

	<b>Kinds of Supplies</b>
<b>1</b>	<b>Taxable Supplies</b>
	<b>Standard Rated</b>
	<b>Zero-Rated</b>
<b>2</b>	<b>Exempt Supplies</b>

Taxable Supplies-Standard Rated

*General Journal*

<i>Date</i>	<i>Account Titles and Explanation</i>	<i>Post Ref.</i>	<i>Debit</i>	<i>Credit</i>	
	<b>Purchases</b>		<b>500,000</b>		
	<b>Sales Tax Receivable</b>		<b>90,000</b>		Input Tax
	<b>Cash</b>			<b>590,000</b>	
	<b>Cash</b>		<b>684,400</b>		
	<b>Sales Tax Payable</b>			<b>104,400</b>	Output Tax
	<b>Sales</b>			<b>580,000</b>	
	<b>Sales Tax Payable</b>		<b>90,000</b>		
	<b>Sales Tax Receivable</b>			<b>90,000</b>	
	<b>Sales Tax Payable</b>		<b>14,400</b>		
	<b>Cash</b>			<b>14,400</b>	

Taxable Supplies-Zero Rated						
<b>General Journal</b>						
Date	Account Titles and Explanation	Post Ref.	Debit	Credit		
	<b>Purchases</b>		<b>500,000</b>		Input Tax	
	<b>Sales Tax Receivable</b>		<b>90,000</b>			
	<b>Cash</b>			<b>590,000</b>		
	<b>Cash</b>		<b>580,000</b>		No sales tax	
	<b>Sales</b>			<b>580,000</b>		
	<b>Cash</b>		<b>90,000</b>			
	<b>Sales Tax Receivable</b>			<b>90,000</b>		

Exempt Supplies						
<b>General Journal</b>						
Date	Account Titles and Explanation	Post Ref.	Debit	Credit		
	<b>Purchases</b>		<b>590,000</b>		Sales tax is included	
	<b>Cash</b>			<b>590,000</b>		
	<b>Cash</b>		<b>580,000</b>			
	<b>Sales</b>			<b>580,000</b>		

**Question no 1: Calculating Sales Tax Payable:**

A trader purchases goods for Rs. 15,000 (net of Sales Tax) and sells goods for Rs. 20,000 (net of Sales Tax). Calculate the amount of Sales Tax ultimately payable to Taxation Authorities. (Sales Tax Rate 18%)

**Question no 2: Recording Entries-Supplies are net of tax:**

J Ltd purchases goods on credit for Rs. 15,000 (net of Sales Tax) and sells goods for Rs. 20,000 (net of Sales Tax). At the end of his accounting period it paid the amount of Sales Tax owing to Taxation Authorities, whilst it has paid his creditors Rs. 8,000 and his debtors have paid him Rs. 6,000. Write up the ledger accounts for the period.

**Required:**

Prepare entries for the above and prepare accounts for purchases, creditors, sales, debtors and sales tax.

### Question no 3:

Ms. Sara provides you with the following information as regards the last quarter of her financial year:

- Taxable inputs Rs. 239,042
- Taxable outputs Rs. 334,828

Both figures include Sales Tax at 16%. During this period she paid Rs 8,450 in settlement of the previous return.

### Required:

Compute sales tax payable/receivable, prepare all entries for the above and prepare sales tax account.