

### Chart of Difference Between Trade Discount and Cash Discount:

| BASIS FOR COMPARISON             | TRADE DISCOUNT                                                                                                        | CASH DISCOUNT                                                                                                     |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>Meaning</b>                   | Trade Discount means the reduction in the list/dealer price of goods at the time of dealing with a buyer of goods     | Cash Discount means the reduction in the amount of the Payment receivable from the creditor or payable to debtors |
| <b>Benefit</b>                   | Received order in Bulk                                                                                                | Received payment earlier                                                                                          |
| <b>Time of Discount</b>          | At the time of dealing or sale                                                                                        | At the time of payment                                                                                            |
| <b>Universal to all customer</b> | Yes (if deal prompted on store etc.)<br><br>Or<br><br>No (if dealing by company separately with a single distributor) | No                                                                                                                |
| <b>Record in Books</b>           | Only recorded on Invoice, not in financial Books                                                                      | Yes recorded in Financial books                                                                                   |
| <b>Taxes</b>                     | No need to pay taxes on trade discount                                                                                | Yes because it will provide after sale                                                                            |
| <b>Vary with</b>                 | The number of goods purchased in the given time                                                                       | Payment made in given time                                                                                        |