Tally

POWER OF SIMPLICITY

Implementation of TDS in Tally.ERP 9

Version: Implementation of TDS in Tally.ERP 9/1.0/June 2009

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Introduction

TDS means Tax Deducted at Source. The concept of TDS was introduced in the Income Tax Act, 1961, with the objective of deducting the tax on an income, at the source of income. It is one of the methods of collecting Income Tax, which ensures regular flow of income to the Government.

Example: Universal Infotech is making the payment towards Rent to the owner of the building, it is required to deduct the tax on the income (i.e. before payment to the owner), at the source of income.

Scope & Applicability

Scope

Tax deduction at source means the tax required to be paid by the assessee, is deducted by the person paying the income to him. Thus, the tax is deducted at the source of income itself. The income tax act enjoins on the payer of such income to deduct the given percentage of income as income tax and pay the balance amount to the recipient of such income. The tax so deducted at source by the payer is to be deposited in the income tax department account. The tax so deducted from the income of the recipient is deemed payment of income tax by the recipient at the time of his assessment.

For example: Person responsible for paying any income which is chargeable to tax under the head 'Salaries' is required to compute the tax liability in respect of such income and deduct tax at source at the time of payment. If the employee has any other income, he needs to inform the employer so that employer can take that income into consideration while computing his tax liability but he will not take into account losses except loss from house property.

Similarly, person responsible for paying any income by way of 'interest on securities' or any other interests are required to deduct tax at source at the prescribed rates at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.

Applicability

Tax will be deducted at source based on the rate defined in the Act, only on the fulfilment of the below mentioned conditions.

1. The Assessees (includes individual & HUF as covered **U/S 44AB**) carrying on business is deducting the tax at the Time of Payment or Credit, (whichever is earlier) against following type of Recipient (Deductee)
   - Individual
   - Hindu undivided Family (HUF)
   - Body of Individual (BOI)
   - Association of person (AOP)
   - Co-Operative society
   - Local Authority
   - Partnership firm
   - Domestic company (Indian company)
   - Foreign company
   - Artificial Judicial Person
2. The nature of payment belongs to any one of following list

Nature of Payment	Nature of Payment
Salaries	Interest on Securities
Dividend	Interest other than securities
Winnings from lottery or crossword puzzles or card game or other game	Winnings from horse races
Payment to sub-contractors	Insurance commission
Payments to Contractors (Advertisement Contractors)	Payments to Contractors (Other than Advertisement)
Payment to Non–Resident sportsman or sports association	Payment in respect of deposits under NSS
Payment on account of repurchase of units of MF or UTI	Commission on sale of lottery tickets
Commission or brokerage	Rent of Land, Building or Furniture
Rent of Plant, Machinery or Equipment	Fees for professional or technical services
Payment of compensation on acquisition of certain immovable property	Payment of Any other income to a non-resident
Income from units to an offshore fund	Income of foreign institutional investors from securities

Fees for Tech. Services Agreement is made after Feb. 29, 1964 before April 1, 1976	Fees for Tech. Services Agreement is made after Mar 31, 1976 before June 1, 1997
Fees for Tech. Services Agreement is made after May 31, 1997 before June 1, 2005	Fees for Tech. Services Agreement is made on or after June 1, 2005
Income by way of Long-Term Capital Gains	Income from Foreign Currency Bonds or Global Depository Receipts (GDR)
Income from Foreign Exchange Assets payable	Interest payable by Government or Indian concern in Foreign Currency
Long–Term Capital Gains	Royalty(f) Agreement is made after May 31, 1997 before June 1, 2005
Royalty(f) Agreement is made before June 1, 1997	Royalty(f) Agreement is made on or after June 1, 2005
Royalty(g) Agreement is made after March 31, 1961 before April 1, 1976	Royalty(g) Agreement is made after March 31, 1976 before June 1, 1997
Royalty(g) Agreement is made after March 31, 1997 before June 1, 2005	Royalty(g) Agreement is made on or after June 1, 2005
Short–Term Capital Gains	

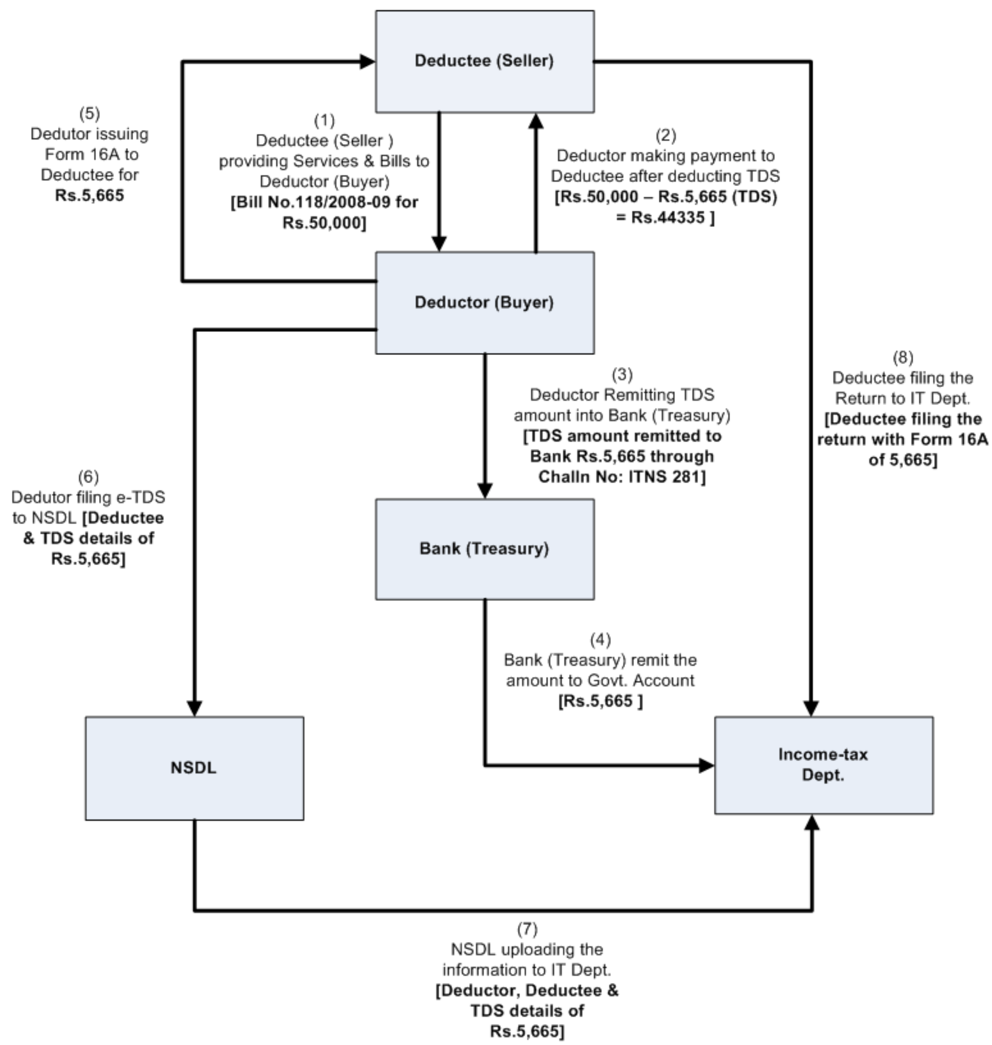
3. The payment exceeds the TDS Exemption Limit specified in the Income Tax Act.

***As per Sec 44AB**, **Individual and HUF** is also considered as assessee under Income Tax Act, if such Individual and HUF*

- ***Carrying on Business**, where the total sales, turnover or gross receipts from the business exceeds **Rs. 40 lakhs** in any Previous Year*
- ***Carrying on Profession**, where the total receipts exceeds **Rs. 10 lakhs** in any previous year*

TDS Process

- A seller (Deductee) provides services to the buyer (Deductor).
- The buyer deducts the Tax at the time of payment of advances or while accounting the Bills received.
- The buyer deposits the deducted amount to the designated branches of the authorised bank
- The buyer issues Form No.16A to the Deductee
- The buyer files annual returns electronically to the Income Tax department.
- The seller files returns, along with Form 16A claiming the credit of the Tax deducted at source.



Time & Mode of TDS Payment

- All the Tax deducted during a month are to be paid to the credit of Government on or before 7th of the next month. In case 7th of the month happens to be a sunday or a bank holiday payment can be made on the next working day
- TDS amount shall be paid to the government account through any designated branches of the authorised banks, along with Income Tax Challan No.281.
- In case of collections made by or on behalf of the Government, the amount shall be credited within the time and in the manner aforesaid without the production of a challan.

Issue of TDS certificate

TDS certificate is a proof that deductor has deducted the tax and paid the same to the government. This proof is essential to the deductee to claim the credit of tax in his Income Tax returns.

U/s 203 of Income Tax Act, any person deducting the tax as per the provisions of

- *__Section 192__ (**Salary**) shall furnish a certificate of Deduction of tax in **Form 16** or **Form 16AA** within one month from the close of Financial year in which such deduction was made.

  Example: For the Financial Year 2007-2008, the TDS certificate must be issued on or before 30th April, 2008

- *Section **193, 194, 194A, 194B, 194BB, 194C, 194D,194E, 194EE,194F, 194G, 194-I, 194J, 194K, 194LA, 195, 196A, 196B, 196C and 196D** shall furnish a certificate of Deduction of tax in **Form 16A** with in one month from the end of the month during which the credit has been given or the payment has been made, as the case may be.

  Example: For deductions in May 2008, TDS certificate must be issued on or before 30th June, 2008

  - In case of deductee to whom more than one TDS certificate was issued for the deductions made during the year, may on request from such deductee, a **consolidated certificate** in **Form 16A** may be issued wihtin a period of one month from the close of such financial year.

Notes

*Refer **Appendix** for details on the ***Sections** mentioned above.*

e-TDS Returns

The Income Tax department has now notified ‘Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003’. It is applicable to all deductors furnishing their TDS return in electronic form. As per this scheme,

- It is mandatory for corporate deductors to furnish their TDS returns in electronic form (e-TDS return) with effect from June 1, 2003.
- For government deductors it is mandatory to furnish their TDS returns in electronic form (e-TDS return) from financial year 2004-2005 onwards.
- Deductors (other than government and corporates) may file TDS return in electronic or physical form.

Deductors furnishing TDS returns in electronic form (e-TDS) have to furnish Form 27A. Form 27A is a control chart to be furnished in physical form along with CD/ Floppy containing the e-TDS returns. Form No 27A is required to be furnished separately for each TDS return.

Form 27A is a summary of e-TDS returns which contains control totals of ‘Amount paid‘ and ‘Income tax deducted at source’. The control totals mentioned on Form 27A should match with the corresponding control totals in e-TDS returns.

Electronic Filing of Returns of Tax Deducted at Source (e-TDS), is explained in detail in ***Reports*** *chapter.*

Returns & Timelines

The following Returns are required to be filed under TDS :

Financial Year	Form No.	Particulars	Periodicity
2008-09	Form 26	Annual return for deduction of tax in respect of payments other than salary.	Annual
	Form 27	Annual return for deduction of tax in respect of payments other than salary made to Non-residents.	Annual
	Form 27A	Physical control charts containing control totals mentioned in TDS returns furnished electronically. Form 27A in physical form to be submitted along with e-TDS annual return forms.	With each e-TDS returns Form 26 and/ or Form 27.
2008-09	Form 26Q	Quarterly return for deduction of tax in respect of payments other than salary.	Quarterly
	Form 27Q	Quarterly return for deduction of tax in respect of payments other than salary made to Non-residents.	Quarterly
	Form 27A	Physical control charts containing control totals mentioned in TDS returns furnished electronically. Form 27A in physical form to be submitted along with e-TDS quarterly return forms	With each e-TDS returns Form 26Q and/or Form 27Q.

Figure 1.1 Table showing Forms & Returns under TDS

TDS Features in Tally.ERP 9

Tally.ERP 9's TDS Feature enables you to handle all the functional, accounting and statutory requirements of your business in an accurate and simplified manner. The TDS functionality in Tally.ERP 9 has the following features

- Simple and user-friendly
- Quick and easy to set up and use
- Create single Expenses Ledger for Multiple Nature of Payment
- Create single TDS Duty Ledger for Multiple Nature of Payment
- Book & Deduct TDS in the same voucher
- Single TDS deduction for multiple vouchers
- Single TDS deduction for Multiple Nature of Payments
- TDS deduction on partial applicable value

- Retrospective Surcharge Deduction
- Party wise configuration for Lower / Zero rate
- Party wise configuration to Ignore IT / Surcharge exemption Limit
- Deduction of TDS on advance payments
- TDS deduction on Non-Resident (Sec.195) payments
- Reversal of TDS
- Print TDS Challan (ITNS 281)
- Print Form 16A
- Generate E-TDS Returns
- Print Form 27A
- Print Form 26, 26Q, 27, 27Q with Annexure(s)
- TDS Computation Report
- Generate TDS Outstanding and TDS Exception Reports

Lesson 1: Enabling TDS in Tally.ERP 9

Lesson Objectives

On completion of this lesson, you will learn to

- Create Company in Tally.ERP 9
- Enable TDS in F11: Features

1.1 Enabling TDS in Tally.ERP 9

It takes a one-time configuration in Tally.ERP 9 for TDS features to be activated. Follow the steps given below to enable TDS in Tally.ERP 9 for a new company, M/s. Universal Infotech.

1. Create Company
2. Enable TDS

*To enable TDS for Companys' which are already created in Tally.ERP 9, follow the instruction provided under the head **Enable TDS**.*

M/s. Universal Infotech, is a Company – Resident, which is engaged in Software Development.

Step 1 : Create Company

Go to **Gateway of Tally** > **Alt + F3: Company Info.** > **Create Company**

In the **Company Creation** screen,

- Specify **Universal Infotech** as the **Company Name** and **Address details**
- Select **India** in the **Statutory Compliance for** field
- Specify the **State, Pin code & Accounts with Inventory** details

The Completed **Company creation** screen appears as shown

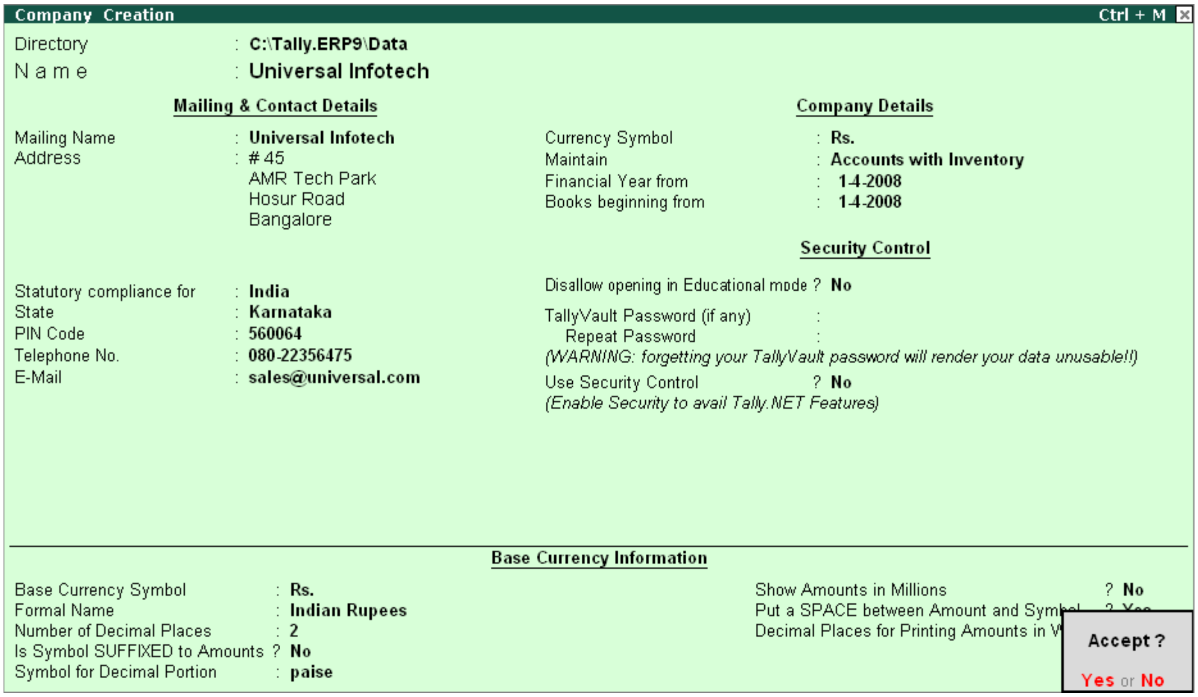


Figure 1.1 Completed Company Creation Screen

*For complete details on **Company Creation** refer **Tally.ERP 9 Help**, topic **Creating Company in Tally.ERP 9***

Step 2 : Enable TDS

To enable **TDS Feature**, for a company

1. Activate TDS Feature
2. Enable Set/Alter TDS Details
3. Specify the Company TDS Deductor Details
4. Enter Company's PAN / Income – Tax No

To enable **TDS Feature** for **universal Infotech**

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

- Set **Enable Tax deducted at Source** to **Yes**
- Enable **Set/Alter TDS Details** to **Yes**

The **Statutory & Taxation** features screen appears as shown.

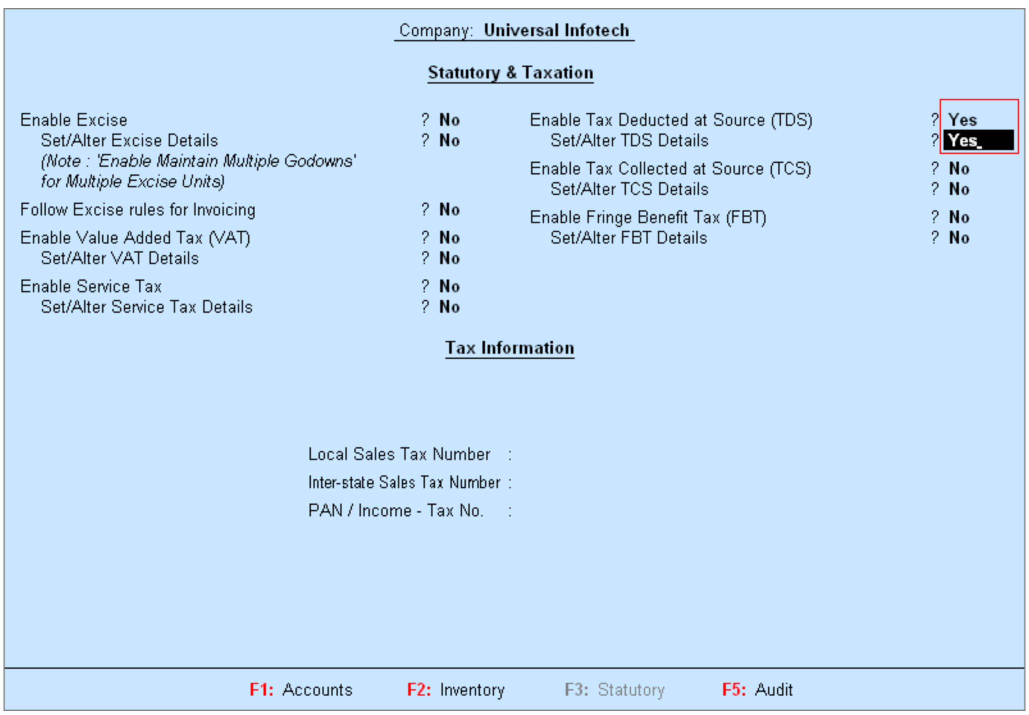


Figure 1.2 F11: Statutory & Taxation Features

- Press **Enter**, the **Company TDS Deductor Details** screen displays

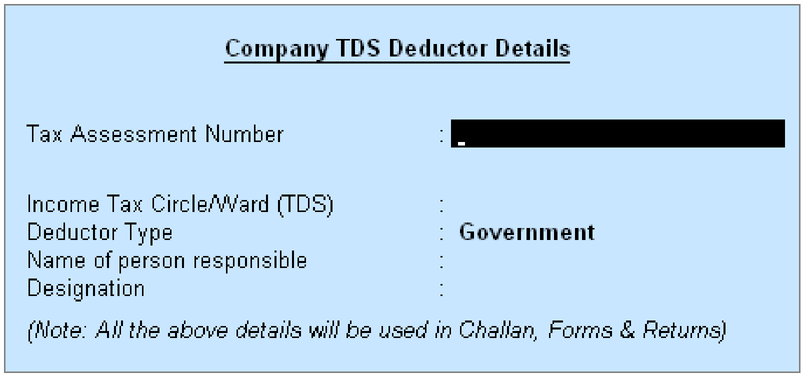


Figure 1.3 Company TDS Deductor Details Screen

In the **Company TDS deductor Details**, enter the TDS Deductor Details such as:

- **Tax Assessment Number (TAN)** : **TAN** is a **TEN** digit alphanumeric number Issued by the Income Tax Department (ITD) to the deductor, which must be quoted on all Challans, Payment for TDS, Certificates issued in Form 16/16A, Returns and in all documents and other correspondence with ITD.

*The Format of TAN is AAAA*55555A, Where A* is the first character of the name of the Organisation.*

*Example: **TAN** of **Universal Infotech** is **KARU07884F***

- **Income Tax Circle /Ward (TDS)** : Income Tax Circle/Ward, in which the deductors are assessed for Income-Tax (TDS) with TAN of each person.
- **Deductor Type**: According to the nature of the organisation Deductor type will be selected. In case of Government, the option **Government** will be selected as the Deductor Type and if the deductor is Non-Government body, **Others** will be selected.
- **Name of the person responsible**: Person responsible means the person who is authorised to file the TDS returns of the company.
- **Designation**: Mention the designation of the authorised person filing TDS returns.

The completed **Company TDS Deductor Details** screen appears as shown

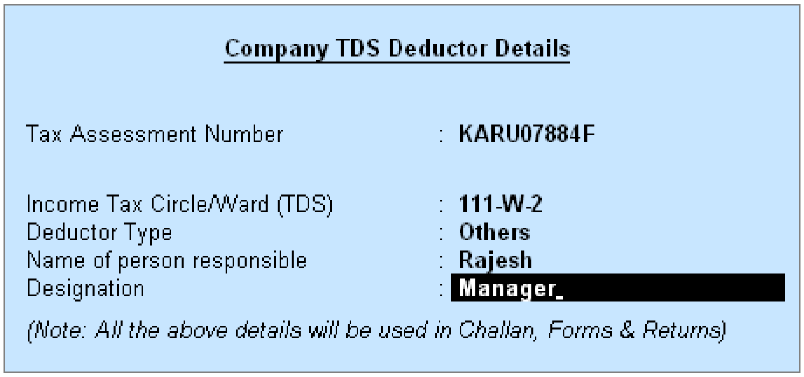


Figure 1.4 Completed Company TDS Deductor Details screen

- Press **Enter** to Accept
- Enter **Permanent Account Number** (**PAN No.)** and other details. **PAN** is **10 Digit Alpha numeric number** alloted by the Income Tax Department to all the taxpayers whose income is taxable.

The completed **F11: Statutory & Taxation** screen appears as shown

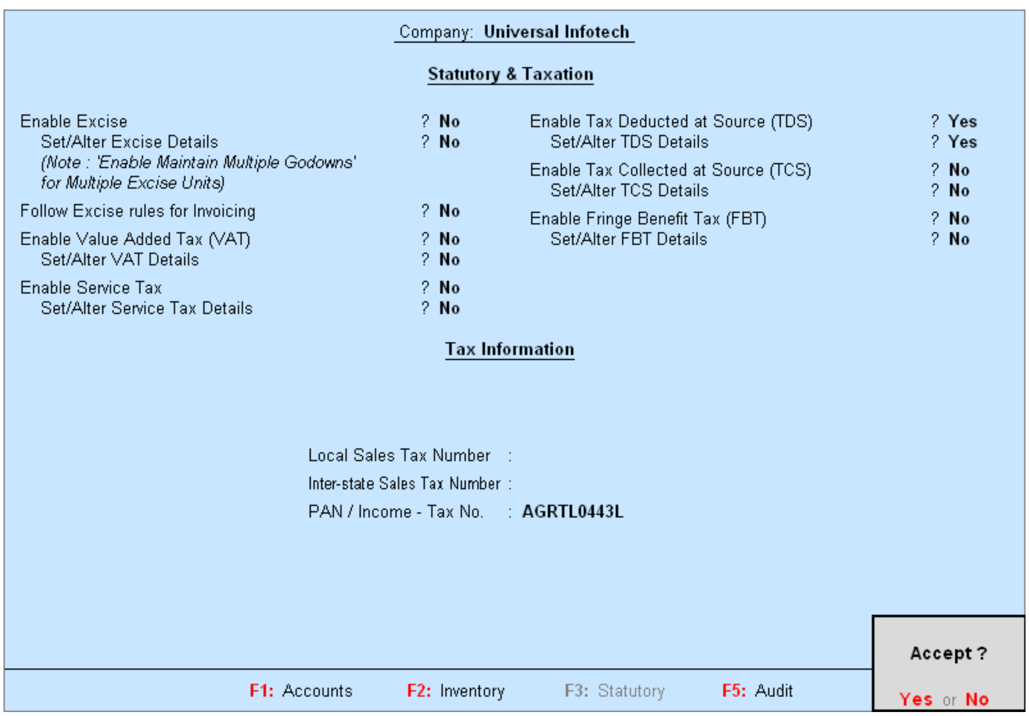


Figure 1.5 Completed F11: Statutory & Taxation Screen

- Press **Enter** to Accept.

Lesson 2: Transactions

Lesson objectives

On completion of this lesson, you will learn to

- Record Basic TDS Transactions
- Record Advanced TDS Transactions
- Make TDS Payments and generate TDS Challans

This lesson is divided into **Two** parts

1. **Part I – Recording Basic TDS Transactions**
2. **Part II** – **Recording Advanced TDS Transactions**

Part – I

Recording Basic TDS Transactions

In this section we shall emphasis on understanding how Tally.ERP 9's TDS feature can be effectively used to record basic TDS transactions to generate TDS Challan.

Let us take the example of Universal Infotech (Created and TDS enabled, as discussed in the earlier chapter) to record TDS transactions such as

- TDS on Expenses
- Payment to Party
- Payment of TDS
- Generating ITNS 281 Challan

In Tally.ERP 9, you can account for expenses implying TDS with the help of Payment Voucher, Journal Voucher or Purchase Voucher, as required.

2.1 Transactions Involving TDS

2.1.1 TDS on Expenses (Journal Voucher)

Under this, we will learn to Account expenses and deduct tax at source to arrive at the Net balance payable to the party.

Example 1:

On 1st April, 2008 Universal Infotech received a Bill (vide No. 001) from Pheonix Agencies for Rs. 5,00,000 towards the Advertisement services rendered.

To account the above transaction follow the steps given below

1. Create Masters
    i. Expense Ledger
    ii. Party Ledger
    iii. Tax Ledger
    iv. Bank Ledger
2. Record the Transaction in Journal Voucher

1. Create Masters

i. Expenses Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Advertisement Expenses	Indirect Expenses	Yes	Payment to Contractors (Advertisement Contractors)

Create Expenses Ledger

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

1. Type **Advertisement Expenses** as the **Ledger Name**
2. Select **Indirect Expenses** in the **Under** field
3. Set **Is TDS Applicable** to **Yes**
4. In **Default Nature of Payment** filed select **Payment to Contractors (Advertisement Contractors)** from the **List of TDS Nature of Pymt**.

Notes

- *All the **Payments/Expenses** subject to **TDS** have to be associated with relevant predefined **TDS Nature of Payments**.*
- *Refer **Appendix** for more details on **TDS Nature of Payments***

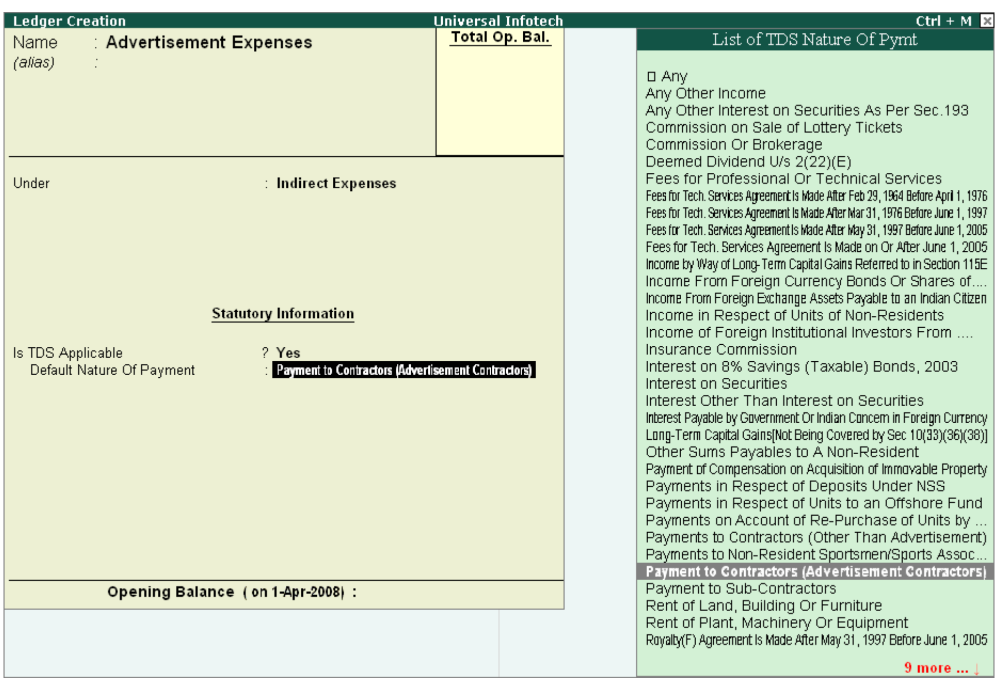


Figure 2.1 Ledger Creation Screen

The Option ***Any*** *can be selected from the* ***List of TDS Nature of Pymt****, where the user doesn't want to define the* ***TDS Nature of payment*** *during Ledger creation. This allows the user to use an Expense Ledger (as a common ledger) to account multiple TDS Nature of Payments.*

The completed **Expenses Ledger** screen is displayed as shown.

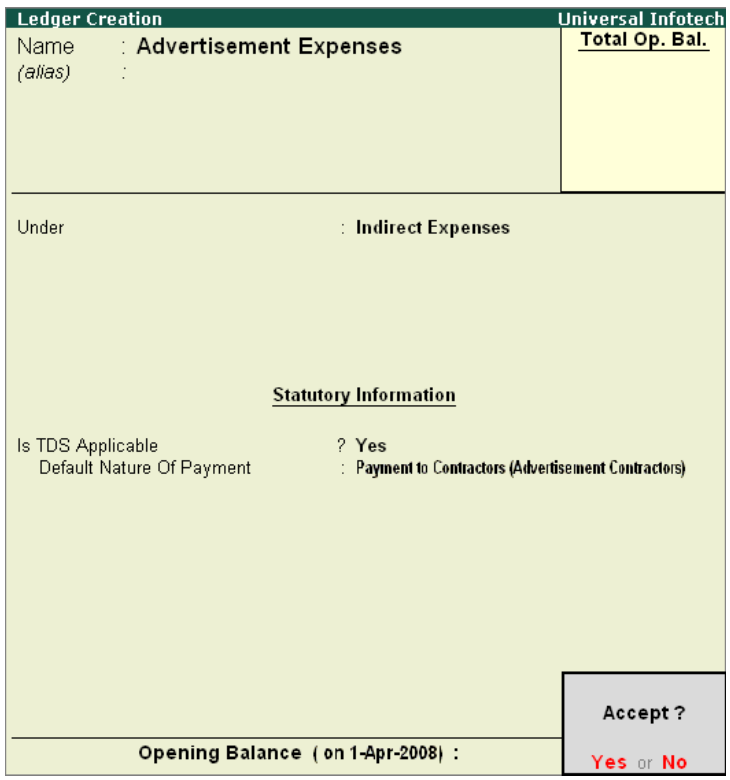


Figure 2.2 Completed Expenses Ledger Creation Screen

- Press **Enter** to Accept

ii. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Pheonix Agencies	Sundry Creditors	Yes	Yes	Association of Persons

Create Party Ledger

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

Setup:

Before creating the party ledger enable the following options in **F12: Configure (Ledger Configuration)**

- Set **Allow ADVANCED entries in Masters** to **Yes**
- Set **Use ADDRESSES for Ledger Accounts** to **Yes**

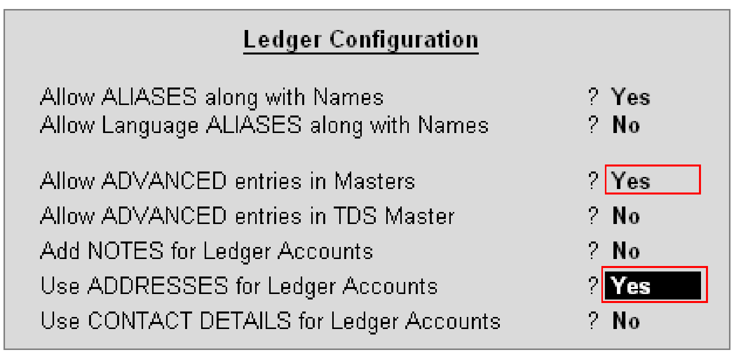


Figure 2.3 F12: Configure

In the **Ledger Creation** screen,

1. Type **Pheonix Agencies** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**
6. In the **Deductee Type** field select **Association of Persons** from the **List of Deductee Types**

- *The sellers who are receiving the TDS nature of payments, are required to be associated with the predefined* ***Deductee Types.***
- *Refer* ***Appendix*** *for more details on* ***Deductee Types***

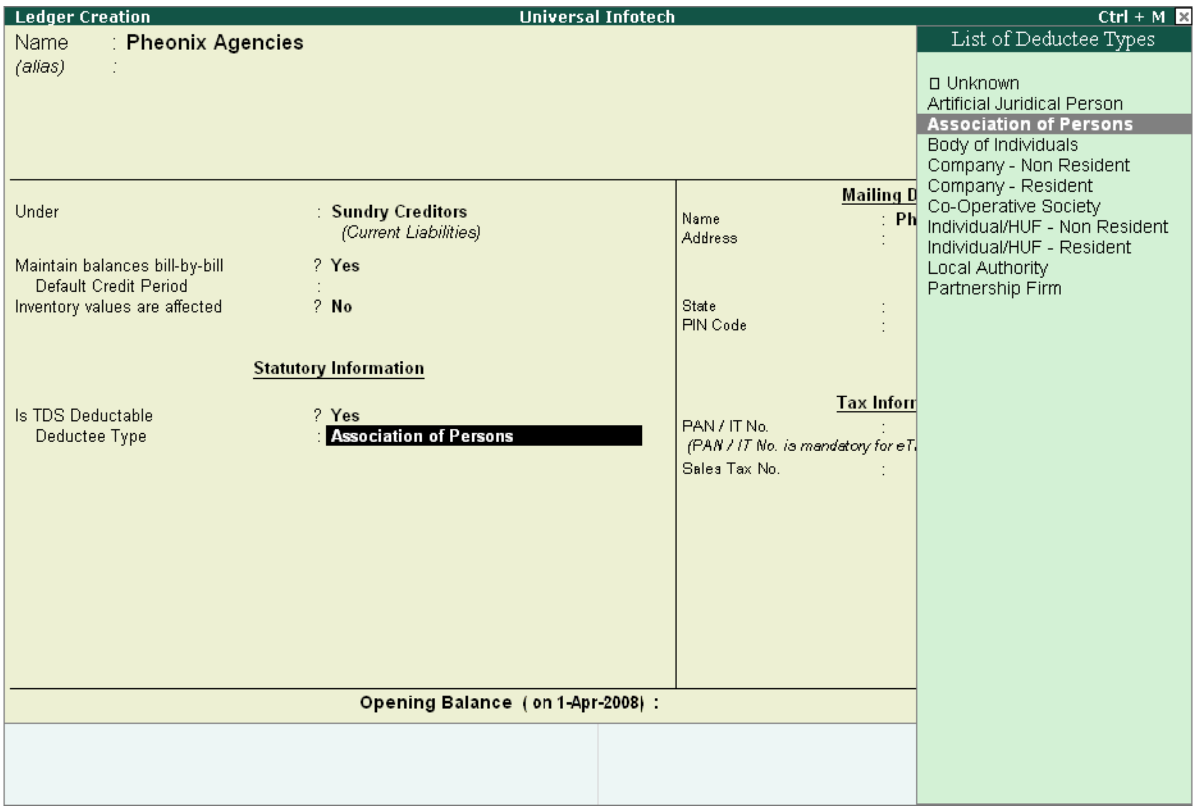


Figure 2.4 Sundry Creditor Ledger Creation Screen

The option ***UnKnown*** *will be selected, when the Party's deductee type details are not available.*

7. Enter the **Mailing Details**.

8. Under **Tax Information** enter the **PAN/IT No**. (PAN/IT No. is mandatory for e-TDS). **PAN** is a **10 Digit Alphanumeric Number** allotted by the **Income Tax Department**.

- ***PAN/IT No***. *field is restricted to 10 digits, user can enter any ten Numbers or Alphabets or alphanumeric.*
- *The details provided in the* ***PAN/IT No.*** *field must be equal to ten Numbers or Alphabets or alphanumeric. Tally.ERP 9 won't accept any details less than 10 digits.*
- *In case, where the* ***PAN is not Available*** *or* ***Applied For,*** *such details can also be provided in the* ***PAN/IT No*** *field in the format, as specified by the Income tax Department.*
  - *For PAN not available – enter as* ***PANNOTAVBL***
  - *For PAN Applied - enter as* ***APPLIEDFOR***
- *Under* ***Exception Report – PAN Not Available****, Tally.ERP 9 displays all the ledgers in which PAN/IT No is not mentioned. Before e-TDS validation user can check this report to make necessary changes in the ledger.*

The completed **Sundry Creditor** Ledger screen is displayed as shown

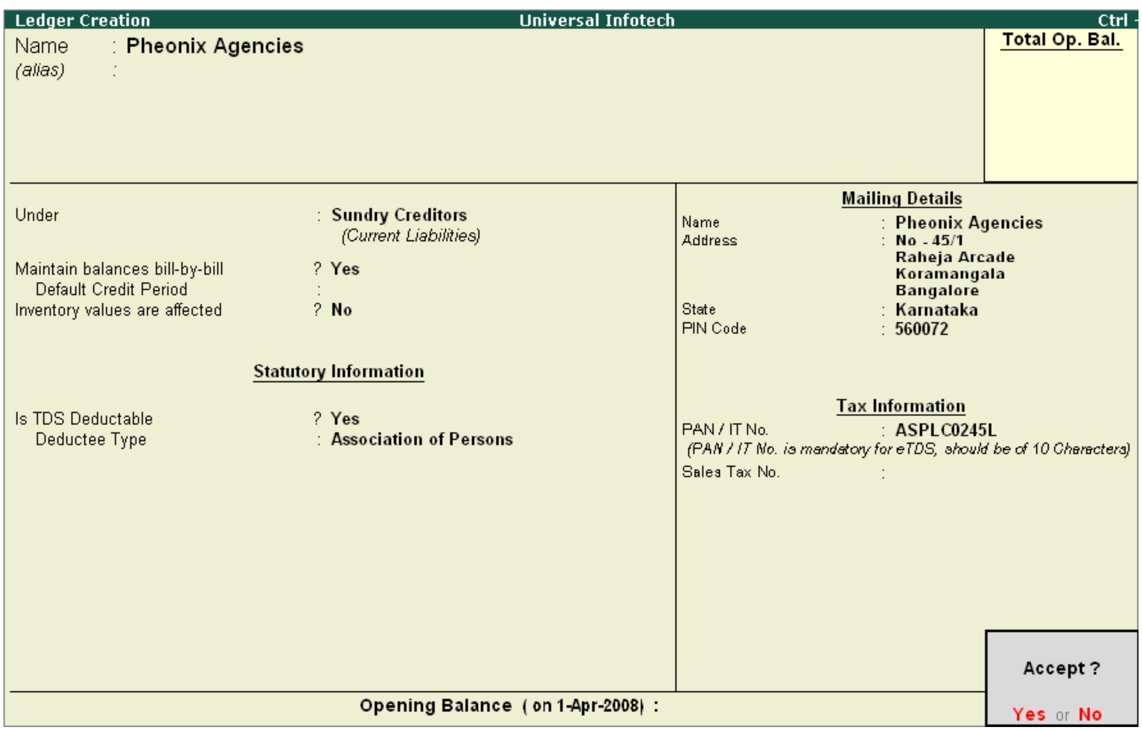


Figure 2.5 Completed Sundry Creditor Ledger Creation Screen

9. Press **Enter** to Accept.

*While creating ledgers under **Sundry Creditors or Sundry Debtors**, ensure **Maintain Bill-wise Details** is set to **Yes** in **F11: Accounting Features.** If the party is a **Non Resident Deductee type**, then **PIN Code, State** and the **Sales Tax Number** fields are not applicable.*

iii. Tax Ledger

Ledger	Under	Type of Duty/ Tax	Nature of Payment	Inventory values are affected
TDS – Contractors	Duties & Taxes	TDS	Payment to Contractors (Advertisement Contractors)	No

Create Tax Ledger

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

In the **Ledger Creation** screen,

1. Type **TDS – Contractors** as the **Ledger Name**
2. Group it under **Duties & Taxes** group
3. Select **TDS** as the **Type of Duty/Tax**
4. Select **Payment to Contractors (Advertisement Contractors)** as the **Nature of Payment**.
5. Set **Inventory values are affected** to **No**

The completed **TDS – Contractors** ledger screen is displayed as shown

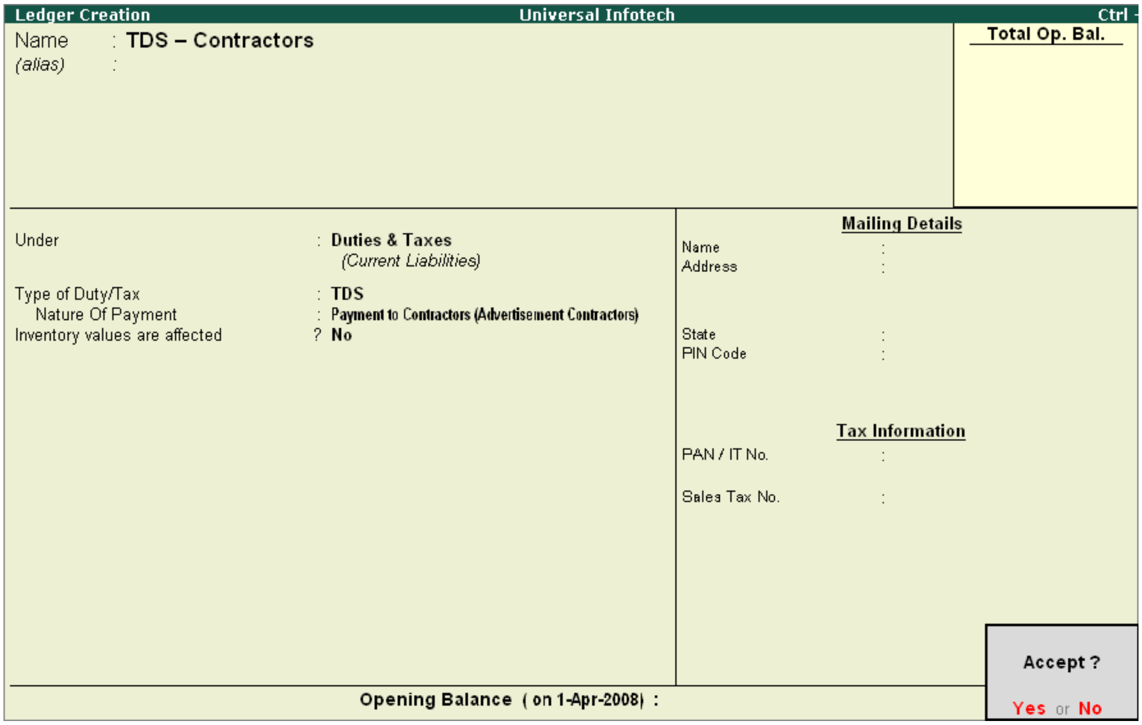


Figure 2.6 Completed TDS Ledger Creation Screen

6. Press **Enter** to Accept.

*It is recommended that separate **TDS ledgers** be created with appropriate **TDS nature of Payments.** However, Tally.ERP 9 provides you with the flexibility to use a common **Duty ledger** for different **TDS Nature of Payments** by selecting the **Nature of Payments** as **Any**.*

iv. Bank Ledger

Ledger	Under
Canara Bank	Bank Accounts

Create Bank ledger

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

In the **Ledger Creation** screen,

1. Type **Canara Bank** as the **Ledger Name**
2. Group it under **Bank Accounts** group
3. Under Mailing Details

- In **Address** field enter the **Bank Branch Address**.
- Select appropriate state in **State** field.
- In **Pin Code** field enter the pincode of the City
- In **Account Number** field enter the account number as **00758978**
- In **Branch Name** field, enter **M.G.Road**.
- Enter the Bank's **BSR Code** as **0240130**. BSR Code is a **7 digit Number** allotted by **Reserve Bank of India** (**RBI)** to Bank Branch.
- Enter **Rs. 50,00,000** in **Opening Balance** field

The Completed **Canara Bank** ledger screen is displayed as shown

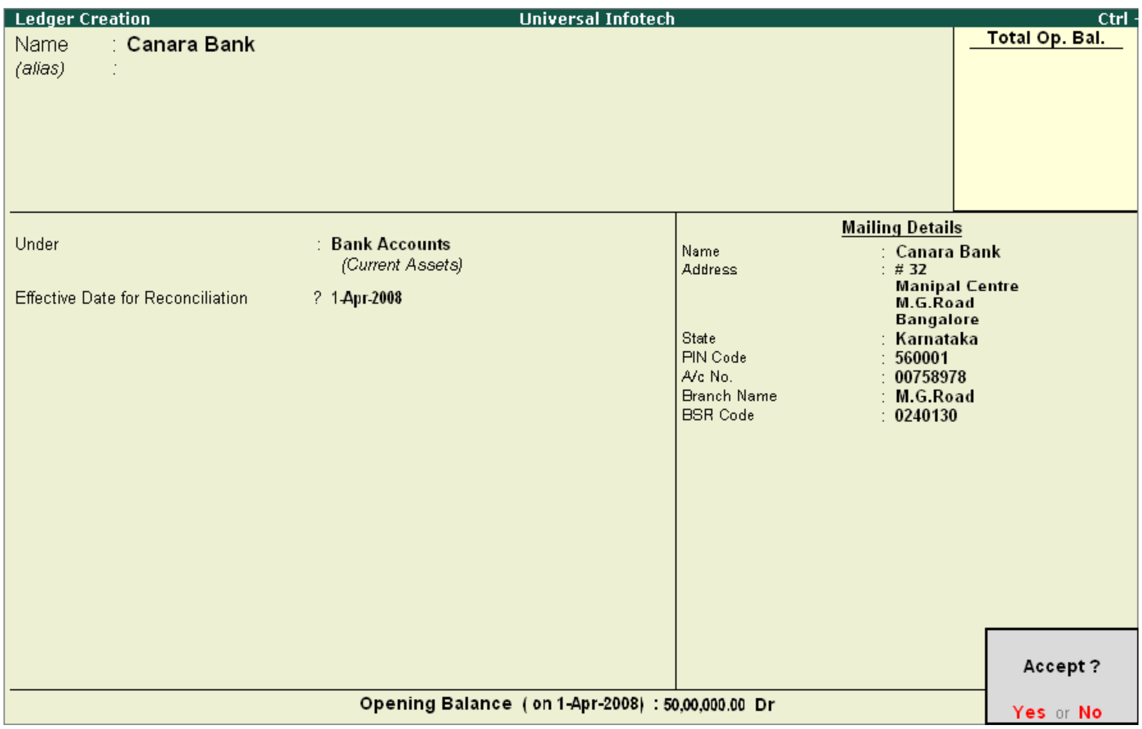


Figure 2.7 Completed Bank Ledger Creation Screen

4. Press **Enter** to Accept.

2. Record the Transaction in Journal Voucher

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

1. Press **F2** and change the date to **01-04-2008**
2. Select **Advertisement Expenses** in the **Debit** field and press **Enter**
3. Enter **5,00,000** in the **Amount** field.
4. Select **Pheonix Agencies** in the **Credit** field and press Enter.

The TDS Details screen is displayed as shown

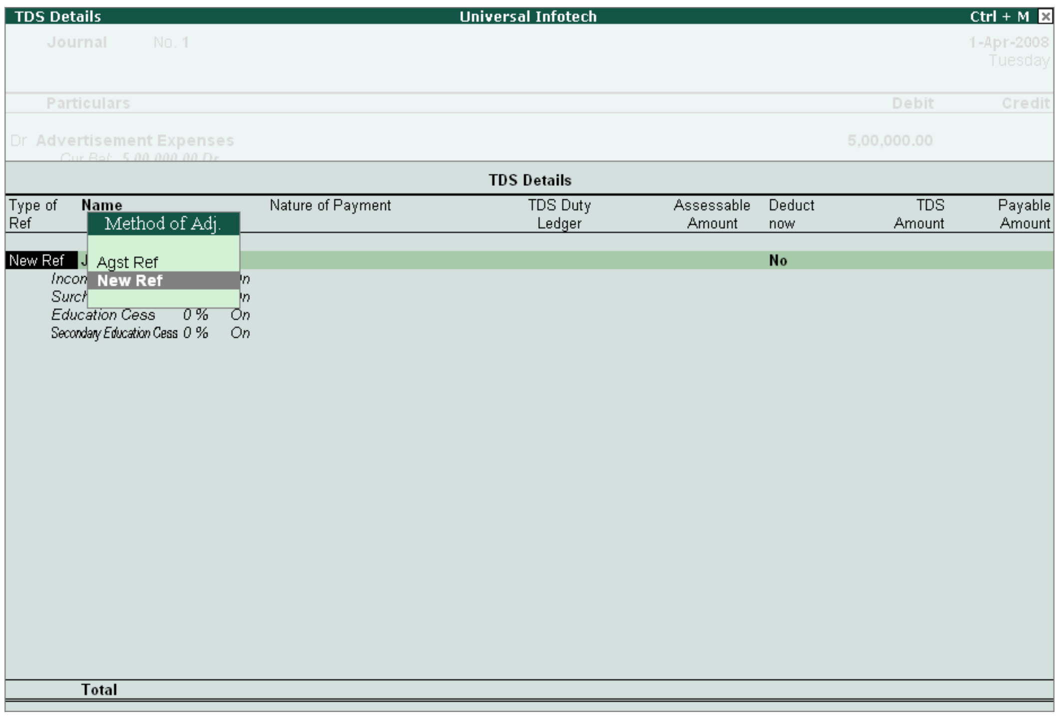


Figure 2.8 TDS Details Screen

In the **TDS Details** screen provide the following details

- **Type of Ref.**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Transactions Where as, **Agst Ref** is selected to set off payment against the previously entered invoice.
- **Name**: This filed display the **Reference Number** for the TDS Deducted. The default Reference Number displayed, is a combination of abbreviation of Journal, Voucher Number and Line Number. **Example :Jrnl / 1-1** which can be changed by the user. TDS payments are tracked with these Reference Numbers.
- **Nature of Payment**: Select **Payments to Contractors (advertisement Contractors)** in Nature of Payment field. The **List of Nature of payments** displays only that Nature of Payments which is specific to the Expenses Ledgers, selected in the transaction.

Example: For the above transaction **List of Nature of payments** displays only **Payments to Contractors (advertisement Contractors),** as the nature of payment applicable to the Party against which TDS will be deducted.

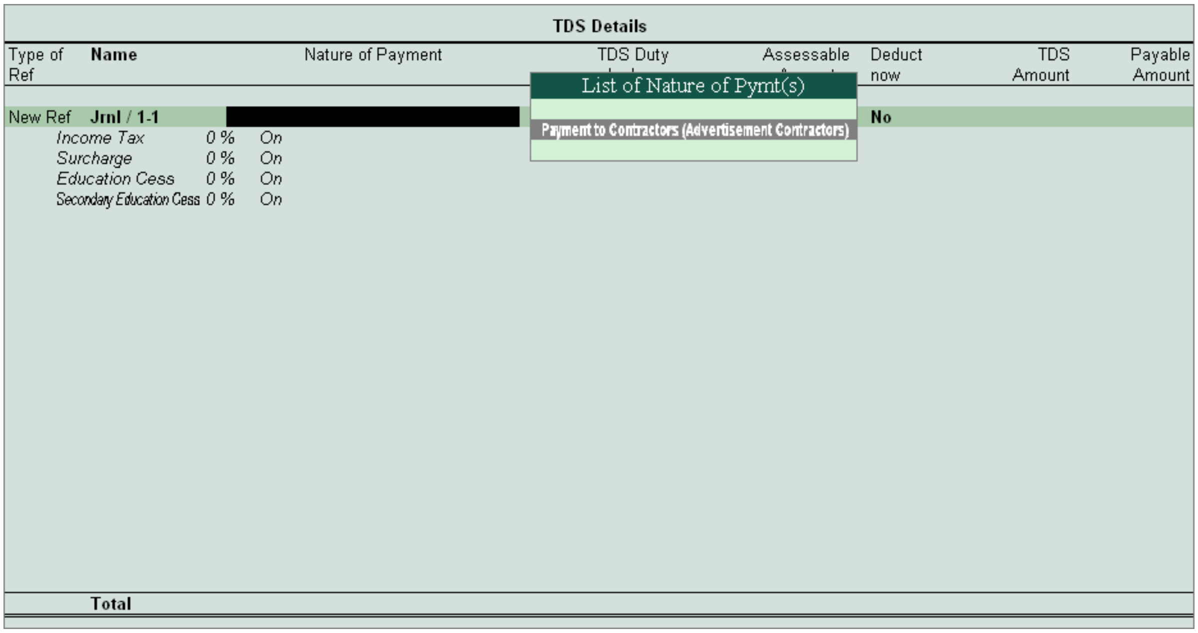
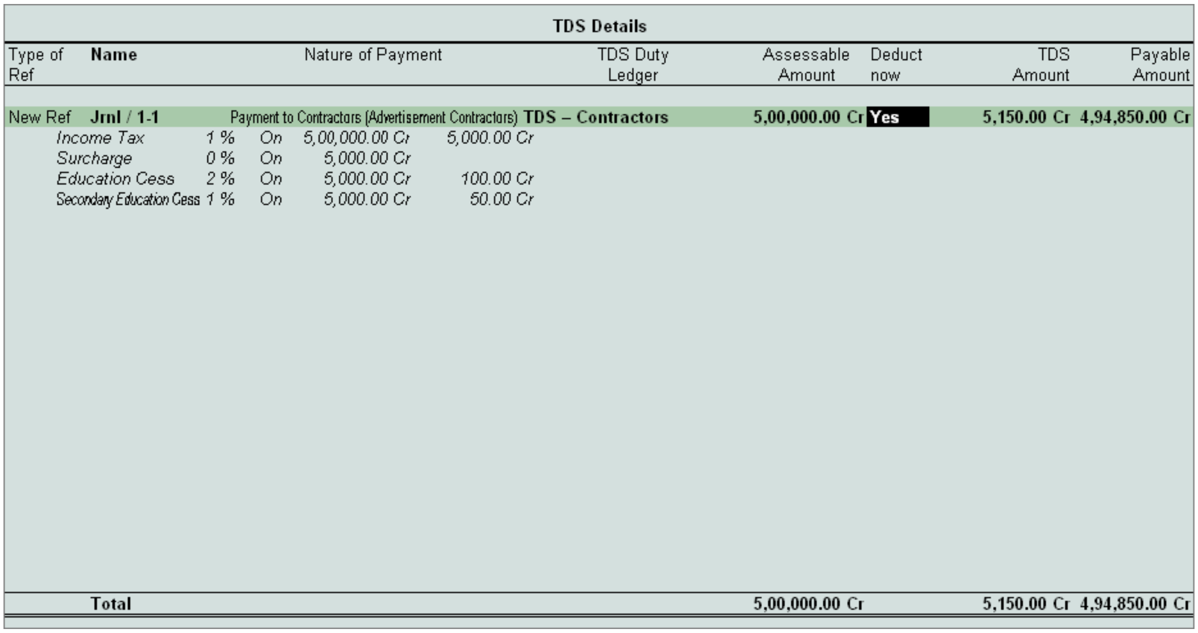


Figure 2.9 TDS Details – Nature of Payment Selection

- **TDS Duty Ledger**: Select **TDS – Contractors** from the list of **TDS Duty Ledgers**. List of **TDS Duty Ledgers** displays, ledgers created with specific nature of payment as well as the ledger created with the option **Any**.
- **Assessable Amount**: Tally.ERP 9 defaults the amount specified against the expenses ledger and skips the field.
- **Deduct now**: This field will be set to **Yes** or **No** depending on the tax deduction. Set this field to **Yes** to deduct the Tax in the same voucher.
- **TDS Amount**: This field displays the Tax amount deducted at source
- **Payable Amount**: This field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown



TDS Details

Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 1-1	Payment to Contractors (Advertisement Contractors)	TDS – Contractors	5,00,000.00 Cr	Yes	5,150.00 Cr	4,94,850.00 Cr
	Income Tax 1 % On 5,00,000.00 Cr 5,000.00 Cr						
	Surcharge 0 % On 5,000.00 Cr						
	Education Cess 2 % On 5,000.00 Cr 100.00 Cr						
	Secondary Education Cess 1 % On 5,000.00 Cr 50.00 Cr						
	Total			5,00,000.00 Cr		5,150.00 Cr	4,94,850.00 Cr

Figure 2.10 Completed TDS Details Screen

5. Press **Enter** to accept TDS Details
6. Payable Amount as calculated in the TDS Details screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
7. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 001**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill -001**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

The Completed Bill–wise Details screen is displayed as shown

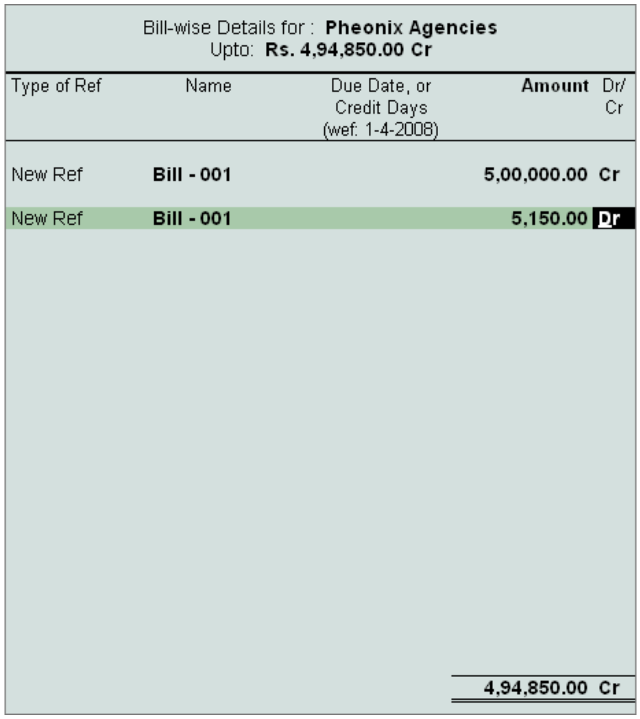


Figure 2.11 Bill–wise Details Screen

In the above method of bill allocation, **Tax amount** is deducted from the **Bill amount** to arrive at the **Pending amount** to be paid to the party. This method of bill allocation updates the **bill amoun**t along with **pending amount** to be paid to the party, in the **Outstanidings statement**, which helps the user to identify the Bill amount in the outstandings statement, when the request comes from the supplier for payment.

8. In the **Credit** field select the duty ledger **TDS – Contractor** from the List of Ledger Accounts and Rs. 5150 (500000 - 494850) is displayed automatically in the amount field.
9. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

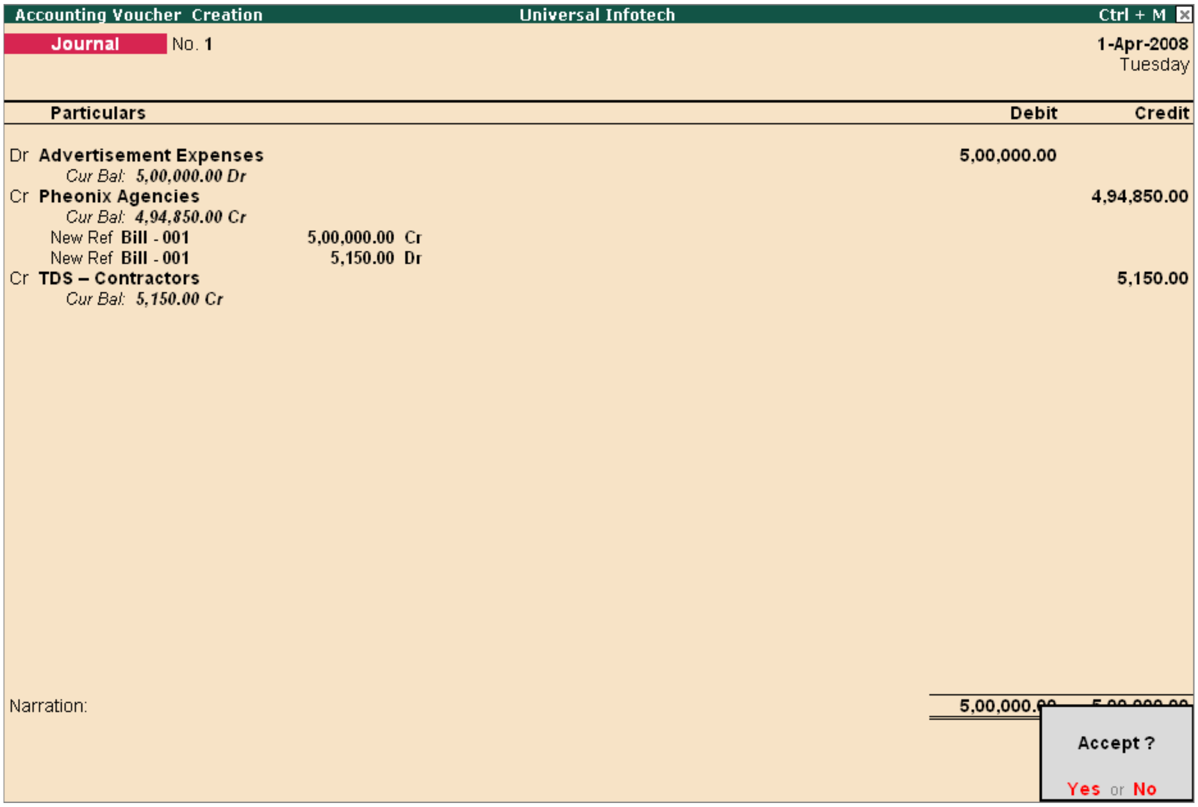


Figure 2.12 Journal Voucher

10. Press **Enter** to accept

Notes

Journal voucher *is generally used to record transactions on due basis i.e., firstly a due entry in favour of the party is created when the bill is received and then at the time of settlement of the referred bill, a payment entry is passed.*

2.2 Payment to Party

Example 2:

On April 8, 2008, payment of Rs. 494850 is made towards bill no. Bill-001 to Pheonix Agencies for the purchase of Advertisement services, vide cheque no. 254781

The same is accounted as follows

Record the transaction in Payment Voucher

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

1. Press **F2** and change date to **08/04/2008**
2. In **Debit** field select **Pheonix Agencies** from the **List of Ledger Accounts**
3. Enter **Rs. 494850** in **Amount** field and press enter to view **Bill-wise Details** screen
4. In **Bill-wise Details** screen
   - Select **Agst Ref** in the **Type of Ref**
   - Select Bill-001 from the **List of Pending Bills** in **Name** field, **Amount** is defaulted automatically.

Completed **Bill-wise Details** screen is displayed as shown.

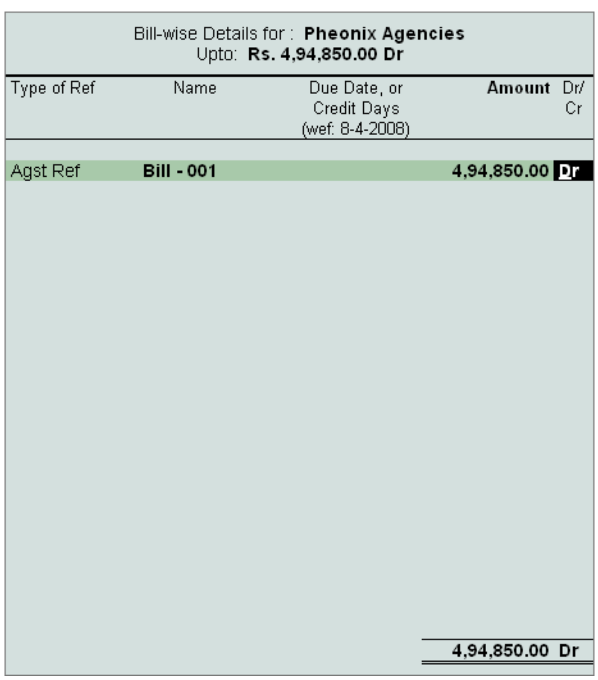


Figure 2.13 Bill–wise Details Screen

5. Press **Enter** to accept the bill adjustment.

6. In **Credit** field select **Canara Bank** from the **List of Ledger Accounts**, Amount is defaulted automatically
7. Enter **Cheque No. 254781** in **Narration** field.

The completed **Payment Voucher** is displayed as shown

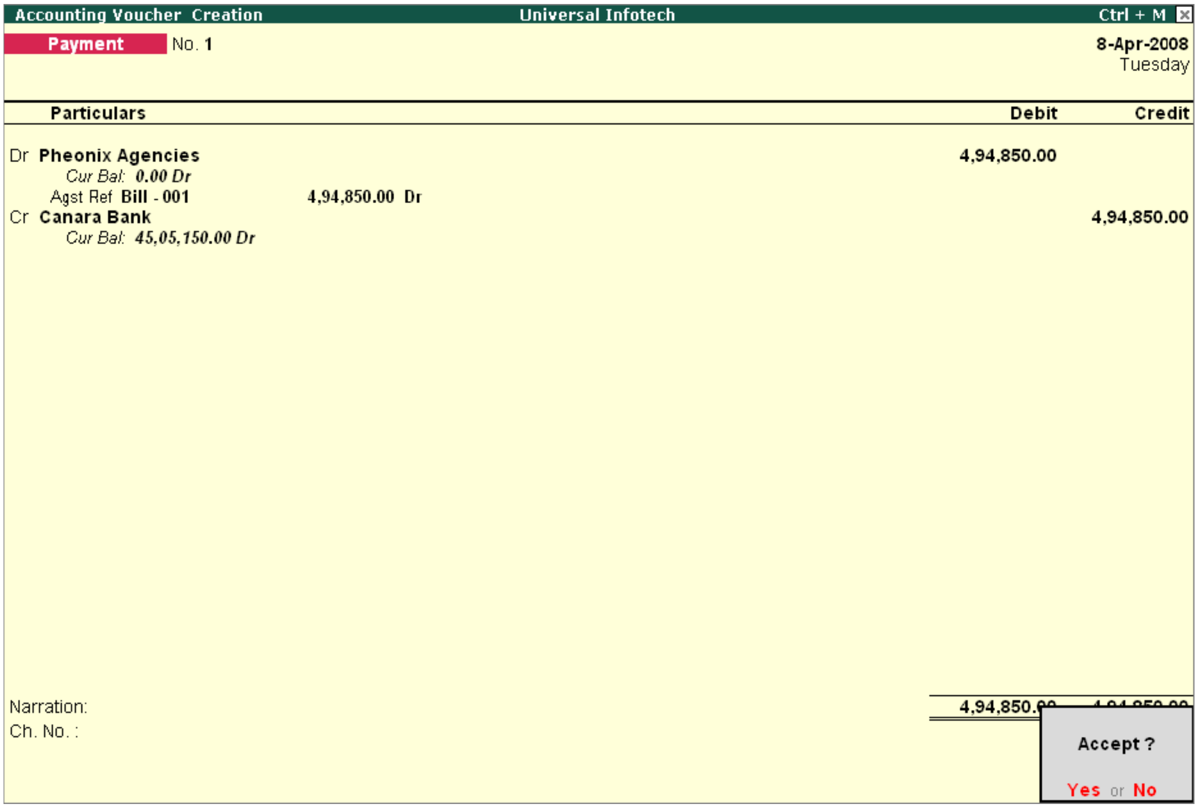


Figure 2.14 Completed Payment Voucher

8. Press **Enter** to accept

2.3 Payment of TDS

2.3.1 Payment of TDS (Using TDS Helper)

All the Tax deducted during a month is to be paid to the credit of Government on or before 7th of the next month. In case 7th of the month happens to be a sunday or a bank holiday payment can be made on the next working day

TDS amount shall be paid to the government account through any designated branches of the authorised banks, along with Income Tax Challan No.281.

Example 3:

On May 6, 2008, Universal Infotech, paid TDS of Rs. 5150 towards Advertisement Expenses, vide cheque no. 056330 for the month of April, 2008.

The same is accounted as follows

Setup:

In **F12: Configure (Payment Configuration)**

- Set **Use Single Entry mode for Pymt/Rcpt/Contra** to **Yes**

Record the transaction in Payment Voucher

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

1. Press **F2** and change date to **06/05/2008**
2. Press **Alt+S** or click **S: TDS Helper** button on the Buttons Bar to view TDS helper screen.

In the **TDS Helper** Screen

- **Deducted Till Date**: In this field user may enter, till date of the period for which the TDS values should be computed and auto-filled.

  Enter **30/04/2008** as the **Till Date**.

- **Section**: As per the Act, separate TDS challans to be submitted for the payment of tax under each section. In this field, Tally.ERP 9 displays all the **Sections** under which, Tax deducted is pending for payment.

  Select **Section 194C** from the list of section.

Notes

***Payment Code** of the **Section** selected for TDS payment will be printed on the TDS Challan.*

- **Nature of Payments**: Based on the section selected in the **Section** field, Tally.ERP 9 displays the section related **nature of payments** under which, Tax deducted is pending for payment.

  Select **Payment to Contractors (Advertisement Contractors)** as the Nature of Payment

- **Deductee Status**: Select the Deductee Status as **Non Company.**

The TDS transactions in a payment voucher can be entered for a particular ***Deductee Status****, using the* ***TDS Helper*** *button.*

- **Cash/ Bank**: Depending on the mode of payment (Cash or Cheque) Cash or Bank ledger will be selected.

  Select **Canara Bank** from the **List of Ledger Accounts**.

The completed **TDS Helper** screen is displayed as shown

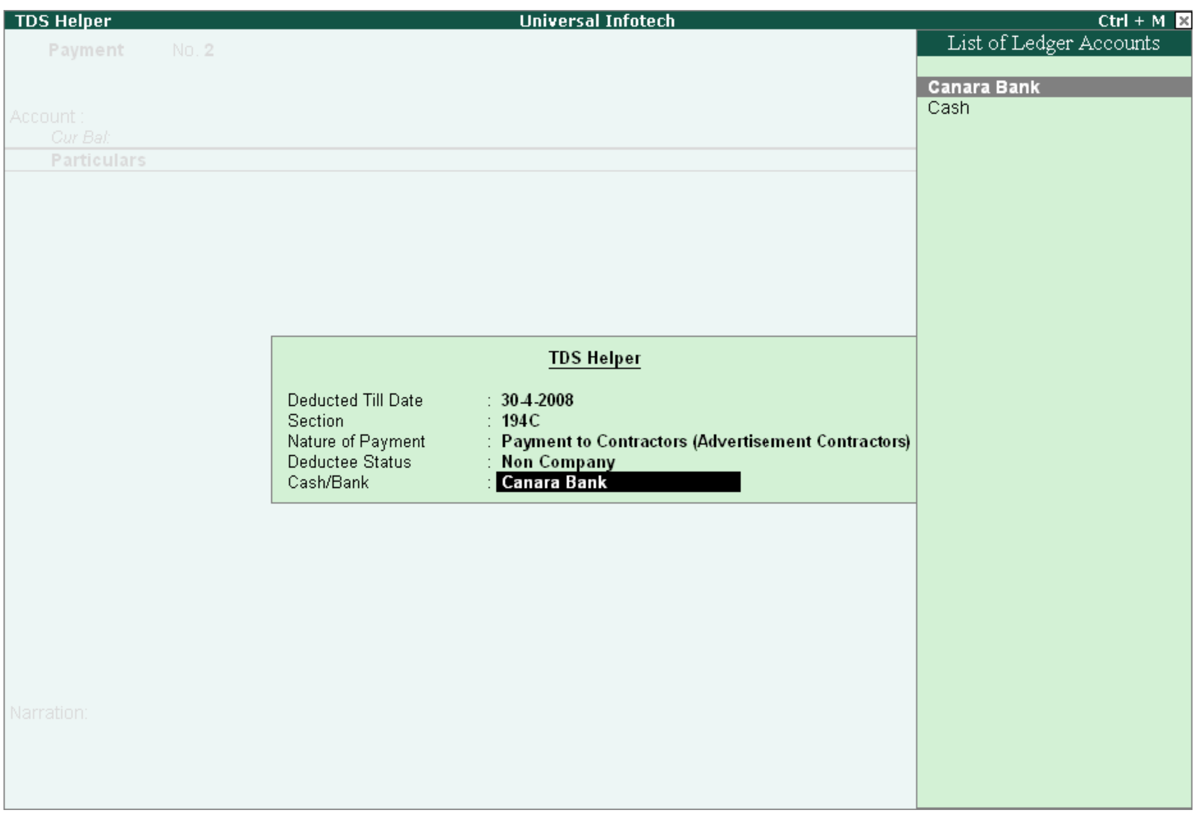


Figure 2.15 TDS Helper Screen

3. Press **Enter** to accept the **TDS helper**
4. The **Bank Name** through which the payment is made and **TDS payable amount (**with the respective bill details) will be auto-filled.
5. Set the option **Provide Details** to **Yes** to enter TDS payment details

In the **Payment Details** Screen

- **From Date**: In this field enter the **From** date of the period for which the payment is made
- **To Date**: In this field enter the **To** date of the period for which the payment is made
- **Cheque/DD No**: In this field user can enter either the cheque or the DD No through which the TDS payment is made. In this transaction payment is made through cheque no. **056330.**
- **Name of the Bank**: This field is provided to mention the name of authorised bank, where the payment is made.

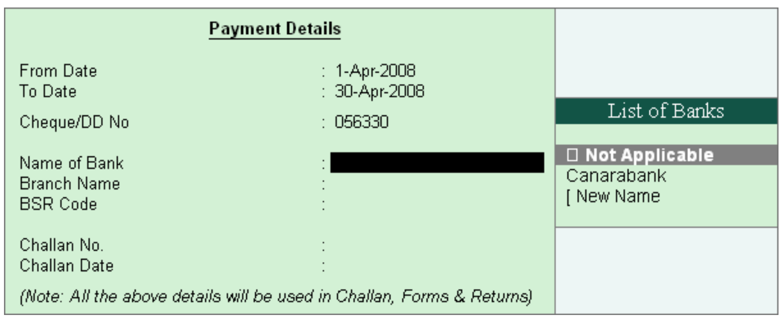


Figure 2.16 Payment Details– List of Banks

Tally.ERP 9 displays the list of banks from where the user can

- Select **Not applicable**, when the bank details are not applicable for a payment.
- Select The banks which are already created to carry out the regular business
- Select **New Name** – New Name will be selected when the authorised bank through which the payment is made is different from the regular bank where the deposit account is maintained. The Bank name created here will not be available under the List of Ledgers.

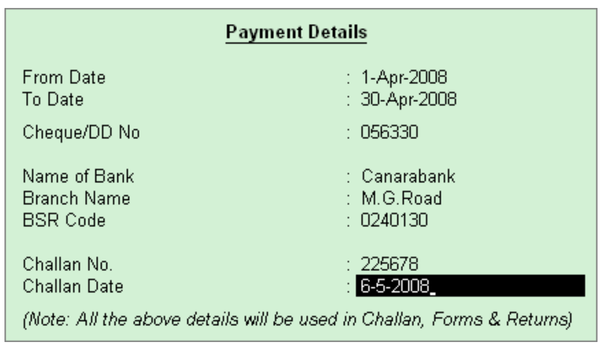
Select **Canara Bank** from the List of Banks.

- **Branch Name**: Enter the bank Branch name in this field.
- **BSR Code**: Enter the BSR code of the branch. BSR code is a 7 digit number allotted by Reserve Bank of India (RBI) to bank branch.

***Branch Name** and **BSR code** details will be defaulted automatically, if the user selects the bank which is already created to carry out the regular business (with branch name and BSR code) in the Name of Bank field. User can change such defaulted details.*

- **Challan No.**: In this field enter the TDS payment Challan number. If the TDS payment challan details are not available at the time of recording the TDS payment entry, such details can be either by reconciling the TDS ledger or by altering the payment voucher.
- **Challan Date**: Enter the Challan Date.

The completed Payment Details screen is displayed as shown



Payment Details

From Date	: 1-Apr-2008
To Date	: 30-Apr-2008
Cheque/DD No	: 056330
Name of Bank	: Canarabank
Branch Name	: M.G.Road
BSR Code	: 0240130
Challan No.	: 225678
Challan Date	: 6-5-2008

(Note: All the above details will be used in Challan, Forms & Returns)

Figure 2.17 Completed Payment Details Screen

6. Press **Enter** to accept the payment details
7. Cheque number entered in the payment details is displayed in the **Narration**

The Completed TDS Payment voucher is displayed as shown

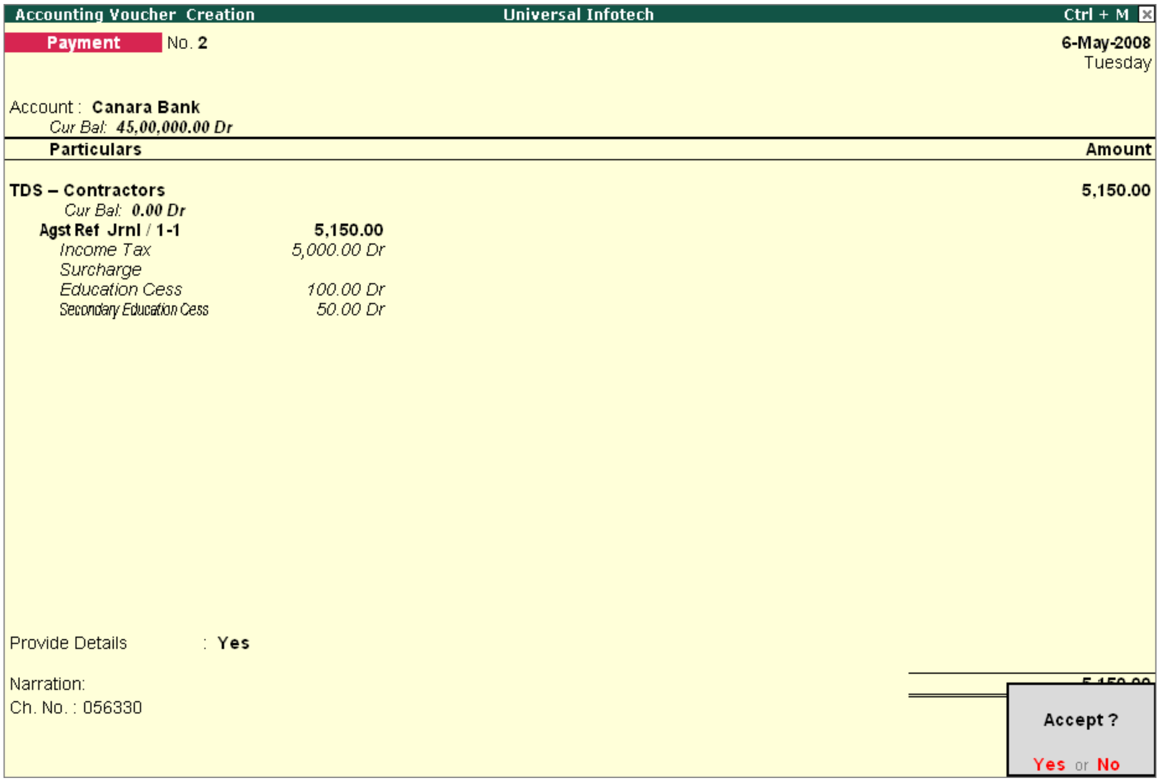


Figure 2.18 TDS Payment Voucher

8. Press **Enter** to accept.

*Tally.ERP 9 allows the user to enter **TDS payment entry** in **double entry mode** also.*

2.3.2 Generating TDS Challan (ITNS 281)

Tax is remitted to the government account through Challans. For making the TDS payment, Challan No. 281 is used.

In Tally.ERP 9 **TDS Challan (ITNS 28)** will be printed from the TDS payment voucher.

To print the **TDS Challan** for the transaction entered on **06-05-2008**

1. Press **PageUp** to go back to payment voucher entry
2. Click on **Print** button or Press **Alt + P** from the payment voucher to view the **Voucher Printing** screen
3. In the **Voucher Printing** screen
   - Ensure **Print as TDS Challan** field is set to **Yes**

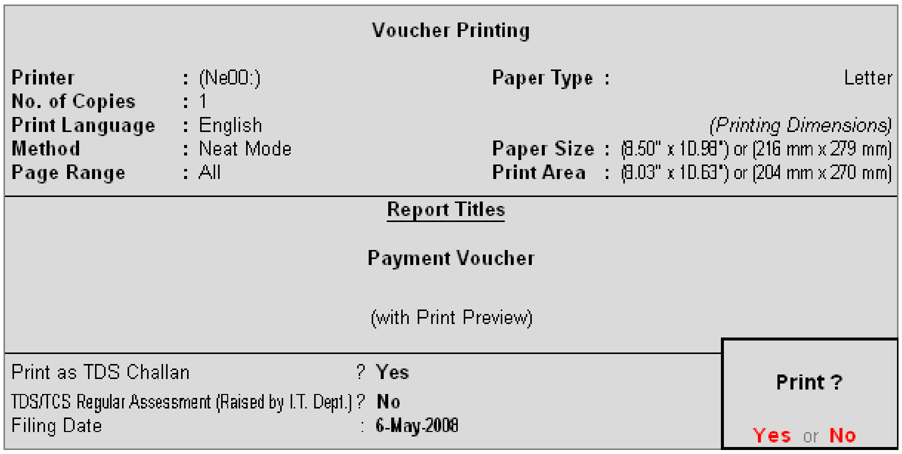


Figure 2.19 Voucher Printing Screen

   - To view the challan in a preview mode, click on **I: With Preview** button or press **ALT+I**
4. Press **Enter** to accept the Voucher Printing subscreen and to display the TDS Challan in Print Preview mode.
5. Click **Zoom** or Press **Alt+Z** to view the TDS Challan

TDS Challan is displayed as shown

T.D.S. TAX CHALLAN — Single Copy (to be sent to ZAO)

CHALLAN No./ ITNS 281	Tax Applicable (Tick one)* TAX DEDUCTED AT SOURCE FROM (0020) COMPANY DEDUCTEES [ ] (0021) NON-COMPANY DEDUCTEES [X]	Assessment Year 2009-10

Tax Deduction Account No. (T.A.N).
KARU07884F

Full Name
UNIVERSAL INFOTECH

Complete Address with City & State
45, AMR Tech Park, Hosur Road, Bangalore

Karnataka

Tel. No. 080-22356475 Pin 560064

Type of Payment Code * 94C

TDS Payable by Taxpayer (200) [X]

TDS Regular Assessment (Raised by I.T. Deptt.) (400) [ ]

FOR USE IN RECEIVING BANK

Debit to A/c / Cheque credited on

DD MM YY

DETAILS OF PAYMENTS

	Amount (In Rs. Only)
Income Tax	5,000.00
Surcharge	
Education Cess	150.00
Interest	
Penalty	
Total	5,150.00

SPACE FOR BANK SEAL

Rs. 5,150.00

Total (In words):

CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS
Zero	Zero	Five	One	Five	Zero

Paid in Cash/ Debit to A/c /Cheque No. 056330 Dated 6-May-2008

Drawn on Canara Bank - M.G.Road
(Name of the Bank and Branch)

Date : 6-May-2008 **Signature of person making payment**

- - - - - - - - - - Tear Here - - - - - - - - - -

Taxpayers Counterfoil (To be filled up by taxpayer)

TAN KARU07884F

Received from UNIVERSAL INFOTECH
(Name)

Cash/ Debit to A/c /Cheque No. 056330 For Rs. 5,150

Rs.(In words) Five Thousand One Hundred Fifty Only.

Drawn on Canara Bank - M.G.Road
(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. 5,150.00

Figure 2.20 TDS Challan

6. Click on **Print** to print the **TDS Challan**.

Part - II

Recording Advanced TDS Transactions

In this section we shall understand how Tally.ERP 9's TDS feature can be used to process advanced TDS transactions.

We shall learn to record advanced TDS transactions such as

- Expenses partly Subject to TDS
- Accounting of expenses and deducting TDS later
- Accounting multiple expenses and deducting TDS later
- TDS on Advances
- TDS on expenses @ lower rate
- TDS on expenses @ zero rate
- Reversal of expenses with TDS and Reversal of TDS
- Accounting changes in TDS percentage
- Accounting TDS on payments made to non–residents
- Payment of TDS

Record all the transactions in the books of Universal Infotech.

2.4 Transactions Involving TDS

2.4.1 Expenses Partly Subject to TDS (Journal Voucher)

In the event, where a part of the expenditure is not subject to TDS and the balance amount is subject to TDS, it is crucial to determine the accurate value of expenses for computation of TDS.

Tally.ERP 9 provides the flexibility to enter information in the same voucher. Consider the following scenario to illustrate the Expenses partly subject to TDS.

Example 4:

On 7th May, 2008, universal Infotech received a bill (vide no. 911) from Sridhar & Co. for Rs. 1,12,360 inclusive of other charges of Rs. 12,360 towards the auditing services provided.

In the above transaction Bill amount includes other charges of Rs. 12,360 on which TDS is not applicable. Let us understand how to configure Tally.ERP 9 to compute tax only on the Assessable Value (1,00,000).

To account the above transaction follow the steps given below

1. Create Masters
    - i. Expense Ledger
    - ii. Party Ledger
    - iii. Tax Ledger
2. Record the Transaction in Journal Voucher

1. Create Masters

i. Expenses Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Auditing Expenses	Indirect Expenses	Yes	Fees for Professional Or Technical Services

Create Expenses Ledger

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

1. Type **Auditing Expenses** as the **Ledger Name**
2. Select **Indirect Expenses** in the **Under** field
3. Select the appropriate **Rounding Method**.
4. Set **Is TDS Applicable** to **Yes**

5. In **Default Nature of Payment** filed select **Fees for Professional Or Technical Services** from the **List of TDS Nature of Pymt**.

- *All the **Payments/Expenses** subject to **TDS** have to be associated with relevant predefined **TDS Nature of Payments**.*
- *Refer **Appendix** for more details on **TDS Nature of Payments***
- *The Option **Any** can be selected from the **TDS Nature of Payment**, where the user doesn't want to define the **TDS Nature of payment** during Ledger creation. This allows the user to use a Expense Ledger (as a common ledger) to account multiple TDS Nature of Payments.*

The completed **Expenses Ledger** screen is displayed as shown.

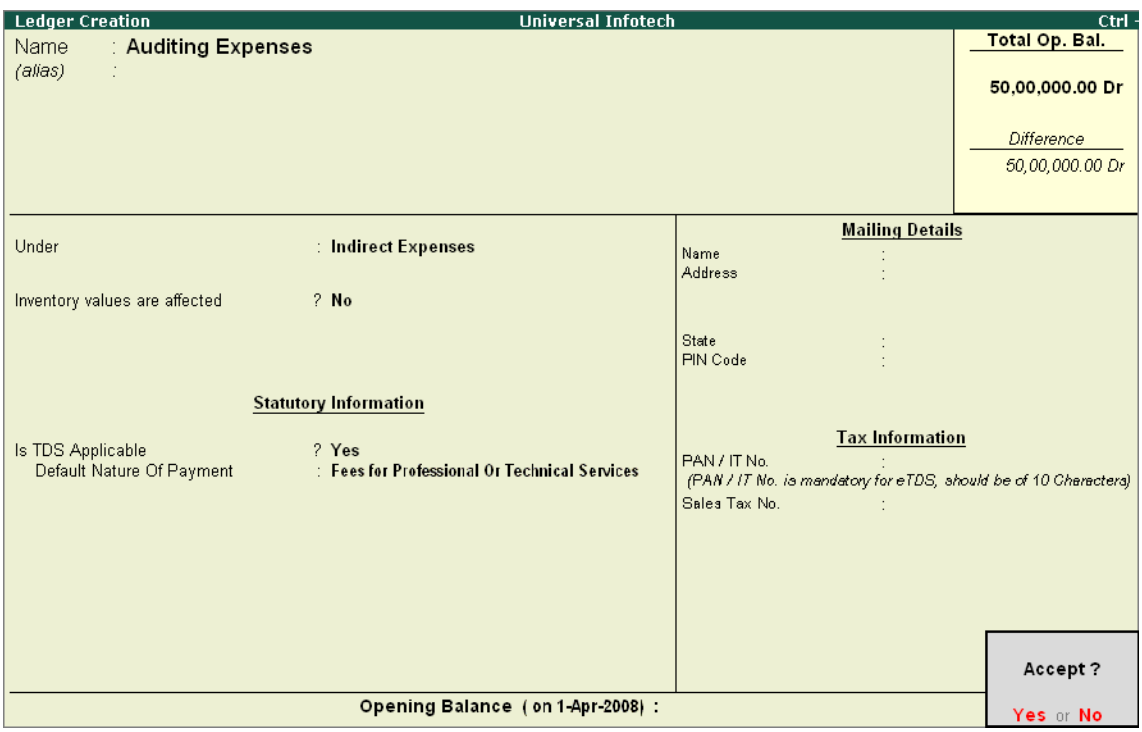


Figure 2.21 Completed Expenses Ledger Creation Screen

- Press **Enter** to Accept

ii. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Sridhar & Co.	Sundry Creditors	Yes	Yes	Partnership Firm

Create Party Ledger

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

In the **Ledger Creation** screen,

1. Type **Sridhar & Co.** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**
6. In the **Deductee Type** field select **Partnership Firm** from the **List of Deductee Types**

- *The sellers who are receiving the TDS nature of payments, are required to be associated with the predefined **Deductee Types.***
- *Refer **Appendix** for more details on **Deductee Types***
- *The option **UnKnown** will be selected, when the Paty's deductee type details are not available.*

7. Enter the **Mailing Details**.
8. Under **Tax Information** enter the **PAN/IT No**. (PAN/IT No. is mandatory for e-TDS). **PAN** is a **10 Digit Alphanumeric Number** allotted by the **Income Tax Department**.

- ***PAN/IT No**. field is restricted to 10 digits, user can enter any ten Numbers or Alphabets or alphanumeric.*
- *The details provided in the **PAN/IT No.** field must be equal to ten Numbers or Alphabets or alphanumeric. Tally.ERP 9 won't accept any details less than 10 digits.*
- *In case, where the **PAN is not Available** or **Applied For,** such details can also be provided in the **PAN/IT No** field in the format, as specified by the Income tax Department.*
  - *For PAN not available – enter as **PANNOTAVBL***
  - *For PAN Applied - enter as **APPLIEDFOR***
- *Under **Exception Report – PAN Not Available**, Tally.ERP 9 displays all the ledgers in which PAN/IT No is not mentioned. Before e-TDS validation user can check this report to make necessary changes in the ledger*

The completed **Sundry Creditor** Ledger screen is displayed as shown

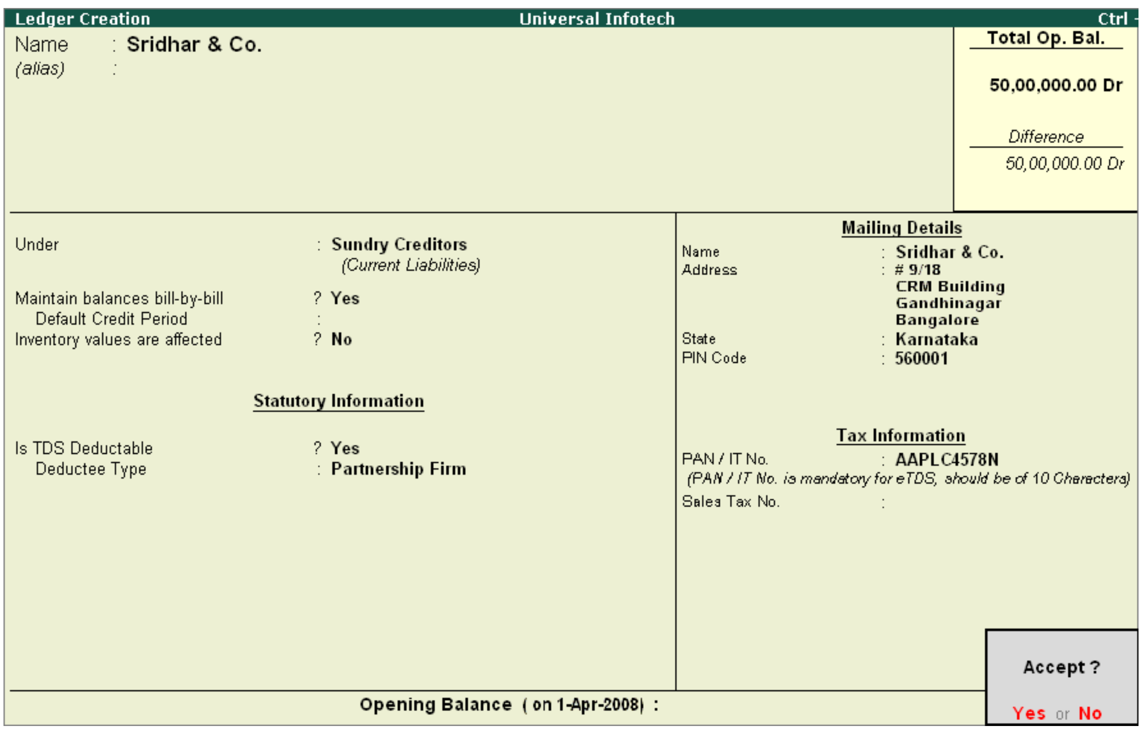


Figure 2.22 Completed Sundry Creditor Ledger Creation Screen

9. Press **Enter** to Accept.

iii. Tax Ledger

Ledger	Under	Type of Duty/ Tax	Nature of Payment	Inventory values are affected
TDS - Professional or Technical Services	Duties & Taxes	TDS	Fees for Professional or Technical Services	No

Create Tax Ledger

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

In the **Ledger Creation** screen,

1. Type **TDS - Professional or Technical Services** as the **Ledger Name**
2. Group it under **Duties & Taxes** group
3. Select **TDS** as the **Type of Duty/Tax**
4. Select **Fees for Professional or Technical Services** as the **Nature of Payment**.
5. Set **Inventory values are affected** to **No**

The completed **Duty & Taxes** ledger screen is displayed as shown

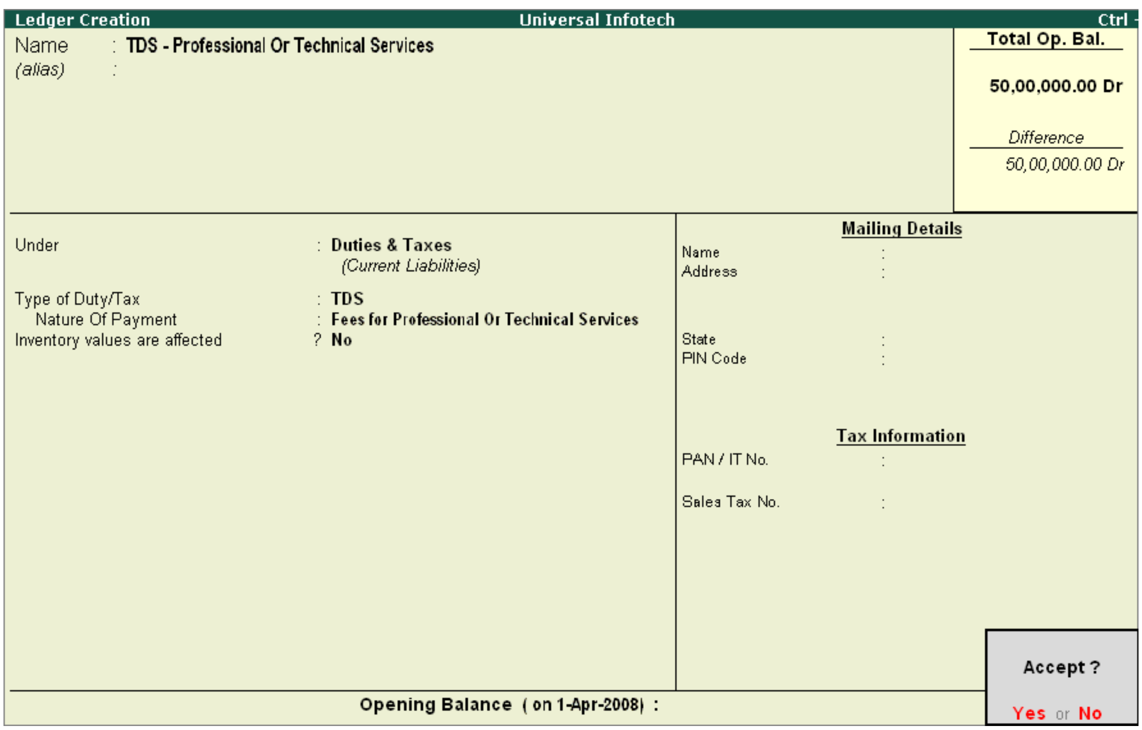


Figure 2.23 Completed TDS Ledger Creation Screen

6. Press **Enter** to Accept.

2. Record the Transaction in Journal Voucher

Set Up:

In **F12: Configure (Journal configuration)**

- Set **Allow Alteration of Nature of Payment in Expenses** to **Yes**

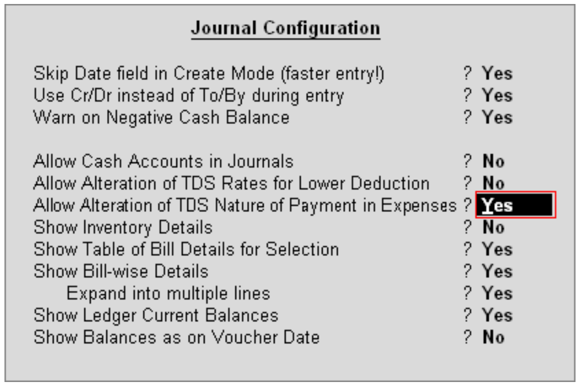


Figure 2.24 F12: Configure

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

1. Press **F2** and change the date to **07-05-2008**
2. Select **Auditing Expenses** in the **Debit** field and press **Enter**
3. Enter **1,12,360** in the **Amount** field and press **Enter**

The **Expense Allocation** screen is displayed as shown

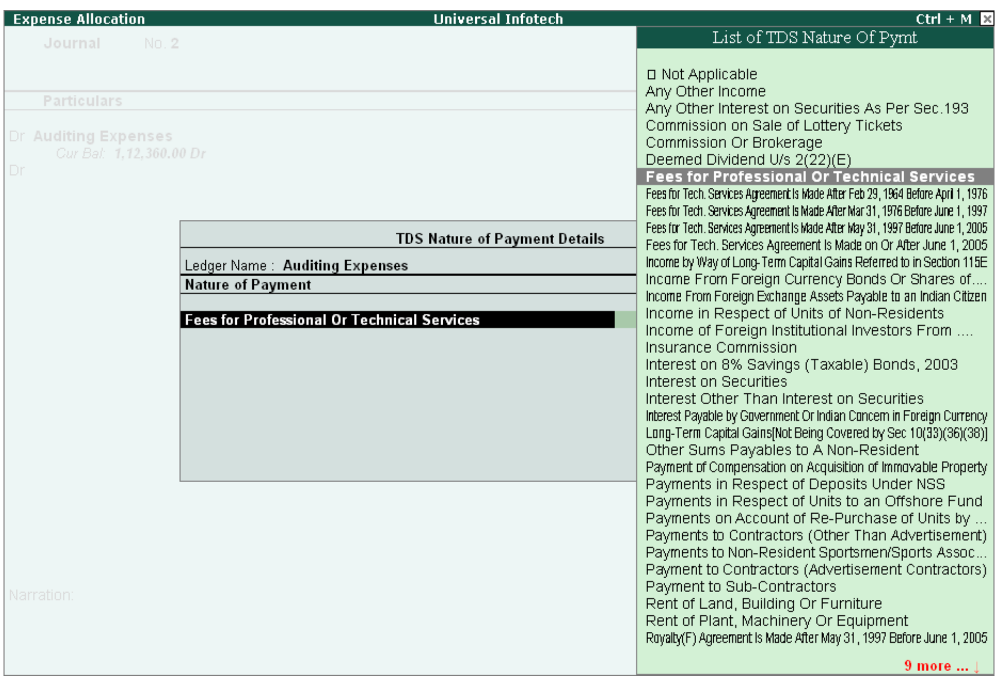


Figure 2.25 Expense Allocation Screen

*When **Allow Alteration of Nature of Payment in Expenses** is set to **Yes** in **F12: Voucher Entry Configuration**, Tally.ERP 9 facilitates Assigning/ Altering Nature of Payments and Assessable Value of the Expenses during voucher entry.*

The **TDS Nature of Payment Details** screen displays the **Nature of Payment** and the **Assessable Value** of the expenditure.

- Press **Enter** to accept **Fees for Professional or Technical Services** as Nature of Payment.
- The amount in the **Assessable Value** is defaulted to Rs. 1,12,360. Enter **Rs.1,00,000** in the Assessable Value and press Enter.

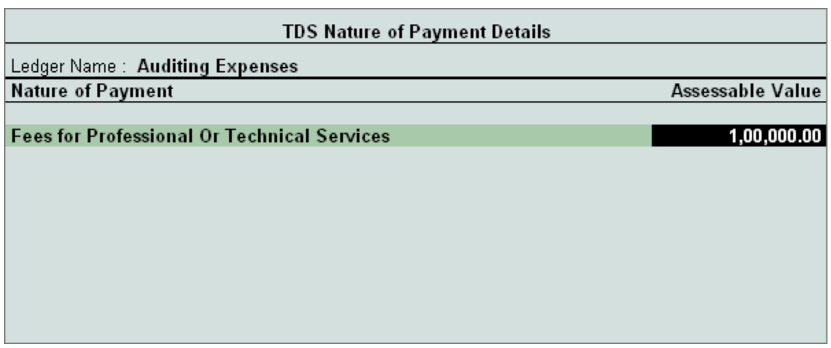


Figure 2.26 TDS Nature of Payment Details with Assessable Value

***Assessable Value** is the amount on which the **TDS** will be computed. In the above transaction the Bill amount of Rs. 1,12,360 includes Service Tax of Rs 12,360 on which the Tax cannot be deducted. Thus assessable value is arrived at by deducting Service tax from the Bill amount*

Bill amount (1,12,360) – Service Tax (12,360) = Assessable Value (1,00,000)

- In the **Nature of Payment** field select **Not applicable** from the **List of TDS Nature of Payment** (balance amount of Rs 12,360 gets allocated automatically in the Assessable value field)

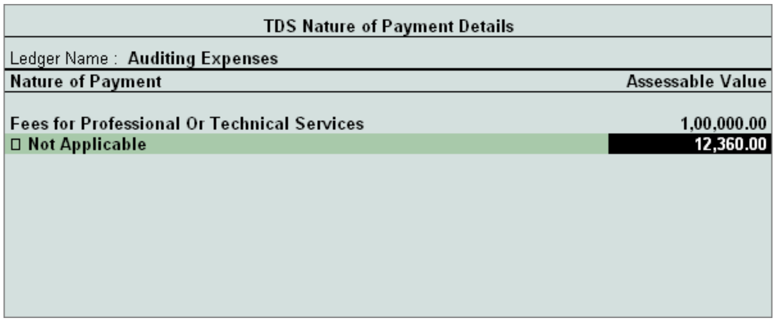


Figure 2.27 TDS Nature of Payment Details

4. Select **Sridhar & Co.** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- **Type of Ref**: Select **New Ref** from the method of Adjustment. Tally.ERP 9 displays Two **Methods of Adj** viz., Agst Ref and New Ref. **New Ref** is selected for new Financial Transactions Where as, **Agst Ref** is selected to set off payment against the previously entered invoice.
- **Name**: This filed display the **Reference Number** for the TDS Deducted. The default Reference Number displayed, is a combination of abbreviation of Journal, Voucher Number and Line Number. **Example: Jrnl/2-1** which can be changed by the user. TDS payments are tracked with these Reference Numbers.
- **Nature of Payment**: Select **Not Applicable** in Nature of Payment field. Assessable amount and Payment amount are defaulted as entered in **Expense Allocation** screen.

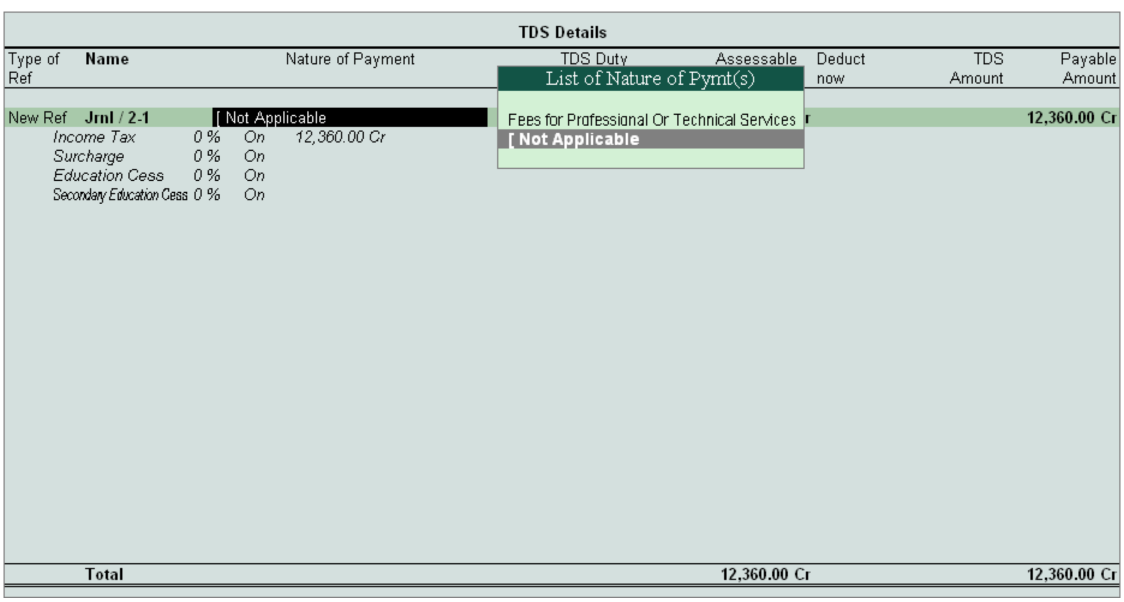


Figure 2.28 Nature of Payment as Not applicable

- **Type of Ref**: Select **New Ref** from the method of Adjustment.
- **Name**: This filed display the **Reference Number** for the TDS Deducted. The default Reference Number displayed, is a combination of abbreviation of Journal, Voucher Number and Line Number. **Example: Jrnl/2-2** which can be changed by the user. TDS payments are tracked with these Reference Numbers.
- **Nature of Payment**: Select **Fees for Professional or Technical Services** in Nature of Payment field. Assessable amount and Payment amount are defaulted as entered in **Expense Allocation** screen.
- **TDS Duty Ledger**: Select **TDS – Professional Or technical Services** from the list of **TDS Duty Ledgers**. List of **TDS Duty Ledgers** displays, ledgers created with specific nature of payment as well as the ledger created with the option **Any**.
- **Assessable Amount**: Tally.ERP 9 defaults the amount as specified in the TDS Nature of Payment Details against the expenses ledger and skips the field.
- **Deduct now**: This field will set to **Yes** or **No.** depending on the tax deduction. Set this field to **Yes** to deduct the Tax in the same voucher.
- **TDS Amount**: This field displays the Tax amount deducted at source
- **Payable Amount**: This field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown

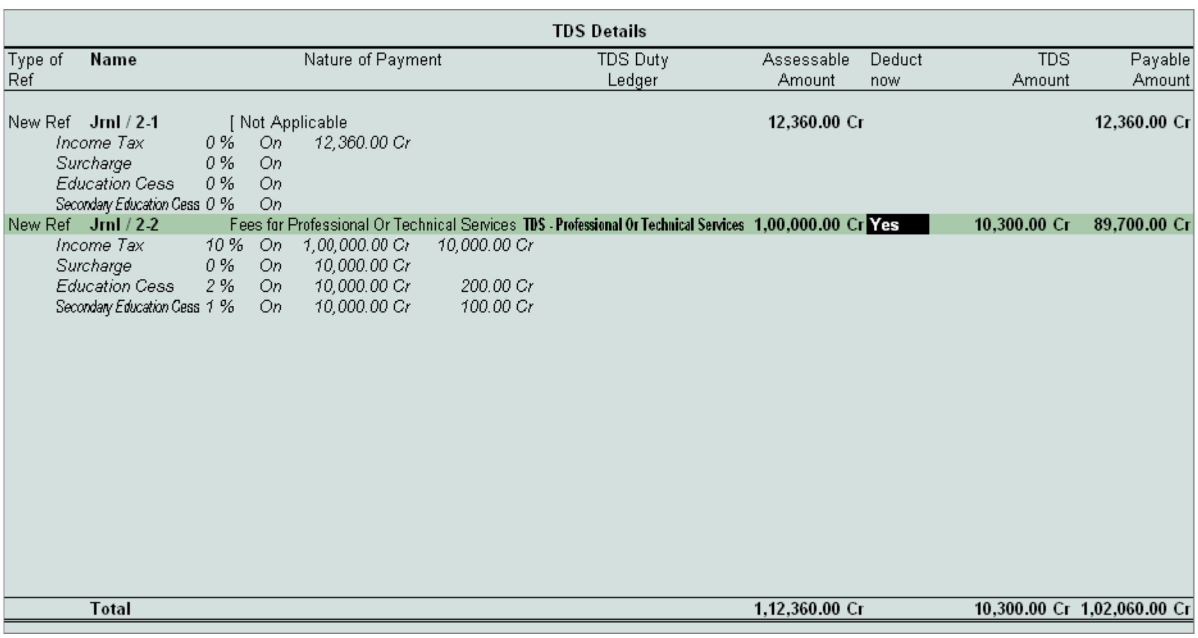


Figure 2.29 Completed TDS Details Screen

5. Press **Enter** to accept TDS Details
6. Payable Amount as calculated in the TDS Details screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
7. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**

- In the Name field enter the Bill name as **Bill - 911**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill-911**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

The Completed Bill–wise Details screen is displayed as shown

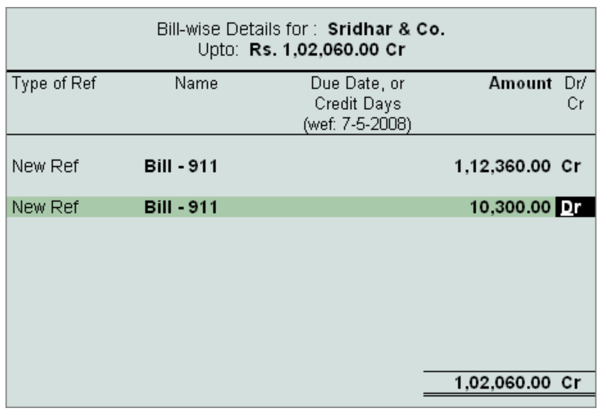


Figure 2.30 Bill–wise Details Screen

The above method of bill allocation helps the user to identify the Bill amount in the outstanding statement, when the request comes from the Supplier for payment.

8. In the **Credit** field select the duty ledger **TDS – Professional Or technical Services** from the List of Ledger Accounts and Rs. 10,300 (1,12,360 - 1,02060) is displayed automatically in the amount field.
9. Enter transaction details in the **Narration** field

The completed **Journal Voucher** is displayed as shown

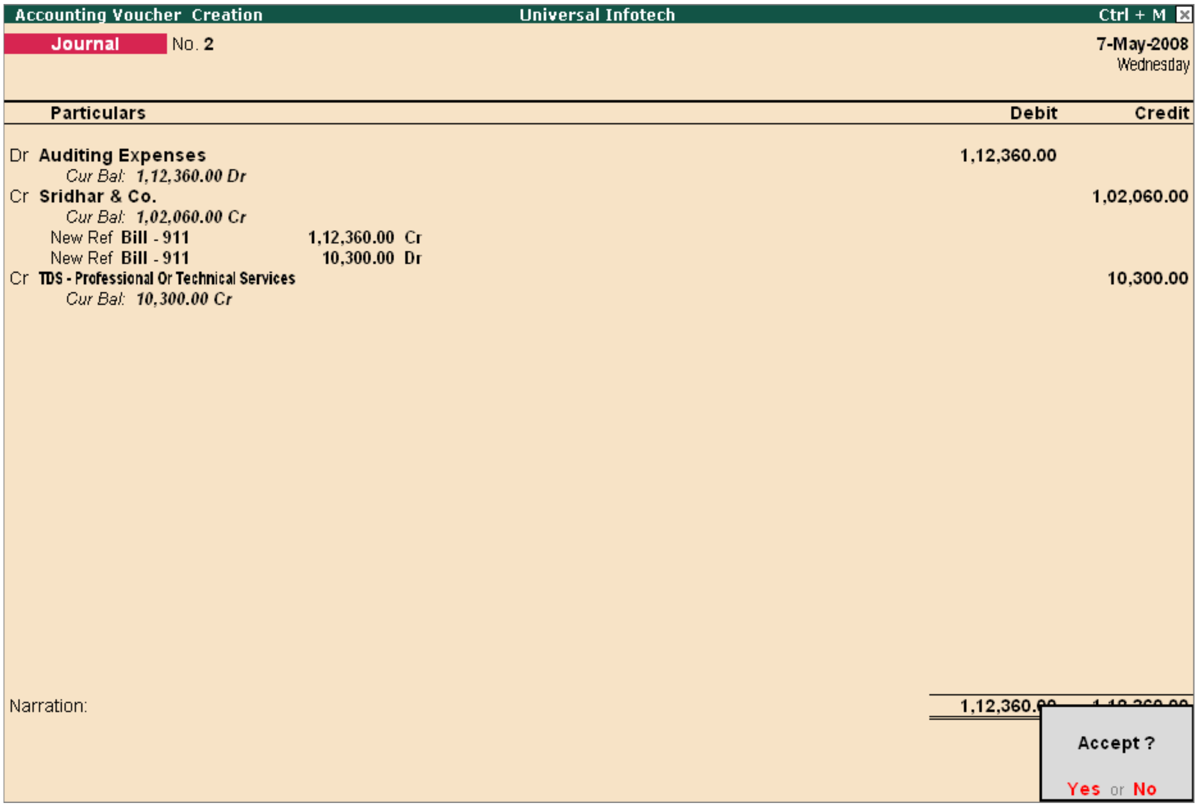


Figure 2.31 Journal Voucher

10. Press **Enter** to accept

2.4.2 Accounting of Expenses and Deducting TDS Later

It is always expected that, the deductor should deduct the tax in the same invoice in which the expenses are accounted. But in some cases, deductor may follow the procedure of accounting only expenses on the receipt of bills and later, deduct applicable tax on all such accounted expenses in one invoice.

Tally.ERP 9 provides the flexibility to account expenses and later deduct tax on such expenses. Consider the following scenario to illustrate Accounting of Expenses and deducting TDS later.

1. Accounting of Expenses

Example 5:

On 8th May, 2008 Universal Infotech received a bill (vide No. 689) from Digitech Computers for Rs. 25,000 towards commission charges.

The following example illustrates TDS transaction using a Purchase Voucher. Before recoprding the above transaction, create the following required ledgers.

To account the above transaction follow the steps given below

1. Create Masters
    - i. Expense Ledger
    - ii. Party Ledger
    - iii. Tax Ledger
2. Record the Transaction in Purchase Voucher

1. Create Masters

As per the given information create masters.

i. Expense Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Commission Expenses	Indirect Expenses	Yes	Commission or Brokerage
Inventory values are affected: No			

ii.Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Digitech Computers	Sundry Creditors	Yes	Yes	Individual/HUF – Resident
In **Mailing Details**: **Address**: No-81/1, 8th main, Basaveshwaranagar, Bangalore. **State**: karnataka **PIN Code**: 560079 In **Tax Information**: **PAN / IT No**.: APRCL0497F				

iii. Tax Ledger

Ledger	Under	Type of Duty/ Tax	Nature of Payment	Inventory values are affected
TDS – Commission or Brokerage	Duties & Taxes	TDS	Commission or Brokerage	No

2. Record the Transaction in Purchase Voucher (Acct Invoice Mode)

Set Up:

In **F12: Configure (Puchase Invoice Configuration)**

- Set **Use Common Ledger A/c for Item Allocation** to **No**
- Set **Use Defaults for Bill Allocations** to **No**

Go to **Gateway of Tally > Accounting Vouchers >** Press **F9: Purchase**

1. Press **Alt + I** for **Account Invoice mode**
2. Press **F2** and change the date to **08-05-2008**
3. In **Party's A/c Name** field select **Digitech Computers** from the **List of Ledger Accounts**
4. Under **Particulars** select **Commission Expenses** and press **Enter**
5. Enter **Rs. 25000** in the **Amount** field
6. Press **Enter** to view **TDS Nature of Payment Details** screen and accept the default details in the screen.
7. Press **Enter** twice to view **TDS details** screen.

In **TDS Details** provide the following information.

- In **Type of Ref** field select **New Ref**
- **Name** filed display the **Reference Number** for the TDS to be Deducted. The default Reference Number displayed, is a combination of abbreviation of Purchase, Voucher Number and Line Number. **Example: Purc / 1-1** which can be changed by the user. TDS deductions are tracked with these Reference Numbers.
- In **Nature of Payment** field select **Commission or Brokerage** from the **List of Nature of Pymt(s)**
- In **TDS Duty Ledger** field select **TDS – Commission or Brokerage**
- **Assessable Amount** is defaulted to **Rs.25000**

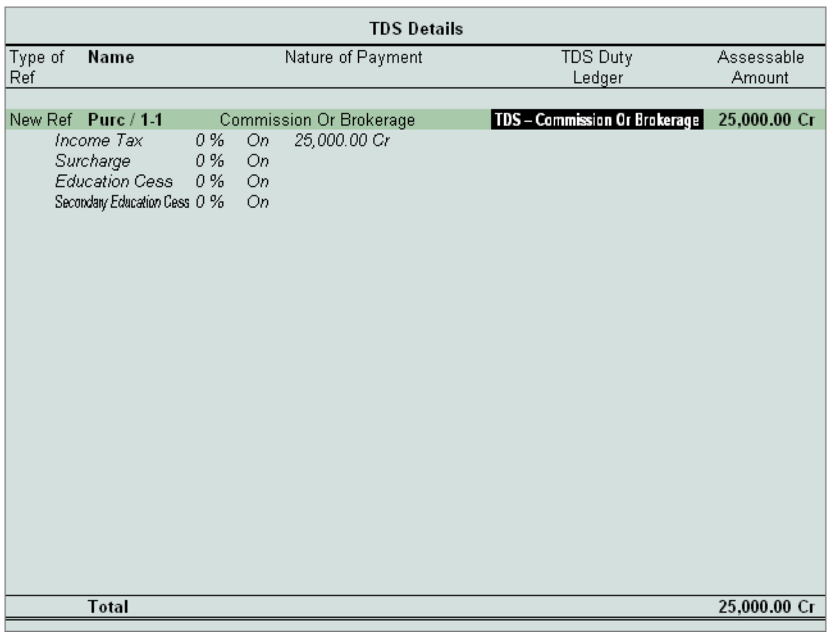


Figure 2.32 TDS Details

The **TDS Details** screen is provided for an expenditure for which Tax is not deducted at the time of accounting of expense, to provide the TDS details, which will be used as reference at the time of cumulative deduction of Tax.

8. Press **Enter** to accept the TDS Details
9. In the **Bill-wise Details** screen

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 689**
- Skip the **Due Date or Credit Days** field

- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.

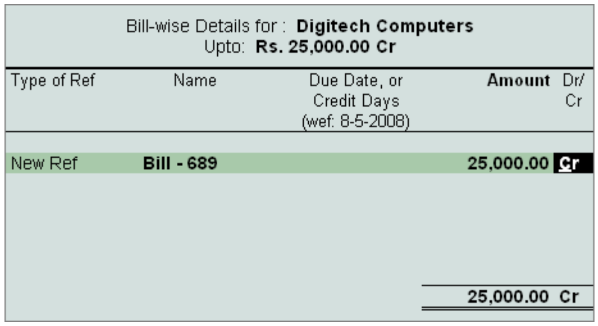


Figure 2.33 Bill–wise Details

10. Enter transaction details in the **Narration** field.

The Completed **Purchase Voucher** is displayed as shown

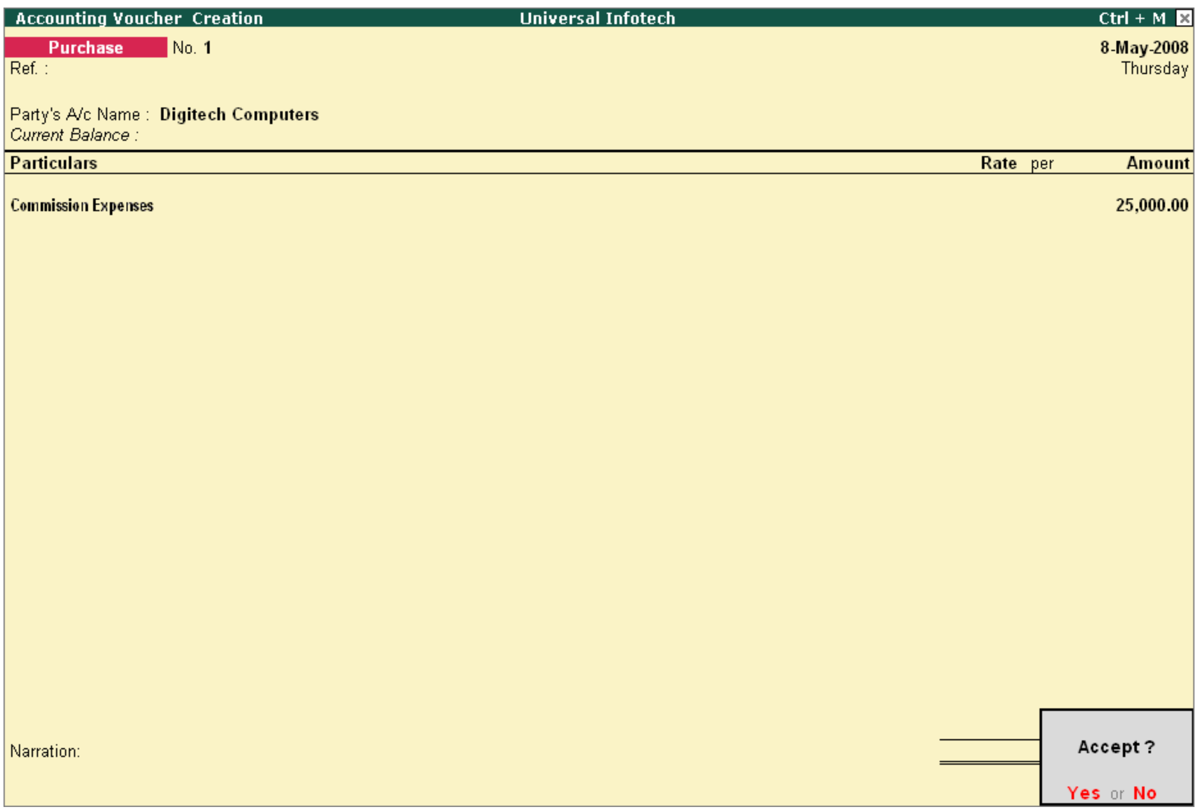


Figure 2.34 Purchase Voucher

11. Press **Enter** to accept.

In Tally.ERP 9, all the transactions in which TDS is not deducted are displayed in **TDS not Deducted Report** under Exception Reports.

- *The above transaction can also be accounted using **Journal Voucher**.*
- *For more details on **TDS Not Deducted** report refer **Reports Chapter**.*

Example 6:

On 12th May, 2008 Universal Infotech received a bill (vide No. 874) from Digitech Computers for Rs. 40000 towards commission charges.

Record the transaction in Purchase Voucher (Acct Invoice Mode)

Go to **Gateway of Tally > Accounting Vouchers >** Press **F9: Purchase**

1. Press **Alt + I** for **Account Invoice mode**
2. Press **F2** and change the date to **12-05-2008**
3. In **Party's A/c Name** field select **Digitech Computers** from the **List of Ledger Accounts**
4. Under **Particulars** select **Commission Expenses** and press **Enter**
5. Enter **Rs. 40000** in the **Amount** field
6. Press **Enter** to view **TDS Nature of Payment Details** screen and accept the default details in the screen.
7. Press **Enter** twice to view **TDS details** screen.

In **TDS Details** provide the following information.

- In **Type of Ref** field select **New Ref**
- In the **Name** field, Tally.ERP 9 displays **Purc / 2-1** as the reference number
- In **Nature of Payment** field select **Commission or Brokerage** from the **List of Nature of Pymt(s)**
- In **TDS Duty Ledger** field select **TDS – Commission or Brokerage**
- **Assessable Amount** is defaulted to **Rs. 40000**

The above Details provided in the TDS Details screen will be used as reference at the time of cumulative deduction of Tax.

8. Press **Enter** to accept the TDS Details
9. In the **Bill-wise Details** screen

- Select **New Ref** as the **Type of Ref**

- In the Name field enter the Bill name as **Bill - 874**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.

10. Enter transaction details in the **Narration** field.

The Completed **Purchase Voucher** is displayed as shown

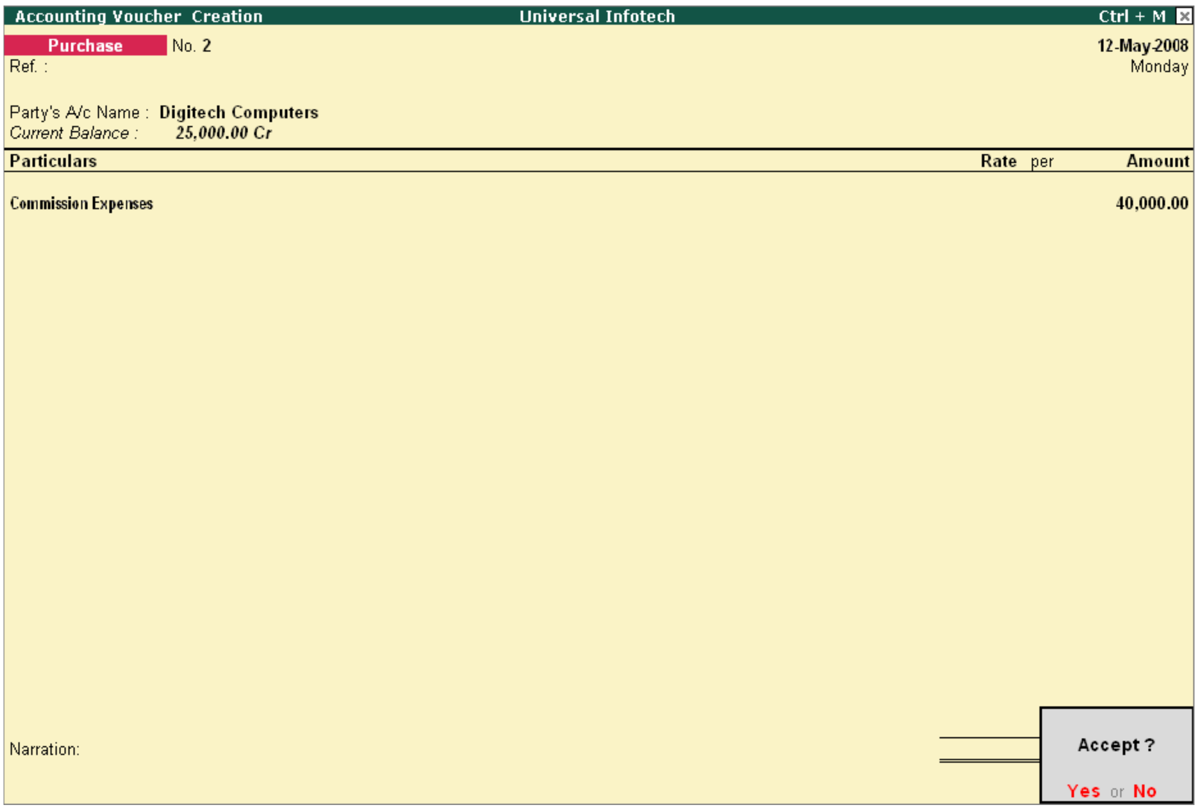


Figure 2.35 Completed Purchase Voucher

11. Press **Enter** to accept

2. TDS Deduction

Example 7:

On 14th May, 2008 Universal Infotech deducted tax towards Commission Expenses for the transactions dated 8th and 12th May.

The following example illustrates the Cumulative deduction of Tax on expenses, accounted in 2 different invoices.

Record the transaction in Journal Voucher

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

1. Press **F2** and change the date to **14-05-2008**
2. Press **Alt +S** or click on **S: TDS Deduction** button on the buttons bar to view **TDS Deductions** screen.

In **TDS Deduction** screen

- **Till Date**: In this field user may enter till date of the period for which the TDS to be deducted and auto–filled.

  Enter **14-05-2008** as the **Till Date**.

- **Party**: In this field Tally.ERP 9 displays the **List of Party ledgers** against whom the TDS deduction is Due.

  Select **Digitech Computers** from the **List of Ledger(s)**

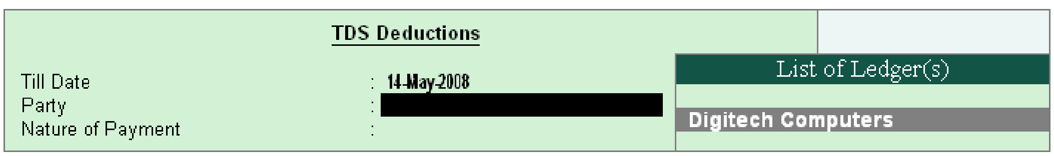


Figure 2.36 TDS Deductions – Party Selection

- **Nature of Payment**: Based on the **Party** selected in the **Party** field, Tally.ERP 9 displays all the party related **nature of payments** under whichTDS deduction is pending.

  Select **Commission Or Brokerage** from the List of Nature of Payments

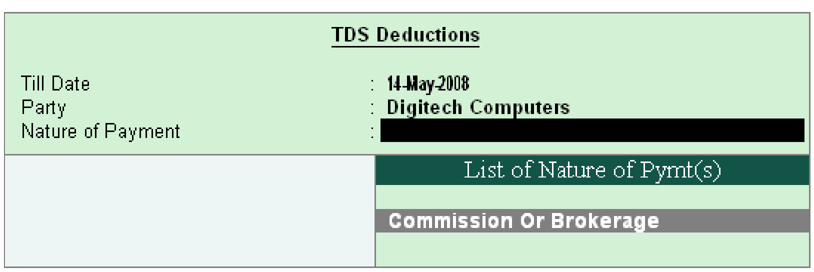


Figure 2.37 TDS Deduction – Nature of Payment Selection

3. Press **Enter** to accept the **TDS Deductions**
4. The **TDS amount** with the respective bill details will be auto-filled.

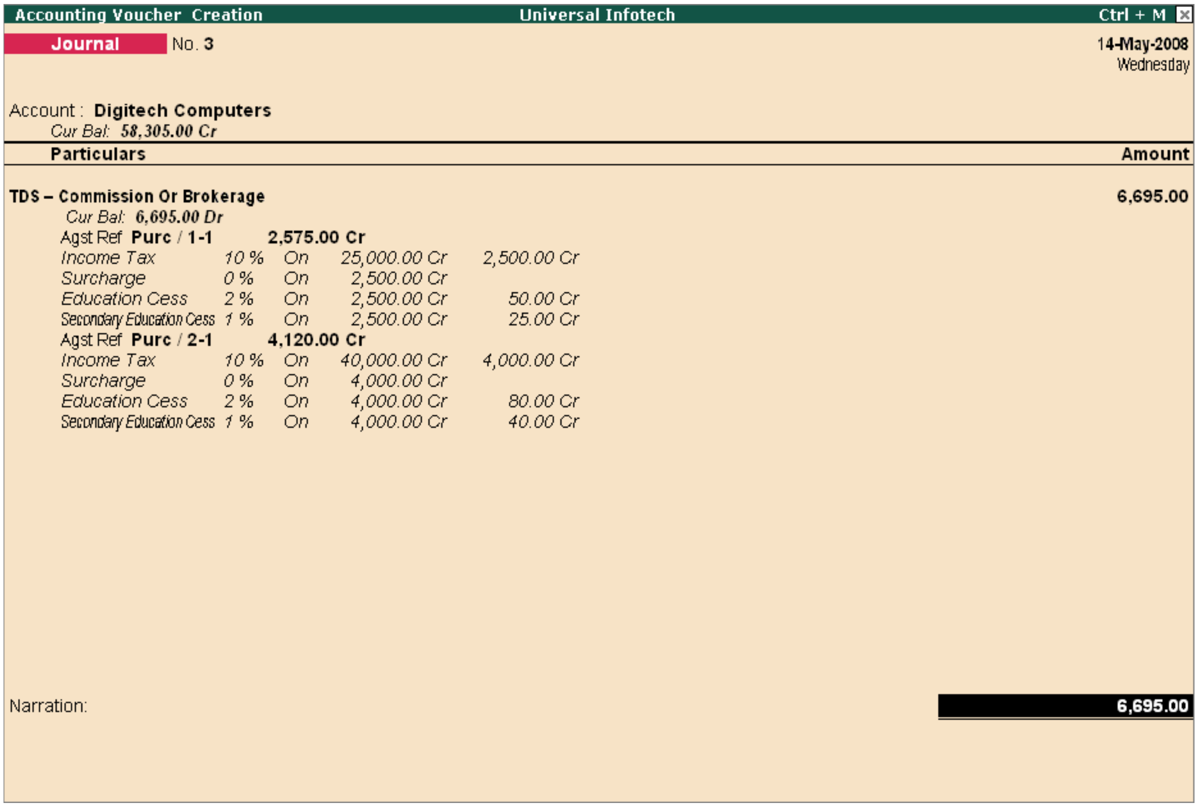


Figure 2.38 Journal Voucher with Auto filled TDS values

The Total TDS of **Rs.6695**, includes TDS of **Rs. 2,575** against **Purc / 1-1** and **Rs. 4,120** against **Purc / 2-1**.

5. In the **Bill-wise Details** screen
   - Select **Agst Ref** in the **Type of Ref**
   - In the **Name** field, Tally.ERP 9 displays **List of Pending Bills**. Select **Bill – 689** dated **8-May-2008** to adjust the TDS Deducted and press enter
   - Enter **Rs.2575** in the amount (The TDS amount of Purc /1)and accept the default **Dr/Cr** allocation.
   - Press **Enter**, select **Agst Ref** in the **Type of Ref** field and **Bill – 874** dated **12-May-2008** in Name field.
   - The amount of **Rs. 4120** (6695 - 2575) is defaulted automatically. Accept the default **Dr/Cr** allocation.

The completed **Bill-wise Details** is displayed as shown

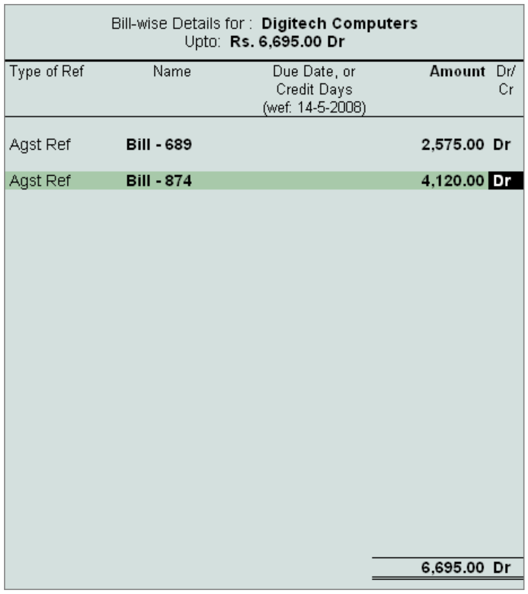


Figure 2.39 Bill-wise Details screen

In the **Bill-wise Details** screen, applicable TDS amount will be adjusted against the pending bills.

6. Enter transaction details in the **Narration** field.

The Completed **Journal Voucher** is displayed as shown

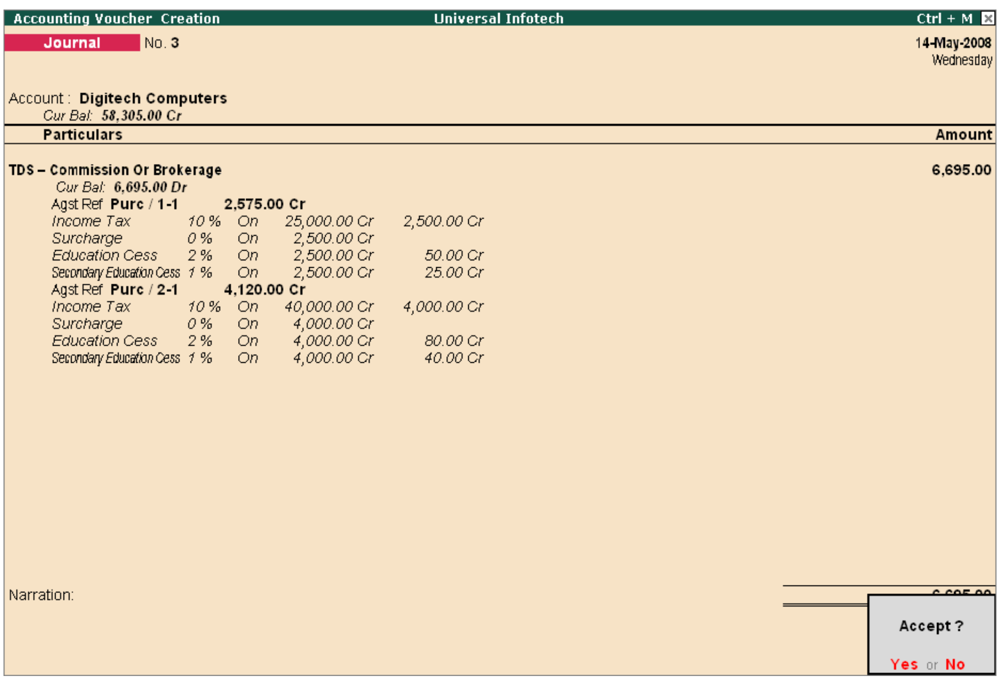


Figure 2.40 Journal Voucher

7. Press **Enter** to accept.

2.4.3 Accounting Multiple Expenses and Deducting TDS Later

Under this, we will understand the accounting of multiple expenses (in the same voucher) and deducting TDS later.

Consider the following scenario to illustrate accounting of multiple expenses and deducting TDS later.

1. Accounting of Expenses

Example 8:

On 18th May, 2008 Universal Infotech received a bill (vide No. 412) from Pheonix Agencies for Rs. 2,50,000 towards

Commission Charges — Rs. 50,000

Advertisement Expenses — Rs. 2,00,000

Record the transaction in Purchase Voucher (Acct Invoice Mode)

Go to **Gateway of Tally > Accounting Vouchers >** Press **F9: Purchase**

1. Press **Alt + I** for **Account Invoice mode**
2. Press **F2** and change the date to **18-05-2008**
3. In **Party's A/c Name** field select **Pheonix Agencies** from the **List of Ledger Accounts**
4. Under **Particulars** select **Commission Expenses** and press **Enter**
5. Enter **Rs. 50,000** in the **Amount** field
6. Press **Enter** to view **TDS Nature of Payment Details** screen and accept the default details in the screen and press **Enter**.
7. Under **Particulars** select **Advertisement Expenses** and press **Enter**
8. Enter **Rs. 2,00,000** in the **Amount** field
9. Press **Enter** to view **TDS Nature of Payment Details** screen and accept the default details in the screen and press **Enter**.
10. Press **Enter** twice to view **TDS details** screen.

In **TDS Details** provide the following information.

- In **Type of Ref** field select **New Ref**
- In **Name** field, accept the default reference number – **Purc / 3-1**
- In **Nature of Payment** field, select **Commission Or Brokerage** from the List of Nature of Payments.

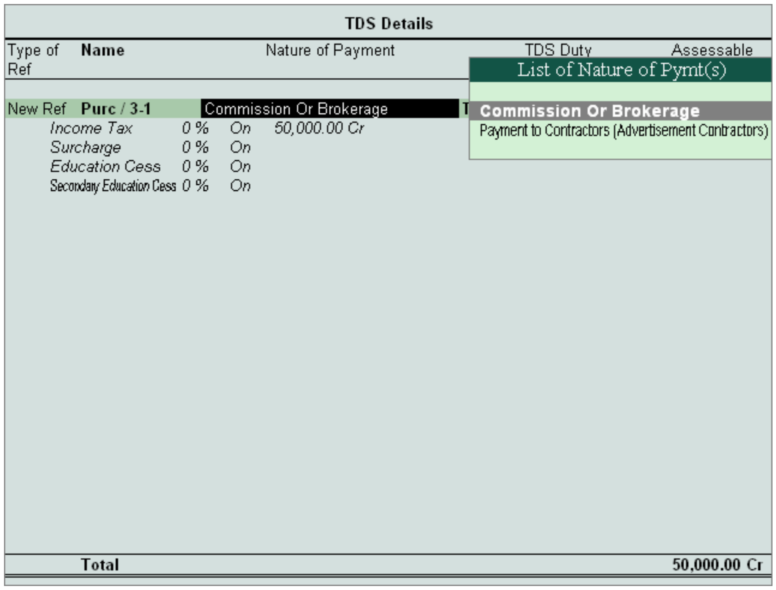


Figure 2.41 TDS Details – Selection of Nature of Payment

The **List of Nature of payments** displays the Nature of Payments which are specific to the Expenses Ledgers, selected in the transaction.

- In **TDS Duty Ledger** field select **TDS – Commission or Brokerage**
- **Assessable Amount** is defaulted to **Rs. 50,000**
- In **Type of Ref** field select **New Ref**
- In **Name** field accept the default reference number – **Purc / 3-2**
- In **Nature of Payment** field, select **Payment to Contractors (Advertisement Contractors)** from the List of Nature of Payments.

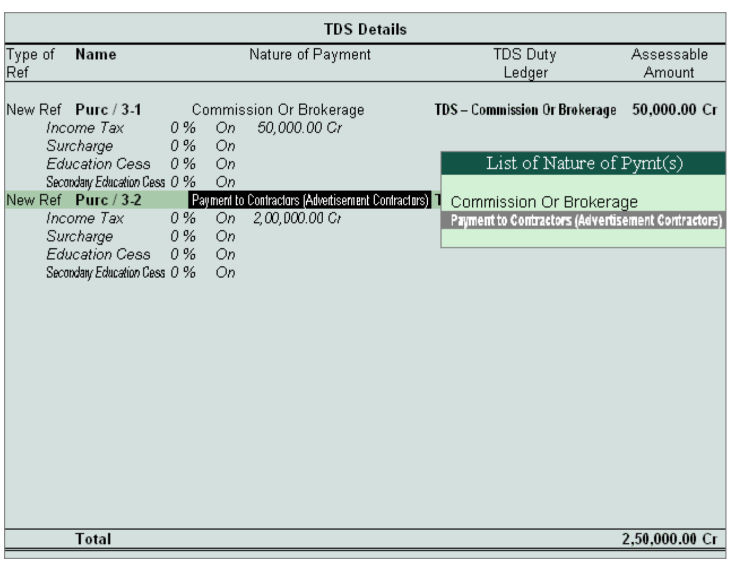


Figure 2.42 TDS Details

Here, the **List of Nature of Payments** displays only those nature of payments which are pending for selection.

- In **TDS Duty Ledger** field select **TDS – Contractors**
- **Assessable Amount** is defaulted to **Rs. 2,00,000**

11. Press **Enter** to accept the TDS Details
12. In the **Bill-wise Details** screen

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 412**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.

13. Enter transaction details in the **Narration** field.

The Completed **Purchase Voucher** is displayed as shown

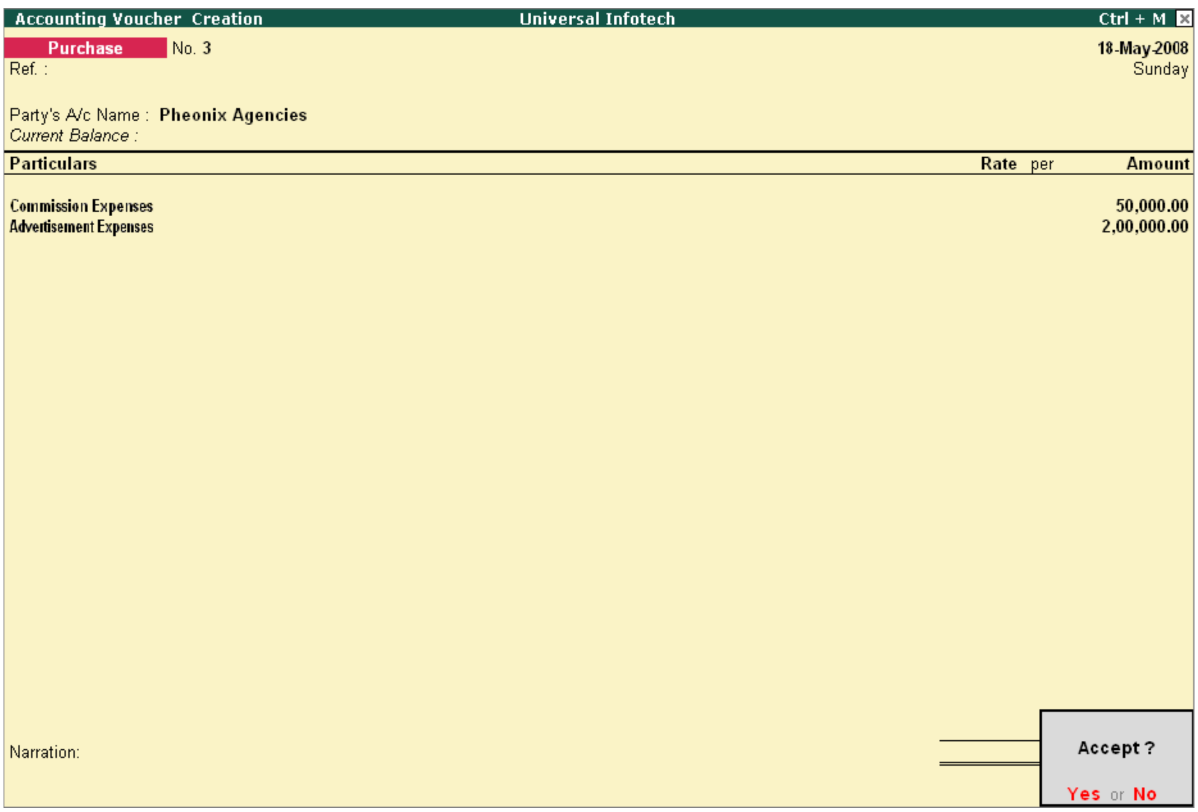


Figure 2.43 Completed Purchase Voucher

14. Press **Enter** to accept

2. TDS Deduction

Example 9:

On 21st May, 2008 Universal Infotech deducted tax towards Commission and Advertisement Expenses for the transaction dated 18th May, 2008.

Record the transaction in Journal Voucher

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

1. Press **F2** and change the date to **21-05-2008**
2. Press **Alt +S** or click on **S: TDS Deduction** button on the buttons bar to view **TDS Deductions** screen.

In **TDS Deduction** screen

- **Till Date**: In this field user may enter till date of the period for which the TDS to be deducted and auto–filled.

  Enter **21-05-2008** as the **Till Date**.

- **Party**: In this field Tally.ERP 9 displays the **List of Party ledgers** against whom the TDS deduction is Due.

  Select **Pheonix Agencies** from the **List of Ledger(s)**

- **Nature of Payment**: Based on the Party selected in the **Party** field, Tally.ERP 9 displays all the party related **nature of payments** under which, TDS deduction is pending. User can select all the Nature of Payments (**All Items**) or any one of the Nature of payment from the list, for TDS Deduction.

  Select **All Item** from the **List of Nature of payments**.

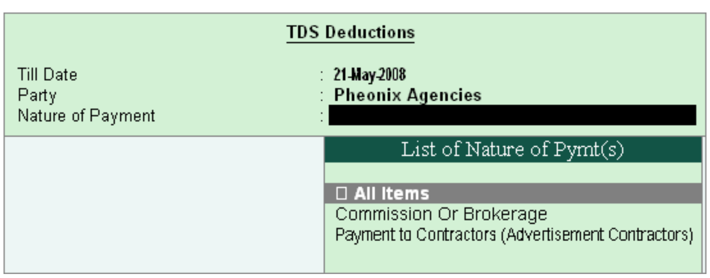


Figure 2.44 TDS Deduction – Selection of Nature of Payment

3. Press **Enter** to accept the **TDS Deductions**
4. The **TDS amount** with the respective bill details will be auto-filled.

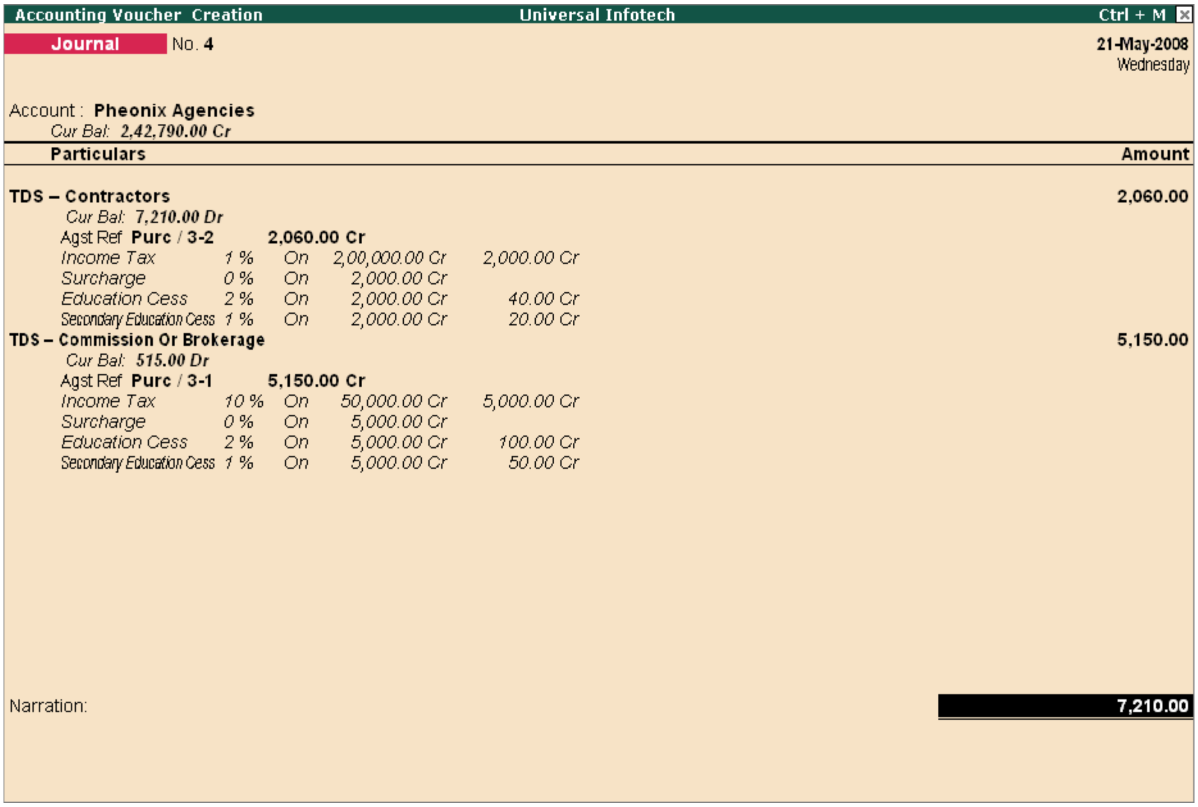


Figure 2.45 Journal Voucher with Auto filled TDS values

The Total TDS of **Rs.7210**, includes TDS – Contractors **Rs. 2060** and TDS – Commission or Brokerage **Rs. 5,150** against **Purc / 3-2** and **Purc / 3-1** respectively.

5. In the **Bill-wise Details** screen
   - Select **Agst Ref** in the **Type of Ref**
   - In the **Name** field, Select **Bill – 412** dated **18-May-2008** to adjust the TDS Deducted and press **Enter**
   - Accept the default **amount** allocation and **Dr/Cr.**
6. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

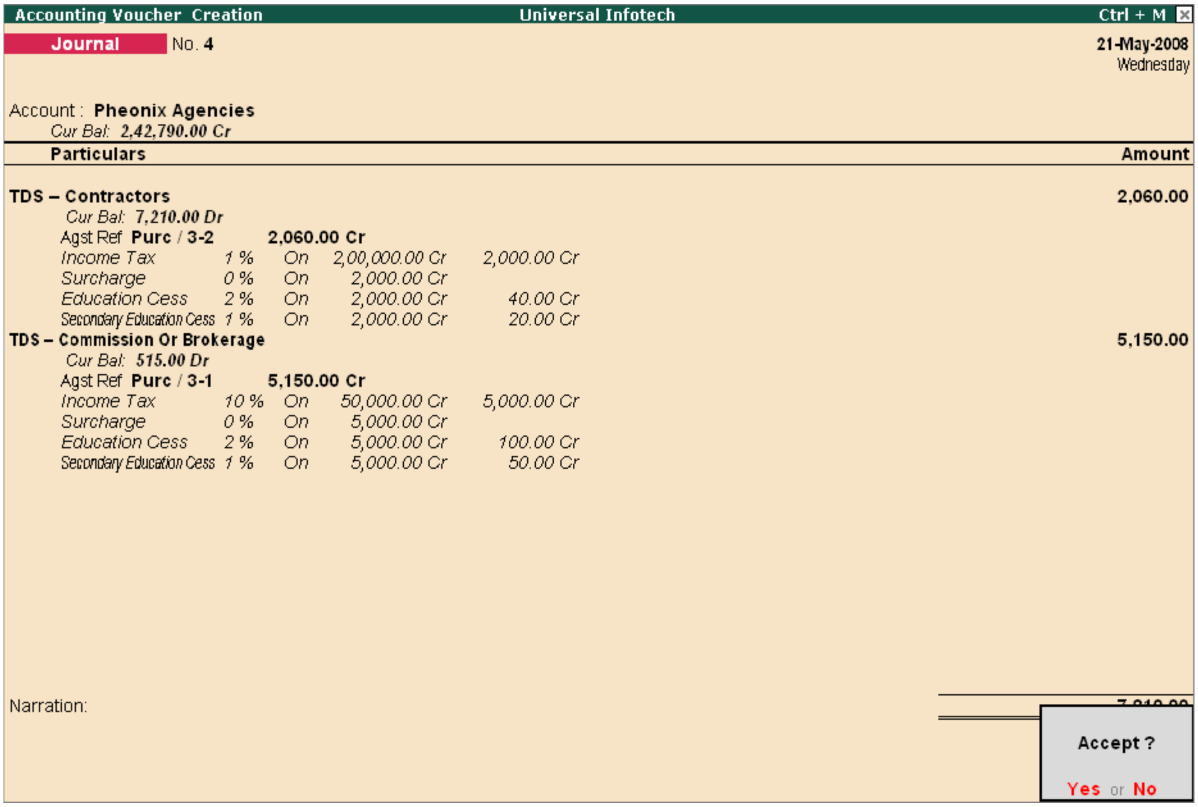


Figure 2.46 Journal Voucher

7. Press **Enter** to accept

2.4.4 TDS on Advances

The below examples illustrate the accounting of TDS on Advances and adjustment of such advances against the Bill.

1. Accounting Advances

Example 10:

On 2nd June, 2008 Universal Infotech made an advance payment of Rs. 90000 to Pheonix Agencies towards Advertisement Expenses through cheque (No. 025687). TDS is deducted while making the payment.

Record the transaction in Payment Voucher

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

1. Press **F2** and change the date to **02/06/2008**
2. In **Account** field select **Canara Bank** from the List of Ledger Accounts
3. Under **Particulars** select **Pheonix Agencies** and press **Enter**
4. Enter **Rs. 90,000** in the **Amount** field and press **Enter** to view Bill-wise details screen

In **Bill-wise Details** screen

- In **Type of Ref** field select **Advance** from the **Method of Adj**
- In **Name** field enter the bill name as **Adv – 001**
- Skip the **Due Date, or Credit Days** filed.
- Amount is defaulted to **Rs. 90000** accept the same.

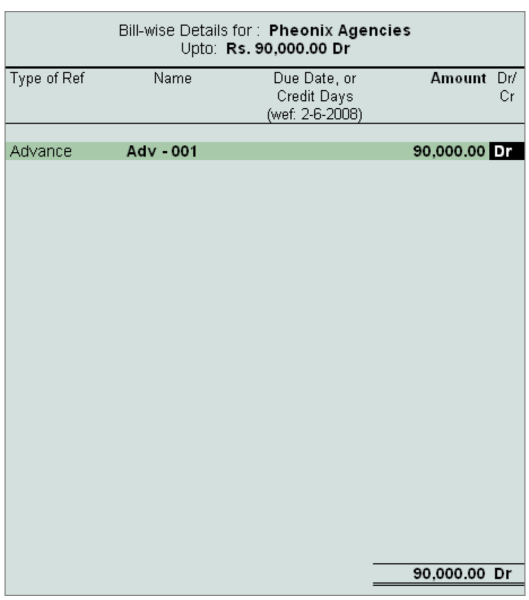


Figure 2.47 Bill-wise details Screen

5. Press **Enter** to accept the Bill-wise Details
6. Under **Particulars** select **TDS – Contractors (to deduct Tax)** and press **Enter**
7. In TDS Details screen

- In the **Type of Ref** field select **New Ref**
- **Name** filed display the **Reference Number** for the TDS Deducted. The default Reference Number displayed, is a combination of abbreviation of Payment, Voucher Number and Line Number. **Example: Pymt / 3-1** which can be changed by the user. TDS payments are tracked with these Reference Numbers.

  Accept the default **Reference Number (Pymt / 3-1)** and press Enter.
- In **Nature of Payment** field select **Payment to Contractors (Advertisement Contractors)** as the Nature of Payment.

The completed **TDS Details** screen is displayed as shown

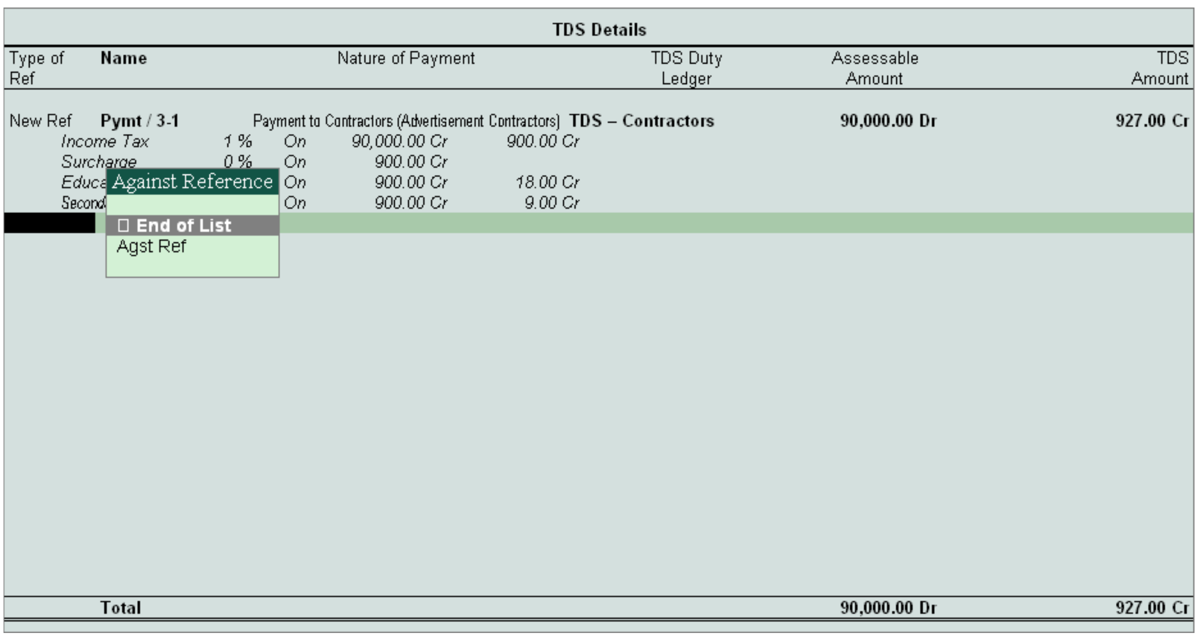


Figure 2.48 TDS Details Screen

8. Press **Enter** to accept the **TDS Details**
9. In the **Amount** field the **TDS amount (Rs. 927)** is displayed with negative sign
10. Enter **025687** in the **Narration** field.

The completed **Payment Voucher** is displayed as shown

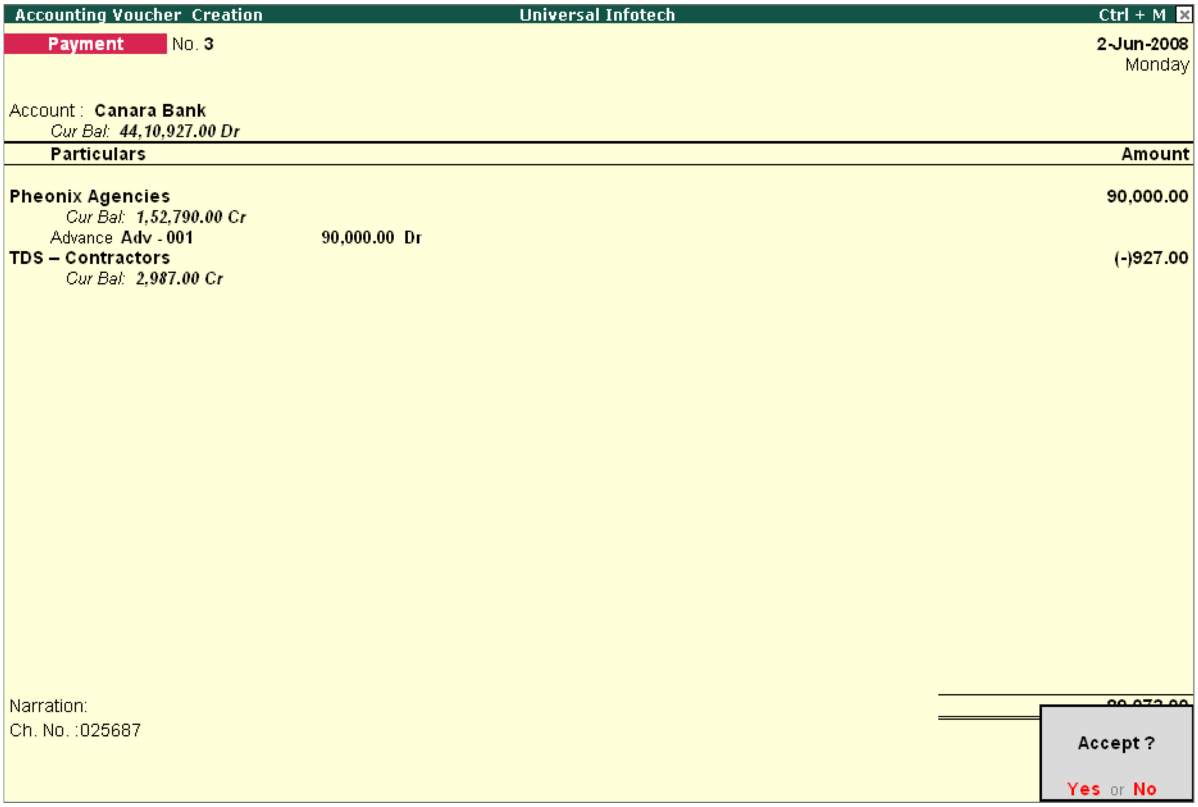


Figure 2.49 Payment Voucher

11. Press **Enter** to accept

2. Adjusting Advance against the Bill

Example 11:

On 15th June, 2008 Universal Infotech received a Bill (vide no. 982) from Pheonix Agencies for Rs. 1,50,000 towards the Advertisement services rendered.

Record the transaction in Journal Voucher

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

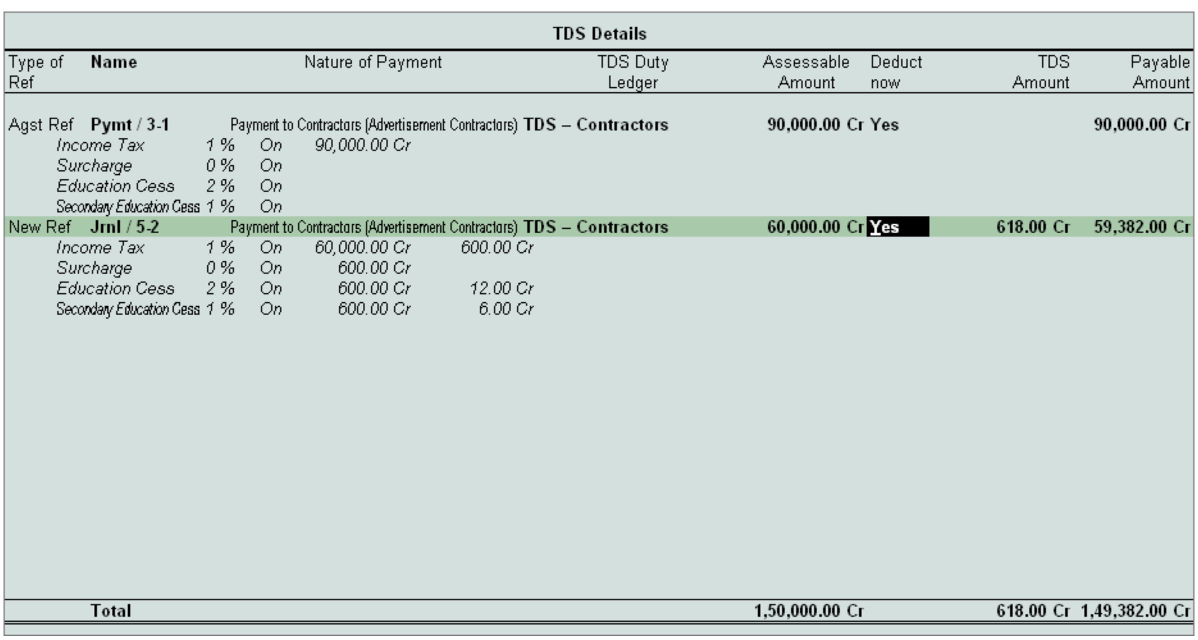
1. Press **F2** and change the date to **15-06-2008**
2. Select **Advertisement Expenses** in the Debit field and press **Enter**
3. Enter **1,50,000** in the **Amount** field and press **Enter**

4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **Pheonix Agencies** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **Agst Ref** from the method of Adjustment, to adjust the advance (on which TDS is deducted) against the Bill amount.
- In the **Name** field Tally.ERP 9 displays the party related **Pending Tax bills** for selection. Select **Pymt / 3-1** from the List.
- Based on the **Tax Bill** selected, the details in the **Nature of Payment, TDS Duty Ledger, Assessable Amount and Payable Amount** field will be defaulted automatically.
- In **Type of Ref** select **New Ref** to account the **Balance Amount (60,000 = 1,50,000 - 90,000)** payable to the party, to deduct the **TDS**.
- In the **Name** field accept the default TDS reference number – **Jrnl / 5-2**
- In **Nature of Payment** field select **Payment to Contractors (Advertisement Contractors)** from the List of nature of Payment(s)
- Select **TDS – Contractors** in the **TDS Duty Ledger** field.
- Set **Deduct now** field to **Yes** to deduct the Tax in the same voucher.
- The **TDS Amount** field displays the Tax amount deducted at source
- The **Payable Amount** field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown



TDS Details

Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
Agst Ref	Pymt / 3-1	Payment to Contractors (Advertisement Contractors)	TDS – Contractors	90,000.00 Cr	Yes		90,000.00 Cr
	Income Tax 1 % On 90,000.00 Cr						
	Surcharge 0 % On						
	Education Cess 2 % On						
	Secondary Education Cess 1 % On						
New Ref	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)	TDS – Contractors	60,000.00 Cr	Yes	618.00 Cr	59,382.00 Cr
	Income Tax 1 % On 60,000.00 Cr 600.00 Cr						
	Surcharge 0 % On 600.00 Cr						
	Education Cess 2 % On 600.00 Cr 12.00 Cr						
	Secondary Education Cess 1 % On 600.00 Cr 6.00 Cr						
	Total			1,50,000.00 Cr		618.00 Cr	1,49,382.00 Cr

Figure 2.50 TDS Details Screen

6. Press **Enter** to accept the TDS details
7. Payable Amount as calculated in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **Agst Ref** in **Type of Ref**, to adjust the Advance against the Bill amount.
- In the **Name** field select **Adv - 001** from the **Pending Bills**
- In the **Amount** field, Tally.ERP 9 displays Rs. 90,000, accept the default allocation and press **Enter**.
- Select **New Ref** in the **Type of Ref** field to adjust the Balance amount payable to the party.
- In the **Name** field enter the Bill name as **Bill - 982**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Balance Bill amount** [1,50,000 – Advance (90,000)] in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and enter Bill name as **Bill -982**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

The completed Bill-wise Details is displayed as shown

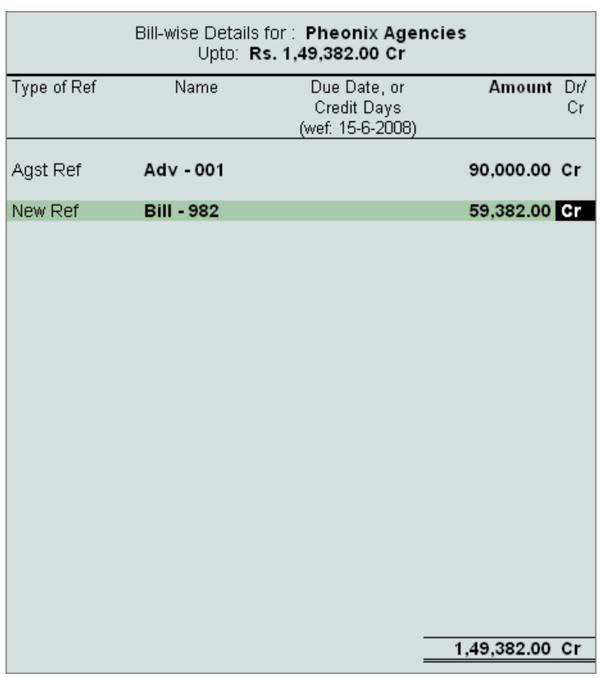


Figure 2.51 Bill-wise Details Screen

9. Press **Enter** to accept Bill-wise Details.
10. In the **Credit** field select the duty ledger **TDS – Contractor** from the List of Ledger Accounts and **Rs. 618** (1,50,000 - 1,49,382) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

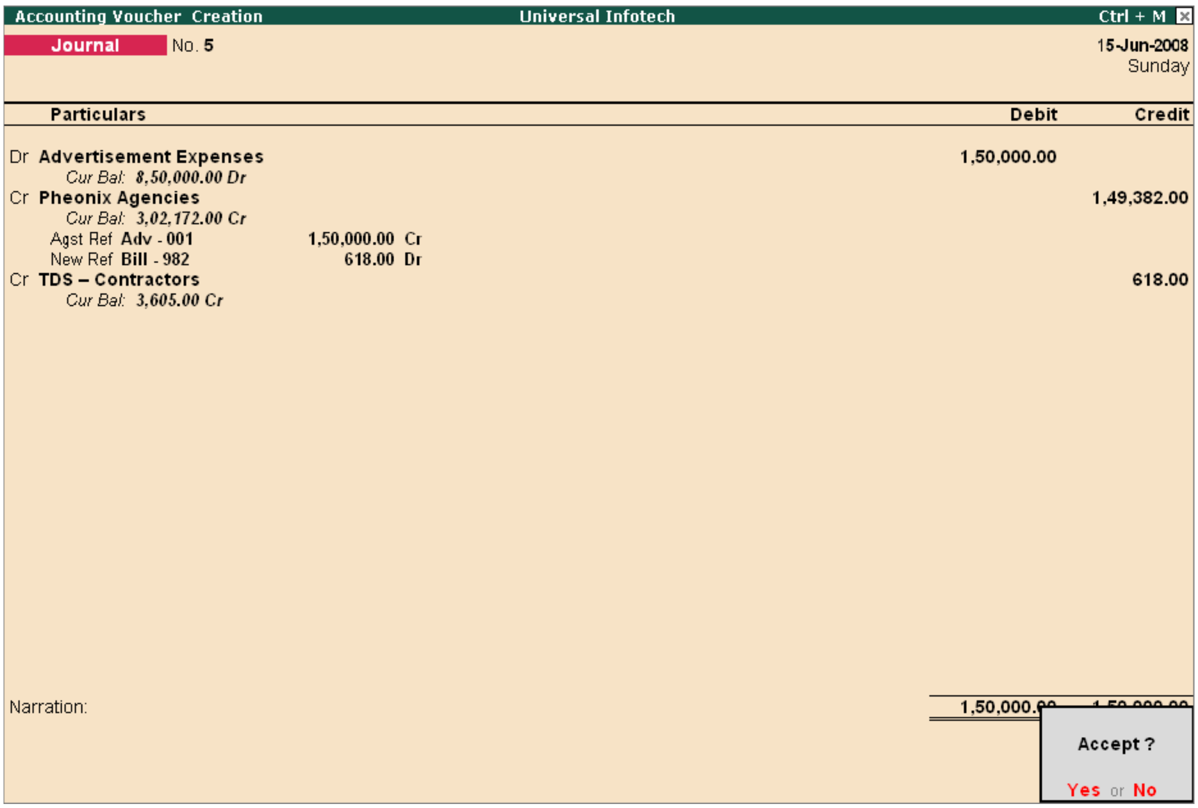


Figure 2.52 Journal Voucher

12. Press **Enter** to accept.

2.4.5 TDS on Expenses @ Lower Rate

Assessing Officer shall issue a certificate for deduction of Tax at Lower rate than the relevant rate specified under the section, Where the assessing officer is satisfied that the total income of the recipient (Assessee) justifies the deduction of income tax at any lower rates than the rate specified under sections specified under the Act and has received an application in Form 13 from the assessee under sub-section (1) of section 197.

The certificate granted shall be valid for the assessment year specified and is valid only for the person named therein.

In Tally.ERP 9, the user can record and compute TDS on transactions, on which lower rate of deduction is applicable. Consider the following example.

Example 12:

On 25th June, 2008 Universal Infotech received a Bill (vide No. 260) from ACE Computers for Rs. 80,000 towards commission charges.

ACE Computers has a certificate for deduction of Income tax at Lower rate @ 5%, on Commission.

To account the above transaction

1. Create Masters
   i. Party Ledger
2. Record the Transaction in Journal voucher

1. Create Masters

i Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
ACE Computers	Sundry Creditors	Yes	Yes	Partnership Firm

Create Party Ledger

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

Setup:

Before creating the party ledger enable the following Configurations in **F12: Configure (Ledger Configuration)**

- Set **Allow Advanced entries in TDS Masters** to **Yes**.

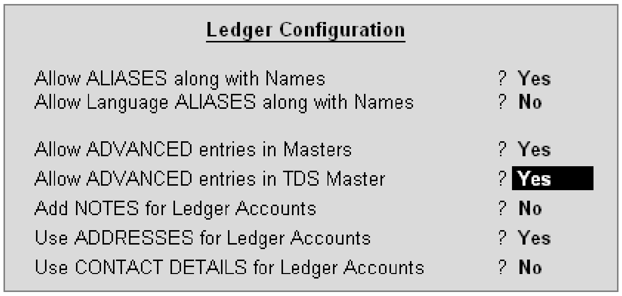


Figure 2.53 F12: Configure

In the **Ledger Creation** screen,

1. Type **ACE Computers** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**
6. In the **Deductee Type** field select **Partnership Firm** from the **List of Deductee Types**
7. Set **Use Advanced TDS Entries** to **Yes** and press **Enter**

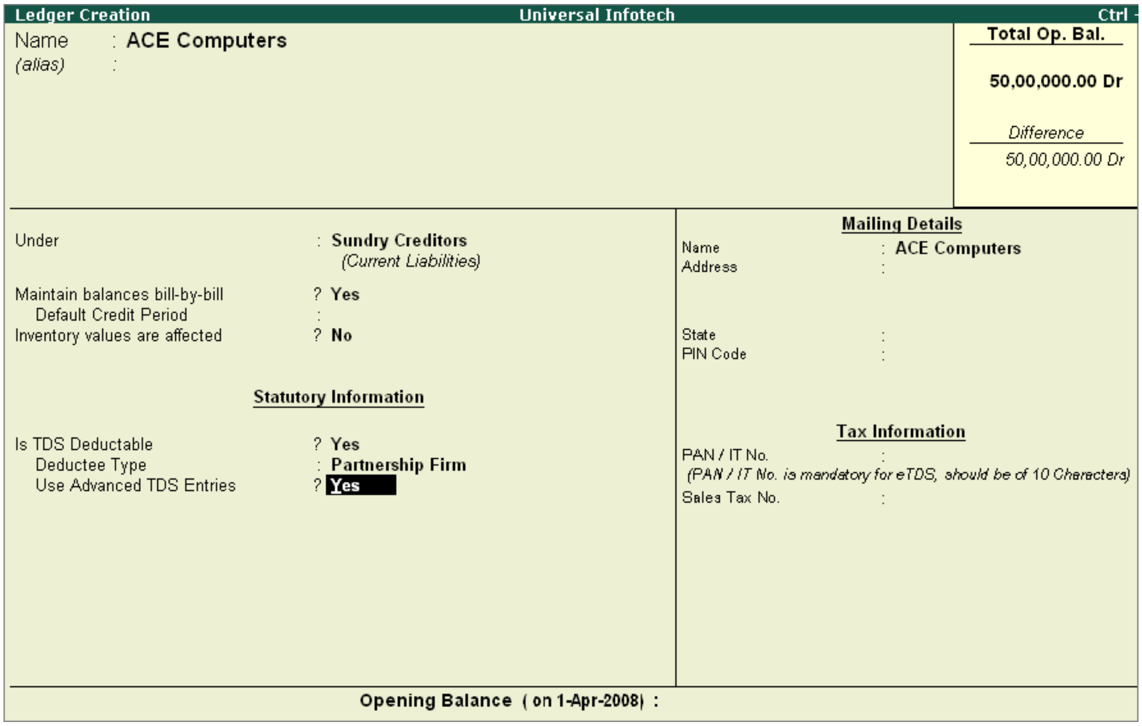


Figure 2.54 Ledger Creation – Enabling Advanced TDS Entries

Use Advanced TDS Entries** field will be enabled in the ledger creation screen only When **Allow Advanced entries in TDS Masters** is set to **Yes** in **F12: Voucher Entry Configuration.

The Advanced TDS Entries screen is displayed as shown

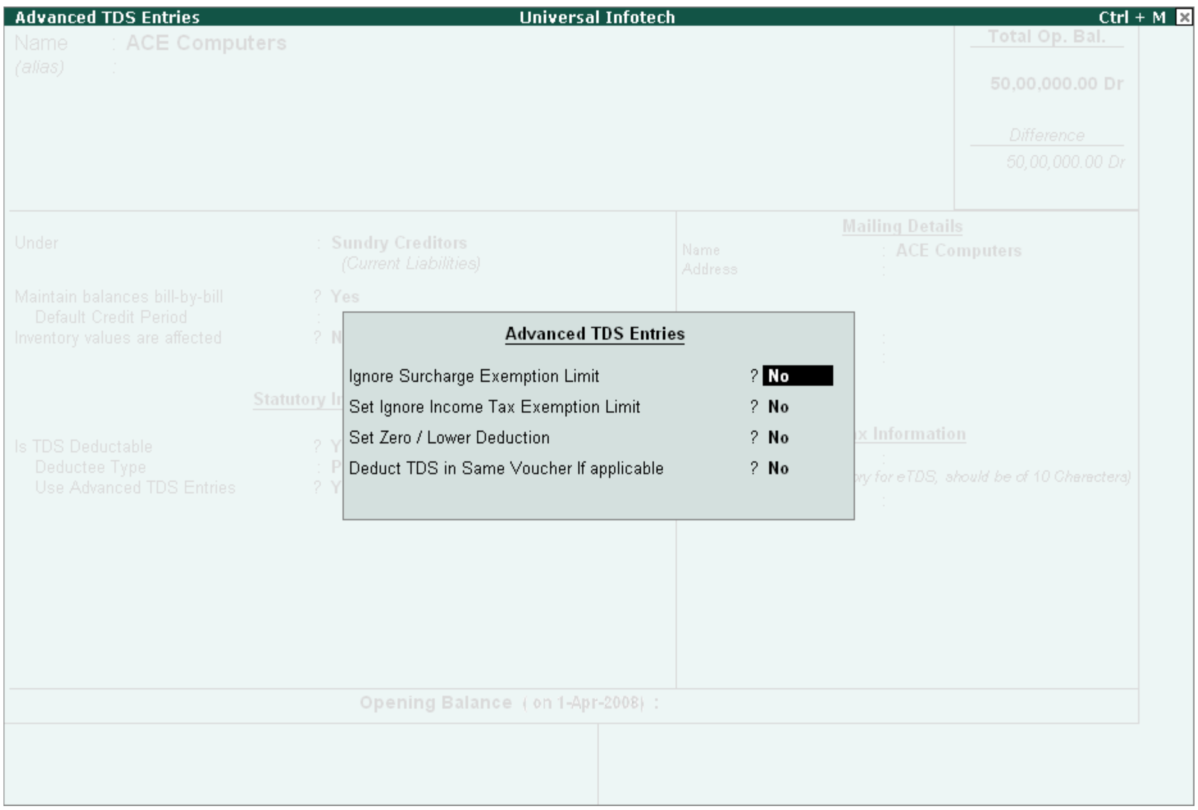


Figure 2.55 Advanced TDS Entries Screen

In the **Advanced TDS Entries** screen

- **Set Zero / Lower Deduction:** This field will be enabled when the Deductee has a certificate issued by the assessing officer to Deduct Income tax at Lower Rate.

  Enable **Set Zero / Lower Deduction** to **Yes** (ACE Computer has submitted the Certificate to deduct income tax at Lower rate) and press **Enter**

The **Zero / Lower Deduction Details** screen is displayed as shown

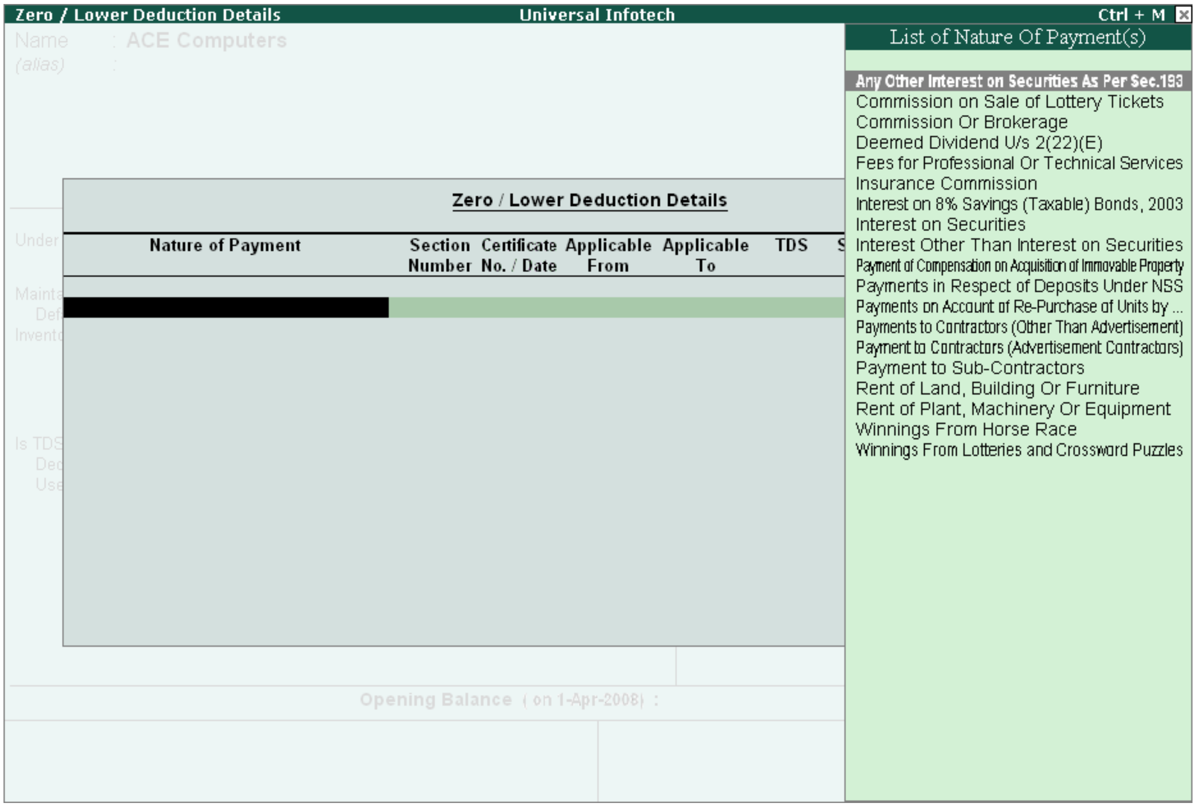


Figure 2.56 Zero / Lower Deduction Details Screen

In the **Zero / Lower Deduction Details** provide the following details

- **Nature of Payment**: In this field, select the Nature of payment for which the lower rate of income tax is allowed.

  Select **Commission Or Brokerage** from the **List of Nature of Payment(s)**

- **Section Number**: In this field, Tally.ERP 9 displays the Sections, under which an application for lower rate or Zero rate are approved.

  Select **197** as the **Section Number**

- **Certificate No./ Date**: In this field, enter certificate number and the date of issue.

  Enter **ADIT-17(1)/2008-09** in certificate No./ Date field.

- **Applicable From**: In this field, mention the date (as per the certificate) from when the lower rate is approved.

  Enter **12-05-2008** in **Applicable From** field

- **Applicable To**: In this field mention the date till when the certificate of Lower rate will remain in force.

  Enter **31-3-2009** in **Applicable To** field

- **TDS**: In this field mention the **Rate of Income Tax**

  Enter **5%** in the **TDS** field.

- Details in **Surcharge, Ed Cess and Sec Ed Cess** fields are defaulted automatically.

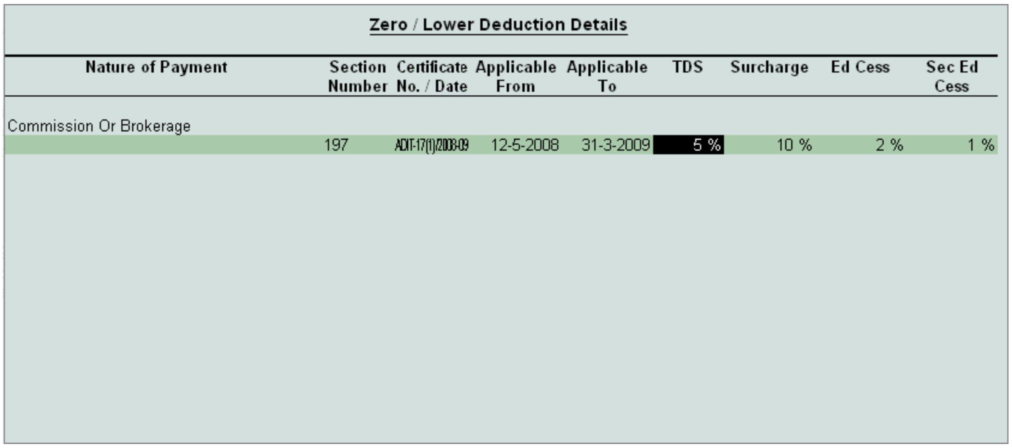


Figure 2.57 Completed Zero / Lower Deduction Details Screen

- Press **Enter** to accept Zero/Lower Deduction Details.

- Under **Advanced TDS Entries**, set **Deduct TDS in Same Voucher if applicable** to **Yes**. **Deduct TDS in Same Voucher if applicable** is enabled only when, the income tax will be deducted in the same voucher where the Due/ Payment is accounted for the party.

The **Deduct TDS in Same Voucher if applicable screen** is displayed as shown

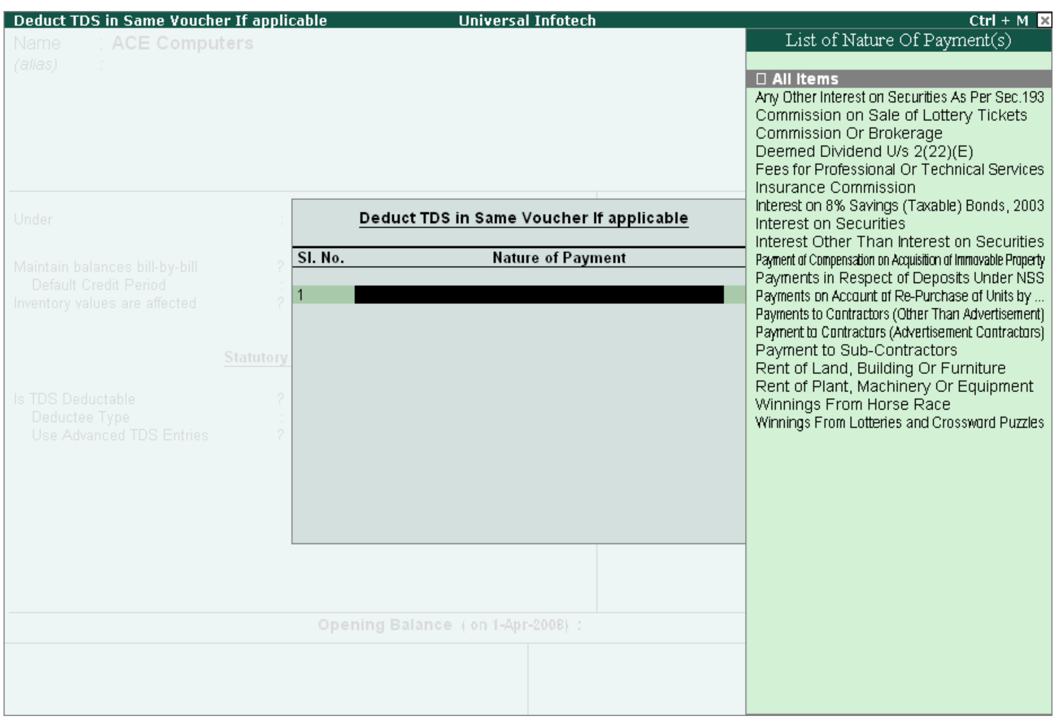


Figure 2.58 Deduct TDS in Same Voucher if applicable

- In **Deduct TDS in same Voucher if applicable** screen, user can select all the nature of payments or any specific nature of payment (applicable to the party) on which Tax to be deducted in the same voucher.

  Select **Commission Or Brokerage** from the List of nature of payment(s)
- Press **Enter** to accept the details in the **Deduct TDS in same Voucher if applicable** screen

8. Enter **Address, State and PIN Code** under **Mailing Details**
9. Enter **PAN/IT No.** under **Tax Information**

The completed ledger creation screen is displayed as shown

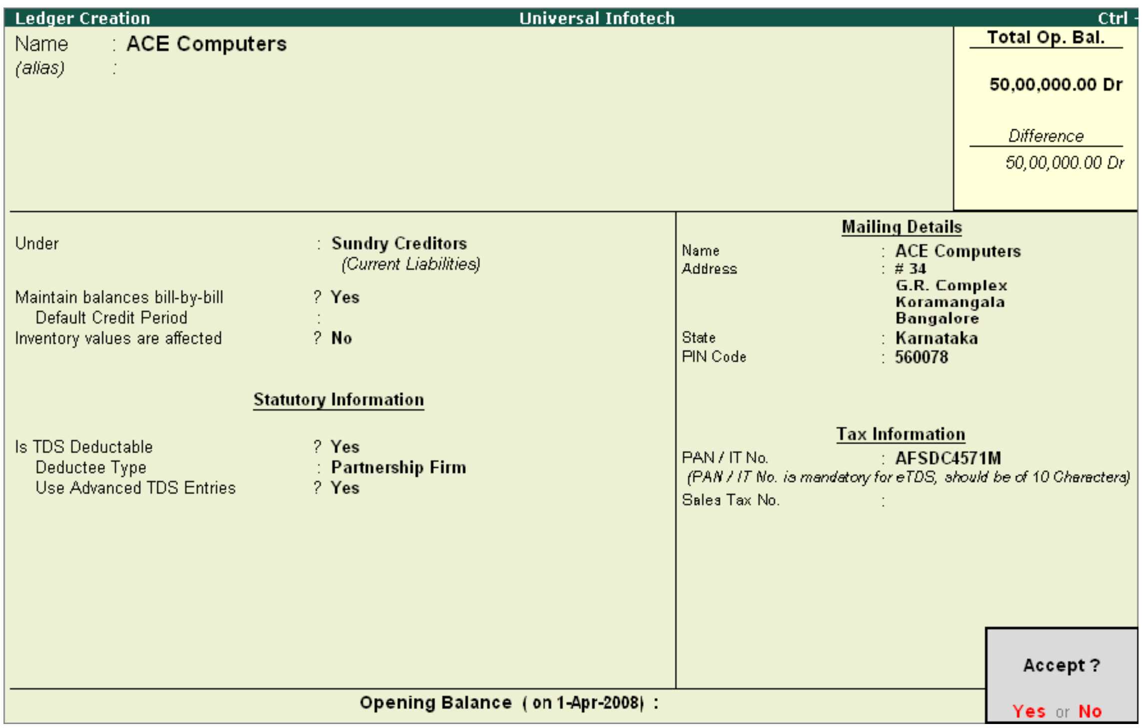


Figure 2.59 Completed Sundry Creditor Ledger Creation Screen

10. Press **Enter** to accept.

2. Record the Transaction in Journal voucher

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

1. Press **F2** and change the date to **25-06-2008**
2. Select **Commission Expenses** in the **Debit** field and press **Enter**
3. Enter **80,000** in the **Amount** field and press **Enter**

4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **ACE Computers** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

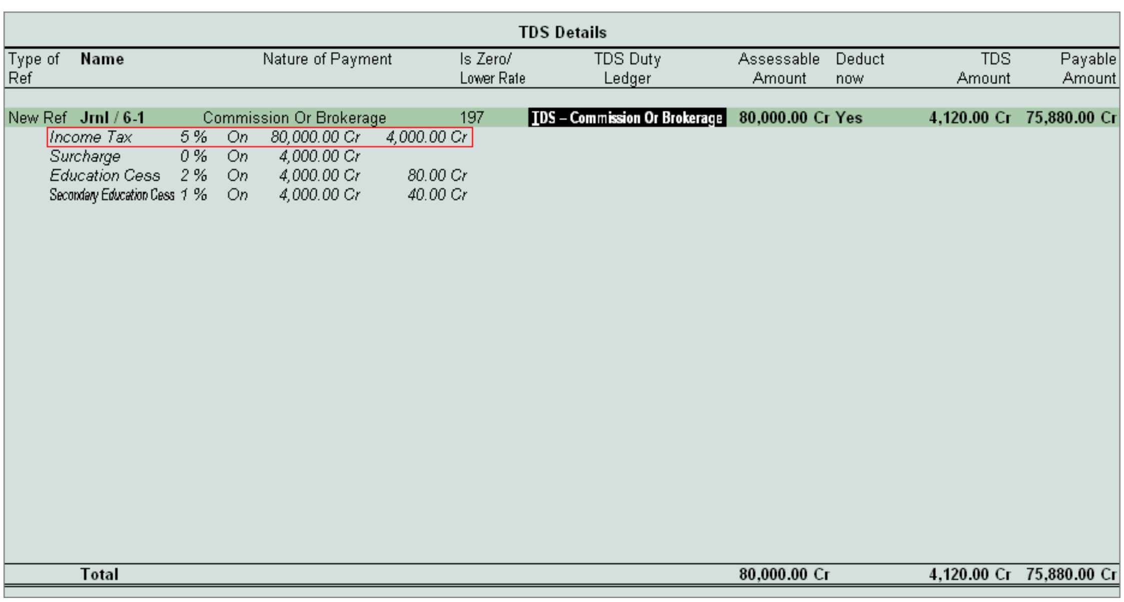
- In **Type of Ref** select **New Ref**
- In the **Name** field accept the default TDS reference number – **Jrnl / 6-1**
- In **Nature of Payment** field select **Commission Or Brokerage** from the List of nature of Payment(s)
- In **Is Zero / Lower Rate**, Tally.ERP 9 displays the Sections, under which an application for lower rate or Zero rate are approved. Select **197** from the List.
- Select **TDS – Commission Or Brokerage** in the **TDS Duty Ledger** field.
- **Deduct now** field will be defaulted to **Yes** and Tally.ERP 9 won't allow the user to alter the setting.

Notes

***Deduct now** filed will be defaulted to **Yes,** when the option **Deduct TDS in Same Voucher if applicable** is enabled in the Party Ledger for the Nature of Payment (selected in the transaction).*

- The **TDS Amount** field displays the Tax amount deducted at source
- The **Payable Amount** field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown


TDS Details

Type of Ref	Name	Nature of Payment	Is Zero/ Lower Rate	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 6-1	Commission Or Brokerage	197	TDS – Commission Or Brokerage	80,000.00 Cr	Yes	4,120.00 Cr	75,880.00 Cr
Total					80,000.00 Cr		4,120.00 Cr	75,880.00 Cr

Income Tax	5 %	On	80,000.00 Cr	4,000.00 Cr
Surcharge	0 %	On	4,000.00 Cr	
Education Cess	2 %	On	4,000.00 Cr	80.00 Cr
Secondary Education Cess	1 %	On	4,000.00 Cr	40.00 Cr

Figure 2.60 TDS Details Screen

6. Press **Enter** to accept the TDS details
7. Payable Amount as calculated in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 260**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill - 260**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

The completed Bill-wise Details is displayed as shown

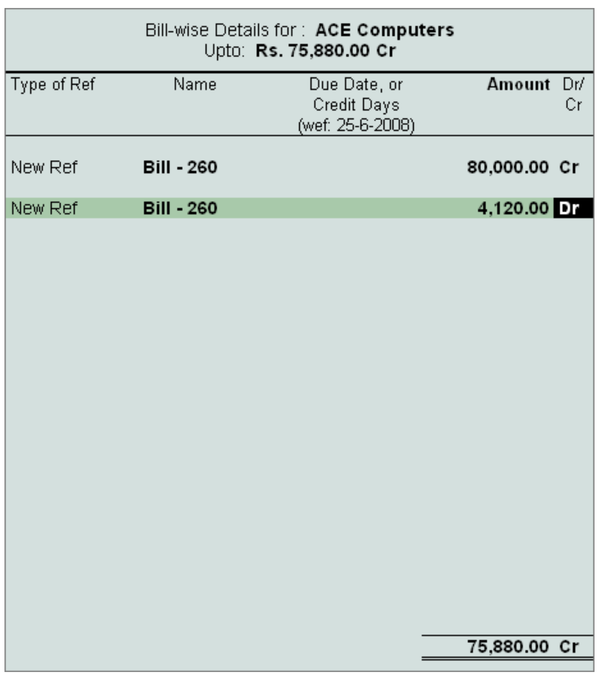


Figure 2.61 Bill-wise Details Screen

9. Press **Enter** to accept Bill-wise Details.
10. In the **Credit** field select the duty ledger **TDS – Commission Or Brokerage** from the List of Ledger Accounts and **Rs. 4120** (80,000 – 75,880) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

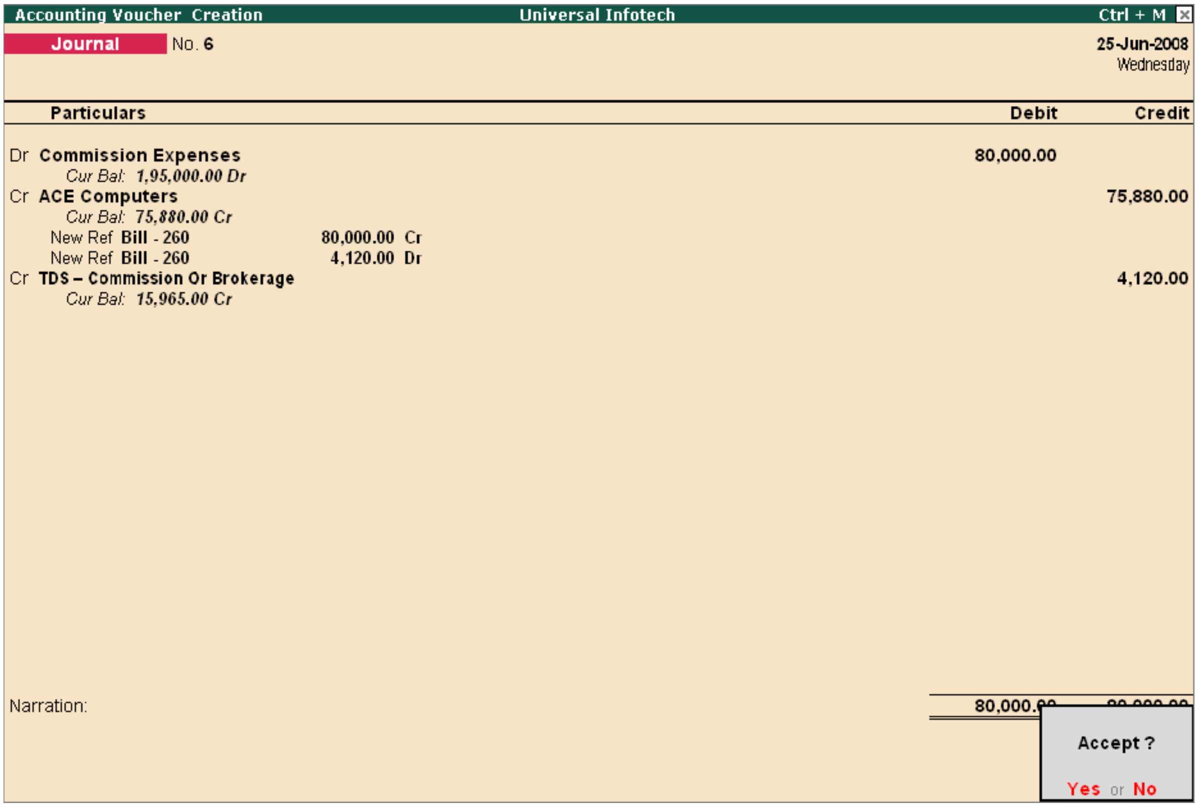


Figure 2.62 Journal Voucher

12. Press **Enter** to accept

2.4.6 TDS on Expenses @ Zero Rate

A Deductee (other than Company or Firm) can submit a declaration in Form 15G under sub section (1) of section 197A, for TDS deduction at Zero Rate. Declarations can be given only by those deductees whose income is below the taxable limit and the income falls under section 193, 194, 194A, 194EE and 194K.

The certificate granted shall be valid for the assessment year specified and is valid only for the person named therein.

Example 13:

On 30th June, 2008 Universal Infotech received a Bill (Vide No. 452) from Gokul Co-operative Building Society for Rs. 10,00,000 towards Rent on Building and Furniture.

Gokul Co-operative Building Society has a certificate for non-deduction (zero rate) of Income tax on Rent.

To account the above transaction

1. Create Masters
   i. Expense Ledger
   ii. Party Ledger
2. Record the transaction in Journal Voucher

1. Create Masters

i. Expense Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Rent Expenses	Indirect Expenses	Yes	Rent of Land, Building Or Furniture
Set **Inventory values are affected** to **No**			

As per the given information, create the above ledger

iii. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Gokul Co-operative Building Society	Sundry Creditors	Yes	Yes	Co–Operative Society

Create Party Ledger

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

In the **Ledger Creation** screen,

1. Type **Gokul Co-operative Building Society** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**
6. In the **Deductee Type** field select **Co–Operative Society** from the **List of Deductee Types**
7. Set **Use Advanced TDS Entries** to **Yes** and press **Enter**

In the **Advanced TDS Entries** screen

- Set **Zero / Lower Deduction to** Yes (**Gokul Co-operative Building Society** has submitted the Certificate for non-deduction (zero rate) of income tax) and press **Enter**

In the **Zero / Lower Deduction Details** provide the following details

- In **Nature of Payment** field select **Rent of Land, Building Or Furniture** from the **List of Nature of Payment(s)**
- **Section Number**: In this field, Tally.ERP 9 displays the Sections, under which an application for lower rate or Zero rate are approved.

  Select **197A** as the **Section Number**
- Enter **ADIT-2(5)/20008-09** in **certificate No./ Date** field.
- Enter **01-06- 2008** in **Applicable From** field
- Enter **31-12-2009** in **Applicable To** field
- **TDS, Surcharge, Ed Cess and Sec Ed Cess** fields will be defaulted to **0%**.

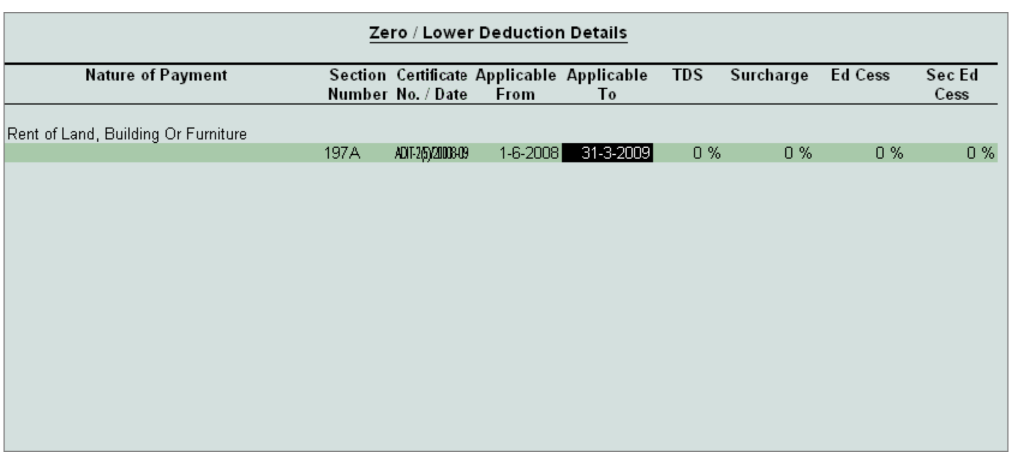


Figure 2.63 Completed Zero / Lower Deduction Details Screen

- Press **Enter** to accept Zero/Lower Deduction Details.

- **Deduct TDS in Same Voucher if applicable** is enabled, when the income tax will be deducted in the same voucher where the Due/ Payment is accounted for the party.

  Set **Deduct TDS in Same Voucher if applicable** to **Yes** and Press **Enter**

  - In **Deduct TDS in same Voucher if applicable** screen, select **Rent of Land, Building Or Furniture** from the List of nature of payment(s)
  - Press **Enter** to accept the details in the **Deduct TDS in same Voucher if applicable** screen

8. Enter **Address, State and PIN Code** under **Mailing Details**
9. Enter **PAN/IT No.** under **Tax Information**

The completed **Ledger Creation** screen is displayed as shown

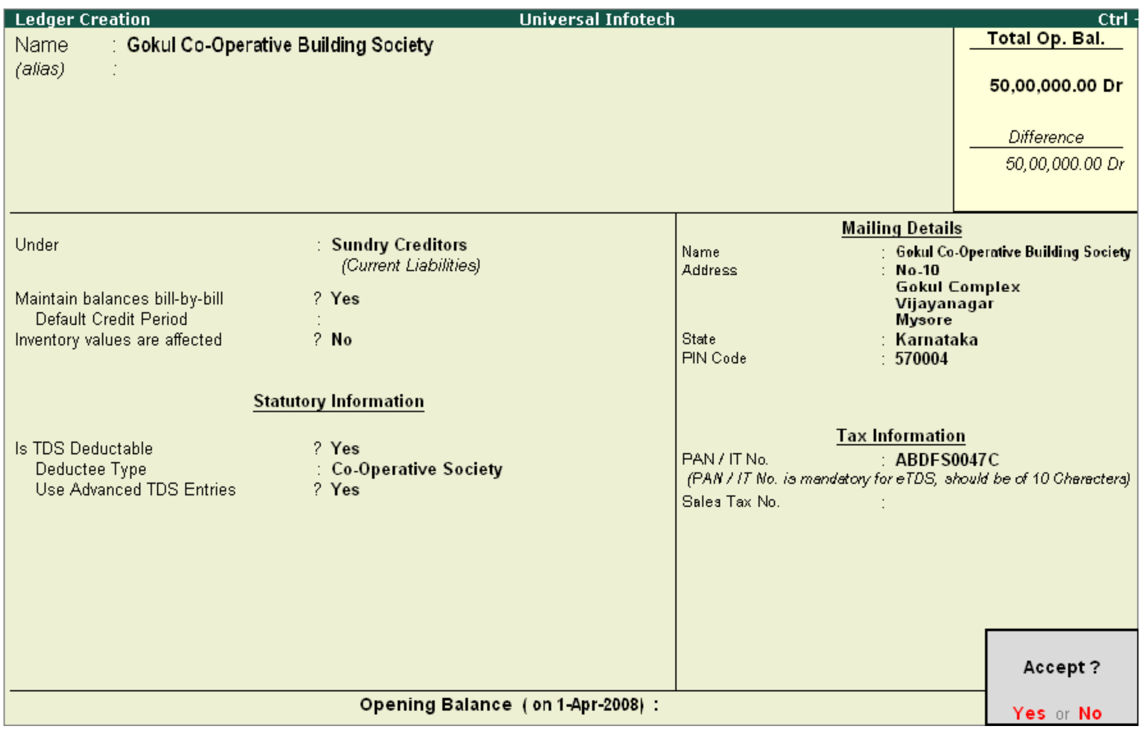


Figure 2.64 Completed Sundry Creditor Ledger Creation Screen

10. Press **Enter** to accept.

2. Record the Transaction in Journal voucher

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

1. Press **F2** and change the date to **30-06-2008**
2. Select **Rent Expenses** in the **Debit** field and press **Enter**
3. Enter **10,00,000** in the **Amount** field and press **Enter**
4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **Gokul Co-operative Building Society** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **New Ref**
- In the **Name** field accept the default TDS reference number – **Jrnl / 7-1**
- In **Nature of Payment** field select **Rent of Land, Building Or Furniture** from the List of nature of Payment(s)
- In **Is Zero / Lower Rate**, Tally.ERP 9 displays the Sections, under which an application for lower rate or Zero rate are approved. Select **197A** from the List.

The completed **TDS Details** screen is displayed as shown

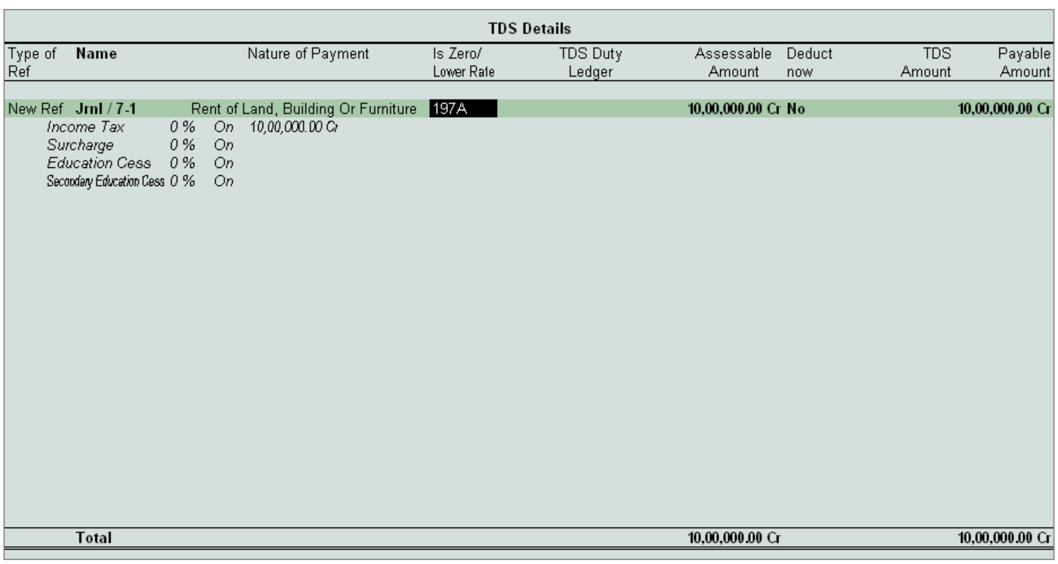


Figure 2.65 TDS Details Screen

In TDS Details screen, Tally.ERP 9 won't prompt the user to select the TDS Duty ledger or to deduct the tax in the same voucher, as the section (197A) selected indicates the Non deduction (Zero Rate) of Income tax

6. Payable Amount as displayed in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
7. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 452**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.

The completed Bill-wise Details is displayed as shown

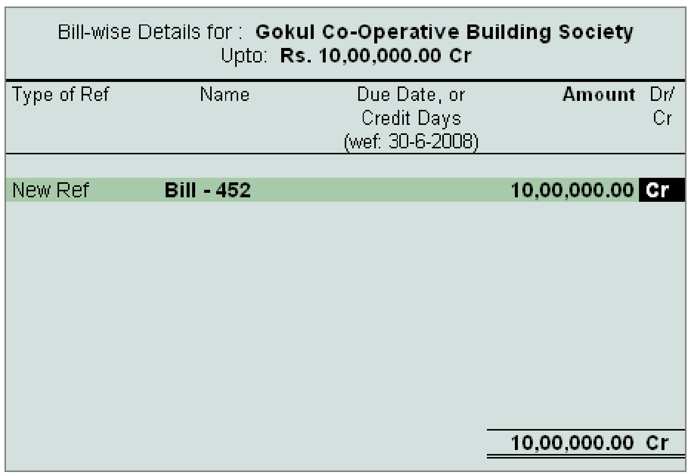


Figure 2.66 Bill-wise Details Screen

8. Press **Enter** to accept Bill-wise Details.
9. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

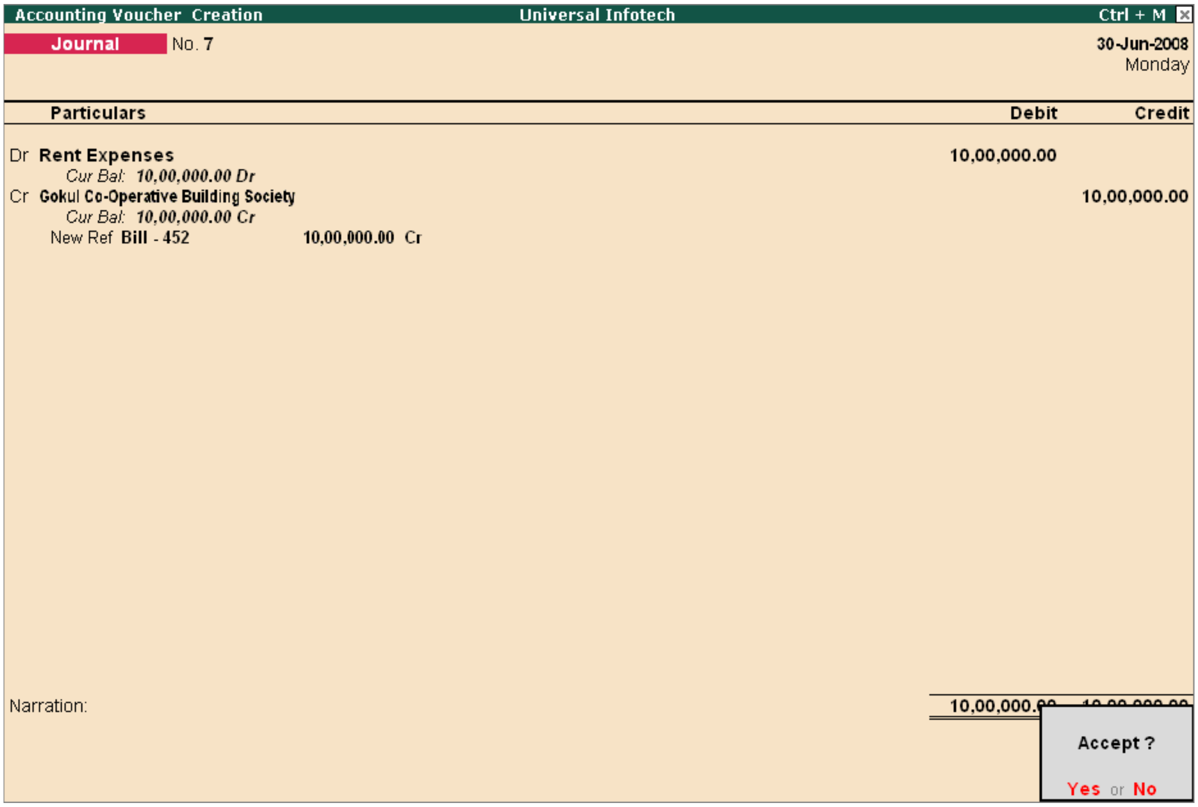


Figure 2.67 Journal Voucher

10. Press **Enter** to accept.

2.4.7 Surcharge Calculation on Prior Period Expenses

As per Income Tax Act, Surcharge on TDS is applicable for the payment(s) exceeding Rs.10 lakhs (for Individual, HUF and Association of Persons) and Rs 1 Crore (for Companies, Artificial Judicial Person and Partnership Firm). However it is not applicable deducteeTypes such as Co-Operative Society and Local Authority.

In TDS, when the payment exceeds the Surcharge exemption Limit, Surcharge is applicable on the entire amount right from the first transaction.

However, the transactions recorded until the deductee reached the surcharge exemption limit were not charged to surcharge, in such cases surcharge is to be calculated on the entire amount. Tally.ERP 9 automatically calculates the surcharge on the prior transactions.

Consider the following example to account surcharge calculation on prior period Expenses.

Example 14:

On 9th July, 2008 Universal Infotech received a Bill (vide No. 1024) from Pheonix Agencies for Rs. 3,00,000 towards the Advertisement services rendered.

To account the above transaction follow the steps given below

1. Accounting Expenses in Journal Voucher (surcharge is calculated)
2. Accounting Surcharge on prior period Expenses in Journal voucher

1. Accounting Expenses

Record the transaction in Journal Voucher

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

1. Press **F2** and change the date to **09-07-2008**
2. Select **Advertisement Expenses** in the **Debit** field and press **Enter**
3. Enter **3,00,000** in the **Amount** field and press **Enter**
4. In the **TDS Nature of Payment Details** screen, accept the default details.
5. Select **Pheonix Agencies** in the **Credit** field and press **Enter**.

In **TDS Details** screen provide the following details

- In **Type of Ref** field, select **New Ref**
- In the **Name** field accept the default TDS reference number – **Jrnl / 8-1**
- In **Nature of Payment** field select **Payment to Contractors (Advertisement Contractors)** from the List of nature of Payment(s)

- Select **TDS – Contractors** in the **TDS Duty Ledger** field
- Set **Deduct Now** to **Yes** to deduct the income tax in the same voucher.
- The **TDS Amount** field displays the Tax amount deducted at source
- The **Payable Amount** field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown

TDS Details

Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 8-1	Payment to Contractors (Advertisement Contractors)	TDS – Contractors	3,00,000.00 Cr	Yes	3,390.00 Cr	2,96,610.00 Cr
	Income Tax 1 % On 3,00,000.00 Cr 3,000.00 Cr						
	Surcharge 10 % On 3,000.00 Cr 300.00 Cr						
	Education Cess 2 % On 3,000.00 Cr 60.00 Cr						
	Secondary Education Cess 1 % On 3,000.00 Cr 30.00 Cr						
	Total			3,00,000.00 Cr		3,390.00 Cr	2,96,610.00 Cr

Figure 2.68 TDS Details Screen – with Surcharge

- ***TDS amount** in the above screen includes **surcharge** on the payment, as the total payment to the party exceeds the **Surcharge exemption limit** of **Rs.10,00,000** (Rs.5,00,000 + Rs 2.50,000 + Rs. 1,50,000 + Rs. 3,00,000). (The Deductee Type identified for **Pheonix Agencies** is **Association of Persons**, where the Surcharge exception limit for Association of Persons is **Rs. 10,00,000**)*
- *Here Surcharge is calculated only on **Rs. 3,00,000** (present Bill amount). Surcharge on prior period expenses are accounted separately by recording a Journal voucher.*

6. Press **Enter** to accept the TDS details
7. Payable Amount as calculated in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 1024**

- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill - 1024**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

9. Press **Enter** to accept Bill-wise Details.
10. In the **Credit** field select the duty ledger **TDS – Contractors** from the List of Ledger Accounts and **Rs. 3390** (3,00,000 – 2,96,610) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is displayed as shown

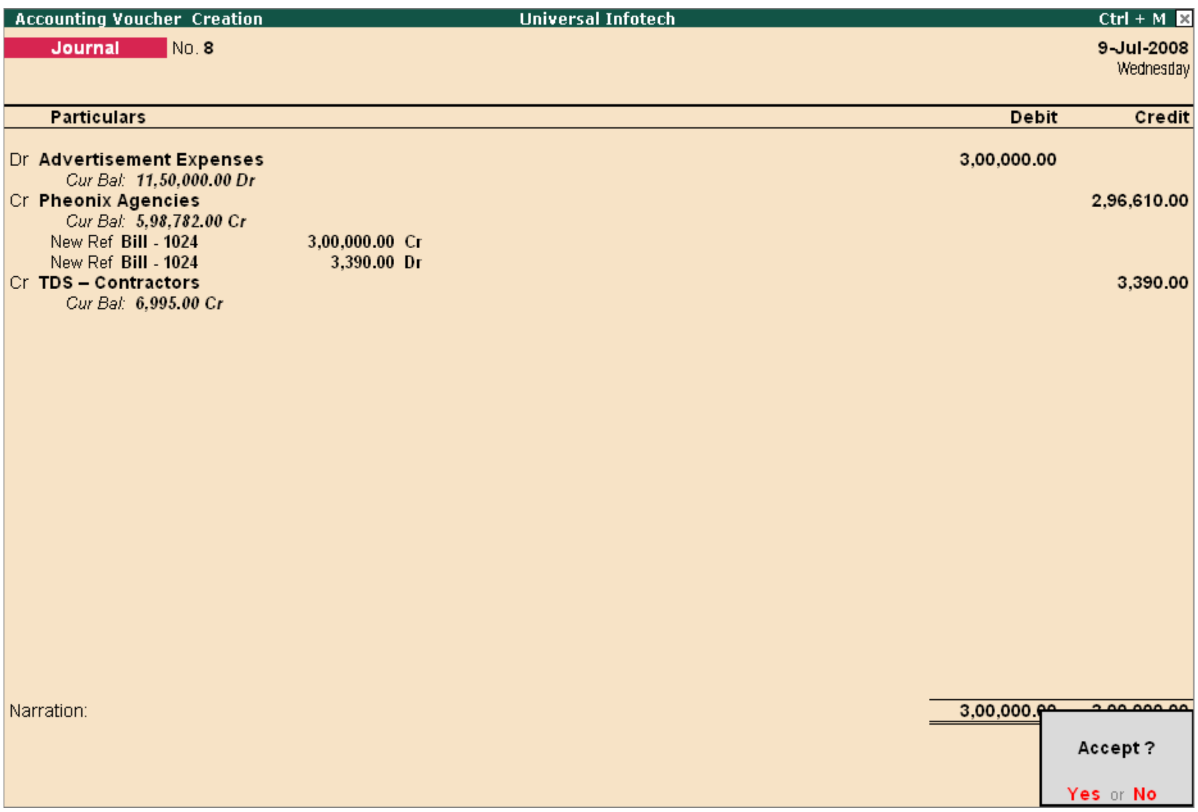


Figure 2.69 Journal Voucher

12. Press **Enter** to accept

2. Accounting Surcharge on Prior Period Expenses

In Tally.ERP 9, Surcharge on prior period expenses can be accounted by passing an adjustment entry in Journal Voucher.

Record Adjustment Entry in Journal Voucher.

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

1. Press **F2** and change the date to **9-07-2008**
2. Press **Alt +S** or click on **S: TDS Deduction** button on the buttons bar to view **TDS Deductions** screen.

In **TDS Deduction** screen

- **Till Date**: In this field user may enter till date of the period for which the surcharge and to be deducted and auto–filled.

  Enter **9-07-2008** as the **Till Date**.

- **Party**: In this field Tally.ERP 9 displays the **List of Party ledgers** against whom the Surcharge deduction is Due.

  Select **Pheonix agencies** from the **List of Ledger(s)**

Figure 2.70 TDS Deductions – Party Selection

- **Nature of Payment**: Based on the **Party** selected in the **Party** field, Tally.ERP 9 displays all the party related **nature of payments** under which Surcharge deduction is pending.

  Select **All Items** from the List of Nature of Payments

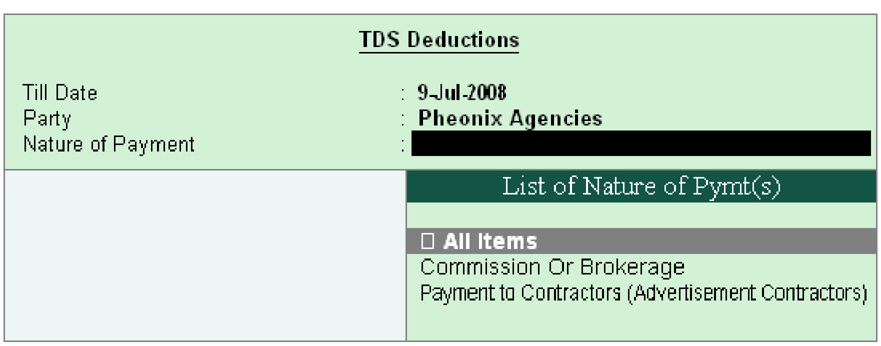


Figure 2.71 TDS Deductions Screen

3. Press **Enter** to accept the **TDS Deductions**

4. **Surcharge, Education Cess and secondary education cess amount** with the respective bill details will be auto-filled.

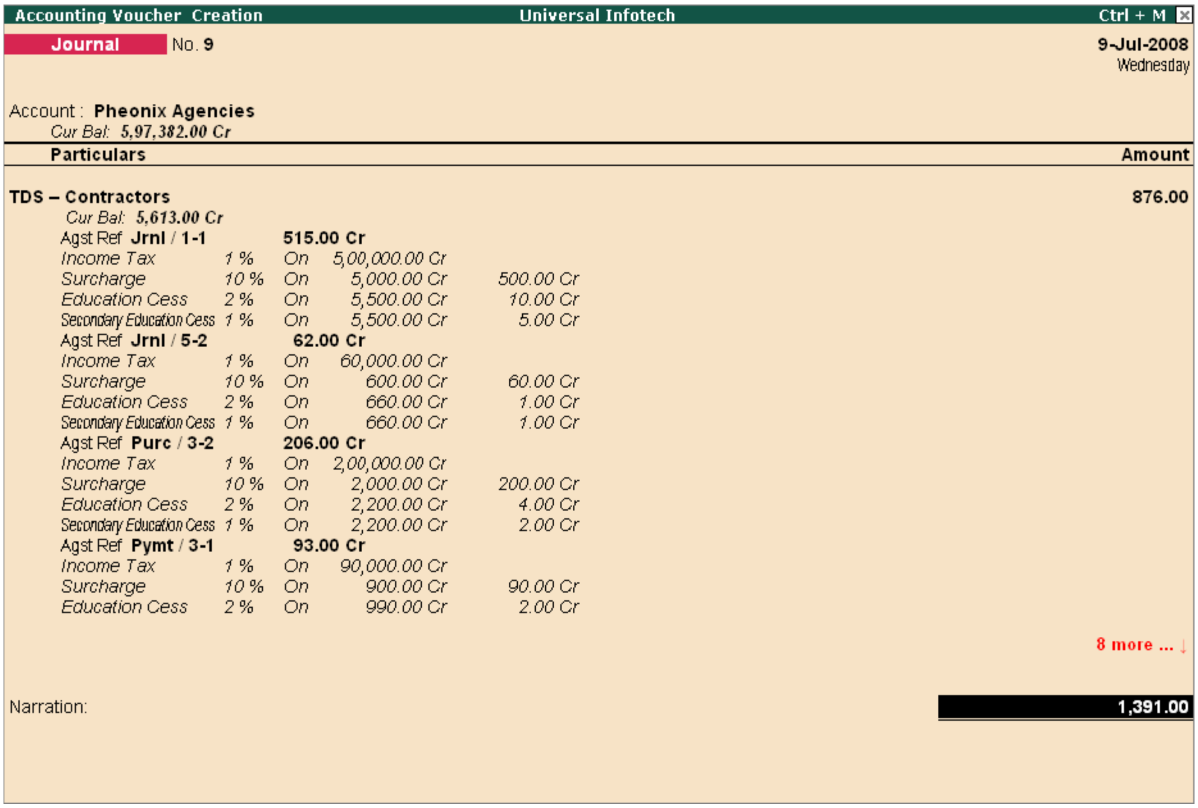


Figure 2.72 Journal Voucher

Education and Secondary Education Cess are calculated on the total of Income tax and Surcharge. In case of Pheonix agencies, during accounting of transactions, Cess were calculated only on income tax hence, cess amount should be recalculated considering the surcharge.

In Tally.ERP 9, cess amount is automatically recalculated during accounting of surcharge on prior period expenses.

5. In **Bill-wise Details** screen the **surcharge amount** can be allocated to the **bills against which sucharge is calculated** or to **any one bill** pending for payment.

Allocate the amount as shown

Bill-wise Details for : **Pheonix Agencies**
Upto: **Rs. 1,391.00 Dr**

Type of Ref	Name	Due Date, or Credit Days (wef: 9-7-2008)	Amount	Dr/ Cr
Agst Ref	**Adv - 001**		**93.00**	**Dr**
Agst Ref	**Bill - 412**		**721.00**	**Dr**
Agst Ref	**Bill - 982**		**62.00**	**Dr**
New Ref	**Bill - 235**		**515.00**	**Dr**
			1,391.00	**Dr**

Figure 2.73 Bill-wise Allocation

Notes

The surcharge amount deducted against the prior transactions are adjusted aginst the respective bills if they are pending for payment.

In case, where the surcharge is deducted against the bill towards which payment is already made, user can adjust the amount against any pending bill or can create new reference number to adjust such amount.

The completed **Journal Voucher** appears as shown

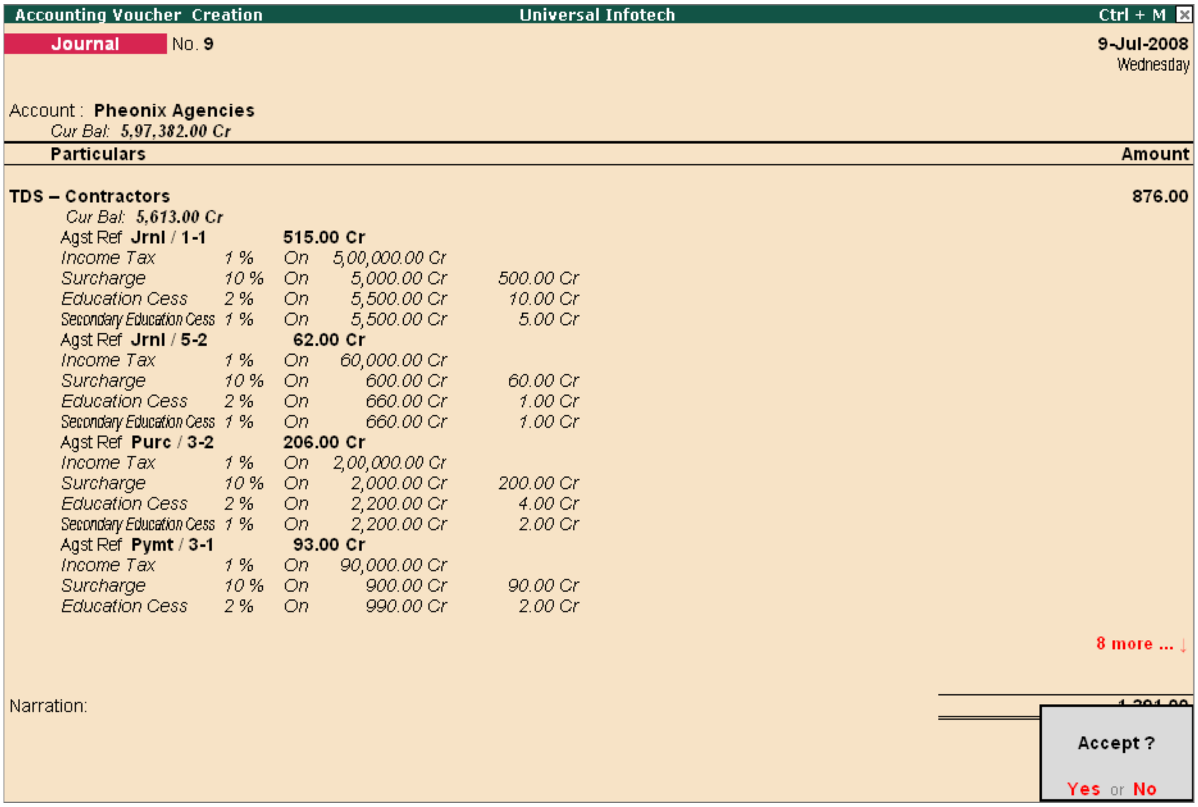


Figure 2.74 Completed Journal Vocuher

6. Press **Enter** to accept.

2.4.8 Surcharge Calculation on Expenses

As per Income Tax Act, Surcharge on TDS is applicable for the payment(s) exceeding Rs.10 lakhs (for Individual, HUF and Association of Persons) and Rs 1 Crore (for Companies, Artificial Judicial Person and Partnership Firm). However it is not applicable for Deductee Types such as Co-Operative Society and Local Authority.

In TDS, when the payment exceeds the Surcharge exemption Limit, Surcharge is applicable on the entire amount right from the first transaction and such past transactions will have to be shown in the e-TDS statements.

In this scenario it is always suggested that a realistic estimation of total amount to be made right in the beginning and deductor should deduct TDS without considering the Surcharge Exemption Limit.

Consider the following example to account surcharge right from the first transaction.

Example 15:

On 15th July, 2008 Universal Infotech received a Bill (vide No. 555) from Mark IT Solutions for Rs. 2,00,000 towards the commission charges.

To account the above transaction follow the steps given below

1. Create Masters
    i. Party Ledger
2. Record the Transaction in Journal Voucher

1. Create Masters

i. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Mark IT Solutions	Sundry Creditors	Yes	Yes	Association of Persons

Create Party Ledger

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

In the **Ledger Creation** screen,

1. Type **Mark IT Solutions** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**
6. In the **Deductee Type** field select **Association of Persons** from the **List of Deductee Types**
7. Set **Use Advanced TDS Entries to Yes** and press **Enter**
8. In **Advanced TDS Entries** screen

- Set **Ignore Surcharge Exemption Limit** to **Yes**

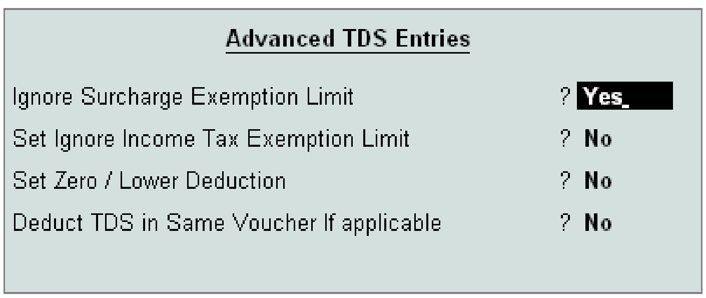


Figure 2.75 Advanced TDS Entries Screen

*Universal Infotech is deducting surcharge for **Mark IT Solutions** from the first transaction (without considering the surcharge exemption limit) **as he is a regular party and the estimation of his transactions revealed that the total payment will exceed the surcharge exemption limit***

*Set the option **Ignore Surcharge Exemption Limit** to **Yes** in **Party's Ledger** to deduct the surcharge without considering the exemption limit.*

9. Enter the **Mailing Details**.
10. Under **Tax Information** enter the **PAN/IT No**.

The Completed Ledger Creation screen is displayed as shown

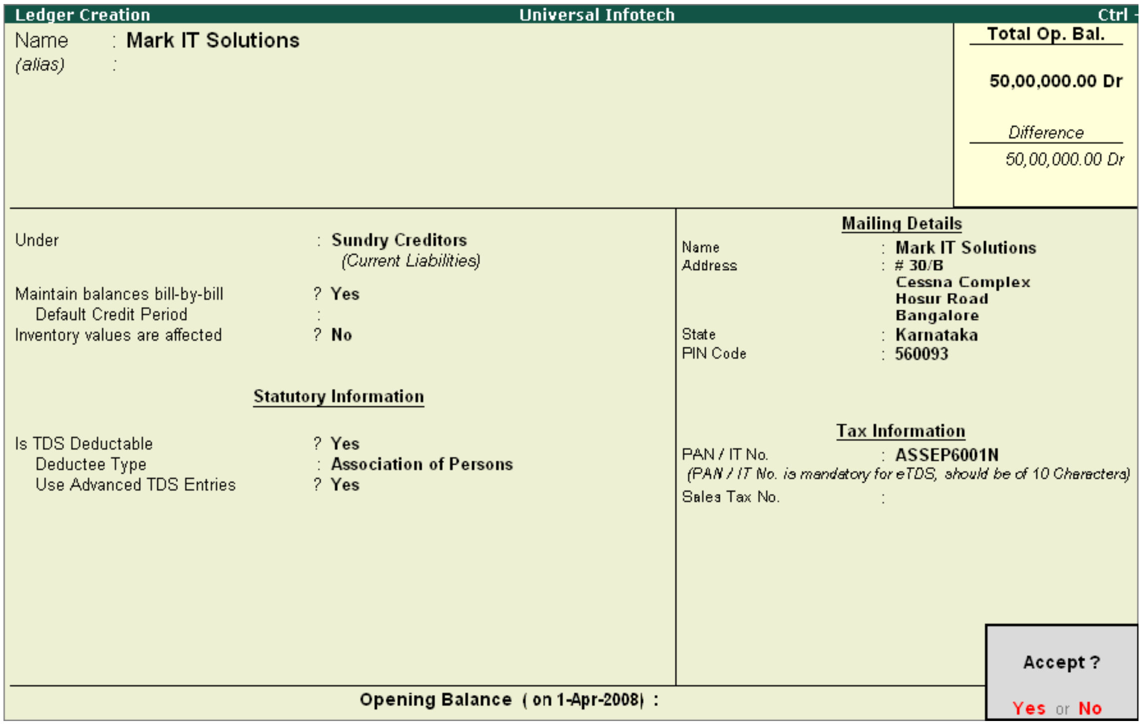


Figure 2.76 Ledger Creation Screen

2. Record the Transaction in Journal Voucher

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

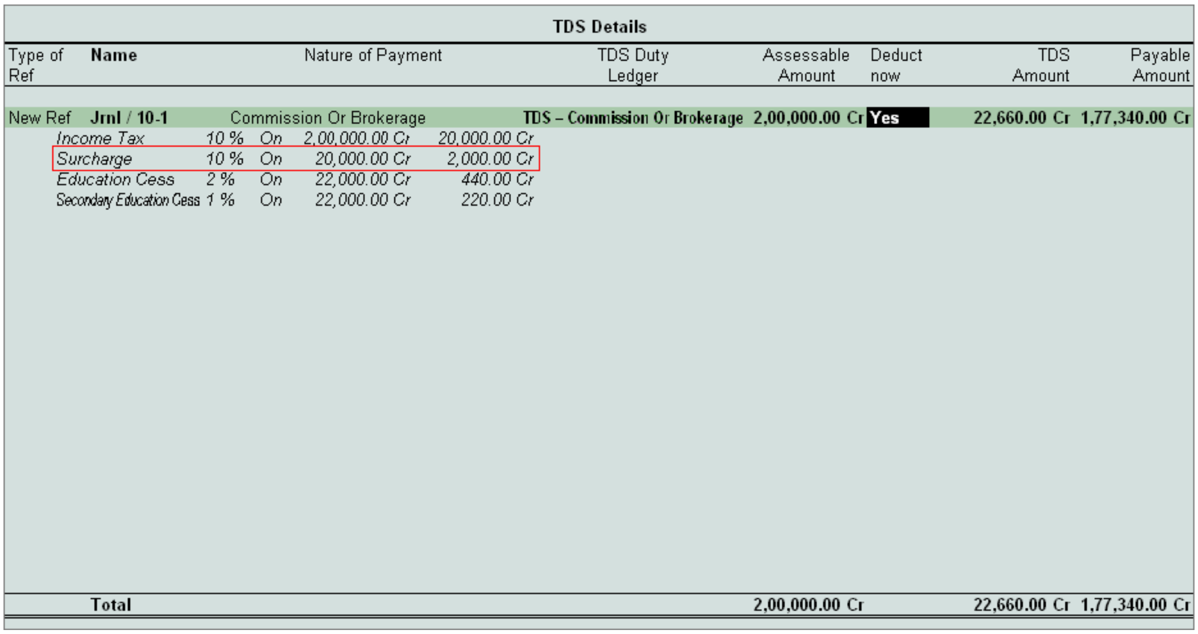
1. Press **F2** and change the date to **15-07-2008**
2. Select **Commission Expenses** in the **Debit** field and press **Enter**
3. Enter **2,00,000** in the **Amount** field and press **Enter**
4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **Mark IT Solutions** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **New Ref**
- In the **Name** field accept the default TDS reference number – **Jrnl / 10-1**
- In **Nature of Payment** field select **Commission Or Brokerage** from the List of nature of Payment(s)
- Select **TDS – Commission Or Brokerage** in the **TDS Duty Ledger** field
- Set **Deduct Now** to **Yes** to deduct the income tax in the same voucher.
- The **TDS Amount** field displays the Tax amount deducted at source

- The **Payable Amount** field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown



TDS Details

Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 10-1	Commission Or Brokerage	TDS – Commission Or Brokerage	2,00,000.00 Cr	Yes	22,660.00 Cr	1,77,340.00 Cr

Income Tax	10 %	On	2,00,000.00 Cr	20,000.00 Cr
Surcharge	10 %	On	20,000.00 Cr	2,000.00 Cr
Education Cess	2 %	On	22,000.00 Cr	440.00 Cr
Secondary Education Cess	1 %	On	22,000.00 Cr	220.00 Cr

Total	2,00,000.00 Cr	22,660.00 Cr 1,77,340.00 Cr

Figure 2.77 TDS Details Screen – with Surcharge

*The **Deductee Type** identified for **Mark IT Solution** is **Association of Persons**, where the Surcharge exception limit for Association of Persons is Rs. 10,00,000. Observe,in the above screen, Surcharge is calculated right from Rupee one without considering the Exemption limit as the option **Ignore Surcharge Exemption Limit** is set to **Yes** in party ledger.*

6. Press **Enter** to accept TDS Details
7. Payble Amount as calculated in the TDS Details screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 555**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill-555**

- Skip the **Due Date or Credit Days** field and accep the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.
- Press **Enter** to accept Bill-wise Details

9. In the **Credit** field select the duty ledger **TDS – commission Or Brokerage** from the List of Ledger Accounts and Rs. **22,660** (2,00,000 - 1,77,340) is displayed automatically in the amount field.
10. Enter transaction details in the **Narration** field.

The completed **Journal Voucher** is dispalyed as shown

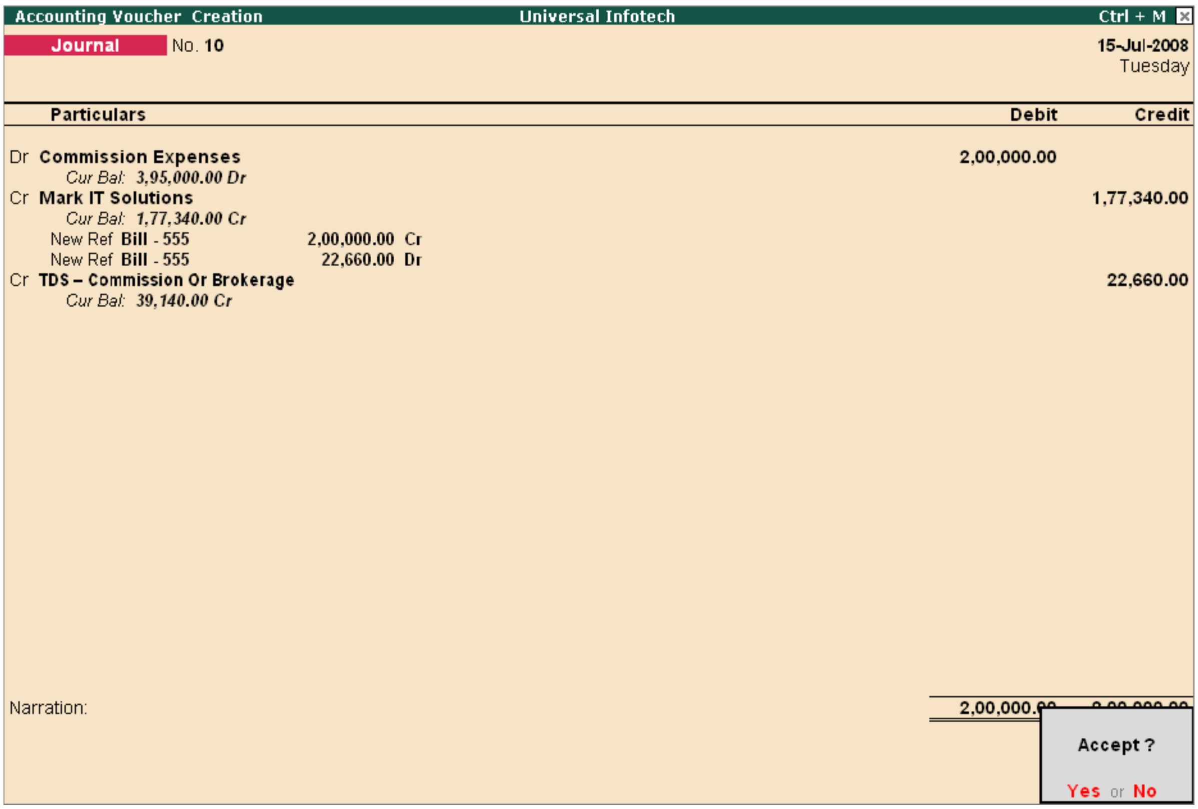


Figure 2.78 Journal Voucher

11. Press **Enter** to accept.

2.5 Adjustments in TDS

2.5.1 Reversal Of Expenses and TDS

In case of Cancellation of transaction(s), the expenses and TDS deducted needs to be reversed. In Tally.ERP 9, such reversal of expenses and TDS is possible only when the cancellation is made before the payment of TDS to the Government.

Tally.ERP 9 provides the flexibility to account expenses and later reverse the expenses and TDS on cancelled transaction(s). In Tally.ERP 9, you can account the reversal of expenses and TDS using Debit Note.

1. Accounting Expenses
2. Reversal of Expenses and TDS

Consider the following scenario to illustrate the Reversal of Expesnes and TDS

1. Accounting Expenses

Example 16:

On 18th July, 2008 Universal Infotech received a bill (vide No. 631) from Pheonix Agencies for Rs. 80,000 towards advertisement services.

Record the Transaction in Journal voucher

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

1. Press **F2** and change the date to **18-07-2008**
2. Select **Advertisement Expenses** in the **Debit** field and press **Enter**
3. Enter **80,000** in the **Amount** field and press **Enter**
4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **Pheonix Agencies** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **New Ref**
- In the **Name** field accpet the default TDS reference number – **Jrnl / 11-1**
- In **Nature of Payment** field select **Payment to Contractors (Advertisement Contractors)** from the List of nature of Payment(s)
- Select **TDS – Contractors** in the **TDS Duty Ledger** field.
- Set **Deduct Now** to **Yes** to deduct the income tax in the same voucher.
- The **TDS Amount** field dispalys the Tax amount deducted at source
- The **Payable Amount** field dispalys the amount (after TDS) payable to the Party.

6. Press **Enter** to accept the TDS details
7. Payble Amount as calculated in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the Name field enter the Bill name as **Bill - 631**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **Bill - 631**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

9. Press **Enter** to accept Bill-wise Details.
10. In the **Credit** field select the duty ledger **TDS – Contractors** from the List of Ledger Accounts and **Rs. 907** (80,000 – 79,093) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

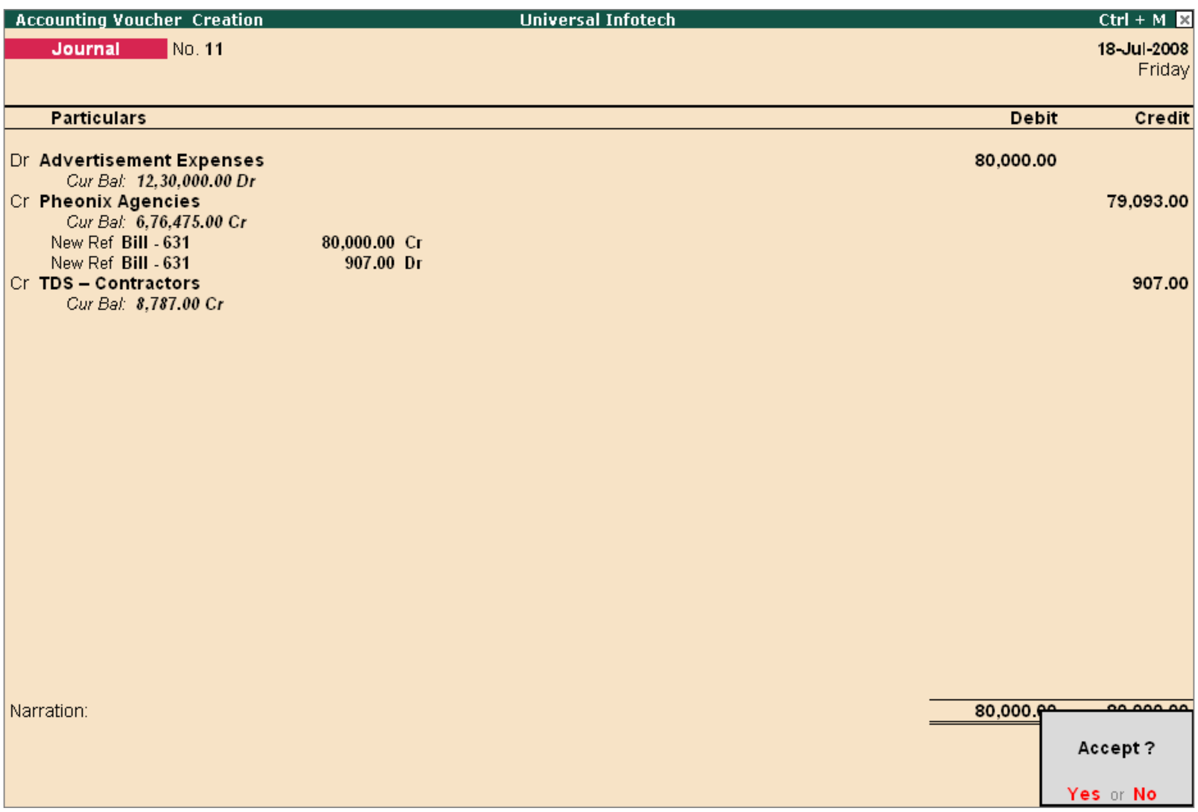


Figure 2.79 Completed Journal Voucher

12. Press **Enter** to accept

2. Reversal of expenses and TDS

Example 17:

On 25th July, 2008 Pheonix agencies cancelled the transaction dated 18th July, 2008 for Rs. 80,000 (bill – 631) because of the non-availability of resources to carry out the contract.

Set Up:

In F11: Features (Accounting Features)

- Set **Use Debit/Credit Notes** to **Yes**
- Set **Use Invocie mode for Debit Notes** to **Yes**

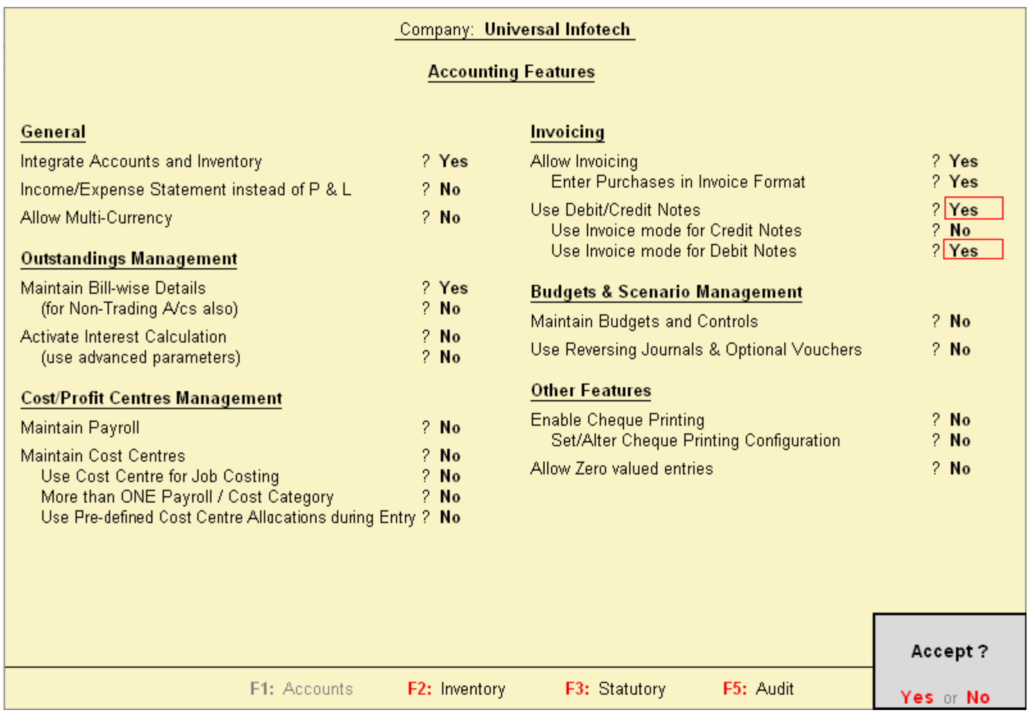


Figure 2.80 F11:Features — Accounting Features

Record the transaction in Debit Note (Acct Invoice Mode)

Go to **Gateway of Tally > Accountig Vouchers >** Press **Ctrl + F9: Debit Note**

1. Press **Alt + I** for **Account Invoice mode**
2. Press **F2** and change the date to **25-07-2008**
3. In **Party's A/c Name** field select **Pheonix Agencies** from the **List of Ledger Accounts**
4. Under **Particulars** select **Advertisement Expenses** and press **Enter**
5. Enter **Rs. 80,000** in the **Amount** field

6. Press **Enter** to view **TDS Nature of Payment Details** screen and accept the default details in the screen and press **Enter**.
7. Under **Particulars** select **TDS – Contractors** and press **Enter** to view TDS Details screen.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **Agst Ref**
- In **Name** field, Tally.ERP 9 displays the Tax Details, based on the party and the nature of payment selected in teh transaction. From Tax Details select the **Tax Reference Number** against which the TDS to be reversed.

  Select **Jurl /11-1** from the Tax details
- In **Nature of Payment** field select **Payment to Contractors (Advertisement Contractors)** from the List of nature of Payment(s)
- Based on the tax reference number selected,Tally.ERP 9 defaults the details in **TDS Duty Ledger, Assessable Amount** and **TDS Amount** fields.

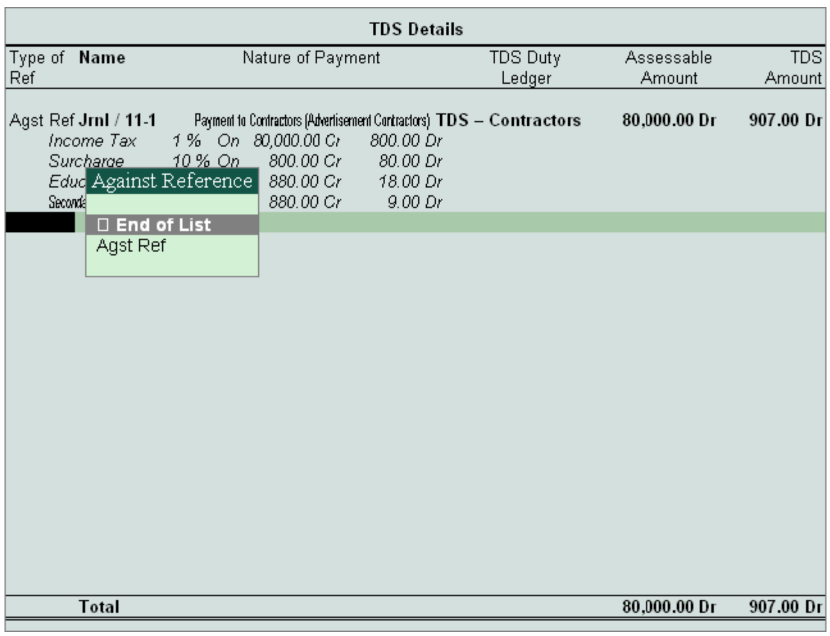


Figure 2.81 TDS Details

8. Press **Enter** to accept the TDS Details
9. TDS Amount as displayed in the **TDS Details** screen will be defaulted in the tax ledger **Amount** field with **negative sign**. Press **Enter** to view Bill–wise Details screen.
10. In **Bill–wise Details** screen,

- Select **Agst Ref** as the **Type of Ref**
- In the Name field select **Bill - 631** from the Pending Bills to reverse the expenses.
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.**

The completed Bill–wise Details screen is displayed as shown

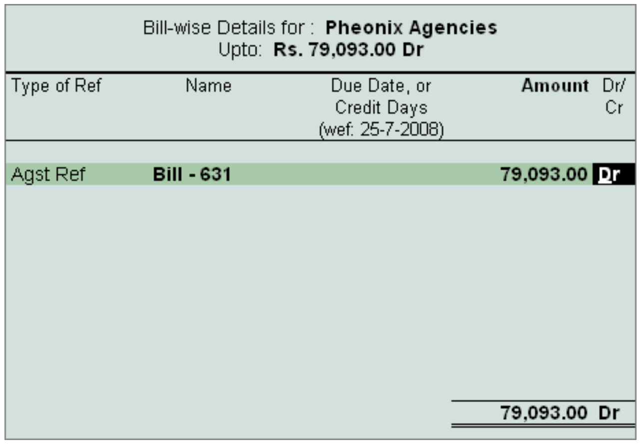


Figure 2.82 Bill–wise Details

11. Press **Enter** to accept Bill-wise Details.
12. Enter transaction details in the **Narration** field.

The completed Debit Note is dispalyed as shown

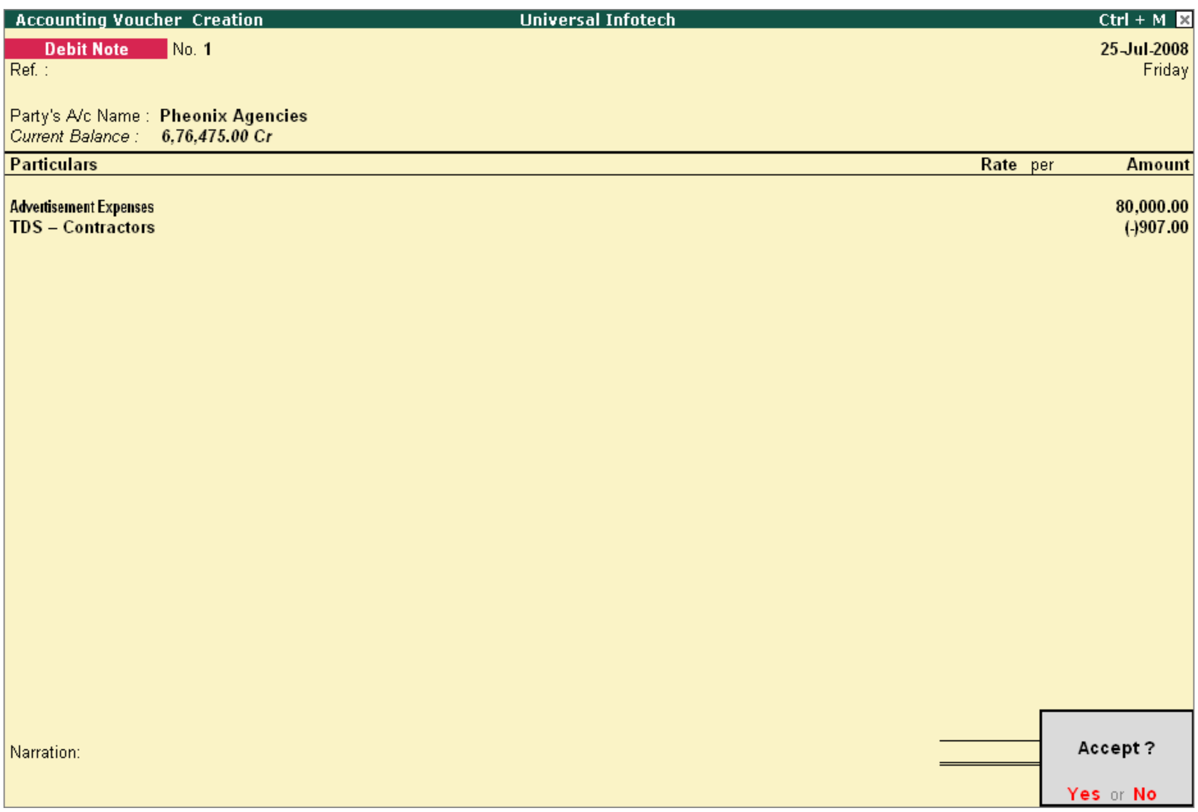


Figure 2.83 Debit Note

13. Press **Enter** to accept

2.6 Accounting Changes in TDS percentage

Whenever a Cess is made applicable or Tax rate is changed, the same is affected through finance Bill. Finance Bill will be presented on 28th February and is generally passed and becomes Act around mid May.

Example: In the Finance Bill, rate of income tax on Fees for Professional and Technical services is changed from 5% to 10%. Before the finance bill is passed, the deductor accounted the transactions in April month against professional fees and deducted tax at 5%. Then the finance bill is passed in the month of May and the effective date for the change in rate of income tax on Fees for Professional and Technical services is mentioned as 1st April. In this case deductor has deducted the tax at a lower rate on the transactions booked before the Finance act and is expected to deduct the difference.

Changes in the TDS Percentages are updated in the Deductee Type statutory masters.

In Tally.ERP 9 such difference Income Tax amount can be deducted for all the transactions booked (at lower rate) before the change in the TDS rates by recording an adjustment entry in Journal Voucher (using TDS Deduction).

Note: To account Changes in TDS Percentage user can follow the procedure as explained under the head Surcharge calculation on Prior Period Expenses (record a adjustment entry in Journal using S:TDS Deduction)

*To account **Changes in TDS Percentage** user can follow the procedure as explained under the head **Surcharge calculation on Prior Period Expenses (record a adjustment entry in Journal using S: TDS Deduction**.*

2.7 Accounting TDS on Payments made to Non Residents

Example 18:

On 26th July, 2008 Universal Infotech received a Bill (Vide No – ACC/01457) from Academy Cricket Club for 15,00,000 towards Coach Fees.

To account the above transaction follow the steps given below

1. Create Masters

i. Expense Ledger
ii. Tax Ledger
iii. Party Ledger

2. Record the transaction in Journal Voucher

1. Create Masters

i. Expense Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Sports Expenses	Indirect Expenses	Yes	Payments to Non–Resident Sportsmen/Sports Association
Set **Inventory values are affected** to **No**			

ii. Tax Ledger

Ledger	Under	Type of Duty/ Tax	Nature of Payment	Inventory values are affected
TDS – Payments to Non–Residents	Duties & Taxes	TDS	Payments to Non–Resident Sportsmen/Sports Association	No

As per the given information, create the above ledgers.

iii. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Academy Cricket Club	Sundry Creditors	Yes	Yes	Individual/HUF – Non Resident

Create Party ledger

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

1. Type **Academy Cricket Club** as the **Ledger Name**
2. Group it under **Sundry Creditors** group
3. Set **Maintain Balances bill-by-bill** to **Yes**
4. Specify the **Default Credit Period**, if required
5. Set **Is TDS Deductable** to **Yes**

6. In the **Deductee Type** field select **Individual/HUF – Non Resident** from the **List of Deductee Types**
7. Set **Use Advanced TDS Entries** to **No**
8. Under **Mailing Details**, enter the address.

The completed **Ledger Creation** screen is displayed as shown

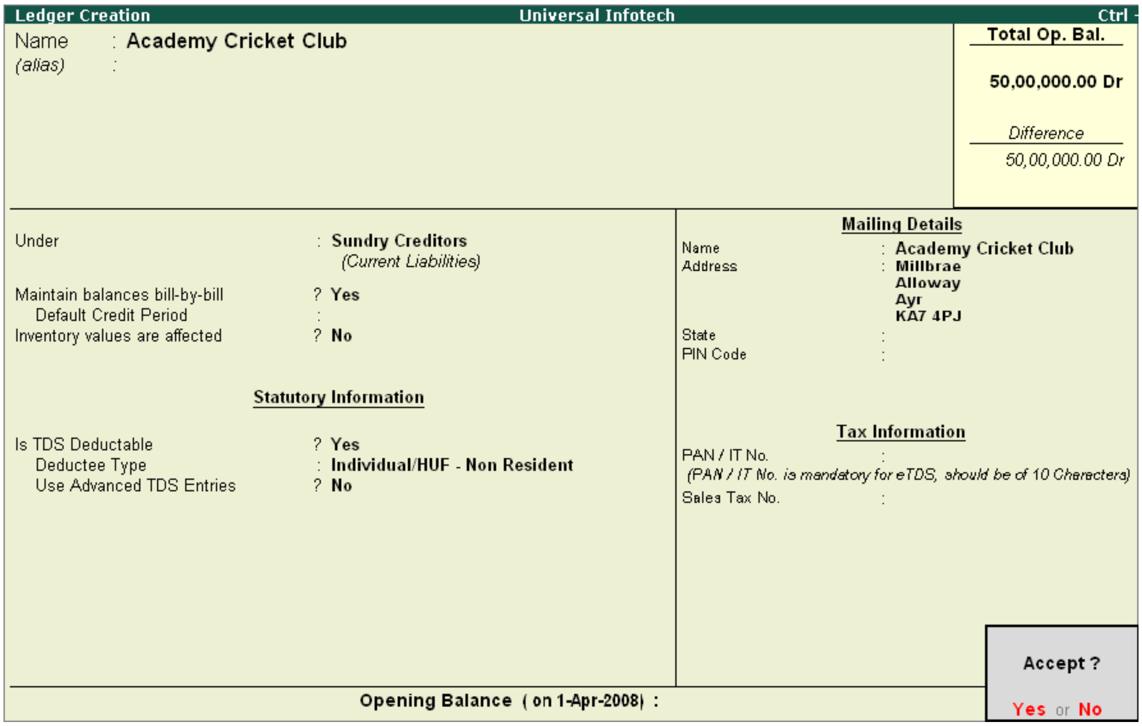


Figure 2.84 Ledger Creation Screen

9. Press **Enter** to accept

2. Record the transaction in Journal Voucher

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

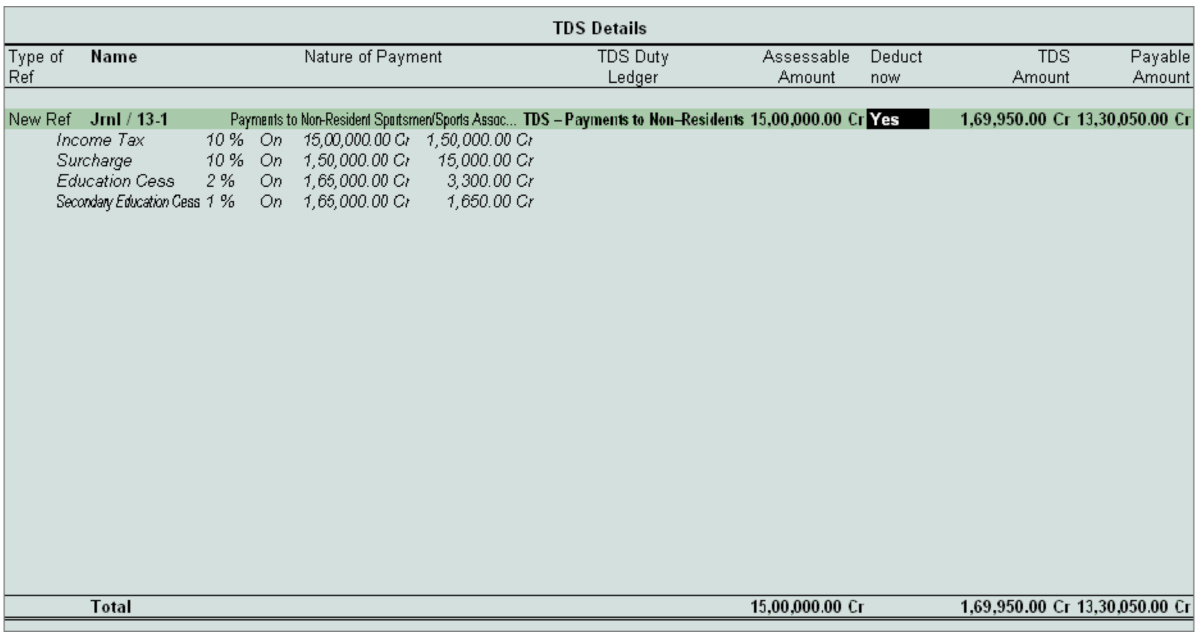
1. Press **F2** and change the date to **26-07-2008**
2. Select **Sports Expenses** in the **Debit** field and press **Enter**
3. Enter **15,00,000** in the **Amount** field and press **Enter**
4. In the **TDS Nature of Payment Details**, accept the default details.
5. Select **Academy Cricket Club** in the **Credit** field and press **Enter**.

In the **TDS Details** screen provide the following details

- In **Type of Ref** select **New Ref**
- In the **Name** field accept the default TDS reference number – **Jrnl / 13-1**
- In **Nature of Payment** field select **Payment to Non–Resident Sportsmen/ Sports Association** from the List of nature of Payment(s)

- Select **TDS – Payments to Non–Residents** in the **TDS Duty Ledger** field
- Set **Deduct Now** to **Yes** to deduct the income tax in the same voucher.
- The **TDS Amount** field displays the Tax amount deducted at source
- The **Payable Amount** field displays the amount (after TDS) payable to the Party.

The completed **TDS Details** screen is displayed as shown



TDS Details

Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 13-1	Payments to Non-Resident Sportsmen/Sports Assoc...	TDS – Payments to Non–Residents	15,00,000.00 Cr	Yes	1,69,950.00 Cr	13,30,050.00 Cr
	Income Tax 10 % On 15,00,000.00 Cr 1,50,000.00 Cr						
	Surcharge 10 % On 1,50,000.00 Cr 15,000.00 Cr						
	Education Cess 2 % On 1,65,000.00 Cr 3,300.00 Cr						
	Secondary Education Cess 1 % On 1,65,000.00 Cr 1,650.00 Cr						
	Total			15,00,000.00 Cr		1,69,950.00 Cr	13,30,050.00 Cr

Figure 2.85 TDS Details

6. Press **Enter** to accept the TDS Details
7. Payable Amount as calculated in the **TDS Details** screen will be defaulted in the Party's **Amount (Credit)** field. Press **Enter** to view Bill–wise Details screen.
8. In **Bill–wise Details** screen,

- Select **New Ref** as the **Type of Ref**
- In the **Name** field enter the Bill name as **ACC/01457**
- Skip the **Due Date or Credit Days** field
- Accept the default **amount** allocation and **Dr/Cr.** By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
- Press Enter, select **New Ref** as **Type of Ref** and Enter Bill name as **ACC/01457**
- Skip the **Due Date or Credit Days** field and accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Tax amount** in the amount field as the debit balance.

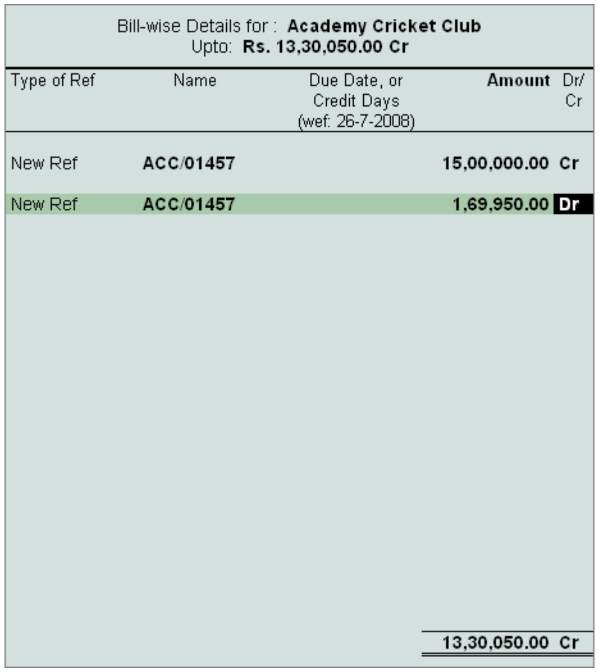


Figure 2.86 Bill–wise Details Screen

9. Press **Enter** to accept Bill-wise Details.
10. In the **Credit** field select the duty ledger **TDS – Payment to Non–Residents** from the List of Ledger Accounts and **Rs. 1,69,950** (15,00,000 – 13,30,050) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

The completed Journal Voucher is dispalyed as shown

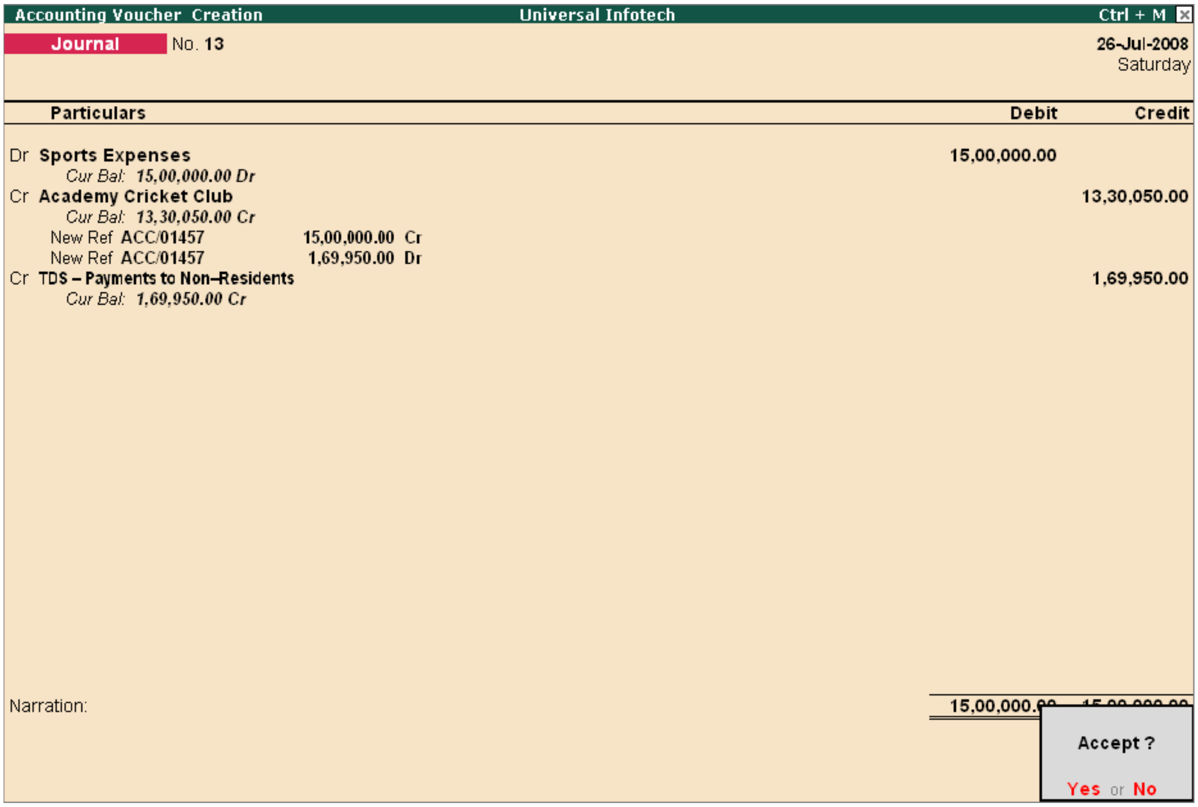


Figure 2.87 Completed Journal Voucher

12. Press **Enter** to accept

2.8 Payment of TDS

2.8.1 Payment of TDS (Using TDS Helper)

All the Tax deducted during a month is to be paid to the credit of Government on or before 7th of the next month. In case 7th of the month happens to be a sunday or a bank holiday payment can be made on the next working day

TDS amount shall be paid to the government account through any designated branches of the authorised banks, along with Income Tax Challan No.281.

Example 19:

On June 4, 2008, Universal Infotech, paid TDS of Rs. 12,360 towards Commission Expenses, vide cheque no. 325478 for the month of May, 2008.

The same is accounted as follows

Setup:

In **F12: Configure (Payment Configuration)**

- Ensure **Use Single Entry mode for Pymt/Rcpt/Contra** to **Yes**

Record the transaction in Payment Voucher

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

1. Press **F2** and change date to **04/06/2008**
2. Press **Alt+S** or click **S: TDS Helper** button on the Buttons Bar to view TDS helper screen.

In the **TDS Helper** Screen

- **Deducted Till Date**: In this field user may enter, till date of the period for which the TDS values should be computed and auto-filled.

  Enter **31/05/2008** as the **Till Date**.

- **Section**: As per the Act, separate TDS challans to be submitted for the payment of tax under each section. In this field, Tally.ERP 9 displays all the **Sections** under which, Tax deducted is pending for payment.

  Select **Section 194H** from the list of section.

Notes

***Payment Code** of the **Section** selected for TDS payment will be printed on the TDS Challan.*

- **Nature of Payments**: Based on the section selected in the **Section** field, Tally.ERP 9 displays the section related **nature of payments** under which, Tax deducted is pending for payment.

  Select **Commission Or Brokerage** as the Nature of Payment

- **Deductee Status**: Select the Deductee Status as **Non Company.**

*The TDS transactions in a payment voucher can be entered for a particular **Deductee Status**, using the **TDS Helper** button.*

- **Cash/ Bank**: Depending on the mode of payment (Cash or Cheque) Cash or Bank ledger will be selected.

  Select **Canara Bank** from the **List of Ledger Accounts**.

The completed **TDS Helper** screen is displayed as shown

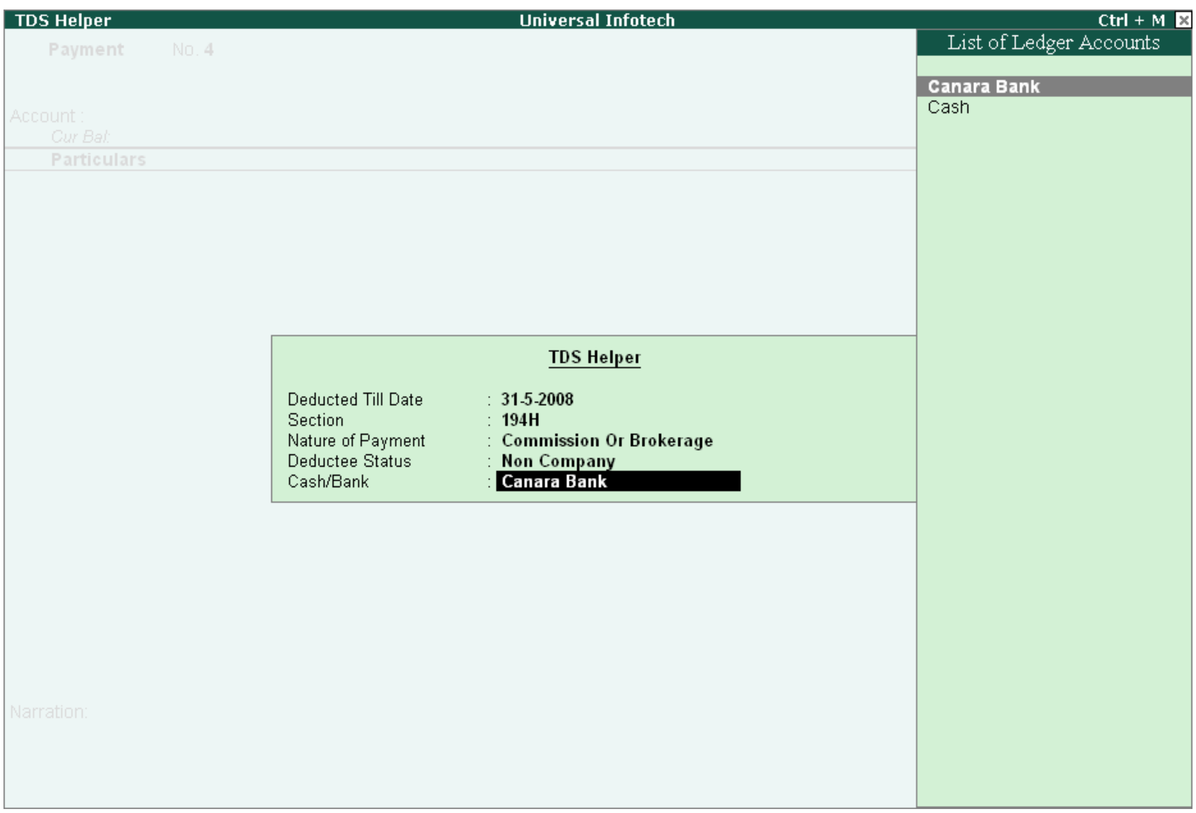


Figure 2.88 TDS Helper Screen

3. Press **Enter** to accept the **TDS helper**
4. The **Bank Name** through which the payment is made and **TDS payable amount (**with the respective bill details) will be auto-filled.
5. Set the option **Provide Details** to **Yes** to enter TDS payment details

In the **Payment Details** Screen

- **Cheque/DD No**: In this field user can enter either the cheque or the DD No through which the TDS payment is made. In this transaction payment is made through cheque no. **345478.**
- **Name of the Bank**: This field is provided to mention the name of authorised bank, where the payment is made.

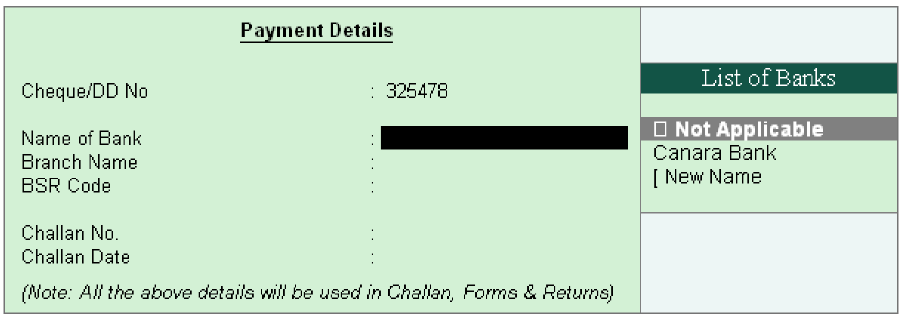


Figure 2.89 Payment Details– List of Banks

Tally.ERP 9 displays the list of banks from where the user can

- Select **Not applicable**, when the bank details are not applicable for a payment.
- Select The banks which are already created to carry out the regular business
- Select **New Name** – New Name will be selected when the authorised bank through which the payment is made is different from the regular bank where the deposit account is maintained. The Bank name created here will not be available under the List of Ledgers.

Select **Canara Bank** from the List of Banks.

- **Branch Name**: Enter the bank Branch name in this field.
- **BSR Code**: Enter the BSR code of the branch. BSR code is a 7 digit number allotted by Reserve Bank of India (RBI) to bank branch.

Branch Name *and* ***BSR code*** *details will be defaulted automatically, if the user selects the bank which is already created to carry out the regular business (with branch name and BSR code) in the Name of Bank field. User can change such defaulted details.*

- **Challan No.**: In this field enter the TDS payment Challan number. If the TDS payment challan details are not available at the time of recording the TDS payment entry, such details can be either by reconciling the TDS ledger or by altering the payment voucher.
- **Challan Date**: Enter the Challan Date.

The completed Payment Details screen is displayed as shown

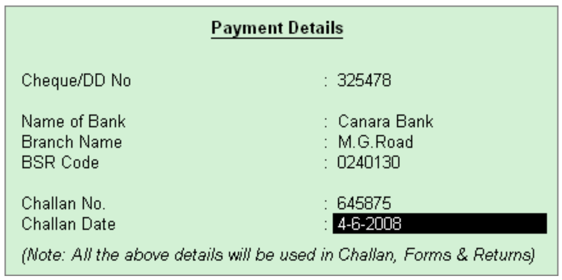


Figure 2.90 Completed Payment Details Screen

6. Press **Enter** to accept the payment details
7. Cheque number entered in the payment details is displayed in the **Narration**

The Completed TDS Payment voucher is displayed as shown

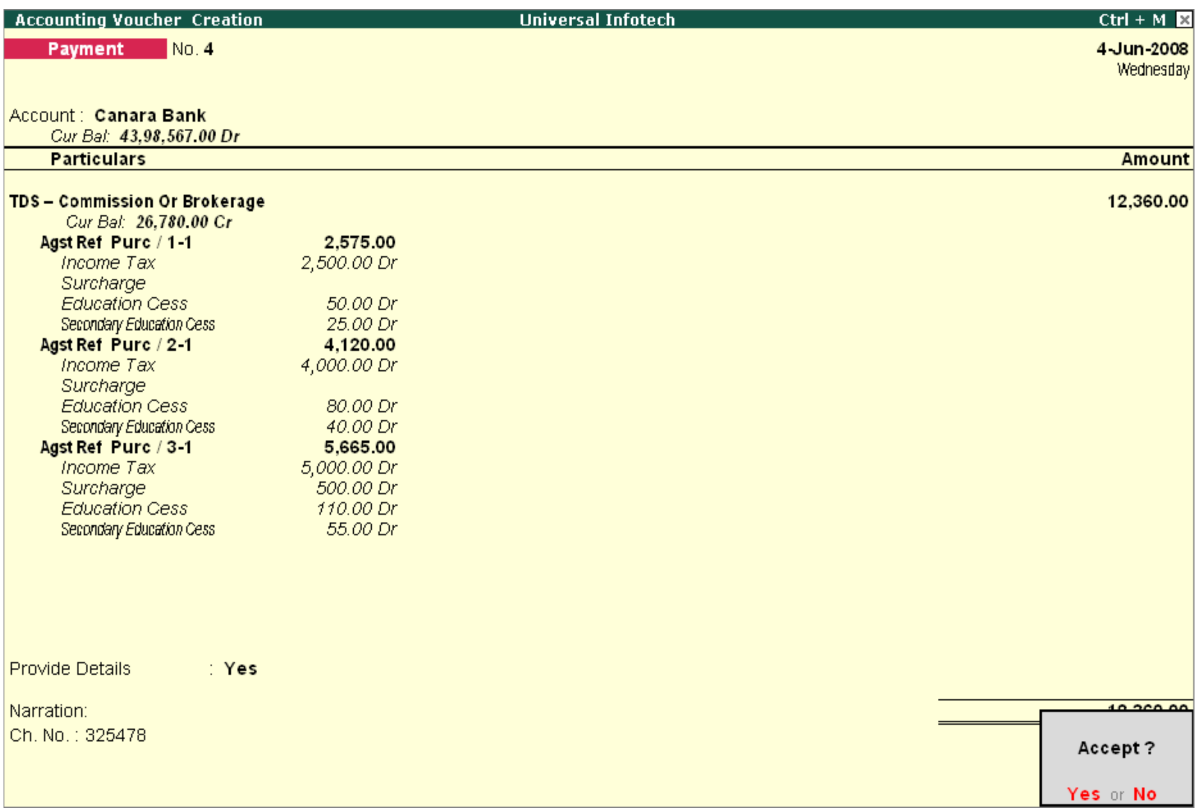


Figure 2.91 TDS Payment Voucher

8. Press **Enter** to accept.

*Tally.ERP 9 allows the user to enter **TDS payment entry** in **double entry mode** also.*

Similary record the TDS payment entry for the month of **July**, **August** and **September**.

2.8.2 Generating TDS Challan (ITNS 281)

Tax is remitted to the government account through Challans. For making the TDS payment, Challan No. 281 is used.

In Tally.ERP 9 **TDS Challan (ITNS 28)** will be printed from the TDS payment voucher.

To print the **TDS Challan** for the transaction entered on **04-06-2008**

1. Press **PageUp** to go back to payment voucher entry
2. Click on **Print** button or Press **Alt + P** from the payment voucher to view the **Voucher Printing** screen
3. In the **Voucher Printing** screen
   - Ensure **Print as TDS Challan** field is set to **Yes**

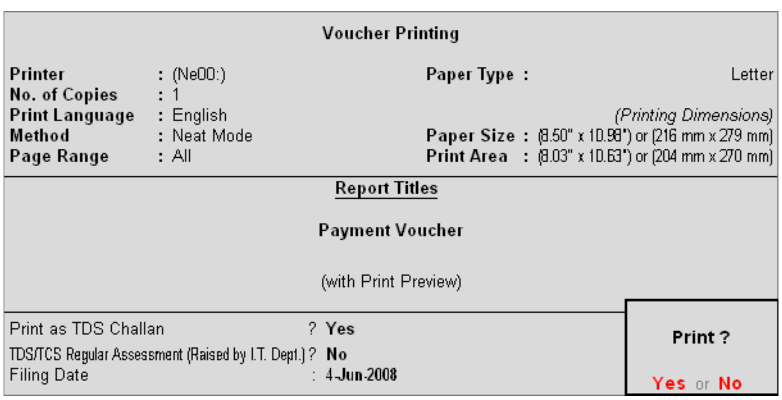


Figure 2.92 Voucher Printing Screen

   - To view the challan in a preview mode, click on **I: With Preview** button or press **ALT+I**
4. Press **Enter** to accept the Voucher Printing subscreen and to display the TDS Challan in Print Preview mode.
5. Click **Zoom** or Press **Alt+Z** to view the TDS Challan

TDS Challan is displayed as shown

T.D.S. TAX CHALLAN Single Copy (to be sent to ZAO)

CHALLAN No./ ITNS 281

Tax Applicable (Tick one)*

TAX DEDUCTED AT SOURCE FROM

(0020) COMPANY DEDUCTEES [ ] (0021) NON-COMPANY DEDUCTEES [X]

Assessment Year 2009-10

Tax Deduction Account No. (T.A.N).

KARU07884F

Full Name

UNIVERSAL INFOTECH

Complete Address with City & State

45, AMR Tech Park, Hosur Road, Bangalore

Karnataka

Tel. No. 080-22356475 Pin 560064

Type of Payment Code * 94H

TDS Payable by Taxpayer (200) [X]

TDS Regular Assessment (Raised by I.T. Deptt.) (400) [ ]

FOR USE IN RECEIVING BANK

Debit to A/c / Cheque credited on

DD MM YY

DETAILS OF PAYMENTS

	Amount (In Rs. Only)
Income Tax	11,500.00
Surcharge	500.00
Education Cess	360.00
Interest	
Penalty	
Total	12,360.00

Total (In words):

CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS
Zero	Zero	Twelve	Three	Six	Zero

Paid in Cash/ Debit to A/c /Cheque No. 325478 Dated 4-Jun-2008

Drawn on Canara Bank - M.G.Road

(Name of the Bank and Branch)

SPACE FOR BANK SEAL

Rs. 12,360.00

Date : 4-Jun-2008 Signature of person making payment

------------------------------ Tear Here ------------------------------

Taxpayers Counterfoil (To be filled up by taxpayer)

TAN KARU07884F

Received from UNIVERSAL INFOTECH

(Name)

Cash/ Debit to A/c /Cheque No. 325478 For Rs. 12,360

Rs.(In words) Twelve Thousand Three Hundred Sixty Only.

Drawn on Canara Bank - M.G.Road

(Name of the Bank and Branch)

Non Company(0021) Deductees

on account of Tax Deducted at Source (TDS) from 94H for the Assessment Year 2009-10

SPACE FOR BANK SEAL

Rs. 12,360.00

Figure 2.93 TDS Challan

6. Click on **Print** to print the **TDS Challan**.

Lesson 3: Reports

Lesson Objectives

On completion of this lesson, you will learn to

- View TDS Computation
- Reconcile TDS Challans
- Generate TDS Forms & Certificates
- View TDS Outstandings
- View Exception Reports

3.1 TDS Reports

Tally.ERP 9 helps the user to generate the TDS Computation Report, TDS Challan, Statutory Returns and other related reports at the end of a month, quarter or year, as prescribed under the Act.

To view the TDS Reports

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

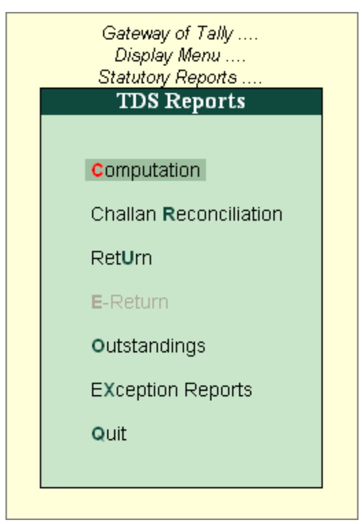


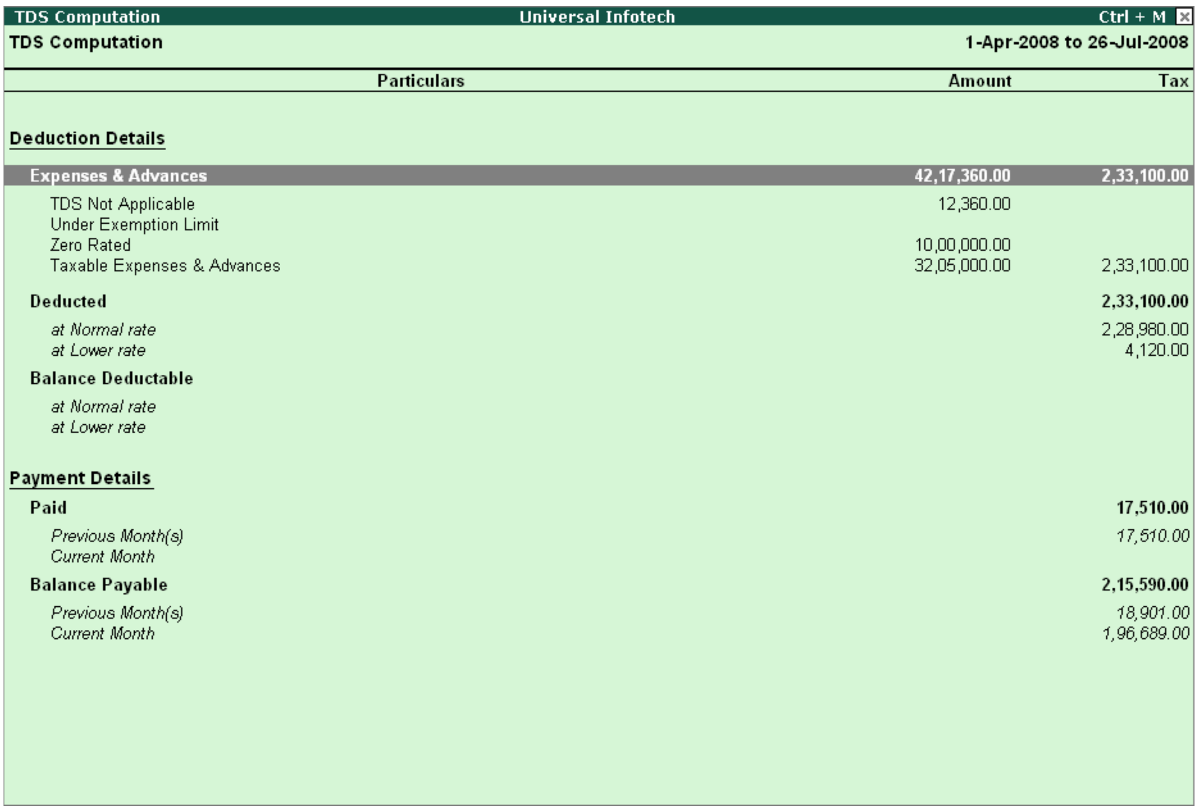
Figure 3.1 TDS Reports

3.2 Computation

TDS Computation report displays information about TDS transactions. It includes information about the total expenses and advances on which TDS is applicable, TDS amount deducted, balance TDS amount deductible, TDS amount paid and TDS amount pending for payment.

To view TDS Computation report

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



TDS Computation | Universal Infotech | Ctrl + M

TDS Computation | 1-Apr-2008 to 26-Jul-2008

Particulars	Amount	Tax
Deduction Details		
Expenses & Advances	**42,17,360.00**	**2,33,100.00**
TDS Not Applicable	12,360.00	
Under Exemption Limit		
Zero Rated	10,00,000.00	
Taxable Expenses & Advances	32,05,000.00	2,33,100.00
Deducted		**2,33,100.00**
at Normal rate		2,28,980.00
at Lower rate		4,120.00
Balance Deductable		
at Normal rate		
at Lower rate		
Payment Details		
Paid		**17,510.00**
Previous Month(s)		*17,510.00*
Current Month		
Balance Payable		**2,15,590.00**
Previous Month(s)		*18,901.00*
Current Month		*1,96,689.00*

Figure 3.2 TDS Computation

TDS Computation report is divided into 2 sections

1. **Deduction Details**: This section displays the details of **Expenses & Advances, TDS Deducted and the Balance Deductible.**
   - **Expenses & Advances**: This displays the total expenses amount and total tax amount of all the TDS applicable expenses and advances made to parties.
     - **TDS Not Applicable**: This filed displays the total amount of Expenses on which TDS is not applicable
     - **Under Exemption Limit**: This field displays the total amount of Expenses which have not crossed the TDS Exemption Limit.
     - **Zero Rated**: This field displays the total amount of expenses on which TDS is deducted at Zero Rate

- **Taxable Expenses & Advances**: This field displays the total amount of taxable expenses and total tax amount

- **Deducted**: This section displays the total amount of tax deducted at normal rate or at lower rate till Date.
- **Balance Deductable**: This section displays the balance tax amount to be deducted either at normal rate or at lower rate.

2. **Payment Details**: This section displays the details of tax paid and tax Payable.
   - **Paid**: This section displays the details of total tax paid in the previous month(s) and current month
   - **Balance Payable**: This section displays the details of total tax payable in the previous month(s) and current month

3.2.1 TDS Computation – Expenses Wise

To view **Expense wise - TDS Computation** press **Enter** on any particular **Deduction Details** to drill down to a report that displays all the expenses marked with respective deduction details.

Select **Expenses & Advances** to drill down to Expenses Wise report

Expenses Wise | Universal Infotech | Ctrl + M

Expenses Wise | 1-Apr-2008 to 26-Jul-2008

Particulars	Total	Tax Deductable	Balance to be deducted	Balance to be Paid
Auditing Expenses	1,12,360.00	10,300.00		10,300.00
Commission Expenses	3,95,000.00	39,140.00		26,780.00
Rent Expenses	10,00,000.00			
Sports Expenses	15,00,000.00	1,69,950.00		1,69,950.00
Advertisement Expenses	11,20,000.00	12,690.00		7,540.00
Pheonix Agencies	90,000.00	1,020.00		1,020.00
Total	42,17,360.00	2,33,100.00		2,15,590.00

Figure 3.3 TDS Computation – Expenses Wise

You can configure the Expenses wise report using **F12: Configure**

The options **Show Tax Deductible, Show Balance to be deducted** and **Show Balance Payable to Government** are by default set to **Yes**

Configuration

Show Tax Deductable	? **Yes**
Show Tax Deducted	? **No**
Show Balance to be Deducted	? **Yes**
Show Tax Paid to Government	? **No**
Show Balance Payable to Government	? **Yes**

Figure 3.4 F12: Configure

In **F12: Configuration**

- Set the option **Show Tax Deducted** to **Yes**
- Set **Show Tax Deductable Break-up** to **Yes**
- Ensure all other options are set to **No**

Configuration

Show Tax Deductable	? **No**
Show Tax Deducted	? **Yes**
Show Tax Deductable Break-up	? **Yes**
Show Balance to be Deducted	? **No**
Show Tax Paid to Government	? **No**
Show Balance Payable to Government	? **No**

Figure 3.5 F12: Configure

If the option **Show Tax Deductible Break-up** is set **Yes** the **Expenses wise** report displays the complete break up (**Tax, Surcharge, Education Cess, Secondary and Higher Education Cess**) of tax deducted.

The **TDS Computation – Expenses Wise** report displays the details as shown

Expenses Wise | Universal Infotech | Ctrl + M

Expenses Wise | 1-Apr-2008 to 26-Jul-2008

Particulars	TDS Deducted				
	Tax	SC	EC	SHEC	Total
	← ... 1 more				
Auditing Expenses	10,000.00		200.00	100.00	10,300.00
Commission Expenses	35,500.00	2,500.00	760.00	380.00	39,140.00
Rent Expenses					
Sports Expenses	1,50,000.00	15,000.00	3,300.00	1,650.00	1,69,950.00
Advertisement Expenses	11,200.00	1,120.00	246.00	124.00	12,690.00
Pheonix Agencies	900.00	90.00	20.00	10.00	1,020.00
Total	2,07,600.00	18,710.00	4,526.00	2,264.00	2,33,100.00

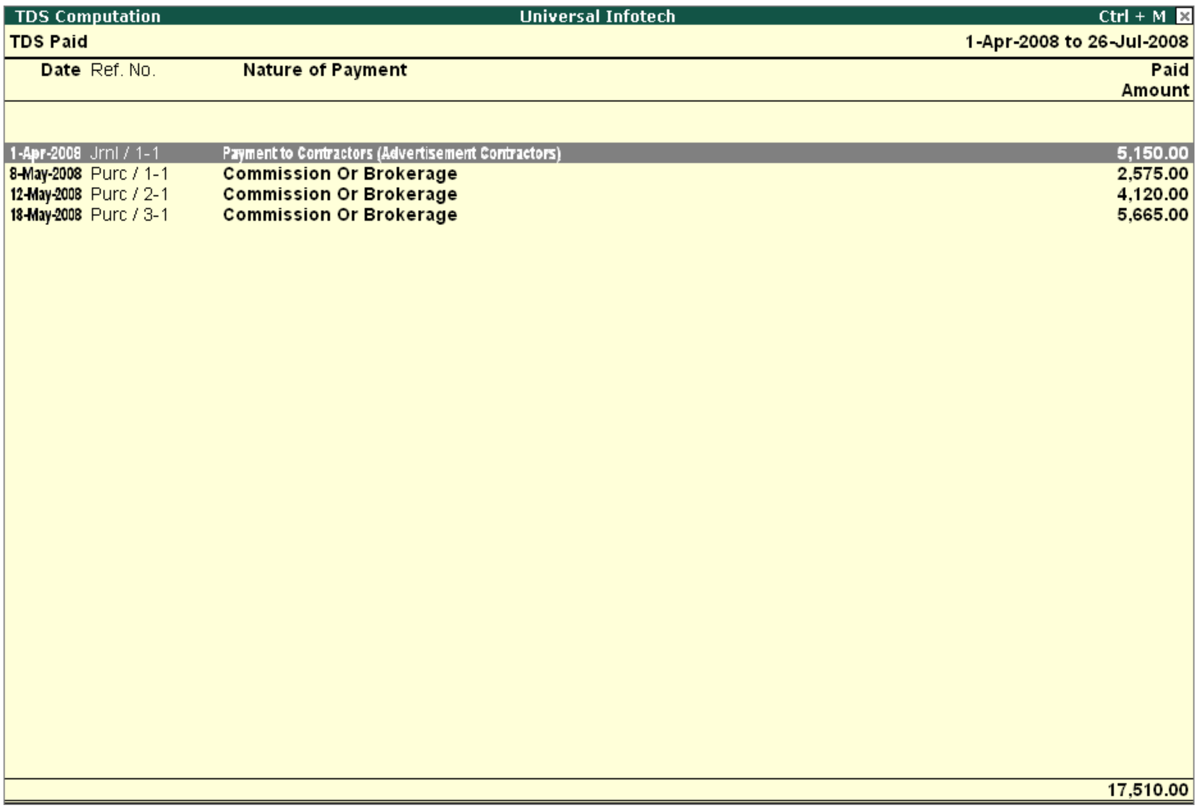
Figure 3.6 TDS Computation – Expenses Wise

3.2.2 TDS Computation – TDS Paid

TDS Paid report displays the details of transaction wise details such as **Date, Ref No. Nature of Payment and Paid Amount**.

To view **TDS Paid - TDS Computation** press Enter on any particular Paid details to drill down to TDS Paid report. Select **Paid**

The **TDS Paid** report is displayed as shown


TDS Computation Universal Infotech Ctrl + M
TDS Paid 1-Apr-2008 to 26-Jul-2008

Date	Ref. No.	Nature of Payment	Paid Amount
1-Apr-2008	Jrnl / 1-1	Payment to Contractors (Advertisement Contractors)	5,150.00
8-May-2008	Purc / 1-1	Commission Or Brokerage	2,575.00
12-May-2008	Purc / 2-1	Commission Or Brokerage	4,120.00
18-May-2008	Purc / 3-1	Commission Or Brokerage	5,665.00
			17,510.00

Figure 3.7 TDS Paid Report

3.2.3 TDS Computation – TDS Payable

To view **TDS Payable** report from TDS Computation press Enter on any particular **Balance Payable** details. Select **Balance Payable**

The **TDS Payable** report is displayed as shown

TDS Computation | Universal Infotech | Ctrl + M

TDS Payable | **1-Apr-2008 to 26-Jul-2008**

Date	Ref. No.	Nature of Payment	Opening Amount	**Pending Amount**	Due on	*Overdue days*
1-Apr-2008	Jrnl / 1-1	Payment to Contractors (Advertisement Contractors)	5,665.00 Cr	**515.00**	7-May-2008	*80*
7-May-2008	Jrnl / 2-2	Fees for Professional Or Technical Services	10,300.00 Cr	**10,300.00**	7-Jun-2008	*49*
18-May-2008	Purc / 3-2	Payment to Contractors (Advertisement Contractors)	2,266.00 Cr	**2,266.00**	7-Jun-2008	*49*
2-Jun-2008	Pymt / 3-1	Payment to Contractors (Advertisement Contractors)	1,020.00 Cr	**1,020.00**	7-Jul-2008	*19*
15-Jun-2008	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)	680.00 Cr	**680.00**	7-Jul-2008	*19*
25-Jun-2008	Jrnl / 6-1	Commission Or Brokerage	4,120.00 Cr	**4,120.00**	7-Jul-2008	*19*
9-Jul-2008	Jrnl / 8-1	Payment to Contractors (Advertisement Contractors)	3,399.00 Cr	**3,399.00**	7-Aug-2008	*0*
15-Jul-2008	Jrnl / 10-1	Commission Or Brokerage	22,660.00 Cr	**22,660.00**	7-Aug-2008	*0*
25-Jul-2008	Jrnl / 12-1	Payment to Contractors (Advertisement Contractors)	680.00 Cr	**680.00**	7-Aug-2008	*0*
26-Jul-2008	Jrnl / 13-1	Payments to Non-Resident Sportsmen/Sports Assoc...	1,69,950.00 Cr	**1,69,950.00**	7-Aug-2008	*0*
			2,20,740.00 Cr	**2,15,590.00**		

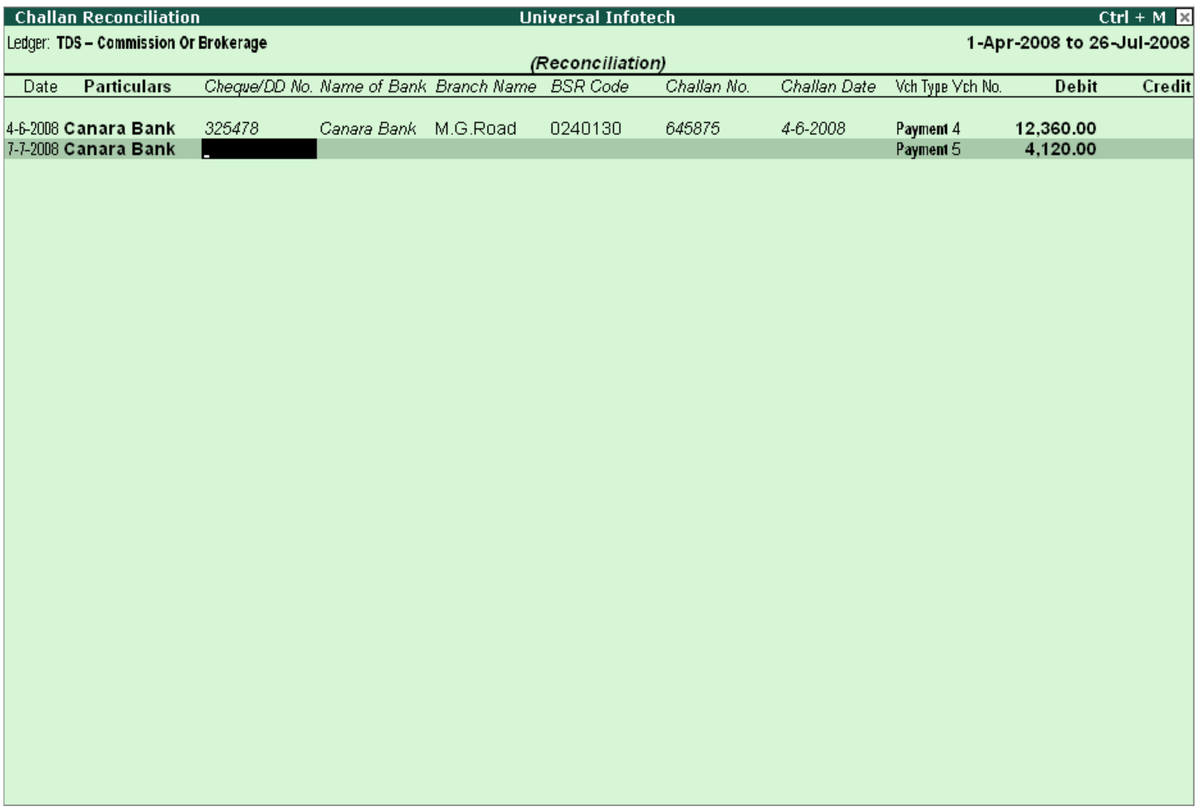
Figure 3.8 TDS Payable Report

3.3 Challan Reconciliation

Reconciliation of Challan Payments made to Bank for TDS accounts is done in Challan reconciliation.

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Challan Reconciliation >** Select **TDS – Commission Or Brokerage** Ledger

The **Challan Reconciliation** report is displayed as shown



Challan Reconciliation — Universal Infotech — Ctrl + M

Ledger: TDS – Commission Or Brokerage — 1-Apr-2008 to 26-Jul-2008

(Reconciliation)

Date	Particulars	Cheque/DD No.	Name of Bank	Branch Name	BSR Code	Challan No.	Challan Date	Vch Type	Vch No.	Debit	Credit
4-6-2008	Canara Bank	325478	Canara Bank	M.G.Road	0240130	645875	4-6-2008	Payment	4	12,360.00	
7-7-2008	Canara Bank							Payment	5	4,120.00	

Figure 3.9 Challan Reconciliation

TDS Challan Reconcilation screen displays all the vouchers related to the TDS Ledger selected. Challan reconcilation is done only for those vouchers for which the payment detaisl are not provided during voucher entry.

TDS Challans can be reconciled either by updating the **Cheque/DD No., Name of Bank, Branch Name, BSR Code, Challan No., and Challan Date** in the reconcilation screen OR by using **Set Challan Details (Alt +S)** button from the **Buttons Bar** to reconcile challans.

Click on **S**: **Set Challan Detail**s button to fill the challan details. Enter the details as shown.

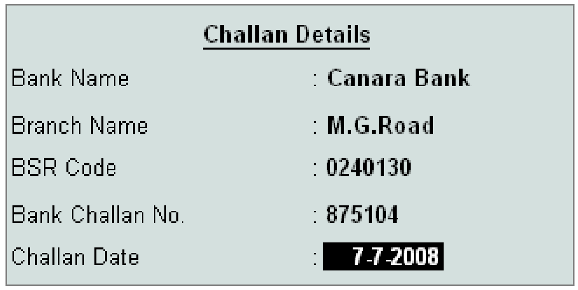


Figure 3.10 Challan Details

Press **Enter** to accept the **Challn Details**.

In the **Challan Reconcilaition** screen enter the **Checque/DD No**. and accept to save.

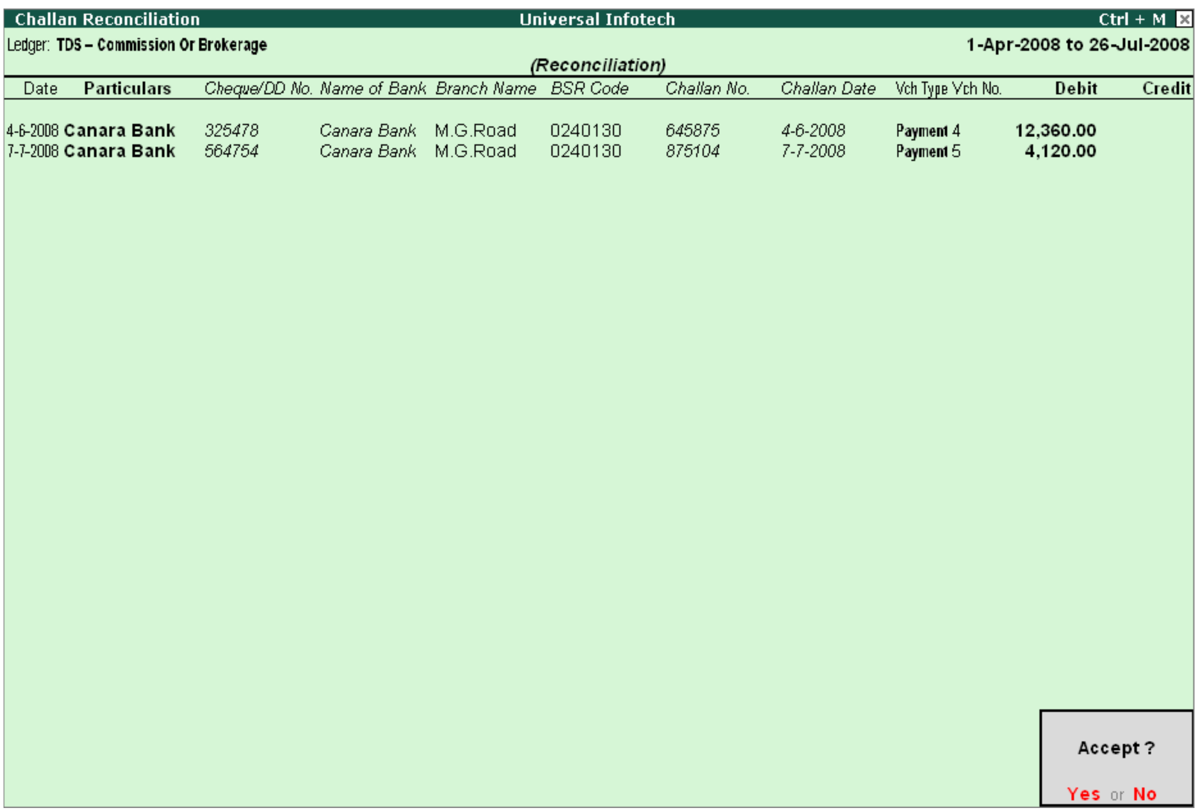


Figure 3.11 Challan Reconciliation Screen

3.4 Return

Tally.ERP 9 allows the user to print **Form 16 A** and all the **Quarterly** and **Annual** TDS Return Forms and Annexures.

3.4.1 Print Form 16A

Form 16A is a certificate of proof that deductor has deducted the tax and paid the same to the government. This proof is essential to the deductee to claim the credit of tax in his Income Tax returns.

To print **Form 16A**

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Print Form 16A**

In **Select Item** screen

- Select the party – **Pheonix Agencies** from the **List of TDS Party Ledgers**

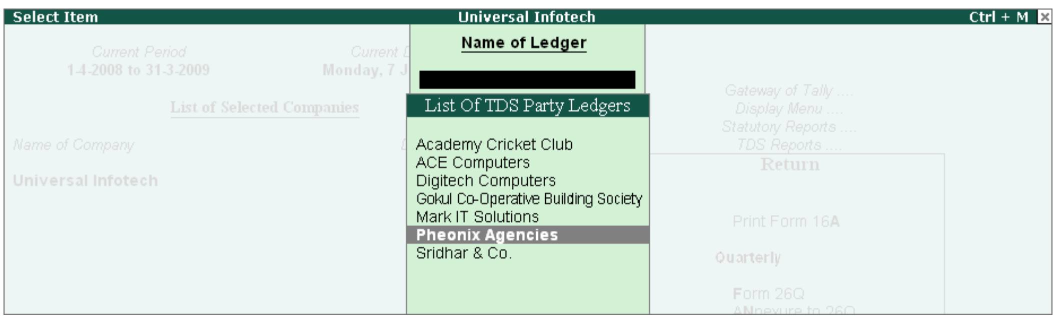


Figure 3.12 Select Item Screen

- In the **Printing TDS Form 16A screen** enter the details as shown

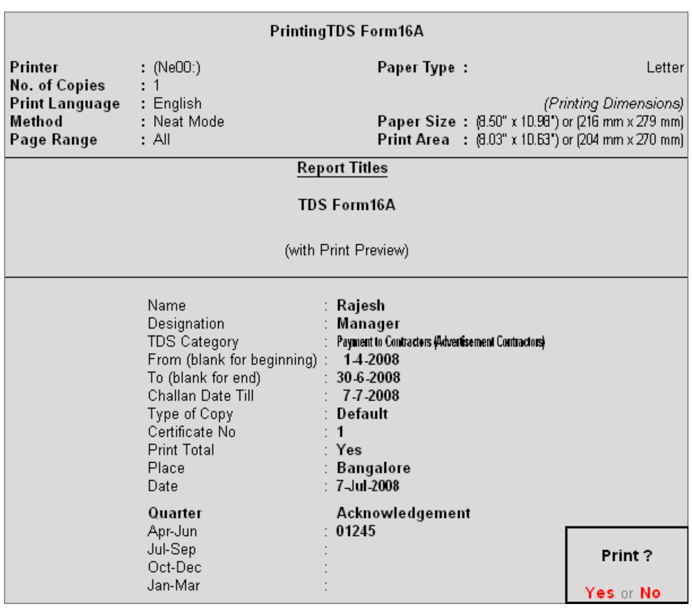


Figure 3.13 Printing TDS Form 16A screen

The print preview of **Form 16A** is displayed as shown

Certificate No. : 1/194C

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

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 Infotech	Quarter	Acknowledgement No.	**Pheonix Agencies**
# 45	Apr-Jun	01245	No - 45/1
AMR Tech Park	Jul-Sep		Raheja Arcade
Hosur Road	Oct-Dec		Koramangala
Bangalore	Jan-Mar		Bangalore

TAX DEDUCTION A/C NO. OF THE DEDUCTOR	NATURE OF PAYMENT	PAN NO. OF THE PAYEE
KARU07884F	194C Payment to Contractors (Advertisement Contractors)	ASPLC0245L
PAN NO. OF THE DEDUCTOR		FOR THE PERIOD
AGRTL0443L		1-Apr-2008 to 30-Jun-2008

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 dd/mm/yy	Transfer Voucher / Challan Identification No.
			TDS Rs.	Surcharge Rs.	Ed Cess	Total Rs.				
1	5,00,000.00	1-Apr-2008	5,000	500	165	5,665	056330	0240130	6-May-2008	225678
2	2,00,000.00	18-May-2008	2,000	200	66	2,266	457845	0240130	4-Jun-2008	457815
3	90,000.00	2-Jun-2008	900	90	30	1,020	647540	0240130	7-Jul-2008	694712
4	60,000.00	15-Jun-2008	600	60	20	680	647540	0240130	7-Jul-2008	694712
		Total	8,500	850	281	9,631				

Certified that a sum of Rs. (In words) Nine Thousand Six Hundred Thirty One 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 : 7-Jul-2008

Full Name : Rajesh
Designation : Manager

Figure 3.14 Form 16A

3.4.2 Form 26Q

Form 26Q is a Quarterly return for deduction of tax in respect of payments made to residents other than salary.

To print Form 26Q

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Form 26Q**

In **Printing TDS Form 26Q** press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

In the Output File Name field enter the Export File Name as

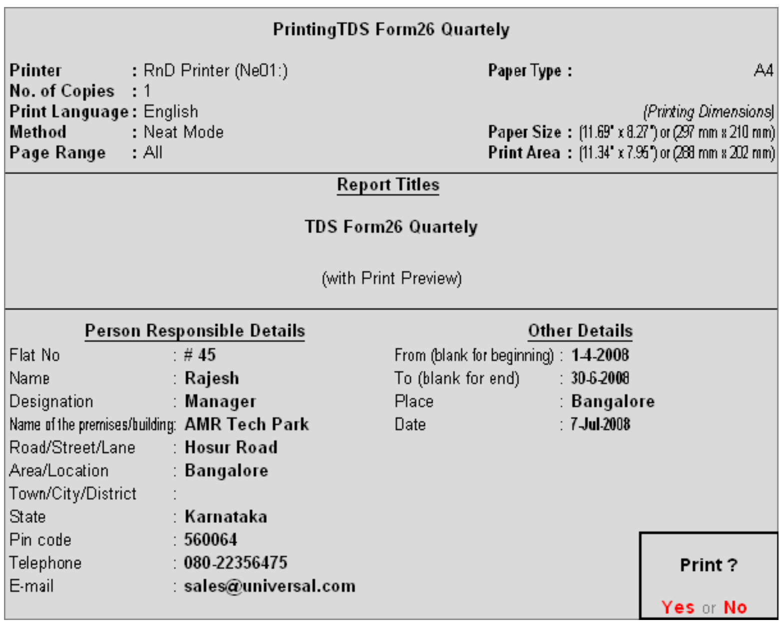


Figure 3.15 Printing TDS Form 26Q

The print preview of **Form 26Q** is displayed as shown

Form No. 26Q

[See sections 193, 194, 194A, 194BB, 194C, 194D, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA and rule 31A]

Quarterly statement of deduction of tax under sub-section (3) of section 200 of the Income-tax Act, 1961 in respect of payments other than Salary for the quarter ended June/September/December/March (tick whichever applicable) 2008 - 09 (Year)

1.	(a)	Tax Deduction Account No.	: KARU07884F
	(b)	Permanent Account No.	: AGRTL0443L
	(c)	Financial year	: 2008 - 09
	(d)	Assessment year	: 2009 - 10
	(e)	Has any statement been filed earlier for this quarter (Yes/No)	: No
	(f)	If answer of (e) is 'Yes' then	
		Provisional Receipt No. of original statement	:
2.	Particulars of the deductor		
	(a)	Name	: Universal Infotech
	(b)	Type of deductor	: Others
	(c)	Branch / Division (if any)	:
	(d)	Address	:
		Flat No.	: # 45
		Name of premises / building	: AMR Tech Park
		Road / Street / Lane	: Hosur Road
		Area / Location	: Bangalore
		Town / City / District	: Bangalore
		State	: Karnataka
		Pin code	: 560064
		Telephone No.	: 080-22356475
		E-mail	: sales@universal.com
3.	Particulars of the person responsible for deduction of tax		
	(a)	Name	: Rajesh
	(b)	Address	:
		Flat No.	: # 45
		Name of premises / building	: AMR Tech Park
		Road / Street / Lane	: Hosur Road
		Area / Location	: Bangalore
		Town / City / District	:
		State	: Karnataka
		Pin code	: 560064
		Telephone No.	: 080-22356475
		E-mail	: sales@universal.com

Figure 3.16 Form No. 26Q – Page 1

4. Details of tax deducted and paid to the credit of the Central Government :

Sr. No.	Section Code	TDS Rs.	Surcharge Rs.	Education Cess Rs.	Interest Rs.	Others Rs.
401	402	403	404	405	406	407
1	**94C**	**5,000.00**		**150.00**		
2	**94H**	**11,500.00**	**500.00**	**360.00**		
3	**94C**	**2,000.00**	**700.00**	**81.00**		

Sr. No.	Total tax deposited Rs. (403+404+405+406 +407)	Cheque/DD No. (if any)	BSR Code	Date on which tax deposited	Transfer Voucher / Challan serial No.(2)	Whether TDS deposited by book entry? Yes/No(3)
401	408	409	410	411	412	413
1	**5,150.00**	**056330**	**0240130**	**6-May-2008**	**225678**	**Yes**
2	**12,360.00**	**325478**	**0240130**	**4-Jun-2008**	**645875**	**Yes**
3	**2,781.00**	**457845**	**0240130**	**4-Jun-2008**	**457815**	**Yes**

5. Details of amounts paid and tax deducted thereon from the deductees (See Annexure)

Verification

I, Rajesh, hereby certify that all the particulars furnished above are correct and complete.

Place : Bangalore   Signature of the person responsible for deducting tax at source ____________________

Date : 7-Sep-2008   Name and designation of person responsible for deducting tax at source Rajesh, Manager

Notes
1. Indicate the type of deductor 'Government' / 'Others'
2. Government deductors to give particulars of transfer vouchers; other deductors to give particulars of Challan No. regarding deposit into bank.
3. Column is relevant only for Government deductors.

Figure 3.17 Form No. 26Q – Page 2

3.4.3 Annexure to 26Q

Annexure to Form 26 Q gives the **deductee wise break-up** of **TDS**.

To print **Annexure to Form 26 Q**

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Annexure to Form 26Q**

In Printing TDS Form 26Q press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

Press **Enter** to view the print preview of **Annexure to Form 26 Q**

ANNEXURE - DEDUCTEE WISE BREAK-UP OF TDS

(Please use seperate Annexure for each line-item in the table at S.No. 4 of main Form 26Q)

BSR Code of the branch where tax is deposited	0240130	Name of Deductor	Universal Infotech
Date on which tax deposited (dd-mm-yyyy)	4-Jun-2008		
Challan Serial No.	645875		
Section under which payment made	194H	TAN	KARU07884F
Total TDS to be allocated among deductees as in the vertical total of col. 425	12,360.00		
Interest			
Others			
Total of the above	12,360.00		

Sr. No.	Dedutee Code (01-Company 02-Other than Company)	PAN of the Deductee	Name of Deductee	Date of Payment / Credit	Amount Paid / credited Rs.	Paid by book entry or otherwise	TDS
414	415	416	417	418	419	420	421
1	02	APRCL0497F	Digitech Computers	4-Jun-2008	25,000.00	Yes	2,500.00
2	02	APRCL0497F	Digitech Computers	4-Jun-2008	40,000.00	Yes	4,000.00
3	02	ASPLC0245L	Pheonix Agencies	4-Jun-2008	50,000.00	Yes	5,000.00
Total					1,15,000.00		11,500.00

Sr. No.	Surcharge	Education Cess	Total Tax deducted 421+422+423 Rs.	Total Tax deposited Rs.	Date of deduction	Rate at which deducted	Reason for non-deduction / lower deduction
414	422	423	424	425	426	427	428
1		75.00	2,575.00	2,575.00	14-May-2008	10.30 %	
2		120.00	4,120.00	4,120.00	14-May-2008	10.30 %	
3	500.00	165.00	5,665.00	5,665.00	21-May-2008	11.33 %	
Total	500.00	360.00	12,360.00	12,360.00			

Verification

I, Rajesh, hereby certify that all the particulars furnished above are correct and complete.

Place : Bangalore   Signature of the person responsible for deducting tax at source ________________

Date : 7-Jul-2008   Name and designation of person responsible for deducting tax at source Rajesh, Manager

Note :

*Write 'A' if 'lower deduction' or 'no deduction' is on account of a certificate under section 197.

*Write 'B' if no deduction is on account of declaration under section 197A.

Figure 3.18 Annexure to 26Q

As per requirement of the IT department for each type of payment separate annexure will be printed in the prescribed Proforma.

Tally.ERP 9 prints separate annexure for each type of payment

3.4.4 Form 27 Q

Form 27Q is a Quarterly return for deduction of tax in respect of payments made to non-residents other than salary.

To print Form 27Q

Go to G**ateway of Tally > Display > Statutory Reports > TDS Reports > Return > Form 27Q**

In Printing TDS Form 27Q press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

The Print preview of **Form 27Q** appears as shown

Form No. 27Q

[See sections 194E, 195, 196A, 196B, 196C, 196Dand rule 31A and 37A]

Quarterly statement of deduction of tax under sub-section (3) of section 200 of the I.T. Act, 1961 in respect of payments other than Salary made to non-residents for the quarter ended June/September/December/March (tick whichever applicable) 2008 - 09 (Year)

1. (a) Tax Deduction and collection Account No.(TAN) : KARU07884F
(b) Permanent Account No.(PAN) : AGRTL0443L
(c) Financial year : 2008 - 09
(d) Assessment year : 2009 - 10
(e) Has any statement been filed earlier for this quarter (Yes/No) : No
(f) If answer of (e) is 'Yes' then
Provisional Receipt No. of original statement :

2. Particulars of the deductor

(a) Name : Universal Infotech
(b) Type of deductor : Others
(c) Branch / Division (if any) :
(d) Address :
Flat No. : # 45
Name of premises / building : AMR Tech Park
Road / Street / Lane : Hosur Road
Area / Location : Bangalore
Town / City / District : Bangalore
State : Karnataka
Pin code : 560064
Telephone No. : 080-22356475
E-mail : sales@universal.com

3. Particulars of the person responsible for deduction of tax

(a) Name : Rajesh
(b) Address :
Flat No. : # 45
Name of premises / building : AMR Tech Park
Road / Street / Lane : Hosur Road
Area / Location : Bangalore
Town / City / District :
State : Karnataka
Pin code : 560064
Telephone No. : 080-22356475
E-mail : sales@universal.com

Figure 3.19 Form 27Q – Page 1

4. Details of tax deducted and paid to the credit of the Central Government :

Sr. No.	Section Code	TDS Rs.	Surcharge Rs.	Education Cess Rs.	Interest Rs.	Others Rs.
701	702	703	704	705	706	707
1	**94E**	**1,50,000.00**	**15,000.00**	**4,950.00**		

Sr. No.	Total tax deposited Rs. (403+404+405+406 +407)	Cheque/DD No. (if any)	BSR Code	Date on which tax deposited	Transfer Voucher / Challan serial No.(2)	Whether TDS deposited by book entry? Yes/No(3)
701	708	709	710	711	712	713
1	**1,69,950.00**	**658745**	**0240130**	**7-Sep-2008**	**564754**	**Yes**

5. Details of amounts paid and tax deducted thereon from the deductees (See Annexure)

Verification

I, Rajesh, hereby certify that all the particulars furnished above are correct and complete.

Place : Bangalore   Signature of the person responsible for deducting tax at source ____________

Date : 30-Sep-2008   Name and designation of person responsible for deducting tax at source Rajesh, Manager

Notes

1. Indicate the type of deductor 'Government' / 'Others'
2. Government deductors to give particulars of transfer vouchers; other deductors to give particulars of Challan No. regarding deposit into bank.
3. Column is relevant only for Government deductors.

Figure 3.20 Form 27Q – Page 2

3.4.5 Annexure to 27Q

Annexure to Form 27 Q gives the deductee wise break-up of TDS.

To Print **Annexure to Form 27 Q**

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Annexure to Form 27Q**

In Printing TDS Form 27Q press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

Press Enter to view the print preview of **Annexure to Form 27 Q**

ANNEXURE - DEDUCTEE WISE BREAK-UP OF TDS

[Please use seperate Annexure for each line item in the table at S.No.4 of main Form 27Q]

BSR Code of the branch where tax is deposited	0240130	Name of Deductor	Universal Infotech
Date on which tax deposited (dd-mm-yyyy)	7-Sep-2008		
Challan Serial No.	564754		
Section under which payment made	194E	TAN	KARU07884F
Total TDS to be allocated among deductees as in the vertical of Col. 725	1,69,950.00		
Interest			
Others			
Total of the above	1,69,950.00		

Sr.No.	Deductee Code (01-Company, 02-Other than Company)	PAN of the deductee	Name of the deductee	Date of Payment / Credit	Amount paid/credited
714	715	716	717	718	719
1	**02**		**Academy Cricket Club**	**7-Sep-2008**	**15,00,000.00**

Sr.No.	Paid by book entry or otherwise	TDS	Surcharge	Education Cess	Total Tax deducted (721+722+723) Rs.
714	720	721	722	723	724
1	**Yes**	**1,50,000.00**	**15,000.00**	**4,950.00**	**1,69,950.00**

Sr.No.	Total tax deposited Rs.	Date of deduction	Rate at which deducted	Reason for non -deduction / lower deduction /
714	725	726	727	728
1	**1,69,950.00**	**7-Sep-2008**		

Verification

I, Rajesh, hereby certify that all the particulars furnished above are correct and complete.

Place : Bangalore — Signature of the person responsible for deducting tax at source ____________________

Date : 30-Sep-2008 — Name and designation of person responsible for deducting tax at source Rajesh, Manager

Note :

*Write 'A' if 'lower deduction' or 'no deduction' is on account of a certificate under section 197.
Write 'B' if no deduction is on account of declaration under section 197A.
*Write 'G' if grossing up has been done.

Figure 3.21 Annexure to 27Q

3.4.6 Form 26

Form 26 is an **Annual** return for deduction of tax in respect of payments made to residents other than salary.

To print Form 26

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Form 26**

- In Printing TDS Form 26 press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

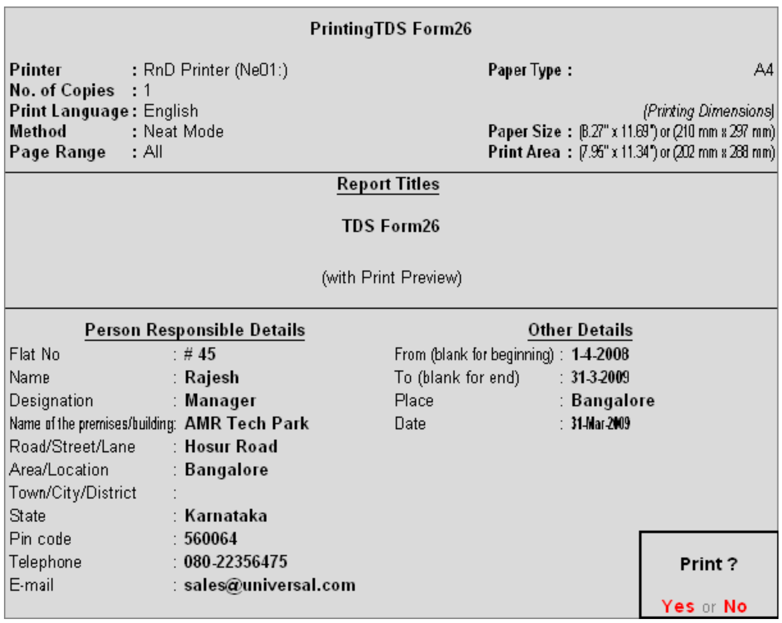


Figure 3.22 Printing TDS Form 26

- Press **enter** to view print preview of Form 26

The print preview of Form 26 appears as shown

Form No. 26

(See sections 193, 194, 194A, 194B, 194BB, 194C, 194D, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA and rule 37)

Annual Return of deduction of tax under section 206 of I.T. Act, 1961 in respect of all payments other than 'Salaries' for the year ending 31st March'09

1. Particulars of the person making deduction of tax

(a) Name	:	Rajesh
(b) Address : Flat / Door / Block No.	:	# 45
Name of Premises / Building	:	AMR Tech Park
Road / Street / Lane	:	Hosur Road
Area / Locality	:	Bangalore
Town / District / City	:	
PIN	:	560064
State	:	Karnataka
(c) Tax Deduction Account Number	:	KARU07884F
(d) Permanent Account Number	:	AGRTL0443L

2. Has address of the person making deduction of tax changed(1) Tick 'X' as applicable Yes ☐ No ☐

3. Status as defined within the meaning of Section 204 read with Rule 30 Tick 'X' as applicable Central Govt ☐ Others ☒

(a) Please tick the boxes below indicating the section and type of payment (other than 'Salaries') made during the year from which tax was required to be deducted at source by you under the Income Tax Act, 1961

☐ 193 ☐ 194 ☐ 194A ☐ 194B ☐ 194BB ☐ 194C ☐ 194D ☐ 194EE ☐ 194F ☐ 194G ☐ 194H ☐ 194I ☐ 194J ☐ 194LA

(b) Please furnish information in seperate Annexures as per the enclosed proforma for each type of payment indicated in item(a) above viz. interest, rent, commission etc.

4. Details of tax deducted and paid to the credit of the Central Government

S.No	Section Code	TDS Rs.	Surcharge Rs.	Education Cess Rs.	Interest Rs.	Others Rs.	Total tax deposited	Cheque / DD No. if any	BSR Code	Date on which tax deposited	Transfer voucher/ Challan serial Number(2)	Whether TDS deposited by book entry? Yes/No
(0-95)	(096)	(097)	(098)	(099)	(100)	(101)	(102)	(103)	(104)	(105)	(106)	(107)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	194C	5,000.00		150.00			5,150.00	0563-30	02401-30	6-May-2008	225678	Yes
2	194H	11,500.00	500.00	360.00			12,360.00	3254-78	02401-30	4-Jun-2008	645875	Yes
3	194C	2,000.00	700.00	81.00			2,781.00	4578-45	02401-30	4-Jun-2008	457815	Yes
4	194H	4,000.00		120.00			4,120.00	5647-54	02401-30	7-Jul-2008	875104	Yes
5	194C	1,500.00	150.00	50.00			1,700.00	6475-40	02401-30	7-Jul-2008	694712	Yes
6	194C	3,600.00	360.00	119.00			4,079.00	3681-44	02401-30	3-Aug-2008	567841	Yes
	Total	27,600.00	1,710.00	880.00			30,190.00					

VERIFICATION

I, Rajesh ________________, hereby certify that all the particulars furnished above are correct and complete.

Place: Bangalore Signature of the person responsible for deducting tax at source ________________

Date: 31-Mar-2009 Name and designation of person responsible for deducting tax at source Rajesh, Manager

Notes : 1. If address has changed give changed address in column 1(b).
2. Where deduction is made by or on behalf of the Government to give particulars of transfer vouchers; other deductors to give particulars of challan no. regarding deposit into bank.
3. Column is relevant only for Government deductors.

Figure 3.23 Form 26

3.4.7 Annexure to Form 26

To Print Annexure to Form 26

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Annexure to Form 26**

In Printing TDS Form 26 press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

Annexure

Details of **Payment to Contractors (Advertisement Contractors)** paid / credited during the financial year and of tax deducted at source under Section 194C of Income Tax Act, 1961 :-

Deductee Code	Permanent Account Number (PAN) of Deductee	Name and Address of Deductee (Address need not be given if PAN is mentioned)	Amount of payment (Rs.) paid / credited	Date on which amount paid / credited	Paid by book entry or other-wise	Rate at which tax deducted	Amount of tax deducted (Rs.)	Date on which tax deducted	Bank Branch Code(5)	Date on which tax paid to the credit of Central Government	Challan number given by bank	Date of furnishing Tax Deduction Certificate	Reason for non-deduction / lower deduction if any
108	109	110	111	112	113	114	115	116	117	118	119	120	121
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
02	ASPLC0245L		5,00,000.00	1-Apr-2008	Yes	1.133 %	5,665.00	1-Apr-2008	0240130	6-May-2008	225678	6-May-2008	
02	ASPLC0245L		2,00,000.00	18-May-2008	Yes	1.133 %	2,266.00	21-May-2008	0240130	4-Jun-2008	457815	4-Jun-2008	
02	ASPLC0245L		60,000.00	15-Jun-2008	Yes	1.133 %	680.00	15-Jun-2008	0240130	7-Jul-2008	694712	7-Jul-2008	
02	ASPLC0245L		90,000.00	2-Jun-2008	Yes	1.133 %	1,020.00	2-Jun-2008	0240130	7-Jul-2008	694712	7-Jul-2008	
02	ASPLC0245L		60,000.00	25-Jul-2008	Yes	1.133 %	680.00	25-Jul-2008	0240130	3-Aug-2008	567841	3-Aug-2008	
02	ASPLC0245L		3,00,000.00	9-Jul-2008	Yes	1.133 %	3,399.00	9-Jul-2008	0240130	3-Aug-2008	567841	3-Aug-2008	

Notes :-

1. Please state the nature of payment viz. interest, rent, contract payment etc.
2. Please use seperate Annexures for deductions made under different sections.
3. Please enter Deductee Code 01 for companies, 02 for 'other than companies'.
4. Write B if paid by book entry, write C otherwise.
5. Where deduction is made by or on behalf of the Government, transfer voucher number may be entered in column (10).
6. Write A if the 'lower deduction' or 'no deduction' is on account of a certificate under Section 197.
   Write B if no deduction is on account of declaration under Section 197A
7. If necessary, please use additional sheets to give full details of payment in the above format. Please also give running serial number to all pages.

Signature of person responsible for deducting tax at source

Name and designation of person responsible for deducting tax at source Rajesh, Manager

Figure 3.24 Annexure to Form 26

As per requirement of the IT department for each type of payment separate annexure will be printed in the prescribed Proforma.

Tally.ERP 9 prints separate annexure for each type of payment

3.4.8 Form 27

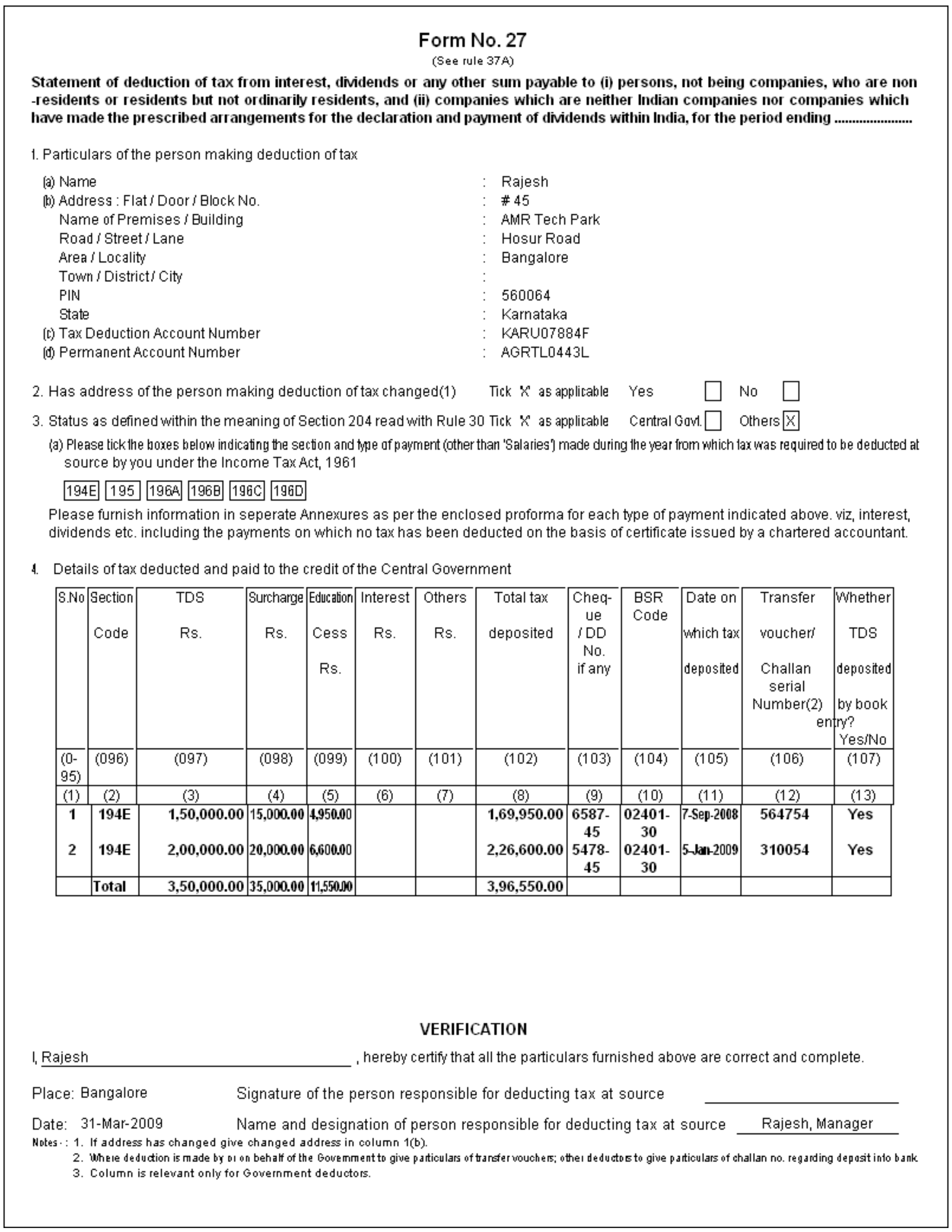
Form 27 is an **annual** return for deduction of tax in respect of payments other than salary made to Non-residents.

To print Form 27

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Form 27**

In Printing TDS Form 27 press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields. Press enter to view print preview of Form 27

The print preview of **Form 27** appears as shown



Form No. 27

(See rule 37A)

Statement of deduction of tax from interest, dividends or any other sum payable to (i) persons, not being companies, who are non -residents or residents but not ordinarily residents, and (ii) companies which are neither Indian companies nor companies which have made the prescribed arrangements for the declaration and payment of dividends within India, for the period ending ....

1. Particulars of the person making deduction of tax

(a) Name	:	Rajesh
(b) Address : Flat / Door / Block No.	:	# 45
Name of Premises / Building	:	AMR Tech Park
Road / Street / Lane	:	Hosur Road
Area / Locality	:	Bangalore
Town / District / City	:	
PIN	:	560064
State	:	Karnataka
(c) Tax Deduction Account Number	:	KARU07884F
(d) Permanent Account Number	:	AGRTL0443L

2. Has address of the person making deduction of tax changed(1) Tick 'X' as applicable Yes ☐ No ☐

3. Status as defined within the meaning of Section 204 read with Rule 30 Tick 'X' as applicable Central Govt. ☐ Others ☒

(a) Please tick the boxes below indicating the section and type of payment (other than 'Salaries') made during the year from which tax was required to be deducted at source by you under the Income Tax Act, 1961

194E 195 196A 196B 196C 196D

Please furnish information in seperate Annexures as per the enclosed proforma for each type of payment indicated above. viz, interest, dividends etc. including the payments on which no tax has been deducted on the basis of certificate issued by a chartered accountant.

4. Details of tax deducted and paid to the credit of the Central Government

S.No	Section Code	TDS Rs.	Surcharge Rs.	Education Cess Rs.	Interest Rs.	Others Rs.	Total tax deposited	Cheque / DD No. if any	BSR Code	Date on which tax deposited	Transfer voucher/ Challan serial Number(2)	Whether TDS deposited by book entry? Yes/No
(0-95)	(096)	(097)	(098)	(099)	(100)	(101)	(102)	(103)	(104)	(105)	(106)	(107)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	**194E**	**1,50,000.00**	**15,000.00**	**4,950.00**			**1,69,950.00**	**6587-45**	**02401-30**	**7-Sep-2008**	**564754**	**Yes**
2	**194E**	**2,00,000.00**	**20,000.00**	**6,600.00**			**2,26,600.00**	**5478-45**	**02401-30**	**5-Jan-2009**	**310054**	**Yes**
	Total	**3,50,000.00**	**35,000.00**	**11,550.00**			**3,96,550.00**					

VERIFICATION

I, Rajesh , hereby certify that all the particulars furnished above are correct and complete.

Place: Bangalore Signature of the person responsible for deducting tax at source

Date: 31-Mar-2009 Name and designation of person responsible for deducting tax at source Rajesh, Manager

Notes : 1. If address has changed give changed address in column 1(b).

2. Where deduction is made by or on behalf of the Government to give particulars of transfer vouchers; other deductors to give particulars of challan no. regarding deposit into bank.

3. Column is relevant only for Government deductors.

Figure 3.25 Form 27

3.4.9 Annexure to 27

To print Annexure to 27

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Return > Annexure to Form 27**

In Printing TDS Form 27 press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields. Press Enter to view Annexure to 27.

The print preview of Annexure to 27 appears as shown

Annexure

Details of Payments to Non-Resident Sportsmen/Sports Assoc... paid / credited during the financial year and of tax deducted at source under Section 194E of Income Tax Act, 1961 :-

Deductee Code	Permanent Account Number (PAN) of Deductee	Name and Address of Deductee (Address need not be given if PAN is mentioned)	Amount of payment (Rs.)	Date on which amount paid / credited	Paid by book entry or other-wise	Rate at which tax deducted	Amount of tax deducted (Rs.)	Date on which tax deducted	Bank Branch Code (5)	Date on which tax paid to the credit of Central Government	Challan number given by bank	Date of furnishing Tax Deduction Certificate	Reason for non-deduction / lower deduction if any
108	109	110	111	112	113	114	115	116	117	118	119	120	121
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
02		Academy Cricket Club, Millbrae, Alloway, Ayr, KA7 4PJ	15,00,000.00	26-Jul-2008	11.33 %	Yes	1,69,950.00	26-Jul-2008	0240130	7-Sep-2008	564754	7-Sep-2008	
02		Academy Cricket Club, Millbrae, Alloway, Ayr, KA7 4PJ	20,00,000.00	12-Dec-2008	11.33 %	Yes	2,26,600.00	12-Dec-2008	0240130	5-Jan-2009	310054	5-Jan-2009	

Notes :-

1. Please state the nature of payment viz. interest, dividends.
2. Please use seperate Annexures for deductions made under different sections.
3. Please enter Deductee Code 01 for companies, 02 for 'other than companies'.
4. Write Y for Yes and N for No.
5. Where deduction is made by or on behalf of the Government, transfer voucher number may be entered in column (10).
6. Write 'A' if deduction is made at a lower rate or no tax deducted is on account of a certificate under section 197 or 195 or write 'B' if on account of certificate issued by a chartered accountant
7. If necessary, please use additional sheets to give full details of payment in the above format. Please also give running serial number to all pages.

Signature of person responsible for deducting tax at source __________

Name and designation of person responsible for deducting tax at source Rajesh, Manager

Figure 3.26 Annexure to Form 27

3.5 E–Returns

The Income Tax department has now notified ‘Electronic Filing of Returns of Tax Deducted at Source Scheme, 2003’. It is applicable to all deductors furnishing their TDS return in electronic form. As per this scheme,

- It is mandatory for corporate deductors to furnish their TDS returns in electronic form (e-TDS return) with effect from June 1, 2003.
- For government deductors it is mandatory to furnish their TDS returns in electronic form (e-TDS return) from financial year 2004-2005 onwards.
- Deductors (other than government and corporates) may file TDS return in electronic or physical form.

Deductors furnishing TDS returns in electronic form (e-TDS) have to furnish Form 27A. Form 27A is a control chart to be furnished in physical form along with CD/ Floppy containing the e-TDS returns. Form No 27A is required to be furnished separately for each TDS return.

Form 27A is a summary of e-TDS returns which contains control totals of ‘Amount paid‘ and ‘Income tax deducted at source’. The control totals mentioned on Form 27A should match with the corresponding control totals in e-TDS returns.

Forms	Periodicity	Due Date
Form 26Q	Quarterly	On or before 15th July, 15th October, 15th January and 5th June
Form 27Q	Quarterly	On or before 14the July, 14th October, 14the January and 14th April or 14th June
Form 26	Annual	On or before 30th June, following the financial year.
Form 27	Annual	On or before 30th June, following the financial year.
Form 27A	Annual/Quarterly	Filed in physical form with each return i.e. Form 26Q, Form 27Q, Form 26 and Form 27.

3.5.1 E–TDS

E-TDS menu displays the eTDS Quarterly and Annual Forms, which can be exported from Tally.ERP 9 and validated using TDS/TCS File Validation Utility.

To view the **E-TDS Forms**

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > E–Return > E–TDS**

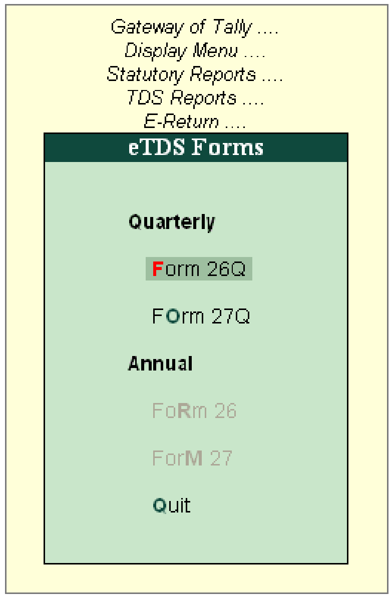


Figure 3.27 E-TDS Forms

3.5.2 Form 26Q

Form 26Q is a **Quarterly** return for deduction of tax in respect of payments made to residents other than salary.

To export Form 26Q

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > E-Returns > E-TDS > Form 26Q**

In Exporting eTDS Form press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields.

- By default, the **Language and Format** is preset as **Restricted (ASCII Only)** and **SDF (Fixed Width)** respectively.
- In the **Output File Name** field specify the file name as **Form 26Q.txt**
- Press **Enter** to accept the **Person Responsible Details** (The Address details are automatically defaulted from the Company masters in the Person Responsible Details column)
- Select **Yes** or **No** as applicable, in **Is Change in Address since last Return** field.

- Under **Other Details**,
  - Specify the applicable date in the **From** and **To** fields
  - Specify **07-07-2008** in the **Challan Date Till** field (i.e., Challan date to be considered for TDS payments made for the respective quarter/period)
- In **Form Name** field Tally.ERP 9 by default displays **Form 26Q**.
- Specify the **Place** and **Date** of Filing Returns
- In Upload Type field select
  - **Regular**, in case of Regular or Normal returns
  - **Corrected Returns**, in case of corrected or Revised returns
- Select **Yes** or **No** as applicable, in **Is Change in Address of TAN since last Return** field.

The **Exporting eTDS Forms** configuration screen appears as shown

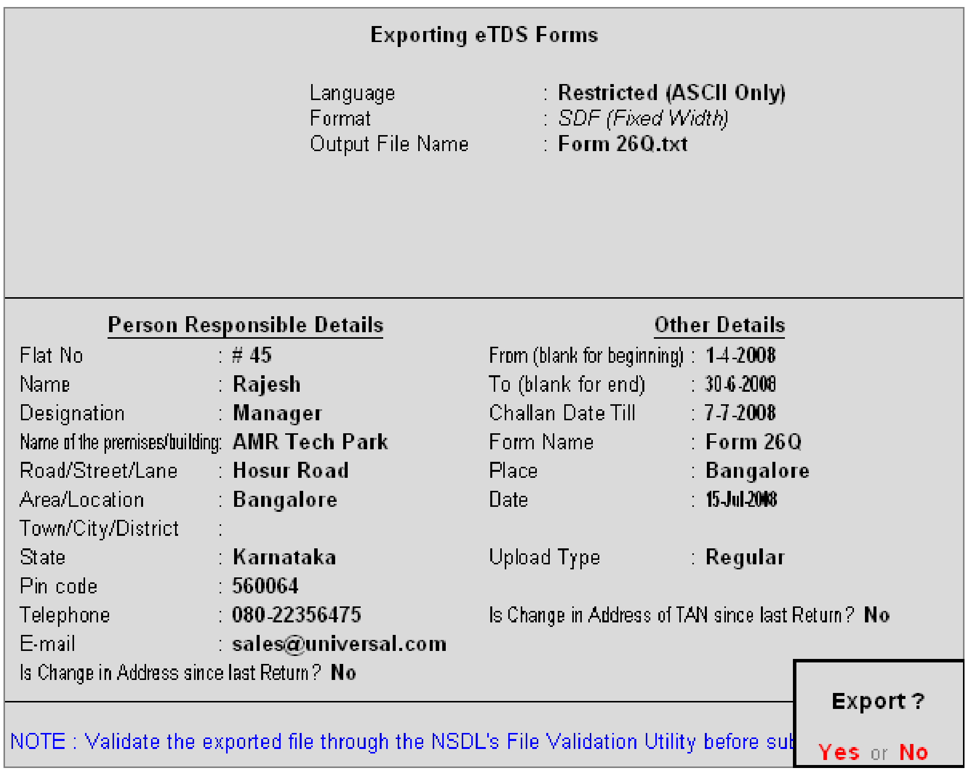


Figure 3.28 Exporting eTDS Forms

- Press **Enter** to Export Quarterly Return in 26Q

The exported file is placed in the Tally.ERP 9 Directory with the file name as specified above.

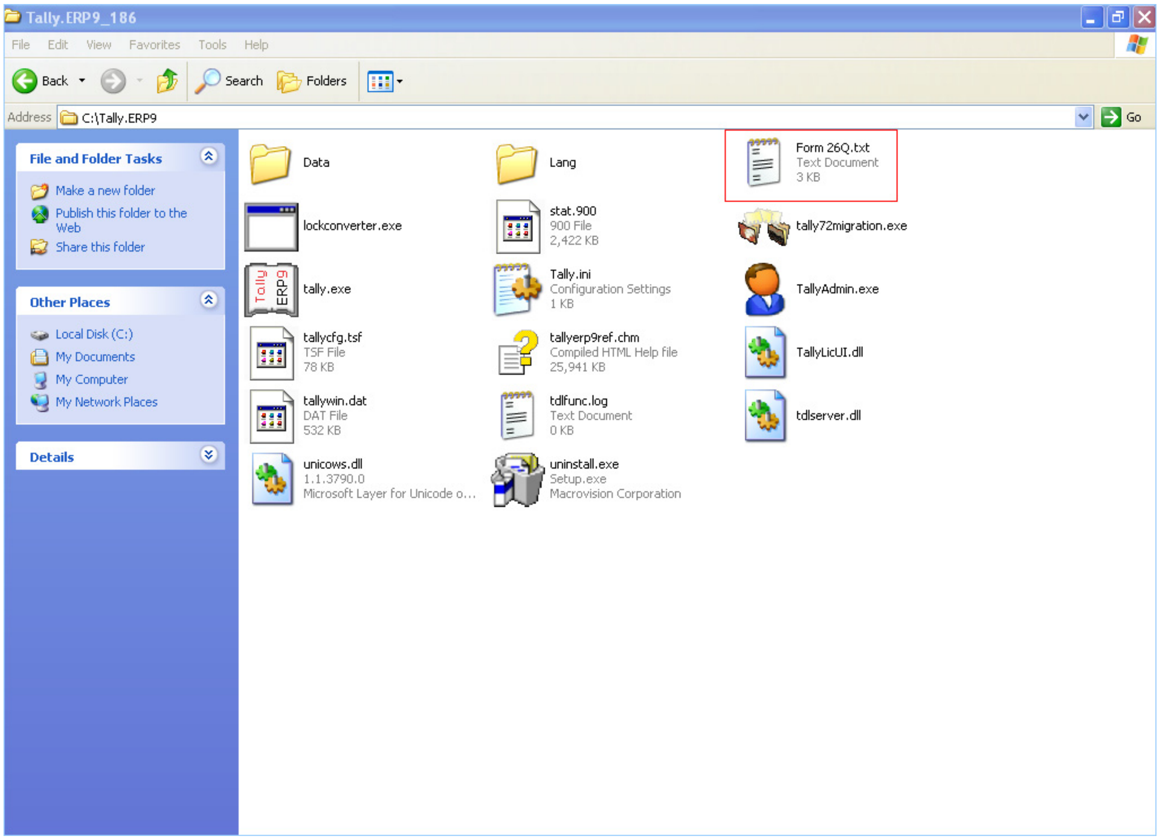


Figure 3.29 Exported Form 26Q in Tally.ERP 9 Directory

The exported file (form 26Q) is required to be validated with the File Validation Utility (a freely downloadable utility from NSDL website) and after validation, the returns should be submitted to the department in CD along with Form 27A in Physical Form.

- *It is mandatory to validate the TDS returns with File Validation Utility to confirm to the requirements as prescribed by the Income tax department. In case of any errors in exported file (Returns), the FVU prompts a error message with error code, the assessee may correct the same and revalidate the returns. The File Validation Utility is available for Quarterly and Annual returns separately.*
- *Tally.ERP 9 exports Form 26Q & Form 27Q in the text (.txt) format as prescribed by NSDL.*

3.5.3 Print Form 27A

Form 27A is a summary of TDS return which contains control totals of **Amount paid** and **Income tax deducted at source**. Form 27A is to be filed in physical form with each return i.e., Form 26Q Form 27 Q, Form 26 and Form 27.

In case of returns submitted in the paper form, form 27A need not be attached. Follow the steps given below to print Form 27A

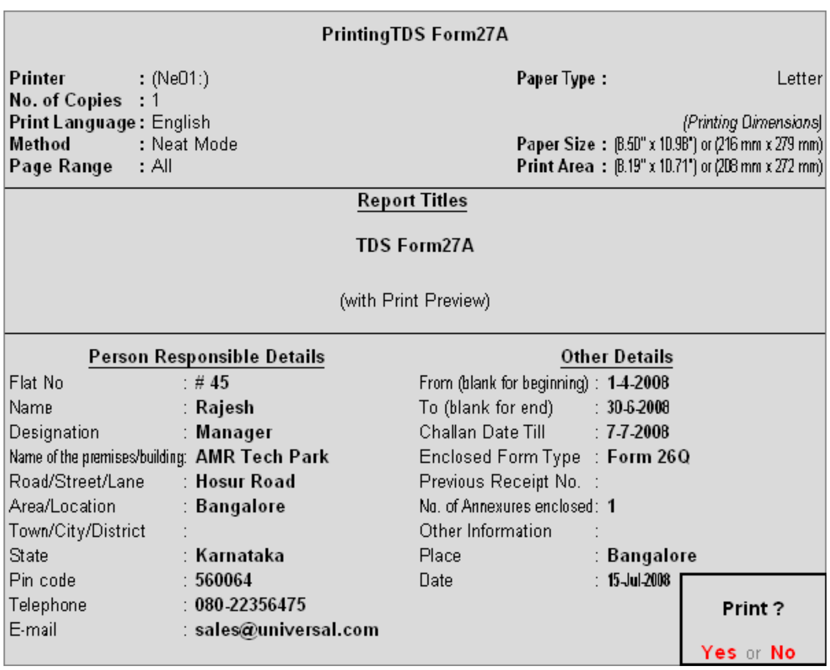
To print Form 27A

Go to **Gateway of Tally> Display >Statutory Reports > TDS Reports > E–Return > Print Form 27A**

In the **Printing TDS Form 27A** screen,

- Press **Enter** to accept the **Person Responsible Details** (The Address details are automatically defaulted from the Company masters in the Person Responsible Details column)
- Under Other Details,
    - Specify the applicable date in the **From** and **To** fields
    - Specify **07-07-2008** in the **Challan Date Till** field (i.e., Challan date to be considered for TCS payments made for the respective quarter/period)
    - Select the **Enclosed Form Type** as **Form 26Q**
    - Specify **Previous Receipt No**., if any
    - Specify **1** in the **No. of Annexures** enclosed field
    - Specify **Other Information**, if any
    - Specify the **Place** and **Date** of filing returns

The completed Printing TDS Form 27A configuration screen is displayed as shown.


PrintingTDS Form27A

Printer : (Ne01:)
No. of Copies : 1
Print Language : English
Method : Neat Mode
Page Range : All

Paper Type : Letter
(Printing Dimensions)
Paper Size : (8.50" x 10.98") or (216 mm x 279 mm)
Print Area : (8.19" x 10.71") or (208 mm x 272 mm)

Report Titles

TDS Form27A

(with Print Preview)

Person Responsible Details

Flat No : # 45
Name : Rajesh
Designation : Manager
Name of the premises/building: AMR Tech Park
Road/Street/Lane : Hosur Road
Area/Location : Bangalore
Town/City/District :
State : Karnataka
Pin code : 560064
Telephone : 080-22356475
E-mail : sales@universal.com

Other Details

From (blank for beginning) : 1-4-2008
To (blank for end) : 30-6-2008
Challan Date Till : 7-7-2008
Enclosed Form Type : Form 26Q
Previous Receipt No. :
No. of Annexures enclosed : 1
Other Information :
Place : Bangalore
Date : 15-Jul-2008

Print ?
Yes or No

Figure 3.30 Printing TDS Form 27A

- Press **Enter** to **Print Form 27A**

The print preview of **Form 27A** is displayed as shown.

Form No. 27A

Form for furnishing information with the statement of deduction of tax at source filed on computer media for the period
(From --/ --/ -- to --/ --/ -- (dd/mm/yyyy)#

1 (a) Tax Deduction Account No.	AHMA00095F	(d) Financial Year	2008-09
(b) Permanent Account No.	AGRTL0443L	(e) Assessment Year	2009-10
(c) Form No.	Form 26Q	(f) Previous receipt number	

(In Case return / statement has been filed earlier)

2 Particulars of the deductor

(a) Name	Universal Infotech
(b) Type of deductor*	Others
(c) Branch / Division (if any)	
(d) Address	
Flat No.	# 45
Name of the premises / building	AMR Tech Park
Road / Street / Lane	Hosur Road
Area / Location	Bangalore
Town / City / District	
State	Karnataka
Pin code	560064
Telephone	080-22356475
E-mail	sales@universal.com

3 Name of the person responsible for deduction of tax

(a) Name	Rajesh
(b) Address	
Flat No.	# 45
Name of the premises / building	AMR Tech Park
Road / Street / Lane	Hosur Road
Area / Location	Bangalore
Town / City / District	
State	Karnataka
Pin code	560064
Telephone	080-22356475
E-mail	sales@universal.com

4 Control totals

Sr.No.	No.of deductee party records	Amount paid Rs.	Tax deducted Rs.	Tax deposited (Total challan amount) Rs.
Total	8	10,45,000.00	26,566.00	26,566.00

5 Total Number of Annexures enclosed: 1

6 Other Information:

VERIFICATION

I, Rajesh , hereby certify that all the particulars furnished above are correct and complete.

Place: Bangalore — Signature of person responsible for deducting tax at source

Date: 15-Jul-2008 — Name and designation of person responsible for deducting tax at source: Rajesh, Manager

*Mention type of deductor- Government or Others
dd/mm/yy :- date/month/year

Figure 3.31 Print Preview of Form 27A

3.5.4 Form 27Q

Form 27Q is a **Quarterly** return for deduction of tax in respect of payments made to non-residents other than salary.

To Export Form 27Q

Go to G**ateway of Tally > Display > Statutory Reports > TDS Reports > E–Return > E–TDS > Form 27Q**

In Exporting TDS Form 27Q press **Backspace** to make changes in **Person Responsible Details** or **Other Details** fields and export the file to validate the Form 27Q.

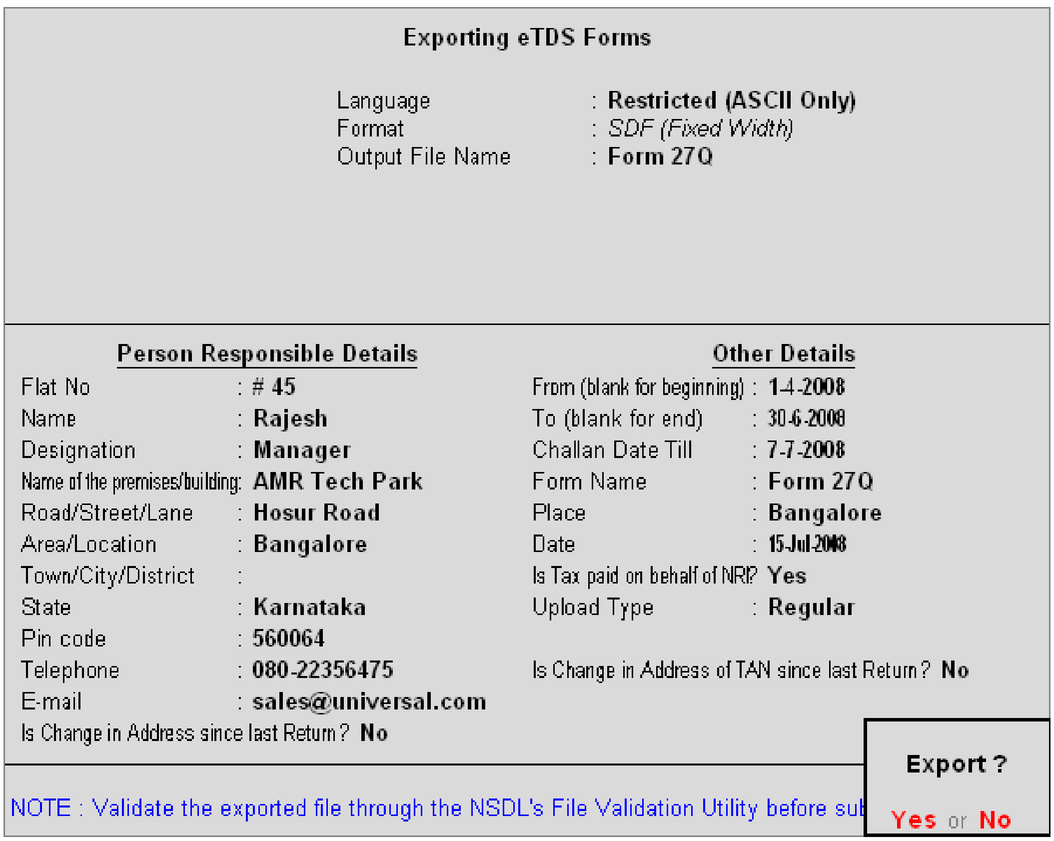


Figure 3.32 Exporting eTDS Forms

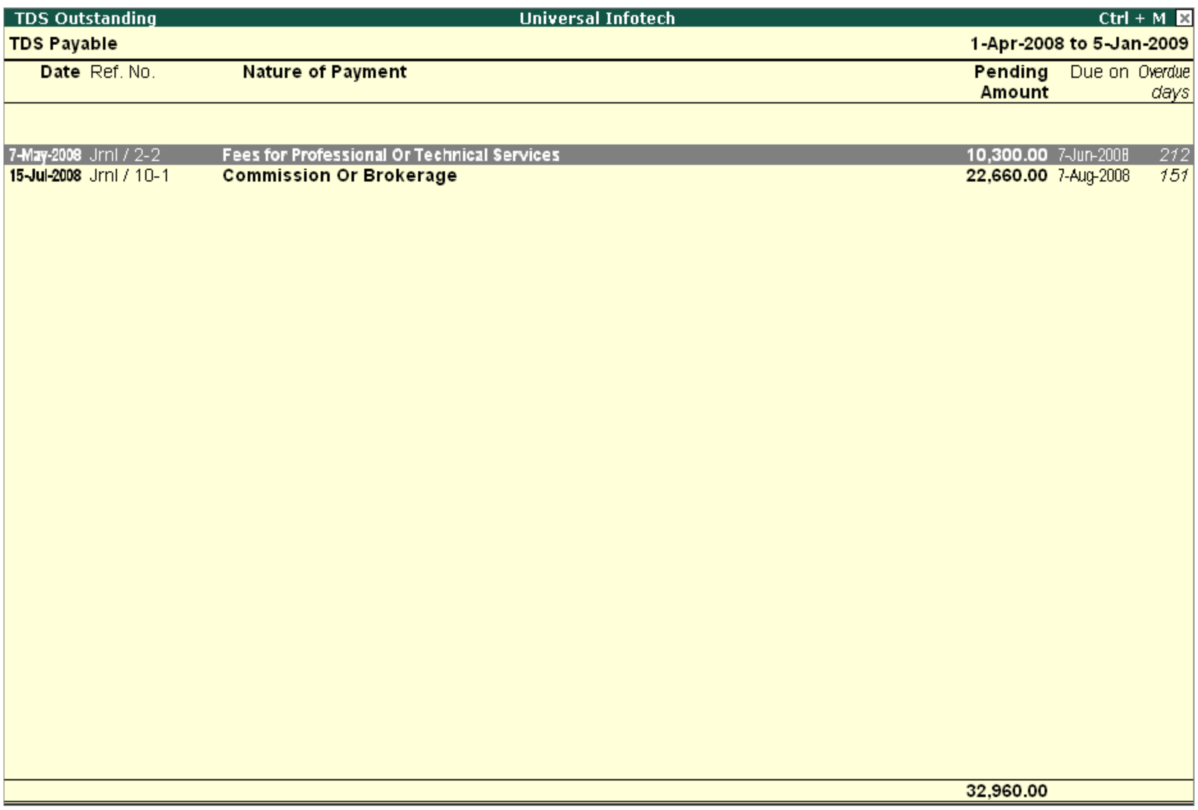
3.6 Outstandings

3.6.1 TDS payable

TDS Payable report gives you information on the status of **TDS payable (pending)** to Government amounts for a particular **Nature of Payment**.

To view TDS Payable report

Go to **Gateway of Tally > Display > Statements of Accounts > TDS Outstanding > TDS Payables**



TDS Outstanding | Universal Infotech | Ctrl + M

TDS Payable | 1-Apr-2008 to 5-Jan-2009

Date	Ref. No.	Nature of Payment	Pending Amount	Due on	Overdue days
7-May-2008	Jrnl / 2-2	Fees for Professional Or Technical Services	10,300.00	7-Jun-2008	212
15-Jul-2008	Jrnl / 10-1	Commission Or Brokerage	22,660.00	7-Aug-2008	151
			32,960.00		

Figure 3.33 TDS Payable Report

Press **Alt+F1** or click on **F1: Detailed** to view the details of the transactions

Printing TDS Payable Report

Click on the **Print** button or use **ALT+P** to print the TDS Payable report. In the Printing TDS Outstanding screen, you can customise the **Condensed** or **Detailed** appearance of the TDS Payable by using the **Backspace** key to navigate to the fields.

Accept the sub form to view the report in print preview mode.

Universal Infotech
45
AMR Tech Park
Hosur Road
Bangalore

TDS Payable
1-Apr-2008 to 5-Jan-2009

Page 1

Date	Ref. No.	Nature of Payment		Pending Amount	Due on	Overdue days
7-May-2008	Jrnl / 2-2	Fees for Professional Or Technical Services		10,300.00	7-Jun-2008	212
	7-May-2008 Journal	2	10,300.00 Cr			
15-Jul-2008	Jrnl / 10-1	Commission Or Brokerage		22,660.00	7-Aug-2008	151
	15-Jul-2008 Journal	10	22,660.00 Cr			
				32,960.00		

Figure 3.34 Print Preview – TDS Payable Report

3.6.2 Ledger

TDS Ledger Outstandings report displays ledger wise TDS outstandings. This report can be viewed for all the ledgers or for one ledger.

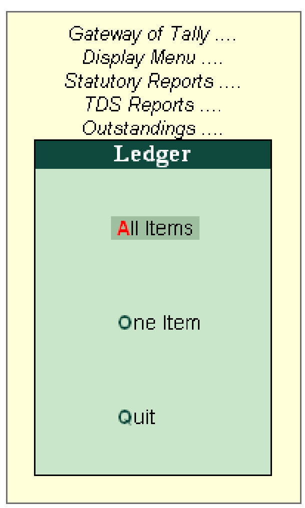


Figure 3.35 Ledger

To view **Ledger Outstandings** for all the ledgers select **All Items**

The **TDS Ledger Outstandings** report appears as shown

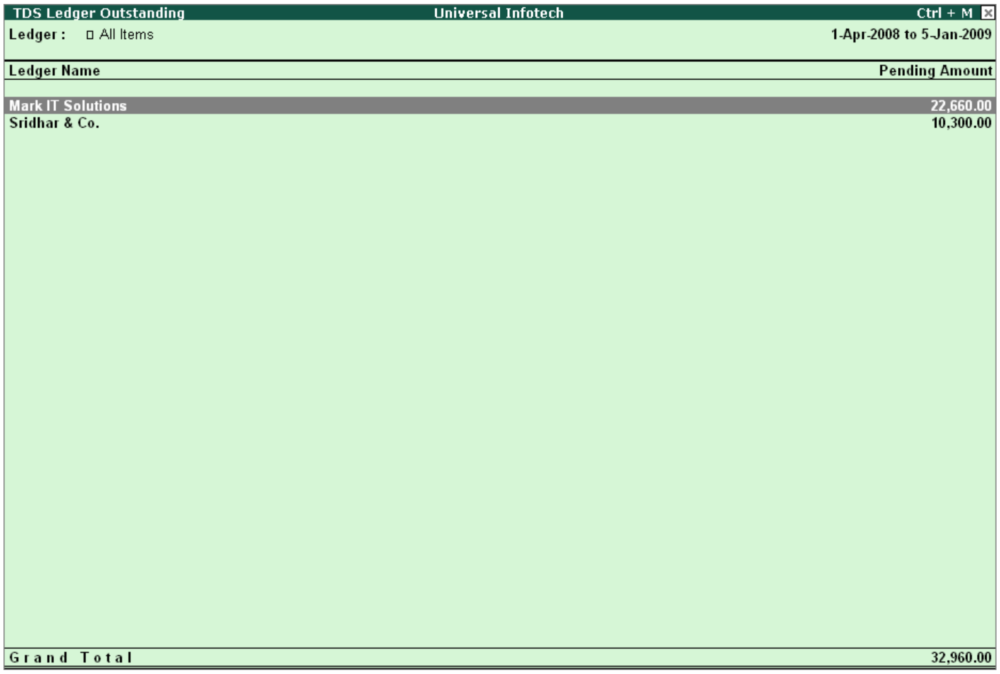


Figure 3.36 TDS Ledger Outstandings – All Item

To view **TDS Ledger Outstandings** for **particular** ledger select **One ITem**

From the **List of TDS Party Ledgers** select **Mark IT Solutions** and press **Enter** to view **TDS Ledger Outstandings** report.

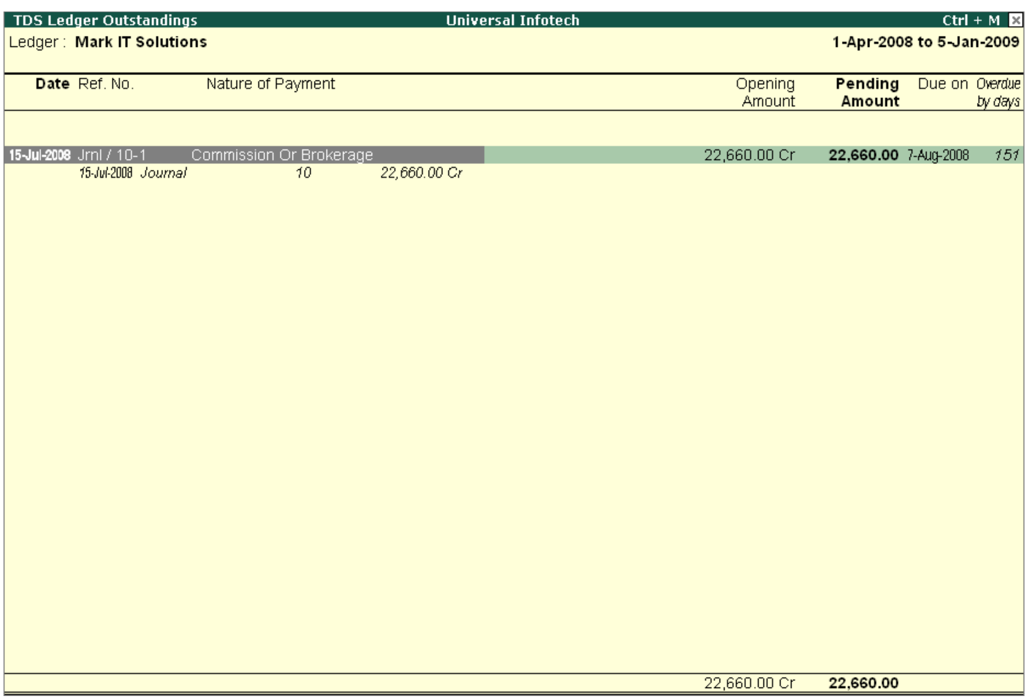


Figure 3.37 TDS Ledger Outstandings – One Item

3.6.3 Nature of Payment

TDS Nature of Payment Outstandings report displays Nature of Payment wise TDS outstandings. This report can be viewed for all the Nature of Payment or for one Nature of Payments.

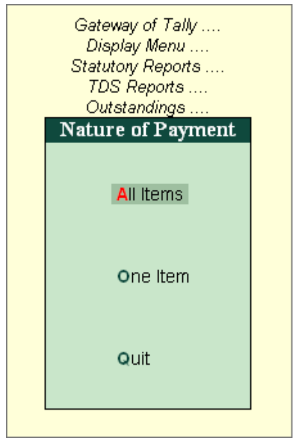


Figure 3.38 Nature of Payment

To view **Nature of Payment Outstandings** for all the Nature of Payment select **All Items**

The **TDS Nature of Payment Outstandings** report is dispayed as shown

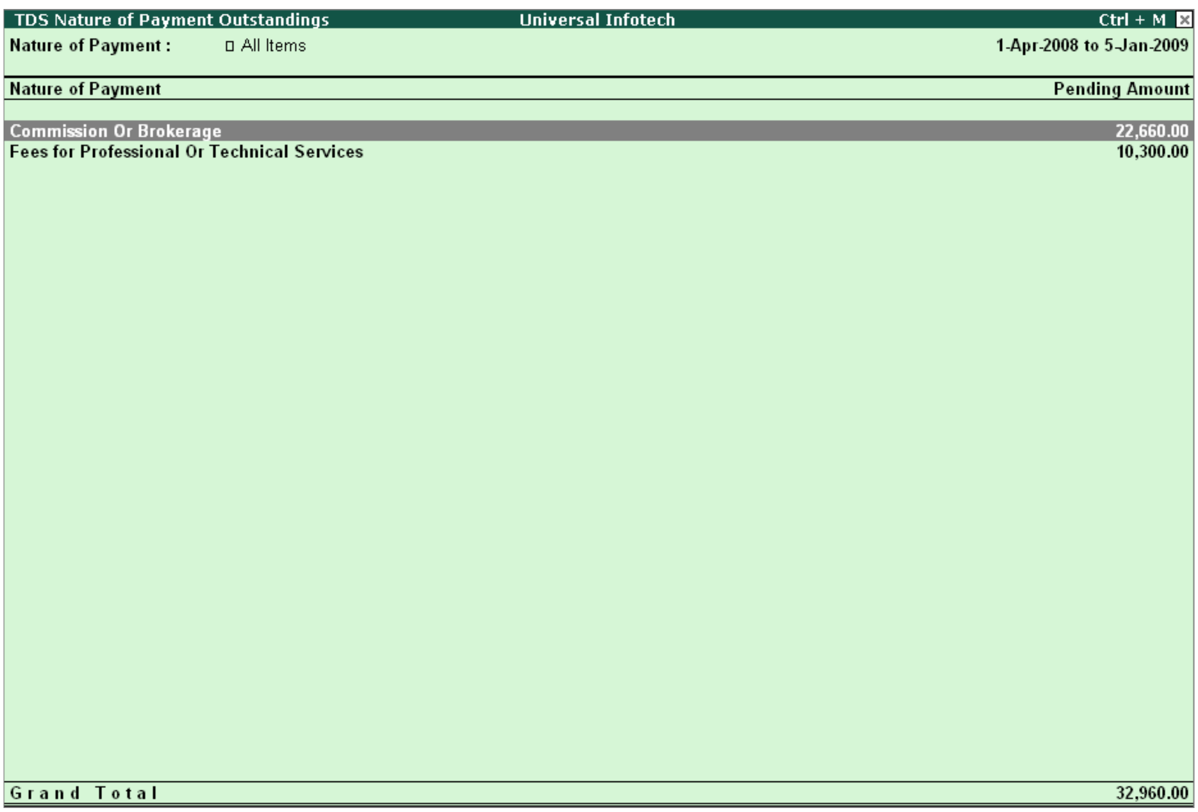


Figure 3.39 TDS Nature of Payment Outstandings – All Item

To view **TDS Nature of Payment Outstandings** for **Particular** Nature of Payment select **One ITem**

From the **List of TDS Nature of Pyments** select **Commission Or Brokerage** and press **Enter** to view **TDS Nature of Payment Outstandings** report

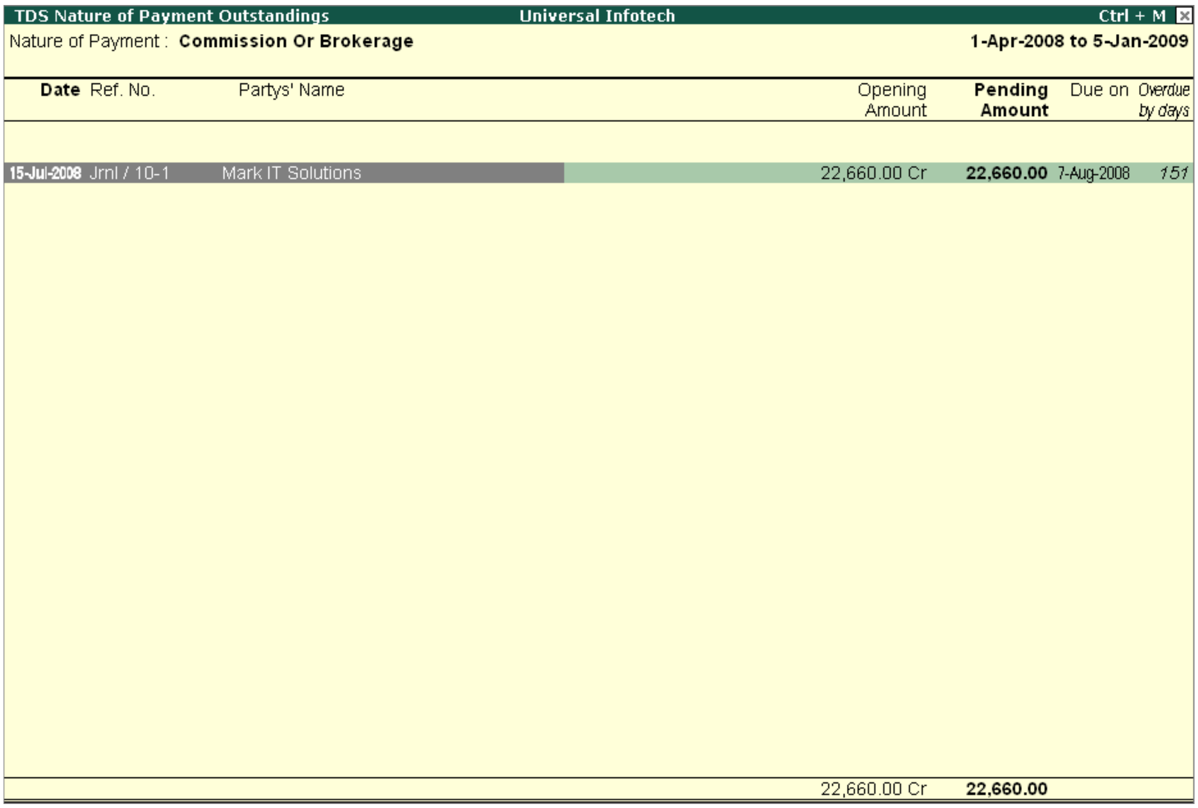


Figure 3.40 TDS Nature of Payment Outstandings – One Item

3.7 Exception Reports

Exception Reports track Migrated Vouchers, Migrated Bills, TDS Masters with advanced configuration, TDS Masters without PAN Details and TDS Masters without deductee Type.

To view **TDS Exception Reports**

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

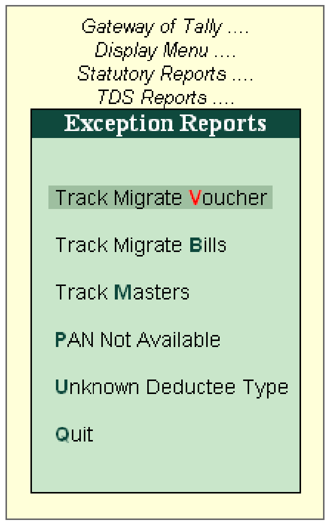


Figure 3.41 Exception Reports

The **Exception Reports** are

- Track Migrate Vouchers
- Track Migrate Bills
- Track Masters
- PAN Not Available
- Unknown Deductee Type

3.7.1 Track Migrate Vouchers

Track Migrate Vouchers reports displays **Date-wise Migrated** and **Non-migrated vouchers**.

Tally.ERP 9 displays the **Non Migrated vouchers' Amount** in **Bold** for identification

*Refer **Appendix** for T**DS Migration Process** and **TDS Exception Reports** related to Migration.*

3.7.2 Track Migrate Bills

Track Migrate Bills report displays Tax bill name wise migrated and non-migrated voucher

Here user can identify **migrated/non- migrated vouchers** by comparing the Previous deduction amount and new deduction amount and previous payment amount and new payment amount are same.

If the **Deduction Amounts (Previous and New)** and **Payment Amounts (Previous and New)** are same then it is understood that the vouchers are **successfully migrated**.

If the **Deduction Amounts (Previous and New)** and **Payment Amounts (Previous and New)** are not same then it is understood that the vouchers are **not migrated**.

3.7.3 Track Masters

Track Masters Report displays TDS Ledger wise **Lower Deduction, Zero Deduction and IT Exemption details**.

*This Report can be used to check the details such as **Zero/Lower Dedcution or IT Exemption** in **TDS Masters** which needs to be updated **manually** in migrated data.*

3.7.4 PAN Not Available

PAN Not Available report displays all the Party Ledgers for whom the **PAN details** is not available.

To view the **PAN Not Available** report

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Exception Reports > PAN Not Available**

Example: Create ledger **SYS Image** without providing **PAN / IT No**.

The **PAN Not Available** report is displayed as shown

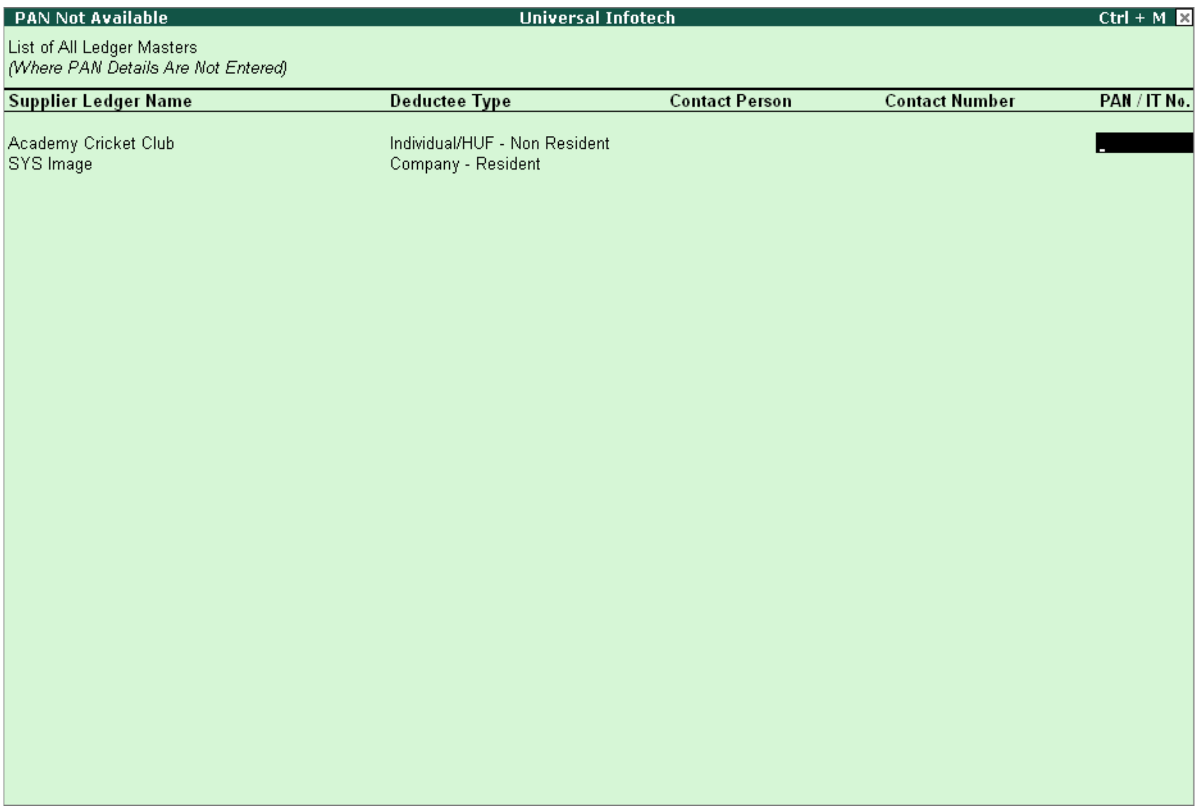


Figure 3.42 PAN Not Available

PAN Details of the Party can be updated from this screen. Once you update PAN details, such party ledgers will not be displayed further in the PAN Not Available report.

This Report is useful to trace the party ledgers for which the PAN Details are not available before filing the e-returns.

3.7.5 Unknown Deductee Type

Unknown Deductee Type report displays all the Party Ledgers for whom the Deductee Type is not defined.

To view the Unknown Deductee Type report

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports> Exception Reports > Unknown Deductee Type**

Example: Create ledger **Attra Infotech** without selecting **Deductee Type**

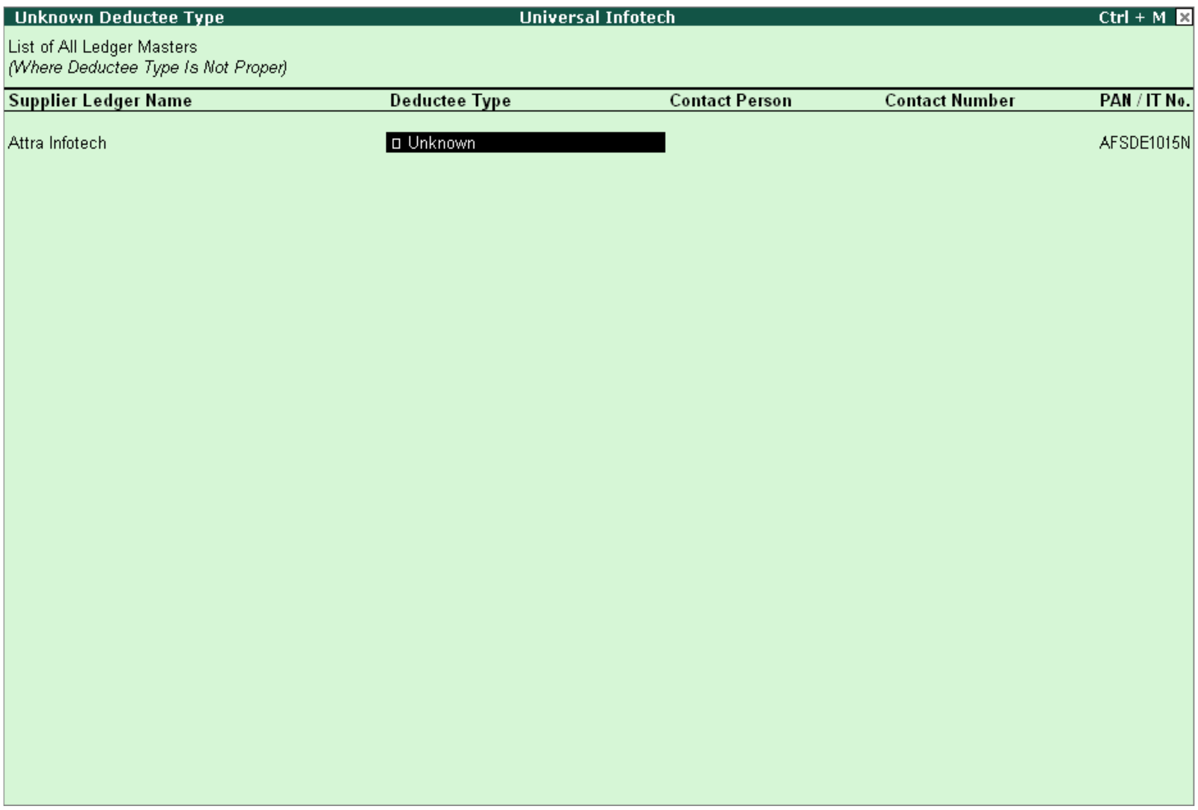


Figure 3.43 Unknown Deductee Type

Deductee Type Details of the Party can be updated from this screen. Once you update Deductee Type details, such party ledgers will not be displayed further in the Unknown Deductee Type report.

This Report is useful to trace the party ledgers for which the Deductee Type Details are not available before filing the e-returns.

Appendix

A.i Migrating TDS Data

A.i.i Pre Migration

Before migrating the data to Tally.ERP 9 TDS, deduct TDS for all pending Bills of all Parties even though they have not crossed the exemption limit. You can ignore the exemption limit by configuration at the master level.

A.i.ii Vouchers considered for TDS Migration

The TDS migration will happen only for

- TDS Deduction Voucher
- Advance payment voucher where TDS is deducted in the same voucher

A.i.iii Migration Flow

Migration will happen based on the supplier Ledger. Before the actual migration Tally checks for the validity of all transactions for a supplier and if any error is found it skips that supplier or skips the transaction depending upon the type of data error.

A.i.iv Data Errors

Data Errors in TDS Migration can be categorized as follows:

1. **TDS Process Flow Error**: This type of error not only affects the particular transaction in which it is identified but also the subsequent transactions. When this type of an error is identified in a transaction, all the transactions for that supplier will not be migrated.

Reasons for Non-migration

- Gross amount is empty
- Gross amount is equal or less than the previous deduction's gross amount

How to find non-migrated vouchers?

In Tally.ERP 9 the **non-migrated vouchers** can be tracked from

Go to **Gateway of Tally > Statutory reports > TDS Reports > Exception Report >Track Migrated Vouchers**.

Example: We have migrated **ABC Company** data to Tally.ERP 9.

The **Track Migrated Vouchers** report appears as shown

Track TDS Vouchers | ABC Company | Ctrl + M

List of TDS Vouchers | **1-Apr-2008 to 31-Oct-2008**

Date	Supplier Name	Vch No.	Vch Type	Bill Name	Tax Bill Name	Ded Amt.(old)	Ded Amt.(new)	
2-4-2008	Saraswati Computers	Tds4/0809	Journal	1	Jrnl/2	206.00 Cr	206.00 Cr	
4-4-2008	Saraswati Computers	Tds6/0809	Journal	3	Jrnl/4	777.00 Cr	777.00 Cr	
1-4-2008	Surya Enterprises	Tds3/0809	Journal	2	Jrnl/3	**2,833.00 Cr**		Non-Migrated Voucher
10-5-2008	Surya Enterprises	Tds18/0809	Journal	14	Jrnl/15	**8,497.00 Cr**		
13-5-2008	Surya Enterprises	Tds20/0809	Journal	19	Jrnl/21	**2,833.00 Cr**		
14-5-2008	Surya Enterprises	Tds22/0809	Journal	20	Jrnl/22	**1,133.00 Cr**		
7-7-2008	Sangeeta	Tds31/0809	Journal	22	Jrnl/23	1,700.00 Cr	1,700.00 Cr	Migrated Voucher
9-7-2008	Saraswati Computers	Tds33/0809	Journal	24	Jrnl/25	5,150.00 Cr	5,150.00 Cr	
5-4-2008	Chandra & Co	Tds10/0809	Journal	778	Jrnl/89	11,330.00 Cr	11,330.00 Cr	
30-4-2008	Babu Reddy	Tds12/0809	Journal	9	Apr	33,990.00 Cr	33,990.00 Cr	
2-5-2008	New Party	Tds14/0809	Journal	9	Jrnl/10	56,650.00 Cr	56,650.00 Cr	
5-5-2008	Babu Reddy	Tds16/0809	Journal	13	May	11,330.00 Cr	11,330.00 Cr	
31-5-2008	Sys India	Tds24/0809	Journal	15	Jrnl/16	67,980.00 Cr	67,980.00 Cr	
31-5-2008	Rakesh & Co	Tds27/0809	Journal	17	Jrnl/19	**5,665.00 Cr**		
31-5-2008	Rakesh & Co	Tds28/0809	Journal	18	Jrnl/20	**5,665.00 Cr**		
10-8-2008	Saraswati Computers	Tds35/0809	Journal	26	Jrnl/27	10,300.00 Cr	10,300.00 Cr	

Figure 1.1 Track TDS Vouchers

To find the non-migrated vouchers based on **bill details**

Go to **Gateway of Tally > Statutory Reports > TDS Reports > Exception Report > Track Migrated Bills**

The **Track Migrated Bills** report appears as shown

Track TDS Bills — ABC Company — Ctrl + M

List of TDS Bills — 1-Apr-2008 to 15-Oct-2008

Date	Tax Bill Name	Party Name	Nature of Payment	Previous Deduction	New Deduction	Previous Payment	New Payment	
1-4-2007	Jrnl/2	Creditor	Commission Or Brokerage	850.00 Cr	850.00 Cr	850.00 Dr	850.00 Dr	
2-4-2007	Jrnl/4	Creditor	Commission Or Brokerage	2,833.00 Cr	2,833.00 Cr	2,833.00 Dr	2,833.00 Dr	
1-5-2007	Jrnl/6	Creditor	Commission Or Brokerage	849.00 Cr	849.00 Cr	849.00 Dr	849.00 Dr	
1-7-2007	Jrnl/8	Chandra & Co	Rent of Land, Building Or Furniture	1,92,610.00 Cr	1,92,610.00 Cr	1,92,610.00 Dr	1,92,610.00 Dr	
1-9-2007	Jrnl/12	Chandra & Co	Rent of Land, Building Or Furniture	33,990.00 Cr	33,990.00 Cr	33,990.00 Dr	33,990.00 Dr	
1-10-2007	Jrnl/10		Fees for Professional Or Technical Services	16,995.00 Dr		16,995.00 Cr		Non-Migrated Bill
1-3-2008	Jrnl/14	Chandra & Co	Rent of Land, Building Or Furniture	5,665.00 Cr	5,665.00 Cr	5,665.00 Dr	5,665.00 Dr	
1-4-2008	Jrnl/3	Surya Enterprises	Fees for Professional Or Technical Services	2,833.00 Cr				
2-4-2008	Jrnl/2	Saraswati Computers	Payments to Contractors (Other Than Advertisement)	206.00 Cr	206.00 Cr	206.00 Dr	206.00 Dr	Migrated Bill
4-4-2008	Jrnl/4	Saraswati Computers	Payments to Contractors (Other Than Advertisement)	777.00 Cr	777.00 Cr	777.00 Dr	777.00 Dr	
5-4-2008	Jrnl/89	Chandra & Co	Rent of Land, Building Or Furniture	11,330.00 Cr	11,330.00 Cr	11,330.00 Dr	11,330.00 Dr	
30-4-2008	Apr	Babu Reddy	Rent of Land, Building Or Furniture	33,990.00 Cr	33,990.00 Cr	33,990.00 Dr	33,990.00 Dr	
1-5-2008	May	Babu Reddy	Rent of Land, Building Or Furniture	11,330.00 Dr	11,330.00 Cr	11,330.00 Cr		
2-5-2008	Jrnl/10	New Party	Rent of Land, Building Or Furniture	56,650.00 Cr	56,650.00 Cr	56,650.00 Dr	56,650.00 Dr	
10-5-2008	Jrnl/15	Surya Enterprises	Fees for Professional Or Technical Services	8,497.00 Cr				
13-5-2008	Jrnl/21	Surya Enterprises	Fees for Professional Or Technical Services	2,833.00 Cr				
14-5-2008	Jrnl/22	Surya Enterprises	Fees for Professional Or Technical Services	1,133.00 Cr				
31-5-2008	Jrnl/16	Sys India	Rent of Land, Building Or Furniture	67,980.00 Cr	67,980.00 Cr	67,980.00 Dr	67,980.00 Dr	
31-5-2008	Jrnl/19	Rakesh & Co	Rent of Land, Building Or Furniture	5,665.00 Cr		5,665.00 Dr		
31-5-2008	Jrnl/20	Rakesh & Co	Rent of Land, Building Or Furniture	5,665.00 Cr		5,665.00 Dr		
7-7-2008	Jrnl/23	Sangeeta	Fees for Professional Or Technical Services	1,700.00 Cr	1,700.00 Cr			
7-7-2008	Pymt/6		Fees for Professional Or Technical Services	5,665.00 Dr				
9-7-2008	Jrnl/25	Saraswati Computers	Fees for Professional Or Technical Services	5,150.00 Cr	5,150.00 Cr			
10-8-2008	Jrnl/27	Saraswati Computers	Rent of Land, Building Or Furniture	10,300.00 Cr	10,300.00 Cr	10,300.00 Dr	10,300.00 Dr	
							2 more ... ↓	
	Total			4,24,456.00 Cr	4,36,210.00 Cr	4,07,975.00 Dr	4,18,030.00 Dr	

Figure 1.2 Track Migrate Bills

2. **Transaction Error**: This type of error affects only the particular transaction in which it is identified. When this type of an error is identified in a transaction, the particular transaction will not be migrated.

Reasons for Non-migration:

- Multiple duty ledger or supplier selected in a deduction voucher
- Multiple party bill adjustment done in a single deduction transaction
- In party bill adjustment, normal bill is adjusted instead of corresponding TDS liability bill

However in both the above cases, you can correct the data and re-migrate by pressing Ctrl+Alt+M from Gateway of Tally.

A.i.v Assessable Value & TDS Calculation

In old TDS there was no concept of Assessable value (Gross Value concept was used) which is required for TDS statutory reports at each Nature of Payment level of a transaction. Tally.ERP 9 supports assessable value concept in new TDS. To calculate Assessable Value for old TDS data while migrating, Tally sorts the supplier vouchers based on the sequence of entry and identifies the Assessable value from the deduction voucher by applying the following formula:

Assessable Value for the Deduction = (Current Deduction's Gross Amount –Previous Deduction's Gross Amount)

Tally re-calculates the tax amount by applying the stored percentages. If there is a difference between Calculated Tax and Actual Tax stored in the deduction voucher, the difference will be treated as below:

1. In case the difference amount less than or equal to Rs. 3/- (plus or minus), it is considered as rounding-off issue and adjusted in Income Tax
2. In case the amount is more than Rs.3 (plus or minus):
   - if it is negative, it will be treated as Surcharge Reversal and adjusted in Surcharge
   - if it is positive difference, it will be treated as extra Surcharge Deduction and adjusted in Surcharge

A.i.vi TDS Migration in different scenarios

1. **Single liability booked with multiple deductions** – this case will be true only in case if the Surcharge got activated in between either by crossing the limit or ignoring at the master level. In any case, it will create only one tax reference in the liability voucher provided the same bill is adjusted in both the deduction voucher in old TDS.
2. **Multiple liability but single deduction** – Tally.ERP 9 will update only one liability voucher which is got adjusted in deduction voucher

For Example:

There are 3 liabilities booking vouchers b001, b002 and b003 booked for rent amounting Rs 100000 each respectively. Single deduction voucher is passed for all the 3 vouchers and adjusted against only with 3rd bill (b003)

How Tally.ERP 9 will handle the migration for the above example

- First two vouchers will never get migrated
- It will migrate only the third voucher since it is adjusted in the deduction voucher for the entire assessable value of Rs.3,00,000/-

3. **Liability booked but deduction is not done** – In this scenario, we will not be able migrate only liability vouchers since it does not have any deduction information. Need to follow the first step mentioned in Prerequisite before migration.
4. If the same TDS tax reference is used for two different deduction vouchers of the same or different party for same nature of payment. And a single TDS payment is made for that TDS tax reference.

Tally.ERP 9 will not migrate the second deduction voucher. However you can correct reference of second deduction voucher and re-migrate by pressing Ctrl+Alt+M from Gateway of Tally.

And for TDS payment you have to manual correct the reference by going in alteration screen.

A.i.vii Post Migration

1. If zero rates are applicable for a transaction, that transaction will not get migrated since it does not have any deduction for it. The same effect has to be manually given in new TDS by altering the voucher for the assessable value. Other wise, the same will not be considered for exemption limit calculation.
2. Lower deduction details will not be migrated since earlier it was configured at the supplier level and applicable for all nature of payments.

In Tally.ERP 9, the same can be configured for each nature of payment. Because of which the same has to be configured once after the migration.

3. The configuration of ignoring IT exemption limit was set in duty ledger and applied across all the suppliers in previous TDS.

However in Tally.ERP 9 the same can be configured for each supplier and for each nature of payment. Because of which it requires one time manual configuration after the migration.

If this is not set and any TDS deduction is found without crossing the exemption limit (due to previous configuration in the old TDS), will be shown in negative in computation report.

A.ii TDS Rates

TDS Rates for the Assessment Year 2008-09 (in %)

A	B	C	D		E		F	G		H
Section	Nature of Payment	Threshold Limit (inRs.)	Individual, HUF, BOI, AOP		Firm		Co-op. Society, Local Authority	Company		Payment Code
			Payments less than Rs. 10 lakh	Payments more than Rs. 10 lakh	Payment does not exceed 1 Crore	Payment exceed 1 Crore		Payment does not exceed 1Crore	Payment exceed 1 Crore	
192	Salary	*	Normal Rate	Normal Rate	N.A.	N.A.	N.A.	N.A.	N.A.	
193	Interest on Securities									
	(i) Interest on debentures or Securities	2,500	10.3	11.33	10.3	11.33	10.3	20.6	22.66	193
	(ii) Interest on 8% Savings (Taxable)	10,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	193
	(iii) Any other interest on securities (Unlisted)	—	20.6	22.66	20.6	22.66	20.6	20.6	22.66	193
194	Dividend other than dividend covered by section 115–O	2,500	20.6	22.66	20.6	22.66	20.6	20.6	22.66	194

* After considering deduction under clause VIA – Male : Rs.1,00,000; Female: Rs. 1,45,000; Senior Citizen: Rs.

A	B	C	D		E		F	G		H
194A	Interest other than interest on securities (cases other than below)	5,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	94A
	Where the payer is									
	(i) Banking Company	10,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	94A
	(ii) Co-Operative society engagged in banking business	10,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	94A
	(iii) Post Office under a deposit scheme framed by CG	10,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	94A
194B	Winning from Lotteries Non-domestic Co.	5,000 —	30.9 —	33.99 —	30.9 —	33.99 —	30.9 —	30.9 30.9	33.99 31.6725	94B
194BB	Winning From horse Races	2,500	30.9	33.99	30.9	33.99	30.9	30.9	33.99	4BB
194C	Payment in case of Contractors (i) In case of Advertising (ii) Other Contracts (iii) Sub Contracts	 20,000* 20,000* 20,000*	 1.03 2.06 1.03	 1.133 2.266 1.133	 1.03 2.06 1.03	 1.133 2.266 1.133	 1.03 2.06 1.03	 1.03 2.06 1.03	 1.133 2.266 1.133	94C
194D	Insurance Commission	5,000	10.3	11.33	10.3	11.33	10.3	20.6	22.66	94D
194E	Non-Resident Sportsman/sports association Non–Domestic Company	— —	10.3 —	11.33 —	10.3 —	11.33 —	10.3 —	20.6 —	22.66 10.5575	94E
194EE	Deposits under NSS to Resident/ Non–Resident	2,500	20.6	22.66	NA	NA	NA	NA	NA	4EE
194F	Repurchase of units of MF/UTI from Resident / Non–Resident	—	20.6	22.66	NA	NA	NA	NA	NA	94F
194G	Commission on sale of lottery tick-ets to resident/Non–Resident Non–domestic Co.	1,000 —	10.3 —	11.33 —	10.3 —	11.33 —	10.3 —	10.3 10.3	11.33 10.5575	94G

* If consolidated amount during the year exceeds Rs. 50,000

A	B	C	D		E		F	G		H
194H	Commission or Brokerage to Resident Payment/credit up to 31-5-2007	2,500 —	10.3 5.15	11.33 5.665	10.3 5.15	11.33 5.665	10.3 5.15	10.3 5.15	11.33 5.665	94H
194I	Rent to Resident (a) Rent for machinery/plant/ equipment	1,20,000	10.3	11.33	10.3	11.33	10.3	10.3	11.33	94I
	(b) Rent for other than in (a) (i) Individual/HUF (ii) Other than individual/HUF	1,20,000 1,20,000	15.45 NA	16.995 NA	NA 20.6	NA 22.66	NA 20.6	NA 20.6	NA 22.66	94I
194J	Fees for Professional/Technical services to resident Payment/credit up to 31-5-2007	20,000 —	10.3 5.15	11.33 5.665	10.3 5.15	11.33 5.665	10.3 5.15	10.3 5.15	11.33 5.665	94J
194LA	Compensation to Resident on acquisition of immovable property	1,00,000	10.3	11.33	10.3	11.33	10.3	10.3	11.33	4LA
196B	Income from units (including long term Capital gain on transfer of such units) to an oofshore fund	—	10.3	11.33	NA	NA	NA	10.3	10.5575	96B
196C	Income from foreign currency bonds or GDR of Indian Company	—	10.3	11.33	10.3	11.33	10.3	10.3	10.5575	96C
196D	Income of FII from securities not being dividend, long–term and short–term capital gain	—	20.6	22.66	20.6	22.66	20.6	20.6	21.115	96D

A.iii TDS Statutory Masters

As already discussed under Scope and Applicability of TDS, Income Tax will be deducted at source, based on the rate defined in the Act, for the Deductees, against the Nature of Payments. Hence to account TDS transactions, every payment and the party to whom the payment is made needs to be identified against the Nature of payment and deductee type as defined in the Act.

In Tally, all the Nature of Payments and Deductees (as defined under the Act) are provided as Statutory Masters. These Statutory Masters will be lodaed into Tally during company creation, when the **Statutory compliance for** is set to **India**. On enabling TDS Feature in F11: Statutory & Taxation features, TDS Statutory masters will be available for selection during Creation of Expenses, Party and TDS ledgers.

To view **Statutory Masters**

Go to **Gateway of Tally > Dispaly > Statutory Info.**

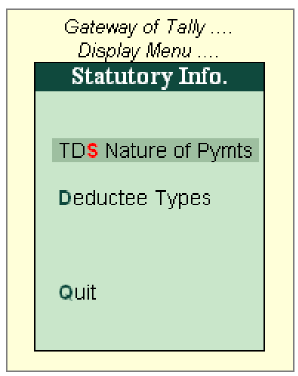


Figure 1.3 Statutory Info. Screen

A.iii.i TDS Nature of Payments

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

Tally displays all the TDS Nature of Payments.

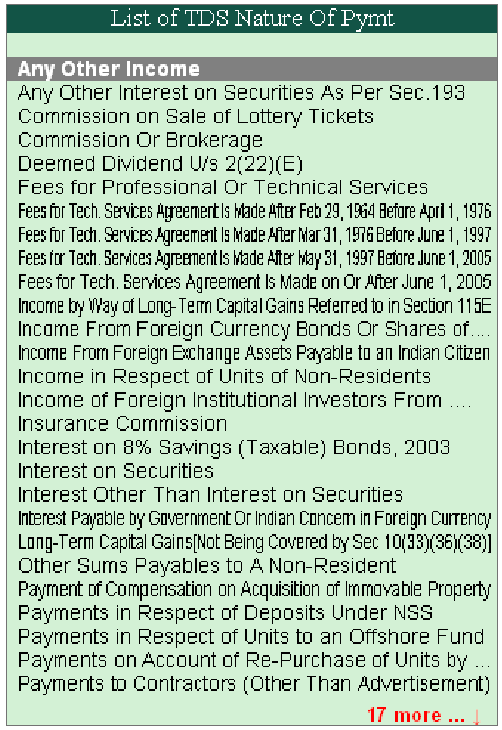


Figure 1.4 List of TDS Nature of Pymt

To view the details in the TDS nature of Payment, select a TDS Nature of Payment from the above list (For eg., select **Commission or Brokerage**).

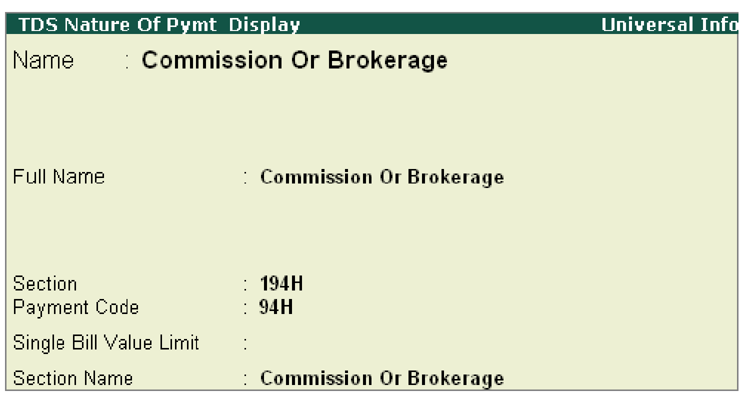


Figure 1.5 TDS Nature of Payment

The TDS Nature of Payment screen diplays details such as Name, Full Name, Section, Payment Code, Single Bill value Limit and Section Name of the nature of payment selected

All the TDS nature of expesnes has to be associated with relevant predefined ***TDS Nature of Payments****.*

A.iii.ii TDS Collectee Types

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

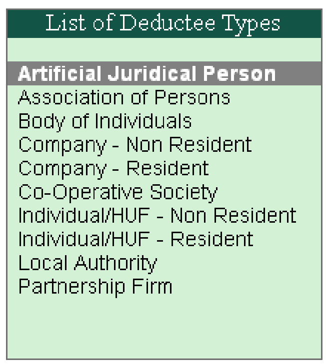


Figure 1.6 List of Deductee Types

To view the details in Deductee Type, select a TDS Nature of Payment from the above list (For eg., select **Company Resident**).

Deductee Type Display | Universal Infotech | Ctrl + M

Name : **Company - Resident**

Residential Status : **Resident**
Deductee Status : **Company**
Active ? **Yes**
Module Type : **Both**

Deductee TDS Details

Nature of Payment	Applicable From	TDS Rate	TDS Exemption Limit	Surcharge Rate	Surcharge Exemption Limit	Ed Cess Rate	Ed Cess Exemption Limit	Sec Ed Cess Rate	Sec Ed Cess 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 %	

43 more ...

Figure 1.7 Deductee Type

Deductee Type screen displays details such as

1. **Name**: In this field Name of the deductee Type is displayed
2. **Residential Status**: This field displays the Residential Status of the Deductee, i.e. whether the deductee is a Resident or a non Resident .
3. **Deductee Status**: This field displays the deductee status of the Deductee i.e, whether the deductee is a Company or Non Company.
4. **Deductee TDS Details**: This section displays details such as

- **Nature of Payment**: This field dispalys all the **nature of payments** applicable for the **Deductee**.
- **Applicable From**: This field dispalys the **dates** from when the prescibed rate of income tax is applicable for the **Nature of Payments**.
- **TDS:** This field displays the **TDS Rate and TDS Exemption amount** applicable for the nature of payments.
- **Surcharge**: This field displays the **Surcharge Rate and Surcharge Exemption amount** applicable for the **deductee**.
- **Ed Cess** & **Sec Ed Cess**: This fields dispaly the applicable **Rate** of **Cess** and **Sec Ed Cess**.