Cost Categories

Cost categories are useful for organisations that require allocation of revenue and non-revenue items to parallel sets of cost centres. Cost categories facilitate third-dimensional reporting of expenditure and revenue. For example, region-wise or geography-wise, Grade-wise, Department-wise, cost categories.

Using cost categories you can allocate, in parallel, a transaction to more than one set of cost centres.

For example,

Cost Centres such as Marketing, Finance and Manufacturing can now belong to a category - Departments.

The Salesmen A, B, and C can be Cost Centres under a Category - Executives.

Similarly, you can create a new Cost Category **Projects** under which Cost Centres such as airport construction, road construction and buildings may be created. The classification appears as following:

Cost Categories	Departments	Executives	Projects
Cost Centres	Marketing	Salesman A	Airport Construction
	Manufacturing	Salesman B	Road Construction
	Finance	Salesman C	Buildings

You can specify a **Cost Category** to allow allocation of only revenue items or items of both revenue and capital (Non-Revenue) nature.

By allocating expenses to parallel Cost Centres under different categories, you are simply assigning the amounts to them; the amount does not increase. Tally.ERP 9 performs an automatic reconciliation on real-time basis, saving you the effort of reconciling Ledgers and Cost Centres.

> **Note**: Transactions are not allocated to Cost Categories but to Cost Centres only.

See also

- Enabling Cost Categories

- Creating Cost Categories

- [Altering a Cost Category](#)