account number or IFSC are left out, and the message names them — pay them yourself.

PF ECR file

Press **PF ECR file**. ECR means Electronic Challan-cum-Return, the monthly PF file of the EPFO portal. The software saves **PF-ECR-YYYY-MM.txt** with one line for each PF member, fields joined by #~#, in whole rupees: UAN, name, gross wages, EPF wages, EPS wages, EDLI wages, EPF (employee) contribution, EPS contribution, EPF-EPS difference, NCP days (days without pay) and refund of advances (0).

You upload this file yourself on the EPFO employer portal and pay the challan there. If a PF member has no UAN, the software warns you: add it under Employees first.

> **TIP**
> The software does not make an ESIC monthly upload file. Use the ESIC figures of the register on the ESIC portal.

Step 4: Post the salary journal

When the register is right, press **Post salary journal**. The software makes **one Journal**, dated the last day of the wage month, for the whole register. A green line then says "Posted as … on …" with an **Open** link.

- If you change a figure later, the button becomes **Correct the salary journal**. Press it to update the same journal (same number). Until you press it, the posted journal stays as it was.
- The software refuses if another salary journal of the same month is already saved (for example one made from the company pack). Cancel that one first.
- Posting needs a user whose role may make entries and change company settings.

The ledgers the software makes, and their heads

On the first posting the software adds the salary ledgers that are missing. If you already have a ledger with a usual name (for example "Salary" or "ESI Payable"), it uses your ledger as it is — nothing is renamed or moved. If the group **Statutory Dues Payable** is missing, it is made under Current Liabilities.

Ledger	Group (head)	Where it shows	Made when

Salaries & Wages	Indirect Expenses	P&L: Indirect Expenses	First salary posting (or when the company pack is switched on)
Director's Remuneration	Indirect Expenses	P&L: Indirect Expenses	First salary posting
Employer's Contribution to PF	Indirect Expenses	P&L: Indirect Expenses	First salary posting
PF Administration & EDLI Charges	Indirect Expenses	P&L: Indirect Expenses	First salary posting
Employer's Contribution to ESIC	Indirect Expenses	P&L: Indirect Expenses	First salary posting
PF Payable — Employees' Share	Statutory Dues Payable (under Current Liabilities)	Balance Sheet: Current Liabilities	First salary posting
PF Payable — Employer's Share	Statutory Dues Payable (under Current Liabilities)	Balance Sheet: Current Liabilities	First salary posting
ESIC Payable	Statutory Dues Payable (under Current Liabilities)	Balance Sheet: Current Liabilities	First salary posting
Professional Tax Payable	Statutory Dues Payable (under Current Liabilities)	Balance Sheet: Current Liabilities	First salary posting
TDS Payable — 392 Salary	Duties & Taxes (under Current Liabilities)	Balance Sheet: Current Liabilities	First salary posting
Staff Advances	Loans & Advances (Asset) (under Current Assets)	Balance Sheet: Current Assets	First salary posting
Salary Payable	Current Liabilities	Balance Sheet: Current Liabilities	First salary posting

A line with a nil amount is left out of the journal (for example Director's Remuneration when there is no director).

The journal in an example

EXAMPLE

Shree Ganesh Traders, Gujarat, has one employee, Ravi, for November 2026: Basic ₹12,000, HRA ₹4,000, Other allowances ₹2,000 — gross ₹18,000, full month, no absence. PF wages = higher of (12,000 + 2,000 = ₹14,000) and half the pay (₹9,000) = ₹14,000. Employee PF 12% = ₹1,680. Employer PF 12% = ₹1,680 (pension 8.33% = ₹1,166, PF ₹514). EDLI 0.5% = ₹70. Admin charges 0.5% = ₹70, raised to the ₹500 minimum. ESIC (pay within ₹21,000): employee 0.75% of ₹18,000 = ₹135, employer 3.25% = ₹585. Gujarat PT = ₹200. TDS = nil (yearly pay below the rebate limit). Net pay = 18,000 − 1,680 − 135 − 200 = ₹15,985. Cost to the business = 18,000 + 1,680 + 500 + 70 + 585 = ₹20,835.

Account	Dr ₹	Cr ₹
Salaries & Wages	18,000	
Employer's Contribution to PF	1,680	
PF Administration & EDLI Charges	570	
Employer's Contribution to ESIC	585	
PF Payable — Employees' Share		1,680
PF Payable — Employer's Share (1,680 + 500 + 70)		2,250
ESIC Payable (135 + 585)		720
Professional Tax Payable		200
Salary Payable		15,985
Total	**20,835**	**20,835**

Dr (debit) is the left column and Cr (credit) the right column. The expenses go to the P&L; the amounts still to be paid sit in the payable accounts until you pay them. TDS and Staff Advances lines appear when there is TDS or an advance recovered.

Paying the salary and the dues

1. Pay the staff: open **Money Paid** (Alt + 4), take **Salary Payable** as the account and your bank as the source. If you made the bank transfer file, one payment for the file total is enough.
2. Pay PF, ESIC, professional tax and TDS. In a company: open **Reports › Statutory dues** and press **Pay** on each line. In any other type of organisation: open **Money Paid** and take the payable account (for example PF Payable — Employees' Share and PF Payable — Employer's Share for one PF challan). The payment debits the payable account; the oldest month is settled first.

The software reads the due dates from your entries: PF and ESIC by the 15th of the next month, TDS on salary by the 7th of the next month (for March, by 30 April), and professional tax by the State's due day. Unpaid months show on **Reports › Deadline Board** for every type of organisation, and in Smart Check.

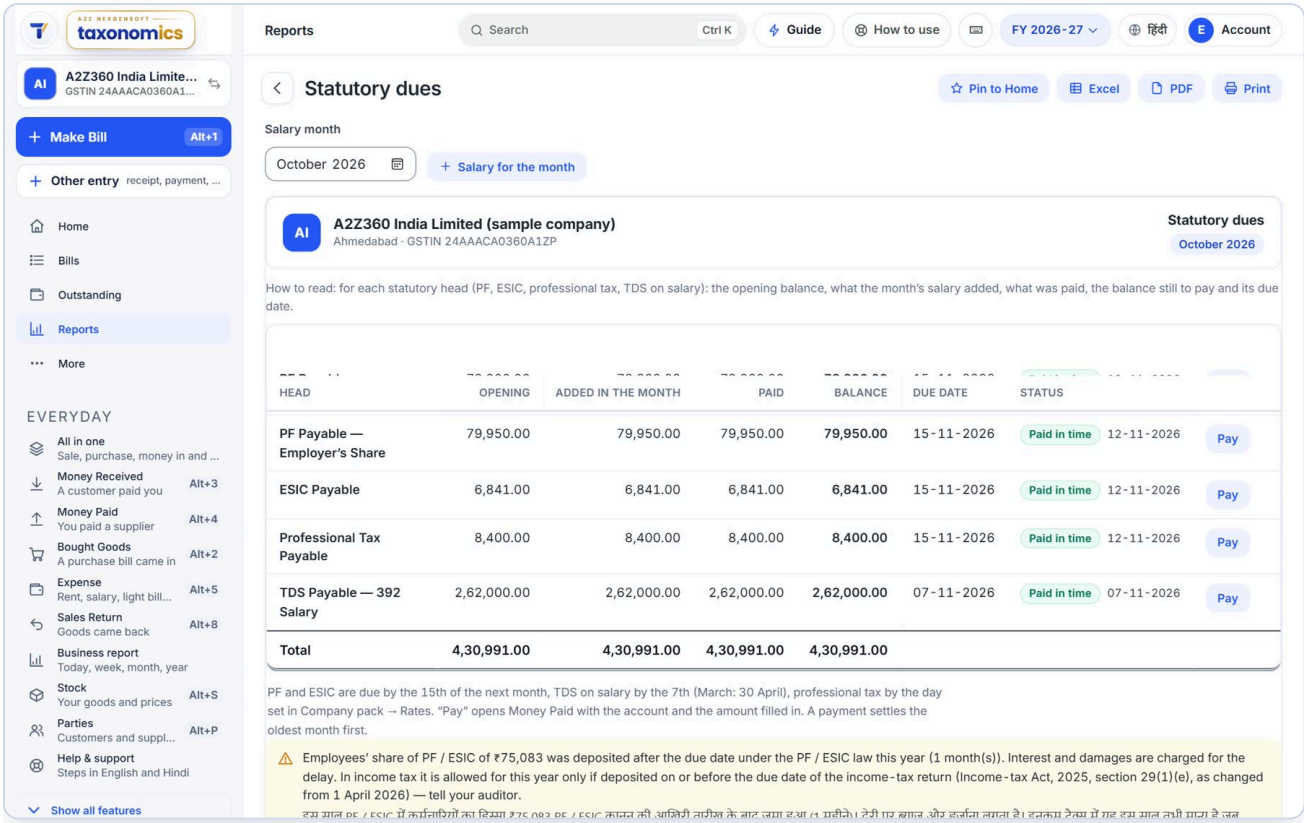

Figure 23.2 — Statutory dues (company): PF, ESIC, professional tax and TDS on salary, month by month, with due dates and a Pay button.

> **THE LAW**
>
> In income tax, the employees' share of PF and ESIC is allowed, from 1 April 2026, only if it is deposited on or before the due date of the income-tax return (section 29(1)(e) of the Income-tax Act, 2025); for earlier years it had to be deposited by the PF / ESIC due date. The employer's share is allowed in the year it is paid (section 37). A late PF / ESIC deposit draws interest and damages. Confirm with your Chartered Accountant for your case.

Loans and EMI to employees

Open the **Loans** tab and press **Add a loan**. Fill **Employee**, **Date given**, **Amount**, **Monthly instalment** and, if you like, a **Note**. Press **Save**.

- Recovery starts in the month after the loan is given. Each month the instalment fills the **Advance** box of the salary run by itself.
- To change one month (say the employee pays more, or nothing), type the figure in that month's **Advance** box. The balance follows what you typed.

- Each loan keeps its own balance; when one loan is paid off, its instalment stops. The list shows **Still due**, or "Paid off".
- Enter the money given itself as **Money Paid** to the "Staff Advances" account (Loans & Advances (Asset), Current Assets). The salary journal then credits Staff Advances with each month's recovery.

EXAMPLE

On 10 October Ravi gets a loan of ₹10,000, instalment ₹2,000. Money Paid: Dr Staff Advances ₹10,000, Cr Bank ₹10,000. From November, ₹2,000 is cut every month for five months; the November journal has Cr Staff Advances ₹2,000 and the net pay falls by ₹2,000.

TIP

The Staff Advances ledger is made with the first salary posting (or by the company pack). If you give a loan before your first posting and do not see it, make the ledger under Loans & Advances (Asset).

The year: TDS, Form 24Q, bonus, gratuity, full and final

Open the tab **Year: bonus, gratuity, TDS** and choose the **Financial year** (this year and the two before).

TDS on salary — the year and Form 24Q

A table shows, for each employee: **Salary of the year**, **Salary paid so far**, **Standard deduction**, **Tax (new regime)**, **TDS cut**, **TDS still to cut (estimate)** and **Difference**. "Paid so far" counts only the months whose salary journal is posted; the other months are an estimate. A difference shows in red. An employee without PAN carries a "No PAN" mark.

Press **24Q quarter 1** … **24Q quarter 4** to save a CSV file (24Q-2026-27-Q3.csv, for example). Form 24Q is the quarterly TDS statement for salary. Each row has: Sl, PAN, Employee name, Section "392 (old 192)", Date of payment (the month end), Amount paid, TDS deducted, Date of deduction, PAN missing — and a total line. Only posted months are listed.

CAREFUL

The 24Q file is a list ready to copy into the government's return utility. It is not the return itself, and the software does not file it. Form 16 is not made by the software. Challan details (BSR code, challan number) must be added in the utility.

Bonus

The bonus table is for employees drawing up to ₹21,000 a month (basic + DA) who worked at least 30 days in the year. Bonus = the chosen percentage of bonus wages, where wages are capped at ₹7,000 a month or the minimum wage if higher. Set **Bonus %** (8.33 to 20) and, if it is above ₹7,000,

the **Minimum wage a month (if above ₹7,000)**. The table shows **Days paid**, **Bonus wages** and **Bonus**, with the reason for anyone not eligible, and the **Total bonus**. Directors are left out.

To pay it, type each amount in the **Bonus** box of the month you pay it in (Salary for the month). It is then not PF or ESIC wages. The screen reminds you to pay within 8 months of the year end.

> **THE LAW**
> Bonus: Payment of Bonus Act, 1965, now under the Code on Wages, 2019 — ₹21,000 eligibility, ₹7,000 wage cap, 8.33% to 20% (check the current rate). Confirm with your Chartered Accountant for your case.

Gratuity earned so far

Gratuity is a lump sum paid to an employee on leaving after long service. The table shows each employee's service (years and months) and **Gratuity earned**: 15 days' wages (basic + DA ÷ 26 × 15) for each year of service, where a part year above six months counts as a year, at most ₹20 lakh. It is payable on leaving after 5 years of service (1 year for a fixed-term employee). Use the **Total** for the year-end provision.

> **EXAMPLE**
> Basic + DA ₹26,000, service 7 years 8 months (counted as 8 years). Gratuity = 26,000 ÷ 26 × 15 × 8 = ₹1,20,000.

The software shows the figure but does not post a gratuity entry or make a gratuity ledger. If your accountant books a provision, pass a Journal to your own expense and provision ledgers (Provisions is a default group under Current Liabilities).

Full and final settlement

First put a **Date of leaving** on the employee (Employees tab). Then, in the Year tab, choose the **Employee who left** and fill **Leave days to pay**, **Notice pay to the employee** and **Notice short — to recover**. The sheet lists:

- Gratuity (years × 15 days), if eligible — or the reason there is none;
- Leave encashment (leave days × basic + DA ÷ 26);
- Notice pay, or notice period short (recovered);
- Loan / advance still due (recovered);
- the **Net payable to the employee** (or **Net recoverable from the employee**).

The last month's salary is paid through that month's salary run; it stops on the date of leaving. The sheet is a working: enter the payment yourself as Money Paid or a Journal.

THE LAW

Gratuity: Code on Social Security, 2020, section 53 (5 years; 1 year for fixed-term employees; ₹20 lakh ceiling). Full and final: pay within two working days of leaving (Code on Wages, 2019, section 17(2)). Confirm with your Chartered Accountant for your case.

What the payroll does not do

- It does not file anything. PF ECR, ESIC, professional tax and Form 24Q are uploaded or filed by you on the government portals.
- No ESIC upload file, no Form 16, no Labour Welfare Fund, no old tax regime, no surcharge.
- Professional tax slabs only for Gujarat, Maharashtra, Karnataka, Telangana and Andhra Pradesh; for other States you type it.

REMEMBER

- Add each employee once with the full-month pay; the software works out every month.
- Type only days without pay, OT, bonus, arrears and any change in TDS or advance.
- PF, ESIC and professional tax rates come from the software's rate file — check the current rate when the law changes.
- **Post salary journal** makes one journal; the payable accounts sit under Current Liabilities until you pay them from Statutory dues.
- Payslips, bank file, PF ECR file and 24Q rows come from the same register, so they agree.

CHAPTER 24

Reports

Every entry you save feeds the reports at once. There is no "posting" step and no "update reports" button. In this chapter you will find every report on the Reports page, learn how to read each one in a line or two, how to choose dates and filters, how to take Excel, PDF and print, and how to build your own report.

Opening the Reports page

Open **Reports** from the side menu, or press Alt + R. The page has three parts:

- **Search box** at the top: type a word such as "profit", "stock" or "ledger". The list shrinks to the matching reports. The count on the right tells you how many reports match.
- **Most used**: a row of the reports a shop opens most in a day (Business check-up, All in one, Deadline Board, Business report, Business at a glance, Profit & Loss, Balance Sheet, Ledger / Cash Book, Outstanding, Stock Summary, GSTR-1, GSTR-3B, Day Book). This is a fixed set; the software does not record what you open.
- **Groups**: Accounts, Sales & purchases, Stock, Parties, Payments & control, GST, and Tax & year end. Each group is a set of tiles. Tap a tile to open the report.

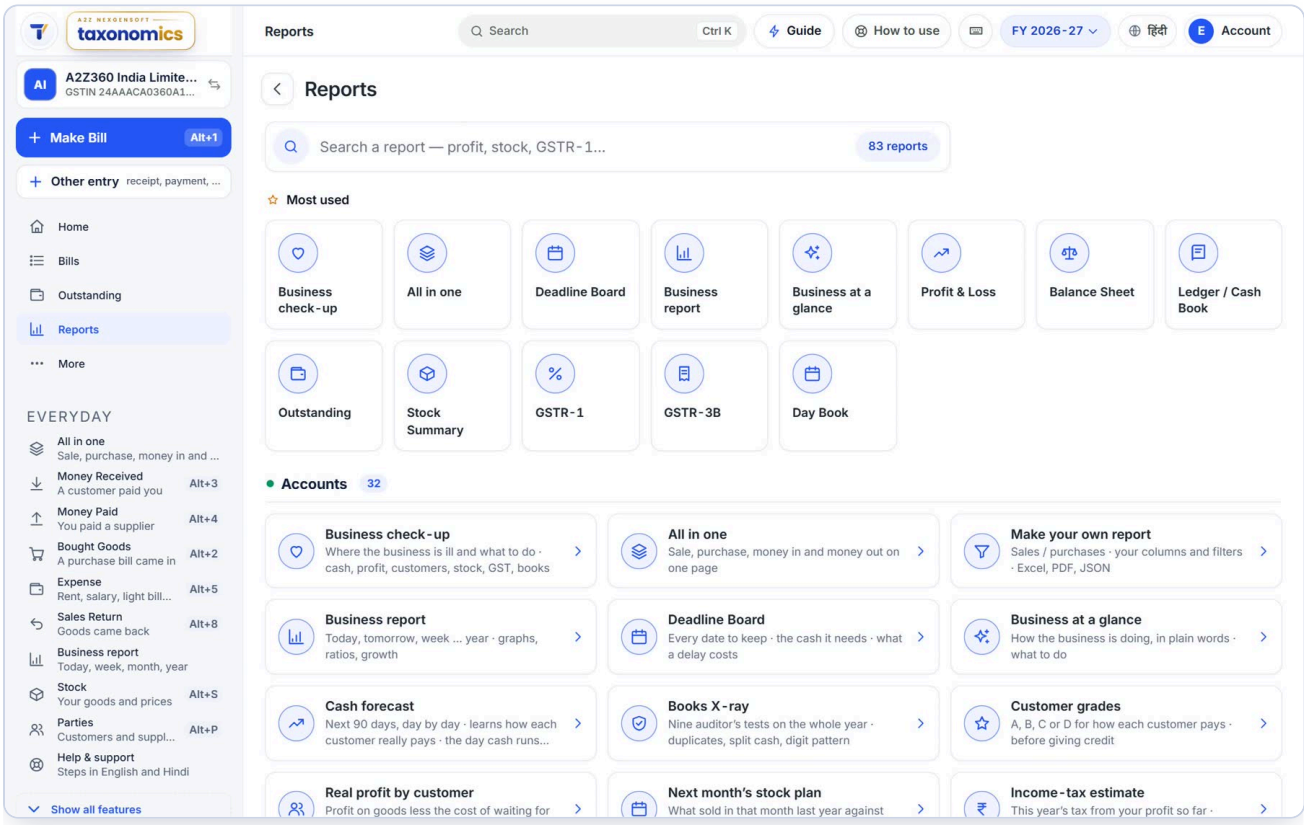

Figure 24.1 — The Reports page: search box, the "Most used" row and the report groups.

Why your list may be shorter

The page shows only what fits your business and your login:

- **No GSTIN**: when the business has no GST number, the GST group is hidden. Every accounting report stays.
- **Type of organisation**: a company sees Reserves & Surplus, the company-format statements, Statutory dues and Salary for the month. A trust sees Funds of the trust and an Income & Expenditure Account in place of Profit & Loss. Everyone else sees the Capital account.
- **Features you use**: a report for work only some businesses do (for example Recovery by lot, for a business that makes goods) appears only when that work is switched on.
- **Staff logins**: the owner chooses which kinds of report each person may open (Users page). A staff member sees only those tiles. If none is open, the page says "No report is open to you. Ask the owner."

Tools every report shares

The period: From, To and the quick chips

Most reports open on the running financial year (1 April to today, or the year chosen on the year chip in the top bar). Above the report you see **From** and **To** date boxes and a row of quick chips: **Today**, **Yesterday**, **This month**, **Last month**, **This quarter**, **This year**, **Full year**, **Previous year** and, where the books go back further, **All time**. If you type your own dates, the chip **Custom** lights up. Press `F2` to jump to the dates. When you open a figure and come back, the same dates stay.

The Balance Sheet has one date only, **As on**, because it shows the position on one day.

Opening a figure (drill down)

In the Balance Sheet, Profit & Loss and Trial Balance every figure opens. Click a heading such as **Indirect Expenses**: its group opens for the same dates. Click a ledger to see its statement. Click an entry to open the bill itself. A line at the top shows the path you took; click any name in it to go back there.

Compare two periods

Under the key figures of Profit & Loss, Balance Sheet and Trial Balance you will find the **Compare with** chips: **No comparison**, **Previous period**, **Previous year** and **Month by month**. With two periods side by side you also get the change and the % change. On Profit & Loss and Balance Sheet the first chips are the layout: **T-form** (the accountant's two-sided view) and **Vertical** (one column, with search and fold).

Search, fold and zero lines

- The search box inside a report finds a ledger, a bill number or a party by name. Press `/` to jump to it.
- **Collapse all** / **Expand all** shows only the group headings or every line.

- **Show zero balances** brings back accounts that have nothing in them.
- In tables with many columns, **Columns** lets you choose and order the columns, and the density button switches between **Comfortable** and **Compact** rows. **Standard columns** puts them back.

Keyboard only

Every list and report works with the arrow keys. A coloured bar shows the row you are on. Enter opens the row, Esc (or Backspace, or Alt + ←) comes back to the same row with the same dates. Home / End go to the first or last row, PgUp / PgDn move one screen. Type the first letters of a name to jump to it. Space on a group heading folds or unfolds it. Press F1 to see the full list under "Lists and reports".

Excel, PDF, Print and CSV

At the top of each report are the buttons **Excel**, **PDF** and **Print**; the analysis reports also have **CSV**. They give exactly what is on the screen: the same columns, order, search and filters. The paper copy carries:

- your logo (or initials), business name, city and GSTIN (or PAN when there is no GSTIN);
- the report name and period, and a "How to read" line that explains the report in plain words;
- a **Showing** line when you have a search or a changed view on, so the paper says what it shows;
- at the foot of every page: business, report, "Printed on" date and time, and "Page x / y". A wide table prints on an A4 sheet turned on its side.

The statements an accountant signs (Profit & Loss, Balance Sheet, Trial Balance, Capital account, Reserves & Surplus and the company-format statements) end with "For M/s …", **Prepared by**, **Checked by** and a signatory line that follows your type of organisation (Proprietor, Partner, Director or Trustee / Authorised signatory).

Pin to Home

Open a report you use daily and press **Pin to Home**. It appears on Home as a button; one tap opens it. Press it again (**Pinned**) to remove it. Each user's pins are kept for that user.

> **TIP**
> If a button says "Nothing to export on this screen", the report is empty for these dates. Change the period first.

Accounts group

This is the biggest group. Some tiles here (Business check-up, Business report, Deadline Board, Business at a glance, Cash forecast, Books X-ray, Entries to review) are taught in Chapter 26; the statutory financial statements, Ratio analysis, Cash flow and Capital account in Chapter 25. Below is what each one shows.

Report (tile)	What it shows and how to read it
Business check-up	Where the business is weak (cash, profit, customers, stock, GST, books) and what to do first. See Chapter 26.
All in one	Sale, Purchase, Money In and Money Out on one page. Each bill shows what came in cash, what came in bank and what is still due. Bill amount = cash + bank + return / discount + still due.
Make your own report	Your own list of sales, purchases, money in, money out or expenses, with your filters and columns. See the last part of this chapter.
Business report	Today, tomorrow, week, fortnight, month, 2 months, 6 months, year: each period ends today and is compared with the same number of days just before it. Also "Since the start" (each year's sales, profit and net worth) and "Financial health". See Chapter 26.
Deadline Board	Every date to keep, the cash it needs and what a delay costs. See Chapter 27.
Business at a glance	How the business is doing, in plain words, and what to do. See Chapter 26.
Cash forecast	The cash and bank balance expected on every coming day for 90 days. Red means the balance goes below zero. See Chapter 26.
Books X-ray	Nine tests an auditor runs on the whole period. Green is clear, amber is worth a look, red needs a close look. A finding is a hint, not a mistake.
Customer grades	A, B, C or D for how each customer pays. Look before giving credit.
Real profit by customer	Profit on the goods sold to each customer, less the cost of waiting for that customer's money.
Next month's stock plan	What sold in that month last year against the stock you hold today.
Income-tax estimate	This year's tax worked out from your profit so far, with the advance tax dates. It is an estimate only.
Bank loan file	Sales, profit, balance sheet and ratios in one PDF to give the bank.
What if?	Try a decision first: change price, quantity or expenses and see the effect, including your survival number.
Ratio analysis	Current ratio, debt-equity, profit %, debtor and stock days, each with what it means. See Chapter 25.
Financial statements	Balance Sheet, Statement of Profit and Loss (Income and Expenditure Account for a trust) and notes in the statutory format. See Chapter 25.
Profit & Loss	Costs under Expenses, earnings under Income. Gross profit = sales minus cost of goods; net profit = what is left after all expenses.

Balance Sheet	What the business owns (assets) and what it owes (liabilities) on one date. Both totals must be equal.
Trial Balance	The closing balance of every account. Total debit must equal total credit.
Capital account (proprietor, firm, LLP)	Opening capital + money brought in – drawings + the year's profit = closing capital. See Chapter 25.
Reserves & Surplus (company) / Funds of the trust (trust)	Each fund or reserve: opening, profit of the period, added or taken out, closing.
Balance Sheet — company format; Statement of Profit & Loss — company format	The same figures under Schedule III headings. Company only.
Statutory dues (company)	For PF, ESIC, professional tax and TDS on salary: opening, what the month's salary added, what was paid, balance to pay and its due date.
Salary for the month (company)	One entry for gross salary, PF, ESIC, professional tax and TDS. See chapter 23.
Day Book	Every entry made in the period, in date order, with its type, party and amount.
Ledger / Cash Book	Every entry of one account with the running balance.
Bank reconciliation	Import the bank statement, make entries from it, and get the BRS. See chapter 10.
Cash flow statement	Where money came from and where it went: direct and indirect method. See Chapter 25.
Day-wise cash summary	For each day: opening cash + cash received – cash paid = closing cash (the cash in the drawer).
Bank book	Every bank entry in date order, cleared and not cleared, and the balance as per bank.
Expense analysis	Each expense head, month by month.
Daily summary	One day of the shop at closing time, ready to send on WhatsApp.

Trial Balance

The Trial Balance lists every ledger with its closing balance in two columns, **Debit** and **Credit**. Debit (Dr) is the left side and credit (Cr) the right side of an account. Assets and expenses usually have a debit balance; capital, loans, suppliers and income usually have a credit balance. Ledgers are shown under their groups; click a group's open button to see the group report.

The four boxes on top show **Total debit**, **Total credit**, the number of **Ledgers** and the **Status**: "Matched" (Debit = Credit) or "Difference" with the amount. At the foot you see "Trial balance tallies" or "Trial balance does not tally". The opening stock shows on its own line, "Opening Stock

(Stock-in-Hand)".

When the opening balances do not match

If the opening balances you typed do not agree, the Trial Balance shows a line **Difference in opening balances** and a yellow box: "Opening balances do not match by ₹…". The box explains in plain words which side is more. If you are sure every other opening balance (cash, bank, stock, customers, suppliers, loans) is correct, press **Put the difference in Capital**. The software asks first and shows the old and new opening figure.

Ledger	Group (head)	Where it shows	Made when
Capital (the one made with every new company)	Capital Account	Balance Sheet: Capital (owner's funds)	Already there from the start; "Put the difference in Capital" changes its opening balance
Capital (new)	Capital Account	Balance Sheet: Capital	Only if the books have no ledger under Capital Account at all when you press the button
General Fund (trust) / Surplus in Statement of Profit & Loss (company)	Capital Account (trust) / Reserves & Surplus (company)	Balance Sheet: Funds / Shareholders' funds	Not made by this button: for a trust or a company the difference goes to this existing ledger in place of Capital

CAREFUL

Use this button only after you have checked every opening balance. A wrong opening balance hidden inside Capital stays wrong. A firm moves the amount to the right partner afterwards.

Profit & Loss

The top boxes show **Sales**, **Gross profit** (with its % of sales), **Indirect expenses** and **Net profit** (or Net loss) with the margin. A chart, "Income and where it went", puts income on one bar and costs and expenses on the other.

The T-form has two parts:

- **Trading account**: Opening Stock, Purchases and Direct Expenses on the left; Sales, Direct Incomes and Closing Stock on the right. The balance is **Gross profit c/d** (or Gross loss).
- **Profit & Loss account**: Gross profit b/d and Indirect Incomes on the right; Indirect Expenses on the left. The balance is Net profit (or Net loss).

Stock is valued at weighted average purchase cost. The **Layout** chips take you to the same figures in the statutory format: **ICAI format** (proprietor, firm, LLP, trust) or **Schedule III format / Company format** (company). For a trust the words change: "Income & Expenditure Account", "Surplus" and "Deficit".

EXAMPLE

Shree Ganesh Traders: Opening stock ₹1,00,000, purchases ₹6,00,000, closing stock ₹1,50,000, sales ₹8,00,000. Cost of goods sold = 1,00,000 + 6,00,000 – 1,50,000 = ₹5,50,000. Gross profit = 8,00,000 – 5,50,000 = ₹2,50,000 (31.3% of sales). Indirect expenses ₹1,50,000. Net profit = ₹1,00,000 (12.5% margin).

CAREFUL

Profit is right only when purchases, expenses and opening stock are all entered.

Balance Sheet

Choose the date in **As on**. The sheet shows Liabilities (capital, loans, suppliers, taxes) and Assets (fixed assets, stock, customers, cash and bank). At the foot you see "Balance sheet tallies" or the difference. A small card shows the **Current ratio** with a grade ("Good (1.33+)", "Fair" or "Low — needs attention"), and **Net worth (capital + profit)**.

You do not pass a closing entry at year end. The software shows the profit by itself:

- Proprietor: the profit of years already over is shown inside Capital Account as "Profit of earlier years"; only this year's profit is shown apart.
- Partnership firm: each partner's share of the profit, in the profit ratio of that year, is shown under Capital Account next to his capital and current account.
- Company: the profit is shown inside shareholders' funds as "Surplus in Statement of Profit & Loss".
- Trust: the surplus of earlier years is shown with the funds.

A loss is not shown as an asset: this year's loss is deducted inside Capital Account (or inside the funds, for a trust).

Day Book

Every entry of the period in date order: date, type and number, party (particulars), debit and credit. Chips on top filter by type of entry, each with a count (for example Sales 42, Receipt 18), or **All Entries**. Click an entry to open it.

Ledger / Cash Book

Choose any account: Cash, a bank, a customer, a supplier or an expense head. The statement shows the **Opening balance**, every entry with debit, credit and running balance, and the **Closing balance**. For a customer, debit means he owes you more and credit means he paid; for a supplier it is the other way round.

- Tick **Month-wise** to see one line per month.
- The search box finds a bill number, party, narration or amount; the foot then shows the total of the filtered entries.

- Use the send button to share the statement with the party on WhatsApp or as a PDF.

Cash and bank reports

- **Day-wise cash summary** lists only days with a cash entry. Cash means all Cash-in-Hand accounts. A day that closes below zero is red: an entry is missing or wrongly dated.
- **Bank book**: choose the bank. **Not cleared** shows cheques and deposits the bank has not passed yet. **Balance as per bank** = balance as per books – deposits not yet credited by the bank + payments not yet debited. The clearing dates come from Bank reconciliation.
- **Daily summary**: today's sales, money received, money paid, cash in hand at closing, bank balance, dues and the top items sold today. Use **Previous day** / **Next day** to move. Press the send button for WhatsApp, e-mail or PDF.
- **Expense analysis**: heads under Indirect Expenses and Direct Expenses, month by month. The total equals the two expense figures of the Profit & Loss for the same dates. A sudden jump in one month is worth checking.

Group and item reports

Opening a group from the Trial Balance or Balance Sheet shows every account of that group with its opening balance, debit, credit and closing balance. Opening an item from the Stock Summary shows every movement of that item in date order: goods in, goods out and the quantity left after each entry.

Sales & purchases group

Report	How to read it
Sales register	The bills list filtered to sales: every sales bill, by date.
Purchase register	Every purchase bill, by date.
Sales analysis	Chips **By item**, **By customer**, **By month**, **By HSN** (only with GST), **By state**, **Top customers**. The top rows bring the most sale. By HSN helps check Table 12 of GSTR-1. By state: sales outside your State carry IGST, inside it CGST and SGST.
Purchase analysis	Chips **By supplier**, **By item**, **By month**. The top rows are where most of your money goes.
Gross profit	**By item** and **By bill**: sale value minus the average cost of the goods sold. A negative figure means sold below cost.
Top customers	Customers in order of sale, with share and running share. The box "Top 5 customers give" shows how much of your sale depends on five buyers.

The analysis tables show quantity, number of bills, **Taxable value**, **GST**, **Amount** and **Share**. Sales are sales bills less sales returns, before GST; the total equals what the bills posted to the sales accounts. Where GST credit is not available on a purchase, the tax is part of the cost. Click a row to see its bills.

> **TIP**
> The gross profit in this report uses the weighted average purchase cost at the end of the period (the same cost as the Stock Summary). Services have no cost, and direct expenses such as freight are not included. So it will not be exactly the gross profit of the Profit & Loss.

Stock group

Report	How to read it
Stock Summary	Opening quantity + goods in – goods out = closing quantity. Value is closing quantity at weighted average purchase cost. Filter **Kind of stock**: All stock, Trading goods, Raw material, Semi-finished, Finished goods. Negative stock shows in red.
Low Stock	Items at or below their reorder level.
Recovery by lot	Only when making goods is switched on: what each block or lot gave, product per tonne, cost per unit.
To order	Low items grouped by supplier, with the quantity to order; send on WhatsApp.
Expiry report	Batches expired or expiring in the next 30 / 60 / 90 days, and the value at risk.
Batch-wise stock	Stock of every batch with its expiry date. Sell the batch that expires first.
Godown-wise stock	Quantity of every item in each godown; the last column is the total.
Serial numbers	Every serial / IMEI with its item, in stock or sold, and on which bill.
Category-wise stock and sales	Stock value and sales of each category. High stock with low sales means money stuck.
Slow and non-moving stock	Goods that did not sell for 30, 60, 90 or 180 days, marked **Slow** or **Not moving**, with "Days without sale", "Last sold" and "Money stuck in these goods".

Batch, godown, serial and category reports have data only when you switch on those stock features (see chapters 11 and 12).

Parties group

Report	How to read it

Outstanding	"To Receive (Debtors)" and "To Pay (Creditors)", with the age of the dues. Also in the bottom bar (Alt + O).
Receivables ageing	Money customers owe, split 0–30 / 31–60 / 61–90 / 90+ days. Choose **By due date** or **By bill date**. The older the column, the harder the money is to collect.
Payables ageing	Money you owe suppliers, by age. Pay the oldest columns first.
Schedule of debtors / creditors	The **Schedule (working paper)** layout: each party's ledger balance on the date; the total is the Sundry Debtors / Creditors figure of the Balance Sheet. Parties with a balance on the other side show with a minus.
MSME payments (Udyam)	Bills of micro and small suppliers not paid within 15 or 45 days, with interest and MSME Form 1 data.

In the ageing view, pending bills in each age column, less advance / on-account money, plus opening and other amounts without a bill, equal the balance as per ledger.

> **THE LAW**
> An amount due to a micro or small enterprise and not paid within the time in section 15 of the MSMED Act (agreed days, at most 45; 15 days with no written agreement) is allowed as an expense only in the year it is paid (Income-tax Act 2025, section 37(2)(g)). Confirm with your Chartered Accountant for your case.

Payments & control group

Report	How to read it
Payment reminders	Who to remind today, by WhatsApp, with a UPI link.
Credit control	For each customer: limit, used, available, oldest overdue, average days to pay.
Interest on overdue	Interest statement per customer, with a one-tap entry.
Cheque register	Post-dated, deposited, cleared and bounced cheques.
Cost centre profit & loss	Income, expense and profit of each shop, site or project, and what was not marked. Tabs "Profit by centre" and "Head by centre".
Budget vs actual	Budget, actual and difference for each head; month or whole year.
Partners' capital accounts	Profit share, interest on capital, remuneration (see Chapter 25).
Loans & EMI	Loan schedule with a one-tap EMI entry.

Each of these is taught in its own chapter. Cost centres and budgets are optional: set them up first under **More › Cost centres / projects** and **More › Budgets** .

GST group

Shown only when the business has a GSTIN. Each is taught in chapters 13 to 15; here is what to expect.

Report	In one line
GSTR-1	Your sales for the return period in the portal's sections; clear the listed checks, then make the JSON file and upload it yourself on gst.gov.in.
GSTR-3B	Tax on sales minus input tax credit = tax to pay; enter these figures on the portal.
GSTR-2B reconciliation (ITC)	The 2B JSON you download from the portal, matched with your purchase bills.
GST ledgers	Credit ledger, cash ledger and set-off, laid out like the portal.
GSTR-7 · GST TDS	TDS deducted under section 51 and the GSTR-7A credit.
CMP-08 (Composition)	Turnover × composition rate = tax for the quarter.
E-way bill / E-invoice (IRN)	JSON files for upload on the portals.
Tax setup	What applies to you; change it here.
GSTR-1 — filed months & more tables	Mark months as filed, amendments, tables 8, 11, 14.
GSTR-3B helper	Excel, interest for late payment, credit reversal, negative tax.
GSTR-9 annual return / GSTR-9C working	Annual return tables from the books, and books against the annual return.
GST & tax — more tools	Advances, exports, capital goods, GSTR-4, TDS / TCS statements; also as separate tiles: GST on advances, Export register, Buy a fixed asset with GST, GSTR-4.

CAREFUL

Taxonomics is not a GSP and does not file returns. It makes the files and figures; you upload or type them on the GST portal yourself. Never give your portal password to anyone.

Tax & year end group

Report	In one line
TDS · TCS · RCM (TDS · TCS without GST)	Tax you cut or collected, bill by bill, with the date by which it must be deposited.
TDS / TCS quarterly statement	Form 140 / 143 data, challans and certificates.

Entries to review	Saved entries that look unusual; open each one and correct or confirm it. See Chapter 26.
Books finalisation & audit pack	Checks to finish before closing the year. See Chapter 27.
Fixed assets & depreciation	Register, depreciation (Companies Act / Income-tax), post depreciation, sale. See Chapter 27.

Make your own report

When no ready report gives the list you want, build it. Open **Reports › Make your own report**. The report starts on the running year with outward supplies (sales).

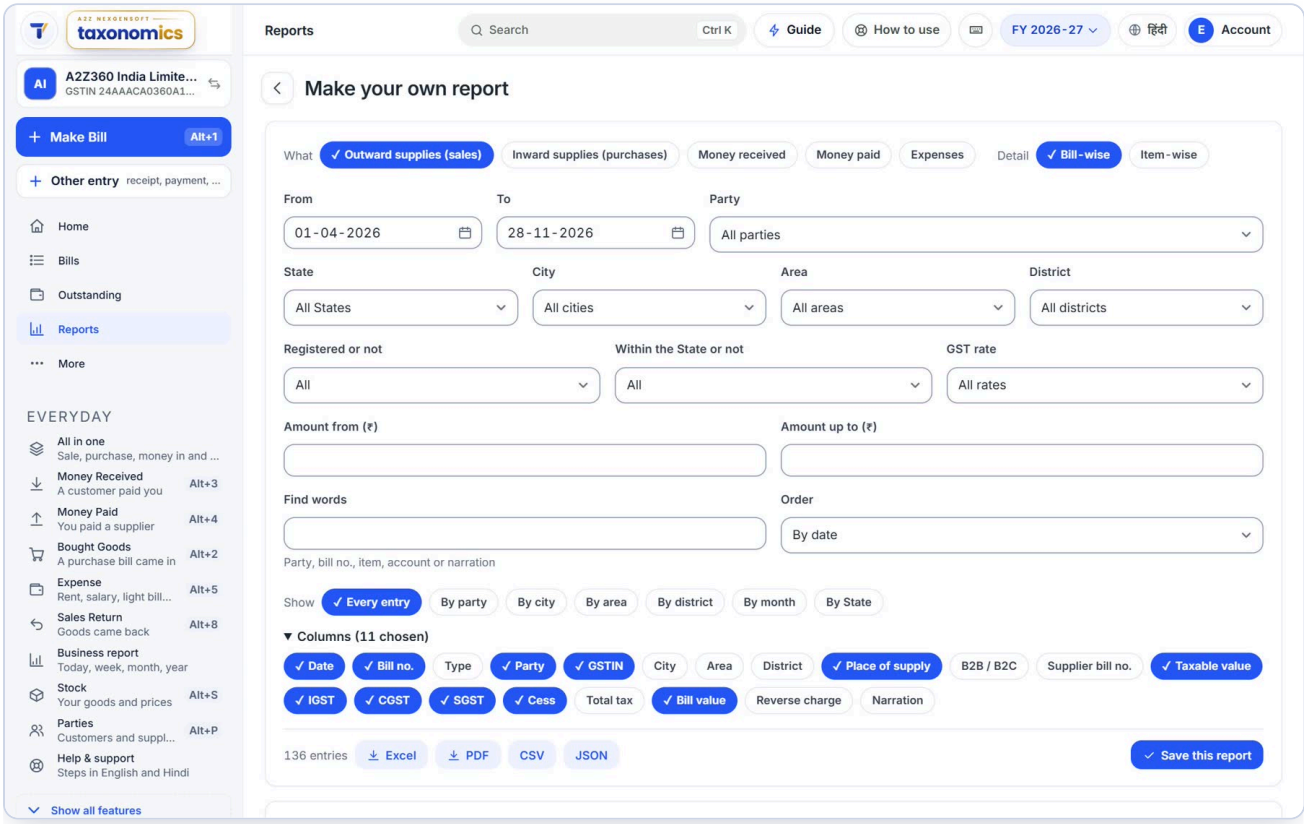

Figure 24.2 — Make your own report: choose what, the detail, filters, totals and columns.

Step 1: What

Choose the source under **What**:

- **Outward supplies (sales)**: sales bills less sales returns.
- **Inward supplies (purchases)**: purchase bills less purchase returns.
- **Money received** and **Money paid**.
- **Expenses**: every posting to a direct or indirect expense head, from any kind of entry.

For sales and purchases choose the **Detail**: **Bill-wise** (one row per bill) or **Item-wise** (one row per item line, with item, HSN, quantity and GST %).

Step 2: Filters

- **From** and **To**.
- **Party** (only the parties that appear for these dates), **State** (place of supply), **City**, **Area**, **District** (from the party's address).
- **Registered or not**: B2B (party has a GSTIN) or B2C (no GSTIN). **Within the State or not**: within the State (CGST + SGST) or other States (IGST). **GST rate**.
- Item-wise only: **Item** and **HSN / SAC begins with**.
- Expenses: **Expense head**. Money received / paid: **Cash / bank account**.
- **Amount from (₹)** and **Amount up to (₹)**.
- **Find words**: searches party, bill no., item, account or narration.
- **Order**: By date, Largest amount first, or Party A–Z.

Without a GSTIN the GST filters and columns are left out.

Step 3: Totals (Show)

Under **Show** choose **Every entry**, or totals **By party**, **By city**, **By area**, **By district**, **By month**. Sales and purchases also offer **By State**, and item-wise adds **By HSN** and **By GST rate**. Money and expenses offer **By account**.

Step 4: Columns

Open **Columns (n chosen)** and tick what you want: date, bill no., type, party, GSTIN, city, area, district, place of supply, B2B / B2C, supplier bill no., item, HSN / SAC, quantity, unit, rate, GST %, taxable value, IGST, CGST, SGST, cess, total tax, bill value, reverse charge, account, cash / bank, amount, narration. Only the columns that make sense for the source are offered.

Step 5: Take it out and keep it

The count of entries shows on the right. Press **Excel**, **PDF**, **CSV** or **JSON**. The screen shows the first 2,000 rows; the files have all of them. Cancelled and deleted entries never count.

1. Set the source, filters, totals and columns as you like.
2. Press **Save this report**.
3. Type a name in **Name for this report**, for example "Gujarat B2B sales 18%", and press **Save**. You see "Report saved ✓".
4. Next time, tap its name under **Your saved reports**. It opens with the same choices on the dates you are viewing.
5. To change it, make the change and press **Save changes**. To remove it, press the small cross next to its name and confirm.

Saved reports are kept with the company, so they travel with its backup.

EXAMPLE

Kavya Textiles LLP wants every sale to other States in October at 5% GST. What: Outward supplies (sales); Detail: Item-wise; From 1–10 to 31–10; Within the State or not: Other States (IGST); GST rate: 5; Show: By State. The result gives one line per State with the taxable value and IGST.

"What this report says"

At the top of a report you see a small card, **What this report says**. Press **Read it for me** and the software explains the report in a few lines: the main point, the risk, and the next step. Press **Read again** for a fresh note.

CAREFUL

This needs internet. Only a short summary is sent to be read — totals and the names of your largest customers, suppliers and items — not your full books. The figures in the report are worked out by Taxonomics itself; the note only explains them. Check before a big decision.

REMEMBER

- Reports update the moment you save an entry; Alt + R opens them and the search box finds any report.
- Set the period with From / To or the quick chips; F2 jumps there.
- Every figure in P&L, Balance Sheet and Trial Balance opens down to the bill; "Compare with" puts periods side by side.
- Excel, PDF and Print give exactly what is on the screen, with a "How to read" line.
- Make your own report: choose what, filters, totals, columns, then save it by name.

CHAPTER 25

Financial Statements and Analysis

The Profit & Loss and Balance Sheet of Chapter 24 are working views. For the auditor, the bank and the tax return you need the statements in the format the law or the ICAI asks for, with numbered notes. This chapter shows how the software makes them, what you must type yourself, and how to read ratios, the cash flow statement and the capital account.

Which format is used

The software picks the format from your type of organisation (set under **More › Type of organisation**, route `#/entity`). You do not choose it on this screen.

Type of organisation	Format used	Name of the income statement
Private or public limited company	Schedule III (Division I) to the Companies Act, 2013	Statement of Profit and Loss
Proprietor, partnership firm	ICAI Guidance Note on Financial Statements of Non-Corporate Entities	Statement of Profit and Loss
LLP	ICAI Guidance Note on Financial Statements of Limited Liability Partnerships	Statement of Profit and Loss
Trust (not-for-profit)	ICAI Technical Guide on Accounting for Not-for-Profit Organisations	Income and Expenditure Account

Every page says which format was used and the words "to be reviewed by your auditor". The software prepares the statements from your books; it does not audit them.

> **THE LAW**
> A company must prepare its financial statements in the form of Schedule III (section 129 of the Companies Act, 2013). For others the ICAI formats are the accepted practice. Who must get the accounts audited, and in what form, depends on your case. Confirm with your Chartered Accountant for your case.

Opening the financial statements

1. Open **Reports** (Alt + R) and tap **Financial statements** in the Accounts group.
2. Choose the period with **From** and **To**, or the chip **Full year** or **Previous year**. Normally it is 1 April to 31 March.

3. Choose **Figures in**: ₹ (rupees and paise), ₹ (whole rupees), ₹ in hundreds, ₹ in thousands, ₹ in lakhs, ₹ in millions or ₹ in crores. The choice is saved for the company.

4. Use the tabs: **Balance Sheet**, **Profit and Loss** (**Income & Expenditure** for a trust), **Notes** and **Complete set**.

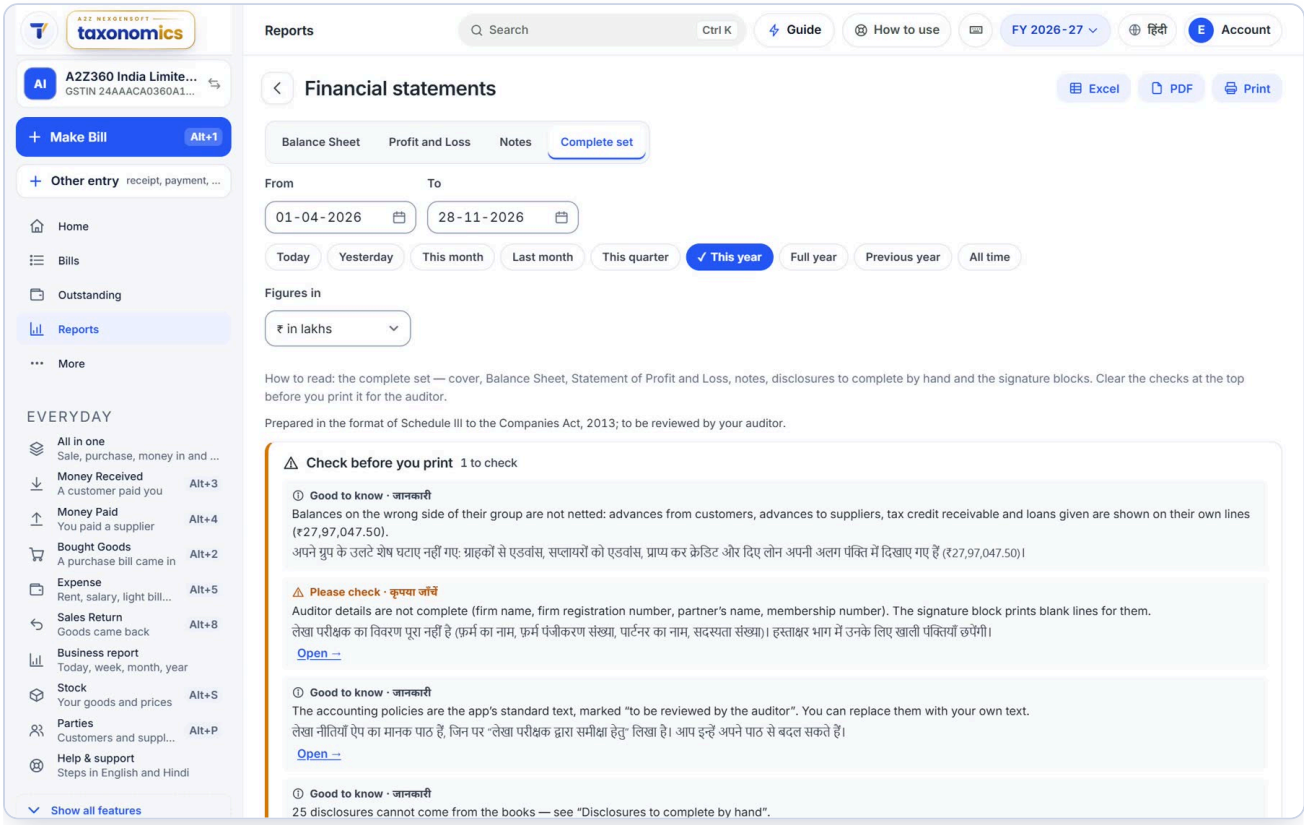

Figure 25.1 — Financial statements, Complete set: the checks at the top, the details box, and the cover page.

The four tabs have their own addresses: `#/report/fs/bs`, `#/report/fs/pl`, `#/report/fs/notes` and `#/report/fs/set`. For a proprietor, firm, LLP or trust the **Layout** chips let you jump between **ICAI format** and **T-form (working view)**. From the T-form Profit & Loss or Balance Sheet, the chip **ICAI format** (or **Schedule III format**) brings you here.

Rounding that always adds up

When you print in thousands or lakhs, small differences can appear on paper. The software rounds so that every printed total is the sum of its printed lines, both sides of the Balance Sheet stay equal, and each note's total equals the figure on the face of the statement.

For a company, Schedule III (general instruction 4) asks for figures rounded to hundreds, thousands, lakhs, millions or crores, depending on the total income. If you choose a unit that does not fit, the checks tell you. Whole rupees are common for a shop or a firm.

Check before you print

At the top of the screen is the box **Check before you print**. It tells you how many things are "to put right" and "to check", or says "Nothing to put right". Each line has a level:

Level	Meaning	Examples from the software
Put right first	The statements are wrong until you correct the books.	An account is in a group under none of Assets, Liabilities, Income or Expenses; the Balance Sheet does not tally; opening balances do not agree; the profit does not equal the movement in the owners' funds; a cash account is negative on the closing date.
Please check	Probably fine, but look and decide.	A bank in credit shown as an overdraft; a loan with no instalment schedule (the whole loan shows as long-term); depreciation for the year not posted; auditor details not complete; the previous-period column blank because the books begin in this period.
Good to know	Information only.	No supplier marked as micro or small; the accounting policies are the standard text; the number of disclosures that must be completed by hand.

Where a line can be fixed on another screen, it has an **Open** → link (for example to Fixed assets to post depreciation).

> **CAREFUL**
> Do not give the auditor a set while any "Put right first" line is showing. Fix the entry in the books; never type over a figure on paper.

Details for the statements

On the **Complete set** tab press **Details for the statements**. Here you type what the books cannot know. A blank prints as a line to fill by hand.

- **Auditor's firm name**, **Firm registration number (FRN)**, **Partner / proprietor who signs**, **Membership number**, **Place of signing**.
- **LLPIN** (for an LLP) or **Registration number** (for a trust).
- **Names of the people who sign for the business (one per line)**: directors, partners, the proprietor or trustees. For a firm, partners come from the Partners screen when this is empty.
- **About the business (one or two lines for the first note)**.
- **Your own accounting policies (empty = the standard text of the app)**: one policy per paragraph.

Press **Save**. These details are kept with the company. The signature block then prints "As per our report of even date", the auditor's firm, "Chartered Accountants", FRN, the partner, membership number, UDIN (always a blank line to fill), place and date, and on the other side the people who sign

for the business.

What the Complete set contains

1. **Cover**: name, address, identity numbers, "Financial Statements", the period and a contents list.
2. **Balance Sheet** "as at" the closing date, with a **Note No.** column and the previous-period column.
3. **Statement of Profit and Loss** (or Income and Expenditure Account) for the period.
4. **Notes to the financial statements**, numbered.
5. **Disclosures to complete by hand**: the hand list.
6. The signature blocks under each statement.

The Balance Sheet in the statutory format

First come the owners' funds and the liabilities, then the assets, each split into non-current (long-term) and current (within 12 months). The top heading follows the format: "EQUITY AND LIABILITIES" (company), "OWNERS' FUNDS AND LIABILITIES" (proprietor, firm), "PARTNERS' FUNDS AND LIABILITIES" (LLP), or "FUNDS EMPLOYED" and "REPRESENTED BY" (trust). Both totals must be equal. If the opening balances do not agree, a line "Difference in opening balances (to be corrected)" appears; correct it before signing.

Balances on the wrong side of their group are not netted. Advances from customers, advances to suppliers, tax credit receivable and loans given are shown on their own lines in the right place.

Which group goes to which head

The statutory heads come from your groups. The software makes no new ledger here; it only places the balances you already have. This is the standard placing for the default groups:

Group in your books	Head in the statutory Balance Sheet	Side
Capital Account; Share Capital (company pack)	Share capital (company) / Owner's or Partners' Capital Account (others) / Funds (trust)	Equity / Owners' funds
Reserves & Surplus	Reserves and surplus	Equity / Owners' funds
Loans (Liability), Secured Loans, Unsecured Loans	Long-term borrowings (the part due within 12 months goes to Short-term borrowings when you type it)	Non-current liabilities
Bank OD A/c	Short-term borrowings	Current liabilities

Sundry Creditors	Trade payables (company: split (A) micro and small enterprises, (B) others)	Current liabilities
Current Liabilities, Duties & Taxes, Statutory Dues Payable, Suspense A/c, Branch / Divisions	Other current liabilities	Current liabilities
Provisions	Short-term provisions	Current liabilities
Fixed Assets	Property, Plant and Equipment and Intangible assets	Non-current assets
Investments	Non-current investments	Non-current assets
Deposits (Asset); Misc. Expenses (ASSET)	Other non-current assets	Non-current assets
Stock-in-Hand (value from the stock register)	Inventories	Current assets
Sundry Debtors	Trade receivables	Current assets
Cash-in-Hand, Bank Accounts	Cash and cash equivalents (ICAI format: Cash and bank balances)	Current assets
Loans & Advances (Asset)	Short-term loans and advances	Current assets
Current Assets (other)	Other current assets	Current assets

And for the income statement:

Group in your books	Head in the Statement of Profit and Loss
Sales Accounts, Direct Incomes	Revenue from operations (trust: Income from activities)
Indirect Incomes	Other income
Purchase Accounts	Purchases of Stock-in-Trade
Direct Expenses, Indirect Expenses	Other expenses; but an account whose name shows salary or wages, depreciation, interest on loans or bank interest, or income-tax goes to Employee benefits expense, Depreciation and amortisation expense, Finance costs or Tax expense

A company can change the head of a group under **Company pack › Statement format**; a choice is accepted only on the group's own side (an asset never becomes a liability by a setting). Bank charges stay under Other expenses unless that account is placed under finance costs.

The notes

Each numbered note explains one figure of the face; the total of a note equals that figure. The notes the software makes, when there is a figure for them:

- Corporate information (company) or Brief about the entity; Summary of significant accounting policies.
- Share capital and Reserves and surplus (company); Funds (trust); Owner's capital account or Partners' capital and current accounts (others).
- Borrowings (long-term and short-term), Provisions, Trade payables (with ageing from the due date, and the MSME part), Other current liabilities.
- Property, plant and equipment: gross block, depreciation and net block, read from the entries.
- Investments, Loans and advances, Inventories, Trade receivables (with ageing), Cash and cash equivalents, Other current assets.
- Revenue from operations, Other income, Cost of materials consumed, Purchases of Stock-in-Trade, Changes in inventories, Employee benefits expense, Finance costs, Depreciation, Other expenses, and Partners' remuneration (firm and LLP).
- Ratios (company only): current ratio, debt-equity, return on equity, inventory turnover, trade receivables turnover, trade payables turnover, net capital turnover, net profit ratio and return on capital employed, with the previous year and the % change.

> **TIP**
> The standard accounting policies are marked "to be reviewed by the auditor". Replace them with your own text in **Details for the statements** if your auditor gives you wording.

Disclosures to complete by hand

Some things the law or the format asks for are not in any book of accounts. The software never fills them in. It lists them in a table with a tick box, **Where** and **What to complete**. Examples:

- Company: number and face value of shares of each class, reconciliation of shares, shareholders holding more than 5%, promoters' shareholding, shares reserved, bonus or buy-back in the last five years, calls unpaid.
- LLP: each partner's contribution agreed in the LLP agreement.
- Proprietor: confirm that only the business's assets, liabilities, income and expenses are included (not personal ones).
- Trust: unrestricted / restricted fund columns, the details of each earmarked fund and any foreign contribution (FCRA) fund, and statements in a State Public Trusts Act format where that Act applies.

- Company ratios: debt service coverage ratio and return on investment, and the reason for a change of more than 25%.
- Bank deposits that are earmarked or have a long maturity; disputed dues in the payables ageing; earnings per share (printed as lines to fill).

Give this list to your auditor along with the set.

Excel, PDF and Print

The buttons **Excel**, **PDF** and **Print** work on the tab you are on; on **Complete set** they give everything. Excel has one sheet per statement, one per note, the hand list and the signatures. Printing uses A4 upright pages with a running head (business, statement, period) and "Page x of y".

Ledgers used by the statements

The statements make no ledger. They read ledgers made by other features. These are the ones that decide the owners' funds part:

Ledger	Group (head)	Where it shows	Made when
Capital	Capital Account	Balance Sheet: Owner's Capital Account	With every new company
Equity Share Capital	Share Capital (under Capital Account)	Balance Sheet: Share capital	When the company pack is switched on
General Reserve	Reserves & Surplus	Balance Sheet: Reserves and surplus	When the company pack is switched on
Surplus in Statement of Profit & Loss	Reserves & Surplus	Balance Sheet: Reserves and surplus (the year's profit is added by the reports)	When the company pack is switched on
General Fund	Capital Account	Balance Sheet: Funds (trust)	When the type of organisation is a trust
(Partner's name) — Capital; (Partner's name) — Current A/c	Capital Account	Balance Sheet: Partners' Capital Account / Partners' Current Account	When you add a partner on the Partners screen (the current account only if you ask for one)

If you already had a ledger with a usual name (for example "Share Capital" or "Retained Earnings"), the company pack uses it as it is rather than making a new one.

Ratio analysis

Open **Reports › Ratio analysis** (`#/report/ratios`). Choose the period. Each ratio shows its value, a grade (**Good**, **Fair** or **Watch**), what it says about your business in one sentence, the formula and the two figures behind it.

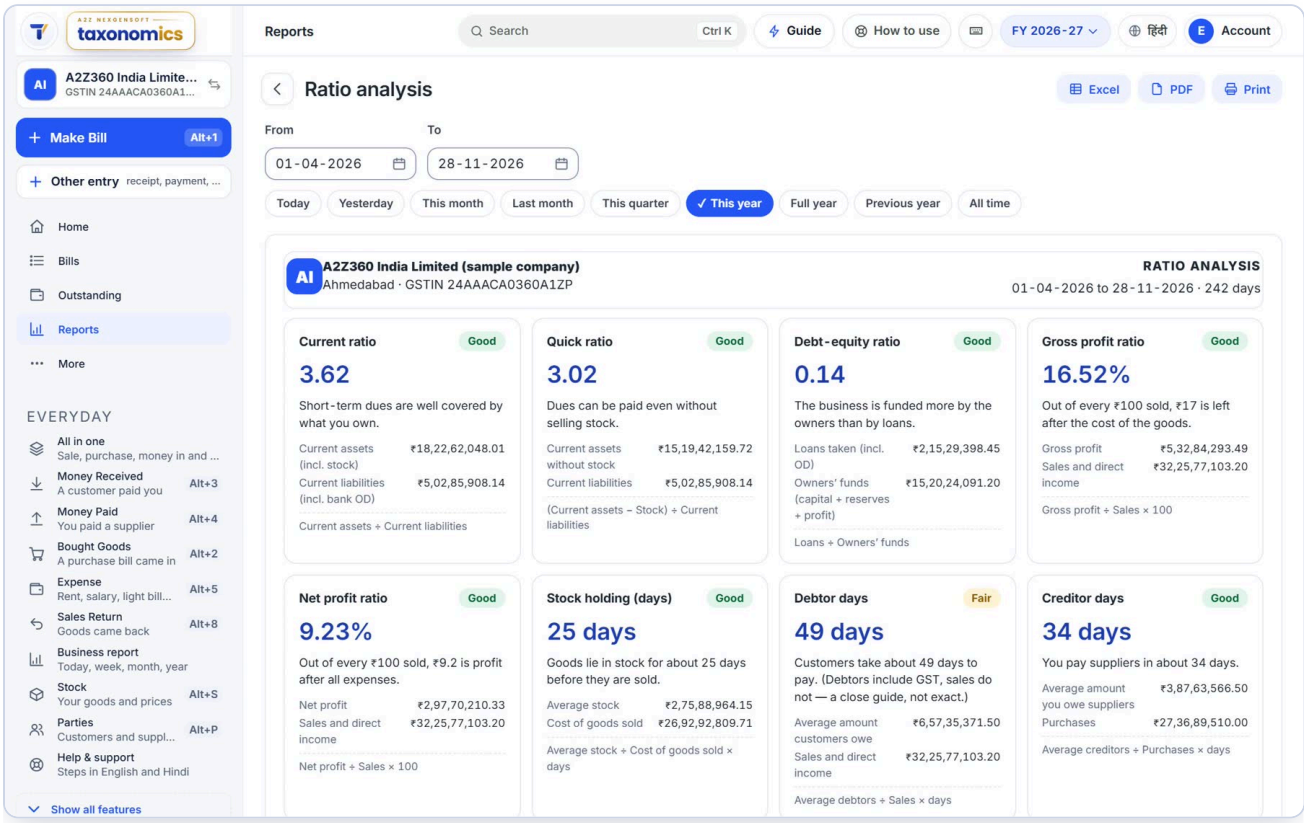

Figure 25.2 — Ratio analysis: each ratio with its grade, the formula and the two figures behind it.

Ratio	Formula	"Good" in the software	What it tells you
Current ratio	Current assets ÷ Current liabilities	1.33 or more (Fair from 1)	Can you pay short-term dues from what you own?
Quick ratio	(Current assets − Stock) ÷ Current liabilities	1 or more (Fair from 0.7)	Can you pay dues even without selling stock?
Debt-equity ratio	Loans ÷ Owners' funds	1 or less (Fair up to 2)	Is the business run on the owners' money or on loans?
Gross profit ratio	Gross profit ÷ Sales × 100	Above 0	Out of every ₹100 sold, what is left after the cost of the goods.
Net profit ratio	Net profit ÷ Sales × 100	5% or more (Fair above 0)	Out of every ₹100 sold, what is profit after all expenses.
Stock holding (days)	Average stock ÷ Cost of goods sold × days	60 days or less (Fair up to 120)	How long goods lie before they are sold.

Debtor days	Average debtors ÷ Sales × days	45 days or less (Fair up to 90)	How long customers take to pay.
Creditor days	Average creditors ÷ Purchases × days	45 days or less (Fair up to 90)	How long you take to pay suppliers.
Interest cover	(Net profit + Interest) ÷ Interest	3 or more (Fair from 1.5)	Does profit cover the interest comfortably?
Return on capital employed	(Net profit + Interest) ÷ (Owners' funds + Loans) × 100	15% or more	What every ₹100 put into the business earned.
Working capital	Current assets – Current liabilities	0 or more	Money left to run the business after short-term dues.

How the software counts:

- Each account goes by the side its balance is on. A customer who paid in advance (credit balance) is a current liability; an advance to a supplier or GST input credit (debit balance) is a current asset. Bank overdraft is a current liability.
- Stock is valued from the stock register; a "Stock-in-Hand" ledger is left out so it is not counted twice.
- Owners' funds = Capital Account (with Reserves & Surplus) plus the profit.
- Interest = expense ledgers under Indirect Expenses whose name says "interest".
- Debtors include GST but sales do not, so debtor days is a close guide, not exact.
- For a period shorter than a year, return on capital employed is not annualised.

EXAMPLE

Current assets ₹4,00,000 (stock ₹1,50,000, debtors ₹2,00,000, cash and bank ₹50,000); current liabilities ₹2,50,000. Current ratio = 4,00,000 ÷ 2,50,000 = 1.60 (Good). Quick ratio = 2,50,000 ÷ 2,50,000 = 1.00 (Good). Working capital = ₹1,50,000.

CAREFUL

Good / Fair / Watch are common rules of thumb for a first look. Every trade has its own normal: a medicine shop and a builder will never have the same stock days. Read them with your CA.

THE LAW

If creditor days are long, remember the MSME rule: a micro or small supplier (manufacturer or service, on Udyam) must be paid within the agreed days, at most 45 (15 with no written agreement); otherwise the expense counts only in the year you pay (Income-tax Act 2025, section 37(2)(g)). Confirm with your Chartered Accountant for your case.

Excel, **PDF** and **Print** give the full table: ratio, value, grade, what it says and the formula. The Business report's "Financial health" tab (Chapter 26) uses these same measures with a few more.

Cash flow statement

Profit is not cash. A business can make a profit and still run short of money, because customers have not paid or stock has piled up. The cash flow statement shows where the money came from and where it went. Open **Reports › Cash flow statement** (`#/report/cashflow`).

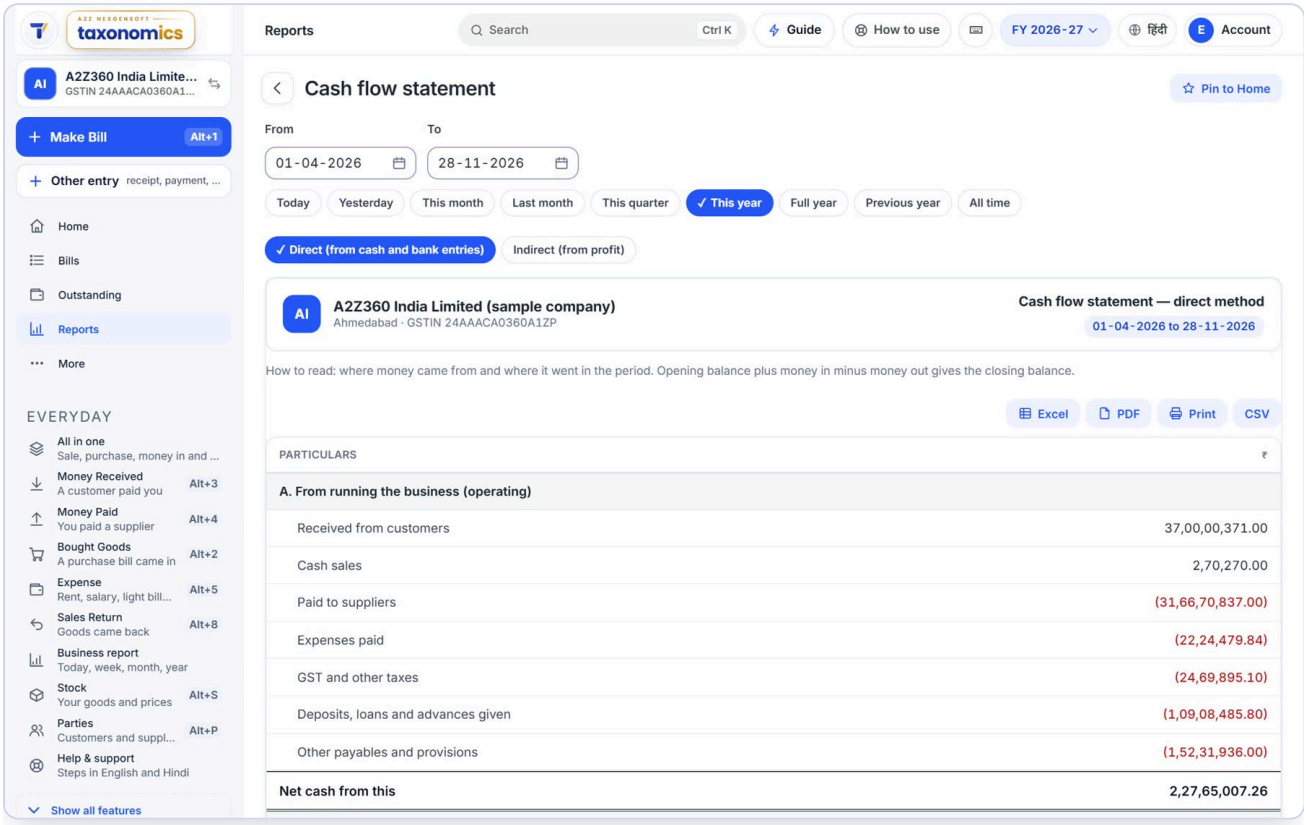

Figure 25.3 — Cash flow statement, direct method: operating, investing and financing parts ending on the change in cash and bank.

"Cash and bank" here means all Cash-in-Hand, Bank Accounts and Bank OD ledgers. The top boxes show **Opening cash and bank**, **From the business**, **Assets, capital and loans** and **Closing cash and bank**.

Two methods

Choose with the chips:

- **Direct (from cash and bank entries)**: every entry that moved cash or bank money is shown under the account on its other side: Received from customers, Paid to suppliers, Cash sales, Cash purchases, Expenses paid, Other income received, GST and other taxes, Fixed assets bought / sold, Investments made / encashed, Capital brought in / drawings, Loans taken / repaid. Transfers between cash and bank are left out. Amounts in brackets are money going out.

- **Indirect (from profit)**: starts from the Net profit for the period and adds back what did not move cash: increase or decrease in stock, debtors, creditors, GST / taxes payable, other current assets and liabilities, depreciation (no cash went out), fixed assets, investments, capital and loans.

Both methods have three parts and end on the same figure:

- **A. From running the business (operating)**
- **B. Assets and investments (investing)**
- **C. Capital and loans (financing)**
- **Net increase / decrease in cash and bank (A + B + C)**

At the foot you see "Opening + net flow = closing cash and bank: the statement ties with the books". If it says "The statement does not tie with the books", check the Trial Balance first. Click a line to open its group.

> **EXAMPLE**
> Opening cash and bank ₹50,000. A: received from customers ₹9,00,000, paid to suppliers (₹6,50,000), expenses paid (₹1,20,000) = ₹1,30,000. B: machine bought (₹1,00,000). C: loan taken ₹50,000, drawings (₹30,000) = ₹20,000. Net = 1,30,000 – 1,00,000 + 20,000 = ₹50,000. Closing cash and bank = ₹1,00,000.

Capital account

For a proprietor, firm or LLP, open **Reports › Capital account** (`#/report/capital`). A company sees Reserves & Surplus and a trust sees Funds of the trust at the same address.

The top boxes show **Opening capital**, **Additions (credits)**, **Drawings and other debits**, **Net profit for the year** (or Net loss) and **Closing capital**. The table lists each ledger under Capital Account with **Opening**, **Additions (credits)**, **Drawings and other debits** and **Closing**, then a line for the profit (or loss) of earlier years, a line for this year's profit, and the total.

Opening capital + brought in – drawings + profit of the year = closing capital. The closing figure is what the Balance Sheet shows as Capital Account plus the year's profit (less its loss). Choose a full financial year (1 April to 31 March) for the yearly capital account.

> **EXAMPLE**
> Shree Ganesh Traders (proprietor): opening capital ₹5,00,000; capital brought in ₹1,00,000; drawings ₹60,000; net profit ₹1,00,000. Closing capital = 5,00,000 + 1,00,000 – 60,000 + 1,00,000 = ₹6,40,000.

The money the owner takes for home is entered as a payment debited to a ledger under Capital Account (for example "Drawings"), and money he brings in as a receipt credited to Capital. No year-end transfer entry is needed: from 1 April the year's profit moves into Capital Account by itself as "Profit of earlier years".

Partnership firm and LLP

A firm keeps one capital account for each partner. Open **More › Partners & capital** (`#/partners`). The table **Partners' capital accounts** shows for each partner: Share, Opening, Brought in, Interest on capital, Remuneration, TDS deducted, Drawings, Share of profit and Closing. The year's profit is split in the profit ratio in force on each date; if a share changes from a date, the years before keep the old share.

Ledger	Group (head)	Where it shows	Made when
(Partner's name) — Capital	Capital Account	Balance Sheet: Partners' Capital Account	When you save a new partner (unless you pick an existing capital ledger)
(Partner's name) — Current A/c	Capital Account	Balance Sheet: Partners' Current Account	When you save a partner and choose a new current account
Interest on Partners' Capital	Indirect Expenses	P&L: Indirect Expenses (statutory format for a firm or LLP: Finance cost)	The first time you post interest on capital
Partners' Remuneration	Indirect Expenses	P&L: Indirect Expenses (statutory format for a firm or LLP: Partners' remuneration)	The first time you post remuneration

When you post interest on capital and the profit before that interest is smaller, the software asks before posting: under section 13(c) of the Partnership Act, 1932, interest on capital is payable only out of profits unless the deed says otherwise. It never blocks you.

> **THE LAW**
> Interest on capital and remuneration to working partners are allowed as an expense of the firm only within the limits of the Income-tax Act 2025 and only if the partnership deed provides for them. Confirm with your Chartered Accountant for your case.

REMEMBER

- Reports › Financial statements makes the statutory set; the format follows your type of organisation.
- Clear every "Put right first" line in "Check before you print" before giving the set to the auditor.
- Type the auditor and signatory details once in "Details for the statements"; give the auditor the hand list.
- Ratio grades are rules of thumb; read them with your CA.
- Cash flow shows why profit and cash differ; both methods end on the same change in cash and bank.
- Closing capital = opening + brought in – drawings + profit; no year-end closing entry is needed.

CHAPTER 26

Business Check-up, Business at a Glance and Cash Forecast

Your books already hold the answer to "How is my business doing?". Four screens read the books for you and tell you, in plain words, where things are fine and where you must act: Business check-up, Business at a glance, Cash forecast and Entries to review. None of them changes or posts anything.

Where to find these screens

All four are in **Reports**. The first tiles of the group **Accounts** are **Business check-up**, **Business report**, **Business at a glance**, **Cash forecast** and **Books X-ray**. **Business check-up** is also the first tile in the "Most used" row at the top of Reports, and Home has a **Business check-up** button beside **Business report**.

Entries to review is in Reports, group **Tax & year end**. You can also open it from More › Smart Check with the button **Entries to review**.

Screen	Address	The question it answers
Business check-up	#/report/checkup	Where is the business weak, and what should I do first?
Business at a glance	#/report/pulse	How is the business doing this month and this year, in a few cards?
Cash forecast	#/report/forecast	Will cash and bank run short in the coming days, and on which day?
Entries to review	#/report/review	Which saved entries look like a mistake?

> **TIP**
> These screens are only as good as your entries. Enter every bill, receipt, payment and expense first. A missing purchase bill or an unrecorded receipt will show up here as a false alarm.

Business check-up

The **Business check-up** works like a doctor's report for the business. It does not measure anything new. It runs seven checks that the software already has, and lays all their findings out in one place:

- **Financial health** — the ratios (current ratio, gross and net profit ratio, debtor days, creditor days, stock days, cash cycle, debt-equity ratio, interest cover and others) over the last 12 months.
- **Business at a glance** — the cards explained later in this chapter.
- **Decisions** — whom to collect from, low-margin items, stock stuck or running out, expenses rising, customers who stopped buying.
- **Cash forecast** — whether cash may run short in the next 90 days.
- **GST notice risk** — checks that often lead to a GST question (for a GST-registered business).
- **Books X-ray** — auditor's tests on the whole year: the same payment twice, split cash, round amounts, late entries, gaps in sales numbers and more.
- **Entries to review** — saved entries that Smart Check would ask about.

While it runs you see **Checking the business…** and a progress bar. On a big book this takes a few seconds, because the parts run one after another.

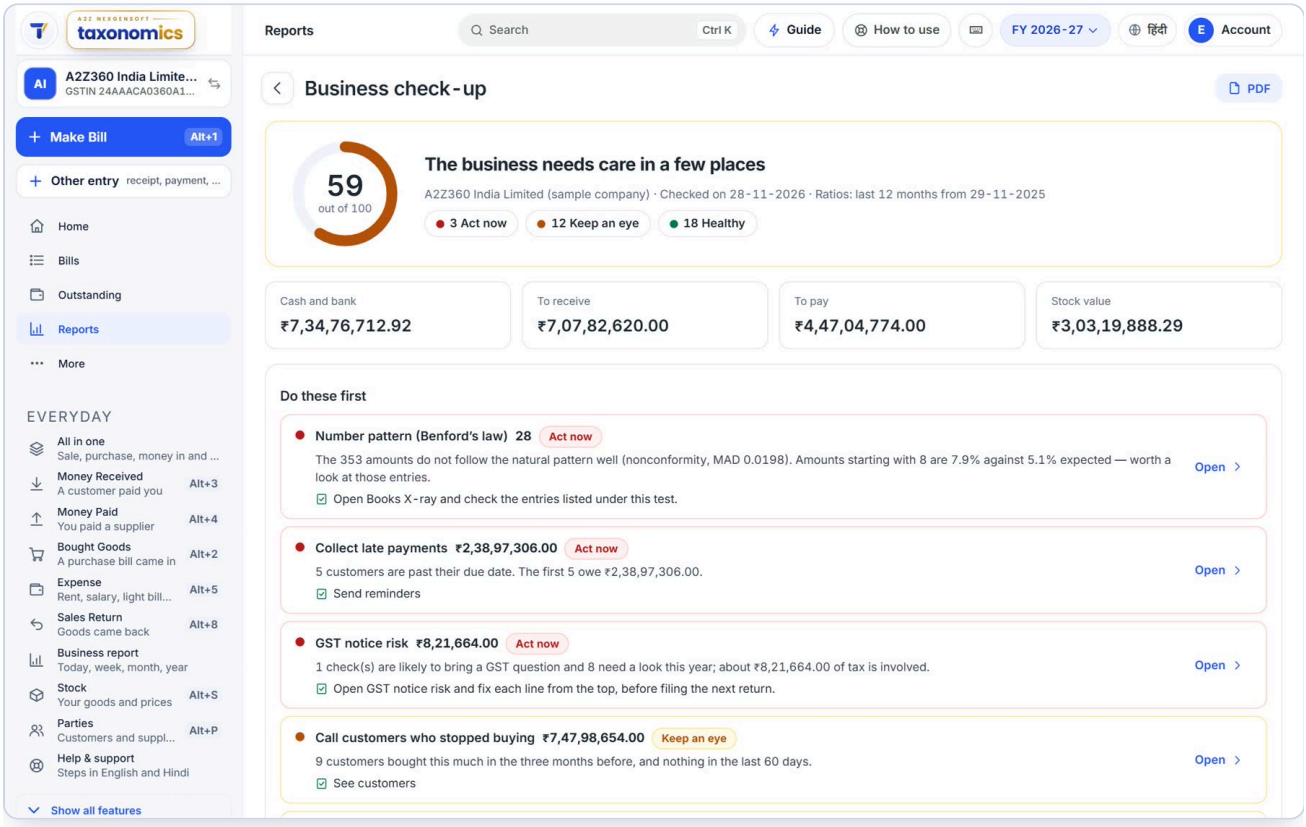

Figure 26.1 — Business check-up: the score dial, the counts of signs, the four key figures and "Do these first".

The top of the page

- **The score** — a dial with a number out of 100, and one line: **The business is in good health** (75 or more), **The business needs care in a few places** (50 to 74), or **The business needs attention now** (below 50). With very few entries you see **Not enough entries yet for a check-up**.
- **The counts** — how many signs are **Act now**, **Keep an eye** and **Healthy**.
- **Four key figures** — **Cash and bank**, **To receive**, **To pay** and **Stock value** as on today.

- The line under the heading tells you the date of the check and that the ratios look at the last 12 months.

The eight parts of the business

Every finding (the screen calls it a "sign") belongs to one part of the business. Under **Part by part** there is one tab for each part, and **All parts** shows them all. Each part asks one question:

Part	The question
Cash and bank	Can you pay your bills on time?
Profit	Is the business earning enough?
Customers	Do customers pay, and keep buying?
Suppliers	Are you paying suppliers on time?
Stock	Is money stuck in goods, or is stock running out?
Loans	Are the loans safe for the business?
GST	Could a GST notice come?
Books	Are the entries clean and complete?

Grades and how the score is made

Each sign has one of four grades:

- **Act now** (red) — something needs your action now.
- **Keep an eye** (amber) — not yet a problem, but watch it.
- **Healthy** (green) — fine.
- **Good to know** — information only; it does not change the score.

A part's score is the average of its graded signs (Healthy = 100, Keep an eye = 50, Act now = 0). Two caps keep the number honest: a part with any **Act now** sign never scores above 40, and a part with a **Keep an eye** sign never above 74. The whole business is the average of the parts, but while any part needs action the whole score stays at 74 or below — so one serious problem is never hidden by an average.

If there were no sales in the last 12 months, the profit and speed ratios (profit ratios, debtor and creditor days, stock days, cash cycle and the like) are left out, because they would say nothing useful.

Do these first

Do these first lists up to eight signs: first the **Act now** ones, then the **Keep an eye** ones, the biggest rupee amount first. Each row shows the title, the figure, what it means and, with a tick mark, what to do. The **Open** button takes you to the report the sign came from — the figures there are the same.

1. Open **Reports** and press **Business check-up** (or the **Business check-up** button on Home).
2. Wait until the progress bar finishes.
3. Read the line next to the dial and the four key figures.
4. Work down **Do these first**. Press **Open** on a row to see the detail and correct it.
5. Use the part tabs under **Part by part** to read one part at a time.
6. Press **PDF** (top right) to save the whole check-up for your CA or partner.

> **EXAMPLE**
> Shree Ganesh Traders opens the check-up. The dial shows 62 and "The business needs care in a few places". **Do these first** has two red rows: "Cash may run short" (the forecast says cash and bank may go below zero in five weeks; about ₹1,50,000 more is needed) and "Entries to review" (6 saved entries need a second look). The owner presses **Open** on the first row, sees which customer bills are late, and phones those customers that day.

At the end of the page, **How this check-up is made** opens a short note and names the seven checks. If one of them could not run, it is named after **Could not run:**; the rest of the check-up still stands.

> **CAREFUL**
> Ratios are rules of thumb and differ from trade to trade. Treat every sign as a pointer for a closer look, not as a final word. For a loan, tax or legal decision, confirm with your Chartered Accountant for your case.

Business at a glance

Business at a glance answers "How is my business doing?" in a few cards, in plain words. The top line sums it up, for example "2 things need your attention now, 1 to keep an eye on." or "The business looks healthy. Keep it up!". Under it you see the company name, the period of this financial year, and the counts of **Act now**, **Keep an eye** and **Going well**.

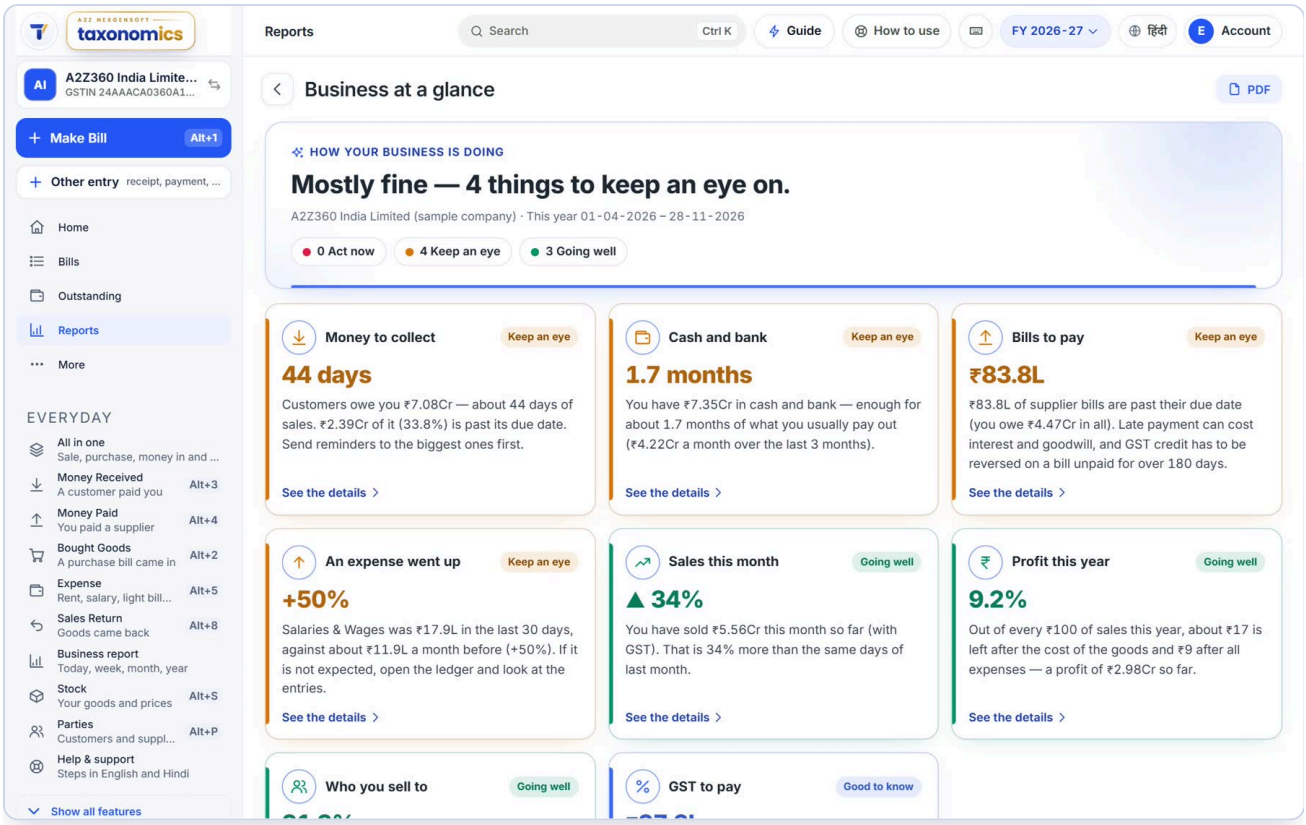

Figure 26.2 — Business at a glance: one headline and a card for each point, coloured by tone.

Each card has a title, one figure, a sentence that explains it, and **See the details**. Tap a card to open the report behind it. The cards are:

Card	What it tells you
Sales this month	Sales of this month so far, compared with the same days of last month.
Profit this year	Profit (or loss) of the financial year so far, from the Profit & Loss.
Money to collect	What customers owe, and how many days of sales that is (worked out on the last 90 days of sales).
Who you sell to	How much of your sale goes to your top three customers. It warns only when the top three take 60% or more.
Cash and bank	How many months of your usual payments your cash and bank balance can cover (cash moved between cash and bank is left out).
Bills to pay	Supplier bills that are past their due date.
An expense went up	An indirect expense head (rent, salary, electricity…) that went up sharply in the last 30 days: at least 1.5 times and ₹10,000 more than its usual month.
GST to pay	GST of the running period after input credit, and the date by which it must be paid. Shown for a GST-registered business.

A card is shown only when there is something to say. With no entries yet, the page asks you to make a few bills and shows a **Make Bill** button (if your login may make bills). The **PDF** button saves the headline and all the cards. Amounts with "L" are lakh and "Cr" crore.

> **TIP**
> Open Business at a glance every Monday morning. It takes one minute, and every card opens the report you would otherwise have to look for.

Cash forecast

Most reports show the cash that was. The **Cash forecast** works out your cash and bank balance for every coming day, so you see the day money will run short — weeks before it comes. It is read-only: nothing is posted.

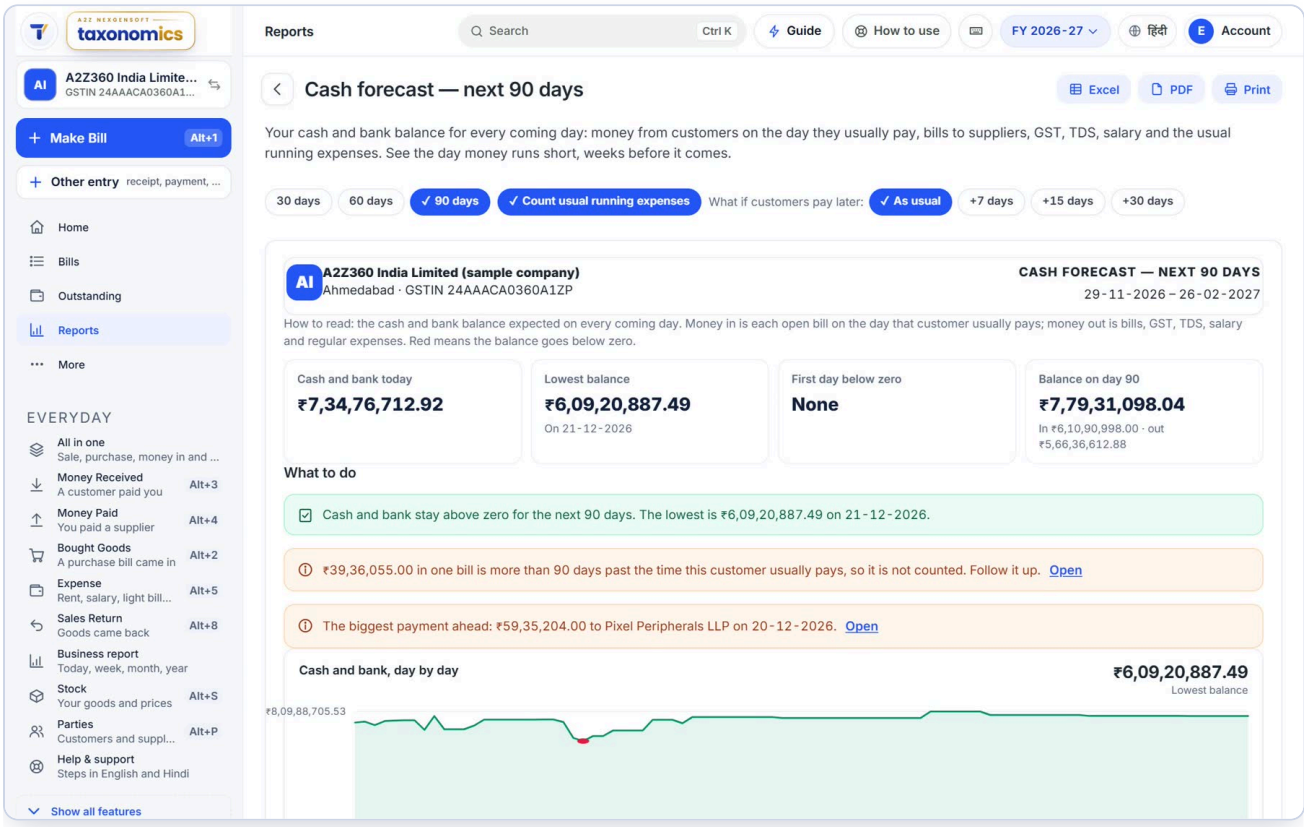

Figure 26.3 — Cash forecast: today's balance, the lowest point, the first day below zero and the day-by-day chart.

Where the figures come from

- **Start** — today's balance of every cash, bank and bank overdraft account. An overdrawn bank counts as minus.
- **Money in** — every open sales bill, on its due date moved by that customer's own habit: the usual (middle) number of days late on his last 12 fully paid bills. A customer with no paid bill yet is given the usual delay of all customers. A bill already late is spread over the next 14 days. A bill more

than 90 days late is treated as doubtful and not counted; it is listed separately under **Not counted: very late customer bills**.

- **Money out** — every open purchase bill, on its due date moved by your own usual delay in paying suppliers; a bill already late is spread over the next 7 days.
- **GST** — the tax payable after credit for the running return period, on its due date (worked out the same way as the GST set-off).
- **TDS / TCS** — on the 7th of the next month.
- **Salary** — the average of the last three full months' salary and wages, at each month end.
- **Running expenses** — the average of the last three full months' indirect expenses paid in cash or bank (depreciation and other non-cash entries left out), spread evenly over the days.
- **Recurring expenses** and **loan instalments (EMI)** — on their own dates.

Reading the page

1. Open **Reports** and press **Cash forecast**.
2. Choose how far to look: **30 days**, **60 days** or **90 days**.
3. Keep **Count usual running expenses** on for a true picture; switch it off to see bills and taxes alone.
4. Try **What if customers pay later: +7 days**, **+15 days** or **+30 days** to see what happens if collections slow down. **As usual** brings it back.
5. Read the four boxes: **Cash and bank today**, **Lowest balance** (with its date), **First day below zero** (or **None**) and the balance on the last day. When cash goes below zero you also see **Money needed to stay above zero**.
6. Read **What to do** and press **Open** on a line to reach the bill or report.

Further down are the chart **Cash and bank, day by day** (the red ground is below zero; point at the chart to see a day), the table **Week by week** (money in, money out, closing balance, lowest in the week), **Biggest money coming in**, **Biggest payments going out**, the table **Day by day** (press **Show every day** for all days) and **How each customer usually pays** with the days late and the number of paid bills it was worked out from. **Excel**, **PDF** and **Print** are at the top.

> **EXAMPLE**
> Kavya Textiles LLP has ₹2,00,000 in the bank today. Supplier bills of ₹3,00,000 fall due on the 10th, and GST of ₹50,000 on the 20th. Customers owe ₹4,00,000, but they usually pay 20 days late. The forecast shows the balance going to minus ₹1,00,000 on the 10th and coming back above zero near the end of the month. The partners ask the supplier for ten more days, and the red part of the chart goes away.

> **CAREFUL**
> A forecast is an estimate from your own past habits. A customer can pay earlier or later than before. Look at it every week, not once.

Entries to review

Smart Check checks every bill and entry before it is saved. A definite mistake stops the save; a doubtful one asks "Please check before saving" with the reason, and you may press **Save anyway**. **Entries to review** runs the same quick checks over entries that are *already saved*, and lists those that look unusual. Nothing is changed here — you open an entry to correct it.

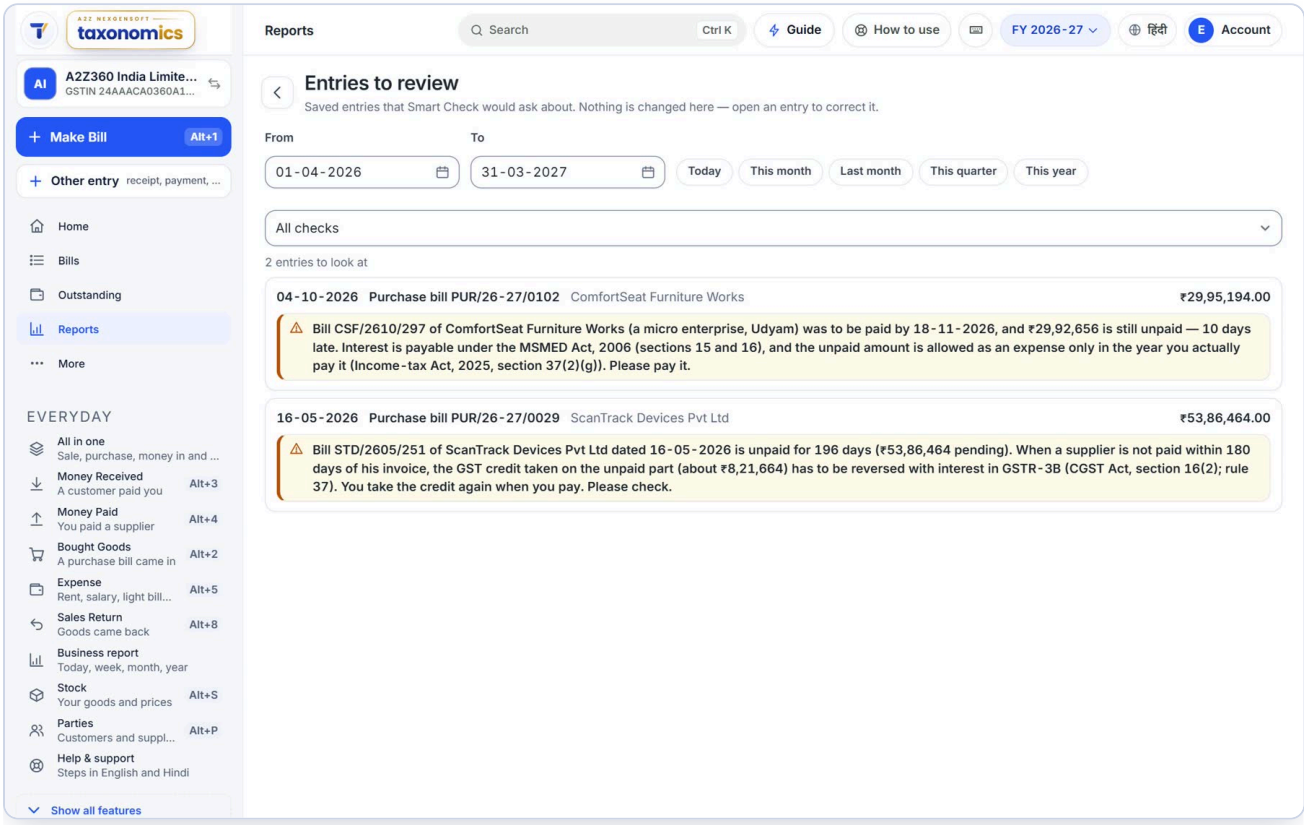

Figure 26.4 — Entries to review: each card is one saved entry with the reasons Smart Check gives.

1. Open **Reports** and press **Entries to review** (group **Tax & year end**), or **More › Smart Check › Entries to review**.
2. Choose the dates. The page starts with this financial year.
3. To see one kind of problem, pick it in the list next to the dates: **All checks**, **GST**, **Same entry twice**, **Amounts and prices**, **Dates**, **Stock** or **Cash limits and credit**.
4. Read the count ("6 entries to look at"). Each card shows the date, the kind of entry and its number, the party, the amount and the reasons.
5. Tap a card to open the entry. Correct it, or leave it if it is right.

6 Use **Previous** and **Next** when there are more than 25 cards.

When nothing is found you see **Nothing to review**. A reason with a red cross is a definite mistake; one with a warning sign is a point to check.

The kinds of check

Kind	What it looks for
GST	GST rate against the item, IGST or CGST + SGST against the State, party GST number.
Same entry twice	The same bill, receipt or payment entered again.
Amounts and prices	An extra or missing zero, very high discount, a bill far bigger than usual, free item.
Dates	Future date, very old date, bill number out of date order, due date before the bill.
Stock	Selling more than you have, expired batch, batch not chosen.
Cash limits and credit	Cash of ₹2,00,000 or more, cash expense above ₹10,000, cash going below zero, credit limit.

On `More › Smart Check` the owner can switch each kind on or off, and switch off **Ask before saving when something looks unusual** (then the same points show only as small notes). A kind switched off there is also left out of Entries to review. Some checks are **Always on**: bill number used twice, the same supplier bill again, a locked period, and debit and credit not equal.

> **THE LAW**
> The cash limits behind these checks come from the Income-tax Act, 2025 (for example, no cash receipt of ₹2,00,000 or more from one person in a day, and no cash expense above ₹10,000 to one person in a day). There are exceptions. Confirm with your Chartered Accountant for your case.

> **TIP**
> Clear Entries to review once a month, before you file GST returns. A wrong entry is easy to fix today and hard to explain a year later.

A weekly habit

- Monday: open **Business at a glance**.
- Monday: open **Cash forecast** for the next 30 days.
- Month end: open **Entries to review** and correct what is wrong.
- Month end: open **Business check-up** and work down **Do these first**.

None of these screens makes a ledger or posts an entry. They only read your books.

Real profit by customer, and next month's stock plan

Real profit by customer

A customer who buys a lot but pays late can earn you less than you think. The page **Real profit by customer** (`#/report/custprofit`) takes the **Profit on goods** each customer bought, and takes off the **Cost of waiting for money** — what it cost you to wait for their payment. The result is the **Real profit**.

1. Open the page from **Reports**.
2. Type **What money costs you in a year** — for example the interest rate on your bank overdraft.
3. Read the table: customers at the top earn you the most after the waiting cost. A customer with high sales but low real profit needs faster collection or a better price.

If nothing was sold on credit in the year, the page says so.

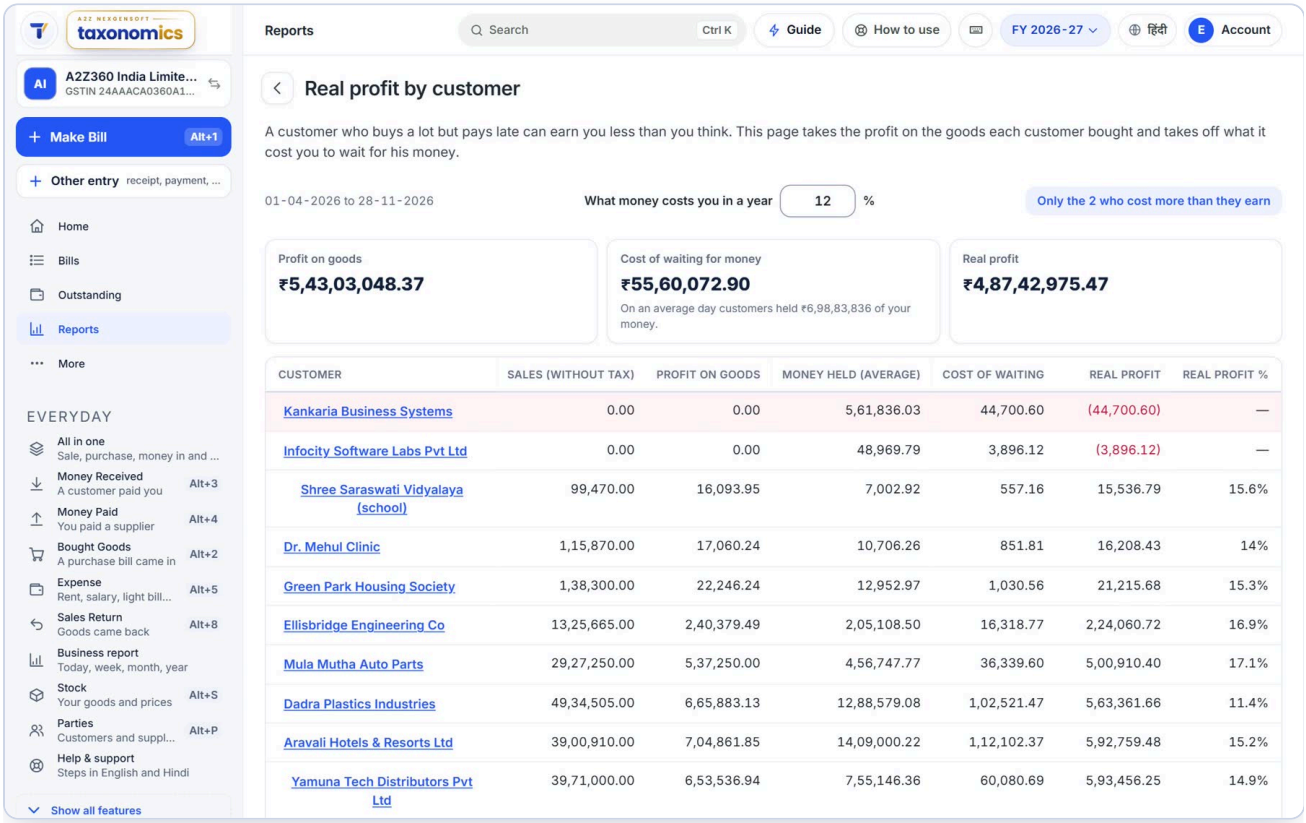

Figure 26.5 — Real profit by customer: profit on goods, less the cost of waiting for the money.

Next month's stock plan

The page **Next month's stock plan** (`#/report/season`) looks at **This year against last year**: the sales of the last three full months against the same three months a year before. From that it expects next month's sales of each item and lists **Items that will run short**, with the **Cost of buying the shortfall**.

Press **Make a purchase order for these** to turn the list into a purchase order (chapter 7). If there is no last year to compare with, last year's quantities are taken as they are.

REMEMBER

- Business check-up puts seven existing checks together over eight parts of the business and gives a score out of 100.
- One part that needs action keeps the whole score at 74 or below; start with "Do these first".
- Business at a glance gives a few plain cards; every card opens its report.
- Cash forecast learns how each customer really pays and shows the first day cash may go below zero.
- Entries to review lists saved entries Smart Check would question; nothing is changed until you open and correct an entry.
- Every sign is a pointer, not a verdict. Confirm with your Chartered Accountant for your case.

PART 7

Closing the year and keeping data safe

Month end, year end, backups, devices, users and troubleshooting.

CHAPTER 27

Month End and Year End

A few fixed jobs at the end of every month keep your books right and your GST returns on time. A few more at the end of the year make the books ready for your CA and auditor. This chapter walks through both checklists, GST set-off, depreciation, locking the books, the audit trail, backups and the start of the new year.

The two checklists in Help

The software has two tick lists on the **Help** screen under **Checklists**: **Month-end checklist** and **Year-end checklist**. Each line has a tick box. The arrows ‹ and › move to another month (or financial year), and the bar shows how many lines are done, for example "8 / 11 done". The ticks are remembered for each company and each month or year.

1. Open **Help**.
2. Under **Checklists** choose **Month-end checklist** or **Year-end checklist**.
3. Check that the month (or year) shown is the one you are closing. The month list opens on last month, because month-end work is done after the month is over.
4. Do each job and tick its box.

Month end, step by step

These are the lines of the **Month-end checklist**, in order, with where to do each one.

#	Job	Where
1	All sales bills of the month are entered and the bill numbers run in order (no gap, no repeat).	Bills list
2	All purchase bills are entered in **Bought Goods** with the supplier's bill number and date.	Bought Goods
3	Expenses are entered: rent, salary, electricity, freight, bank charges.	Expense
4	Reverse charge (RCM) bills are entered: rent to a landlord without GST number, transporter freight, advocate, security.	Bought Goods
5	Bank statement is matched; bank balance in the app = balance in the passbook.	Bank reconciliation

6	Cash in the app = cash in the drawer.	Cash book / Day close
7	No item shows minus stock in the Stock Summary.	Stock Summary
8	GSTR-2B is downloaded and matched with purchase bills; suppliers who did not upload are reminded.	GSTR-2B reconciliation
9	GSTR-1 JSON is made, uploaded on the GST portal and filed.	GSTR-1
10	GSTR-3B figures are checked, the tax is paid and GSTR-3B is filed.	GSTR-3B, GST ledgers
11	TDS / TCS of the month is deposited (if it applies to you). Metal scrap buyers: GSTR-7 filed.	TDS · TCS · RCM
12	A backup file is taken and kept outside this device (Google Drive / WhatsApp / pen drive).	Backup

The help topic "What to do at month end" puts it in five lines:

1. Enter all sales, purchases, expenses and reverse-charge bills of the month.
2. Match the bank statement (Reports › **Bank reconciliation**) and count the cash.
3. Match GSTR-2B (Reports › **GSTR-2B reconciliation (ITC)**).
4. File GSTR-1, then pay and file GSTR-3B.
5. After filing, lock the month: **More › Settings › Lock books up to** . Take a backup.

CAREFUL

Taxonomics makes the GSTR-1 JSON file and the GSTR-3B figures. It does not file returns on the portal. You log in to gst.gov.in yourself, upload the file and file the return. Never give your GST portal password to anyone.

TIP

Before filing, open **Entries to review** (Chapter 26) and correct any wrong entry. After filing, a change in the books does not change the return.

GST at month end: deposit and set-off

The software keeps GST like the portal does. There is one ledger for each head — **CGST**, **SGST** (or UTGST), **IGST** and **GST Cess** (only when used). Input tax on purchases is debited and output tax on sales is credited to the same ledger. So at month end each ledger shows either credit carried forward (Dr) or tax still payable (Cr).

Each month the **set-off** entry uses the input credit against the tax payable in the order the law lays down, and pays what is left from the electronic cash ledger — the same working as table 6.1 of GSTR-3B.

> **THE LAW**
> Under section 49 and section 49A of the CGST Act and rule 88A of the CGST Rules: IGST credit is used first (for IGST, then CGST and SGST); CGST credit pays CGST, then IGST; SGST credit pays SGST, then IGST. CGST credit never pays SGST, and SGST credit never pays CGST. Reverse-charge tax, interest and late fee are paid in cash only. Confirm with your Chartered Accountant for your case.

1. Open Reports › **GST ledgers**. Choose the **Return period**.
2. Read **Tax still payable**: this is the cash you must deposit.
3. Make the challan on the GST portal (Services › Payments › Create challan) and pay it.
4. Press **Deposit cash (PMT-06)**, fill the **Date paid**, **Paid from** (your bank) and the IGST / CGST / SGST amounts, and press **Save deposit**.
5. On the **GST set-off** card press **Post set-off**. After you change bills of that month, use **Redo set-off** (or **Re-run set-off** on GST ledgers).

The set-off card asks once **How do you file GSTR-3B?** — **Every month** or **Every quarter (QRMP)**. A QRMP filer gets one set-off per quarter. If you switch on **Post the GST set-off automatically on the due date**, opening the app on or after the GSTR-3B due date posts the set-off and tells you on the card, with **Undo**. When it is off, nothing is posted until you press the button. **See the working** shows each line with its reason.

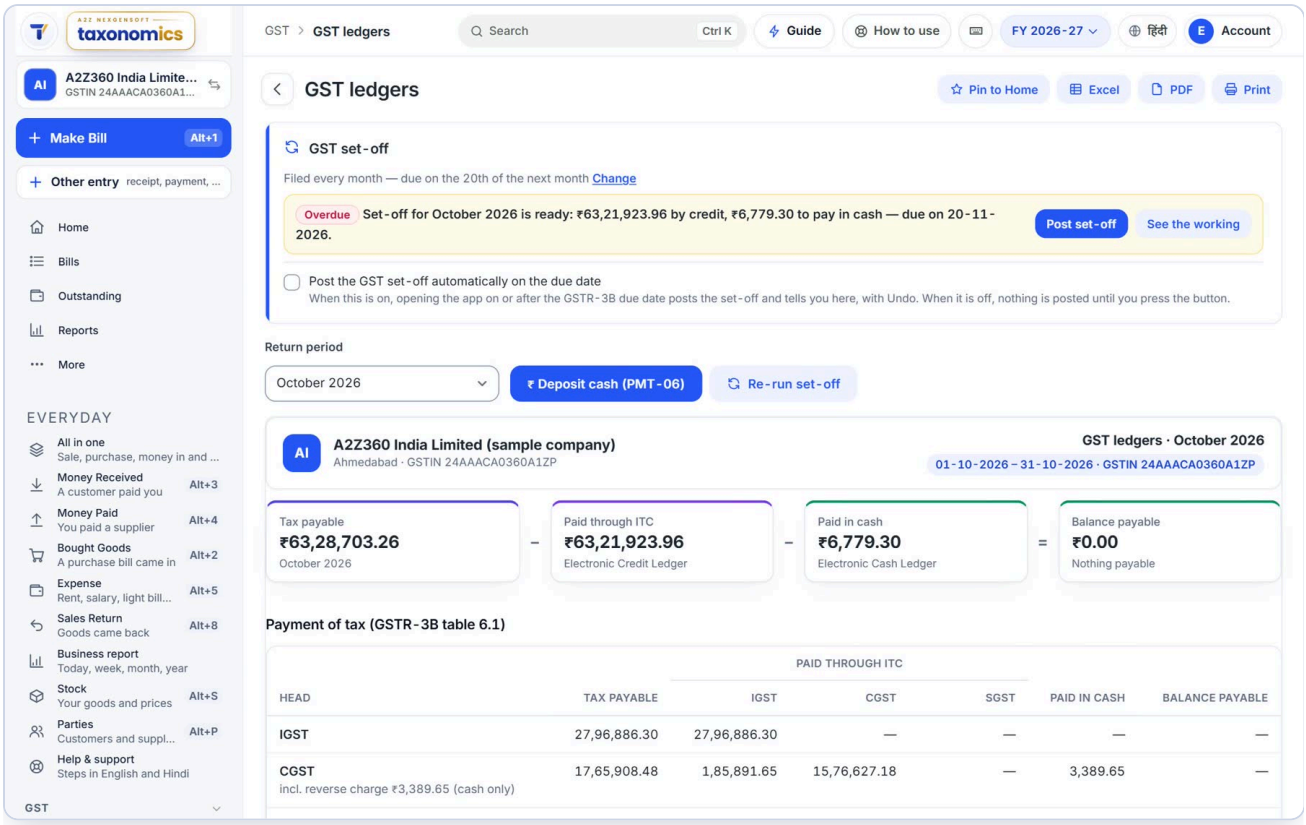

Figure 27.1 — GST ledgers: credit ledger, cash ledger, tax still payable and the set-off entry for the return period.

EXAMPLE

In April, Shree Ganesh Traders sells goods for ₹1,00,000 within the State: CGST ₹9,000 and SGST ₹9,000. It buys goods with CGST ₹5,000 and SGST ₹5,000. The CGST ledger and the SGST ledger each show ₹4,000 payable (Cr). The owner pays ₹8,000 on the portal and records the deposit:

Account	Dr ₹	Cr ₹
GST Cash Ledger — CGST	4,000	
GST Cash Ledger — SGST	4,000	
Bank		8,000

Then the set-off uses the cash ledger to clear the tax:

Account	Dr ₹	Cr ₹
CGST	4,000	
SGST	4,000	
GST Cash Ledger — CGST		4,000
GST Cash Ledger — SGST		4,000

Both GST ledgers are now nil. (Dr = debit, the left side; Cr = credit, the right side.)

Credit to reverse at month end

Reports › **GSTR-3B helper** gives GSTR-3B as an Excel in the order of the form (**Excel in GSTR-3B layout**), works out interest for paying late at 18% a year, and lists credit to reverse:

- **Supplier not paid in 180 days (rule 37)** — press **Reverse**; after you pay the supplier press **Take back**.
- Credit to reverse when you also make exempt sales (rule 42).

THE LAW

Rule 37 of the CGST Rules: input credit on a bill not paid to the supplier within 180 days of the invoice date is reversed, and can be taken back after payment. Rule 42: common credit is reversed in proportion to exempt supplies. Confirm with your Chartered Accountant for your case.

Ledgers used for GST at month end

Ledger	Group (head)	Where it shows	Made when

CGST, SGST, IGST (and GST Cess when used)	Duties & Taxes (under Current Liabilities)	Balance Sheet — Current Liabilities when payable; a Dr balance is credit carried forward	Default ledgers, in every new company
GST Cash Ledger — IGST / CGST / SGST / Cess	GST Electronic Cash Ledger (under Current Assets)	Balance Sheet — Current Assets	The first time you save a cash deposit (PMT-06) for that head
Input credit reversed — supplier not paid in 180 days (to take back)	Loans & Advances (Asset) (under Current Assets)	Balance Sheet — Current Assets	The first time you press **Reverse** under rule 37
Input credit reversed (exempt supplies)	Indirect Expenses	P&L — Indirect Expenses	The first time you post a rule 42 reversal

Lock the books after filing

A lock date stops anyone from changing or adding entries on or before that date. Use it after the GST return or the audit is done.

1. Open `More › Settings`. Under **Books** find **Lock books up to (no changes on or before this date)**.
2. Choose the last day of the filed month and press **Save**.

If someone tries to change a locked entry, the software says the books are locked. To correct an old entry, the owner moves the lock date back (or clears it), makes the correction, and sets the lock again.

> **CAREFUL**
> If the GST return of that month is filed, a change in the books does not change the return. Tell your CA before changing a filed month. A bill of a month marked as filed cannot be deleted; make a credit note instead.

The audit trail: who changed what

Every entry, change, cancellation and deletion is recorded — who, when, on which device. The recording cannot be switched off. Each record is chained to the one before it with a security code (a "hash"), so a record quietly changed or removed is caught.

THE LAW

Rule 56 of the CGST Rules asks every registered person to keep a log of edited and deleted entries. For a company, the Companies (Accounts) Rules, 2014 also require an audit trail that cannot be disabled. Confirm with your Chartered Accountant for your case.

Showing the page is your choice

Most small businesses never need to look at the log, so the **Audit trail** page can be hidden from the menu. The record is kept either way.

1. Open **More › Settings** and find the card **Audit trail (who changed what)**.
2. Press **Yes, show it** or **No, hide it**.

If you never answer, the page is shown for a company and hidden for others.

Reading the audit trail

1. Open **More › Audit trail** .
2. Choose a user in **All users**, an action in **All actions** (create, update, cancel, delete, restore, import), or type a bill number, party or item in the search box.
3. Press **Check audit trail**. "All fine" means no record was changed or deleted. If something is wrong you see "problems found" and where.
4. **Excel (CSV)** saves the list for your auditor.

Year end, step by step

The financial year runs from 1 April to 31 March. These are the lines of the **Year-end checklist**:

#	Job	Where
1	Every bill, receipt, payment and expense up to 31 March is entered.	Bills list
2	"Year end & audit pack" is opened and every "Must fix" line is cleared.	Books finalisation & audit pack
3	Trial Balance tallies and "Difference in opening balances" is zero.	Trial Balance
4	Stock is counted by hand on 31 March and matched with the Stock Summary; differences are corrected.	Stock Summary
5	Every bank account is reconciled up to 31 March.	Bank reconciliation
6	Balances of big customers and suppliers are confirmed with them.	Outstanding

7	Fixed assets are added and "Post depreciation for the year" is done.	Fixed assets & depreciation
8	MSME suppliers are paid in time; the MSME payments report is checked.	MSME payments
9	All 12 months of GSTR-1 and GSTR-3B are filed; sales in the books = sales in the returns.	GSTR-1
10	All TDS / TCS is deposited and nothing is pending in the register.	TDS · TCS · RCM
11	Exporters: the new year's LUT is filed on the GST portal and its ARN is entered in Settings.	Settings
12	Profit & Loss and Balance Sheet are seen once and sent to your CA (Excel or PDF).	Profit & Loss
13	Books are locked up to 31 March so that nobody changes old entries by mistake.	Settings
14	A year-end backup file is taken and kept safely in two places.	Backup

Year end & audit pack

Reports › **Books finalisation & audit pack** opens the screen **Year end & audit pack**. It checks your books for the year and shows in red what must be fixed before the accounts go to your CA. It also gives working papers for the tax audit report (Form 26, section 63 of the Income-tax Act, 2025).

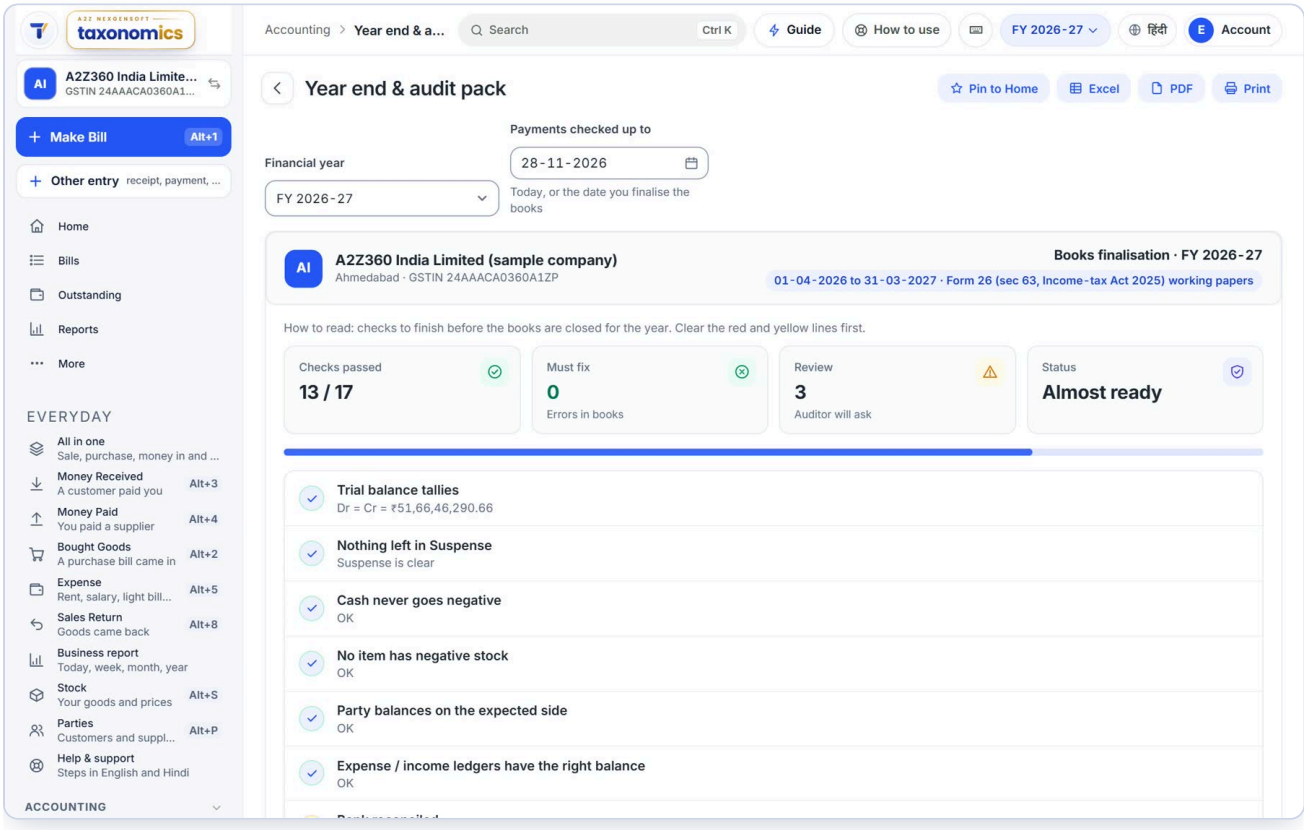

Figure 27.2 — Year end & audit pack: checks passed, Must fix, Review, Status and the list of checks.

1. Open Reports › **Books finalisation & audit pack**. Choose the **Financial year**.
2. Read the four boxes: **Checks passed**, **Must fix** (errors in books), **Review** (the auditor will ask) and **Status** — **Not ready**, **Almost ready** or **Ready for audit**.
3. Tap a check to open it. It shows what to do and the entries behind it; tap an entry to open it.
4. Clear every red line. Then look at the amber lines.
5. When nothing is red, press **Finalise & lock books up to** 31–03 of that year. The button stays off while any error is left.
6. Press **Print**, or send the Excel / PDF to your CA.

The checks

Check	Kind
Trial balance tallies; Opening balances match	Must fix
Nothing left in Suspense	Must fix
Cash never goes negative	Must fix
No purchase bill entered twice	Must fix
Input GST only from registered suppliers (GST-registered business)	Must fix
No cash receipt of ₹2,00,000 or more from one person in a day	Must fix
No loan / deposit of ₹20,000 or more in cash	Must fix
No item has negative stock	Review
Party balances on the expected side	Review
Expense / income ledgers have the right balance	Review
Bank reconciled	Review
Every item has HSN / SAC; E-invoice generated for B2B bills (where they apply)	Review
No cash expense above ₹10,000 to one person in a day	Review
TDS deposited on time	Review
MSME suppliers paid within 15 / 45 days	Review
Year-end tax dues paid	Review
Books locked after finalisation	For information

Further down the same screen are **MSME payments** (with **Open MSME report**), **Tax / duty payable at year end**, cash transactions to report or disallow, **TDS deposited late / not deposited**, **Ratios**, **Quantitative details (stock)** and **Balance confirmations** — a letter for each party that you can **Send**; auditors ask for these for debtors and creditors.

> **THE LAW**
> A micro or small supplier registered on Udyam must be paid within the days agreed in writing (at most 45) or else within 15 days (section 15 of the MSMED Act). An amount paid later is allowed as an expense only in the year it is paid (section 37(2)(g) of the Income-tax Act, 2025). Interest under section 16 of the MSMED Act is not deductible. TDS is deposited by the 7th of the next month (30 April for March). Confirm with your Chartered Accountant for your case.

Foreign-currency suppliers

If you owe money to a supplier abroad, the audit pack shows those unpaid bills at the rate of the balance sheet date. Type the closing rate and press **Post**. The difference is exchange gain or loss. The entry undoes itself the next day, so the later payment still works from the bill's own rate (Accounting Standard 11).

Fixed assets and depreciation

Things bought for long use — a computer, fridge, vehicle, machine — lose value each year. That fall in value is **depreciation**, an expense in the Profit & Loss. Add each asset once; the software works out the year's depreciation and posts the entry.

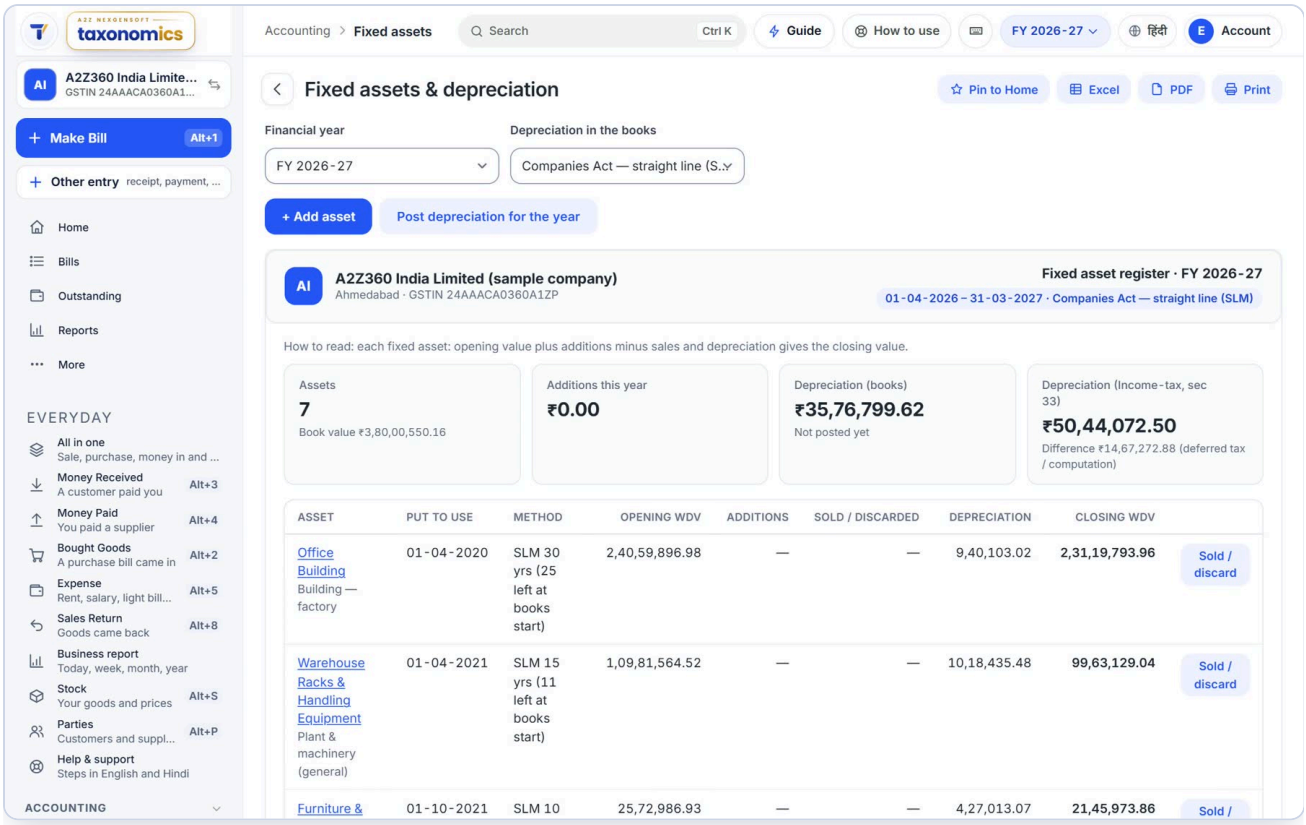

Figure 27.3 — Fixed assets & depreciation: the register, the method for the books and the income-tax block working.

1. Open Reports › **Fixed assets & depreciation** and press **+ Add asset**.
2. Fill **Asset name** (e.g. Dell laptop, Office AC), **Type (block)**, **Bought on**, **Put to use on**, the cost and **Paid from / bought on credit from**. For an asset you already had when the books started, tick **Already owned when the books started (opening balance)**. Press **Save asset**.
3. Under **Depreciation in the books** choose the method. Proprietors and firms normally use **Income-tax rates (WDV) — for proprietors / firms**. A company's books must follow Schedule II: **Companies Act — straight line (SLM)** or **Companies Act — written down value (WDV)**.
4. At year end press **Post depreciation for the year**. If you add or change an asset later, the button reads **Update depreciation entry**.
5. Posted by mistake? Press **Delete depreciation JV** and post again.
6. Sold or thrown away an asset? Press **Sold / discard**, enter the **Sale amount (0 if discarded)** and **Received in**, and press **Close asset**. This posts depreciation up to that date, the sale, and the profit or loss.

The screen also shows **Income-tax depreciation — block of assets (section 33)**: opening WDV, additions (180 days or more, and less than 180 days), sale value, depreciation and closing WDV for each block.

THE LAW

Income-tax depreciation is under section 33 of the Income-tax Act, 2025, on the block of assets at written down value. An asset put to use for less than 180 days in the year gets half the rate. A company's books follow Schedule II of the Companies Act, 2013 (useful life, 5% residual value). Confirm with your Chartered Accountant for your case.

EXAMPLE

Kavya Textiles LLP buys a computer for ₹1,00,000 and puts it to use on 10 May. The income-tax rate for computers is 40%, and it was used for more than 180 days, so depreciation for the year is ₹40,000. On 31 March the software posts:

Account	Dr ₹	Cr ₹
Depreciation	40,000	
Computer (asset ledger)		40,000

Had it been put to use on 1 December (less than 180 days), the rate would be half — 20%, or ₹20,000.

Ledgers made by fixed assets

Ledger	Group (head)	Where it shows	Made when
The asset itself (e.g. "Dell laptop")	Fixed Assets	Balance Sheet — Fixed Assets	When you press **Save asset**
Depreciation	Indirect Expenses	P&L — Indirect Expenses	The first time you post depreciation (if no ledger named "Depreciation" exists)
Profit on sale of assets	Indirect Incomes	P&L — Indirect Income	When an asset is closed for more than its book value
Loss on sale of assets	Indirect Expenses	P&L — Indirect Expenses	When an asset is closed for less than its book value
Exchange rate difference (gain / loss)	Indirect Expenses	P&L — Indirect Expenses (a gain shows as a credit)	When you post the foreign-currency restatement in the audit pack

No closing entry: the new year

You do not pass any closing entry. On 1 April every account — cash, bank, stock, customers, suppliers, loans, capital — carries its balance forward by itself. The new year's Profit & Loss starts from nil, and the finished year's profit shows inside **Capital Account** in the Balance Sheet ("Profit of earlier years"). **Finalise & lock** only stops changes to the finished year; it does not post anything.

- The new year needs no new company. On 1 April just keep making bills.
- Bill numbers start a new series for the new year by themselves.
- Exporters: file the new year's LUT on the GST portal and type its ARN in Settings.
- Look at the Balance Sheet and the Capital account once after 1 April to see the balances carried forward (Chapter 25).

> **TIP**
> Year-end work for the year just closed usually runs from April to September. The year-end checklist in Help opens on that year during those months.

Backups at month end and year end

A backup is one file with all your data. Take one at every month end, and a year-end backup kept in two places. Chapter 28 explains backups in full.

1. Open **More › Backup**.
2. Press **Backup now (1 tap)**. Keep the file in Google Drive, on a pen drive, or send it to yourself on WhatsApp.
3. To lock backup files, use **Backup password › Set password** (at least 8 characters). Write the password on paper and keep it safe: a forgotten backup password cannot be recovered.

Each company has its own backup. Open each company and take its backup.

> **REMEMBER**
> - Use the Month-end and Year-end checklists in Help and tick each line.
> - Deposit GST with "Deposit cash (PMT-06)", then post the set-off; the software follows section 49 / rule 88A.
> - Lock the books after filing; the audit trail keeps recording even when its page is hidden.
> - At year end clear every "Must fix" line in the audit pack, post depreciation, then "Finalise & lock".
> - No closing entry is needed: balances carry forward and bill numbers restart by themselves.
> - Take a backup every month end and keep the year-end backup in two places.

CHAPTER 28

Keeping Data Safe and Your Team

Your books are worth more than the computer they sit on. This chapter shows how to take a backup and lock it with a password, where a second copy of your books can be kept, how to use the same books on more than one device, how to give staff their own login with only the rights they need, and what to do when something goes wrong.

Where your books live

Taxonomics keeps your books **on the device** you work on: the Windows computer, the Android phone, or the browser when you use the website. It works fully without internet. A second copy is your choice. There are three places for it:

- **Taxonomics Cloud** — the books are kept on the Taxonomics server. Every device logged in with your licence sees the same books.
- **Your own Google Drive** — a copy goes into a hidden folder of your own Google account. You connect your Google account on each device.
- **Only this device** — nothing leaves the device. Then a backup file is the only other copy.

The first time you open a company on a device, the app asks **Where should your books be kept?** with these three choices. You can change the choice later: `Account › Cloud and sync` (or `More › Where your books are kept`).

Whatever you choose, take a **backup file** as well. A backup file is one file that holds all the data of one company. You can keep it on a pen drive, in Google Drive or on WhatsApp. If everything else fails, the backup file brings your books back.

Take a backup

1. Open `More › Backup`.
2. Look at the card **Backup status**. It shows **Last backup:** with the date and time. If the last backup is more than 7 days old, a warning shows how many days old it is.
3. Press **Backup now (1 tap)**. A file is made. On Android you can send it straight to Google Drive or WhatsApp.
4. Keep the file away from this device: Google Drive, a pen drive, or send it to yourself on WhatsApp.

> **TIP**
> Each company has its own backup. If you keep three companies, open each one and take its backup — three files.

Automatic backups

- **Windows app** — the card **Automatic daily backup (Windows)** says that Taxonomics saves a backup file every day by itself and keeps the last 60 days. The **Backup folder** box shows where. Press **Change folder** to choose another folder, or **Open folder** to see the files. If Google Drive for desktop is installed, choose a folder inside "My Drive" and every backup also goes to Google.
- **Android app** — the card **Automatic Google backup (Android)** explains that the phone copies app data to your Google account (usually once a day, on Wi-Fi while charging). Check that it is on in the phone's own settings: Settings › Google › Backup.
- **Website** — the data is stored in the browser. The card **Keep your data safe** asks you to press **Backup now** every week. Use the Windows or Android app if you want automatic backups.

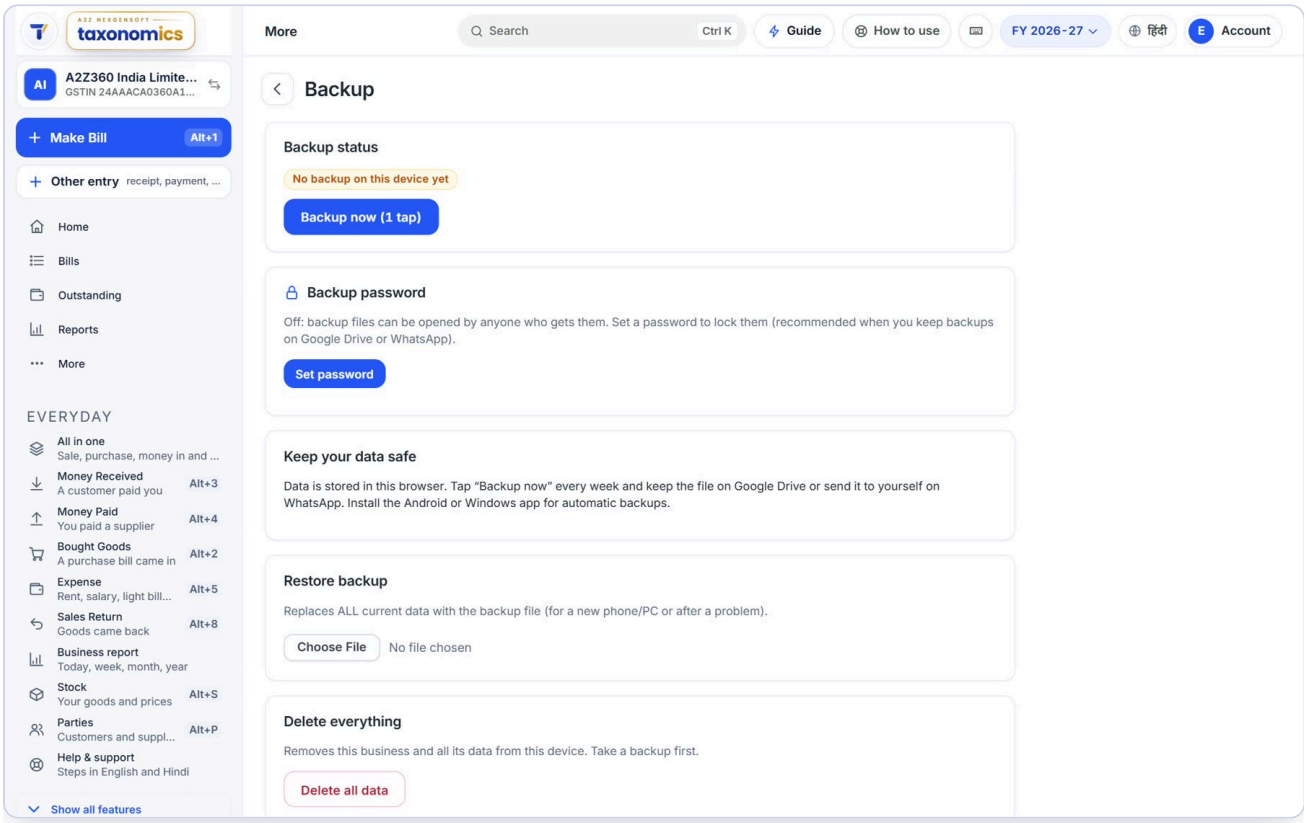

Figure 28.1 — The Backup screen: Backup status, Backup now (1 tap), Backup password and Restore backup.

Lock backup files with a password

Without a password, anyone who gets your backup file can open it. With a **backup password**, the file is locked (encrypted). Nobody can open it without the password — not even Taxonomics support. The app uses AES-256 encryption; the password itself is not stored.

1. Open **More › Backup** and find the card **Backup password**.
2. Press **Set password**.
3. Type the password in **New password** (at least 8 characters) and again in **Type it again**.
4. Press **Save password**. The card now says **On**: every backup file made here is locked.
5. Write the password on paper and keep it in a safe place. Then press **Backup now (1 tap)** to make a locked backup.

Later you can press **Change password**, or **Remove** to stop locking new files.

> **CAREFUL**
> A forgotten backup password cannot be recovered by anyone. Old locked files stay locked for ever. Your data inside the app is still safe: set a new password with **Change password** and take a fresh backup at once.

Restore a backup

Restore puts a backup file back into the app. It **replaces all the data** of the open company with what is in the file. Use it on a new device, or when you really want to go back to an earlier state. Only the owner can restore.

1. New device: on the first screen press **Restore backup** and choose the file.
2. Existing company: **More › Backup**, card **Restore backup**, choose the file.
3. If the file is locked, type the backup password.
4. Before replacing, the app looks into the file. If something looks wrong it warns you: the file is of a **different business**, the file is **older** than your books, or it has **fewer entries**. It shows what the file holds and what is open now, and asks **Replace the books with this file?**
5. After the restore, check the last bill and the Trial Balance.

Undo the restore

Just before a restore replaces your books, the app keeps a **safety copy** of them on the device. The card **Undo the restore** then appears on the Backup screen. Press **Bring my earlier books back** to return to the books as they were. The books you are leaving are kept as the new safety copy, so nothing is lost either way. If the device has no room for the safety copy, the app tells you and asks before going on.

Delete all data

The red card **Delete everything** has the button **Delete all data**. It removes this business and all its data from this device. The app asks twice. Take a backup first. Only the owner sees this card.

Taxonomics Cloud: same books on every device

With Taxonomics Cloud, the website, the Windows app and the phone app of your licence all show the same books. A bill made on the phone appears on the computer.

1. Open **Account › Cloud and sync**. The page is called **Where your books are kept**.
2. On the card **Taxonomics Cloud — same data on every device**, press **Keep this company in Taxonomics Cloud**.
3. The card shows **Saved in Taxonomics Cloud ✓**. Changes are sent by themselves a few seconds after you save an entry. **Save now** sends them at once.
4. On another device, log in with the same licence. Under **My companies in Taxonomics Cloud** press **Bring to this device** for the company you want.

- No internet? Keep working. Entries wait on the device and go up when the internet is back.
- If the same entry was changed on two devices, the later change wins. The other one stays in the Audit trail.
- If two devices make bills without internet, two bills can get the same number. The app tells you after the sync; give one of them a new number.
- **Stop using Taxonomics Cloud** stops the sync for that company on this device. **Remove** takes the company's copy off the server.

The page also says it plainly: in Taxonomics Cloud the books are kept on the Taxonomics server and can be opened only by a device logged in with your licence key.

Save in your own Google Drive

If you prefer that your books never reach the Taxonomics server, keep the second copy in your own Google Drive. Taxonomics can see only its own hidden folder — never your other Drive files.

1. Open **Account › Cloud and sync**.
2. On the card **Save in my own Google Drive**, press **Save this company in my Google Drive** and choose your Google account.
3. The card shows **Saved in Google Drive ✓**. The app saves about half a minute after a change and looks for changes from other devices every few minutes. **Save now** saves at once.

4. On a new device: **Open a company from my Google Drive** (also on the first screen as **Bring my companies from my Google Drive**), connect the same Google account, and press **Bring to this device**.

On the Windows app you connect once and the app keeps the connection. On the website and the phone, the Google permission lasts about an hour; then the card asks **Connect Google Drive again**. **Stop saving in Google Drive** turns it off; the copy already in Drive stays there.

> **TIP**
> A company is kept in ONE place. Turning on Taxonomics Cloud turns Google Drive off for that company, and the other way round.

The choice follows the company: when you open the same company on another device with the same licence login, that device follows the same place (for Google Drive it asks you to **Connect Google Drive**).

Phone and computer over Wi-Fi

The Android app and the Windows app can exchange data directly over the same Wi-Fi, with no internet. The data never leaves your shop. The website has no Wi-Fi sync — use Taxonomics Cloud or a backup there.

1. Connect the phone and the computer to the same Wi-Fi.
2. On the computer open **More › Sync (Wi-Fi)** and press **Get this computer ready to sync**. It shows a QR code, an address and a 6-digit code. If Windows asks "Allow access" the first time, tick Private networks and press Allow.
3. On the phone open **More › Sync (Wi-Fi)**, scan the QR, or type the address and the 6-digit code, and press **Connect and sync**.
4. Later, **Sync now** syncs at once. With **Sync automatically** the devices sync when the app opens and every 5 minutes.

Entries from both sides are combined — nothing is deleted. If the same party or item was changed on both, the later change wins. Sync before both people start billing, so that bill numbers do not clash. If cloud sync is already on for the company, the page tells you that Wi-Fi sync is not needed.

More than one company

Each company has its own books, users, backup and cloud copy. Open the list from **Companies** on the top bar or **More › Companies**. The page is called **Your companies**.

- Press the number of a company (1 to 9) to open it, `N` for **New company**, `Delete` to remove one, or type to find a company.
- The open company is marked **Open now**.
- A new company starts empty — fill its details, restore a backup, or bring it from your Google Drive or Taxonomics Cloud.
- **Delete this company** asks you to type its name, then **Delete permanently**. If it is the open company, the app first moves to another company (or to a new empty one) and then deletes it. Take its backup first.

How many companies you may keep on a device depends on your licence key (the sample company is not counted).

Your team: users, PINs and rights

When several people use the app, give each one a name, a PIN and a role. A billing operator can then make bills without seeing your profit or changing old entries. Every change is written in the audit trail under that person's name.

1. Open **More › Users · PIN**. The page is **Users · who can do what**.
2. Fill **Your (owner) name and PIN** and press **Turn on multi-user**.
3. Under **Add a user** type the **Name** (e.g. Ramesh (billing)), choose the **Role**, type the **PIN (4–8 digits)** and **PIN again**, and press **Add user**.
4. To hand over the counter, tap your name on the top bar: **Switch user / Lock**.

The four roles

Role	What it may do (from the app)
Owner	Everything: users, lock, restore
Accountant	All entries, edit, reports, GST — not users / lock / restore
Operator (Billing)	Billing only; can change only own entries of today; no reports
Viewer (CA / Partner)	Can only view, cannot change anything

The table **Who can do what** on the Users page shows these rights as ticks: See reports and accounts · Make bills and entries · Change own entries of today · Change or delete any entry · Add and change parties and items · Delete parties and items · GST returns and files · Business details and tax setup · Take a backup file · Add users, lock the books · Restore a backup, delete all data.

Your own ticks for one person

Under **What they can do** the owner can change the ticks of one person, for example let an operator also bill a customer over the credit limit. Choices include: Make bills and entries, Change own entries of today, Change or delete any entry, Add and change parties and items, Delete parties and items, Bill a customer over the credit limit, See reports and accounts, GST returns and files, See the audit trail, Business details and tax setup, Take a backup file. **Back to the role's usual ticks** clears them.

Which reports lets you open only some kinds of report to a person: Profit, balance sheet and business reports · Day book, ledgers, cash and bank · Sales and purchase analysis · Money to receive and to pay · Stock reports · GST and TDS · Checks and audit. Without "See reports and accounts" only the Stock Summary is open.

> **CAREFUL**
> Three kinds of work are never given by ticks — adding users, changing the lock date, and restoring a backup or deleting all data. Only an Owner can do them, so nobody can lock the owner out or wipe the books.

Staff login by e-mail

A staff member can also have a login of their own on their own phone or computer. On the user's row under **Login by e-mail**, type their e-mail and press **Send invite**. The person gets a link to set their own password (the owner never sees it). If the e-mail does not arrive, press **Copy link** and send the link on WhatsApp. The staff member then chooses **Staff login (e-mail)** on the login screen. **Switch off login** stops that login.

- Each staff device uses one device place of your licence.
- Login by e-mail works when the app is logged in with your licence key (not in the demo).
- To share cloud books with staff, the company must be in Taxonomics Cloud.

Safety while working

- The app locks itself after 20 minutes without use; the user types the PIN again.
- Wrong PIN 5 times: wait 30 seconds and try again.
- Users and PINs are part of the company, so they are the same on every device that shares the company.

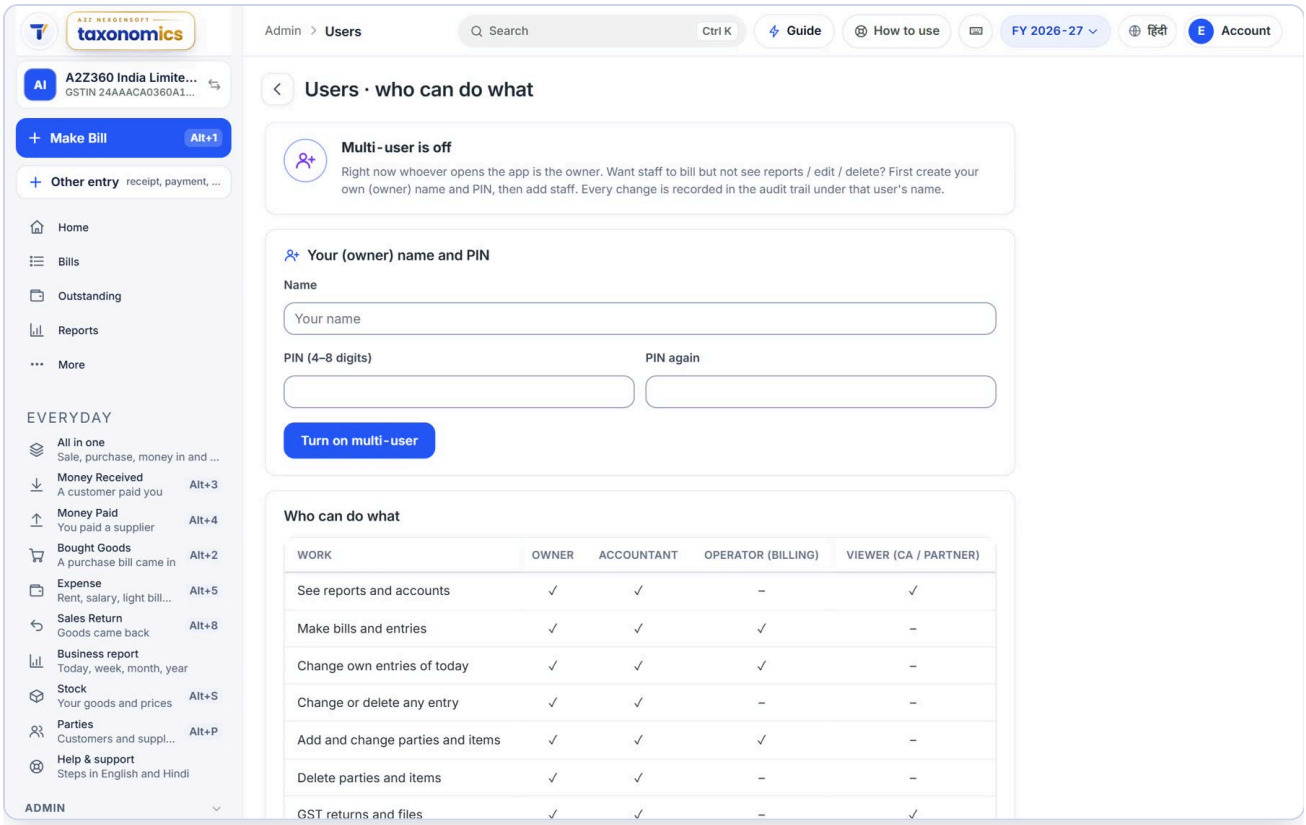

Figure 28.2 — Users · who can do what: the owner, the staff list and the table of rights.

Who changed what: the audit trail

Every entry, change, cancellation and deletion is recorded — who, when, on which device. Recording cannot be switched off. Each record is chained to the one before it, so **Check audit trail** catches a record that was quietly changed or removed. Open **More › Audit trail**; filter by **All users**, **All actions** or a search for a bill number or party. Showing the page in the menu is a choice in Settings (**Audit trail (who changed what)**: **Yes, show it / No, hide it**); hiding it only hides the menu row. Chapter 27 explains it in full.

> **THE LAW**
> Under the CGST Act (section 36) GST records are kept for 72 months after the annual return due date, and companies must keep books in software with an audit trail that cannot be turned off (Companies (Accounts) Rules, rule 3(1)). Confirm with your Chartered Accountant for your case.

Your licence

You log in with a **licence key** (it looks like 24A2Z00001) and your own password.

1. A new key: on the login screen press **I have a new key**. Type the key, **Your mobile number** (the number your seller has — it is checked with the key), and choose a password of at least 8 characters with letters and numbers. Press **Start and log in**.

2. Next time: type the key and password and press **Login**. **Keep me logged in** saves you typing it again.
3. Forgot the password: press **Forgot password?**. A code is sent to the e-mail saved with your key; it is 6 digits and works for 10 minutes. Then **Set a new password**.
4. Google sign-in: after logging in with the key, open **Account › Your licence** and press **Link my Google account**. Next time you can use **Sign in with Google**.

Account › Your licence shows the **Licence key:**, the name and how many days are left. From 15 days before the end date a renewal bar appears on top. If the licence ends, the app shows **The app is locked**: your data is safe on the device and everything opens again as soon as the licence is renewed (**Renew on WhatsApp**).

The software owner's licence-key page

The page **Licence keys** (route `#/admin`) is **Only for the owner** of the software — the seller — not for a customer's business. A customer never sees it. As the code shows it, the seller fills **Customer name ***, **Mobile (WhatsApp) ***, **Customer e-mail *** and **Customer's State ***, chooses **Valid for** (1 year, 6 months, 3 months, or 1 month (trial)), the number of **Devices** and **Companies** (1 to 5), and **Amount ₹**, then presses **Make the key**. The new key can be sent with **Send on WhatsApp** or **Copy message**. The list of customers has a search box, filters (All, Trials, Ending in 30 days, Expired, Switched off, Not started) and, for each key, **+1 year**, **Switch off / Switch on**, **Free devices**, **Reset password**, **Edit**, **Renewal reminder** and **Delete**; **Excel** saves the whole list. For safety, making or changing keys needs a Google sign-in from the last 12 hours. The customer chooses the password; the seller never sees it.

When something goes wrong

These are the app's own answers from **More › Help & support** (group "Mistakes and fixes"), checked against the screens.

Problem	What to do
I made a wrong bill	Open it from **Bills**. Small mistake: **Edit**, correct, **Save** (the number stays). Whole bill wrong: **Delete**, then **Delete this entry**. If the customer has the bill or that month's GSTR-1 is filed, do not edit — make a **Sales Return** and a new bill. A bill of a month marked filed, or one with an e-invoice IRN, cannot be deleted.
The bill went to the wrong party	**Edit**, clear the **Customer** and pick the right one; check CGST + SGST / IGST; **Save**. Correct any **Money Received** made in the wrong name too.
Wrong GST rate	Correct **GST %** on the item for future bills; edit old bills. If the return is filed, make a Sales Return and a new bill and tell your CA. CGST + SGST in place of IGST is the party's State, not the rate.

Bill number repeated	With automatic numbers a new bill moves to the next free number. If you type numbers yourself, the app refuses a used number; the hint **Last bill no.** helps. Before filing, compare **13 · Documents issued** on the GSTR-1 screen with your bills.
Stock shows minus	A sale was entered before its purchase. Enter the missing purchase in **Bought Goods** with the real bill date, or fill **Opening stock (qty)** on the item.
Trial balance does not tally	Look for **Difference in opening balances**. Enter the missing opening balance (often the owner's **Capital**, Cr) in **More › Ledgers**.
Forgot password or PIN	Staff PIN: owner sets a new one with **Change PIN**. Owner PIN: **Forgot owner PIN?** on the PIN screen, log in again with the licence and set a new PIN. Licence password: **Forgot password?** or message support. Backup password: cannot be recovered — set a new one and take a fresh backup.
Wrong amount in a receipt or payment	Open the **Money Received / Money Paid** entry, **Edit**, correct the amount, the cash/bank or the ticks under the bills, **Save**. Entered twice: delete one.
"Books are locked"	The owner moves **Lock books up to (no changes on or before this date)** back in Settings, makes the correction, then sets the date again. A filed return does not change when the books change — tell your CA.
"Your role does not allow this page"	Switch to the owner with **Switch user / Lock**, or the owner gives a higher role or a tick.
Cash balance shows minus	Open **Ledger / Cash Book** for Cash and find the date it goes wrong: a bank payment entered as cash, cash put in and not entered (**Cash ⇄ Bank** or **Money Received** from Capital), unbilled cash sales, or a wrong opening.
Purchase bill not in GSTR-2B	Check your entry (supplier's bill no., date, GSTIN). Then press **WhatsApp supplier** to ask him to report it with your GSTIN.
I deleted an entry by mistake	A deleted entry leaves the bills list, but the **Audit trail** keeps a full copy of what it was, who deleted it and when. Make the entry again from its screen. Lost a lot? Restore your last backup.
Same purchase bill entered twice	**Books finalisation & audit pack**, check **No purchase bill entered twice**; delete the extra one.
App does not update on the phone	From version 2.16 the Android app updates over the old one. An older app must be removed once — first take a backup of every company and check the file is in Drive or WhatsApp.
Phone lost or computer failed	Install Taxonomics, log in, and bring the company from Taxonomics Cloud or Google Drive, or press **Restore backup**. With no cloud copy and no backup file the data cannot come back.

Still stuck? In **More › Help & support** use **Report a problem** or **Contact support**, or write to info@a2znexgen.com, or call 98920 69804 / 99240 99804.

REMEMBER

- Take a backup of every company every week and keep it off the device; lock it with a backup password you will not forget.
- Restore replaces all data of the open company; **Undo the restore** brings the earlier books back.
- Choose one second home for each company: Taxonomics Cloud or your own Google Drive; Wi-Fi sync joins phone and computer without internet.
- Give each person a name, PIN and role; only an Owner can add users, lock the books or restore.
- The audit trail always records; it cannot be switched off.

APPENDICES

Quick reference

Shortcut keys, the full chart of accounts, due dates and a glossary.

APPENDIX 1

All Shortcut Keys

Every key the software knows, taken from its own list of keys. Press F1 anywhere to see the same list on the screen. Key hints are also shown next to buttons on a computer.

How the keys work

- The same keys work on the website and in the Windows app.
- For Alt + a number, use the number row at the top of the keyboard, not the number pad on the right.
- Ctrl + a number does nothing in Taxonomics (browsers keep it for their tabs).
- Ordinary keys such as Ctrl + C (copy), Ctrl + V (paste) and Ctrl + Z (undo typing) work as usual.
- If you press a key while an entry is half-typed, the app asks before leaving the screen, so nothing is lost by mistake.
- The keys work only after you have logged in.

New entry

Key	Opens
Alt + 1	Make Bill (sales bill)
Alt + 2	Bought Goods (purchase bill)
Alt + 3	Money Received
Alt + 4	Money Paid
Alt + 5	Expense
Alt + 6	Cash ⇄ Bank
Alt + 7	Journal
Alt + 8	Sales Return
Alt + 9	Purchase Return
Alt + J	Stock journal
Alt + L	Salary (payroll)
Alt + Q	New quotation

Alt + D	New delivery challan
Alt + I	New proforma invoice
Alt + G	New sales order
Alt + U	New purchase order

Open a screen

Key	Opens
Alt + H	Home
Alt + B	Bills
Alt + O	Outstanding
Alt + R	Reports
Alt + S	Stock
Alt + P	Parties
Alt + N	Orders & quotations
Alt + M	Payment reminders
Alt + Y	Day close
Ctrl + K	Search (find a bill, party, item, report or screen)
F1	Shortcut keys (this list on the screen)
Alt + Z	Jump between the page, the menu and the top bar

While typing an entry

Key	Does
Ctrl + S	Save
Ctrl + Shift + S	Save and start a new entry of the same kind (new entries only; on bills, money entries and the journal)
Ctrl + P	Save and print (on Make Bill and Sales Return)
Enter	Next box
Esc	Close

In a date box

Key	Does
↑ / ↓	One day later / earlier
Alt + ↓	Open the calendar

Dates are typed as DD-MM-YYYY; the dashes come by themselves.

Lists and reports

These keys work in every list (Bills, Parties, Stock…) and every report.

Key	Does
↑ ↓	Move the row cursor
Enter	Open the row (drill down)
Esc or Backspace	Go back to where you were
Alt + ←	Go back
Home / End	First / last row
PgUp / PgDn	One screen up / down
A – Z	Jump to a row by typing its name
Space	Select the row / fold a group
Ctrl + A	Select all rows
/	Go to the search box
F2	Change the period

On the Companies page

Key	Does
1 … 9	Open the company with that number (when the list, not the search box, has focus)
N	New company
Delete	Delete the chosen company (you type its name to confirm)

TIP

Learn four keys first: Alt + 1 (Make Bill), Alt + 3 (Money Received), Ctrl + S (Save) and Ctrl + K (Search). They cover most of a shop's day.

REMEMBER

- F1 shows every key on the screen.
- Alt + a number on the top row opens a new entry; Alt + a letter opens a screen.
- Ctrl + S saves; Ctrl + Shift + S saves and starts a new one.
- In lists, Enter opens a row and Esc goes back.

APPENDIX 2

The Full Chart of Accounts

This appendix lists every group and ledger that a new company starts with, and every ledger the software adds later when you switch on a feature or save a certain kind of entry. For each one you see its group (head), where it shows in the statements, and when it is made.

Groups, ledgers and the two statements

A **ledger** is one account, for example "Cash" or "Shree Ganesh Traders". A **group** (also called a head) is a box that holds ledgers of the same kind, for example "Sundry Debtors" holds all your customers. Every group belongs to one of four kinds (natures): **Assets**, **Liabilities**, **Income** or **Expenses**.

- Assets and Liabilities groups show in the **Balance Sheet**.
- Income and Expenses groups show in the **Profit & Loss**. Four of them (Sales Accounts, Purchase Accounts, Direct Incomes, Direct Expenses) are worked out first and give the **gross profit**. The two indirect groups come after the gross profit and give the **net profit**.

In a ledger, **Dr** (Debit) is the left side and **Cr** (Credit) is the right side.

You see all groups and ledgers on the **Ledgers** page (`#/ledgers`). The buttons **+ Group** and **+ Ledger** add your own. The default groups and ledgers are "reserved": you cannot delete them, and a reserved ledger's group cannot be changed.

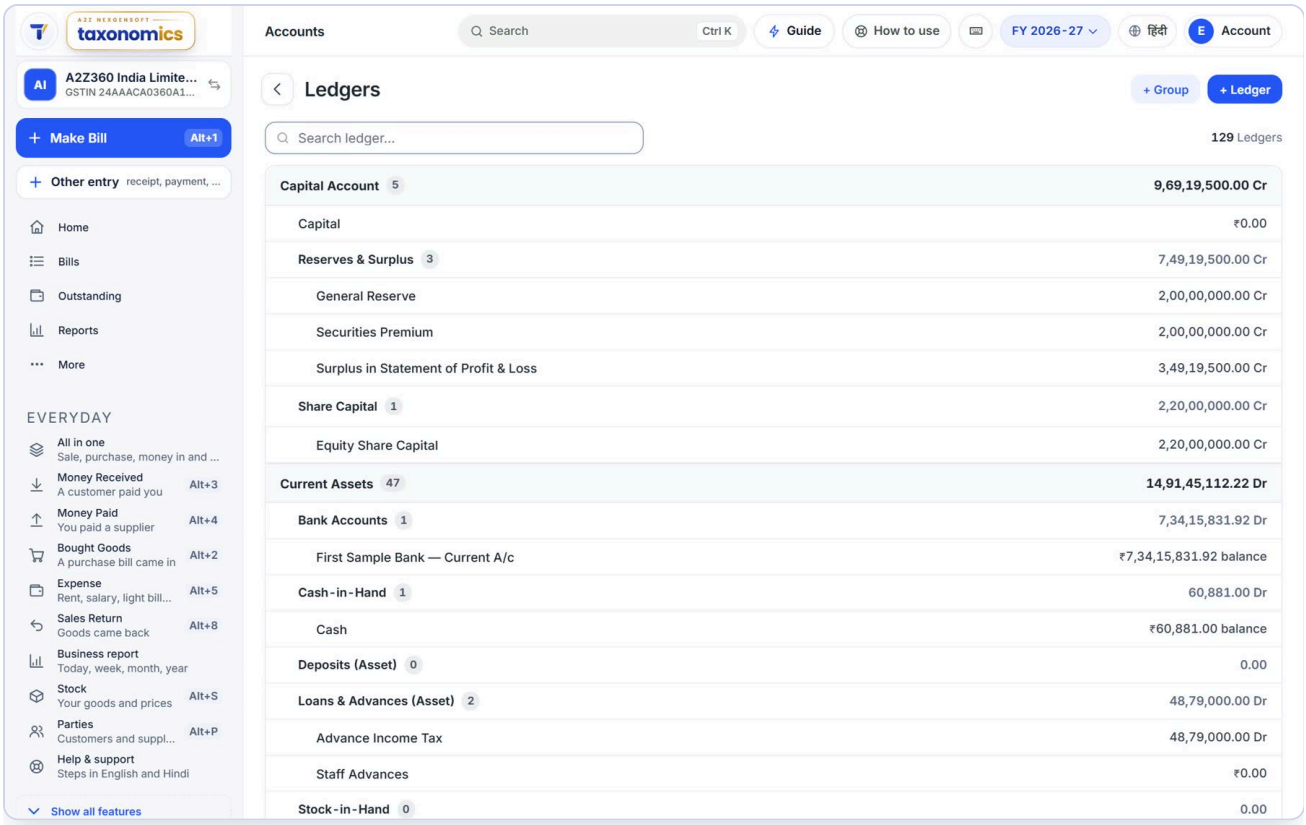

Figure A2.1 — The Ledgers page with the + Group and + Ledger buttons

1. Default groups (every new company)

These 28 groups are made when you create a company (from `src/core/seed.ts`).

Main groups

Group (head)	Kind	Where it shows
Capital Account	Liabilities	Balance Sheet: Capital (owner's funds)
Loans (Liability)	Liabilities	Balance Sheet: Loans
Current Liabilities	Liabilities	Balance Sheet: Current Liabilities
Suspense A/c	Liabilities	Balance Sheet: liabilities side (should be nil at the year end)
Branch / Divisions	Liabilities	Balance Sheet: liabilities side
Fixed Assets	Assets	Balance Sheet: Fixed Assets
Investments	Assets	Balance Sheet: Investments
Current Assets	Assets	Balance Sheet: Current Assets
Misc. Expenses (ASSET)	Assets	Balance Sheet: assets side (expenses not yet written off)
Sales Accounts	Income	P&L: Sales, before gross profit

Purchase Accounts	Expenses	P&L: Purchases, before gross profit
Direct Incomes	Income	P&L: Direct Income, before gross profit
Direct Expenses	Expenses	P&L: Direct Expenses, before gross profit
Indirect Incomes	Income	P&L: Indirect Income, after gross profit
Indirect Expenses	Expenses	P&L: Indirect Expenses, after gross profit

Sub-groups

Group (head)	Inside	Where it shows
Reserves & Surplus	Capital Account	Balance Sheet: Capital
Bank Accounts	Current Assets	Balance Sheet: Current Assets
Cash-in-Hand	Current Assets	Balance Sheet: Current Assets
Deposits (Asset)	Current Assets	Balance Sheet: Current Assets
Loans & Advances (Asset)	Current Assets	Balance Sheet: Current Assets
Stock-in-Hand	Current Assets	Balance Sheet: Current Assets (closing stock comes from the stock records)
Sundry Debtors	Current Assets	Balance Sheet: Current Assets (your customers)
Duties & Taxes	Current Liabilities	Balance Sheet: Current Liabilities (GST, TDS, TCS)
Provisions	Current Liabilities	Balance Sheet: Current Liabilities
Sundry Creditors	Current Liabilities	Balance Sheet: Current Liabilities (your suppliers)
Bank OD A/c	Loans (Liability)	Balance Sheet: Loans
Secured Loans	Loans (Liability)	Balance Sheet: Loans
Unsecured Loans	Loans (Liability)	Balance Sheet: Loans

2. Default ledgers (every new company)

Ledger	Group (head)	Where it shows	Made when

Cash	Cash-in-Hand	Balance Sheet: Current Assets	New company
Sales	Sales Accounts	P&L: Sales	New company
Purchase	Purchase Accounts	P&L: Purchases	New company
CGST	Duties & Taxes	Balance Sheet: Current Liabilities	New company
SGST	Duties & Taxes	Balance Sheet: Current Liabilities	New company
IGST	Duties & Taxes	Balance Sheet: Current Liabilities	New company
Round Off	Indirect Expenses	P&L: Indirect Expenses	New company
Capital	Capital Account	Balance Sheet: Capital	New company
Your bank (the name you type)	Bank Accounts	Balance Sheet: Current Assets	New company, only when **Bank name** is filled in

TIP

There is one ledger for each GST head, not separate "input" and "output" ledgers. Tax you collect goes to its credit side and tax you pay on purchases (input credit) goes to its debit side. The balance is what you owe (or the credit you carry forward).

3. Ledgers added by the type of organisation

When you choose **Type of organisation** (`#/entity`), the software adds the heads that kind of organisation needs. If you already have a ledger with one of the usual names (for example your own "Drawings"), that ledger is used as it is and nothing new is made. Nothing is ever renamed, moved or removed.

Sole proprietor

Ledger	Group (head)	Where it shows	Made when
Drawings	Capital Account	Balance Sheet: Capital (taken off the capital)	You choose Sole proprietor

Partnership firm and LLP

Ledger	Group (head)	Where it shows	Made when
Interest on Partners' Capital	Indirect Expenses	P&L: Indirect Expenses	You choose Partnership firm or LLP, or first post interest from the Partners screen
Partners' Remuneration	Indirect Expenses	P&L: Indirect Expenses	You choose Partnership firm or LLP, or first post remuneration from the Partners screen
<Partner name> — Capital	Capital Account	Balance Sheet: Capital	You add a partner on the **Partners** screen (`#/partners`) and leave the capital ledger as new
<Partner name> — Current A/c	Capital Account	Balance Sheet: Capital	You add a partner and ask for a new current account

Trust / society (non-profit)

Ledger	Group (head)	Where it shows	Made when
Corpus Fund	Capital Account	Balance Sheet: Funds	You choose Trust / society
General Fund	Capital Account	Balance Sheet: Funds	You choose Trust / society
Earmarked Funds	Capital Account	Balance Sheet: Funds	You choose Trust / society
Capital Grants (Deferred Income)	Capital Account	Balance Sheet: Funds	You choose Trust / society
Grants Received in Advance (Unspent)	Current Liabilities	Balance Sheet: Current Liabilities	You choose Trust / society
Donations Received — General	Indirect Incomes	Income & Expenditure Account: Income	You choose Trust / society
Grants Received	Indirect Incomes	Income & Expenditure Account: Income	You choose Trust / society
Transfer from Earmarked Funds	Indirect Incomes	Income & Expenditure Account: Income	You choose Trust / society

4. Ledgers added by the Company pack

When you choose **Company — Private Limited** or **Company — Limited (public)**, the **Company pack** (`#/company`) is switched on. It adds two groups and the ledgers below. If the name is already used by a different kind of account, the new ledger gets "(company)" after its name.

New group	Inside	Where it shows
Share Capital	Capital Account	Balance Sheet: Capital (Shareholders' funds)
Statutory Dues Payable	Current Liabilities	Balance Sheet: Current Liabilities

Ledger	Group (head)	Where it shows	Made when
Equity Share Capital	Share Capital	Balance Sheet: Capital	Company pack switched on
Securities Premium	Reserves & Surplus	Balance Sheet: Capital	Company pack switched on
General Reserve	Reserves & Surplus	Balance Sheet: Capital	Company pack switched on
Surplus in Statement of Profit & Loss	Reserves & Surplus	Balance Sheet: Capital	Company pack switched on
Director's Loan Account	Unsecured Loans	Balance Sheet: Loans	Company pack switched on
Salary Payable	Current Liabilities	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
PF Payable — Employees' Share	Statutory Dues Payable	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
PF Payable — Employer's Share	Statutory Dues Payable	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
ESIC Payable	Statutory Dues Payable	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
Professional Tax Payable	Statutory Dues Payable	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
TDS Payable — 392 Salary	Duties & Taxes	Balance Sheet: Current Liabilities	Company pack switched on, or first salary posting
Dividend Payable	Current Liabilities	Balance Sheet: Current Liabilities	Company pack switched on

Provision for Income Tax	Provisions	Balance Sheet: Current Liabilities	Company pack switched on
Staff Advances	Loans & Advances (Asset)	Balance Sheet: Current Assets	Company pack switched on, or first salary posting
Salaries & Wages	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on, or first salary posting
Director's Remuneration	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on, or first salary posting
Employer's Contribution to PF	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on, or first salary posting
PF Administration & EDLI Charges	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on, or first salary posting
Employer's Contribution to ESIC	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on, or first salary posting
Professional Tax — Company (PTEC)	Indirect Expenses	P&L: Indirect Expenses	Company pack switched on
Income Tax (Current Tax)	Indirect Expenses	P&L: Indirect Expenses (shown as "Tax expense" in the company format)	Company pack switched on

5. Ledgers added by payroll (any type of organisation)

A proprietor or a firm can also run payroll. The first time you post a month's salary from **Payroll**, the software adds the twelve salary ledgers it needs, with the same names and groups as in the company pack table above: Salaries & Wages, Director's Remuneration, Employer's Contribution to PF, PF Administration & EDLI Charges, Employer's Contribution to ESIC, PF Payable — Employees' Share, PF Payable — Employer's Share, ESIC Payable, Professional Tax Payable, TDS Payable — 392 Salary, Staff Advances and Salary Payable. The group **Statutory Dues Payable** (inside Current Liabilities) is added with them. If you already keep a ledger with a usual name (for example "Salary"), that ledger is used instead.

6. Ledgers added by GST features

Ledger	Group (head)	Where it shows	Made when
GST Cess	Duties & Taxes	Balance Sheet: Current Liabilities	First entry with a cess rate

GST Cash Ledger — IGST / CGST / SGST / Cess (one per head)	GST Electronic Cash Ledger (new group inside Current Assets)	Balance Sheet: Current Assets	First GST deposit (PMT-06) into that head from the GST ledger page
GST paid on advances (to be adjusted)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First receipt marked as an advance for a service with GST
IGST refund receivable (exports)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First export bill with payment of IGST where the refund is claimed
Exchange rate difference (gain / loss)	Indirect Expenses	P&L: Indirect Expenses (a gain shows as a credit)	First entry with a foreign-exchange difference
Input credit reversed — supplier not paid in 180 days (to take back)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First rule 37 reversal posted from the GSTR-3B helper
Input credit reversed (exempt supplies)	Indirect Expenses	P&L: Indirect Expenses	First rule 42 reversal posted from the GSTR-3B helper
GST credit reversed — goods lost, damaged, free samples, own use (s. 17(5))	Indirect Expenses	P&L: Indirect Expenses	First stock write-off with credit reversal (Stock control), or first Bill of Entry where goods were lost on the way
GST TDS Payable (Sec 51)	Duties & Taxes	Balance Sheet: Current Liabilities	You first deduct GST TDS when paying a supplier (GSTR-7)
GST TDS Receivable (Sec 51)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First receipt where a government customer deducted GST TDS
GST TCS Receivable (Sec 52)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First receipt where an e-commerce operator collected GST TCS
Rent / Freight Inward / Legal Fees / Security Charges / Service Charges	Indirect Expenses (Freight Inward: Direct Expenses)	P&L	First reverse-charge (RCM) purchase of that service, when you have no expense ledger of that kind

7. Ledgers added by income-tax TDS and TCS

Ledger	Group (head)	Where it shows	Made when

TDS Payable — <section> <nature> (one per section), for example "TDS Payable — 393(1) Table Sl. 6(iii)(b) Fees for professional services"	Duties & Taxes	Balance Sheet: Current Liabilities	First payment where you deduct TDS under that section
TDS Receivable (deducted by customers)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First receipt where the customer cut TDS
TCS Payable — <section> <goods>, for example "TCS Payable — 394(1) Table Sl. 4 Scrap"	Duties & Taxes	Balance Sheet: Current Liabilities	First sale on which you collect TCS
TCS Receivable (collected by suppliers)	Loans & Advances (Asset)	Balance Sheet: Current Assets	First purchase bill where the supplier charged TCS

Section numbers are those of the Income-tax Act 2025 (393 for TDS, 394 for TCS, 392 for salary). Confirm with your Chartered Accountant for your case.

8. Ledgers added by money, stock and asset features

Ledger	Group (head)	Where it shows	Made when
Each fixed asset (the name you give)	Fixed Assets	Balance Sheet: Fixed Assets	You add an asset on **Fixed assets** (`#/assets`), or record an asset purchase with GST
Depreciation	Indirect Expenses	P&L: Indirect Expenses	First depreciation posting
Profit on sale of assets	Indirect Incomes	P&L: Indirect Income	First asset sold above its book value
Loss on sale of assets	Indirect Expenses	P&L: Indirect Expenses	First asset sold below its book value
Each loan taken (lender's name)	Secured Loans	Balance Sheet: Loans	You add a loan taken on **Loans** (`#/loans`)
Each loan given (borrower's name)	Loans & Advances (Asset)	Balance Sheet: Current Assets	You add a loan given on Loans
Interest Paid	Indirect Expenses	P&L: Indirect Expenses	First EMI of a loan taken, or first bank line posted as interest paid

Interest Received	Indirect Incomes	P&L: Indirect Income	First EMI of a loan given, first late-payment interest charged, or first bank line posted as interest received
Bank Charges	Indirect Expenses	P&L: Indirect Expenses	First bank line posted as charges, or first bounced cheque with charges
Cash Short / Excess	Indirect Expenses	P&L: Indirect Expenses	First day close where the counted cash differs from the books
Another cash drawer (the name you give)	Cash-in-Hand	Balance Sheet: Current Assets	You add a new cash drawer at the cash desk
<Name> (staff)	Current Liabilities	Balance Sheet: Current Liabilities	First expense claim for a new staff member
Customs duty payable	Sundry Creditors	Balance Sheet: Current Liabilities	First Bill of Entry with customs duty still to be paid
Demurrage and port delay charges	Indirect Expenses	P&L: Indirect Expenses	First import with port delay charges

Not a ledger: the WIP item

Production orders keep work in progress as a **stock item**, not a ledger. The item is named "WIP — <product>", with the category "Work in progress". It is made the first time an order issues materials, and it is counted in the closing stock (Balance Sheet: Current Assets, through Stock-in-Hand).

9. Ledgers you make yourself

Customers and suppliers are made when you add a party: a customer goes under **Sundry Debtors**, a supplier under **Sundry Creditors**. Any other ledger you add on the Ledgers page goes under the group you choose (new ledgers start under Indirect Expenses). When you bring data from Tally or Zoho Books, your own ledgers come in with it.

> **CAREFUL**
> Before you make a new ledger, search the Ledgers page. Many features look for a ledger by its usual name and use yours if they find it. Two ledgers for the same thing split the figures.

REMEMBER

- A new company starts with 28 groups and 8 ledgers (9 if you give a bank name).
- Features add their ledgers only when you first need them. Nothing is renamed or moved.
- Assets and Liabilities groups go to the Balance Sheet; Income and Expenses groups go to the P&L.
- Sales, Purchase, Direct Incomes and Direct Expenses come before gross profit; indirect heads come after it.
- Search before you make a ledger, so the same account is not made twice.

APPENDIX 3

Due Dates the Software Tracks

This table lists every due date that Taxonomics works out by itself, as its code has them today. You see them on Home (card **Due dates**), on the **Deadline Board** and on the screen of each return. Dates can change by notification — always check the portal before you rely on a date.

> **CAREFUL**
> Due dates can change by notification — check the portal (gst.gov.in, the income-tax portal, EPFO, ESIC or your State's professional-tax site). The GST dates come from a rules file that the software refreshes from its website, so they can be corrected without a new version. Confirm with your Chartered Accountant for your case.

Where to see them

- **Home › Due dates** — the next GST returns and the TDS / TCS deposit.
- **Deadline Board** (`Reports › Deadline Board`) — every date on one list with the amount your books show against it: **Past the date**, **Today**, **This week**, **Coming up**, and **Cash needed in 7 days / Cash needed in 30 days**. **Show the cost of a delay of** 7, 15 or 30 days shows what being late would cost. The board cannot know whether a return was filed — it shows the next date of each kind.
- **Statutory dues** (`Reports › Statutory dues`) — PF, ESIC, professional tax and TDS on salary, month by month, with what is unpaid.
- **Tax setup** — the list of legal duties for your business, with what the app does for each.

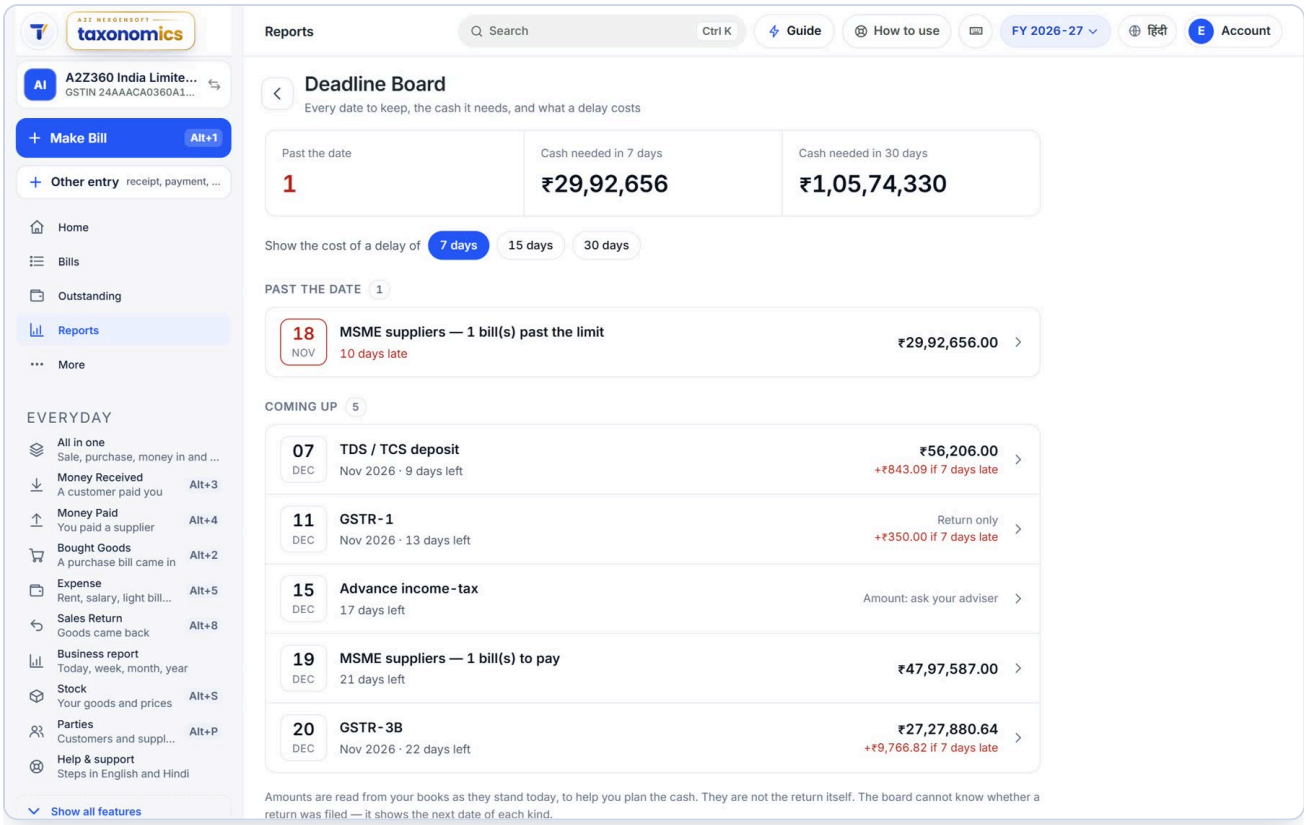

Figure A3.1 — The Deadline Board: every date, the cash it needs and what a delay costs.

GST

Return / payment	Who	Due date in the software
GSTR-1	Monthly filer	11th of the next month
GSTR-3B	Monthly filer	20th of the next month
GSTR-1 (quarterly)	QRMP filer	13th of the month after the quarter
IFF (B2B bills of month 1 and 2, optional)	QRMP filer	13th of the next month
GSTR-3B (quarterly)	QRMP filer	22nd of the month after the quarter for States in group A; 24th for the other States
PMT-06 (tax of month 1 and 2)	QRMP filer	25th of the next month
CMP-08 (tax payment)	Composition dealer	18th of the month after the quarter
GSTR-4 (annual)	Composition dealer	30 June after the year
GSTR-7 (GST TDS)	Registered as a GST TDS deductor	10th of the next month

GSTR-9 (annual return)	Regular taxpayer	31 December after the year (optional up to ₹2 crore turnover)
GSTR-9C (reconciliation)	Turnover above ₹5 crore	With GSTR-9
ITC-04 (job work)	Principal sending goods for job work	Half-yearly: April–September by 25 October, October–March by 25 April (yearly by 25 April for turnover up to ₹5 crore)
LUT (form RFD-11)	Exporter without paying IGST	Renewed every financial year; export bills remind you before it ends

Group A States in the software (by GST State code): 22 Chhattisgarh, 23 Madhya Pradesh, 24 Gujarat, 26 Dadra and Nagar Haveli and Daman and Diu, 27 Maharashtra, 29 Karnataka, 30 Goa, 31 Lakshadweep, 32 Kerala, 33 Tamil Nadu, 34 Puducherry, 35 Andaman and Nicobar Islands, 36 Telangana, 37 Andhra Pradesh.

Other GST time limits the software checks

Rule	Limit in the software
GST credit of a year	Can be taken only till 30 November after the year
GST credit note for an earlier bill	30 November after the year of the bill (Smart Check asks if later)
Supplier not paid (rule 37)	180 days from the bill date — then the credit must be paid back
Goods sent for job work	Back within 1 year (inputs) or 3 years (capital goods), else treated as supplied
Interest on GST paid late (Deadline Board)	18% a year; late fee ₹50 a day (₹20 a day for a nil return) — check the current rate

Income-tax: TDS and TCS

What	Due date in the software
TDS deposit	7th of the next month; tax deducted in March by 30 April
TDS paid with challan-cum-statement (Form 141 rows: rent or contract / professional payments by certain individuals / HUFs)	30 days from the end of the month of deduction
TCS deposit	7th of the next month; for March, 7 April (30 April from March 2027)
Quarterly TDS statement (Form 140)	31 July, 31 October, 31 January, 31 May

TDS certificate (Form 131 / 133)	15 days after the statement's due date
Quarterly TCS statement (Form 143)	The legal-duty list says the 15th after the quarter (fourth quarter: 15 May); the statement screen uses the same quarter dates as TDS — check the portal
TDS on salary (Form 24Q data)	Deposit by the 7th of the next month; March by 30 April
Advance income-tax	15 June (15%), 15 September (45%), 15 December (75%), 15 March (100%) — date only, the amount is your adviser's figure
Interest on TDS / TCS deposited late (Deadline Board)	1.5% for every month or part of a month — check the current rate

Payroll dues

What	Due date in the software
PF (employees' and employer's share) and ECR	15th of the month after the wage month
ESIC	15th of the month after the wage month
Professional tax — Gujarat	15th of the next month (some employers pay every quarter; check with your local body)
Professional tax — Maharashtra	End of the next month (monthly payers)
Professional tax — Karnataka	20th of the next month
Professional tax — Telangana, Andhra Pradesh	10th of the next month
Professional tax — other States	Not built in: type the amount; set the due day in Company pack › Rates

The professional-tax due days are marked in the project to be re-checked — check the current rate and date with your State. Every rate and due day can be changed by the user in Company pack › Rates.

Other dates

What	Limit in the software
Paying an MSME supplier (Udyam)	Within the agreed period, at most 45 days; 15 days without a written agreement. A late payment is not allowed as an expense that year (Income-tax Act 2025, section 37(2)(g))

Keeping GST records	72 months after the annual return due date

THE LAW

The dates above follow the CGST Act and Rules, the Income-tax Act 2025 and Income-tax Rules 2026, the Code on Social Security and the State professional-tax laws as read by the software's makers. Government notifications often extend or change a date. Dates can change by notification — check the portal. Confirm with your Chartered Accountant for your case.

REMEMBER

- Home and the Deadline Board show the next date of each kind with the amount from your books.
- The board does not know whether you filed — tick it off yourself on the portal.
- QRMP filers have different GST dates; tell the app how you file on the set-off card or in Tax setup.
- Dates can change by notification — check the portal.

APPENDIX 4

Glossary

The words used in this book and on the screens, each with a one-line meaning in plain English. Terms are in alphabetical order.

Term	Meaning
Accrual	Recording income or an expense in the period it belongs to, even if the money moves later.
Advance	Money received before the goods or service are given, or paid before they are received.
Amendment (GST)	A correction to a bill already reported in an earlier GSTR-1.
Asset	Something the business owns or is owed: cash, stock, machines, money due from customers.
Audit trail	A record of who made, changed or deleted each entry, and when.
Backup	A copy of all your books saved in a file, so they can be restored later.
Balance Sheet	A statement of what the business owns (assets) and owes (capital and liabilities) on one date.
Bank reconciliation	Matching the entries in your bank ledger with the bank statement, line by line.
Batch	A lot of goods made or bought together, often with its own expiry date.
Bill of Entry	The customs document for goods imported into India; it shows the duty and IGST paid.
Bill of Materials (BOM)	The recipe of a product: which raw materials, and how much of each, make one unit.
Capital	The owner's money in the business, plus profits kept, less drawings.
Cash flow statement	A statement of where cash came from and where it went during a period.
Cess	An extra tax charged on some goods along with GST.
CGST	Central GST: the Centre's half of GST on a sale within the same State.
Chart of accounts	The full list of groups and ledgers in your books.
Closing stock	The value of goods still in hand at the end of a period.

Composition scheme	A simple GST scheme for small businesses: tax at a flat rate on turnover, no input credit, no GST on the bill.
Contra	An entry between cash and bank, or between two bank accounts (deposit, withdrawal, transfer).
Cost centre	A shop, site, branch or project whose income and expenses you want to see separately.
Cr (Credit)	The right-hand side of a ledger. Income, liabilities and capital grow on this side.
Credit note	A document that reduces a sale already billed, for example when goods are returned (Sales Return).
Creditor	A person you owe money to, usually a supplier (Sundry Creditors).
Day Book	A list of every entry made on a day or in a period, in date order.
Debit note	A document that reduces a purchase already entered, for example goods returned to the supplier (Purchase Return).
Debtor	A person who owes you money, usually a customer (Sundry Debtors).
Delivery challan	A document that goes with goods sent without a tax bill, for example for job work or approval.
Depreciation	The part of a fixed asset's cost charged as an expense each year as the asset wears out.
Direct expense	An expense linked to buying or making goods, such as freight inward or wages; it comes before gross profit.
Dr (Debit)	The left-hand side of a ledger. Assets and expenses grow on this side.
Drawings	Money or goods the owner takes out of the business for personal use.
E-invoice (IRN)	A bill reported to the government's invoice registration portal, which returns an Invoice Reference Number and QR code.
E-way bill	An electronic document needed to move goods above a set value; it is made on the e-way bill portal.
EDLI	Employees' Deposit Linked Insurance: a small insurance paid by the employer with PF.
EMI	Equated Monthly Instalment: the fixed monthly payment of a loan, made of principal and interest.
EPS	Employees' Pension Scheme: the part of the employer's PF share that goes to pension.
ESIC	Employees' State Insurance: a health insurance scheme paid by the employee and the employer.

Financial year	The accounting year in India, from 1 April to 31 March.
Fixed asset	Something bought to use for years, not to sell: machine, computer, furniture, vehicle.
Godown	A store or warehouse where stock is kept.
Gross profit	Sales less the cost of goods sold, before indirect expenses.
Group (head)	A box that holds ledgers of the same kind, for example Sundry Debtors or Indirect Expenses.
GSTIN	The 15-character GST registration number of a business.
GSTR-1	The GST return of your sales, filed monthly or quarterly.
GSTR-2B	A statement on the GST portal of the purchase bills your suppliers reported, used to check input credit.
GSTR-3B	The summary GST return in which you pay the tax due.
GSTR-9	The yearly GST return.
Gratuity	A lump sum paid to an employee on leaving after enough years of service.
HSN / SAC	Codes that classify goods (HSN) and services (SAC) for GST.
IGST	Integrated GST: charged on a sale from one State to another, and on imports.
Indirect expense	A running expense of the business, such as rent, salary or electricity; it comes after gross profit.
Input tax credit (ITC)	GST paid on purchases that you may set off against GST due on your sales.
Inventory	The goods you hold for sale, as raw material, or in making.
Journal	An entry for anything that is not a sale, purchase, receipt, payment or contra, such as depreciation or a correction.
Job work	Sending goods to another person to process them and send them back.
Ledger	One account in the books, showing every entry for it and its balance.
Liability	Money the business owes: loans, supplier dues, taxes payable.
Lock date	A date up to which entries can no longer be added, changed or deleted.
MSME	Micro, Small and Medium Enterprise. Buyers must pay registered MSME suppliers within the time the law sets.
Narration	A short note on an entry explaining what it is for.
Net profit	What is left after all expenses are taken from all income.
Opening balance	The balance of a ledger or stock on the first day the books start.

Outstanding	Money still to be received from customers or paid to suppliers.
Payslip	A statement given to an employee showing salary earned, cuts and net pay for the month.
PF (Provident Fund)	A retirement saving fund to which the employee and the employer each pay a share of wages.
Place of supply	The State where a sale is treated as made; it decides CGST + SGST or IGST.
Professional tax (PT)	A State tax on salaries and professions, cut from salary in States that charge it.
Profit & Loss Account	A statement of income and expenses for a period, ending in profit or loss.
Provision	An amount set aside for a known expense or liability whose exact amount is not yet fixed.
Purchase order	A written order you send to a supplier for goods.
Quotation (estimate)	A price offer sent to a customer before a sale; it makes no entry in the books.
Ratio	One figure divided by another to judge health, for example current assets ÷ current liabilities.
Receipt	An entry for money received.
Reconciliation	Matching two records of the same thing and finding the differences.
Reserves & Surplus	Profits kept in the business (for a company), shown under capital.
Reverse charge (RCM)	A rule under which the buyer, not the supplier, pays the GST on certain services or goods.
Round off	The small amount added or taken off so that a bill total is in whole rupees.
Sales order	A customer's order recorded before the goods are billed.
Schedule III	The format of the Balance Sheet and Profit & Loss that the Companies Act asks companies to use.
Serial number	A number unique to one piece of goods, such as an IMEI, used to track it and its warranty.
Set-off (GST)	Using input credit and cash deposited to pay the GST due for a month.
SGST / UTGST	State GST (or Union Territory GST): the State's half of GST on a sale within the same State.
Stock journal	An entry that moves stock from one item to another, as in making, repacking or sorting goods.

Stock summary	A report of every item's opening, inward, outward and closing quantity and value.
Suspense account	A temporary ledger for amounts not yet known where to put; it should be cleared before the year closes.
Sync	Keeping the same books up to date on more than one device.
TCS	Tax Collected at Source: income-tax a seller collects from the buyer on some goods and deposits with the government.
TDS	Tax Deducted at Source: income-tax the payer cuts from a payment (rent, fees, contract, salary) and deposits with the government.
Taxable value	The amount on which GST is worked out, before the tax itself.
Trial Balance	A list of every ledger's balance; total debits must equal total credits.
Turnover	The total value of sales in a period.
Voucher	One entry in the books, such as a sale bill, a receipt or a journal.
WIP (work in progress)	Goods that are being made and are not yet finished; they are part of the stock.

REMEMBER

- Dr (Debit) is the left side of a ledger, Cr (Credit) is the right side.
- A ledger is one account; a group (head) holds ledgers of the same kind.
- The Balance Sheet shows one date; the Profit & Loss shows a period.
- Tax rules and terms can change: confirm with your Chartered Accountant for your case.

Taxonomics Accounting Guide Book

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