24ETAX ERP · PROCESS GUIDE 05

Purchases and expenses

Covers: Purchases › RFQs & vendor quotes, Purchase Orders, Goods receipts, Vendor bills, Payment runs, MSME & vendor statements · Expenses › Expense claims

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Purpose

The buying cycle from asking vendors for a price to paying them: request quotations, place the purchase order, receive the goods, book the vendor's bill against the order and the receipt (three-way match), deduct TDS, pay vendors in a batch, and watch MSME payment deadlines. Staff expense claims follow a similar path.

Who does what

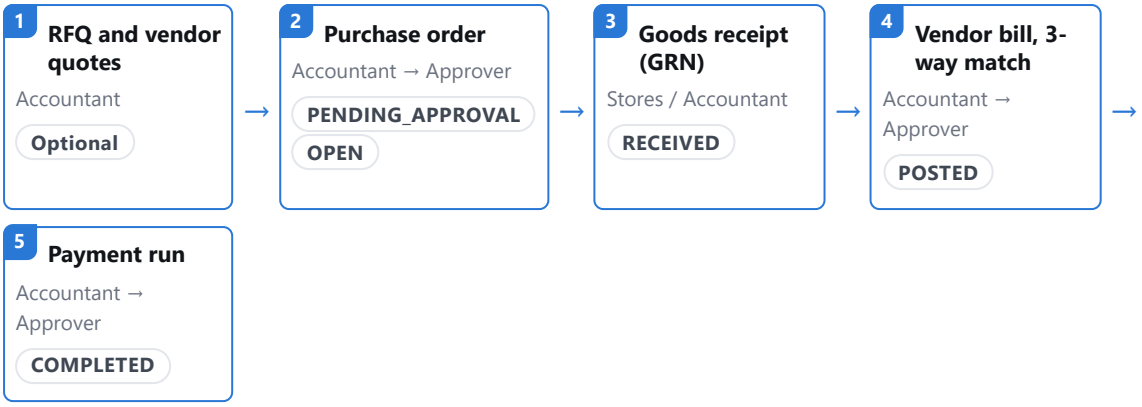
Role	What they do here
Accountant	RFQs, purchase orders, goods receipts, vendor bills, proposing payment runs, own expense claims.
Approver, Admin	Approve purchase orders, bills, payment runs and expense claims (never their own); post and execute payments.
Vendor	Replies to an RFQ on a link; may upload invoices in the vendor portal (guide 19).

Before you start

- The vendor exists with GSTIN and state (guide 01). On the vendor's page, under **Payables profile — TDS, MSME, payouts**, set the **Default TDS section**, MSME **Category** and **Udyam number**, **Payout mode** and bank account, then **Save payables profile**.
- Expense or purchase ledgers exist. Items and a warehouse exist if goods are received into stock (guide 06).
- A bank ledger exists to pay from.

Process flow

PROCURE TO PAY



- Three-way match compares the bill with the purchase order and the goods receipt: quantity and rate. A difference must be accepted with a reason.
- TDS is deducted when the bill is booked; the vendor is credited net and the tax sits in TDS Payable (guide 10).
- A bill without a purchase order can be recorded directly.

Steps

1. Request for quotation (optional)

1. Open **Purchases** › **RFQs & vendor quotes**. Enter **Title ***, **Quotes due by**, tick the **Vendors to invite *** and add the items and quantities. Click **Create RFQ**.
2. Open the RFQ and click **Send to vendors**. Each vendor gets a **Reply link** to enter rate and lead days. A quote received by phone or paper is typed in with **enter quote** and **Save quote**.
3. Read the **Comparison**: rate, lead days, MSME status and score per vendor.
4. Click **Award → PO** on the chosen vendor. A purchase order is created from the quote.

2. Purchase order

1. Open **Purchases** › **Purchase Orders** and click **+ New order** (or arrive from the RFQ award).
2. Enter **Vendor ***, **Date**, **Expected by**, **Deliver to** and **Terms**. Add lines with quantity, rate and GST %. Click **Create purchase order**.
3. The approver opens the order and clicks **Approve** (or **Reject** with a reason).
4. Click **Mark sent to vendor** when it has gone out.

3. Receive goods

1. Open the purchase order. Under **Receive goods** enter the vendor's **Delivery challan** number and date.
2. Per line enter the quantity **Received** and any quantity **Rejected** with the **Reason** (damaged, short).
3. Click **Post receipt**. A goods receipt (GRN) is created and stock increases. The order shows ordered, received and billed quantities.
4. All receipts are listed in **Purchases** › **Goods receipts**; those marked "unbilled" are waiting for the vendor's bill.

4. Vendor bill

1. Open **Purchases** › **Vendor bills** and click **+ Record bill** (or **Record bill** on the purchase order, which fills the lines).
2. Enter **Vendor ***, **Vendor invoice no. ***, **Invoice date** and **Due date**. Choose the **Purchase order** if there is one, and the **Expense / purchase ledger ***.

3. Read **Compliance decisions** below the lines. As soon as the vendor, the ledger and a line are filled in, the system decides TDS, reverse charge and input tax credit and shows the reason for each (see the box below). A block marked **decide** must be answered before the bill can be recorded.
4. Check the lines against the paper bill. For stock items choose **Receive into** if goods were not received through a GRN.
5. Read the **Match:** result. If the bill differs from the order or receipt, either correct the bill or use **Accept variance** and type the reason.
6. Click **Record bill**. With **Post if allowed** ticked it posts at once when your rights allow; otherwise it goes to the approver.

COMPLIANCE DECISIONS ON A BILL

The system works these out for every bill, typed or read from a document, and keeps the result with the voucher:

- **TDS**: the section is read from the bill (SAC or HSN on the lines, then the expense ledger, then the wording, then what was read from the document), unless the vendor has a default section or an approved rule. The rate, thresholds and the year's running total come from **Administration** › **Tax rules**. The block shows the section, the rate, the amount and why.
- **Reverse charge**: when the supply is a notified one (transporter, advocate, security, vehicle hire, import of service, rent from an unregistered landlord and so on) the vendor is credited without GST and the tax is credited to RCM Tax Payable. If the bill shows no GST rate, the category's rate is applied to work out the tax.
- **Input tax credit**: eligible, blocked (the tax is added to the cost) or not applicable (composition supplier, unregistered supplier).
- **Supplier and other checks**: GSTIN cancelled or suspended, composition supplier, missing IRN, contractor PF/ESI proofs, the MSME due date.

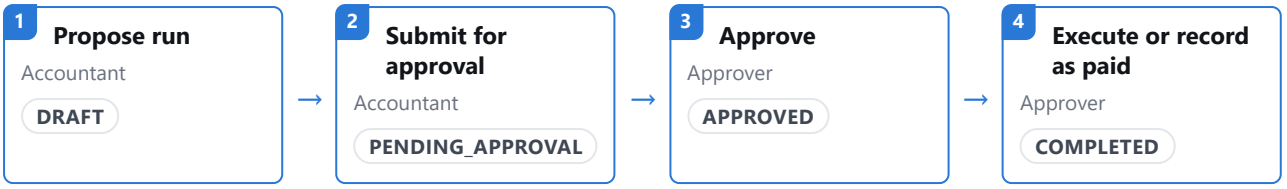
To decide otherwise, pick another choice in the block (for TDS: **No TDS on this bill** or a rate rule) and type the **Reason (kept with the voucher)**. Tick **Remember for this vendor** to propose your answer as the vendor's default; an administrator approves the rule before it applies. The bill cannot be recorded while a block is marked **decide**: the nature of a bill of ₹30,000 or more could not be read, the bill reads differently from the vendor's default section, reverse charge is suggested only by the wording, or the payee is a non-resident. A bill that shows GST from a composition supplier, or from a supplier whose GSTIN was cancelled before the invoice date, is refused until you set **Input tax credit** to blocked with a reason; the tax then goes to cost.

BILLS THE SYSTEM PREPARED

Bills read from uploaded documents or from GSTR-2B appear at the top of **Purchases** › **Vendor bills** and in the Review inbox. Click **Review & book** (the Entry preview, guide 08: original beside the entry, every field with its confidence), check every field against the document, then **Approve proposal & record bill**; or **Reject** with a reason. The entry must add up to the document total; a difference beyond ₹1 / 0.1 % needs your explicit acceptance, and lines whose GST rates are not slabs must be edited first. Invoices uploaded by vendors in their portal are listed there too. A bill from a GSTIN that is not yet a party shows "new vendor": the registry is asked, the explanation says who the GSTIN belongs to and whether it is active or under composition, and approving the bill creates the vendor with its legal name, PAN, status and registered addresses (the name on the bill becomes the trade name).

5. Payment run

PAYMENT RUN



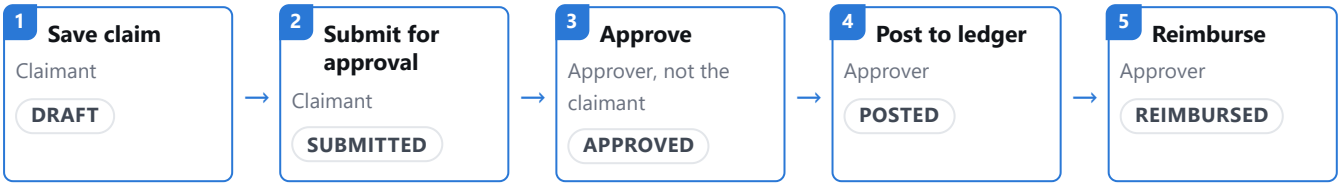
1. Open **Purchases** › **Payment runs**. Set **Run date**, **Pay from** (bank ledger) and **Bills due by**, then click **Propose run**.
2. The run lists each vendor with bills, earliest due date, mode and amount; MSME vendors are flagged. Remove any vendor not to be paid now.
3. Click **Submit for approval**. A different person clicks **Approve** (or **Reject**).
4. Pay: **Execute via payouts** sends the payments through the connected payment provider; or pay from the bank's own site and click **Record as paid manually (UTRs below)** after typing each UTR.
5. Payment vouchers are posted and allocated to the bills. **Sync payout status** updates payouts still in progress. **Cancel run** ends a run that will not be paid.

6. MSME vendors

1. Open **Purchases** › **MSME & vendor statements**.
2. Read the cards: **Due in 7 days**, **Overdue (43B(h) risk)** and **Interest estimate**.
3. Pay overdue MSME bills first: payment is due within 45 days at most, and overdue amounts are disallowed for income tax until paid.

7. Expense claims

EXPENSE CLAIM



1. Open **Expenses** › **Expense claims**. Enter **Title ***, **Claim date** and any **Advance received ₹**.
2. Add a line per expense: date, **Head**, description, **Amount ₹**, **GST ₹** and the **Vendor GSTIN** from the bill (needed to claim input GST). Tick **Cash** for cash payments. Click **Save claim (draft)**.
3. Open the claim and click **Submit for approval**. Lines outside policy are flagged.
4. An approver other than the claimant clicks **Approve** or **Reject**, then **Post to ledger**.
5. Choose the bank and click the Reimburse button; it pays the total less the advance.

Checks and controls

CHECKS AND CONTROLS

- The same vendor invoice number cannot be booked twice for a vendor.
- A bill that does not match its order and receipt needs an explicit, reasoned acceptance.
- A payment run is proposed by one person and approved by another; nobody approves their own expense claim.
- A change to a vendor's bank details is logged with a fraud warning – confirm by phone before the next payment run.
- A bill from a manpower contractor whose last month's PF/ESI proof is not verified carries a warning (guide 11).
- A bill from a composition dealer, or from a GSTIN cancelled on or before the invoice date, is proposed with input tax credit blocked and the reason stated (s.17(5)(e) / s.16(2)(c)); the vendor's registry status comes from the GSTIN lookup (guide 01).

Limits

LIMITS

- Goods receipts are created only from a purchase order, not from the Goods receipts list.
- **Execute via payouts** works in test (sandbox) mode until the administrator connects and enables a live payment provider. Until then use the manual route.

Routine checklist

Daily

- [ ] Goods that arrived are received against their purchase order.
- [ ] Bills received are booked; proposals at the top of Vendor bills are decided.

Weekly

- [ ] Payment run proposed for bills falling due; MSME vendors checked first.
- [ ] Goods receipts older than a week and still "unbilled" are chased with the vendor.

Month end

- [ ] Purchase register agrees with GSTR-2B reconciliation (guide 09). TDS deducted on the month's bills is deposited (guide 10).
- [ ] Expense claims of the month are posted and reimbursed. Fully received and billed orders are closed.