|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Particulars** | **LF** | **Debit [Dr.]****Amount** | **Credit[Cr.]****Amount** |
|  |  |  |  |  |
|  |  |  |  |  |

**JOURNAL FORMAT**

 **Books of-----------------------------------------**

**How is input tax credits adjusted?Offset liability in GST**

Let us consider that goods worth Rs. 10,000 are sold by manufacturer A from Maharashtra to Dealer B in Maharashtra.

Dealer B resells them to Trader C in Rajasthan for Rs. 17,500.

Trader C finally sells to end user D in Rajasthan for Rs. 30,000.

Suppose the applicable tax rates for the goods sold are CGST= 9%, SGST=9%, and IGST=9+9=18%

Since A is selling this to B in Maharashtra itself, it is an intra-state sale and so, CGST@9% and SGST@9% will apply.

Dealer B (Maharashtra) is selling to Trader C (Rajasthan). Hence, this is an interstate sale, with  IGST@18%.

Trader C (Rajasthan) is selling to end user D also in Rajasthan. Once again it is an intra-state sale and hence, CGST@9% and SGST@9% will apply.



Pass entries in the books of Mukerjee & Sons. assuming all transactions have taken place within the state of Uttar Pradesh. Assume CGST @9% and SGST @ 9%.

|  |  |
| --- | --- |
| **2018** |   |
| March 1 | Purchased goods for ₹ 5,00,000 from Mehta Bros. |
| March 10 | Sold goods for ₹ 8,00,000 to Munjal & Co. |
| March 15 | Paid for advertisement ₹ 40,000 by cheque. |
| March 18 | Purchased furniture for office use ₹ 50,000 and payment made by cheque. |
| March 25 | Paid for printing and stationery ₹ 8,000. |
| March 31 | Payment made of balance amount of GST. |

Pass entries in the books of Devdhar & Bros. Odisha, assuming all transactions have been entered within the state, charging CGST and SGST @ 9% each:

|  |  |
| --- | --- |
| **2018** |   |
| March 4  | Purchased goods for ₹ 5,00,000 from Sunil Bros. |
| 7  | Goods returned to Sunil Bros. for ₹ 20,000 |
| 10  | Sold goods to Mehta & Co. for ₹ 8,00,000 |
|  12  | Goods returned by Mehta & Co. for ₹ 30,000 |
| 20  | Goods withdrawn by Proprietor for personal use ₹ 10,000 |
| 25  | Goods distributed as free samples ₹ 5,000 |
| 26  | Paid advertisement expenses by cheque ₹ 20,000 |
| 31  | Payment made of balance amount of GST. |