



Financial Transactions are automatically created in HDPOS whenever any operation such as creation of Invoices or purchases warrants the creation of the same. The financial transactions for invoices, sales returns, purchases, and purchase returns have changed in HDPOS starting from version 4063. When the application is updated, only the Financial Account (FA) transactions corresponding to Purchase (RIE) and purchase returns are affected. A new button '**Maintain Input Output Tax**' is available in technical settings for non-cloud users who have updated from an older version. Clicking on this button will change the FA transactions for Sales Invoices, Sales Returns, Purchases, and Purchase returns.

Note: The changes in Financial Transactions effected by clicking on the '**Maintain Input Output Tax**' button cannot be undone.

This document explains the changes in the FA transactions created in HDPOS when an existing database is updated

SALES TRANSACTIONS

Case (A): Assume a Sales Invoice created where the Item's price exclusive of tax is 100, a tax 'Tax@10' of 10% is applied, and the payment mode for the said transaction is Cash.

1. FA transaction as created in older version of HDPOS.

Account Name	Credit Amount	Debit Amount
Sales A/c	110	
Petty Cash A/c		110
Tax@10 Payable A/c	10	
Tax@10 Expense A/c		10

2. FA transactions for sales are **NOT** changed upon updating HDPOSsmart.
3. FA Transactions as updated upon clicking the **Maintain Input Output Tax** button.

Account Name	Credit Amount	Debit Amount
Sales A/c	100	
Tax@10 – Sales A/c	10	
Petty Cash A/c		110

Note: A new financial account '<tax_name> - Sales A/c' is created for each of the taxes upon clicking the said button.





SALES RETURN TRANSACTIONS

The transactions for Sales Return created in HDPOSsmart are the exact opposite of the FA Transactions created for sales; wherever a certain amount was credited from an account in sales, it would be debited in sales returns. And wherever a certain amount was debited to an account in sales, the same amount is credited in case of sales returns.

1. FA transaction as created in older version of HDPOS.

Account Name	Credit Amount	Debit Amount
Sales A/c		110
Petty Cash A/c	110	
Tax@10 Payable A/c		10
Tax@10 Expense A/c	10	

2. FA transactions for sales returns are **NOT** changed upon updating HDPOSsmart.
3. FA Transactions as updated upon clicking the **Maintain Input Output Tax** button.

Account Name	Credit Amount	Debit Amount
Sales A/c		100
Tax@10 – Sales A/c		10
Petty Cash A/c	110	

PURCHASE TRANSACTIONS

Case (B): Assume a Purchase Transaction (Received Item Entry) created, where the item's price before tax is 100, on which a purchase tax 'Tax@10' is applied.

1. FA transactions in older version of HDPOS

The FA transactions for the case assumed above could be different based on whether or not the 'Maintain Separate Financial Transaction For This Tax' checkbox was checked in the tax definition.

- (i) When 'Maintain Separate Financial Transaction For This Tax' was checked.

Account Name	Credit Amount	Debit Amount
Purchase A/c		100
Purchase Tax@10 A/c		10
Supplier A/c	110	





- (ii) When 'Maintain Separate Financial Transaction For This Tax' was not checked

Account Name	Credit Amount	Debit Amount
Purchase A/c		110
Supplier A/c	110	

2. FA transaction as updated after updating the application

Account Name	Credit Amount	Debit Amount
Purchase A/c		110
Supplier A/c	110	
Tax@10 - CreditAccumulatedInPurchase A/c	10	
Tax@10 - CreditClaimedAgainstPurchase A/c		10

Note: Two new Financial Accounts :- '<tax_name> - CreditAccumulatedInPurchase A/c' and '<tax_name> - CreditClaimedAgainstPurchase A/c' are created for every tax, upon updating the application.

3. FA Transactions as updated upon clicking the **Maintain Input Output Tax** button.

Account Name	Credit Amount	Debit Amount
Purchase A/c		100
Tax@10 – Purchase A/c		10
Supplier A/c	110	

Note: A new financial account '<tax_name> - Purchase A/c' is created for each of the taxes upon clicking the said button.

PURCHASE RETURN TRANSACTIONS

The financial transactions created for a purchase return in HDPOS is exactly the opposite to that of the transactions created for a Purchase entry. Wherever an account was debited by a certain amount when creating the purchase, the account gets credited by the same amount when creating a purchase return. And wherever the account was credited during purchase, the account gets debited during purchase return.

1. FA transactions in older version of HDPOS

The FA transactions could be different based on whether or not the 'Maintain Separate Financial Transaction For This Tax' checkbox was checked in the tax definition.





- (i) When 'Maintain Separate Financial Transaction For This Tax' was checked.

Account Name	Credit Amount	Debit Amount
Purchase A/c	100	
Purchase Tax@10 A/c	10	
Supplier A/c		110

- (ii) When 'Maintain Separate Financial Transaction For This Tax' was not checked

Account Name	Credit Amount	Debit Amount
Purchase A/c	110	
Supplier A/c		110

2. FA transactions as updated after updating the application

Account Name	Credit Amount	Debit Amount
Purchase A/c	110	
Supplier A/c		110
Tax@10 - CreditAccumulatedInPurchase A/c		10
Tax@10 - CreditClaimedAgainstPurchase A/c	10	

Note: Two new Financial Accounts :- '<tax_name> - CreditAccumulatedInPurchase A/c' and '<tax_name> - CreditClaimedAgainstPurchase A/c' are created for every tax, upon updating the application.

3. FA Transactions as updated upon clicking the **Maintain Input Output Tax** button.

Account Name	Credit Amount	Debit Amount
Purchase A/c	100	
Tax@10 - Purchase A/c	10	
Supplier A/c		110

