

6.3 Tax Deducted at Source (TDS)

Tax Deducted at Source is one of the modes of collecting Income Tax from the taxpayers as per the rates mentioned under IT Act and Rules. The deductor of the Tax (TDS) deducts the tax from the deductee, on payment of specified Incomes and deposits the same to the credit of Central Government within the specified period alongwith the challan in prescribed format.

Tally.ERP 9's TDS feature is designed to handle all your TDS requirements easily and with complete flexibility. It allows you to configure the TDS ledgers, by specifying the nature of payments and type of assessee along with the TDS rates.

With the help of Tally.ERP 9, you can generate and file Quarterly/Monthly Returns, Challans viz., Form 16 A and Certificates in prescribed formats. You can also generate e-TDS and file in NSDL compatible formats.

6.3.1 Activate Tax Deducted at Source (TDS)

To activate TDS in Tally.ERP 9, follow the steps given below :

Go to **Gateway of Tally > F11: Features > F3: Statutory & Taxation**

6.3.1.1 Set Enable Tax Deducted at Source to Yes

6.3.1.2 Enable Set/Alter TDS details to Yes

Company: <u>Universal Enterprises</u>			
<u>Statutory & Taxation</u>			
Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? Yes
Set/Alter Excise Details	? No	Set/Alter TDS Details	? Yes
<i>(Note: 'Enable Maintain Multiple Godowns' for Multiple Excise Units)</i>			
Follow Excise rules for Invoicing	? No	Enable Tax Collected at Source (TCS)	? No
Enable Value Added Tax (VAT)	? Yes	Set/Alter TCS Details	? No
Set/Alter VAT Details	? No	Enable Fringe Benefit Tax (FBT)	? No
Enable Service Tax	? Yes	Set/Alter FBT Details	? No
Set/Alter Service Tax Details	? No	Enable Payroll Statutory	? Yes
		Set/Alter Payroll Statutory Details	? No
<u>Tax Information</u>			
VAT TIN (Composition)	:		
VAT TIN (Regular)	:	72568562431	
Local Sales Tax Number	:		
Inter-state Sales Tax Number	:	32547852161	
PAN / Income - Tax No.	:	EEENM16586	

Accept ?
Yes or No

F1: Accounts F2: Inventory F3: Statutory F4: Tally.NET

* (c) Connected to Tally.NET

TDS Setup Screen

6.3.1.3 The **Company TDS Deductor Details** appears

6.3.1.3.1 Specify the **TAN Number, IT Circle, Deductee Type** and other details

6.3.1.3.2 Save screen

6.3.1.4 Specify **PAN/Income Tax No.**

6.3.1.5 Save **F11: Statutory & Taxation** screen

6.3.2 View Deductee Types

To view **Deductee Types** predefined in Tally.ERP 9,

Go to **Gateway of Tally > Display > Statutory Info. > Deductee Types**

6.3.2.1 Select the **Deductee Type** (For e.g., select **Company Resident**). from the **List of Deductee Types**

Deductee Type Display									
Universal Enterprises									
Name : Company - Resident									
Residential Status : Resident									
Deductee Status : Company									
Active ? Yes									
Module Type : Both									
Deductee TDS Details									
Nature of Payment	Applicable From	TDS		Surcharge		Ed Cess		Sec Ed Cess	
		Rate	Exemption Limit	Rate	Exemption Limit	Rate	Exemption Limit	Rate	Exemption Limit
Any Other Interest on Securities As Per Sec.193	1-4-2004	20 %	2,500.00	10 %		2 %			
	1-4-2007	20 %	2,500.00	10 %	1,00,00,000.00	2 %		1 %	
	1-4-2008	20 %		10 %	1,00,00,000.00	2 %		1 %	
Commission on Sale of Lottery Tickets	1-4-2004	10 %	1,000.00	10 %		2 %			
	1-4-2007	10 %	1,000.00	10 %	1,00,00,000.00	2 %		1 %	
Commission Or Brokerage	1-4-2004	5 %	2,500.00	10 %		2 %			
	1-4-2007	5 %	2,500.00	10 %	1,00,00,000.00	2 %		1 %	
	1-6-2007	10 %	2,500.00	10 %	1,00,00,000.00	2 %		1 %	
Deemed Dividend U/s 2(22)(E)	1-4-2007	20 %	2,500.00	10 %	1,00,00,000.00	2 %		1 %	

Deductee Type Details Screen

6.3.3 View TDS Nature of Payments

To view TDS Nature of Payment masters predefined in Tally.ERP 9,

Go to **Gateway of Tally > Display > Statutory Info. > TDS Nature of Pymt**

6.3.3.1 Select any type from the list of TDS Nature of Payments to go to TDS Nature of Pymt

Display

TDS Nature Of Pymt Display	
Universal Enterprises	
Name : Payments to Contractors (Other Than Advertisement)	
Full Name	Payment to a contractor (other than an advertising contract)
Section	: 194C
Payment Code	: 94C
Single Bill Value Limit	: 20,000.00
Section Name	: Contractors & Sub-Contractors

TDS Nature of Payment Screen

6.3.4 Create TDS Ledgers

To create TDS ledgers in Tally.ERP 9, follow the steps given below :

Go to **Gateway of Tally > Accounts Info. > Create**

6.3.4.1 Type the Name of the Ledger

6.3.4.2 Select the required Group

6.3.4.3 Select the Type of Duty/Tax as TDS

6.3.4.4 Select the required Nature of Payment from the drop down list

Ledger Creation		Universal Enterprises		Ctrl + M
Name : TDS on Contractors (alias) :			Total Op. Bal.	
Under	: Duties & Taxes (Current Liabilities)	Mailing Details		
Currency of Ledger	: Rs.	Name	:	
Type of Duty/Tax	: TDS	Address	:	
Nature Of Payment	: Payments to Contractors (Other Than Advertisement)	State	:	
Inventory values are affected	? No	PIN Code	:	
Cost centres are applicable	? No	Tax Information		
Activate Interest Calculation	? No	PAN / IT No.	:	
Opening Balance (on 1-Apr-2008) :			<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Accept ? Yes or No </div>	

TDS Ledger Creation

6.3.4.5 Enter other details and save the screen

6.3.5 Create TDS Transactions

To create transactions involving TDS, follow the steps given below :

Step 1 : Booking of Expenses and TDS Deduction

Go to **Gateway of Tally > Accounting Vouchers > F7: Journal**

- Select the **Expenses** Ledger and total amount in the **Debit** side
- Select the **Party Name** and the amount in the **Credit** side
- Press **Enter**, the **TDS details** screen appears

TDS Details		Universal Enterprises				Ctrl + M X	
Journal	No. 1	Voucher Class : Not Applicable				5-Apr-2008 Saturday	
Particulars				Debit	Credit		
Dr: Advertisement Expenses				5,00,000.00			
TDS Details							
Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jml / 1-1	Payments to Contractors (Other Than Advertisement)	TDS on Contractors	5,00,000.00 Cr	Yes	10,300.00 Cr	4,89,700.00 Cr
	Income Tax	2 % On	5,00,000.00 Cr			10,000.00 Cr	
	Surcharge	0 % On	10,000.00 Cr				
	Education Cess	2 % On	10,000.00 Cr			200.00 Cr	
	Secondary Education Cess	1 % On	10,000.00 Cr			100.00 Cr	
Total				5,00,000.00 Cr		10,300.00 Cr	4,89,700.00 Cr

Booking of Expenses using Journal Voucher

- Press **Enter** to accept the **Nature of Payment**
- Set **Yes/No** to **Deduct TDS Now** in the transaction or later
- Select the **TDS Ledger** in the **TDS Duty Ledger** field
- Press **Enter** to accept the screen
- Select **TDS ledger** and press **Enter** to accept the amount

Accounting Voucher Creation		Universal Enterprises		Ctrl + M
Journal No. 1		Voucher Class : Not Applicable		5-Apr-2008 Saturday
Particulars		Debit	Credit	
Dr	Advertisement Expenses Cur Bal: 5,00,000.00 Dr	5,00,000.00		
Cr	Avanathi Constructions Cur Bal: 4,89,700.00 Cr		4,89,700.00	
	New Ref 1 5,00,000.00 Cr			
	New Ref 1 10,300.00 Dr			
Cr	TDS on Contractors Cur Bal: 10,300.00 Cr		10,300.00	
Narration:		5,00,000.00	5,00,000.00	

Accept ?
Yes or No

TDS Deduction during Booking of Expenses

- Save the screen

Step 2 : Payments to Third Parties after TDS deduction

To account for payment made to party after deduction of TDS

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

- Select **Bank Ledger** in the **Account** field
- Select the **Party Name** and specify the **amount**

Accounting Voucher Creation		Universal Enterprises	Ctrl + M
Payment No. 2		5-Apr-2008 Saturday	
ACCOUNT: HDFC Bank Cur Bal: 2,390.44 Dr			
Particulars			Amount
Avanthi Constructions Cur Bal: 0.00 Dr Agst Ref: 1			4,89,700.00
Narration: Ch. No.: 328598			4,89,700.00
			Accept ? Yes or No

Payments made to Third Parties

- Save screen

6.3.6 TDS Deduction on Advance Payments

To deduct TDS on advance payments made to third parties, follow the steps given below :

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment (As Voucher)**

6.3.6.1 Select **Party Name** and specify the **amount** in the **Debit** side

6.3.6.2 Select the **TDS ledger** in the **Credit** Side and specify the **Nature of Payment** in the **TDS Details** screen

6.3.6.3 Select **End of List** and press **Enter**

6.3.6.4 Select the **Cash / Bank Ledger** in the **Credit** side

6.3.6.5 Save the screen

6.3.7 Deduction of TDS separately

If the expenses are booked on a earlier date and the TDS is required to be deducted at a later date, follow the steps given below :

Go to **Gateway of Tally > Accounting Vouchers > F7 : Journal**

6.3.7.1 Press **Alt+S (TDS Deduction)** and enter the following details

6.3.7.1.1 Specify the **Till Date**

6.3.7.1.2 Select the **Party** Details

6.3.7.1.3 Select **Nature of Payment**

6.3.8 Payment of TDS

Go to **Gateway of Tally > Accounting Vouchers > F5: Payment**

6.3.8.1 Press **Alt+S (TDS Helper)** and enter the following details

6.3.8.1.1 Specify the **Deducted Till Date**

6.3.8.1.2 Select the **Section** under which deducted

6.3.8.1.3 Select **Nature of Payment**

6.3.8.1.4 Select the **Deductee Status**

6.3.8.1.5 Select the **Cash/Bank** Ledger

6.3.8.2 Set **Provide Details** to **Yes** and specify the **Payment Details** (Cheque/DD No. and Date etc.)

The screenshot shows the 'Accounting Voucher Creation' window for 'Universal Enterprises'. The voucher type is 'Payment' (No. 1) dated '5-Apr-2008' (Saturday). The account is 'HDFC Bank' with a current balance of 4,92,000.44 Dr. The voucher details include a table for 'Particulars' and 'Amount'.

Particulars	Amount
TDS on Contractors	10,300.00
Cur Bal: 0.00 Dr	
Agst Ref Jrnl / 1-1	10,300.00
Income Tax	10,000.00 Dr
Surcharge	
Education Cess	200.00 Dr
Secondary Education Cess	100.00 Dr

Provide Details : Yes

Narration:
Ch. No.: 167845

Accept ?
Yes or No

Payment of TDS

6.3.9 Print ITNS 281 Challan

To Print ITNS 281 challan, follow the steps

6.3.9.1 Press **Pg Up** from the above screen

6.3.9.2 Press **Alt+P**

6.3.9.3 In the **Voucher Printing** screen,

6.3.9.3.1 Set **Print as TDS Challan** to **Yes**

6.3.9.3.2 Specify the **Filing Date**

6.3.9.3.3 Press **Enter** to Print

T.D.S. TAX CHALLAN		Single Copy (To be sent to ZFO)
CHALLAN No./ ITNS 281	Tax Applicable (Tick one)* TAX DEDUCTED AT SOURCE FROM (020) COMPANY DEDUCTEES <input type="checkbox"/> (021) NON-COMPANY DEDUCTEES <input checked="" type="checkbox"/>	Assessment Year 2009-10
Tax Deduction Account No. (T.A.N.)		
15784512511		
Full Name		
UNIVERSAL ENTERPRISES		
Complete Address with City & State		
Plot No. 113 & 114, Industrial Estate, Hongasandra, Bangalore		
Karnataka		
Tel. No. 080-66554433		Pin 5600 68.
Type of Payment TDS Payable by Taxpayer (200) <input type="checkbox"/> TDS Regular Assessment (Raised by I.T. Deptt) (400) <input checked="" type="checkbox"/>		Code " 94C FOR USE IN RECEIVING BANK Debit to Ac / Cheque credited on DD MM YY SPACE FOR BANK SEAL Rs. 10,300.00
DETAILS OF PAYMENTS		
	Amount (In Rs. Only)	
Income Tax	10,000.00	
Surcharge		
Education Cess	300.00	
Interest		
Penalty		
Total	10,300.00	
Total (in words):		
CRORES	LACS	THOUSANDS
Zero	Zero	Ten
		HUNDREDS
		Three
		TENS
		Zero
		UNITS
		Zero
Paid in Cash/Debit to Ac /Cheque No. 167845 Dated 5-Apr-2008		
Drawn on: HDFC Bank - Koramangalam (Name of the Bank and Branch)		
Date: 15-Apr-2008		Signature of person making payment
Tear Here		
Taxpayer's Counterfoil (To be filled up by taxpayer) TAN 15784512511 Received from UNIVERSAL ENTERPRISES (Name) Cash/Debit to Ac/Cheque No. 167845 For Rs. 10,300 Rs. (in words) Ten Thousand Three Hundred Only. Drawn on: HDFC Bank - Koramangalam (Name of the Bank and Branch) Non Company(0021) Deductees on account of Tax Deducted at Source (TDS) from 94C for the Assessment Year 2009-10		SPACE FOR BANK SEAL Rs. 10,300.00

Printed ITNS 281 Challan

6.3.10 View TDS Reports

Tally.ERP 9 provides the following TDS Forms, Challans and Reports.

6.3.10.1 TDS Computation

6.3.10.2 TDS Challan Reconciliation

6.3.10.3 Quarterly eTDS Returns

6.3.10.3.1 Form 26Q

6.3.10.3.2 Annexure to 26Q

6.3.10.3.3 Form 27Q

6.3.10.3.4 Annexure to 27Q

6.3.10.4 Annual eTDS Returns

6.3.10.4.1 Form 26

6.3.10.4.2 Annexure to 26

6.3.10.4.3 Form 27

6.3.10.4.4 Annexure to 27

6.3.10.5 Outstandings

6.3.10.6 Exception Reports

To view TDS Reports, follow the steps given below

6.3.10.7 Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports**

The **Form 16A** issued to third party stating the deduction of TDS details appears as shown

FORM NO. 16A
[See rule 31(1)(a)]

Certificate of deduction of tax at source under section 203 of the Income-tax Act, 1961

For interest on securities; dividends; interest other than interest on securities; winnings from lottery or crossword puzzle; winnings from horse race; payments to contractors and sub-contractors; insurance commission; payments to non-resident sportsmen / sports associations; payments in respect of deposits under National Savings Scheme; payments on account of repurchase of units by Mutual Fund or Unit Trust of India; commission, remuneration or prize on sale of lottery tickets; commission or brokerage; rent/fees for professional or technical services; royalty and any sum under section 28 (va); income in respect of units; payment of compensation on acquisition of certain immovable property; other sums under section 195; income in respect of units of non-residents referred to in section 196 A; income from units referred to in section 196 B; income from foreign currency bonds or shares of an Indian company referred to in section 196 C; income of Foreign Institutional Investors from securities referred to in section 196 D

Name and address of the person deducting Tax	Acknowledgement Nos. of all Quarterly Statements of TDS under sub-section (3) of section 200 as provided by TIN Facilitation Centre or NSDL web-site	Name and address of the person to whom payment made or in whose account it is credited	
Universal Enterprises Plot No. 113 & 114, Industrial Estate, Hongasandra Bangalore	Quarter	Avanathi Constructions 4/1 Shastri Nagar G.E Road	
	Apr-Jun		Acknowledgement No. KAR001
	Jul-Sep		KAR002
	Oct-Dec		KAR003
	Jan-Mar	KAR004	
TAX DEDUCTION A/C NO. OF THE DEDUCTOR	NATURE OF PAYMENT	PAN NO. OF THE PAYEE	
45784512511	194C	AQBPP8570B	
PAN NO. OF THE DEDUCTOR	Payments to Contractors (Other Than Advertisement)	FOR THE PERIOD	
EEENM16586		1-Apr-2008 to 31-Mar-2009	

**DETAILS OF PAYMENT, TAX DEDUCTIONS AND DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT
(The Deductor is to provide transaction-wise details of tax deducted and deposited)**

Sr. No.	Amount paid / credited	Date of payment / credit	Tax Deposited				Cheque / DD No. if any	BSR Code of Bank branch	Date on which tax deposited	Transfer Voucher / Challan Identification No.
			TDS Rs.	Surcharge Rs.	Ed Cess	Total Rs.				
1	5,00,000.00	5-Apr-2008	10,000		300	10,300	167845	Hdfc0000-153	5-Apr-2008	1245
		Total	10,000		300	10,300				

Certified that a sum of Rs. (In words) Ten Thousand Three Hundred only has been deducted at source and paid to the credit of the Central Government as per details given above.

Signature of person responsible for deduction of tax

Place : Bangalore
Date : 31-Mar-2009

Full Name : Saikat
Designation : Manager

Printed Form 16A

Similarly, you can generate eTDS Returns and TDS related reports.