

**Accounting system for Banks under GST**  
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**Part 1 – Purchases of Fixed Assets or Stationary or General Expenses or Services etc where GST is mentioned separately in Purchase Invoice. (RD Purchases)**

**Eg. 1** – ABC BANK LTD. purchased from supplier in Maharashtra Air conditioner/Computer/Printer for Rs. 10,000 where GST is charged at 28%.

	Debit	Credit
Air conditioner/Computer/Printer (RD) A/c	10,000	
14% SGST Input A/c	1,400	
14% CGST Input A/c	1,400	
To, Party/Cash/Bank A/c		12,800

**Eg. 2** – ABC BANK LTD. purchased from supplier from out of Maharashtra Air conditioner/Computer/Printer for Rs. 10,000 where GST is charged at 28%.

	Debit	Credit
Air conditioner/Computer/Printer (RD) A/c	10,000	
28% IGST Input A/c	2,800	
To, Party/Cash/Bank A/c		12,800

**Eg. 3** – PQR Manpower Ltd. charged ₹ 10,000 for manpower supply services and add 18% GST to ABC BANK LTD.

	Debit	Credit
Security Expenses (RD) A/c	10,000	
9% SGST Input A/c	900	
9% CGST Input A/c	900	
To, Party/Cash/Bank A/c		11,800

**Note: In case of inadmissible input credit (subject to circular/notification) input tax credit need to revise and charged to expenses.**

Suppose in above example only 50% of input tax credit is admissible then following entry need to pass.

	Debit	Credit
Security Expenses (RD) A/c	900	
To, 9% SGST Input A/c		450
To, 9% CGST Input A/c		450

(Being reversal of inadmissible input tax credit as per notification no. 2017/1XX)

**Part 2 - Purchases of Fixed Assets or Stationary or General Expenses etc where GST is NOT mentioned separately in Purchase Invoice (URD – Unregistered Dealer Purchases)**

**Eg. 4** - ABC BANK LTD. purchased Air conditioner/Computer/Printer from supplier in Maharashtra net invoice value of Rs. 10,000

	<b>Debit</b>	<b>Credit</b>
Air conditioner/Computer/Printer (URD) A/c	10,000	
To, Party/Cash/Bank A/c		10,000

**Also entry should be made under RCM as follows**

14% Input CGST Credit under RCM A/c	1,400	
14% Input SGST Credit under RCM A/c	1,400	
To, 14% Output CGST payable under RCM		1,400
To, 14% Output SGST payable under RCM		1,400

**Note – Further in case of inadmissible input credit under RCM entry need to revised and should charged to respective expense head.**

**Eg. 5** – Suppose IT Firm in Maharashtra charges ABC BANK LTD. Rs. 5,000 as Software Consultancy Charges where GST is NOT charged separately.

	<b>Debit</b>	<b>Credit</b>
IT Consultancy Charges (URD) A/c	5,000	
To, Cash/Bank/Party A/c		5,000

**Also entry should be made under RCM as follows**

9% Input CGST Credit under RCM A/c	450	
9% Input SGST Credit under RCM A/c	450	
To, 9% Output CGST payable under RCM		450
To, 9% Output SGST payable under RCM		450

**Note – Further in case of inadmissible input credit under RCM entry need to revised and should charged to respective expense head.**

**Eg. 6** – Suppose ABC BANK LTD. pays Rs. 15,000 as Cleaning/Tea etc. charges in cash to vendor.

	<b>Debit</b>	<b>Credit</b>
General / Tea / Cleaning Expenses (URD) A/c	15,000	
To, Cash/Bank/Party A/c		15,000

**Note – Further in case of inadmissible input credit under RCM entry need to revised and should charged to respective expense head.**

**Part 3 – Service Charges charged to Bank by other Banks or Service Providers where GST is mentioned separately in Invoice.**

**Fig. 7 –** Suppose IDBI Bank charges ABC BANK LTD. Rs. 10,000 where GST is charged at 18% separately

	<b>Debit</b>	<b>Credit</b>
Bank Charges (RD) A/c	10,000	
9% SGST Input A/c	900	
9% CGST Input A/c	900	
To, IDBI Bank A/c		11,800

**Fig. 8 –** Suppose CA Firm charges ABC BANK LTD. Rs. 50,000 as Accounting and Consultancy Charges where GST is charged at 18%.

	<b>Debit</b>	<b>Credit</b>
Accounting and Consultancy Charges A/c	50,000	
9% SGST Input A/c	4,500	
9% CGST Input A/c	4,500	
To, IDBI Bank A/c		59,000

**Note – Further in case of inadmissible input credit under RCM entry need to revised and should charged to respective expense head.**

**Part 4 – Service Charges and other Charges debited (charged) by Bank to customers Eg. Locker Rent, Bank Guarantee Commission, Process Fee, Cheque Book Charges, other income, Form Fee, DD Commission etc.**

**Fig. 9 –** Suppose ABC BANK LTD. chares Rs. 500 as Bank Guarantee Fees to customer M/s XYZ.

	<b>Debit</b>	<b>Credit</b>
M/s XYZ A/c	590	
To, 9% SGST Output A/c		45
To, 9% CGST Output A/c		45
To, BG Commission Income A/c		500

#### Part 4 – Purchase of exempted goods or services

**Eg. 10** – Suppose ABC BANK LTD. purchased Diesel worth Rs. 5000

	<b>Debit</b>	<b>Credit</b>
Diesel Expenses (Exempted) A/c	5000	
To, Cash/Bank/Party A/c		5000

#### Part 5 – GL Opening Procedure

**Note:** Every Expense/Asset head need to open in three different categories

1. Expenses Head (RD)
2. Expenses Head (URD)
3. Expenses Head (Exempted)

**Following GL are required to be opened in Accounting System. (Subject to Rates)**

GL Head	Grouping
1. 9% SGST Input A/c	Balance Sheet Asset Side
2. 9% CGST Input A/c	
3. 18% IGST Input A/c	
4. 9% Input CGST Credit under RCM A/c	
5. 9% SGST Output A/c	Balance Sheet Liability Side
6. 9% CGST Output A/c	
7. 18% IGST Output A/c	
8. To, 14% Output CGST payable under RCM	

**IMPORTANT** – In your bank statements (Leaders) all charges debited to clients should show as Charges + SGST + CGST separately and account muster must include GSTIN of customer.

For more assistance feel free to call CA Dinesh Wadera on 9561494666

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