

Implementing VAT in BUSY

(for U.A.E and Saudi Arabia)

Overview of VAT

U.A.E and Saudi Arabia has levied Value Added Tax (VAT) from January 2018. The rate of VAT will be 5 per cent.

VAT as a general consumption tax, need to be charged on all Sales and to be paid on all Purchases.

VAT-registered businesses must report the amount of VAT they have charged and the amount of VAT they have paid on a regular basis and deposit the excess VAT (Charged – Paid) to government.

Implementation in BUSY

To implement VAT in BUSY, you need to perform the following steps:

Step 1: Enable VAT in company.

Step 2: Create VAT related Masters and specify other VAT related details.

Step 3: Enter Sales/Purchase vouchers and apply VAT on them.

Step 4: View/Print VAT Reports

We will now discuss these steps in detail.

Step 1: Enable VAT

First of all you need to enable VAT in your company. In case of new company you can enable VAT at the time of company creation itself. Given below is the screenshot of *Create Company* window.

Create Company

Company Information

Name **Eros Electricals Ltd.** Address **D69, DEC Business Tower,**
 Print Name **Eros Electricals Ltd.** **Dubai**
 Short Name **U.A.E** **U.A.E**
 Country **U.A.E** **CIN**
 Emirates **Dubai** **IT PAN** **Ward**
 F.Y. Beginning from **01-01-2018** **Tel.No.** **Fax**
 Books Commencing from **01-01-2018** **E - Mail** **eros.electricals@gmail.com**

Additional Information

Currency Information

Currency Symbol **AED** (Rs., \$ etc.)
 Currency String **Dirhams** (Rupees, Dollar etc.)
 Currency Sub-String **Fils** (Paisa, Cent etc.)
 Currency Font
 Currency Character

VAT/GST Information

	Y	Type	VAT
Enable VAT/GST	Y		
Enable Add. Tax / Schg.	N	Caption	
Enable Add. Cess		Caption	
TRN	XXXXXXXXXX		
Default Tax Rate-1	5.00	Default Tax Rate-2	0.00

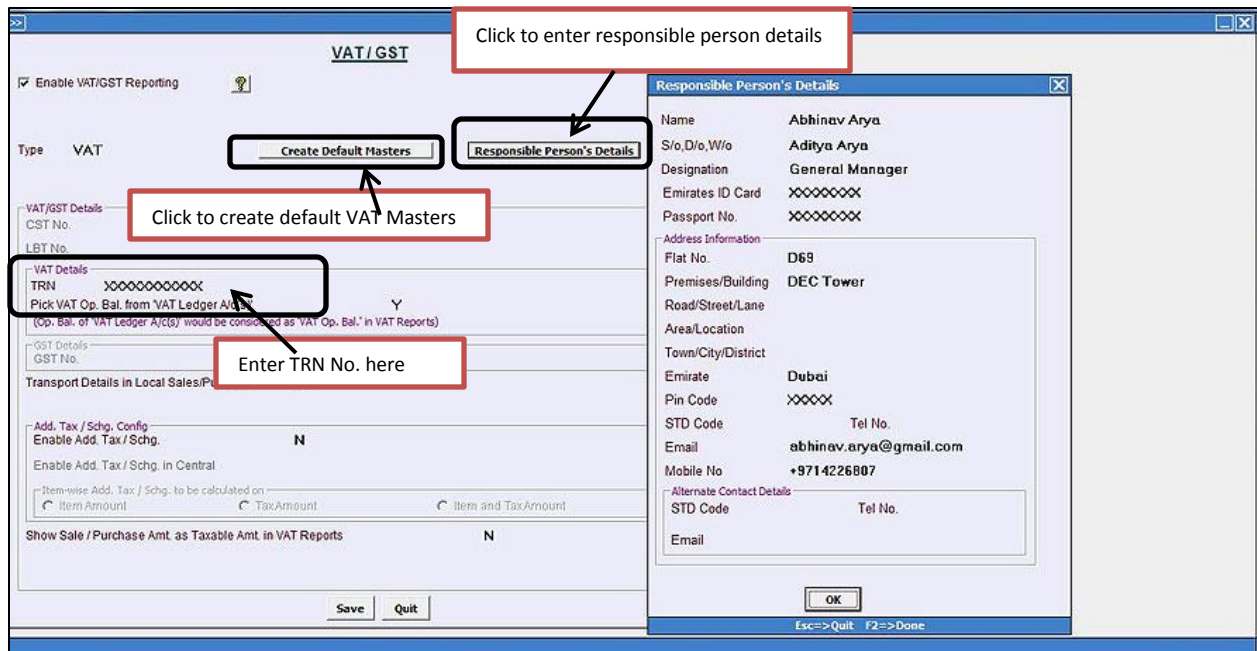
Copy Masters, Configuration and Users from existing Company

Not Required Copy Masters and Config Copy Masters, Config and Users

Save **Quit**

Esc=>Quit F2=>Done

For existing companies you can enable VAT through **Administration > Configuration > Features/Options > VAT/GST** tab. On clicking the VAT/GST tab, a VAT/GST window will appear. Given below is the screenshot of VAT/GST window.



In the VAT/GST window, specify the type of tax as VAT. After specifying the tax type as VAT certain data fields become active. Enter the VAT related data in the relevant data fields. To create default masters in VAT, click 'Create Default Masters' button and to enter Responsible Person Details, click 'Responsible Person's Details' button. A 'Responsible Person's Details' window will appear. Enter required details in the window.

Click *Save* button to save the configuration settings for VAT.

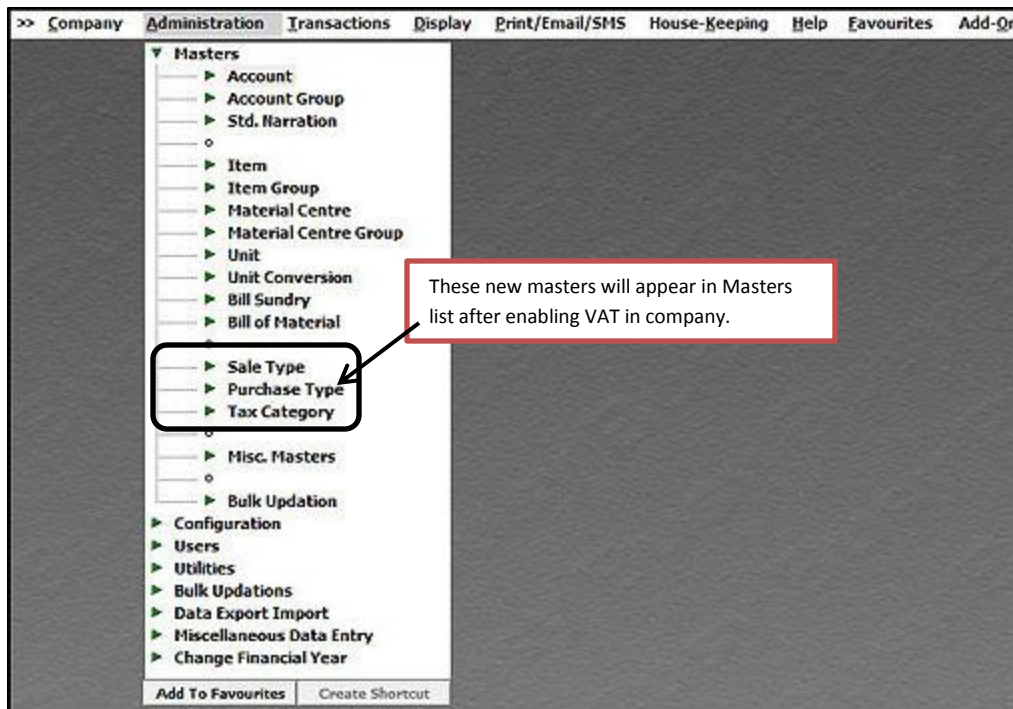
Now that you have enabled VAT in BUSY, you can create masters that are necessary for recording VAT related details.

Step 2: Create Masters and enter VAT related details.

After enabling VAT in company some new masters will appear in Masters List. These new Masters are:

- Sale Type
- Purchase Type
- Tax Category

Given below is the screenshot of Masters List.



Now, Let us discuss the masters which are required to maintain VAT related details:

- Sale/Purchase Type
- Tax Category
- Account Master
- Item Master

Sale/Purchase Type

Sale/Purchase Type is classification of VAT related transaction based on the nature of Sale/Purchase (local or export/import) and the rate of VAT charged. This classification is required for the purpose of reporting. Certain Sale/Purchase Types are created automatically at the time of company creation OR when you click 'Create Default Masters' button in existing company. Following Sale/Purchase types are created by default in BUSY:

- **Export (Outside GCC) or Import (Outside GCC)** - This Sale/Purchase Type is to be selected at the time of entering transaction in case goods are exported or imported outside GCC.
- **Export (Within GCC) or Import (Within GCC)** - This Sale/Purchase Type is to be selected at the time of entering transaction in case goods are exported or imported within GCC.
- **VAT/5% (R)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE and to an unregistered Party (B2C) and goods are taxable at 5% and tax to be applied consolidated on all Items.

- **VAT/5% (T)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to a registered Party (B2B) and goods are taxable at 5% and tax to be applied consolidated on all Items.
- **VAT/Exempt** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE and goods are exempted from VAT.
- **VAT/Item-wise (R)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to an unregistered Party (B2C) and tax is to be applied Item-wise.
- **VAT/Item-wise (T)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to a registered Party(B2B) and tax is to be applied Item-wise.
- **VAT/TaxIncl. (R)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to an unregistered Party (B2C) and price of item is inclusive of tax (to be calculated automatically in background).
- **VAT/TaxIncl. (T)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to a registered Party (B2B) and price of item is inclusive of tax (to be calculated automatically in background).
- **VAT/MultiRate (R)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to an unregistered Party (B2C) and goods are taxable at different rates in a voucher.
- **VAT/MultiRate (T)** - This Sale/Purchase Type is to be selected at the time of entering transaction when it is within UAE, to an unregistered Party (B2B) and goods are taxable at different rates in a voucher.
- **VAT-Unreg(RCM)** – This Purchase Type is to be selected at the time of entering transaction when goods are purchased from an unregistered person and you are liable to pay tax under RCM.

Please Note:

- B2B transactions are done with registered Parties (having TRN) and B2C transactions are done with unregistered Parties.
- (R) stands for Retail Invoice and (T) stands for Tax Invoice.

These Sale/Purchase types can be modified or deleted as per your requirement. You can also add new Sale/Purchase types. Given below is the screenshot of the *Sale Type Master - Add* window.

Add Sale Type Master

Sale Type: VAT 5%

Sales Account Information

Specify here (Single A/c) Sales

Specify here (Separate accounts for different Tax-Rates)

Specify in voucher

Region

Local (within Emirates)

Export

Taxation Type

Taxable (Voucher-wise) Taxable (Item-wise)

Against ST Form Tax Paid

Exempt Zero Rated

Lump-sum Dealer Nil Rated

(Above information can not be changed if any transaction exist for this Sale Type)

Form Information

Issue ST Form

Form Issuable

Receive ST Form

Form Receivable

Other Information

Tax Invoice: Y

Skip in VAT Reports: N

Tax Calculation

Single Tax Rate Multi Tax Rate

Tax (in %) : 5.00

Surcharge (in %) :

Add. Cess (in %) :

Freeze Tax in Sales : N

Freeze Tax in Sales Return : N

For Printing in Documents

Invoice Heading

Invoice Description

Esc=>Quit F2=>Done

Select region i.e. whether sale type created will be used for local or export transactions.

Specify appropriate information in the data fields and click *Save* button to save the new *Sale Type Master*.

Tax Category

Tax Category master specifies the tax rates which will be applicable for the items with whom the *Tax Category* master will be tagged. Certain Tax Category masters are created automatically at the time of company creation OR when you click '*Create Default Masters*' button in existing company. Following Tax Categories are created by default in BUSY:

- <<---None--->> - Tag this tax category in Item Master when no tax is to be applied on Item.
- **5%** - Tag this tax category in Item Master when Item is taxable at 5%.
- **Exempt** - Tag this tax category in Add Sale Master when Item is exempted from Tax.

Tax Categories can be modified or deleted as per your requirement. You can add also new Tax Category if required. Given below is the screenshot of the *Tax Category Master - Add* window.

Add Account Master

General Info.		Other Info	
Name	Abdullah Electronics	Maintain Bill By Bill Balancing	Y
(Alias)		Credit Days for Sale	0
Print Name	Abdullah Electronics	Credit Days for Purc.	0
Group	Sundry Debtors	Specify Default Sale Type	N Default Sale Type
Op. Bal.	0.00 (AED) Dr/Cr D	Specify Default Purc. Type	N Default Purc. Type
Prev. Year Bal.	0.00 (AED) Dr/Cr D	Freeze Sale Type	Freeze Purc. Type
Address	Shop#23, Ground Floor, Emirates Trade Centre, Dubai	CST No.	LST No.
Country	U.A.E Emirates Dubai	Service Tax No	LBT No.
Type of Dealer	Registered	IE Code	
Emirates ID	XXXXXXXXXX	TRN	XXXXXXXXXX
IT PAN		Ward	
E-Mail		Enable Email Query	Enable SMS Query
Contact Person			
Tel. No.			
Fax		Mobile No.	
Transport		Station	

Emirates ID will be asked only in case of U.A.E

Click *Save* button to save the account information.

Item Master

In Item master you need to tag the tax category and specify VAT Tax Code. Given here is the screenshot of the *Item Master - Add* window.

Name		Sony Bravia 32* LED T.V.	
Alias			
Print Name		Sony Bravia 32* LED T.V.	
Group		Televisions	
Main Unit Details			
Unit	Pcs.		
Op. Stock (Qty.)	0.00		
Op. Stock (Value)			
Tax Category	5%		
VAT Tax Code	XXXXX		
Item Price Info			
Sales Price applied on		Purc. Price applied on	
Sales Price (Pcs.)	0.00		
Purc. Price (Pcs.)	0.00		
M.R.P. (Pcs.)	0.00		
Min. Sales Price (Pcs.)	0.00		
Self-Val. Price	0.00		
Packaging Unit Details			
Packaging Unit		Con. Factor	
Sales Price		Purc. Price	
Default Unit for Sales		Default Unit for Purc.	
Tax Inclusive Sale Price	N	Tax Inclusive Purchase	N
Specify Sales Account	N		
Specify Purc Account	N		
Add Item Master			
Discount & Markup Det.			
Sale Discount	0.00	Purc. Discount	0.00
Sale Compound Disc.		Purc. Compound Disc.	
Specify Sales Disc.Structure	N	Specify Purc. Disc.Structure	N
Sale Markup		Purc. Markup	
Markup		Purc. Comp. Markup	
Markup Structure		Specify Purc.Markup Structure	
Item Description			
Set Critical Level (Y/N) Y			
Maintain RG-23D		Tariff Heading	
Serial No.-wise Details		Parameterized Details	
MRP-wise Details		Batch-wise Details	
Exp./Mfg. Date Required		Expiry Days	
Specify Default MC			
Freeze MC for Item			
Total No. of Authors	(Max. 10)	Don't Maintain Stock Balance	N
Pick Item Sizing Info. from Item Description			
Specify Default Vendor N			
Notes Opt. Fields Multiple Alias ITEM IMAGE Save Quit			
Esc=>Quit F2=>Done			

***Bulk Updations**

In case of existing company, when you are switching to VAT for the first time you can update Party TRN/Emirates and Item Code/Tax Category in one go. To update go to: **Administration > Masters > Bulk Updation > Check/Update Party TRN/Emirates or Item Code/Tax Category**. On clicking any of the option, a 'Select Range' window appears. Select the required options and click 'OK' button. On clicking 'OK' button *Check/Update Party TRN/Emirates or Item Code/Tax Category* window appears. Update the relevant details in one go from this utility. Given below is the screenshot of *Check/Update Party TRN/Emirates* window.

Check/Update Party TRN/Emirates

Specify Master Creation/Update Basis
 Add New Master Modify Existing Master Key Field

Select Fields Load Masters

S.No	Name	TRN	Country	Emirates	Type Of Dealer
1	Abdullah Electronics	XXXXXXXX	U.A.E	Dubai	Registered
2	Advertisement & Publicity		U.A.E	Dubai	Un-Registered
3	Bad Debts Written Off		U.A.E	Dubai	Un-Registered
4	Bank Charges		U.A.E	Dubai	Un-Registered
5	Books & Periodicals		U.A.E	Dubai	Un-Registered
6	Busy Infotech Pvt. Ltd.		India		Un-Registered
7	Capital Equipments		U.A.E	Dubai	Un-Registered
8	Cash		U.A.E	Dubai	Un-Registered
9	Charity & Donations		U.A.E	Dubai	Un-Registered
10	Commission on Sales		U.A.E	Dubai	Un-Registered
11	Computers		U.A.E	Dubai	Un-Registered
12	Conveyance Expenses		U.A.E	Dubai	Un-Registered
13	Customer Entertainment Expenses		U.A.E	Dubai	Un-Registered
14	Depreciation A/c		U.A.E	Dubai	Un-Registered
15	Earnest Money		U.A.E	Dubai	Un-Registered

Specify Default Values For New Masters

Parent Group
Master Series Group

Update Party TRN from here

Update Party Emirates in case of U.A.E from here

Update 'Emirates' in All Rows Update 'Country' in All Rows Update 'Type of Dealer' in All Rows

Save Quit

Click on these buttons to update specified Emirate, country and type of dealer in all rows

Now that you have created/ updated masters for VAT in BUSY, you can record VAT related transactions using vouchers

Step 3: Enter vouchers and apply VAT on them

To record VAT related transactions click *Transactions* menu > Select the appropriate voucher.

Let us understand the recording of VAT with the help of an example. Eros Electricals Ltd. is a dealer of Electronic Items based in Dubai. It purchased Electronic Items from Zayed Electronics, a dealer based in Dubai only and paid VAT@5%. Given here is a screenshot of the *Purchase* voucher that Eros Electricals Ltd. enters for purchase of electronic items.

Add Purchase Voucher

Series **Main** Date **01-01-2018** (Mon) Vch No. **1** Purc Type **VAT/5% (T)**

Party **Zayed Electronics** Mat. Centre **Main Store**
 (Cur. Bal. : AED 0.00) (TRN : XXXXXX)

Narration

S.N.	Item	Qty.	Unit	Price (AED)	Amount (AED)
1	Sony Bravia 32" LED T.V.	6.00	Pcs.	1,150.00	6,900.00
2	Samsung 42" Smart T.V.	4.00	Pcs.	1,900.00	7,600.00
3					
4					
5					
6					
7					
8					
9					
10					
11					
				10.00	14,500.00

(Cur. Stock = 0.00 Pcs.)

S.N.	Bill Sundry	@	Amount (AED)
1	VAT	5.000 %	725.00
2			
3			
4			
5			

VAT Summary

Tax Rate	Taxable Amt.	VAT
5%	14,500.00	725.00
Totals	14,500.00	725.00

15,225.00

Vch. Detail Master Detail Party Dash Board VCH IMAGE ACC IMAGE ITEM IMAGE Update Discount Check Scheme Save Quit

Esc=>Quit, F2=>Done, F4=>Std.Hdr./BOM, F6=>Vch.Type, F7=>Repeat, F9=>Del.Line

Select this Purchase type as Item is taxable at 5% and it is a B2B transaction.

Now, let us take an example of Sales also. Eros Electricals Ltd. sold Electronic Items to Abdullah Electronics and collected VAT@5%. In BUSY, tax can be applied in a voucher in different ways. Given below are the screenshots of Sales voucher with different tax methods:

- Tax is applied consolidated on all items,
- Tax is applied Item-wise,
- Item is Tax Inclusive.

a.) Sales Voucher when tax is applied consolidated on all items

Add Sales Voucher

Series **Main** Date **01-01-2018** (Mon) Vch No. **1** Sale Type **VAT/5% (T)**

Party **Abdullah Electronics** Mat. Centre **Main Store**
(Cur. Bal. : AED 0.00) (TRN : XXXXXXXX)

Narration

S.N.	Item	Qty.	Unit	Price (AED)	Amount (AED)
1	Sony Bravia 32" LED T.V.	5.00	Pcs.	1,200.00	6,000.00
2	Samsung 42" Smart T.V.	2.00	Pcs.	2,000.00	4,000.00
3					
4					
5					
6					
7					
8					
9					
10					
11					

(Cur. Stock = 0.00 Pcs.) **7.00** **10,000.00**

S.N.	Bill Sundry	@	Amount (AED)
1	VAT	5.000 %	500.00
2			
3			
4			
5			

Totals **10,000.00** **500.00** **10,500.00**

VAT Summary
 Tax Rate 5% Taxable Amt. 10,000.00 VAT 500.00

Vch. Detail Master Detail Party Dash Board VCH IMAGE ACC IMAGE ITEM IMAGE Update Discount Check Scheme Save Quit

Esc=>Quit F2=>Done F4=>Std.Nbr./BOM F6=>Vch.Type F7=>Repeat F9=>Del.Line

b.) Sales Voucher when tax is applied Item-wise

Add Sales Voucher

Series **Main** Date **01-01-2018** (Mon) Vch No. **2** Sale Type **VAT/Item-wise (T)**

Party **Abdullah Electronics** Mat Centre **Main Store**

(Cur. Bal. : AED 6,300.00 Dr) (TRN : XXXXXXXXXXXXX)

Narration

S.N.	Item	Qty.	Unit	Price (AED)	Amount (AED)
1	Sony Bravia 32" LED	1.00	Pcs.	1,200.00	1,260.00
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					

(Cur. Stock = -5.00 Pcs.)

1.00

Item Wise VAT

HSN Code :

Taxable Amount = 1,200.00

VAT % **5.00** VAT Amt **60.00**

Type

Final Amt. **1,260.00**

OK

Final amount including tax

VAT Summary

Tax Rate	Taxable Amt.	VAT
5%	1,200.00	60.00
Totals	1,200.00	60.00

S.N.	Bill Sundry
1	
2	
3	
4	
5	

5% tax is calculated on 1200. Thus, final amount is 1200+60 = 1260.

1,260.00

Vch. Detail Master Detail Party Dash Board VCH IMAGE ACC IMAGE ITEM IMAGE Update Discount Check Scheme Save Quit

Esc=>Quit F2=>Done F4=>Std.Mar./BOM F6=>Vch.Type F7=>Repeat F9=>Del Line

c.) Sales Voucher when Item is tax inclusive

Series **Main** Date **01-01-2018** (Mon) Vch No. **3** **Add Sales Voucher**
 Sale Type **VAT/TaxIncl.(T)**
 Party **Abdullah Electronics** Mat. Centre **Main Store**
 (Cur. Bal. : AED 7,560.00 Dr.) (TRN : XXXXXXXXXXXXX)
 Narration

S.N.	Item	Qty.	Unit	Price (AED)	Amount (AED)
1	Sony Bravia 32" LED	1.00	Pcs.	1,200.00	1,200.00
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					

(Cur. Stock = -6.00 Pcs.) **1.00** **1,200.00**

VAT Summary			S.N.	Bill Sundry	@	Amount (AED)
Tax Rate	Taxable Amt.	VAT	1			
5%	1,142.86	57.14	2			
			3			
			4			
			5			
Totals	1,142.86	57.14				

1,200.00

Vch. Detail Master Detail Party Dash Board VCH IMAGE ACC IMAGE ITEM IMAGE Update Discount Check Scheme Save Quit

Esc=>Quit F2=>Done F4=>Std.Mar./BOM F6=>Vch.Type F7=>Repeat F9=>Del.Line

Enter appropriate information in the voucher and click **Save** button to save the voucher.

Once you have entered Purchase/Sales voucher and have paid/received VAT, the next step is to make payment to government for VAT by calculating VAT payable if any. VAT Payable can be calculated as follows:

$$\text{VAT Payable} = \text{Output Tax} - \text{Input Tax}$$

where, **Output Tax** is tax collected on Sales and **Input Tax** is tax paid on Purchase.

***Note:** In some cases Input tax is more than the output tax. Thus, VAT Payable will be in minus. In this case you can reclaim the difference from the government.

For VAT Payable you need to enter a *Payment* voucher. Given here is a screenshot of the *Payment* voucher that Eros Electricals Ltd. enters for payment of VAT.

Add Payment Voucher

Voucher Series **Main** Date **31-01-2018** (Wed) Vch No.

S.No	D/C	Account	Debit (AED)	Credit (AED)	Short Narration
1	D	VAT Output	180.00		
2	C	United Emirates Bank		180.00	
3					
4					
5					

VAT Adjustment Details (Payment/Tax Adjustment/Refund)

VAT Adjustment/Payment Details

Input VAT Adjustment Details Y

VAT Adjustment Type **Payment**

VAT Payment Details

Amount	180.00		
Challan No.	0098	Dated	31-01-2018
Cheque/DD No.	000012	Dated	31-01-2018
Bank Name	United Arab Bank		
Bank Code	9876	Period Ending	31-01-2018
Interest	0.00	Penalty	0.00

0 **180.00**

Esc=>Quit F2=>Done

Enter appropriate information in the voucher and click *Save* button to save the voucher.

Step 4: View/Print VAT Reports

Once you have recorded VAT related transactions, you can view the VAT related reports and returns. To view VAT reports, click *Display > VAT Reports >* Select the required report.

With this, we complete Implementation of VAT in BUSY for U.A.E and Saudi Arabia.

<<< ☺ Thank You ☺ >>>