TALLYPRIME

Complete Course Notes

Accounting • Inventory • Banking • GST • TDS/TCS • Payroll • MIS

Course Level: Beginner to Job-Ready **Modules:** 10

Prepared for Softucator Computer Education

Website: info.softucator.com

Important
TallyPrime menus and statutory workflows can change between releases. This study note explains the concepts and common workflows; always verify current tax rates, filing forms, due dates and government compliance requirements before actual filing.

How to Use These Notes

These notes are designed to take a learner from accounting fundamentals to practical TallyPrime work. Read each module in order, practise the examples in a demo company, and complete the practice tasks at the end of every module.

Stage	What you learn	Practical outcome
1. Accounting base	Accounts, debit/credit, journal, ledger, trial balance, final accounts	Understand why an entry is posted
2. TallyPrime setup	Company, features, configuration, security	Create and manage a company safely
3. Masters	Groups, ledgers, bill-wise, cost centres	Build a clean Chart of Accounts
4. Transactions	Accounting vouchers and special vouchers	Record day-to-day business transactions
5. Inventory	Items, units, godowns, batches, orders, BOM	Track quantity, movement and stock value
6. Banking	Bank ledgers, cheques, BRS, deposits, e-payments	Keep books aligned with bank records
7. GST	GST setup, invoices, ITC, returns, e-Invoice/e-Way Bill	Record GST transactions and prepare reports
8. TDS/TCS	Configuration, deductions, challans, returns	Account for withholding/collection
9. Payroll	Employees, pay heads, attendance, salary, statutory deductions	Process payroll and payslips
10. MIS	Financial, inventory, receivable/payable and management reports	Analyse and communicate business results

Suggested practice company

- Business: ABC Computer Traders
- State: Odisha; maintain both local and interstate customers/suppliers for practice.
- Business model: purchase computer accessories, keep stock, sell on cash and credit, pay expenses, receive customer payments, maintain a bank account and process monthly salary.
- Use realistic but fictional GSTINs, bank details, employee IDs and tax identifiers in practice data.

Core navigation habits

- **Alt+G (Go To):** search and open reports, masters and actions quickly.
- **F11 (Features):** enable or configure major company features.
- **F12 (Configure):** change report/voucher behaviour and screen-level configuration.
- **Ctrl+A:** accept/save a screen in many TallyPrime contexts.
- **F2:** change date/period in many reports and vouchers.
- **F1:** Help/settings and contextual information, depending on screen.

Module 1 — Basics of Accounting

Objective: Build the accounting foundation needed to understand every TallyPrime entry rather than simply memorising voucher keys.

1.1 Meaning and objectives of accounting

Accounting is the systematic process of identifying, recording, classifying, summarising and interpreting financial transactions. It helps a business know what it owns, what it owes, how much it earned, how much it spent and how its financial position changed.

- **Recording:** capture business transactions in a structured way.
- **Classification:** group similar transactions into ledgers/accounts.
- **Summarisation:** prepare Trial Balance and financial statements.
- **Analysis:** understand profitability, liquidity, solvency and operating performance.
- **Decision support:** provide information for owners, managers, lenders, auditors and other stakeholders.

1.2 Types of accounts — traditional classification

Type	Meaning	Examples	Traditional rule
Personal	Accounts relating to persons, firms, companies or associations	Ravi A/c, ABC Ltd., Outstanding Salary	Debit the receiver; credit the giver
Real	Accounts relating to assets/property	Cash, Furniture, Machinery, Building	Debit what comes in; credit what goes out
Nominal	Accounts relating to expenses, losses, incomes, gains	Rent, Salary, Sales, Commission Received	Debit expenses/losses; credit incomes/gains

1.3 Modern account thinking

For practical accounting, also classify accounts as **assets, liabilities, capital/equity, income/revenue and expenses**. This helps connect entries to the Balance Sheet and Profit & Loss Account.

Account class	Normal balance	Examples
Asset	Debit	Cash, bank, inventory, receivables, furniture
Liability	Credit	Payables, loans, GST/TDS payable
Capital/Equity	Credit	Owner's capital, reserves
Income	Credit	Sales, commission received, interest received
Expense	Debit	Rent, salary, electricity, carriage

1.4 Golden rules of debit and credit

Personal: Debit the receiver, Credit the giver. Real: Debit what comes in, Credit what goes out. Nominal: Debit all expenses/losses, Credit all incomes/gains.

1.5 Double-entry system

Every accounting transaction has at least two aspects. The total amount debited must equal the total amount credited. This is the core principle behind a balanced set of books.

Example: Goods purchased for cash ■20,000

Account	Effect	Entry
Purchases / Inventory-related account	Increase in purchase/cost	Debit ■20,000

Account	Effect	Entry
Cash	Decrease in cash	Credit ₹20,000

1.6 Journal entries

A journal is the chronological record of transactions. A basic journal format contains Date, Particulars, Ledger Folio/reference, Debit amount and Credit amount.

Transaction	Debit	Credit
Owner introduces ₹1,00,000 cash	Cash A/c ₹1,00,000	Capital A/c ₹1,00,000
Paid office rent ₹10,000 by bank	Rent A/c ₹10,000	Bank A/c ₹10,000
Sold goods for cash ₹15,000	Cash A/c ₹15,000	Sales A/c ₹15,000
Purchased goods on credit from XYZ ₹25,000	Purchase A/c ₹25,000	XYZ A/c ₹25,000

1.7 Ledger posting

A ledger groups transactions account-wise. The Cash ledger shows cash inflows and outflows; a customer ledger shows sales, receipts and outstanding balance; an expense ledger shows the expense transactions.

1.8 Trial Balance

Trial Balance is a statement of ledger balances prepared to test the arithmetical equality of debit and credit balances. Agreement does not prove that every accounting error is absent; for example, an entry may be posted to the wrong account while still keeping the totals equal.

1.9 Financial statements

Statement	Main purpose
Trading Account	Determine gross profit or gross loss from trading activity; commonly compares sales with cost of goods sold
Profit & Loss Account	Determine net profit or net loss after indirect expenses and other incomes.
Balance Sheet	Show financial position through assets, liabilities and capital/equity at a point in time.

1.10 Worked flow: from transaction to final accounts

1. Identify the transaction and source document.
2. Determine the accounts affected.
3. Apply debit/credit rules.
4. Record the transaction in the appropriate voucher/journal.
5. Post/classify it into ledgers.
6. Review the Trial Balance.
7. Prepare Trading, Profit & Loss and Balance Sheet reports.
8. Analyse unusual balances, outstanding items and reconciliation differences.

Practice exercises

- Pass entries for: capital introduced ₹2,00,000; furniture purchased for cash ₹30,000; goods purchased on credit ₹50,000; cash sales ₹35,000; rent paid ₹8,000; salary outstanding ₹12,000.
- Classify 20 sample accounts into Personal, Real and Nominal and also into Asset, Liability, Income or Expense.

- Prepare a Trial Balance from a list of 10 ledger balances and identify whether the totals agree.

Module 2 — Introduction to TallyPrime & Company Setup

Objective: Learn the TallyPrime environment, licensing concepts, company lifecycle, features, configuration and security.

2.1 What is TallyPrime?

TallyPrime is business management software used for accounting, inventory, invoicing, taxation, banking, payroll, reporting and related business processes. The same company data can connect transactions to reports so that an entry made once can flow into relevant ledgers, statements and analysis.

2.2 Installation and licensing — learning concept

1. Download TallyPrime from the official Tally Solutions website.
2. Install the application using the installer and choose the required installation location/settings.
3. A new installation can be used in Educational Mode before a paid license is activated. Educational Mode has transaction-date restrictions.
4. For a licensed installation, activate the license with the credentials/key provided by Tally Solutions.
5. Silver is a single-user license; Gold is designed for multi-user use in a LAN environment. Licensing terms and available services can change, so check the current official documentation.

Current documentation note
Tally's official documentation states that Educational Mode is intended for demonstration/learning and has restrictions on transaction dates. A valid license provides licensed-mode access and related services. See the references at the end of this PDF.

2.3 Create a company

1. Open TallyPrime and choose the option to create a company.
2. Enter company name and mailing/statutory details as required.
3. Select the financial year beginning date and books beginning date carefully.
4. Set base currency and other basic company details.
5. Choose relevant accounting, inventory, taxation and payroll features.
6. Accept/save the company and review the Gateway of Tally.

2.4 Alter, select and shut a company

Action	Purpose
Create	Create a new company data set.
Alter	Change company information or features.
Select/Load	Open a company for work.
Shut	Close the currently open company without deleting its data.
Delete	Permanently remove company data after confirming the deletion process; use backups and authorization before doi

2.5 F11 — Company Features

F11 controls major feature areas. Depending on the release and company setup, options may include accounting, inventory, taxation, payroll, cost centres, bill-wise details, order processing and other features. Enable only what the business actually needs, then review the resulting masters and vouchers.

2.6 F12 — Configuration

F12 provides screen/report-level configuration. It can change how information is displayed or how a particular screen behaves. A useful habit is to check F12 when an expected field or column is not visible.

2.7 Security

- **Tally Vault:** protects company data using encryption/password-based protection. Keep credentials confidential.
- **Security control:** create users/roles and grant only the access needed for each job.
- **Password permissions:** restrict sensitive activities such as altering masters, deleting vouchers or viewing reports.
- **Backup discipline:** security is not a substitute for backup. Maintain independent, tested backups.

2.8 Recommended company setup checklist

Before entering transactions	Check
Company identity	Name, address, contact details, statutory identifiers
Period	Financial year and books beginning date
Features	Accounting, inventory, bill-wise, cost centre, GST, payroll etc. as applicable
Security	Admin credentials, user roles, permissions
Backup	Create an initial backup before bulk master creation
Masters	Groups, ledgers, units, stock items, tax ledgers

Practice task

- Create ABC Computer Traders for a one-year practice period.
- Enable accounting and inventory; then enable bill-wise details and cost centres.
- Create two users: Administrator and Data Entry Operator, with different permissions.
- Take a backup of the empty company before moving to Module 3.

Module 3 — Chart of Accounts & Master Maintenance

Objective: Build accurate masters before transaction entry. Good master design reduces reporting errors later.

3.1 Chart of Accounts

A Chart of Accounts is the structured list of groups and ledgers used to classify accounting transactions. In TallyPrime, ledgers are placed under groups, and the group hierarchy influences where balances appear in reports.

3.2 Groups and ledgers

Business need	Example ledger	Typical group/category
Cash balance	Cash	Cash-in-Hand
Bank account	HDFC Bank Current A/c	Bank Accounts
Customer	ABC Retail	Sundry Debtors
Supplier	XYZ Distributors	Sundry Creditors
Sales	Sales – Computer Accessories	Sales Accounts
Purchases	Purchase – Computer Accessories	Purchase Accounts
Office rent	Office Rent	Indirect Expenses
Loan	Bank Term Loan	Secured/Unsecured Loans as applicable
GST payable	Output CGST/SGST/IGST	Duties & Taxes / relevant statutory grouping

3.3 Creating a ledger

1. Open Create Master > Ledger (or use the relevant Go To/Create Master route).
2. Enter a clear, unique ledger name.
3. Select the correct group.
4. Enter opening balance only when there is a genuine opening balance.
5. For party ledgers, configure bill-wise details and credit terms where required.
6. For GST/TDS/TCS-related ledgers, enter statutory details as applicable.
7. Accept and verify the ledger in the Chart of Accounts.

3.4 Single vs multiple ledger creation

Single creation is suitable for one-off masters. Multiple creation is useful when setting up many similar ledgers at once, such as several customers, suppliers or expense heads. Always review the group and tax settings after bulk creation.

3.5 Bill-wise details

Bill-wise accounting tracks individual invoices and adjustments instead of showing only one net party balance. It is essential for effective receivable/payable ageing and collection follow-up.

Concept	Meaning
New Ref	Create a new reference for an invoice/transaction.

Concept	Meaning
Against Ref	Adjust a receipt/payment against an existing invoice/reference.
Advance	Record money received/paid before the related invoice or adjustment.
On Account	Keep the amount unadjusted against a specific bill until allocation is known.
Credit period	Define expected payment period for credit transactions.

3.6 Credit limits

A credit limit can be used to control exposure to a customer. It should be based on business policy and reviewed periodically. A credit limit is a control aid, not a guarantee that payment will be received.

3.7 Cost centres and cost categories

Cost centres help analyse income/expenses by department, employee, project, branch or other dimensions. A **Cost Category** can be used when multiple parallel allocations or additional dimensions are required.

Example	Cost centre
Departments	Sales, Administration, Service
Projects	Project A, Project B
Branches	Bhubaneswar, Cuttack, Berhampur
Functions	Marketing, Training, Support

3.8 Master maintenance controls

- Use consistent naming conventions.
- Avoid duplicate ledgers with slightly different spellings.
- Do not place a ledger under a convenient but incorrect group merely to make a screen look right.
- Do not enter opening balances without supporting records.
- Review inactive/unused masters periodically.
- Restrict master alteration rights to authorised users.

Practice task

- Create 10 customer ledgers, 5 supplier ledgers and 10 expense/income ledgers.
- Enable bill-wise details for customers and suppliers.
- Create three departments as cost centres and allocate selected expenses to them.
- Open the Chart of Accounts and verify the grouping before entering Module 4 transactions.

Module 4 — Voucher Entries & Daily Transactions

Objective: Record the common day-to-day transactions correctly and understand when to use each voucher.

4.1 Voucher map

Voucher	Shortcut	Primary use
Contra	F4	Cash ↔ bank or bank ↔ bank transfers
Payment	F5	Payments by cash/bank
Receipt	F6	Money received in cash/bank
Journal	F7	Adjustments, accruals, provisions, transfers that are not better represented by a specialised vouch
Sales	F8	Sales invoice/transaction
Purchase	F9	Purchase invoice/transaction
Debit Note	Alt+F5	Purchase return/claims or other debit-note scenarios, depending on setup
Credit Note	Alt+F6	Sales return/allowance or other credit-note scenarios, depending on setup

4.2 Contra voucher

Use Contra for internal fund transfers involving cash and bank accounts, such as depositing cash into bank or withdrawing cash from bank. Example: Cash deposited ■20,000 → Bank Dr ■20,000; Cash Cr ■20,000.

4.3 Payment voucher

Use Payment for money going out. Example: office rent paid by bank ■15,000 → Rent Dr ■15,000; Bank Cr ■15,000. For credit purchases, do not record the purchase itself through Payment; record the purchase invoice first, then use Payment when settling the supplier.

4.4 Receipt voucher

Use Receipt for money coming in. For a customer invoice settlement, debit Cash/Bank and adjust the customer's outstanding bill-wise reference as appropriate.

4.5 Purchase voucher

A purchase transaction may involve supplier, purchase/inventory item, quantity/rate, tax ledgers, additional charges and bill-wise reference. The exact fields depend on whether you are doing accounting-only or inventory-integrated purchase.

4.6 Sales voucher

A sales invoice normally captures customer, sales/stock item, quantity, rate, discount, applicable taxes and invoice details. For inventory-integrated sales, stock quantity and value are affected by the transaction.

4.7 Journal voucher

Journal is useful for non-cash/bank adjustments and accounting adjustments. Examples include depreciation, expense accrual, provisions, inter-ledger adjustments and reclassification, subject to the business's accounting policy.

4.8 Debit Note and Credit Note

Document	Common business situation	Accounting idea
Debit Note	Purchase return or amount recoverable from supplier, depending on business	Reduces purchase/raises claim as configured
Credit Note	Sales return or reduction/credit to customer	Reduces sales/amount receivable as configured

4.9 Special vouchers

- **Memorandum Voucher:** temporary/non-accounting record used for tracking or provisional purposes; it does not normally affect final accounts until converted/recorded appropriately.
- **Optional Voucher:** a transaction can be marked optional so that it can be considered for reporting without immediately affecting the books in the same way as a regular voucher.
- **Post-Dated Voucher:** entered in advance with a future date for planned transactions; it is not treated as a current-date transaction merely because it was entered today.

4.10 Voucher alteration, cancellation and deletion

- Alteration changes an existing voucher while preserving the transaction's place in the books according to the system's audit/security settings.
- Cancellation generally keeps the voucher record while marking it cancelled, useful when the document should not affect accounting but a trace is required.
- Deletion removes the voucher from the active books and should be restricted because it can affect numbering, audit trail and reconciliation.
- Always investigate why a voucher is being altered/deleted; do not use deletion to hide an error.

4.11 Voucher classes

Voucher Classes can standardise recurring entries by predefining ledgers, allocation behaviour or other fields. They are useful for repetitive transaction types, such as standard sales/purchase patterns or recurring accounting allocations.

4.12 Practical transaction set

No.	Transaction	Voucher
1	Owner introduced cash ₹2,00,000	Receipt / appropriate capital entry
2	Cash deposited into bank ₹50,000	Contra (F4)
3	Purchased goods on credit ₹80,000	Purchase (F9)
4	Sold goods on credit ₹1,20,000	Sales (F8)
5	Paid supplier ₹40,000 by bank	Payment (F5)
6	Received customer ₹60,000 by bank	Receipt (F6)
7	Office rent outstanding ₹10,000	Journal (F7)
8	Customer returned goods ₹5,000	Credit Note (Alt+F6)

Quick shortcut sheet

Action	Shortcut
Go To	Alt+G
Create Voucher	F4/F5/F6/F7/F8/F9 for common accounting vouchers

Action	Shortcut
Debit Note	Alt+F5
Credit Note	Alt+F6
Stock Journal	Alt+F7
Delivery Note	Alt+F8
Receipt Note	Alt+F9
Sales Order	Ctrl+F8
Purchase Order	Ctrl+F9
Rejection In	Ctrl+F6
Rejection Out	Ctrl+F5

Shortcut verification
Keyboard shortcuts can differ between TallyPrime and older Tally.ERP 9 documentation. The table above follows current TallyPrime Help documentation; use the in-product shortcut shown on your installed release if a conflict appears.

Module 5 — Inventory & Order Management

Objective: Maintain quantity, valuation, storage, batch, order and manufacturing information alongside accounts.

5.1 Inventory structure

Master	Purpose	Example
Unit of Measure	Define how quantity is counted	Nos, Kg, Box, Meter
Compound Unit	Combine units	1 Box = 10 Nos
Stock Group	Classify similar items	Computer Accessories
Stock Category	Alternative classification across groups	Branded / Non-branded
Stock Item	Actual item being bought/sold	Keyboard, Mouse, SSD
Godown/Location	Physical storage location	Main Warehouse, Branch Store
Batch	Lot-level tracking	Batch A101, Expiry 30-06-2027

5.2 Units of measure

Simple units are standalone units such as Nos or Kg. Compound units combine two units, such as Box of 10 Nos. Use consistent units across purchase, sales, stock transfer and reporting.

5.3 Stock groups and categories

Groups provide hierarchical classification; categories provide another way of analysing stock items. Choose a structure that matches how the business buys, sells and reports inventory.

5.4 Stock item creation

1. Create the stock item and select its unit.
2. Place it in the correct group/category.
3. Enable batch, expiry, GST or other options when required.
4. Define opening quantity/rate/value only when supported by opening records.
5. Define standard selling/purchase information only when it is useful and controlled.
6. Test one purchase and one sale before bulk entry.

5.5 Batch and expiry management

Batch-wise inventory is useful for goods with limited shelf life or where lot traceability matters. TallyPrime can store batch identifiers and manufacturing/expiry dates, allowing stock to be analysed by batch.

5.6 Multiple godowns and stock transfers

Godowns/locations represent physical or logical storage locations. A stock transfer between two godowns should be recorded through the appropriate inventory voucher/process so that quantity moves from the source location to the destination location without becoming an artificial sale.

5.7 Order processing cycle

Purchase side	Sales side
Purchase Order	Sales Order
Receipt Note (goods received)	Delivery Note / Challan (goods delivered)
Purchase Invoice	Sales Invoice
Rejection Out	Rejection In
Payment to supplier	Receipt from customer

5.8 Bill of Materials (BOM)

A BOM defines the components required to produce a finished item. Example: one assembled desktop may require a cabinet, motherboard, processor, RAM and storage. The Manufacturing Journal can use the BOM to consume components and produce the finished item, subject to the configured quantities and process.

5.9 Reorder levels

A reorder level is a stock-control trigger indicating that replenishment should be considered. Set it using expected demand, lead time, safety stock and supplier reliability rather than choosing an arbitrary number.

5.10 Physical Stock

Physical Stock is used to record the quantity actually counted during physical verification. Differences between book stock and physical stock should be investigated and documented before adjustment.

5.11 Stock valuation

Inventory valuation determines the monetary value assigned to closing stock and the cost carried into relevant reports. TallyPrime supports methods including Average Cost, FIFO and others; the method selected affects the value shown even when physical quantity is unchanged.

Method	Concept
FIFO	Older cost layers are considered first for issues; closing stock is generally represented by later cost layers.
Average Cost	Cost is determined using an average of relevant purchase/stock costs according to the configured method.
Standard Cost	Uses a predefined standard cost; differences can be analysed as variances depending on setup.
Other methods	Availability and behaviour depend on the TallyPrime release and report configuration.

Practice workflow

1. Create Nos and Box units.
2. Create stock groups for Hardware and Accessories.
3. Create 10 stock items with opening balances.
4. Create two godowns and record a stock transfer.
5. Create a batch-controlled item with an expiry date.
6. Record a purchase order → receipt note → purchase invoice.
7. Record a sales order → delivery note → sales invoice.
8. Create a BOM and record a manufacturing transaction.
9. Check Stock Summary and Godown Summary.

Module 6 — Banking Management

Objective: Manage bank ledgers, cheques, deposits, payment advice and Bank Reconciliation.

6.1 Bank ledger setup

- Create a ledger under the appropriate Bank Accounts grouping.
- Enter bank account details and configure cheque/e-payment/bank reconciliation options as required.
- Set the reconciliation beginning date carefully.
- Use correct instrument/cheque numbers and dates during voucher entry.

6.2 Cheque book management

Maintain cheque ranges so cheque numbers can be tracked. The Cheque Register can help identify pending, printed, reconciled and cancelled cheques.

6.3 Cheque printing

TallyPrime can print cheque details from payment transactions when the bank's supported cheque format and relevant configuration are set. Before printing in a live environment, test alignment on sample paper and confirm the bank format.

6.4 Bank Reconciliation Statement (BRS)

BRS compares the company's book-side bank transactions with the bank's statement. Differences can arise from cheques issued but not presented, deposits not credited, bank charges, direct credits/debits, timing differences or errors.

Situation	Book	Bank statement	Typical action
Cheque issued but not presented	Payment recorded	Not yet debited	Leave unreconciled until presented; monitor outstanding c
Bank charges	Not recorded	Charge appears	Record bank charge in books, then reconcile
Customer directly deposits	Not recorded	Credit appears	Identify party and record receipt/adjustment
Wrong amount in books	Incorrect	Correct bank amount	Alter/correct voucher after verification

6.5 Manual reconciliation

Manual BRS can be done by entering bank dates/status for book transactions based on the bank statement. Reconcile only after checking instrument/date/amount/party details.

6.6 Auto reconciliation

Current TallyPrime releases can import supported bank statements and identify exact/potential matches for reconciliation. Supported formats/banks can change, so check the current bank-support list before implementation.

6.7 Deposit slips and payment advice

Deposit Slips document money deposited into the bank. Payment Advice can communicate payment details to suppliers or other recipients. Configure and print/share according to the business process.

6.8 Banking controls

- Reconcile bank accounts regularly rather than only at year-end.
- Review unreconciled items older than normal clearing periods.

- Do not mark a transaction reconciled without evidence from the bank statement.
- Restrict bank ledger alteration and deletion rights.
- Maintain backups before importing large bank statements or creating bulk vouchers.

Module 7 — Goods and Services Tax (GST)

Objective: Understand GST setup and transaction flow in TallyPrime, including local/interstate transactions, ITC, e-Invoice, e-Way Bill and return preparation.

7.1 GST fundamentals

GST is an indirect tax system in India. For accounting practice, learners should understand taxable value, GST rate, place/state of supply, intra-state vs inter-state treatment, input tax credit, output tax liability and the relationship between invoices and returns.

Transaction	Typical tax structure
Intra-state sale/purchase	CGST + SGST/UTGST as applicable
Inter-state sale/purchase	IGST as applicable
Input tax	GST paid on eligible purchases/expenses; potential ITC subject to law and conditions
Output tax	GST charged on taxable outward supplies

7.2 GST setup in TallyPrime

1. Open F11 (Features) and enable GST for the company.
2. Enter the company's State and GST registration details such as GSTIN/UIN where applicable.
3. Set GST rates and other details according to the business's products/services and current tax rules.
4. Configure GST details in ledgers and stock/service masters where required.
5. Review invoice numbering, place-of-supply and registration details.
6. Test one local and one interstate invoice before bulk entry.

Compliance warning
GST rates, exemptions, place-of-supply rules, e-Invoice applicability and filing requirements can change. This course note teaches the Tally workflow, not legal/tax advice. Verify current rules with the GST portal/qualified tax professional.

7.3 HSN and SAC

HSN is used for goods classification and SAC for services. Correct classification supports appropriate GST treatment and reporting. Maintain the codes at the appropriate master/transaction level according to the business setup and current requirements.

7.4 Local vs interstate invoice

Step	Local supply	Interstate supply
Identify parties	Supplier and customer in same state, subject to place of supply rules	Different states/territories as applicable
Tax	CGST + SGST/UTGST where applicable	IGST where applicable
Invoice	Enter customer, items/services, taxable value and taxes	Enter customer, place-of-supply and IGST details
Review	Check GST breakup and invoice details	Check state/place-of-supply and IGST breakup

7.5 Reverse Charge Mechanism (RCM)

Under RCM, the recipient may be responsible for paying GST on specified supplies instead of the supplier. In TallyPrime, configure the relevant ledgers/masters and transaction details according to the applicable RCM rule and current GST treatment.

7.6 Advance receipts and additional charges

Advance receipts can create tax/reporting implications depending on the nature of supply and applicable rules. Additional charges such as freight, packing or other expenses should be configured so the taxable value and tax calculation follow the applicable treatment.

7.7 Input Tax Credit (ITC)

ITC is the eligible credit of input GST that can be used against output tax subject to statutory conditions. Accounting software can help track input/output tax, but eligibility must be determined under current GST law and supporting documentation.

7.8 e-Invoice

Where e-Invoicing is applicable, TallyPrime can support generation through connected services and print relevant identifiers/QR details on invoices. Confirm applicability, turnover thresholds, exemptions and current portal rules before relying on the workflow.

7.9 e-Way Bill

For applicable movement of goods, an e-Way Bill may be required. TallyPrime can support online generation where configured. The official Tally documentation notes that the e-Way Bill process can be integrated while saving the invoice and the e-Way Bill details can be printed with the invoice.

7.10 GST returns and reconciliation

Report/process	Learning focus
GSTR-1	Outward supplies/invoice reporting and exception review
GSTR-2A/2B reconciliation	Compare purchase-side supplier data with books and investigate mismatches
GSTR-3B	Summarise outward liability, eligible ITC and net tax payable according to applicable return rules
GST Challan/Payment	Account for payment of tax liability and reconcile with statutory payment records

7.11 GST error checklist

- Wrong GSTIN or state selected.
- Incorrect local/interstate treatment.
- Wrong HSN/SAC or tax rate.
- Tax ledger mapped to wrong group/type.
- Invoice omitted or duplicated.
- Credit/debit note not linked or reported correctly.
- ITC claimed without checking statutory eligibility/support.
- Return totals not reconciled with books.

Practice task

1. Create a GST-registered practice company.
2. Create two local customers and one interstate customer.

3. Create GST-configured stock items with fictional HSN codes and practice rates.
4. Record local purchase, interstate purchase, local sale and interstate sale.
5. Record one credit note and one debit note.
6. Review GST reports and reconcile the totals to the underlying vouchers.
7. Practise an e-Way Bill/e-Invoice workflow only in the appropriate test/educational environment and with valid credentials when applicable.

Module 8 — TDS & TCS

Objective: Configure withholding/collection features, record transactions, make statutory payments and prepare return data.

8.1 TDS concept

Tax Deducted at Source (TDS) is a withholding mechanism in which the payer deducts tax from specified payments when the applicable legal conditions are met. The accounting entry must reflect the expense/liability, the amount payable to the deductee and the TDS payable liability.

8.2 TDS configuration

1. Enable TDS in company features.
2. Enter required deductor details such as TAN and other statutory information.
3. Create/verify the relevant expense ledgers and party ledgers.
4. Set the applicable nature of payment and TDS configuration.
5. Define thresholds/rates according to the current law and the TallyPrime release.
6. Test a transaction and verify the TDS deduction details/report.

8.3 Example accounting flow

Suppose a specified professional service invoice is subject to TDS. The exact rate/threshold must be checked under current law. Conceptually, the entry records the gross expense, credits the vendor for the net amount and credits TDS payable for the amount withheld. Later, the TDS payable is paid to the government through a statutory payment process.

8.4 TDS payment

- Review the TDS payable report.
- Record payment to the government using the appropriate payment/challan workflow.
- Enter challan details accurately.
- Reconcile the payment with the statutory records before return preparation.

8.5 TDS returns — important 2026 update

The syllabus mentions Form 26Q and Form 27Q. Those are important historical/legacy concepts, but current TallyPrime documentation states that from 1 April 2026, under the Income-tax Act, 2025, Form 140 replaces Form 26Q for applicable non-salary quarterly TDS reporting, and Form 144 replaces Form 27Q for payments to non-residents. Returns up to 31 March 2026 use the earlier forms. TallyPrime 7.1 and later support the newer report formats.

Period	Form for non-salary TDS reporting (per current Tally documentation
Up to 31 March 2026	Form 26Q / Form 27Q, as applicable
From 1 April 2026	Form 140 / Form 144, as applicable

8.6 TCS concept

Tax Collected at Source (TCS) is collected by the seller in specified transactions where the law requires it. Configure TCS features, relevant ledgers and collection details only after checking the applicable provisions and thresholds.

8.7 TCS sales flow

1. Enable TCS and enter the collector details.
2. Create the TCS-related ledger/master settings.
3. Configure the applicable nature of goods/transaction.
4. Record the sales invoice with the required collection.
5. Review the TCS report and reconcile collected amounts.
6. Record payment/challan and prepare the applicable return data.

8.8 TDS/TCS controls

- Do not hard-code rates from an old textbook.
- Maintain PAN/TAN and party master data accurately.
- Review threshold exceptions and higher-rate conditions where applicable.
- Reconcile deductions/collections to challans before return export.
- Keep supporting invoices, contracts, declarations and payment evidence.

Module 9 — Payroll Management

Objective: Create employee masters, pay heads, attendance and salary structures, process salary and generate payslips/statutory reports.

9.1 Enable payroll

Enable Maintain Payroll from F11. For Indian payroll statutory features, enable the applicable statutory options and configure them according to the organisation and current rules.

9.2 Employee groups and employee masters

Master	Example
Employee Group	Sales Team, Administration, Technical Support
Employee	Employee 001 – Sample Name
Attendance/Production Unit	Days, Hours, Pieces
Pay Head	Basic Salary, HRA, Conveyance, PF Deduction, ESI Deduction

9.3 Pay heads

Pay Heads define earnings, deductions, employer contributions and other salary components. Each pay head should have an appropriate calculation method, ledger grouping and statutory configuration when required.

9.4 Salary structure

A salary structure can contain fixed earnings, variable earnings, deductions and employer contributions. The structure should be documented so that the same formula is not recreated differently for different employees without authorisation.

9.5 Attendance and production

Attendance vouchers capture days/hours/leave/other units. Production units can capture output where pay depends on production. The unit and attendance type must match the organisation's payroll policy.

9.6 Salary processing

1. Confirm employee master and salary structure.
2. Enter attendance/production for the payroll period.
3. Record salary using the payroll voucher.
4. Review earnings and deductions employee-wise.
5. Review statutory calculations and exceptions.
6. Record payment of net salary through the appropriate bank/cash process.
7. Generate payslips and payroll/statutory reports.

9.7 EPF, ESI and Professional Tax

TallyPrime supports statutory payroll configurations and reports for applicable EPF, ESI, Professional Tax and other supported statutory components. The exact rates, eligibility and thresholds must be maintained according to current law and the employee/company's applicability.

9.8 Payslips

A payslip normally communicates employee identity, period, attendance, earnings, deductions and net pay. TallyPrime provides single pay slip and other payroll report options, with configurable presentation.

9.9 Payroll controls

- Lock/approve attendance before salary processing.
- Separate salary preparation from final payment authorisation where possible.
- Review unusual net-pay changes month to month.
- Reconcile salary payable with bank payment.
- Reconcile statutory liabilities with challans and reports.

Practice task

1. Create 5 employees across two employee groups.
2. Create Basic, HRA, Conveyance, PF, ESI and Professional Tax pay heads as applicable to the practice case.
3. Enter attendance for one month.
4. Process salary and review the Payroll Register.
5. Generate payslips for all employees.
6. Record salary payment and statutory payments in the practice company.

Module 10 — Financial Analysis & MIS Reporting

Objective: Turn transaction data into useful financial, inventory, receivable/payable and management information.

10.1 Balance Sheet

The Balance Sheet presents assets, liabilities and capital/equity at a point in time. Use it to understand liquidity, asset structure, external obligations and net worth.

10.2 Profit & Loss Account

The Profit & Loss Account summarises income and expenses for a period and shows the resulting profit or loss. Compare current and previous periods to identify unusual movements.

10.3 Trial Balance

Trial Balance lists ledger balances and provides a starting point for checking debit/credit equality and reviewing account classification before final reporting.

10.4 Cash Flow and Fund Flow

Report	Learning focus
Cash Flow	Movement of cash/cash equivalents through operating, investing and financing activities, depending on the reportin
Fund Flow	Traditional analysis of changes in working capital and sources/uses of funds; interpretation depends on the report c

10.5 Stock Summary and Godown Summary

Stock Summary provides item-wise quantity/rate/value information. Godown Summary analyses inventory by location. Use these reports to identify slow-moving, negative, excess or missing stock and to compare physical verification with book balances.

10.6 Movement Analysis

Movement Analysis helps understand stock inflow/outflow over a selected period. It can support purchase planning, sales analysis and inventory control.

10.7 Accounts Receivable and Payable

Receivables show amounts customers owe; payables show amounts due to suppliers. Bill-wise ageing can classify outstanding amounts by age buckets, helping collection and payment planning.

Age bucket	Typical management question
0–30 days	Which current invoices are due soon?
31–60 days	Which accounts need follow-up?
61–90 days	Which balances are becoming overdue?
90+ days	Which old balances require escalation/review?

10.8 Ratio Analysis

Ratios convert financial statement numbers into comparable indicators. Common examples include current ratio, gross profit ratio, net profit ratio, debt-equity ratio and inventory turnover. Interpret ratios together with industry context and trends; a single ratio rarely tells the full story.

10.9 Cost Centre break-up

Cost Centre reports show how income/expense is distributed among departments, projects or other dimensions. This supports budgeting, responsibility accounting and project profitability analysis.

10.10 Exporting reports

- Select the required report and period.
- Use Export/Share options to choose PDF, Excel or other supported formats.
- Configure columns, filters and grouping before export.
- Name exported files clearly, for example: *ABC_TrialBalance_Mar2026.pdf*.
- Protect confidential reports and share them only with authorised recipients.

10.11 Importing data

Bulk import can speed up migration or master creation but can also introduce errors. Always validate field mapping, dates, ledger names, units, tax fields and duplicate records before accepting imported data.

10.12 Splitting financial years

When a company has multiple financial years, splitting can separate older periods into a new data set while retaining the current period. Take a verified backup, check outstanding items and follow the release-specific split procedure before performing the operation.

10.13 Backup and restoration

1. Take regular backups to an independent location.
2. Use meaningful backup dates/versions.
3. Periodically test restoration rather than assuming a backup is usable.
4. Keep at least one backup protected from accidental deletion/ransomware.
5. Before major operations such as bulk import, year split or large master changes, take an additional backup.

MIS dashboard thinking

Question	Report/data to review
Are we profitable?	P&L, gross/net profit ratios
Who owes us money?	Receivables / ageing / bill-wise outstanding
Whom do we need to pay?	Payables / ageing
What stock do we have?	Stock Summary / Godown Summary
Which department costs most?	Cost Centre reports
Where is cash going?	Cash Flow / bank and cash ledgers
Are books matching bank?	BRS / Banking Activities
Are tax balances consistent?	GST/TDS/TCS reports and reconciliations

Integrated Practical Project — ABC Computer Traders

This project combines all 10 modules into one realistic practice case. Use fictional identifiers and do not enter real tax/bank credentials into a training company.

A. Company setup

- Create ABC Computer Traders.
- Set the financial year and books beginning date.
- Enable accounting, inventory, bill-wise details, cost centres, GST and payroll as applicable.
- Create Administrator and Data Entry roles with different permissions.
- Take an initial backup.

B. Opening masters

- Cash and two bank ledgers.
- Five suppliers and five customers.
- Sales and purchase ledgers.
- Ten stock items under two stock groups.
- Two godowns.
- Two departments as cost centres.
- GST-related ledgers and fictional GST details for training.
- Five employees and the required pay heads.

C. Month 1 transactions

Day	Transaction	Voucher/process
1	Capital introduced ₹5,00,000 in bank	Capital entry / Receipt as appropriate
2	Purchase inventory ₹1,00,000 on credit	Purchase
4	Transfer ₹50,000 from bank to cash	Contra
5	Sell goods ₹75,000 on credit	Sales
7	Pay supplier ₹60,000	Payment + bill adjustment
10	Receive customer ₹40,000	Receipt + bill adjustment
12	Pay office rent ₹15,000	Payment
15	Transfer stock between godowns	Stock transfer
18	Record purchase return ₹5,000	Debit Note / relevant return process
20	Record sales return ₹3,000	Credit Note / relevant return process
22	Record bank charges ₹1,500	Payment/Journal as appropriate
25	Record salary for the month	Payroll
28	Process statutory liabilities as applicable	GST/TDS/payroll statutory processes

Day	Transaction	Voucher/process
30	Reconcile bank and review reports	BRS + MIS

D. Review checklist

- Trial Balance balances.
- Receivable/payable ageing agrees with party ledgers.
- Stock Summary agrees with physical practice records.
- Godown quantities are reasonable.
- Bank balances are reconciled.
- GST input/output balances are reviewed.
- TDS/TCS balances are reviewed if applicable.
- Payroll net salary and statutory liabilities are reviewed.
- Backup is taken after month-end.

E. Final learner deliverables

1. Export Trial Balance to Excel/PDF.
2. Export Profit & Loss and Balance Sheet.
3. Export Stock Summary and Godown Summary.
4. Export receivable and payable ageing.
5. Prepare a one-page MIS summary explaining three important findings.
6. Prepare a month-end checklist signed/approved by the trainer or authorised reviewer.

TallyPrime Quick Reference — Keyboard Shortcuts

Use the shortcut shown in your installed release if it differs. The following list is based on current TallyPrime Help documentation.

Action	Shortcut
Go To	Alt+G
Help / Settings area	F1
Change Date / Period	F2
Company	F3
Contra	F4
Payment	F5
Receipt	F6
Journal	F7
Sales	F8
Purchase	F9
Stock Journal	Alt+F7
Delivery Note	Alt+F8
Receipt Note	Alt+F9
Physical Stock	Ctrl+F7
Sales Order	Ctrl+F8
Purchase Order	Ctrl+F9
Debit Note	Alt+F5
Credit Note	Alt+F6
Rejection In	Ctrl+F6
Rejection Out	Ctrl+F5
Payroll Voucher	Ctrl+F4
Change Mode	Ctrl+H
Configure	F12
Company Features	F11
Save/Accept	Ctrl+A
Print	Ctrl+P
Export	Ctrl+E in applicable screens
Share	Ctrl+Alt+W / context-dependent

Memory trick
F4 → Contra, F5 → Payment, F6 → Receipt, F7 → Journal, F8 → Sales, F9 → Purchase. Think of the sequence as the core daily accounting flow.

Assessment Bank — Theory, Practical & Viva

A. Short-answer questions

- What is double-entry bookkeeping?
- Differentiate Personal, Real and Nominal accounts.
- What is the purpose of a Trial Balance?
- What is the difference between a ledger and a group?
- What is bill-wise accounting?
- Why are cost centres used?
- When is Contra used?
- Differentiate Payment and Receipt vouchers.
- What is a Post-Dated Voucher?
- What is a Godown?
- Why is batch-wise inventory useful?
- What is a BOM?
- Why is BRS prepared?
- What is ITC under GST?
- What is RCM?
- What is TDS?
- What is TCS?
- What is a Pay Head?
- What is ageing analysis?
- Why should backups be tested?

B. Practical examination tasks

1. Create a company and configure accounting/inventory features.
2. Create groups, ledgers, stock items, units and godowns.
3. Record 15 accounting vouchers using at least six voucher types.
4. Record purchase and sales orders followed by receipt/delivery and invoices.
5. Configure GST in a training company and record local/interstate transactions.
6. Prepare a bank reconciliation.
7. Create a payroll structure and process one month of salary.
8. Review Trial Balance, P&L;, Balance Sheet, Stock Summary and ageing reports.
9. Export at least three reports to PDF/Excel.
10. Take and verify a backup.

C. Viva checklist

- Explain the debit and credit in any voucher before entering it.

- Explain why a particular ledger belongs under its selected group.
- Explain why a transaction is local or interstate in the practice case.
- Explain how a purchase invoice affects inventory, supplier balance and GST.
- Explain how a receipt adjusts a bill-wise outstanding.
- Explain one cause of a BRS difference.
- Explain why a stock transfer is not a sale.
- Explain why statutory rates should not be copied from an old book.
- Explain the difference between data backup and data security.

Glossary of Important Terms

Term	Meaning
Account	Record used to classify financial transactions.
Asset	Resource controlled by the business with economic value.
Liability	Obligation payable by the business.
Capital/Equity	Owner's residual interest after liabilities.
Ledger	Account-wise record of transactions.
Group	Category used to organise ledgers.
Voucher	Transaction document/entry type used to record business activity.
Bill-wise	Method of tracking individual invoices/references and settlements.
Cost Centre	Dimension used to track income/expense by department/project/etc.
Stock Item	Individual inventory item maintained in TallyPrime.
Godown	Physical/logical inventory location.
Batch	Lot identifier used for traceability and, where applicable, expiry.
BOM	Bill of Materials: component list required to make a finished item.
BRS	Bank Reconciliation Statement/process for matching books with bank records.
GST	Goods and Services Tax.
ITC	Input Tax Credit, subject to statutory eligibility.
RCM	Reverse Charge Mechanism.
TDS	Tax Deducted at Source.
TCS	Tax Collected at Source.
Pay Head	Payroll component such as earning or deduction.
MIS	Management Information System/reporting used for decision support.
Ageing	Classification of outstanding amounts by time period.
FIFO	First In, First Out inventory valuation concept.
Trial Balance	Statement of ledger balances used for accounting review.

Professional Best Practices

- **Think before posting:** identify the document, account, amount, tax treatment and business purpose.
- **Use meaningful masters:** consistent names make reports easier to read and search.
- **Separate duties:** where possible, the person creating transactions should not have unrestricted authority to delete or approve everything.
- **Reconcile regularly:** bank, receivables, payables, stock and statutory balances should be reviewed on a defined schedule.
- **Do not guess tax rules:** use current government/Tally documentation and professional advice when needed.
- **Backup before risk:** bulk imports, year splits, large master changes and major corrections deserve a fresh backup.
- **Keep evidence:** invoices, bills, payment proof, bank statements and statutory documents support the accounting record.
- **Review exceptions:** negative stock, old receivables, unreconciled bank items, unusual margins and large journal entries deserve investigation.
- **Protect credentials:** never share administrator passwords or statutory portal credentials.
- **Document corrections:** when a voucher is altered or cancelled, retain the reason and supporting evidence according to company policy.

Month-end closing checklist

Area	Checks
Sales/Purchase	Invoices, returns, credit/debit notes, numbering
Receivables	Ageing, confirmations/follow-up, advances
Payables	Ageing, advances, disputed invoices
Inventory	Stock summary, negative stock, physical verification, valuation
Bank	BRS, bank charges, direct credits/debits, old cheques
GST	Tax ledgers, books vs reports, return reconciliation
TDS/TCS	Liabilities, challans, return data, exceptions
Payroll	Attendance, salary, deductions, statutory liabilities
Reports	Trial Balance, P&L, Balance Sheet, MIS
Backup	Verified backup stored independently

Official References & Further Study

The following official Tally Solutions/TallyHelp pages were consulted while preparing these notes, especially for current TallyPrime shortcuts, licensing, banking, GST, payroll, inventory and TDS changes. Always use the latest official documentation for release-specific procedures.

TallyPrime keyboard shortcuts
https://help.tallysolutions.com/keyboard-shortcuts-tally-prime/

TallyPrime licensing
https://help.tallysolutions.com/installation-and-licensing/licensing-tallyprime/

Educational Mode
https://help.tallysolutions.com/tallyprime-license-in-educational-mode/

Accounting entries and voucher types
https://help.tallysolutions.com/tally-prime/accounting/accounting-entry-tally/

GST setup
https://help.tallysolutions.com/setting-up-gst-in-tallyprime/

e-Way Bill
https://help.tallysolutions.com/india-gst-e-way-bill-tally/

Bank reconciliation
https://help.tallysolutions.com/bank-reconciliation-tally/

Auto bank reconciliation
https://help.tallysolutions.com/auto-bank-reconciliation/

Inventory management
https://help.tallysolutions.com/tally/inventory-tally/

Stock valuation methods
https://help.tallysolutions.com/inventory/stock-valuation-methods-tallyprime/

Batch-wise inventory
https://help.tallysolutions.com/tally/manage-inventory-batch-wise-tally/

Payroll setup
https://help.tallysolutions.com/tally-prime/payroll/enabling-payroll-in-tallyprime-tally/

Payroll statutory payments
https://help.tallysolutions.com/tally-prime/payroll-transactions/pf-payment-tally/

TDS current forms / Form 140
https://help.tallysolutions.com/form-26q-tally/

TDS current forms / Form 144
https://help.tallysolutions.com/form-27q-tally/

TallyPrime 7.1 release notes
https://help.tallysolutions.com/release-notes-tallyprime-7-1/

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