

Accounting Journal Entries which relatd to domestic withholding / added tax system

In case of Purchasing

Dr. Purchases	10,000
Dr. Tax Authority (Added Tax)	100
Cr. Tax Authority (deducted Tax)	50
Cr. Bank / Acc. Payable	10,050

In case of Selling

Dr. Bank / Acc. Receivable	12,060
Dr. Tax Authority (deducted Tax)	60
Cr. Tax Authority (Added Tax)	120
Cr. Revenues	12,000

While preparing form No.(41)

Dr. Tax Authority (deducted Tax)	50
Dr. Tax Authority (Added Tax)	120
Cr. Bank	170

While preparing The corporate Tax Return

Dr. Corporate tax due	400
Cr. Tax Authority (Added Tax)	100
Cr. Tax Authority (deducted Tax)	60
Cr. Bank	240

N.B : The offseting between the added tax and deducted tax is not allowed