



POWER OF SIMPLICITY

Implementation of TDS in Tally.ERP 9

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Version: Implementation of TDS in Tally.ERP 9/2.0/June 2010

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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 Assessee (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.

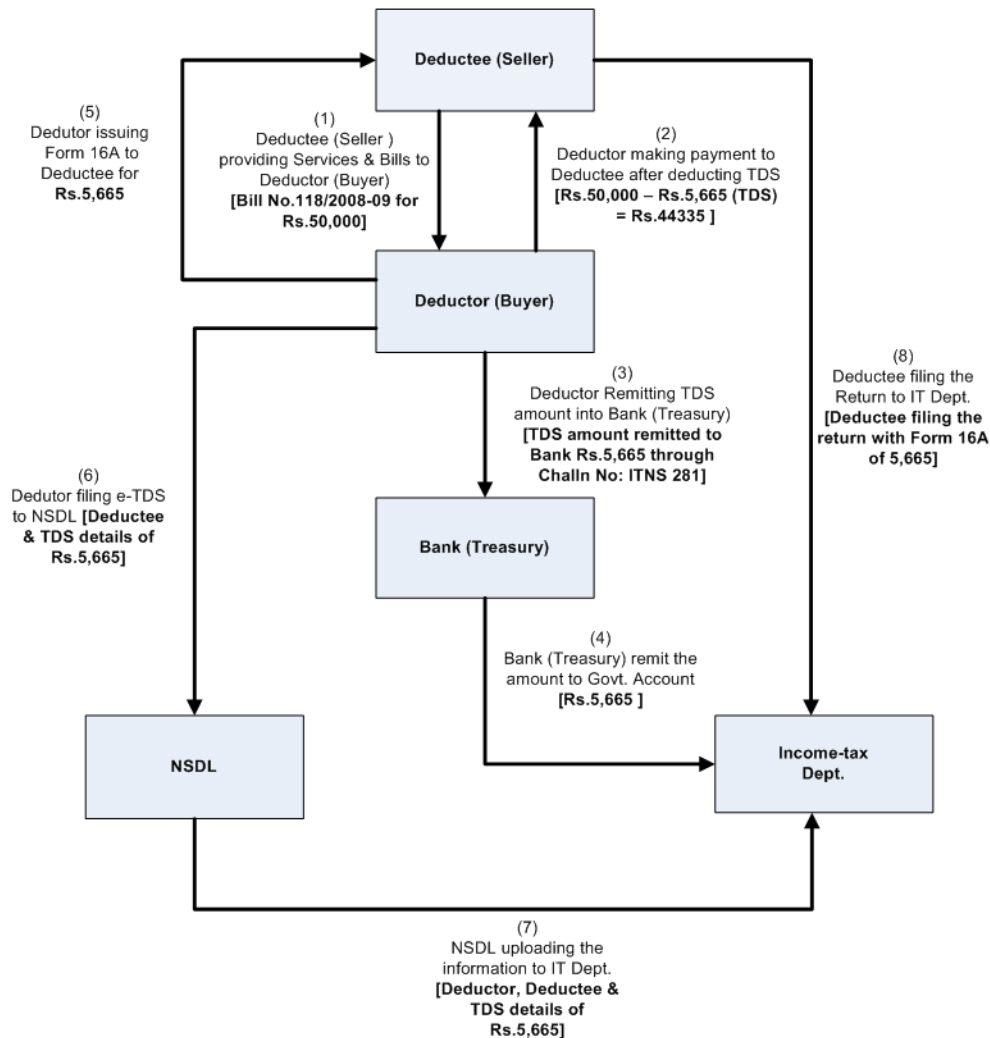


As per Sec 44AB, Individual and HUF is also considered as assessee under Income Tax Act, if such Individual and HUF

- **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 2009-2010, the TDS certificate must be issued on or before 30th April, 2010

- ***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** within 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 2009, TDS certificate must be issued on or before 30th June, 2009

- 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 within a period of one month from the close of such financial year.

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 & Time lines

The following Returns are required to be filed under TDS:

Financial Year	Form No.	Particulars	Periodicity
2009-10	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.
2009-10	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 Companies 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

Company Creation		Ctrl + M	
Directory	: C:\Tally.ERP9\Data		
Name	: Universal Infotech		
Mailing & Contact Details		Company Details	
Mailing Name	: Universal Infotech	Currency Symbol	: Rs.
Address	: # 45 AMR Tech Park Hosur Road Bangalore	Maintain	: Accounts with Inventory
		Financial Year from	: 1-4-2009
		Books beginning from	: 1-4-2009
		Security Control	
Statutory compliance for	: India	TallyVault Password (if any)	:
State	: Karnataka	Repeat Password	:
PIN Code	: 560064	(WARNING: forgetting your TallyVault password will render your data unusable!)	
Telephone No.	: 080-22356475	Use Security Control	: ? No
Mobile No.	:	(Enable Security to avail Tally.NET Features)	
E-Mail	: sales@universal.com		
Base Currency Information			
Base Currency Symbol	: Rs.	Show Amounts in Millions	: ? No
Formal Name	: Indian Rupees	Put a SPACE between Amount and Symbol	: ? Yes
Number of Decimal Places	: 2	Decimal Places for Printing Amounts in V	:
Is Symbol SUFFIXED to Amounts ?	: No		
Symbol for Decimal Portion	: paise		
		Accept ?	
		Yes or No	

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.

Company: **Universal Infotech**

Statutory & Taxation

Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? Yes
Set/Alter Excise Details	? No	Set/Alter TDS Details	? Yes
(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)		Enable Tax Collected at Source (TCS)	? No
Follow Excise rules for Invoicing	? No	Set/Alter TCS Details	? No
Enable Value Added Tax (VAT)	? No	Enable Fringe Benefit Tax (FBT)	? No
Set/Alter VAT Details	? No	Set/Alter FBT Details	? No
Enable Service Tax	? No		
Set/Alter Service Tax Details	? No		

Tax Information

Local Sales Tax Number :

Inter-state Sales Tax Number :

PAN / Income - Tax No. :

F1: Accounts
F2: Inventory
F3: Statutory
F5: Audit

Figure 1.2 F11: Statutory & Taxation Features

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

Company TDS Deductor Details

Tax Assessment Number	:	
Head Office Tax Assessment Number	:	
Income Tax Circle/Ward (TDS)	:	
Deductor Type	:	Government
Name of person responsible	:	
Son/daughter of	:	
Designation	:	

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

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 BANU07884F

- **Head Office Tax Assessment Number:** If the company created is the Branch of a company then mention the head office's Tax Assessment Number.
- **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

<u>Company TDS Deductor Details</u>	
Tax Assessment Number	: BANU07884F
Head Office Tax Assessment Number	: DELU08954D
Income Tax Circle/Ward (TDS)	: 111-W-2
Deductor Type	: Others
Name of person responsible	: Rajesh
Son/daughter of	: Manohar
Designation	: Manager_
(Note: All the above details will be used in Challan, Forms & Returns)	

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** allotted by the Income Tax Department to all the taxpayers whose income is taxable.

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

Company: Universal Infotech			
<u>Statutory & Taxation</u>			
Enable Excise	? No	Enable Tax Deducted at Source (TDS)	? Yes
Set/Alter Excise Details	? No	Set/Alter TDS Details	? Yes
(Note : 'Enable Maintain Multiple Godowns' for Multiple Excise Units)		Enable Tax Collected at Source (TCS)	? No
Follow Excise rules for Invoicing	? No	Set/Alter TCS Details	? No
Enable Value Added Tax (VAT)	? No	Enable Fringe Benefit Tax (FBT)	? No
Set/Alter VAT Details	? No	Set/Alter FBT Details	? No
Enable Service Tax	? No		
Set/Alter Service Tax Details	? No		
<u>Tax Information</u>			
Local Sales Tax Number :			
Inter-state Sales Tax Number :			
PAN / Income - Tax No. : AGRTL0443L			
			Accept ?
			Yes or No

Figure 1.5 Completed F11: Statutory & Taxation Screen

- Press **Enter** to Accept.

Lesson 2: TDS 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, 2009 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.**



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

Ledger Creation		Universal Infotech	Ctrl + M
Name : Advertisement Expenses (alias) :		Total Op. Bal.	List of TDS Nature Of Pymt ■ Any Any Other Interest Any Other Interest on Securities As Per Sec.193 Commission on Sale of Lottery Tickets Commission Or Brokerage Deemed Dividend U/s 2(22)(E) Fees for Professional Or Technical Services 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 Referred to in Section 115E Income From Foreign Currency Bonds Or Shares of Income From Foreign Exchange Assets Payable to an Indian Citizen Income in Respect of Units of Non-Residents Income of Foreign Institutional Investors From Insurance Commission Interest on 8% Savings (Taxable) Bonds, 2003 Interest on Securities Interest Other Than Interest on Securities Interest Payable by Government Or Indian Concern in Foreign Currency Long-Term Capital Gains(Not Being Covered by Sec 10(33)(36)(38)) Other Sums Payables to A Non-Resident Payment of Compensation on Acquisition of Immovable Property Payments in Respect of Deposits Under NSS Payments in Respect of Units to an Offshore Fund Payments on Account of Re-Purchase of Units by ... Payments to Contractors (Other Than Advertisement) Payments to Non-Resident Sportsmen/Sports Assoc... Payment to Contractors (Advertisement Contractors) Payment to Sub-Contractors Rent of Land, Building Or Furniture Rent of Plant, Machinery Or Equipment Royalty(F) Agreement Is Made After May 31, 1997 Before June 1, 2005 9 more ...
Under : Indirect Expenses			
Statutory Information Is TDS Applicable ? Yes Default Nature Of Payment : Payment to Contractors (Advertisement Contractors)			
Opening Balance (on 1-Apr-2009) :			

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.

Ledger Creation		Universal Infotech
Name : Advertisement Expenses		Total Op. Bal.
(alias) :		
Under : Indirect Expenses		
<u>Statutory Information</u> Is TDS Applicable ? Yes Default Nature Of Payment : Payment to Contractors (Advertisement Contractors)		
Opening Balance (on 1-Apr-2009) :		Accept ? Yes or No

Figure 2.2 Completed Expenses Ledger Creation Screen

- Press **Enter** to Save

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**

Ledger Configuration

Allow ALIASES along with Names	? Yes
Allow Language ALIASES along with Names	? No
Allow ADVANCED entries in Masters	? Yes
Allow ADVANCED entries in TDS Master	? No
Add NOTES for Ledger Accounts	? No
Use ADDRESSES for Ledger Accounts	? Yes
Use CONTACT DETAILS for Ledger Accounts	? No

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 pre-defined **Deductee Types**.
- ❑ Refer **Appendix** for more details on **Deductee Types**

Ledger Creation		Universal Infotech		Ctrl + M	
Name : Pheonix Agencies (alias) :				List of Deductee Types	
				- Unknown - Artificial Juridical Person Association of Persons - Body of Individuals - Company - Non Resident - Company - Resident - Co-Operative Society - Individual/HUF - Non Resident - Individual/HUF - Resident - Local Authority - Partnership Firm	
Under : Sundry Creditors (Current Liabilities)		Mailing Details			
Maintain balances bill-by-bill : ? Yes		Name : Ph			
Default Credit Period : :		Address : :			
Inventory values are affected : ? No		State : :			
		PIN Code : :			
<u>Statutory Information</u>		<u>Tax Information</u>			
Is TDS Deductable : ? Yes		PAN / IT No. : :			
Deductee Type : Association of Persons		(PAN / IT No. is mandatory for eT)			
		Sales Tax No. : :			
Opening Balance (on 1-Apr-2009) :					

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

Ledger Creation		Universal Infotech		Ctrl
Name : Phoenix Agencies				Total Op. Bal.
(alias) :				
Under : Sundry Creditors (Current Liabilities)		Mailing Details		
Maintain balances bill-by-bill : ? Yes		Name : Phoenix Agencies		
Default Credit Period : ?		Address : No - 45/1		
Inventory values are affected : ? No		Raheja Arcade		
		Koramangala		
		Bangalore		
		State : Karnataka		
		PIN Code : 560072		
Statutory Information		Tax Information		
Is TDS Deductible : ? Yes		PAN / IT No. : ASPLC0245L		
Deductee Type : Association of Persons		(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
		Sales Tax No. :		
Opening Balance (on 1-Apr-2009) :		Accept ?		
		Yes or No		

Figure 2.5 Completed Sundry Creditor Ledger Creation Screen

9. Press **Enter** to Save.



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.

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

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

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**

Ledger Creation		Universal Infotech	Ctrl
Name : TDS – Contractors			Total Op. Bal.
(alias) :			
Under : Duties & Taxes (Current Liabilities)		Name :	
Type of Duty/Tax : TDS		Address :	
Nature Of Payment : Payment to Contractors (Advertisement Contractors)		State :	
Inventory values are affected ? No		PIN Code :	
		Tax Information	
		PAN / IT No. :	
		Sales Tax No. :	
Opening Balance (on 1-Apr-2009) :		Accept ? Yes or No	

6. Press **Enter** to Save.



*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

Ledger Creation		Universal Infotech		Ctrl
Name	: Canara Bank			Total Op. Bal.
(alias)	:			50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under	: Bank Accounts (Current Assets)	Name	: Canara Bank	
Effective Date for Reconciliation	? 1-Apr-2009	Address	: # 32 Manipal Centre M.G. Road Bangalore	
		State	: Karnataka	
		PIN Code	: 560001	
		A/c No.	: 00758978	
		Branch Name	: M.G.Road	
		BSR Code	: 0240130	
				Accept ?
Opening Balance (on 1-Apr-2009) : 50,00,000.00 Dr				Yes or No

Figure 2.7 Completed Bank Ledger Creation Screen

4. Press **Enter** to Save.

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 **01-04-2009**
2. Select **Advertisement Expenses** in the **Debit** field and press **Enter**
3. Enter **5,00,000** in the **Amount** field.
4. Select **Phoenix Agencies** in the **Credit** field and press Enter.

The 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	Method of Adj				No		
	Agst Ref						
	New Ref						
	Incon						
	Surch						
	Education Cess 0 %	On					
	Secondary Education Cess 0 %	On					
Total							

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 field 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.

TDS Details								
Type of Ref	Name	Nature of Payment		TDS Duty	Assessable	Deduct now	TDS Amount	Payable Amount
				List of Nature of Pymt(s)				
New Ref	Jrnl / 1-1			Payment to Contractors (Advertisement Contractors)		No		
	Income Tax	0 %	On					
	Surcharge	0 %	On					
	Education Cess	0 %	On					
	Secondary Education Cess	0 %	On					
Total								

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 Payable Amount
New Ref	Jml / 1-1	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	5,00,000.00 Cr	Yes	5,000.00 Cr 4,95,000.00 Cr
	Income Tax	1 %	On	5,00,000.00 Cr	5,000.00 Cr		
	Surcharge	0 %	On	5,000.00 Cr			
	Education Cess	0 %	On	5,000.00 Cr			
	Secondary Education Cess	0 %	On	5,000.00 Cr			
Total					5,00,000.00 Cr		5,000.00 Cr 4,95,000.00 Cr

Figure 2.10 Completed TDS Details Screen

5. Press **Enter** to accept TDS Details



*For the **Financial Year 2009-10**, **Surcharge** or **Cess** is not applicable for TDS. For tax deduction only the specified **TDS rates** are considered.*

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

Bill-wise Details for : Pheonix Agencies Upto: Rs. 4,95,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 1-4-2009)	Amount	Dr/ Cr
New Ref	Bill - 001		5,00,000.00	Cr
New Ref	Bill - 001		5,000.00	Dr
<i>(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')</i>				
			4,95,000.00	Cr

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 amount** along with **pending amount** to be paid to the party, in the **Outstandings 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. 5000 (500000 - 495000) is displayed automatically in the amount field.
9. Enter transaction details in the **Narration** field.

Accounting Voucher - Creation

Universal Infotech

Ctrl + M

Journal

No. 1

1-Apr-2009
Wednesday

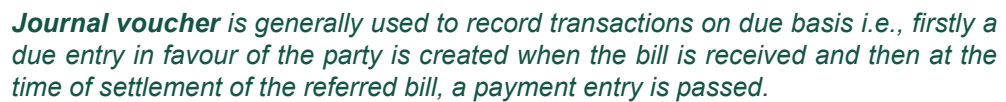
Particulars	Debit	Credit
Dr Advertisement Expenses	5,00,000.00	
<i>Cur Bal: 5,00,000.00 Dr</i>		
Cr Pheonix Agencies		4,95,000.00
<i>Cur Bal: 4,95,000.00 Cr</i>		
New Ref Bill - 001	5,00,000.00 Cr	
New Ref Bill - 001	5,000.00 Dr	
Cr TDS – Contractors		5,000.00
<i>Cur Bal: 5,000.00 Cr</i>		
	5,00,000.00	5,00,000.00

Narration:

Accept ?

Yes or No

10. Press **Enter** to Save



2.2 Payment to Party

Example 2:

On April 8, 2009, payment of Rs. 4,95,000 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 **08/04/2009**
2. In **Debit** field select **Pheonix Agencies** from the **List of Ledger Accounts**
3. Enter **Rs. 4,95,000** 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.

Bill-wise Details for : Pheonix Agencies Upto: Rs. 4,95,000.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 8-4-2009)	Amount	Dr/ Cr
Agst Ref	Bill - 001		4,95,000.00	Dr
			4,95,000.00	Dr

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Payment No. 1				8-Apr-2009 Wednesday
Particulars	Debit	Credit		
Dr Pheonix Agencies	4,95,000.00			
<i>Cur Bal: 0.00 Dr</i>				
Agst Ref Bill - 001	4,95,000.00 Dr			
Cr Canara Bank		4,95,000.00		
<i>Cur Bal: 45,05,000.00 Dr</i>				
Narration:		4,95,000.00	45,05,000.00	
Ch. No.: 254781				
		Accept ?		
		Yes or No		

Figure 2.14 Completed Payment Voucher

8. Press **Enter** to Save

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, 2009, Universal Infotech, paid TDS of Rs. 5,000 towards Advertisement Expenses, vide cheque no. 056330 for the month of April, 2009.

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 **06/05/2009**
2. Press **Alt+S** or click **S: TDS Helper** button on the Buttons Bar to view TDS helper screen.

In the **TDS Helper** Screen

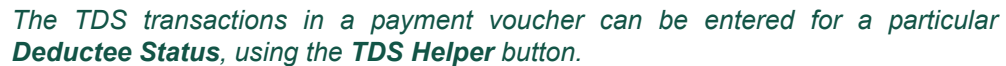
- **Deducted Till Date:** In this field user may enter, till date of the period for which the TDS values should be computed and auto-filled.
Enter **30/04/2009** as the **Till Date**.
- **Section:** As per the Act, separate TDS challans to be submitted for the payment of tax under each section. In this field, Tally.ERP 9 displays all the **Sections** under which, Tax deducted is pending for payment.
Select **Section 194C** from the list of section.



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.

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



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

TDS Helper		Universal Infotech		Ctrl + M
Payment	No. 2			List of Ledger Accounts
Account :				Canara Bank
<i>Cur Bal:</i>				Cash
Particulars				
		<u>TDS Helper</u>		
		Deducted Till Date : 30-4-2009 Section : 194C Nature of Payment : Payment to Contractors (Advertisement Contractors) Deductee Status : Non Company Cash/Bank : Canara Bank		
Narration:				

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.

Payment Details	
From Date	: 1-Apr-2009
To Date	: 30-Apr-2009
(Note: This payment belongs to the above period)	
Cheque/DD No	: 056330
Name of Bank	: [Redacted]
Bank Account Number	:
Branch Name	:
BSR Code	:
Challan No.	:
Challan Date	:
(Note: All the above details will be used in Challan, Forms & Returns)	

List of Banks

Not Applicable
Canara Bank
[New Name

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.

- ❑ **Bank Account Number:** Enter the bank account number in this field
- ❑ **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.



Bank Account Number, 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-2009
To Date	: 30-Jun-2009
(Note: This payment belongs to the above period)	
Cheque/DD No	: 056330
Name of Bank	: Canara Bank
Bank Account Number	: 00758978
Branch Name	: M.G.Road
BSR Code	: 0240130
Challan No.	: 225678
Challan Date	: 6-5-2009
(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

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Payment No. 2		6-May-2009 Wednesday	
Account : Canara Bank Cur Bal: 45,00,000.00 Dr			
Particulars		Amount	
TDS – Contractors		5,000.00	
Cur Bal: 0.00 Dr			
Agst Ref Jrnl / 1-1	5,000.00 Dr		
Income Tax	5,000.00 Dr		
Surcharge			
Education Cess			
Secondary Education Cess			
Provide Details : Yes			
Narration:			
Ch. No. : 056330			
		5,000.00	
		Accept ? Yes or No	

Figure 2.18 TDS Payment Voucher

8. Press **Enter** to Save.



*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 281)** will be printed from the TDS payment voucher.

To print the **TDS Challan** for the transaction entered on **06-05-2009**

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

Voucher Printing			
Printer	: (Ne02:)	Paper Type	: Letter
No. of Copies	: 1		
Print Language	: English		(Printing Dimensions)
Method	: Neat Mode	Paper Size	: (8.50" x 10.98") or (216 mm x 279 mm)
Page Range	: All	Print Area	: (8.50" x 10.98") or (216 mm x 279 mm)
Report Titles			
Payment Voucher			
(with Print Preview)			
Print as TDS Challan	: ?	Yes	Print ? Yes or No
Print Chalan No ITNS 281	: ?	Yes	
TDS/TCS Regular Assessment (Raised by I.T. Dept.)	: ?	No	
Filing Date	: 6-May-2009		

Figure 2.19 Voucher Printing Screen

- To view the challan in a preview mode, click on **I: With Preview** button or press **ALT+I**
3. Press **Enter** to accept the Voucher Printing subscreen and to display the TDS Challan in Print Preview mode.
 4. 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			Assessment Year 2010-11												
Tax Deduction Account No. (T.A.N.) BANU07884F																
Full Name UNIVERSAL INFOTECH																
Complete Address with City & State # 45, AMR Tech Park, Hosur Road, Bangalore																
Karnataka																
Tel. No. 080-22356475				Ph 560064												
Type of Payment TDS Payable by Taxpayer (200) ☒ TDS Regular Assessment (Raised by I.T. Deptt.) (400) ☐			Code * 94C		FOR USE IN RECEIVING BANK Debit to A/c / Cheque credited on DD MM YY SPACE FOR BANK SEAL Rs. 5,000.00											
DETAILS OF PAYMENTS			Amount (In Rs. Only)													
Income Tax Surcharge Education Cess Interest Penalty Total			5,000.00 5,000.00													
Total (In words):			<table border="1" style="width: 100%; text-align: center;"> <tr> <th>CRORES</th> <th>LACS</th> <th>THOUSANDS</th> <th>HUNDREDS</th> <th>TENS</th> <th>UNITS</th> </tr> <tr> <td>Zero</td> <td>Zero</td> <td>Five</td> <td>Zero</td> <td>Zero</td> <td>Zero</td> </tr> </table>			CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS	Zero	Zero	Five	Zero	Zero
CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS											
Zero	Zero	Five	Zero	Zero	Zero											
Paid In Cash/ Debit to A/c /Cheque No. 056330			Dated 6-May-2009		Rs. 5,000.00											
Drawn on Canara Bank - M.G.Road (Name of the Bank and Branch)																
Date: 6-May-2009			Signature of person making payment													
Tear Here																
Taxpayers Counterfoil (To be filled up by taxpayer)					SPACE FOR BANK SEAL Rs. 5,000.00											
TAN BANU07884F																
Received from UNIVERSAL INFOTECH (Name)																
Cash/ Debit to A/c /Cheque No. 056330 For Rs. 5,000																
Rs. (In words) Five Thousand 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 2010-11																

Figure 2.20 TDS Challan

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

Printing Form 17

To print **Form 17** set the field **Print Challan No ITNS 281** to **No** in Voucher Printing screen
Ensure the **Alt+I: Print Preview** option is selected to view the print preview of TDS Challan
The **Print Preview of Form 17** appears as shown

FORM NO. 17	INDIAN INCOME TAX CHALLAN FOR PAYMENT OF TDS and TCS [See rule 30(4)(a) or Rule 37CA(2)(a)]	Financial Year in which tax deducted or collected at source 2009-10												
TAN BANU07884F	Date of deposit(DD/MM/YYYY) 6/5/2009	PAN AGRTL0443L												
Challan Identification Number (CIN)														
BSR Code 0240130	Date (DD/MM/YYYY) 6-May-2009	Serial Number 225678												
Transaction Reference Number 														
Full Name Universal Infotech														
Complete Address with City & State # 45, AMR Tech Park, Hosur Road, Bangalore, Karnataka														
Email Address sales@universal.com	PIN 560064													
Phone Number (with STD Code) 080-22356475														
Mobile No. 														
Details of Payment														
Total amount of TDS & TCS payable (in figures)	5,000.00													
Total amount of TDS & TCS payable (in words)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Crores</td> <td style="text-align: center;">Lakhs</td> <td style="text-align: center;">Thousands</td> <td style="text-align: center;">Hundreds</td> <td style="text-align: center;">Tens</td> <td style="text-align: center;">Units</td> </tr> <tr> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Five</td> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Zero</td> <td style="text-align: center;">Zero</td> </tr> </table>		Crores	Lakhs	Thousands	Hundreds	Tens	Units	Zero	Zero	Five	Zero	Zero	Zero
Crores	Lakhs	Thousands	Hundreds	Tens	Units									
Zero	Zero	Five	Zero	Zero	Zero									
Paid by debit to account [Account No. of the Deductor]	00758978	Date of debit 6-May-2009												
Name of the Bank in which payment is made Canara Bank														
Details of TDS/TCS from deductees (if the number of records exceeds 10 then upload deductee file)		Upload deductee file												
Unique Transaction Number	PAN of deductee	PAN valid (Y/N)												
	ASPLC0245L	No												
Name of deductee		TDS/TCS Amount (including surcharge and education cess)												
Pheonix Agencies		5,000.00												
Total TDS/TCS		5,000.00												
Interest														
Penalty														
Others														
Total of the above amounts		5,000.00												

Figure 2.21 TDS Challan - Form 17

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
- ❑ TDS on Interest Payments
- ❑ TDS on Expenses with Inventory
- ❑ TDS on Fixed Assets
- ❑ Payment of TDS
- ❑ Payment of Interest and Penalties
- ❑ TDS on Sales Commission
- ❑ Reversal of Excess TDS Deducted

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, 2009, 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 pre-defined **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.

Ledger Creation		Universal Infotech	Ctrl
Name : Auditing Expenses			Total Op. Bal.
(alias) :			50,00,000.00 Dr
			Difference
			50,00,000.00 Dr
Under : Indirect Expenses		Mailing Details	
Inventory values are affected ? No		Name :	
		Address :	
		State :	
		PIN Code :	
Statutory Information		Tax Information	
Is TDS Applicable ? Yes		PAN / IT No. :	
Default Nature Of Payment : Fees for Professional Or Technical Services		(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)	
		Sales Tax No. :	
Opening Balance (on 1-Apr-2009) :		Accept ?	
		Yes or No	

Figure 2.22 Completed Expenses Ledger Creation Screen

- ❑ Press **Enter** to Save

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 pre-defined **Deductee Types**.*
- *Refer **Appendix** for more details on **Deductee Types***
- *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

Ledger Creation		Universal Infotech		Ctrl
Name	: Sridhar & Co.			Total Op. Bal.
(alias)	:			50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under		Mailing Details		
: Sundry Creditors		Name : Sridhar & Co.		
(Current Liabilities)		Address : # 9/18		
Maintain balances bill-by-bill	? Yes	CRM Building		
Default Credit Period	:	Gandhinagar		
Inventory values are affected	? No	Bangalore		
		State : Karnataka		
		PIN Code : 560001		
Statutory Information		Tax Information		
Is TDS Deductable	? Yes	PAN / IT No. : AAPLC4578N		
Deductee Type	: Partnership Firm	(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
		Sales Tax No. :		
Opening Balance (on 1-Apr-2009) :				Accept ?
				Yes or No

Figure 2.23 Completed Sundry Creditor Ledger Creation Screen

9. Press **Enter** to Save.

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

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**

Ledger Creation		Universal Infotech	Ctrl
Name	: TDS - Professional Or Technical Services		
(alias)	:		
		Total Op. Bal.	
		50,00,000.00 Dr	
		Difference	
		50,00,000.00 Dr	
Under	: Duties & Taxes (Current Liabilities)	Mailing Details	
Type of Duty/Tax	: TDS	Name	:
Nature Of Payment	: Fees for Professional Or Technical Services	Address	:
Inventory values are affected	? No	State	:
		PIN Code	:
		Tax Information	
		PAN / IT No.	:
		Sales Tax No.	:
Opening Balance (on 1-Apr-2009) :		Accept ?	
		Yes or No	

6. Press **Enter** to Save.

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**

<u>Journal Configuration</u>	
Skip Date field in Create Mode (faster entry!)	? Yes
Use Cr/Dr instead of To/By during entry	? Yes
Warn on Negative Cash Balance	? Yes
Allow Cash Accounts in Journals	? No
Allow Alteration of TDS Rates for Lower Deduction	? No
Allow Alteration of TDS Nature of Payment in Expenses	? Yes
Use Common Table for TDS Helper	? No
Show Inventory Details	? Yes
Show Table of Bill Details for Selection	? Yes
Show Bill-wise Details	? Yes
Expand into multiple lines	? Yes
Show Ledger Current Balances	? Yes
Show Balances as on Voucher Date	? No

Figure 2.25 F12: Configure

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

1. Press **F2** and change the date to **07-05-2009**
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

Expense Allocation		Universal Infotech	Ctrl + M
Journal	No. 2	List of TDS Nature Of Pymt	
Particulars		☐ Not Applicable Any Other Income Any Other Interest on Securities As Per Sec.193 Commission on Sale of Lottery Tickets Commission Or Brokerage Deemed Dividend U/s 2(22)(E)	
Dr Auditing Expenses		Fees for Professional Or Technical Services	
Cur Bal: 1,12,360.00 Dr		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 Referred to in Section 115E Income From Foreign Currency Bonds Or Shares of.... Income From Foreign Exchange Assets Payable to an Indian Citizen Income in Respect of Units of Non-Residents Income of Foreign Institutional Investors From Insurance Commission Interest on 8% Savings (Taxable) Bonds, 2003 Interest on Securities Interest Other Than Interest on Securities Interest Payable by Government Or Indian Concern in Foreign Currency Long-Term Capital Gains[Not Being Covered by Sec 10(33)(36)(38)] Other Sums Payables to A Non-Resident Payment of Compensation on Acquisition of Immovable Property Payments in Respect of Deposits Under NSS Payments in Respect of Units to an Offshore Fund Payments on Account of Re-Purchase of Units by ... Payments to Contractors (Other Than Advertisement) Payments to Non-Resident Sportsmen/Sports Assoc... Payment to Contractors (Advertisement Contractors) Payment to Sub-Contractors Rent of Land, Building Or Furniture Rent of Plant, Machinery Or Equipment Royalty(F) Agreement Is Made After May 31, 1997 Before June 1, 2005	
Dr			
TDS Nature of Payment Details			
Ledger Name : Auditing Expenses			
Nature of Payment			
Fees for Professional Or Technical Services			
Narration:			

Figure 2.26 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.

TDS Nature of Payment Details	
Ledger Name : Auditing Expenses	
Nature of Payment	Assessable Value
Fees for Professional Or Technical Services	1,00,000.00

Figure 2.27 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)

TDS Nature of Payment Details	
Ledger Name : Auditing Expenses	
Nature of Payment	Assessable Value
Fees for Professional Or Technical Services	1,00,000.00
Not Applicable	12,360.00

Figure 2.28 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 Whereas, **Agst Ref** is selected to set off payment against the previously entered invoice.
- **Name:** This field displays 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.

TDS Details						
Type of Ref	Name	Nature of Payment		TDS Duty	Assessable	Deduct now
				List of Nature of Pymt(s)		TDS Payable Amount
New Ref	Jrnl / 2-1	Not Applicable		Fees for Professional Or Technical Services		12,360.00 Cr
	Income Tax	0 %	On	Not Applicable		
	Surcharge	0 %	On			
	Education Cess	0 %	On			
	Secondary Education Cess	0 %	On			
Total				12,360.00 Cr		12,360.00 Cr

Figure 2.29 Nature of Payment as Not applicable

- **Type of Ref:** Select **New Ref** from the method of Adjustment.
- **Name:** This field displays 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

TDS Details							
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount Payable Amount
New Ref	Jrnl / 2-1	[Not Applicable			12,360.00 Cr		12,360.00 Cr
	Income Tax	0 %	On	12,360.00 Cr			
	Surcharge	0 %	On				
	Education Cess	0 %	On				
	Secondary Education Cess	0 %	On				
New Ref	Jrnl / 2-2	Fees for Professional Or Technical Services		TDS - Professional Or Technical Services	1,00,000.00 Cr	Yes	10,000.00 Cr 90,000.00 Cr
	Income Tax	10 %	On	1,00,000.00 Cr			
	Surcharge	0 %	On	10,000.00 Cr			
	Education Cess	0 %	On	10,000.00 Cr			
	Secondary Education Cess	0 %	On	10,000.00 Cr			
Total					1,12,360.00 Cr		10,000.00 Cr 1,02,360.00 Cr

Figure 2.30 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

Bill-wise Details for : Sridhar & Co. Upto: Rs. 1,02,360.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 6-5-2009)	Amount	Dr/ Cr
New Ref	Bill-911		1,12,360.00	Cr
New Ref	Bill-911		10,000.00	Dr
<i>(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')</i>				
			1,02,360.00	Cr

Figure 2.31 Bill-wise Details Screen

The above method of bill allocation helps to find the bill amount and the amount pending for payment after TDS.

8. In the **Credit** field select the duty ledger **TDS – Professional Or technical Services** from the List of Ledger Accounts and **Rs. 10,000** (1,12,360 - 1,02,360) is displayed automatically in the amount field.

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal No. 2				6-May-2009 Wednesday
Particulars	Debit	Credit		
Dr Auditing Expenses	1,12,360.00			
<i>Cur Bal: 1,12,360.00 Dr</i>				
Cr Sridhar & Co.		1,02,360.00		
<i>Cur Bal: 1,02,360.00 Cr</i>				
New Ref BIII-911	1,12,360.00 Cr			
New Ref BIII-911	10,000.00 Dr			
Cr TDS - Professional Or Technical Services		10,000.00		
<i>Cur Bal: 10,000.00 Cr</i>				
Narration:		1,12,360.00	1,12,360.00	
		Accept ? Yes or No		

Figure 2.32 Journal Voucher

9. Press **Enter** to Save

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, 2009 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 recording 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 Appli- cable	Default Nature of Payment
Commission Expenses	Indirect Expenses	Yes	Commission or Brokerage
Inventory values are affected: No			

ii. Party Ledger

Ledger	Under	Maintain bal- ances 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 (Accounting Invoice Mode)

Set Up:

In **F12: Configure (Purchase 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 **08-05-2009**
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** field 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**

TDS Details				
Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount
New Ref	Purc / 1-1	Commission Or Brokerage	TDS - Commission Or Brokerage	25,000.00 Cr
	Income Tax	0 % On	25,000.00 Cr	
	Surcharge	0 % On		
	Education Cess	0 % On		
	Secondary Education Cess	0 % On		
Total				25,000.00 Cr

Figure 2.33 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.

Bill-wise Details for : Digitech Computers Upto: Rs. 25,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 8-5-2009)	Amount	Dr/ Cr
New Ref	Bill - 689		25,000.00	Cr
			25,000.00	Cr

Figure 2.34 Bill-wise Details

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

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Purchase	No. 1	Date :	8-May-2009 Friday	
Supplier Invoice No. :				
Party's A/c Name : Digitech Computers				
Current Balance :				
Particulars	Rate	per	Amount	
Commission Expenses			25,000.00	
Narration:			Accept ? Yes or No	

Figure 2.35 Purchase Voucher

11. Press **Enter** to Save.

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, 2009 Universal Infotech received a bill (vide No. 874) from Digitech Computers for Rs. 40,000 towards commission charges.

Record the transaction in Purchase Voucher (Accounting 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 **12-05-2009**
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

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

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

Accounting Voucher Creation

Universal Infotech

Ctrl + M

Purchase

No. 2

12-May-2009

Tuesday

Supplier Invoice No. :

Date :

Party's A/c Name : Digitech Computers

Current Balance : 25,000.00 Cr

Particulars	Rate	per	Amount
Commission Expenses			40,000.00

Narration:

Accept ?

Yes or No

Figure 2.36 Completed Purchase Voucher

- ## 11. Press **Enter** to Save

2. TDS Deduction

Example 7:

On 14th May, 2009 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 **14-05-2009**
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 **14-05-2009** 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)**

TDS Deductions		
Till Date	: 14-May-2009	List of Ledger(s)
Party	:	
Nature of Payment	:	Digitech Computers

Figure 2.37 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 TDS deduction is pending.
Select **Commission Or Brokerage** from the List of Nature of Payments

TDS Deductions		
Till Date	: 14-May-2009	
Party	: Digitech Computers	
Nature of Payment	:	
		List of Nature of Pymt(s)
		Commission Or Brokerage

Figure 2.38 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.

Accounting Voucher Creation		Universal Infotech		Ctrl + M	
Journal No. 3				14-May-2009 Thursday	
Account : Digitech Computers Cur Bal: 58,305.00 Cr					
Particulars					Amount
TDS – Commission Or Brokerage					6,695.00
Cur Bal: 6,695.00 Dr					
Agst Ref Purc / 1-1 2,575.00 Cr					
Income Tax	10 %	On	25,000.00 Cr	2,500.00 Cr	
Surcharge	0 %	On	2,500.00 Cr		
Education Cess	2 %	On	2,500.00 Cr	50.00 Cr	
Secondary Education Cess	1 %	On	2,500.00 Cr	25.00 Cr	
Agst Ref Purc / 2-1 4,120.00 Cr					
Income Tax	10 %	On	40,000.00 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	
Narration:					6,695.00

Figure 2.39 Journal Voucher with Auto filled TDS values

The Total TDS of **Rs.6500**, includes TDS of **Rs. 2,500** against **Purc / 1-1** and **Rs. 4,000** 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-2009** to adjust the TDS Deducted and press enter
- **Rs.2500** will be defaulted in the amount column (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-2009** in Name field.
- The amount of **Rs. 4000** (6695 - 2500) is defaulted automatically. Accept the default **Dr/Cr** allocation.

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

Bill-wise Details for : Digitech Computers Upto: Rs. 6,500.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 14-5-2009)	Amount	Dr/ Cr
Agst Ref	Bill - 689		2,500.00	Dr
Agst Ref	Bill - 874		4,000.00	Dr
			6,500.00	Dr

Figure 2.40 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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal	No. 3			14-May-2009 Thursday
Account : Digitech Computers Cur Bal: 58,500.00 Cr				
Particulars				Amount
TDS - Commission Or Brokerage				6,500.00
Cur Bal: 6,500.00 Dr				
Agst Ref Purc / 1-1	2,500.00 Cr			
Income Tax 10 %	On 25,000.00 Cr	2,500.00 Cr		
Surcharge 0 %	On 2,500.00 Cr			
Education Cess 0 %	On 2,500.00 Cr			
Secondary Education Cess 0 %	On 2,500.00 Cr			
Agst Ref Purc / 2-1	4,000.00 Cr			
Income Tax 10 %	On 40,000.00 Cr	4,000.00 Cr		
Surcharge 0 %	On 4,000.00 Cr			
Education Cess 0 %	On 4,000.00 Cr			
Secondary Education Cess 0 %	On 4,000.00 Cr			
Narration:				6,500.00
				Accept ? Yes or No

Figure 2.41 Journal Voucher

7. Press **Enter** to Save.

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, 2009 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 (Accounting 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 **18-05-2009**
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.

TDS Details					
Type of Ref	Name	Nature of Payment	TDS Duty	Assessable	TDS
			List of Nature of Pymt(s)	Amount	
New Ref Purc / 3-1		Commission Or Brokerage	Commission Or Brokerage		
	Income Tax	0 % On 50,000.00 Cr	Payment to Contractors (Advertisement Contractors)		
	Surcharge	0 % On			
	Education Cess	0 % On			
	Secondary Education Cess	0 % On			
Total				50,000.00 Cr	

Figure 2.42 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.

TDS Details					
Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount	TDS Amount
New Ref Purc / 3-1		Commission Or Brokerage	TDS – Commission Or Brokerage	50,000.00 Cr	
	Income Tax	0 % On 50,000.00 Cr			
	Surcharge	0 % On			
	Education Cess	0 % On			
	Secondary Education Cess	0 % On			
New Ref Purc / 3-2		Payment to Contractors (Advertisement Contractors)			
	Income Tax	0 % On 2,00,000.00 Cr			
	Surcharge	0 % On			
	Education Cess	0 % On			
	Secondary Education Cess	0 % On			
Total				2,50,000.00 Cr	

Figure 2.43 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

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Purchase No. 3 Supplier Invoice No. : Date :		18-May-2009 Monday	
Party's A/c Name : Pheonix Agencies Current Balance :			
Particulars	Rate	per	Amount
Commission Expenses			50,000.00
Advertisement Expenses			2,00,000.00
Narration: Accept ? Yes or No			

Figure 2.44 Completed Purchase Voucher

14. Press **Enter** to Save

2. TDS Deduction

Example 9:

On 21st May, 2009 Universal Infotech deducted tax towards Commission and Advertisement Expenses for the transaction dated 18th May, 2009.

Record the transaction in Journal Voucher

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

1. Press **F2** and change the date to **21-05-2009**
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 **21-05-2009** 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**.

TDS Deductions	
Till Date	: 21-May-2009
Party	: Pheonix Agencies
Nature of Payment	: XXXXXXXXXX
	List of Nature of Pyrmt(s) All Items Commission Or Brokerage Payment to Contractors (Advertisement Contractors)

Figure 2.45 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.

Accounting Voucher Creation		Universal Infotech		Ctrl + M	
Journal No. 4				21-May-2009 Thursday	
Account : Pheonix Agencies Cur Bal: 2,43,000.00 Cr					
Particulars					Amount
TDS – Contractors					2,000.00
Cur Bal: 7,000.00 Dr					
Agst Ref Purc / 3-2 2,000.00 Cr					
Income Tax	1 %	On	2,00,000.00 Cr	2,000.00 Cr	
Surcharge	0 %	On	2,000.00 Cr		
Education Cess	0 %	On	2,000.00 Cr		
Secondary Education Cess	0 %	On	2,000.00 Cr		
TDS – Commission Or Brokerage					5,000.00
Cur Bal: 500.00 Dr					
Agst Ref Purc / 3-1 5,000.00 Cr					
Income Tax	10 %	On	50,000.00 Cr	5,000.00 Cr	
Surcharge	0 %	On	5,000.00 Cr		
Education Cess	0 %	On	5,000.00 Cr		
Secondary Education Cess	0 %	On	5,000.00 Cr		
Narration:					7,000.00

Figure 2.46 Journal Voucher with Auto filled TDS values

The Total TDS of **Rs. 7,000**, includes TDS – Contractors **Rs. 2,000** and TDS – Commission or Brokerage **Rs. 5,000** 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-2009** to adjust the TDS Deducted and press **Enter**
- Enter **Rs. 7,000** in the **amount** field and accept the default **Dr/Cr** details.

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

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M	
Journal No. 4				21-May-2009 Thursday	
Account : Pheonix Agencies Cur Bal: 2,43,000.00 Cr					
Particulars				Amount	
TDS – Contractors				2,000.00	
Cur Bal: 7,000.00 Dr					
Agst Ref Purc / 3-2 2,000.00 Cr					
Income Tax	1 %	On	2,00,000.00 Cr	2,000.00 Cr	
Surcharge	0 %	On	2,000.00 Cr		
Education Cess	0 %	On	2,000.00 Cr		
Secondary Education Cess	0 %	On	2,000.00 Cr		
TDS – Commission Or Brokerage				5,000.00	
Cur Bal: 500.00 Dr					
Agst Ref Purc / 3-1 5,000.00 Cr					
Income Tax	10 %	On	50,000.00 Cr	5,000.00 Cr	
Surcharge	0 %	On	5,000.00 Cr		
Education Cess	0 %	On	5,000.00 Cr		
Secondary Education Cess	0 %	On	5,000.00 Cr		
Narration:				7,000.00	
				Accept ? Yes or No	

Figure 2.47 Journal Voucher

7. Press **Enter** to Save

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, 2009 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 **02/06/2009**
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. 90,000** accept the same.

Bill-wise Details for : Pheonix Agencies Upto: Rs. 90,000.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 2-6-2009)	Amount	Dr/ Cr
Advance	Adv – 001		90,000.00	Dr
			90,000.00	Dr

Figure 2.48 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** field 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

TDS Details					
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount
New Ref	Pymt / 3-1	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	90,000.00 Dr
	Income Tax	1 %	On	90,000.00 Cr	900.00 Cr
	Surcharge	0 %	On	900.00 Cr	
	Educa		On	900.00 Cr	
	Second		On	900.00 Cr	
	■ End of List				
	New Ref				
Total					90,000.00 Dr
					900.00 Cr

Figure 2.49 TDS Details Screen

8. Press **Enter** to accept the **TDS Details**
9. In the **Amount** field the **TDS amount (Rs. 900)** is displayed with negative sign
10. Enter **025687** in the **Narration** field.

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

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Payment	No. 3		2-Jun-2009 Tuesday
Account : Canara Bank Cur Bal: 44,10,900.00 Dr			
Particulars		Amount	
Pheonix Agencies Cur Bal: 1,53,000.00 Cr		90,000.00	
Advance Adv – 001	90,000.00 Dr		
TDS – Contractors Cur Bal: 2,900.00 Cr		(-)900.00	
Narration: Ch. No.: 025687			
			Accept ? Yes or No

Figure 2.50 Payment Voucher

11. Press **Enter** to Save

2. Adjusting Advance against the Bill

Example 11:

On 15th June, 2009 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 **15-06-2009**
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 **Phoenix 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	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	0 %	On				
	Secondary Education Cess	0 %	On				
New Ref	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	60,000.00 Cr	Yes	600.00 Cr
	Income Tax	1 %	On	60,000.00 Cr			59,400.00 Cr
	Surcharge	0 %	On	600.00 Cr			
	Education Cess	0 %	On	600.00 Cr			
	Secondary Education Cess	0 %	On	600.00 Cr			
Total					1,50,000.00 Cr		600.00 Cr
							1,49,400.00 Cr

Figure 2.51 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
 - In the amount field enter the balance Bill amount Rs. 60,000[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

Bill-wise Details for : Pheonix Agencies Upto: Rs. 1,49,400.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 15-6-2009)	Amount	Dr/ Cr
Agst Ref	Adv - 001		90,000.00	Cr
New Ref	Bill - 982		60,000.00	Cr
New Ref	Bill - 982		600.00	Dr
			1,49,400.00	Cr

Figure 2.52 Bill-wise Details Screen

9. Press **Enter** to accept Bill-wise Details.

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

Accounting Voucher Creation

Universal Infotech

Ctrl + M

Journal

No. 5

15-Jun-2009
Monday

Particulars	Debit	Credit
Dr Advertisement Expenses	1,50,000.00	
<i>Cur Bal: 8,50,000.00 Dr</i>		
Cr Phoenix Agencies		1,49,400.00
<i>Cur Bal: 3,02,400.00 Cr</i>		
Agst Ref Adv – 001	90,000.00 Cr	
New Ref Bill - 982	60,000.00 Cr	
New Ref Bill - 982	600.00 Dr	
Cr TDS – Contractors		600.00
<i>Cur Bal: 3,500.00 Cr</i>		
	1,50,000.00	1,50,000.00

Narration:

Accept ?

Yes or No

12. Press **Enter** to Save.

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, 2009 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.**

<u>Ledger Configuration</u>	
Allow ALIASES along with Names	? Yes
Allow Language ALIASES along with Names	? No
Allow ADVANCED entries in Masters	? Yes
Allow ADVANCED entries in TDS Master	? Yes
Add NOTES for Ledger Accounts	? No
Use ADDRESSES for Ledger Accounts	? Yes
Use CONTACT DETAILS for Ledger Accounts	? No

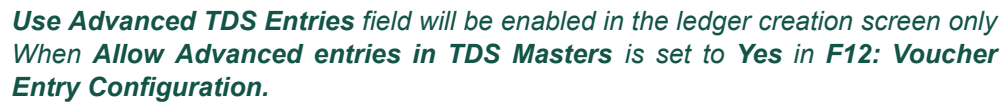
Figure 2.54 F12: Configure

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**

<u>Ledger Creation</u>		Universal Infotech	Ctrl
Name : ACE Computers			Total Op. Bal.
(alias) :			50,00,000.00 Dr
			<u>Difference</u>
			50,00,000.00 Dr
Under : Sundry Creditors (Current Liabilities)		Mailing Details	
Maintain balances bill-by-bill ? Yes		Name : ACE Computers	
Default Credit Period :		Address :	
Inventory values are affected ? No		State :	
		PIN Code :	
Statutory Information		Tax Information	
Is TDS Deductable ? Yes		PAN / IT No. :	
Deductee Type : Partnership Firm		(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)	
Use Advanced TDS Entries ? Yes		Sales Tax No. :	
Opening Balance (on 1-Apr-2009) :			

Figure 2.55 Ledger Creation – Enabling Advanced TDS Entries



Advanced TDS Entries		Universal Infotech		Ctrl + M	
Name : ACE Computers (alias) :		Total Op. Bal.			
		50,00,000.00 Dr			
		Difference			
		50,00,000.00 Dr			
Under : Sundry Creditors (Current Liabilities)		Mailing Details			
Name Address		: ACE Computers			
Maintain balances bill-by-bill ? Yes					
Default Credit Period :					
Inventory values are affected ? No					
<u>Statutory Information</u>					
Is TDS Deductable ? Y					
Deductee Type : P					
Use Advanced TDS Entries ? Y					
Advanced TDS Entries					
Ignore Surcharge Exemption Limit	? No				
Set Ignore Income Tax Exemption Limit	? No				
Set Zero / Lower Deduction	? No				
Deduct TDS in Same Voucher If applicable	? No				
<u>x Information</u>					
(Entry for eTDS, should be of 10 Characters)					
Opening Balance (on 1-Apr-2009) :					

In the **Advanced TDS Entries** screen

- 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

Zero / Lower Deduction Details Universal Infotech Ctrl + M

Name : ACE Computers
(alias)

Zero / Lower Deduction Details

Nature of Payment	Section Number	Certificate No. / Date	Applicable From	Applicable To	TDS

Opening Balance (on 1-Apr-2009) :

List of Nature Of Payment(s)

- Any Other Interest on Securities As Per Sec.193
- Commission on Sale of Lottery Tickets
- Commission Or Brokerage
- Deemed Dividend U/s 2(22)(E)
- Fees for Professional Or Technical Services
- Insurance Commission
- Interest on 8% Savings (Taxable) Bonds, 2003
- Interest on Securities
- Interest Other Than Interest on Securities
- Payment of Compensation on Acquisition of Immovable Property
- Payments in Respect of Deposits Under NSS
- Payments on Account of Re-Purchase of Units by ...
- Payments to Contractors (Other Than Advertisement)
- Payment to Contractors (Advertisement Contractors)
- Payment to Sub-Contractors
- Rent of Land, Building Or Furniture
- Rent of Plant, Machinery Or Equipment
- Winning From Horse Race
- Winning From Lotteries and Crossword Puzzles

Figure 2.57 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)/2009-10** 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 **12-05-2009** in **Applicable From** field
- **Applicable To:** In this field mention the date till when the certificate of Lower rate will remain in force.
Enter **31-3-2010** in **Applicable To** field
- **TDS:** In this field mention the **Rate of Income Tax**
Enter **5%** in the **TDS** field.

- In **Surcharge, Ed Cess and Sec Ed Cess** fields Zero will be defaulted automatically.

Zero / Lower Deduction Details									
Nature of Payment	Section Number	Certificate No. / Date	Applicable From	Applicable To	TDS	Surcharge	Ed Cess	Sec Ed Cess	
Commission Or Brokerage	197	ADT-17(1)/2009-10	12-5-2009	31-3-2010	5 %	0 %	0 %	0 %	

Figure 2.58 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

Deduct TDS in Same Voucher If applicable		Universal Infotech		Ctrl + M				
Name : ACE Computers (alias) :		List of Nature Of Payment(s)						
Under :		All Items Any Other Interest on Securities As Per Sec.193 Commission on Sale of Lottery Tickets Commission Or Brokerage Deemed Dividend U/s 2(22)(E) Fees for Professional Or Technical Services Insurance Commission Interest on 8% Savings (Taxable) Bonds, 2003 Interest on Securities Interest Other Than Interest on Securities Payment of Compensation on Acquisition of Immovable Property Payments in Respect of Deposits Under NSS Payments on Account of Re-Purchase of Units by ... Payments to Contractors (Other Than Advertisement) Payment to Contractors (Advertisement Contractors) Payment to Sub-Contractors Rent of Land, Building Or Furniture Rent of Plant, Machinery Or Equipment Winnings From Horse Race Winnings From Lotteries and Crossword Puzzles						
Maintain balances bill-by-bill ?		<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Nature of Payment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td></td> </tr> </tbody> </table>			Sl. No.	Nature of Payment	1	
Sl. No.	Nature of Payment							
1								
Default Credit Period ?								
Inventory values are affected ?								
Statutory								
Is TDS Deductible ?								
Deductee Type :								
Use Advanced TDS Entries ?								
Opening Balance (on 1-Apr-2009) :								

Figure 2.59 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

Ledger Creation		Universal Infotech		Ctrl
Name : ACE Computers				Total Op. Bal.
(alias) :				50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under : Sundry Creditors (Current Liabilities)		Mailing Details		
Maintain balances bill-by-bill : ? Yes		Name : ACE Computers		
Default Credit Period :		Address : # 34		
Inventory values are affected : ? No		G.R. Complex		
		Koramangala		
		Bangalore		
		State : Karnataka		
		PIN Code : 560078		
Statutory Information		Tax Information		
Is TDS Deductible : ? Yes		PAN / IT No. : AFSDC4571M		
Deductee Type : Partnership Firm		(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
Use Advanced TDS Entries : ? Yes		Sales Tax No. :		
Opening Balance (on 1-Apr-2009) :		Accept ?		
		Yes or No		

Figure 2.60 Completed Sundry Creditor Ledger Creation Screen

10. Press **Enter** to Save.

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 **25-06-2009**
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.



*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	4,000.00 Cr	76,000.00 Cr
	Income Tax	5 % On	80,000.00 Cr	4,000.00 Cr				
	Surcharge	0 % On	4,000.00 Cr					
	Education Cess	0 % On	4,000.00 Cr					
	Secondary Education Cess	0 % On	4,000.00 Cr					
Total					80,000.00 Cr		4,000.00 Cr	76,000.00 Cr

Figure 2.61 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

Bill-wise Details for : ACE Computers Upto: Rs. 76,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 25-6-2009)	Amount	Dr/ Cr
New Ref	Bill - 260		80,000.00	Cr
New Ref	Bill - 260		4,000.00	Dr
(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')				
			76,000.00	Cr

Figure 2.62 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. 4,000** (80,000 – 76,000) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal No. 6				25-Jun-2009 Thursday
Particulars		Debit	Credit	
Dr Commission Expenses		80,000.00		
<i>Cur Bal: 1,95,000.00 Dr</i>				
Cr ACE Computers			76,000.00	
<i>Cur Bal: 76,000.00 Cr</i>				
New Ref Bill - 260	80,000.00 Cr			
New Ref Bill - 260	4,000.00 Dr			
Cr TDS - Commission Or Brokerage			4,000.00	
<i>Cur Bal: 15,500.00 Cr</i>				
Narration:		80,000.00	80,000.00	
				Accept ? Yes or No

Figure 2.63 Journal Voucher

12. Press **Enter** to Save

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, 2009 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 Appli- cable	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 bal- ances bill-by-bill	Is TDS Deductable	Deductee Type
Gokul Co-operative Building Society	Sundry Creditors	Yes	Yes	Co-Operative Society

To 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 Deductible** 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

- Enable **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)/2009-10** in **certificate No./ Date** field.
- Enter **01-06- 2009** in **Applicable From** field
- Enter **31-12-2010** in **Applicable To** field
- **TDS, Surcharge, Ed Cess and Sec Ed Cess** fields will be defaulted to **0%**.

Zero / Lower Deduction Details								
Nature of Payment	Section Number	Certificate No. / Date	Applicable From	Applicable To	TDS	Surcharge	Ed Cess	Sec Ed Cess
Rent of Land, Building Or Furniture	197A	ADIT-2(5)/2009-10	1-6-2009	31-12-2010	0 %	0 %	0 %	0 %

Figure 2.64 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

Ledger Creation		Universal Infotech		Ctrl
Name	: Gokul Co-Operative Building Society			Total Op. Bal.
(alias)	:			50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under		Mailing Details		
: Sundry Creditors		Name : Gokul Co-Operative Building Society		
(Current Liabilities)		Address : # 10		
		Gokul Complex		
		Vijayanagar		
		Mysore		
		State : Karnataka		
		PIN Code : 570004		
Maintain balances bill-by-bill ? Yes		Tax Information		
Default Credit Period :		PAN / IT No. : ABDFS0047C		
Inventory values are affected ? No		(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
		Sales Tax No. :		
Statutory Information				
Is TDS Deductible ? Yes				
Deductee Type : Co-Operative Society				
Use Advanced TDS Entries ? Yes				
Opening Balance (on 1-Apr-2009) :				Accept ?
				Yes or No

Figure 2.65 Completed Sundry Creditor Ledger Creation Screen

10. Press **Enter** to Save.

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 **30-06-2009**
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**.
6. 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

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 / 7-1	Rent of Land, Building Or Furniture	197A		10,00,000.00 Cr	No		10,00,000.00 Cr
	Income Tax	0 % On			10,00,000.00 Cr			
	Surcharge	0 % On						
	Education Cess	0 % On						
	Secondary Education Cess	0 % On						
Total					10,00,000.00 Cr			10,00,000.00 Cr

Figure 2.66 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

7. **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.
8. 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

Bill-wise Details for : Gokul Co-Operative Building Society Upto: Rs. 10,00,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 30-6-2009)	Amount	Dr/ Cr
New Ref	Bill - 452		10,00,000.00	Cr
			10,00,000.00	Cr

Figure 2.67 Bill-wise Details Screen

9. Press **Enter** to accept Bill-wise Details.

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

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

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal No. 7		30-Jun-2009 Tuesday		
Particulars	Debit	Credit		
Dr Rent Expenses	10,00,000.00			
<i>Cur Bal: 10,00,000.00 Dr</i>				
Cr Gokul Co-Operative Building Society		10,00,000.00		
<i>Cur Bal: 10,00,000.00 Cr</i>				
New Ref Bill - 452	10,00,000.00	Cr		
Narration:		10,00,000.00	10,00,000.00	
		Accept ? Yes or No		

Figure 2.68 Journal Voucher

11. Press **Enter** to Save.

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 Expenses and TDS

1. Accounting Expenses

Example 14:

On 18th July, 2009 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 **18-07-2009**
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 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.

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 - 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. 800** (80,000 – 79,200) is displayed automatically in the amount field.
11. Enter transaction details in the **Narration** field.

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal	No. 8			18-Jul-2009 Saturday
Particulars	Debit	Credit		
Dr Advertisement Expenses Cur Bal: 9,30,000.00 Dr	80,000.00			
Cr Phoenix Agencies Cur Bal: 3,81,600.00 Cr		79,200.00		
New Ref Bill - 631	80,000.00 Cr			
New Ref Bill - 631	800.00 Dr			
Cr TDS – Contractors Cur Bal: 4,300.00 Cr		800.00		
Narration:		80,000.00	80,000.00	
				Accept ? Yes or No

Figure 2.69 Completed Journal Voucher

12. Press **Enter** to Save

2. Reversal of expenses and TDS

Example 15:

On 25th July, 2009 Pheonix agencies cancelled the transaction dated 18th July, 2009 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 Invoice mode for Debit Notes** to **Yes**

Company: <u>Universal Infotech</u>			
<u>Accounting Features</u>			
<u>General</u>		<u>Invoicing</u>	
Integrate Accounts and Inventory	? Yes	Allow Invoicing	? Yes
Income/Expense Statement instead of P & L	? No	Enter Purchases in Invoice Format	? Yes
Allow Multi-Currency	? No	Use Debit/Credit Notes	? Yes
<u>Outstandings Management</u>		Use Invoice mode for Credit Notes	? No
Maintain Bill-wise Details (for Non-Trading A/cs also)	? No	Use Invoice mode for Debit Notes	? Yes
Activate Interest Calculation (use advanced parameters)	? No	<u>Budgets & Scenario Management</u>	
<u>Cost/Profit Centres Management</u>		Maintain Budgets and Controls	? No
Maintain Payroll	? No	Use Reversing Journals & Optional Vouchers	? No
Maintain Cost Centres	? No	<u>Other Features</u>	
Use Cost Centre for Job Costing	? No	Enable Cheque Printing	? No
More than ONE Payroll / Cost Category	? No	Set/Alter Cheque Printing Configuration	? No
Use Pre-defined Cost Centre Allocations during Entry	? No	Allow Zero valued entries	? No
			Accept ?
F1: Accounts F2: Inventory F3: Statutory F5: Audit			Yes or No

Figure 2.70 F11:Features — Accounting Features

Record the transaction in Debit Note (Accounting Invoice Mode)

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

1. Press **Alt + I** for **Account Invoice mode**
2. Press **F2** and change the date to **25-07-2009**
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 the transaction. From Tax Details select the **Tax Reference Number** against which the TDS to be reversed.
Select **Jurl /8-1** 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.

TDS Details						
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount	TDS Amount
Agst Ref	Jrnl / 8-1	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	80,000.00 Dr	800.00 Dr
	Income Tax	1 %	On 80,000.00 Cr	800.00 Dr		
	Surcharge	0 %	On 800.00 Cr			
	Educ	Against Reference		800.00 Cr		
	Sec			800.00 Cr		
	End of List					
	Agst Ref					
Total					80,000.00 Dr	800.00 Dr

Figure 2.71 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

Bill-wise Details for : Pheonix Agencies Upto: Rs. 79,200.00 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 25-7-2009)	Amount	Dr/ Cr
Agst Ref	Bill - 631		79,200.00	Dr
			79,200.00	Dr

Figure 2.72 Bill-wise Details

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

The completed Debit Note is displayed as shown

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Debit Note No. 1		25-Jul-2009 Saturday	
Ref. :			
Party's A/c Name : Pheonix Agencies			
Current Balance : 3,81,600.00 Cr			
Particulars	Rate	per	Amount
Advertisement Expenses			80,000.00
TDS – Contractors			(-800.00)
Narration:			
			Accept ? Yes or No

Figure 2.73 Debit Note

13. Press **Enter** to Save

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).



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 (DTAA)

For the services provided under section 195 to Non Residents (NRIs) of a country with which India has Double Taxation Avoidance Agreement, TDS will be deducted at a flat rate without surcharge and education cess. TDS as per DTAA can be accounted in Tally.ERP 9.

Example 16:

On 26th July, 2009 Universal Infotech paid Royalty of Rs. 15,00,000 to Alexon Group.

paid royalty of Rs.15,00,000 to Alexon Group

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
Royalty Expenses	Indirect Expenses	Yes	Royalty(F) Agreement Is Made on Or After June 1, 2005
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	Royalty(F) Agreement Is Made on Or After June 1, 2005	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
Alexon Group	Sundry Creditors	Yes	Yes	Company – Non Resident

To Create Party ledger

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

1. Type **Alexon Group** 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 **Company – Non Resident** from the **List of Deductee Types**
7. Set **Use Advanced TDS Entries** to **Yes**
8. In the **Advanced TDS Entries** screen
 - ❑ Enable the option **Set Zero/Lower Deduction/ DTAA** to **Yes** to view Zero/Lower Deduction details screen
 - ❑ In the **Zero/Lower Deduction** details screen
 - select **Royalty(F) Agreement Is Made on Or After June 1, 2005**
 - In **Section Number** field select the option **DTAA**
 - In the **Certificate No./Date** enter the certificate number
 - In the **Applicable From** and **To** filed enter the period of applicability
 - In the **TDS** field **10%** will be defaulted automatically.
 - **Surcharge**, **Education Cess** and **Secondary Education Cess** fields will be set to **0%**

Zero / Lower Deduction Details								
Nature of Payment	Section Number	Certificate No. / Date	Applicable From	Applicable To	TDS	Surcharge	Ed Cess	Sec Ed Cess
Royalty(F) Agreement Is Made on Or After June 1, 2005	DTAA	UIG/09-10	1-4-2009	31-3-2010	10 %	0 %	0 %	0 %

Figure 2.74 Deduction as per DTAA

9. Enter **Address**, **State** and **PIN Code** under **Mailing Details**
10. Under **Tax Information**, **PAN /IT No.** is **not mandatory** as party is a non-resident.

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

Ledger Creation		Universal Infotech	Ctrl
Name	: Alexon Group		Total Op. Bal.
(alias)	:		50,00,000.00 Dr
			Difference
			50,00,000.00 Dr
Under	: Sundry Creditors (Current Liabilities)	Name	: Alexon Group
Maintain balances bill-by-bill	? Yes	Address	: Millbrea Alloway Ary UK
Default Credit Period	:	State	:
Inventory values are affected	? No	PIN Code	:
	Statutory Information		Tax Information
Is TDS Deductable	? Yes	PAN / IT No.	:
Deductee Type	: Company - Non Resident	(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)	
Use Advanced TDS Entries	? Yes	Sales Tax No.	:
Opening Balance (on 1-Apr-2009) :		Accept ?	
		Yes or No	

Figure 2.75 Ledger Creation Screen

11. Press **Enter** to Save

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 **26-07-2009**
2. Select **Royalty 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 **Alexon Group** in the **Credit** field and press **Enter**.
6. In the **TDS Details** screen enter the following details
 - In **Type of Ref** select **New Ref**
 - In the **Name** field accept the default TDS reference number – **Jrnl / 9-1**
 - In **Nature of Payment** field select **Royalty(F) Agreement Is Made on Or After June 1, 2005** 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	Is Zero/Lower Rate	TDS Duty Ledger	Assessable Amount	Deduct now	TDS Amount	Payable Amount
New Ref	Jrnl / 9-1	Royalty(F) Agreement Is Made on Or After June 1, 2005 I Not Applicable		TDS – Payments to Non-Residents	15,00,000.00 Cr	Yes	1,50,000.00 Cr	13,50,000.00 Cr
	Income Tax	10 % On	15,00,000.00 Cr	1,50,000.00 Cr				
	Surcharge	0 % On	1,50,000.00 Cr					
	Education Cess	0 % On	1,50,000.00 Cr					
	Secondary Education Cess	0 % On	1,50,000.00 Cr					
Total					15,00,000.00 Cr		1,50,000.00 Cr	13,50,000.00 Cr

Figure 2.76 TDS Details

- Press **Enter** to accept the TDS Details
- 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.
- In **Bill-wise Details** screen,
 - Select **New Ref** as the **Type of Ref**
 - In the **Name** field enter the Bill name as **AG/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 **AG/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.

Bill-wise Details for : Alexon Group Upto: Rs. 13,50,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 26-7-2009)	Amount	Dr/ Cr
New Ref	AG:01457		15,00,000.00	Cr
New Ref	AG:01457		1,50,000.00	Dr
			13,50,000.00	Cr

(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')

Figure 2.77 Bill-wise Details Screen

10. Press **Enter** to accept Bill-wise Details.

11. In the **Credit** field select the duty ledger **TDS – Payment to Non-Residents** from the List of Ledger Accounts and **Rs. 1,50,000** (15,00,000 – 13,50,000) is displayed automatically in the amount field.

The completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal	No. 12			26-Jul-2009 Sunday
Particulars	Debit	Credit		
Dr Royalty Expenses Cur Bal: 15,00,000.00 Dr	15,00,000.00			
Cr Alexon Group Cur Bal: 13,50,000.00 Cr		13,50,000.00		
New Ref AG:01457	15,00,000.00 Cr			
New Ref AG:01457	1,50,000.00 Dr			
Cr TDS – Payments to Non-Residents Cur Bal: 1,50,000.00 Cr		1,50,000.00		
Narration:		15,00,000.00	15,00,000.00	
		Accept ? Yes or No		

Figure 2.78 Completed Journal Voucher

12. Press **Enter** to Save.

2.8 TDS on Interest Payments

As per Section 194A of the Indian Income Tax Act TDS to be deducted on the any payment made as interest towards:

1. Loan taken from Parties
2. Overdue Payments

2.8.1 TDS on Interest Paid on Loans Taken

Example 17:

On 1st August, 2009 Universal Infotech took a loan of Rs. 18,00,000 from Smart Agencies @ 18% p.a for a period of 1 year on a condition that the Interest to be paid monthly after deducting TDS on Interest.

On 1st September, 2009 Interest of Rs. 24,765.81 (after deducting TDS) paid for the month of September.

To account the above transaction follow the steps given below

Set Up:

In **F11: Features (Accounting Features)**

- ☐ Set **Activate Interest Calculation** to **Yes**
- ☐ Enable **use advanced parameters** to **Yes**

1. Create Masters

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

2. Record a Receipt Voucher (to account the receipt of loan amount)

3. Create Voucher Class for Credit Note

4. Record a Credit Note (to account interest on loan)

5. Record a Journal Voucher (to deduct TDS)

6. Record a Payment Voucher (payment of interest)

1. Create Masters

i. Expense Ledger

Ledger	Under	IS TDS Applicable	Default Nature of Payment
Interest Payable	Indirect Expenses	Yes	Interest Other Than Interest on Securities
Set Inventory values are affected to No			

ii. Tax Ledger

Ledger	Under	Type of Duty/ Tax	Nature of Payment
TDS–Interest	Duties & Taxes	TDS	Interest Other Than Interest on Securities
Set Inventory values are affected to No			

As per the given information, create the above ledgers.

iii. Party Ledger

Ledger	Under	IS TDS Applicable	Deductee Type
Smart Agencies	Sundry Creditors	Yes	Company - Resident
Set Activate Interest Calculation to Yes			

To create the party ledger

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

- ❑ In the **Name** field enter the Ledger Name e.g. **Smart Agencies**
- ❑ In the **Under** field select **Sundry Creditors** group
- ❑ Set **Maintain balances bill-by-bill** to **Yes**. Enter the **Default Credit Period**, if any
- ❑ Set **Activate Interest Calculation** to **Yes**
- ❑ In the Interest Parameters screen ensure the options selected are as shown

Interest Parameters	
Calculate Interest Transaction-by-Transaction	? Yes
Override Parameters for each Transaction	? Yes
Override advanced parameters	? Yes
Rate : 18 % per 365-Day Year	on Credit Balances Only
Applicability : Always	Calculate From : Due Date of Invoice/Ref
Rounding : # Not Applicable	
Rate : ██ % per	on

Figure 2.79 Interest Parameters screen

- ❑ Set the option **Is TDS Deductible** to **Yes**
- ❑ In the **Deductee Type** screen select **Company – Resident** from the List of Deductee Types

- Enter the **Mailing Details** and **Tax Information**.

Ledger Creation		Universal Infotech	Ctrl
Name	: Smart Agencies		Total Op. Bal.
(alias)	:		50,00,000.00 Dr
			Difference
			50,00,000.00 Dr
Under		Mailing Details	
: Sundry Creditors		Name : Smart Agencies	
(Current Liabilities)		Address : # 56	
Maintain balances bill-by-bill	? Yes	Vijayanagar	
Default Credit Period	:	Bangalore	
Inventory values are affected	? No	State : Karnataka	
Activate Interest Calculation	? Yes	PIN Code : 560044	
Statutory Information		Tax Information	
Is TDS Deductible	? Yes	PAN / IT No. : ACCPL4510L	
Deductee Type	: Company - Resident	(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)	
		Sales Tax No. :	
			Accept ?
Opening Balance (on 1-Apr-2009) :			Yes or No

Figure 2.80 Party Ledger Creation screen

- Press **Enter** to save.

2. Record a Receipt Voucher (to account the receipt of loan amount)

Go to **Gateway of Tally > Accounting Vouchers > F6: Receipt**

1. Press **F2** and change the date to **01-8-2009**
2. In **Credit** field select **Smart Agencies** from the List of Ledger Accounts
3. Enter **18,00,000** in the **Amount** field.
4. In the **Bill-wise Details** screen
 - In the **Type of Ref** field select **New Ref**
 - In the **Name** field enter the **Loan -001**
 - In the **Amount** field the loan amount is defaulted automatically.
 - In the **Interest Parameters** screen ensure the settings are as shown

Interest Parameters				Universal Infotech		Ctrl + M	
Receipt		No. 1				1-Aug-2009 Saturday	
Particulars				Debit	Credit		
Bill-wise Details for : Smart Agencies Upto: Rs. 18,00,000.00 Cr					18,00,000.00		
Type of Ref	Name	Due Date, or Credit Days (wef. 1-8-2009)	Amount	Dr/ Cr			
New Ref	Loan -001		18,00,000.00	Cr			
Interest Parameters Rate : 18 % per 365-Day Year on Credit Balances Only Applicability : Always From : Due Date of Invoice/Ref Date: 1-Aug-2009 To: Rounding : # Not Applicable Rate : 0 % per on							
					18,00,000.00		

Figure 2.81 Interest Parameters

5. In the **Debit** field select **Canara Bank**

The completed Receipt Voucher is displayed as shown.

Accounting Voucher Creation		Universal Infotech		Ctrl + M	
Receipt		No. 1		1-Aug-2009 Saturday	
Particulars		Debit	Credit		
Cr Smart Agencies Cur Bal: 18,00,000.00 Cr			18,00,000.00		
New Ref Loan -001		18,00,000.00	Cr		
Dr Canara Bank Cur Bal: 62,10,900.00 Dr		18,00,000.00			
Narration:		18,00,000.00	18,00,000.00		
Ch. No.:					
				Accept ? Yes or No	

Figure 2.82 Receipt Voucher

6. Press **Enter** to Save.

3. Create Voucher Class for Credit Note

Go to **Gateway of Tally > Accounts Info. > Voucher Types > Alter > Select Credit Note**

- ❑ In the **Voucher Type Alteration** screen tab down to **Name of Class** field
- ❑ Enter **Interest** in the **Name of Class** field and press enter to view the Voucher Type Class screen
- ❑ In the **Voucher Type Class** screen
 - Set **Use Class for Interest Accounting** to **Yes**

Voucher Type Class		Universal Infotech		Ctrl + M			
Name : Credit Note (alias) :		Class : Interest		Name of Class Interest			
		Use Class for Interest Accounting ? Yes					
		Amounts to be treated as Compound Interest ? No					
		If you wish to restrict the groups to which this class can be used, specify them here.					
		Exclude these Groups					
		Include these Groups					
Type of Voucher : Ca Abbr. : CA							
Method of Voucher Numbering : Use Advance Configuration							
Use EFFECTIVE Dates for V Make 'Optional' as default Use Common Narration Narrations for each entry							
		Default Accounting Allocations for each Item in Invoice					
		Ledger Name	Percentage %	Rounding Method	Rounding Limit	Override using Item Default ?	
		Additional Accounting Entries (e.g. Taxes / Other charges) to be added in Invoice					
		Ledger Name	Type of Calculation	Value Basis	Rounding Method	Rounding Limit	Remove if Zero ?

Figure 2.83 Voucher Type Class screen

- ❑ Press enter to save the **Voucher Type Class** screen and **Voucher Type Alteration**.

- In the **Nature of Payment** field select **Interest other than Interest on Securities**
- In the **TDS Duty Ledger** field select **TDS – Interest** from the TDS Duty Ledgers list

TDS Details				
Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount
New Ref	CNote / 1-1	Interest Other Than Interest on Securities	TDS-Interest	27,517.81 Cr
	Income Tax	0 %	27,517.81 Cr	
	Surcharge	0 %		
	Education Cess	0 %		
	Secondary Education Cess	0 %		
Total				27,517.81 Cr

Figure 2.85 TDS Details screen

The completed **Credit Note** Voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Credit Note	No. 1	Voucher Class : Interest		1-Sep-2009 Tuesday
Ref. :				
Particulars	Debit	Credit		
Cr Smart Agencies		27,517.81		
Cur Bal: 18,27,517.81 Cr				
New Ref: CN/001	27,517.81 Cr			
Dr Interest Payable		27,517.81		
Cur Bal: 27,517.81 Dr				
Narration:		27,517.81	27,517.81	
				Accept ? Yes or No

Figure 2.86 Credit Note Voucher

10. Press **Enter** to save.

5. Record a Journal Voucher (to deduct TDS)

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

1. Press **F2** and change the date to **1-9-2009**
2. Press **Alt + S** or **S: TDS Deduction** to view TDS Deductions screen
3. In the **TDS Deductions** screen
 - In the **Till Date** field **1-Sep-2009** will be defaulted
 - In **Party** field select **Smart Agencies** form the List of Ledgers
 - In **Nature of Payment** field select **Interest Other Than Interest on Securities**
4. Accept the **TDS Deductions** to auto-fill the **TDS amount** with the respective bill details
5. In the **Bill-wise Details** screen, select the bills as shown
 - In the **Type of Ref** field select **Agst Ref**
 - In the **Name** field select **CN/001** dated 1-Sep-2009
 - Accept the default **Amount** allocation
6. Enter **Narration**, if required.

Accounting Voucher Creation		Universal Infotech		Ctrl + M	
Journal No. 10				1-Sep-2009 Tuesday	
Account : Smart Agencies Cur Bal: 18,24,765.81 Cr					
Particulars				Amount	
TDS-Interest				2,752.00	
Cur Bal: 2,752.00 Dr					
Agst Ref CNote / 1-1 2,752.00 Cr					
Income Tax	10 %	On	27,517.81 Cr	2,752.00 Cr	
Surcharge	0 %	On	2,752.00 Cr		
Education Cess	0 %	On	2,752.00 Cr		
Secondary Education Cess	0 %	On	2,752.00 Cr		
Narration:					
				2,752.00	
				Accept ?	
				Yes or No	

Figure 2.87 Journal Voucher

7. Press **Enter** to save.

6. Record a Payment Voucher (payment of interest)

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

1. Press **F2** and change the date to **1-9-2009**
2. In the **Account** field select **Canara Bank**
3. Under **Particulars** select **Smart Agencies**
4. Enter **Rs. 24,765.81** in the **Amount** field
5. In the **Bill-wise Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In the **Name** field select **CN/001**
 - In the **Amount** field accept the default bill allocation
6. Enter **Narration**, if required

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Payment	No. 4		1-Sep-2009 Tuesday
Account : Canara Bank Cur Bal: 61,86,134.19 Dr			
Particulars			Amount
Smart Agencies			24,765.81
Cur Bal: 18,00,000.00 Cr			
Agst Ref CN/001	24,765.81 Dr		
Narration:			
Ch. No. :			
			24,765.81
			Accept ?
			Yes or No

Figure 2.88 Payment Voucher – Interest Paid

7. Press **Enter** to save.

2.8.2 TDS on Interest Paid Towards Overdue Payments

Example 18:

On 2nd August, 2009 Universal Infotech received bill (No- 1025) from Pheonix Agencies for Rs. 5,00,000 towards Advertising services with a credit period of 20days from the date of receipt of bill. In case of delay in payment of bill interest @ 12% to be paid on the pending amount.

On 25th October, 2009 Interest of Rs. 9373.34 (after deducting TDS) paid along with the bill amount of Rs. 4,95,000

To account the above transaction follow the steps given below

1. Alter Master
2. Record the transaction in Journal Voucher (to book the expenses)
3. Record a Credit Note (to accounting interest on over due payment)
4. Record a Journal Voucher (to deduct TDS)
5. Record a Payment Voucher (payment of bill amount with interest)

1. Alter Masters

Go to **Gateway of Tally > Accounts Info. > Ledgers > Alter > Select Pheonix Agencies**

In the **Ledger Alteration** screen

- Set the option **Activate Interest Calculation** to **Yes** to view **Interest Parameters** screen
- In the **Interest Parameters** screen set the options as shown below

Interest Parameters	
Calculate Interest Transaction-by-Transaction	? Yes
Override Parameters for each Transaction	? Yes
Override advanced parameters	? Yes
Rate : 12 % per 365-Day Year	on Credit Balances Only
Applicability : Always	Calculate From : Due Date of Invoice/Ref
Rounding : # Not Applicable	
Rate : . % per	on

Figure 2.89 Interest Parameters screen

- Press **Enter** to save the Ledger alteration.

2. Record the transaction in Journal Voucher (to book the expenses)

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

1. Press **F2** and change the date to **2-8-2009**
2. In **Debit** field select **Advertisement Expenses** from the List of Ledger Accounts
3. Enter **5,00,000** in the **Amount** field.
4. In the **TDS Nature of Payment Details** accept the default allocation
5. In the **Credit** field select **Phoenix Agencies** and press enter to view TDS Details screen
6. In the **TDS Details** screen
 - ❑ In **Type of Ref** field select **New Ref**
 - ❑ In **Name** field Tally.ERP 9 displays the reference number e.g. **Jurl /10-1**
 - ❑ In **Nature of Payment** field select **Payment to Contractors (Advertisements Contracts)** from the List of Nature of Payments.
 - ❑ In the **TDS Duty Ledger** field select **TDS – Contractors**
 - ❑ Set **Deduct Now** field to **Yes** to deduct TDS

TDS Details							
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount	Deduct now	TDS Payable Amount
New Ref	Jurl / 10-1	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	5,00,000.00 Cr	Yes	5,000.00 Cr 4,95,000.00 Cr
	Income Tax	1 %	On 5,00,000.00 Cr	5,000.00 Cr			
	Surcharge	0 %	On 5,000.00 Cr				
	Education Cess	0 %	On 5,000.00 Cr				
	Secondary Education Cess	0 %	On 5,000.00 Cr				
Total					5,00,000.00 Cr		5,000.00 Cr 4,95,000.00 Cr

Figure 2.90 Tax Details screen

7. Press **Enter** to accept the **TDS Details**.
8. **Payable Amount** as calculated in the **TDS Details** screen will be defaulted in the **Party's Amount (Credit)** field.
9. In **Bill-wise Details** screen
 - ❑ Select **New Ref** as the **Type of Ref**
 - ❑ In the **Name** field enter the Bill name as **Bill - 1025**

- ❑ In the **Due Date or Credit Days** field enter the **20 days** as the credit days
- ❑ 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** to view **Interest Parameters** screen

In the Interest Parameters screen ensure the options selected are as shown

Interest Parameters					Universal Infotech		Ctrl + M	
Journal		No. 10		2-Aug-2009 Sunday				
Particulars				Debit		Credit		
Bill-wise Details for : Pheonix Agencies Upto: Rs. 4,95,000.00 Cr				5,00,000.00		4,95,000.00		
Type of Ref	Name	Due Date, or Credit Days (wef: 2-8-2009)	Amount	Dr/ Cr				
New Ref	Bill - 1025	20 Days (22-Aug-2009)	5,00,000.00	Cr				
Interest Parameters Rate : 12 % per 365-Day Year on Credit Balances Only Applicability : Always From: Due Date of Invoice/Ref Date: 22-Aug-2009 To: Rounding : # Not Applicable								
				5,00,000.00		4,95,000.00		

Figure 2.91 Interest Parameters screen

- ❑ Select **New Ref** as the **Type of Ref**
- ❑ In the **Name** field enter the Bill name as **Bill - 1025**
- ❑ Skip **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

Bill-wise Details for : Pheonix Agencies Upto: Rs. 4,95,000.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef. 2-8-2009)	Amount	Dr/ Cr
New Ref	Bill - 1025	20 Days (22-Aug-2009)	5,00,000.00	Cr
New Ref	Bill - 1025		5,000.00	Dr
			4,95,000.00 Cr	

(Note: 'Breaking of above bills helps to identify the original bill amount in the outstanding statement')

Figure 2.92 Bill-wise Details screen

- In the Interest Parameters screen mention the rate of interest as **0%** in **Rate** filed, as Interest is not applicable on TDS.

10. In the **Credit** field select **TDS - Contractors**, tax amount of **Rs. 5000** (5,00,000 - 4,95,000) will be displayed automatically.

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Journal	No. 10		2-Aug-2009 Sunday
Particulars	Debit	Credit	
Dr Advertisement Expenses Cur Bal: 13,50,000.00 Dr	5,00,000.00		
Cr Pheonix Agencies Cur Bal: 7,97,400.00 Cr		4,95,000.00	
New Ref Bill - 1025 20 Days 5,00,000.00 Cr (22-Aug-2009)			
New Ref Bill - 1025 5,000.00 Dr			
Cr TDS - Contractors Cur Bal: 8,500.00 Cr		5,000.00	
Narration:	5,00,000.00	5,00,000.00	
			Accept ? Yes or No

Figure 2.93 Journal Voucher

11. Press **enter** to save.

Account the interest amount by recording a **Credit Note** Voucher.

1. In the **Change Voucher Type** screen, in the **Class** field select **Interest** from the **Voucher Class List**
2. Press **F2** and change the date to **25-10-2009**
3. In the **Credit** field select **Pheonix Agencies** from the List of Ledgers to view the Interest Details screen
4. In the **Interest Details** screen select **Bill – 1025** from the List of Interest Bills

Figure 2.94 Interest Details screen

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9. In the **TDS Details** screen

- In **Type of Ref** field select **New Ref** as the Method of Adjustment
- In the **Name** field **CNote /2-1** will be defaulted as the Reference Number
- In the **Nature of Payment** field select **Interest other than Interest on Securities**
- In the **TDS Duty Ledger** field select **TDS-Interest** from the TDS Duty Ledgers list

10. Enter **Narration**, if required

Completed **Credit Note** voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Credit Note	No. 2	Voucher Class : Interest		25-Oct-2009 Sunday
Ref. :				
Particulars	Debit	Credit		
Cr Pheonix Agencies Cur Bal: 8,07,815.34 Cr		10,415.34		
New Ref CN/002	10,415.34 Cr			
Dr Interest Payable Cur Bal: 37,933.15 Dr	10,415.34			
Narration:		10,415.34	10,415.34	
				Accept ? Yes or No

Figure 2.95 Credit Note

11. Press **Enter** to save.

4. Record a Journal Voucher (to deduct TDS)

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

1. Press **Alt + S** or **S**: **TDS Deduction** to view TDS Deductions screen
2. In the **TDS Deductions** screen
 - In the **Till Date** field **25-Oct-2009** will be defaulted
 - In **Party** field select **Pheonix Agencies** form the List of Ledgers
 - In **Nature of Payment** field select **Interest Other Than Interest on Securities**
 - Accept the **TDS Deductions** screen to auto-fill the TDS amount with the respective bill details
3. In the **Bill-wise Details** screen
 - In the **Type of Ref** field select **Agst Ref**

- In Name field select bill - **CN/002**
- **Amount** will be defaulted automatically.

Bill-wise Details for : Phoenix Agencies Upto: Rs. 1,042.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 25-10-2009)	Amount	Dr/ Cr
Agst Ref	CN/002		1,042.00	Dr
			1,042.00	Dr

Figure 2.96 Bill-wise Details screen

4. Enter **Narration**, if any.

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal	No. 12			25-Oct-2009 Sunday
Account : Phoenix Agencies Cur Bal: 8,06,773.34 Cr				
Particulars				Amount
TDS-Interest				1,042.00
Cur Bal: 1,710.00 Cr				
Agst Ref CNote / 2-1	1,042.00 Cr			
Income Tax 10 % On 10,415.34 Cr	1,042.00 Cr			
Surcharge 0 % On 1,042.00 Cr				
Education Cess 0 % On 1,042.00 Cr				
Secondary Education Cess 0 % On 1,042.00 Cr				
Narration:				1,042.00
				Accept ? Yes or No

Figure 2.97 TDS Deduction-Journal Voucher

5. Press **Enter** to save.

5. Record a Payment Voucher (payment of bill amount with interest)

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

1. Press **F2** and change the date to **25-10-2009**
2. In the **Account** field select **Canara Bank**
3. Under **Particulars** select **Pheonix Agencies**
4. Enter **Rs. 504373.34** [495000 + 9373.34 (10415.34 - 1042)] in the **Amount** field

In the **Bill-wise Details** screen select the bills as shown below

Bill-wise Details for : Pheonix Agencies Upto: Rs. 5,04,373.34 Dr				
Type of Ref	Name	Due Date, or Credit Days (wef: 25-10-2009)	Amount	Dr/ Cr
Agst Ref	Bill - 1025	20 Days (22-Aug-2009)	4,95,000.00	Dr
Agst Ref	CN/002		9,373.34	Dr
			5,04,373.34	Dr

Figure 2.98 Bill-wise Details screen

5. Enter **Narration**, if required

Accounting Voucher Creation

Universal Infotech

Ctrl + M

Payment

No. 5

25-Oct-2009
Sunday

Account : Canara Bank

Cur Bal: 56,81,760.85 Dr

Particulars	Amount
Phoenix Agencies	5,04,373.34
Cur Bal: 3,02,400.00 Cr	
Agst Ref Bill - 1025 20 Days 4,95,000.00 Dr	
(22-Aug-2009)	
Agst Ref CN/002 9,373.34 Dr	

Narration:

Ch. No. :456789

5,04,373.34

Accept ?

Yes or No

6. Press **Enter** to save.

2.9 TDS on Expenses with Inventory

TDS on Expenses with the inventory details can be accounted in **Purchase Voucher** (in Item Invoice mode) and **Journal Voucher**.

Example 19:

On 4-8-2009 universal Infotech received the bill for Rs. 52000 (for the supply of 1000 cartons @ 50 per carton and VAT @ 4%) from AK Manufacturers. Cartons are printed with the company logo and other information as required on which (including the VAT amount) TDS is applicable.

To account the above transaction follow the steps given below

1. Create Stock Item
- 2 Create Masters
 - i. Party Ledger
 - ii. Purchase Ledger
 - iii. VAT Duty Ledger
 - iv. TDS Duty Ledger
3. Record a Purchase Voucher to account the Expenses with Inventory and Deduct TDS.

1. Create Stock Item

Stock Item	Under	Units
Cartons	Primary	Nos

2. Create Masters

i. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
AK Manufacturers	Sundry Creditors	Yes	Yes	Company-Resident
In Mailing Details: Address: No-4/B, 21st Main, J.P.Nagar, Bangalore. State: karnataka PIN Code: 560063 In Tax Information: PAN / IT No.: APPLR4586H				

ii. Purchase Ledger

Ledger	Under	Used in VAT Returns	VAT/Tax Class	Is TDS Deductible	Default TDS Nature of Payment
Purchase @ 4%	Purchase Accounts	Yes	Purchases @ 4%	Yes	Payment to Contractors (Other Than Advertisement)
Set Inventory values are affected to Yes					

Set Up:

In F11: Features > F3: Statutory & Taxation

- ❑ Set the option **Enable Value Added Tax (VAT)** to **Yes**
- ❑ Enable **Set/Alter VAT Details** to **Yes**

The completed Purchase Ledger is displayed as shown

Ledger Creation		Universal Infotech		Ctrl
Name	: Purchase @ 4%			Total Op. Bal.
(alias)	:			50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under : Purchase Accounts		Mailing Details		
Inventory values are affected ? Yes		Name :		
Activate Interest Calculation ? No		Address :		
		State :		
		PIN Code :		
Statutory Information		Tax Information		
Used In VAT Returns	? Yes	PAN / IT No. :		
Is TDS Applicable	? Yes	(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
Default Nature Of Payment	: Payments to Contractors (Other Than Advertisement)			
Use for Assessable Value Calculation	? No			
Opening Balance (on 1-Apr-2009) :				Accept ?
				Yes or No

Figure 2.100 Purchase Ledger Creation

iii. VAT Duty Ledger

Ledger	Under	Type of Duty/Tax	VAT/Tax Class	Is TDS Applicable	Default Nature of Payment
Input VAT @ 4%	Duties & Taxes	VAT	Input VAT @ 4%	Yes	Payments to contractors (Other Than Advertisement)
Set Inventory values are affected to No					

The Completed VAT Duty Ledger is displayed as shown

Ledger Creation		Universal Infotech		Ctrl
Name : Input VAT @ 4%			Total Op. Bal.	
(alias) :			50,00,000.00 Dr	
			Difference	
			50,00,000.00 Dr	
Under : Duties & Taxes (Current Liabilities)		Mailing Details		
Type of Duty/Tax : VAT		Name :		
VAT/Tax Class : Input VAT @ 4%		Address :		
Inventory values are affected ? No		State :		
Activate Interest Calculation ? No		PIN Code :		
Percentage of Calculation (eg 5) ? 4 %				
Method of Calculation : On VAT Rate				
Rounding Method : Not Applicable				
Is TDS Applicable ? Yes		Tax Information		
Default Nature Of Payment : Payments to Contractors (Other Than Advertisement)		PAN / IT No. : (PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
			Accept ?	
Opening Balance (on 1-Apr-2009) :			Yes or No	

Figure 2.101 VAT Duty Ledger Creation

iv. TDS Duty Ledger

Ledger	Under	Type of Duty/Tax	Nature of Payment
TDS – Contractor Other Than Adv.	Duties & Taxes	TDS	Payments to contractors (Other Than Advertisement)

3. Record a Purchase Voucher to account the Expenses(with Inventory) and Deduct TDS.

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

1. Ensure the **Purchase Voucher** is in **Item Invoice Mode**
2. Press **F2** and change the date to **04-08-2009**
3. In the **Supplier Invoice No.** field enter the reference number as **705**
4. In **Party A/c Name** field select **AK Manufacturers**
5. In the **Purchase Ledger** field select **Purchase @ 4%**
6. In the **VAT/Tax Class** field **Purchases @ 4%** will be defaulted automatically as defined in the ledger master
7. In the **Name of Item** field select **Cartons** from the List of Items
8. Enter **1000** in the **Quantity** field
9. In **Rate** field enter the **Rs.50**
10. **Rs.50000** will be automatically updated in the **Amount** filed
11. In the **TDS Nature of Payment Details** screen accept the default details



*The **TDS Nature of Payment** screen will be displayed to only when the option **Allow Alteration of TDS Nature of Payment in Expenses in F12: Configure (Voucher Entry Configuration)***

12. Select **Input VAT @ 4%** ledger from the List of Ledger Accounts.
13. VAT amount of **Rs.2000** will be updated automatically in the **Amount** filed and press enter to view the **TDS Nature of Payment Details** screen. Accept the default allocation.



***TDS Nature of Payment Details** screen is displayed even for the **VAT ledger** as the **Vat amount** is also considered for **TDS calculation**.*

14. Select **TDS – Contractor Other Than Adv** ledger and press enter to view **TDS Details** screen
15. In the **TDS Details** screen
 - ❑ In **Type of Ref** field select **New Ref**
 - ❑ In the **Name** field the reference number is defaulted as **Purc / 4-1**
 - ❑ In the **Nature of Payment** select **Payments to Contractors (Other Than Advertisement)**
 - ❑ **Assessable Amount** and **TDS Amount** is defaulted automatically

TDS Details				
Type of Ref	Name	Nature of Payment		TDS Amount
New Ref	Purc / 4.1	Payments to Contractors (Other Than Advertisement)		
	Income Tax	2 %	On 52,000.00 Cr	1,040.00 Cr
	Surcharge	0 %	On 1,040.00 Cr	
	Education Cess	0 %	On 1,040.00 Cr	
	Secondary Education Cess	0 %	On 1,040.00 Cr	
Total			52,000.00 Cr	1,040.00 Cr

Figure 2.102 TDS Details screen



The TDS amount of Rs. 1040 will be displayed with negative sign.

16.Set **Show Statutory Details** to **Yes** to view the duty calculation

17.In the **Bill-wise Details** screen

- In **Type of Ref** field select the **New Ref** as the Method of Adjustment
- In the **Name** field enter **Bill-705**
- In the **Amount** and **Dr/Cr** field retain the default allocation
- In the **Type of Ref** field select **New Ref**
- In the **Name** field enter **Bill-705**
- In the **Amount** and **Dr/Cr** filed retain the default allocation

18.Enter the **Narration**, if required

Completed Purchase Voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Purchase	No. 4			4-Aug-2009
Supplier Invoice No. : 705		Date : 4-Aug-2009		Tuesday
Party's A/c Name : AK Manufacturers Current Balance : Purchase Ledger : Purchase @ 4% VAT/Tax Class: Purchases @ 4%				
Name of Item	Quantity	Rate per	Amount	
Cartons	1,000 nos	50.00 nos	50,000.00	
			50,000.00	
Input VAT @ 4%		4 %	2,000.00	
TDS - Contractor Other Than Adv.			(-)1,040.00	
Show Statutory Details ? Yes Narration:				
		1,000 nos		
			Accept ? Yes or No	

Figure 2.103 Purchase Voucher

19.Press **Enter** to save.

2.10 TDS on Fixed Assets

Tax to be deducted at source (TDS) on Expenses incurred to bring any fixed assets to usable state.

Example 20:

Universal Infotech purchased a machinery for Rs 5,00,000. To use this machine company requires a platform, pipe connections, electrical connections, fabrication works etc. at the cost of Rs. 1,00,000. On the expense of Rs. 1,00,000 tax to be deducted at source.

Universal Infotech made a contract with Arun Contractors for electrical and fabrication work. On 10-8-2009 Universal Infotech received bill for Rs. 60,000 from Arun contractors towards electrical and fabrication work

To account the above transaction follow the steps given below

1. Create Masters

- i. Fixed Asset Ledger
- ii. Party Ledger

2. Create Journal Voucher to account expenses and deduct TDS

1. Create Masters

i. Fixed Asset Ledger

Ledger	Under	Is TDS Deductable	Treat as TDS Expenses	Default TDS Nature of Payment
Capital Work In Progress (Machine)	Fixed Assets	Yes	Yes	Payment to Contractors (Other Than Advertisement)

Ledger Creation		Universal Infotech		Ctrl
Name	: Capital Work In Progress (Machine)			Total Op. Bal.
(alias)	:			50,00,000.00 Dr
				Difference
				50,00,000.00 Dr
Under : Fixed Assets		Mailing Details		
Inventory values are affected	? No	Name	:	
Activate Interest Calculation	? No	Address	:	
Statutory Information		State	:	
Is TDS Deductable	? Yes	PIN Code	:	
Treat as TDS Expenses	? Yes	Tax Information		
Default Nature Of Payment	: Payments to Contractors (Other Than Advertisement)	PAN / IT No.	:	
Used In VAT Returns	? No	(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)		
Opening Balance (on 1-Apr-2009) :				Accept ?
				Yes or No

Figure 2.104 Fixed Asset Ledger

ii. Party Ledger

Ledger	Under	Maintain balances bill-by-bill	Is TDS Deductable	Deductee Type
Arun Contractors	Sundry Creditors	Yes	Yes	Association of Persons
Enter Mailing Details Address: No-45, T.R. Complex, Vijayanagar, Bangalore-560040 Enter Tax Information PAN/IT No.: ADSCD5560L				

2. Create Journal Voucher to account expenses and deduct TDS

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

1. Press **F2** and change the date to **10-08-2009**
2. In **Debit** field select **Capital Work In Progress (Machine)** from the List of Ledger Accounts
3. Enter **60,000** in the **Amount** field and press enter to view Expense Allocation screen
4. In **TDS Nature of Payments Details** screen accept the default details
5. In **Credit** field select **Arun Contractors** to view TDS Details screen
6. In the **TDS Details** screen
 - In **Type of Ref** field select **New Ref**
 - In the **Name** field **Jrnl /11-1** is defaulted
 - In the **Nature of Payment** field select **Payments to Contractors (Other Than Advertisement)**
 - In the **TDS Duty Ledger** field select **TDS – Contractor Other Than Adv.**
 - **Assessable Amount** defaults the amount specified against the expenses ledger and skips the field.
 - Set **Deduct Now** field to **Yes**
 - **TDS Amount** field displays the Tax amount deducted at source
 - **Payable Amount** field displays the amount (after TDS) payable to the Party

TDS Details							
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount	Deduct now	Payable Amount
New Ref	Jrnl / 11-1	Payments to Contractors (Other Than Advertisement)		TDS – Contractor Other Than Adv.	60,000.00 Cr	Yes	1,200.00 Cr
	Income Tax	2 %	On	60,000.00 Cr	1,200.00 Cr		
	Surcharge	0 %	On	1,200.00 Cr			
	Education Cess	0 %	On	1,200.00 Cr			
	Secondary Education Cess	0 %	On	1,200.00 Cr			
Total					60,000.00 Cr	1,200.00 Cr	58,800.00 Cr

Figure 2.105 TDS Details

7. In the **Bill-wise Details** screen
 - ❑ In the **Type of Ref** field select **New Ref**
 - ❑ In the **Name** field enter **Bill-765**
 - ❑ Accept the default **Amount** and **Dr/Cr** allocations
 - ❑ In the **Type of Ref** field select **New Ref**
 - ❑ In the **Name** field enter **Bill-765**
 - ❑ Accept the default **Amount** and **Dr/Cr** allocations
8. In the **Credit** field **TDS- Contractor Other Than Adv.** In the Amount field the Tax deducted is defaulted automatically
9. Enter **Narration**, if any

Completed **Journal Voucher** is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal No. 11				10-Aug-2009 Monday
Particulars		Debit	Credit	
Dr Capital Work In Progress (Machine)		60,000.00		
<i>Cur Bal: 60,000.00 Dr</i>				
Cr Arun Contractors			58,800.00	
<i>Cur Bal: 58,800.00 Cr</i>				
New Ref Bill-765	60,000.00 Cr			
New Ref Bill-765	1,200.00 Dr			
Cr TDS – Contractor Other Than Adv.			1,200.00	
<i>Cur Bal: 2,240.00 Cr</i>				
Narration:		60,000.00	60,000.00	
				Accept ? Yes or No

Figure 2.106 Journal Voucher

10.Press **Enter** to Save.

2.11 Payment of TDS

2.11.1 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 21:

On June 4, 2009, Universal Infotech, paid TDS of Rs. 11,500 towards Commission Expenses, vide cheque no. 325478 for the month of May, 2009.

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 **04-06-2009**
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 **31-05-2009** 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.



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

<u>TDS Helper</u>	
Deducted Till Date	: 31-5-2009
Section	: 194H
Nature of Payment	: Commission Or Brokerage
Deductee Status	: Non Company
Cash/Bank	: Canara Bank

Figure 2.107 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
6. 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. **345478**

<u>Payment Details</u>	
From Date	: 1-Apr-2009
To Date	: 30-Jun-2009
<i>(Note: This payment belongs to the above period)</i>	
Cheque/DD No	: 005678
Name of Bank	: Not Applicable
Bank Account Number	:
Branch Name	:
BSR Code	:
Challan No.	:
Challan Date	:
<i>(Note: All the above details will be used in Challan, Forms & Returns)</i>	

Figure 2.108 Completed Payment Details Screen



Observe in the **Provide Details** screen **Name of Bank, Challan No. and Challan Date** information are not specified, as those details are not available during recording transaction in Tally.ERP 9. To update the Challan details you can use **Challan Reconciliation** option available in Tally.ERP 9

7. Press **Enter** to accept the payment details
 8. Cheque number entered in the payment details is displayed in the **Narration**
- The Completed TDS Payment voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Payment	No. 4		4-Jun-2009 Thursday
Account : Canara Bank			
Cur Bal: 56,70,260.85 Dr			
Particulars		Amount	
TDS - Commission Or Brokerage		11,500.00	
Cur Bal: 4,000.00 Cr			
Agst Ref Purc / 1-1	2,500.00 Dr		
Income Tax	2,500.00 Dr		
Surcharge			
Education Cess			
Secondary Education Cess			
Agst Ref Purc / 2-1	4,000.00 Dr		
Income Tax	4,000.00 Dr		
Surcharge			
Education Cess			
Secondary Education Cess			
Agst Ref Purc / 3-1	5,000.00 Dr		
Income Tax	5,000.00 Dr		
Surcharge			
Education Cess			
Secondary Education Cess			
Provide Details	: Yes		
Narration:			
Ch. No.: 005678			

Accept ?

Figure 2.109 TDS Payment Voucher

13. Press **Enter** to Save.



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

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

2.11.2 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 **04-06-2009**

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. 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 ☒				Assessment Year 2010-11												
Tax Deduction Account No. (T.A.N.) BANU07884F																	
Full Name UNIVERSAL INFOTECH																	
Complete Address with City & State # 45, AMR Tech Park, Hosur Road, Bangalore																	
Karnataka																	
Tel. No. 080-22356475				Ph 560064													
Type of Payment TDS Payable by Taxpayer (200) ☒ TDS Regular Assessment (Raised by I.T. Deptt.) (400) ☐			Code * 94H		FOR USE IN RECEIVING BANK Debit to A/c / Cheque credited on DD MM YY SPACE FOR BANK SEAL Rs. 11,500.00												
DETAILS OF PAYMENTS			Amount (In Rs. Only)														
Income Tax			11,500.00														
Surcharge																	
Education Cess																	
Interest																	
Penalty																	
Total			11,500.00														
Total (In words):																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>CRORES</th> <th>LACS</th> <th>THOUSANDS</th> <th>HUNDREDS</th> <th>TENS</th> <th>UNITS</th> </tr> <tr> <td>Zero</td> <td>Zero</td> <td>Eleven</td> <td>Five</td> <td>Zero</td> <td>Zero</td> </tr> </table>		CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS	Zero	Zero	Eleven	Five	Zero	Zero				
CRORES	LACS	THOUSANDS	HUNDREDS	TENS	UNITS												
Zero	Zero	Eleven	Five	Zero	Zero												
Paid In Cash/ Debit to A/c /Cheque No. 005678 Dated 4-Jun-2009																	
Drawn on Canara Bank - M.G.Road (Name of the Bank and Branch)																	
Date: 4-Jun-2009			Signature of person making payment														
- Tear Here -																	
Taxpayers Counterfoil (To be filled up by taxpayer)																	
TAN BANU07884F																	
Received from UNIVERSAL INFOTECH (Name)																	
Cash/ Debit to A/c /Cheque No. 005678			For Rs. 11,500														
Rs.(In words) Eleven Thousand Five Hundred 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 2010-11																	
					Rs. 11,500.00												

Figure 2.110 TDS Challan

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

2.12 Accounting Payment of Interest and Penalties

In the event of failure to pay tax deducted at source to government, interest @ 1% will be charged on the unpaid tax amount for the month or the part of the month during which the tax remained unpaid.

In Tally.ERP 9, interest and penalties paid/payable to government can be accounted.

Example 22:

On 11-8- 2009 ABC Company received a bill (658) from Phoenix Agencies for Rs. 3,00,000 towards Advertising services. ABC Company deducted TDS of Rs. 3,000.

On 7-10-2009 ABC Company paid the TDS of Rs. 3,000 to the government along with the Interest of Rs. 60 and Penalty of Rs. 50 (TDS deducted for the above transaction was due to be paid as on 7-9-2009)

To Account the above transaction follow the steps given below

1. Create Masters
 - i. Interest Ledger
 - ii. Penalty Ledger
2. Create Journal Voucher to book the Expenses and deduct TDS
3. Payment Voucher to account TDS payment with Interest and Penalty.

1. Create Masters

i. Interest Ledger

Ledger	Under	Inventory values are affected	Is TDS Applicable
Interest	Indirect Expenses	No	No

ii. Penalty Ledger

Ledger	Under	Inventory values are affected	Is TDS Applicable
Penalty	Indirect Expenses	No	No

2. Create Journal Voucher to book the Expenses and deduct TDS

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

1. Press **F2** and change the date to **11-08-2009**
2. Select **Advertisement Expenses** in **Debit** field
3. Enter **3,00,000** in **Amount** field
4. In the **TDS Nature of Payment Details** screen, accept the default details.
5. In **Credit** field select **Phoenix Agencies**

6. In **TDS Details** Screen select the ledgers as shown

TDS Details							
Type of Ref	Name	Nature of Payment		TDS Duty Ledger	Assessable Amount	Deduct now	Payable Amount
New Ref	Jrnl / 12-1	Payment to Contractors (Advertisement Contractors)		TDS – Contractors	3,00,000.00 Cr	Yes	3,000.00 Cr 2,97,000.00 Cr
	Income Tax	1 %	On	3,00,000.00 Cr	3,000.00 Cr		
	Surcharge	0 %	On	3,000.00 Cr			
	Education Cess	0 %	On	3,000.00 Cr			
	Secondary Education Cess	0 %	On	3,000.00 Cr			
Total					3,00,000.00 Cr		3,000.00 Cr 2,97,000.00 Cr

Figure 2.111 TDS Details

7. **Payable Amount** as calculated in the TDS Details screen will be defaulted in the Party's Amount (Credit) field.
8. In **Bill-wise Details** screen
 - ❑ Select **New Ref** in **Type of Ref** field
 - ❑ In the **Name** field enter the **Bill - 658**
 - ❑ Skip **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.
 - ❑ In the **Interest parameters** screen specify the Rate of Interest as **Zero** (0%)
 - ❑ In **Type of Ref** field, select **New Ref** and in Name field enter the Bill name - **Bill - 658**
 - ❑ Skip **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.
 - ❑ In the **Interest parameters** screen specify the Rate of Interest as **Zero** (0%)
9. In the **Credit** field select **TDS – Contractors** from the List of Ledger Accounts and **Rs. 3000** (3,00,000 – 2,97,000) is displayed automatically in the **Amount** field.
10. Enter **Narration**, if required

Figure 2.112 Journal Voucher

3. Payment Voucher to account TDS payment with Interest and Penalty.

1. Press **F2** and change date to **07-10-2009**.
2. In the **Account** field select **Canara Bank**
3. Under **Particular** field select **TDS – Contractors** from the List of Ledger Accounts and press enter to view TDS Details screen
4. In the **TDS Details** screen
 - In **Type of Ref** field select **Agst Ref**
 - In the **Name** field select **Jrnl/12-1 (dated 11-8-2009)** from the Tax Details
 - **Rs. 3000** will be defaulted automatically in the **Paid Amount** field

TDS Details			
Type of Ref	Name	Nature of Payment	Paid Amount
Agst Ref	Jnl / 12-1	Payment to Contractors (Advertisement Contractors)	3,000.00 Cr
	Income Tax	3,000.00 Dr	
	Surcharge		
	Education Cess		
	Secondary Education Cess		
Total			3,000.00 Cr

Figure 2.113 TDS Details screen

- Under **Particulars** field select **Interest** from the List of Ledger Accounts and press enter to view Payment Type screen
- In the **Payment Type** screen, select **Interest** from the **Payment Type** list

Payment Type		Universal Infotech	Ctrl + M
Payment	No. 6		7-Oct-2009 Wednesday
Account : Canara Bank			
Cur Bal: 56,67,260.85 Dr			
Particulars		Amount	
TDS – Contractors		3,000.00	
Cur Bal: 8,500.00 Cr			
Interest			
Cur Bal:			
Payment Type Interest Payment Type Not Applicable Interest Others Penalty Upward Rounding			
Provide Details : No			
Narration:			3,000.00

Figure 2.114 Payment Type Selection – Interest

7. Enter **Rs. 60** in the **Amount** field
8. Under **Particulars** field select **Penalty** from the List of Ledger Accounts and press enter to view Payment Type screen
9. In the **Payment Type** screen, select **Penalty** from the Payment Type list

Payment Type	Payment Type
Penalty	☐ Not Applicable ☐ Interest ☐ Others ☒ Penalty ☐ Upward Rounding

Figure 2.115 Payment Type Selection – Penalty

10. Enter **Rs. 50** in the **Amount** field
11. Set **Provide Details** to **Yes** to view Payment Details screen. In the **Payment Details** screen
 - ❑ Enter **From** and **To** date
 - ❑ Enter the Cheque Number **556487**
 - ❑ In the **Name of Bank** field select **Canara Bank**. Branch Name and BSR Code will be displayed automatically
 - ❑ In the **Challan Number** and **Challan Date** field enter the challan number and date of payment of tax.

Payment Details	
From Date	: 1-Jul-2009
To Date	: 30-Sep-2009
<i>(Note: This payment belongs to the above period)</i>	
Cheque/DD No	: 556487
Name of Bank	: Canara Bank
Bank Account Number	: 00758978
Branch Name	: M.G.Road
BSR Code	: 0240130
Challan No.	: 564254
Challan Date	: 7-10-2009
<i>(Note: All the above details will be used in Challan, Forms & Returns)</i>	

Figure 2.116 Payment Details

12. Enter **Narration**, if required

Accounting Voucher Creation

Universal Infotech

Ctrl + M

Payment

No. 6

7-Oct-2009
Wednesday

Account : Canara Bank

Cur Bal: 56,67,150.85 Dr

Particulars	Amount
TDS – Contractors	3,000.00
Cur Bal: 8,500.00 Cr	
Interest	60.00
Cur Bal: 60.00 Dr	
Penalty	50.00
Cur Bal: 50.00 Dr	
	3,110.00

Provide Details

: Yes

Narration:

Ch. No. : 556487

Accept ?

Yes or No

13. Press **Enter** to save.

2.13 TDS on Sales Commission

In practice, most businesses follow the system of selling the goods to partners on a condition that, on each sale of a product/service/software certain amount or a percentage on the price will be paid as sales commission and while accounting the sales commission separate expense entry is not booked in Journal but directly a credit note is raised in favour of the partner (to reduce party outstandings) and TDS is deducted on commission.

In Tally.ERP 9, from release 1.8 you can record sales commission transactions in Credit Note and Deduct TDS on Commission

Example 23:

On 10th October, 2009 Universal Infotech accounts commission (sales) of Rs. 50,000 payable to partner Mark IT Solutions.

1. Record the transaction in Credit Note

Set up:

Ensure in **F11: Features (F1: Accounting Features)** following options are set to **Yes**

- ☐ **Use Debit/Credit Notes**
- ☐ **Use Invoice mode for Credit Notes**

Go to **Gateway of Tally > Accounting Vouchers > Ctrl + F8: Credit Note** (Account Invoice Mode)

1. Press **F2** to change the **Date** to **10-10-2009**
2. In **Party A/c Name** field select **Mark IT Solutions**
3. Under **Particulars** field select **Commission Expenses** Ledger to account commission expenses
4. In **Amount** field enter **Rs.50,000** (total commission due for the party)
5. Under **Particulars** select **TDS - Commission Or Brokerage** ledger to deduct TDS on the payment of commission. Press enter to view TDS Details screen
6. In **TDS Details** screen
 - ☐ In **Type of Ref** field select **New Ref**
 - ☐ In **Name** field accept the default Reference Number – **CNote/ 2-1**
 - ☐ In **Nature of Payment** field select **Commission Or Brokerage** will be defaulted automatically
 - ☐ **Assessable Amount** and **TDS Amount** field details are defaulted automatically, based on the information provided in the voucher.

TDS Details				
Type of Ref	Name	Nature of Payment	Assessable Amount	TDS Amount
New Ref	CNote / 2-1	Commission Or Brokerage	50,000.00 Cr	5,000.00 Cr
	Income Tax 10 %	On 5,000.00 Cr		
	Surcharge 0 %	On		
	Education Cess 0 %	On		
	Secondary Education Cess 0 %	On		
Total			50,000.00 Cr	5,000.00 Cr

Figure 2.118 TDS Details Screen

- Press **Enter** to save **TDS Details** screen.

7. **TDS Deducted on Commission Rs. 5000** will be displayed with **Negative sign**

8. In **Bill-wise Details** screen

- In **Type of Ref** field select **New Ref** (if Required you can select Agst Ref to adjust against the sales bill)
- In **Name** field enter the **Bill Reference Number** as **CN/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 **CN/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.

Completed Credit Note voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Credit Note	No. 2	Voucher Class : E Not Applicable		10-Oct-2009
Ref. :		Used for: Others		Saturday
Party's A/c Name : Mark IT Solutions Current Balance : 2,50,000.00 Cr				
Particulars	Rate	per	Amount	
Commission Expenses				50,000.00
TDS - Commission Or Brokerage				(-)5,000.00
Narration: Accept ? Yes or No				

Figure 2.119 Completed Credit Note Voucher

9. Press **Enter** to Save.

2.14 Reversal of Excess TDS Deducted

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

In Tally.ERP 9, reversal of expenses can be accounted using Debit Note and reversal of TDS deducted can be accounted using Credit Note.

Example 24:

On 20th October, 2009 Universal Infotech received bill from Pheonix Agencies for Rs. 75,000 towards Advertising Expenses.

On 22nd October, 2009 Universal Infotech cancelled the advertisement services to the extent of Rs.25,000 and Expenses and TDS deducted are reversed.

To account the above transaction follow the steps given below

1. Record the Expenses in Journal Voucher
2. Reversal of Expenses (Debit Note)
3. Reversal of TDS (Credit Note)

1. Record the Expenses in Journal Voucher

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

1. Press **F2** and change the date to **20-10-2009**
2. In **Debit** field select **Advertisement Expenses** from the List of Ledger Accounts
3. Enter **75,000** in the **Amount** field.
4. In **Credit** field select **Phoenix Agencies** and press enter to view TDS Details screen
5. In **TDS Details** screen
 - In **Type of Ref** field select **New Ref** from the Method of Adjustment.
 - In **Name** field accept the default reference number displayed (example: **Jrnl / 18-1**)
 - In **Nature of Payment** select **Payments to Contractors (Advertisement Contractors)** from the List of Nature of Pymt(s).
 - In **TDS Duty Ledger** field select **TDS – Contractors** from the list of TDS Duty Ledgers.
 - Amount specified against the expenses ledger will be displayed as the Assessable Amount
 - Set the option **Deduct now** to **Yes**.
 - **TDS Amount** field displays the Tax amount deducted at source
 - **Payable Amount** field displays the amount (after TDS) payable to the Party.
 - Press **Enter** to accept the TDS Details.
6. **Payable Amount** as calculated in the TDS Details screen will be defaulted in the Party's **Amount** (Credit) field.

7. In **Bill-wise Details** screen specify the bill details as shown

Bill-wise Details for : Pheonix Agencies Upto: Rs. 73,500.00 Cr				
Type of Ref	Name	Due Date, or Credit Days (wef: 20-10-2009)	Amount	Dr/ Cr
New Ref	Bill-869		75,000.00	Cr
New Ref	Bill-869		1,500.00	Dr

Figure 2.120 Bill-wise Details Screen

8. In **Credit** field select TDS ledger **TDS – Contractors**. **Amount** will be defaulted automatically. Completed Journal Voucher is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Journal	No. 18			20-Oct-2009 Tuesday
Particulars		Debit	Credit	
Dr Advertisement Expenses		75,000.00		
<i>Cur Bal: 31,75,000.00 Dr</i>				
Cr Pheonix Agencies			73,500.00	
<i>Cur Bal: 18,72,900.00 Cr</i>				
New Ref Bill-869	75,000.00 Cr			
New Ref Bill-869	1,500.00 Dr			
Cr TDS – Contractors			1,500.00	
<i>Cur Bal: 10,000.00 Cr</i>				
Narration:		75,000.00	75,000.00	
				Accept ? Yes or No

Figure 2.121 Completed Journal Voucher

9. Press **Enter** to Save.

2. Reversal of Expenses (Debit Note)

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F9: Debit Note (Account Invoice Mode)**

1. Press **F2** and change the date to **22-10-2009**.
2. In **Party's A/c Name** field select **Phoenix Agencies** from the List of Ledger Accounts.
3. Under **Particulars** select **Advertisement Expenses**.
4. Enter **Rs. 25,000** in the **Amount** field.
5. In **TDS Nature of Payment Details** screen, accept the default details.
6. In **TDS Details** screen
 - In **Type of Ref** select **Agst Ref**
 - In **Name** field, select **Jurl/18-1** to adjust the reversal of expenses
 - In **Nature of Payment** field select **Payments to Contractors (advertisement Contractors)**
 - Based on the **Tax Reference Number** selected, Tally.ERP 9 defaults **TDS Duty Ledger**.
 - In **Assessable Value** field **Rs. 25000** will be displayed indicating that Rs.25000 is reversed against the expenses booked on 20-10-2009

TDS Details				
Type of Ref	Name	Nature of Payment	TDS Duty Ledger	Assessable Amount
Agst Ref Jurl / 18-1	Income Tax	Payment to Contractors (Advertisement Contractors)	TDS - Contractors	25,000.00 Dr
	Surcharge	0 % On 25,000.00 Cr		
	Educ	0 % On		
	Second	Against Reference		
	End of List			
	Agst Ref			
Total				25,000.00 Dr

Figure 2.122 Reversal of Expenses



Observe, **TDS Amount** is not displayed as we are not reversing **TDS** in **Debit Note**

7. In **Bill-wise Details** screen

- ❑ Select **Agst Ref** as the **Type of Ref**.
- ❑ In the **Name** field select **Bill-869** dated 20-10-2009 from the Pending Bills to reverse the expenses.
- ❑ Skip the **Due Date or Credit Days** field.
- ❑ Accept the default amount allocation and **Dr/Cr**.

Completed Debit Note is displayed as shown

Accounting Voucher Creation		Universal Infotech	Ctrl + M
Debit Note No. 2		22-Oct-2009 Thursday	
Ref. :			
Party's A/c Name : Pheonix Agencies Current Balance : 18,72,900.00 Cr			
Particulars	Rate	per	Amount
Advertisement Expenses			25,000.00
Narration:			Accept ? Yes or No

Figure 2.123 Completed Debit Note

8. Press **Enter** to Save.

3. Reverse the excess TDS Deducted (Credit Note)

Go to **Gateway of Tally > Accounting Vouchers > Ctrl+F8: Credit Note** (Account Invoice mode).

1. Press **F2** and change the date to **22-10-2009**.
2. In **Party's A/c Name** field select **Pheonix Agencies** from the List of Ledger Accounts.
3. Under **Particulars** select **TDS - Contractor** and press enter to view TDS Details screen
4. In **TDS Details** screen
 - ❑ In **Type of Ref** select **Agst Ref**

- In **Name** field, select **Jurl/18-1** to adjust the reversal of TDS
- Based on the **Tax Reference Number** selected, Tally.ERP 9 defaults **Nature of Payment** and **TDS Amount**

TDS Details			
Type of Ref	Name	Nature of Payment	TDS Amount
Agst Ref	Jrnl / 18-1	Payment to Contractors (Advertisement Contractors)	500.00 Dr
	Income Tax	500.00 Dr	
	Surcharge		
	Educa		
	Second		
	Against Reference		
	End of List		
	Agst Ref		
Total			500.00 Dr

Figure 2.124 TDS Details Screen

5. In **Bill-wise Details** screen

- Select **Agst Ref** as the **Type of Ref.**
- In the **Name** field select **Bill-869** dated **20-10-2009** from the Pending Bills to reverse TDS.
- Skip the **Due Date or Credit Days** field.
- Accept the default amount allocation and **Dr/Cr.**

Completed Credit Note is displayed as shown

Accounting Voucher Creation		Universal Infotech		Ctrl + M
Credit Note	No. 3	Voucher Class : I	Not Applicable	22-Oct-2009
Ref. :		Used for: Others		Thursday
Party's A/c Name : Pheonix Agencies				
Current Balance : 18,47,900.00 Cr				
Particulars	Rate	per	Amount	
TDS – Contractors			500.00	
Narration:				
				Accept ? Yes or No

Figure 2.125 Completed Credit Note

6. Press **Enter** to Save.

Lesson 3: TDS 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, Statutory Returns, Reconcile TDS Challans and view 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**

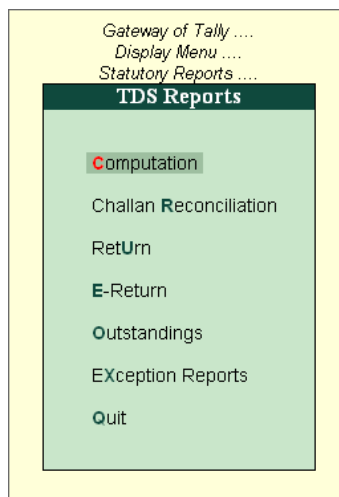


Figure 3.1 TDS Reports

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-2009 to 25-Oct-2009	
Particulars		Amount	Tax
Deduction Details			
Expenses & Advances		64,57,293.15	2,51,034.00
TDS Not Applicable		12,360.00	
Under Exemption Limit			
Zero Rated		10,00,000.00	
Exempt in lieu of PAN available			
Taxable Expenses & Advances		54,44,933.15	2,51,034.00
Deducted			2,04,034.00
at Normal rate			2,00,034.00
at Lower rate			4,000.00
at Higher Rate (No PAN)			
Balance Deductable			47,000.00
at Normal rate			47,000.00
at Lower rate			
Excess Deducted			
at Normal rate			
at Lower rate			
at Higher Rate (No PAN)			
Payment Details			
Paid			1,69,500.00
Previous Month(s)			1,69,500.00
Current Month			
Balance Payable			34,534.00
2 more ...			

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 field 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
 - **Exempt in lieu of PAN available:** This field displays the total amount of expenses which are exempted from TDS on lieu of availability of PAN.

Example: Transport services are purchased. The service provider - Contractor or Sub contractor of transport business has furnished his PAN. As per law in case where Con-

tractor or Sub contractor of transport business has furnished the PAN, NIL (0%) Rate will be applicable. Exempted expenses of this nature will be displayed in Exempt in lieu of PAN available filed.

- **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**, at **Lower Rate** and at **Higher Rate** (in case of non-availability of PAN) till Date.
 - **Balance Deductable:** This section displays the balance tax amount to be deducted either at normal rate or at lower rate.
 - **Excess Deducted:** This section displays the excess tax deducted at Normal Rate, Lower rate and Higher rate (in case of non-availability of PAN)
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 – Party Wise

To view **Party 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 Party Wise report

TDS Computation		Universal Infotech			Ctrl + M
Expenses & Advances		1-Apr-2009 to 25-Oct-2009			
Particulars	Total	Tax Deductable	Balance Deductable	Excess Deducted	Balance to be Paid
ACE Computers	80,000.00	4,000.00			4,000.00
AK Manufacturers	52,000.00	1,040.00			1,040.00
Alexon Group	15,00,000.00	1,50,000.00			
Arun Contractors	60,000.00	1,200.00			1,200.00
Digitech Computers	65,000.00	6,500.00			
Gokul Co-Operative Building Society	10,00,000.00				
Mark IT Solutions	3,00,000.00	10,000.00	5,000.00		5,000.00
Pheonix Agencies	29,60,415.34	35,542.00	12,000.00		10,542.00
Smart Agencies	3,27,517.81	32,752.00	30,000.00		2,752.00
Sridhar & Co.	1,12,360.00	10,000.00			10,000.00
	</				

Figure 3.3 TDS Computation – Party Wise

You can configure the Party 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 Deductible	? 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

3.2.2 TDS Computation – TDS Paid

TDS Paid report displays details of **Tax paid** along with **Date**, **Ref No.** **Nature of Payment**.

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-2009 to 25-Oct-2009		
Date	Ref. No.	Nature of Payment	Opening Amount	Paid Amount	
21-May-2009	Purc / 3-1	Commission Or Brokerage	5,000.00 Cr	5,000.00 Cr	
14-May-2009	Purc / 2-1	Commission Or Brokerage	4,000.00 Cr	4,000.00 Cr	
14-May-2009	Purc / 1-1	Commission Or Brokerage	2,500.00 Cr	2,500.00 Cr	
26-Jul-2009	Jrnl / 9-1	Royalty(F) Agreement Is Made on Or After June 1, 2005	1,50,000.00 Cr	1,50,000.00 Cr	
11-Aug-2009	Jrnl / 12-1	Payment to Contractors (Advertisement Contractors)	3,000.00 Cr	3,000.00 Cr	
1-Apr-2009	Jrnl / 1-1	Payment to Contractors (Advertisement Contractors)	5,000.00 Cr	5,000.00 Cr	
			1,69,500.00 Cr	1,69,500.00 Cr	

Figure 3.5 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-2009 to 25-Oct-2009			
Date	Ref. No.	Nature of Payment	Opening Amount	Pending Amount	Due on	Overdue days
2-Jun-2009	Pymt / 3-1	Payment to Contractors (Advertisement Contractors)	900.00 Cr	900.00 Cr	7-Jul-2009	110
4-Aug-2009	Purc / 4-1	Payments to Contractors (Other Than Advertisement)	1,040.00 Cr	1,040.00 Cr	7-Sep-2009	48
21-May-2009	Purc / 3-2	Payment to Contractors (Advertisement Contractors)	2,000.00 Cr	2,000.00 Cr	7-Jun-2009	140
25-Jun-2009	Jrnl / 6-1	Commission Or Brokerage	4,000.00 Cr	4,000.00 Cr	7-Jul-2009	110
15-Jun-2009	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)	600.00 Cr	600.00 Cr	7-Jul-2009	110
6-May-2009	Jrnl / 2-2	Fees for Professional Or Technical Services	10,000.00 Cr	10,000.00 Cr	7-Jun-2009	140
20-Oct-2009	Jrnl / 18-1	Payment to Contractors (Advertisement Contractors)	1,000.00 Cr	1,000.00 Cr	7-Nov-2009	0
10-Aug-2009	Jrnl / 11-1	Payments to Contractors (Other Than Advertisement)	1,200.00 Cr	1,200.00 Cr	7-Sep-2009	48
2-Aug-2009	Jrnl / 10-1	Payment to Contractors (Advertisement Contractors)	5,000.00 Cr	5,000.00 Cr	7-Sep-2009	48
10-Oct-2009	CNote / 2-1	Commission Or Brokerage	5,000.00 Cr	5,000.00 Cr	7-Nov-2009	0
25-Oct-2009	CNote / 2-1	Interest Other Than Interest on Securities	1,042.00 Cr	1,042.00 Cr	7-Nov-2009	0
1-Sep-2009	CNote / 1-1	Interest Other Than Interest on Securities	2,752.00 Cr	2,752.00 Cr	7-Oct-2009	18
			34,534.00 Cr	34,534.00 Cr		

Figure 3.6 TDS Payable Report

3.3 Challan Reconciliation

Reconciliation of Challan Payments made towards TDS accounts through bank can be done in Challan reconciliation.

To view Challn Reconciliation report

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

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

TDS Challan Reconciliation							Universal Infotech			Ctrl + M	✕
TDS Challan Reconciliation							1-Apr-2009 to 25-Oct-2009				
Date	Particulars	Cheque/DD No.	Name of Bank	A/c No.	Branch Name	BSR Code	Challan No.	Challan Date	Vch No.	Amount	
								Trans. ID	Is PAN Valid	Paid Amount	
6-5-2009	Canara Bank	056330	Canara Bank	00758978	M.G.Road	0240130	225678	6-5-2009	2	5,000.00	
4-6-2009	Canara Bank	005678							4	11,500.00	
7-10-2009	Canara Bank	556487	Canara Bank	00758978	M.G.Road	0240130	564254	7-10-2009	6	3,110.00	

Figure 3.7 Challan Reconciliation

TDS Challan Reconciliation screen displays all the vouchers for the period selected. Challan reconciliation is done only for those vouchers for which the payment details 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 reconciliation screen OR by using **Set Challan Details (Alt +S)** button from the **Buttons Bar** to reconcile challans.

To Reconcile the TDS Challan Press **F5** key or click the button **F5: Challan Reconcile**

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

Challan Details	
Bank Name	: Canara Bank
Bank Account No.	: 00758978
Branch Name	: M.G.Road
BSR Code	: 0240130
Bank Challan No.	: 65879
Challan Date	: 4-6-2009

Figure 3.8 Challan Details

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

TDS Challan ReconciliationUniversal InfotechCtrl + M

TDS Challan Reconciliation1-Apr-2009 to 25-Oct-2009

(Reconciliation)

Date	Particulars	Cheque/DD No.	Name of Bank	A/c No.	Branch Name	BSR Code	Challan No.	Challan Date	Vch No.	Amount
								Trans. ID	Is PAN Valid	Paid Amount
6-5-2009	Canara Bank Pheonix Agencies	056330	Canara Bank	00758978	M.G.Road	0240130	225678	6-5-2009	2 No	5,000.00 5,000.00
4-6-2009	Canara Bank Digitech Computers Pheonix Agencies	005678	Canara Bank	00758978	M.G.Road	0240130	65879	4-6-2009	4 No No	11,500.00 6,500.00 5,000.00
7-10-2009	Canara Bank Pheonix Agencies	556487	Canara Bank	00758978	M.G.Road	0240130	564254	7-10-2009	6 No	3,110.00 3,000.00

Accept ?
Yes or No

Accept ?

Yes or No

Figure 3.9 Challan Reconciliation Screen



Transaction ID and Is PAN Valid details to be provided only when the Form 17 comes into use (1-10-2009).

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 3.10 Select Item Screen

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

PrintingTDS Form16A			
Printer :	(Ne00:)	Paper Type :	Letter
No. of Copies :	1		
Print Language :	English		(Printing Dimensions)
Method :	Neat Mode	Paper Size :	(8.50" x 10.96") or (216 mm x 279 mm)
Page Range :	All	Print Area :	(8.09" x 10.63") or (204 mm x 270 mm)
Report Titles			
TDS Form16A			
(with Print Preview)			
Name :	Rajesh	Certificate No :	UNI/1/09-10
Son/Daughter of :	Manohar	If Amended, Prev. Cert No. :	
Designation :	Manager	Print Total :	Yes
Print as Previous Format :	Yes	Place :	Bangalore
TDS Category :	Payment to Contractors (Advertisement Contractors)	Date :	25-Oct-2009
From (blank for beginning) :	1-4-2009	Quarter :	Acknowledgement
To (blank for end) :	30-6-2009	Apr-Jun :	45786
Challan Date Till :	7-7-2009	Jul-Sep :	
Type of Copy :	Default	Oct-Dec :	
		Jan-Mar :	
			Print ?
			Yes or No

Figure 3.11 Printing TDS Form 16A screen

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

Certificate No. : UNI/109-10/194C										
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 # 45 AMR Tech Park Hosur Road Bangalore			Quarter		Acknowledgement No.		Pheonix Agencies No - 45/1 Raheja Arcade Koramangala Bangalore			
			Apr-Jun		45786					
			Jul-Sep							
			Oct-Dec							
AGRTLD443L			194C		Payment to Contractors (Advertisement Contractors)		ASPLC0245L			
BANU07884F			194C		Payment to Contractors (Advertisement Contractors)		FOR THE PERIOD			
PAN NO. OF THE DEDUCTOR			194C		Payment to Contractors (Advertisement Contractors)		1-Apr-2009 to 30-Jun-2009			
AGRTLD443L			194C		Payment to Contractors (Advertisement Contractors)		1-Apr-2009 to 30-Jun-2009			
DETAILS OF PAYMENT, TAX DEDUCTIONS AND DEPOSIT OF TAX INTO CENTRAL GOVERNMENT ACCOUNT (The Deductor is to provide transaction-wise details of tax deducted and deposited)										
Sr. No.	Amount paid / credited	Date of payment / credit	Tax Deposited				Cheque / DD No. if any	BSR Code of Bank branch	Date on which tax deposited dd/mm/yy	Transfer Voucher / Challan Identification No.
			TDS Rs.	Surcharge Rs.	Ed Cess	Total Rs.				
1	5,00,000.00	1-Apr-2009	5,000			5,000	056330	0240130	6-May-2009	225678
		Total	5,000			5,000				
Certified that a sum of Rs. (In words) Five Thousand only has been deducted at source and paid to the credit of the Central Government as per details given above.										
						<i>Signature of person responsible for deduction of tax</i>				
Place : Bangalore Date : 25-Oct-2009						Full Name : Rajesh Designation : Manager				

Figure 3.12 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

PrintingTDS Form26 Quartely	
Printer : Snaglt 7 (Ne01:)	Paper Type : Letter
No. of Copies : 1	
Print Language : English	(Printing Dimensions)
Method : Neat Mode	Paper Size : (8.50" x 10.98") or (216 mm x 279 mm)
Page Range : All	Print Area : (8.03" x 10.63") or (204 mm x 270 mm)
Report Titles	
TDS Form26 Quartely	
(with Print Preview)	
Person Responsible Details	Other Details
Flat No : # 45	Category (deductor/collector): Company
Name : Rajesh	From (blank for beginning) : 1-4-2009
Designation : Manager	To (blank for end) : 30-6-2009
Name of the premises/building: AMR Tech Park	Challan Date Till : 7-7-2009
Road/Street/Lane : Hosur Road	Place : Bangalore
Area/Location : Bommanahalli	Date : 7-Jul-2009
Town/City/District : Bangalore	
State : Karnataka	
Pin code : 560064	
Telephone : 080-22356475	
E-mail : sales@universal.com	
Print ? Yes or No	

Figure 3.13 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, 194I, 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) 2009 - 10 (Year)

1. (a) Tax Deduction Account No. : BANU07884F
 (b) Permanent Account No. : AGRTL0443L
 (c) Financial year : 2009 - 10
 (d) Assessment year : 2010 - 11
 (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 : Bommanahalli
 Town / City / District : Bangalore
 State : Karnataka
 Pin code : 560064
 Telephone No. : 080-22356475
 E-mail : sales@universal.com

Figure 3.14 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				
2	94H	11,500.00				

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	5,000.00	056330	0240130	6-May-2009	225678	No
2	11,500.00	005678	0240130	4-Jun-2009	65879	No

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-Jul-2009 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 3.15 Form No. 26Q – Page 2

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 **Gateway 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, 196D and 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) 2009 - 10 (Year)	
1. (a) Tax Deduction and collection Account No.(TAN)	: BANU07884F
(b) Permanent Account No.(PAN)	: AGRTL0443L
(c) Financial year	: 2009 - 10
(d) Assessment year	: 2010 - 11
(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.	: # 09
Name of premises / building	: AMR Tech Park
Road / Street / Lane	: Hosur Road
Area / Location	: Bommanahalli
Town / City / District	: Bangalore
State	: Karnataka
Pin code	: 560067
Telephone No.	: 080-5527665
E-mail	: sales@abc.com

Figure 3.17 Form 27Q – Page 1

Figure 3.18 Form 27Q – Page 2

Print preview of **Annexure to Form 27 Q** is displayed as shown

Figure 3.19 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.

PrintingTDS Form26	
Printer : Snaglt 7 (Ne01:) No. of Copies : 1 Print Language : English Method : Neat Mode Page Range : All	Paper Type : Letter <i>(Printing Dimensions)</i> Paper Size : (8.50" x 10.98") or (216 mm x 279 mm) Print Area : (8.08" x 10.63") or (204 mm x 270 mm)
Report Titles TDS Form26 (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 : Bommanahalli Town/City/District : Bangalore State : Karnataka Pin code : 560064 Telephone : 080-22356475 E-mail : sales@universal.com	Other Details Category (deductor/collector): Company From (blank for beginning) : 1-4-2009 To (blank for end) : 31-3-2010 Challan Date Till : 7-4-2010 Place : Bangalore Date : 7-Apr-2010
Print ? Yes or No	

Figure 3.20 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, 194I, 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'10

1. Particulars of the person making deduction of tax

(a) Name : Rajesh
 (b) Address : Flat / Door / Block No. : # 09
 Name of Premises / Building : AMR Tech Park
 Road / Street / Lane : Hosur Road
 Area / Locality : Bommanahalli
 Town / District / City : Bangalore
 PIN : 560067
 State : Karnataka
 (c) Tax Deduction Account Number : BANU07884F
 (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 separate 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
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	194C	5,000.00					5,000.00	056330	02401-30	6-May-2009	225678	No
2	194C	3,000.00			60.00	50.00	3,110.00	556487	02401-30	7-Oct-2009	564254	No
3	194H	11,500.00					11,500.00	005678	02401-30	4-Jun-2009	65879	No
	Total	19,500.00			60.00	50.00	19,610.00					

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-Apr-2010 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 3.21 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 <u>Commission Or Brokerage</u> paid / credited during the financial year and of tax deducted at source under Section <u>194H</u> of Income Tax Act, 1961 :-													
Ded- uctee 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) of Central Government	Date on which tax paid to the credit of bank	Challan number given Deduction Certificate	Date of furnishing Tax Deduction Certificate	Reason for non- deduction / lower deduction if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
02	APRCL04937F		25,000.00	4-Jun-2009	No	10 %	2,500.00	14-May-2009	0240130	4-Jun-2009	65879	4-Jun-2009	
02	APRCL04937F		40,000.00	4-Jun-2009	No	10 %	4,000.00	14-May-2009	0240130	4-Jun-2009	65879	4-Jun-2009	
02	ASPLC02451		50,000.00	4-Jun-2009	No	10 %	5,000.00	21-May-2009	0240130	4-Jun-2009	65879	4-Jun-2009	

Notes :-

- Please state the nature of payment viz. interest, rent, contract payment etc.
- Please use separate Annexures for deductions made under different sections.
- Please enter Deductee Code 01 for companies, 02 for 'other than companies'.
- Write B if paid by book entry, write C otherwise.
- Where deduction is made by or on behalf of the Government, transfer voucher number may be entered in column (10).
- 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.
- 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 3.22 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. : # 09
 Name of Premises / Building : AMR Tech Park
 Road / Street / Lane : Hosur Road
 Area / Locality : Bommanahalli
 Town / District / City : Bangalore
 PIN : 560067
 State : Karnataka
 (c) Tax Deduction Account Number : BANU07884F
 (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 ☐ 198C ☐ 198D

Please furnish information in separate 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	TDS	Surcharge	Education	Interest	Others	Total tax	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
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	195	1,50,000.00					1,50,000.00	5678-95	02401-30	5-Aug-2009	45789	No
	Total	1,50,000.00					1,50,000.00					

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-Apr-2010 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 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 <u>Royalty/FI Agreement Is Made on Or After June 1, 2005</u> paid / credited during the financial year and of tax deducted at source under Section <u>195</u> of Income Tax Act, 1961 :-													
Ded- uctee 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 / 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) of Central Government	Date on which tax paid to the credit of Central Government	Challan number given by Deduction 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)
01		Alexon Group, Millbrea, Alloway, Ayr, UK	15,00,000.00	5-Aug-2009	No	10 %	1,50,000.00	26-Jul-2009	0240130	5-Aug-2009	45789	5-Aug-2009	

Notes :-

1. Please state the nature of payment viz. interest, dividends.
2. Please use separate 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 'X' 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 3.24 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 14th July, 14th October, 14th 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**

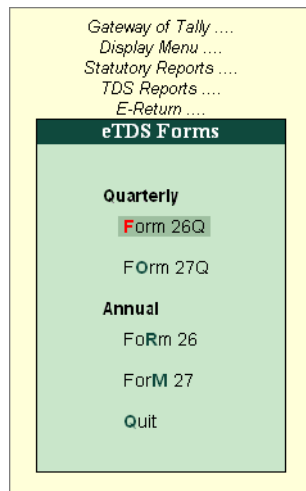


Figure 3.25 E-TDS Forms

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.
- ❑ By default the **Export Location** is preset the Tally.ERP 9 folder as the location to export the file which can be changed by the user.
- ❑ 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**,
 - In **Category (Deductor/Collector)** field select the applicable **Deductor Category** from the list. E.g. **Company**

Exporting eTDS Forms

Language : **Restricted (ASCII Only)**
 Format : **SDF (Fixed Width)**
 Export Location : **C:\Tally.ERP9**
 Output File Name : **Form 26Q.txt**

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 : **Bommanahalli**
 Town/City/District : **Bangalore**
 State : **Karnataka**
 Pin code : **560064**
 Telephone : **080-22356475**
 E-mail : **sales@universal.com**
 Is Change in Address since last Return? **No**

Other Details

Category (deductor/collector): **Company**
 From (blank for beginning of FY) : **01-07-2009**
 To (blank for end of FY) : **31-03-2010**
 Challan Date Till :
 Form Name :
 Place :
 Date :

Deductor Category

- Artificial Juridical Person
- Association of Person (AOP)
- Association of Person (Trust)
- Body of Individuals
- Branch / Division of Company
- Company**
- Firm
- Individual/HUF

NOTE : Validate the exported file through the NSDL's File Validation Utility before submitting the data.

Figure 3.26 Exporting eTDS Forms

- Specify the applicable date in the **From** and **To** fields
- Specify **07-07-2009** 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

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

Exporting eTDS Forms	
Language	: Restricted (ASCII Only)
Format	: SDF (Fixed Width)
Export Location	: C:\Tally.ERP9
Output File Name	: Form 26Q.txt
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	: Bommanahalli
Town/City/District	: Bangalore
State	: Karnataka
Pin code	: 560064
Telephone	: 080-22356475
E-mail	: sales@universal.com
Is Change in Address since last Return?	: No
Other Details	
Category (deductor/collector)	: Company
From (blank for beginning)	: 1-4-2009
To (blank for end)	: 30-6-2009
Challan Date Till	: 7-7-2009
Form Name	: Form 26Q
Place	: Bangalore
Date	: 7-Jul-2009
Export ? Yes No	

NOTE : Validate the exported file through the NSDL's File Validation Utility before sub

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

The exported file can be located in the path specified in the File Location field of the Exporting eTDS Forms screen with the file name as specified above.

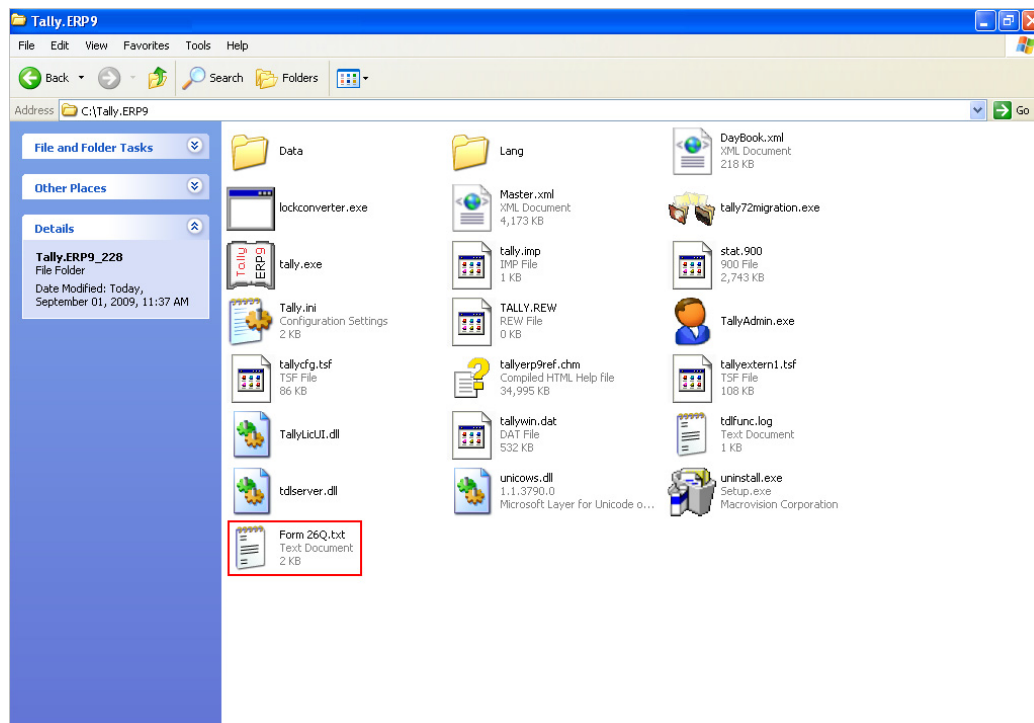


Figure 3.27 Exported Form 26Q in the File Location Specified

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



- ❑ Similarly user can export Form 27Q, Form 26 and Form 27 from Tally.ERP 9.
- ❑ 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 re-validate the returns. The File Validation Utility is available for Quarterly and Annual returns separately.
- ❑ Tally.ERP 9 exports Form 26Q, Form 27Q, Form 26 and Form 27 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**.

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

PrintingTDS Form27A			
Printer : Snaglt 7 (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 : (8.03" x 10.63") or (204 mm x 270 mm)		
Report Titles			
TDS Form27A			
(with Print Preview)			
Person Responsible Details		Other Details	
Flat No : # 45 Name : Rajesh Designation : Manager Name of the premises/building: AMR Tech Park Road/Street/Lane : Hosur Road Area/Location : Bommanahalli Town/City/District : Bangalore State : Karnataka Pin code : 560064 Telephone : 080-22356475 E-mail : sales@universal.com	Category (deductor/collector): Company From (blank for beginning) : 1-4-2009 To (blank for end) : 30-6-2009 Challan Date Till : 7-7-2009 Enclosed Form Type : Form 26Q Previous Receipt No. : No. of Annexures enclosed: 2 Other Information : Place : Bangalore Date : 7-Jul-2009		
Print ? Yes or No			

Figure 3.28 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 1/4/2009 to 30/6/2009)																																																					
1 (a) Tax Deduction Account No.		BANU07884F		(d) Financial Year	2009-10																																																
(b) Permanent Account No.		AGRTL0443L		(e) Assessment Year	2010-11																																																
(c) Form No.		Form 26Q		(f) Previous receipt number																																																	
(In Case return / statement has been filed earlier)																																																					
2 Particulars of the deductor			3 Name of the person responsible for deduction of tax																																																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>(a) Name</td><td>Universal Infotech</td></tr> <tr><td>(b) Type of deductor*</td><td>Others</td></tr> <tr><td>(c) Branch / Division (if any)</td><td></td></tr> <tr><td>(d) Address</td><td></td></tr> <tr><td>Flat No.</td><td># 45</td></tr> <tr><td>Name of the premises / building</td><td>AMR Tech Park</td></tr> <tr><td>Road / Street / Lane</td><td>Hosur Road</td></tr> <tr><td>Area / Location</td><td>Bangalore</td></tr> <tr><td>Town / City / District</td><td></td></tr> <tr><td>State</td><td>Karnataka</td></tr> <tr><td>Pin code</td><td>560064</td></tr> <tr><td>Telephone</td><td>080-22356475</td></tr> <tr><td>E-mail</td><td>sales@universal.com</td></tr> </table>			(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	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>(a) Name</td><td>Rajesh</td></tr> <tr><td>(b) Address</td><td></td></tr> <tr><td>Flat No.</td><td># 09</td></tr> <tr><td>Name of the premises / building</td><td>AMR Tech Park</td></tr> <tr><td>Road / Street / Lane</td><td>Hosur Road</td></tr> <tr><td>Area / Location</td><td>Bommanahalli</td></tr> <tr><td>Town / City / District</td><td>Bangalore</td></tr> <tr><td>State</td><td>Karnataka</td></tr> <tr><td>Pin code</td><td>560067</td></tr> <tr><td>Telephone</td><td>080-5527665</td></tr> <tr><td>E-mail</td><td>sales@abc.com</td></tr> </table>			(a) Name	Rajesh	(b) Address		Flat No.	# 09	Name of the premises / building	AMR Tech Park	Road / Street / Lane	Hosur Road	Area / Location	Bommanahalli	Town / City / District	Bangalore	State	Karnataka	Pin code	560067	Telephone	080-5527665	E-mail	sales@abc.com
(a) Name	Universal Infotech																																																				
(b) Type of deductor*	Others																																																				
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Flat No.	# 45																																																				
Name of the premises / building	AMR Tech Park																																																				
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Pin code	560067																																																				
Telephone	080-5527665																																																				
E-mail	sales@abc.com																																																				
4 Control totals																																																					
Sr.No.	No. of deductee party records	Amount paid Rs.	Tax deducted Rs.	Tax deposited (Total challan amount) Rs.																																																	
Total	4	6,15,000.00	16,500.00	16,500.00																																																	
5 Total Number of Annexures enclosed		2																																																			
6 Other Information																																																					
VERIFICATION																																																					
I, <u>Rajesh</u> , hereby certify that all the particulars furnished above are correct and complete.																																																					
Place: Bangalore		Signature of person responsible for deducting tax at source _____																																																			
Date: 7-Jul-2009		Name and designation of person responsible for deducting tax at source <u>Rajesh, Manager</u>																																																			
*Mention type of deductor- Government or Others																																																					
# dd/mm/yy :- date/month/year																																																					

Figure 3.29 Print Preview of Form 27A

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 > TDS Reports > Outstanding > TDS Payables**

TDS Outstanding		Universal Infotech		Ctrl + M	
TDS Payable			1-Apr-2009 to 25-Oct-2009		
Date	Ref. No.	Nature of Payment	Opening Amount	Pending Amount	Due on Overdue days
2-Jun-2009	Pymt / 3-1	Payment to Contractors (Advertisement Contractors)	900.00 Cr	900.00 Cr	7-Jul-2009 110
4-Aug-2009	Purc / 4-1	Payments to Contractors (Other Than Advertisement)	1,040.00 Cr	1,040.00 Cr	7-Sep-2009 48
21-May-2009	Purc / 3-2	Payment to Contractors (Advertisement Contractors)	2,000.00 Cr	2,000.00 Cr	7-Jun-2009 140
25-Jun-2009	Jrnl / 6-1	Commission Or Brokerage	4,000.00 Cr	4,000.00 Cr	7-Jul-2009 110
15-Jun-2009	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)	600.00 Cr	600.00 Cr	7-Jul-2009 110
6-May-2009	Jrnl / 2-2	Fees for Professional Or Technical Services	10,000.00 Cr	10,000.00 Cr	7-Jun-2009 140
20-Oct-2009	Jrnl / 18-1	Payment to Contractors (Advertisement Contractors)	1,000.00 Cr	1,000.00 Cr	7-Nov-2009 0
10-Aug-2009	Jrnl / 11-1	Payments to Contractors (Other Than Advertisement)	1,200.00 Cr	1,200.00 Cr	7-Sep-2009 48
2-Aug-2009	Jrnl / 10-1	Payment to Contractors (Advertisement Contractors)	5,000.00 Cr	5,000.00 Cr	7-Sep-2009 48
10-Oct-2009	CNote / 2-1	Commission Or Brokerage	5,000.00 Cr	5,000.00 Cr	7-Nov-2009 0
25-Oct-2009	CNote / 2-1	Interest Other Than Interest on Securities	1,042.00 Cr	1,042.00 Cr	7-Nov-2009 0
1-Sep-2009	CNote / 1-1	Interest Other Than Interest on Securities	2,752.00 Cr	2,752.00 Cr	7-Oct-2009 18
			34,534.00 Cr	34,534.00 Cr	

Figure 3.30 TDS Payable Report

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

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.

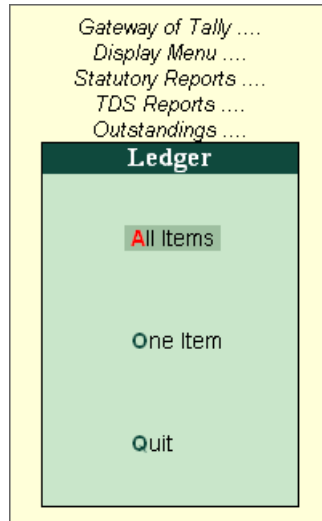


Figure 3.31 Ledger

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

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

TDS Ledger Outstandings		Universal Infotech	Ctrl + M
Ledger: All Items		1-Apr-2009 to 25-Oct-2009	
Ledger Name	Pending Amount		
ACE Computers	4,000.00		
AK Manufacturers	1,040.00		
Arun Contractors	1,200.00		
Mark IT Solutions	5,000.00		
Phoenix Agencies	10,542.00		
Smart Agencies	2,752.00		
Sridhar & Co.	10,000.00		
Grand Total			34,534.00

Figure 3.32 TDS Ledger Outstandings – All Item

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

From the **List of TDS Party Ledgers** select **Pheonix Agencies** and press **Enter** to view **TDS Ledger Outstandings** report.

TDS Ledger Outstandings		Universal Infotech		Ctrl + M		
Ledger : Pheonix Agencies			1-Apr-2009 to 25-Oct-2009			
Date	Ref. No.	Nature of Payment	Opening Amount	Pending Amount	Due on	Overdue by days
21-May-2009	Purc / 3-2	Payment to Contractors (Advertisement Contractors)	2,000.00 Cr	2,000.00	7-Jun-2009	140
2-Jun-2009	Pyrm / 3-1	Payment to Contractors (Advertisement Contractors)	900.00 Cr	900.00	7-Jul-2009	110
15-Jun-2009	Jrnl / 5-2	Payment to Contractors (Advertisement Contractors)	600.00 Cr	600.00	7-Jul-2009	110
2-Aug-2009	Jrnl / 10-1	Payment to Contractors (Advertisement Contractors)	5,000.00 Cr	5,000.00	7-Sep-2009	48
20-Oct-2009	Jrnl / 18-1	Payment to Contractors (Advertisement Contractors)	1,000.00 Cr	1,000.00	7-Nov-2009	0
25-Oct-2009	CNote / 2-1	Interest Other Than Interest on Securities	1,042.00 Cr	1,042.00	7-Nov-2009	0
			10,542.00 Cr	10,542.00		

Figure 3.33 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.

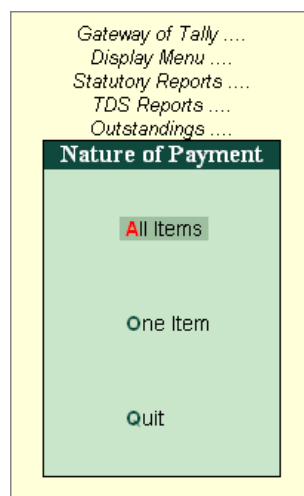


Figure 3.34 Nature of Payment

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

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

TDS Nature of Payment Outstandings Universal Infotech Ctrl + M			
Nature of Payment : All Items		1-Apr-2009 to 25-Oct-2009	
Nature of Payment	Company	Non Company	Total Pending
Commission Or Brokerage		9,000.00	9,000.00
Fees for Professional Or Technical Services		10,000.00	10,000.00
Interest Other Than Interest on Securities	2,752.00	1,042.00	3,794.00
Payments to Contractors (Other Than Advertisement)	1,040.00	1,200.00	2,240.00
Payment to Contractors (Advertisement Contractors)		9,500.00	9,500.00
Grand Total	3,792.00	30,742.00	34,534.00

Figure 3.35 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 Payments** select **Commission Or Brokerage** and press **Enter** to view **TDS Nature of Payment Outstandings** report

TDS Nature of Payment Outstandings			Universal Infotech		Ctrl + M	
Nature of Payment : Commission Or Brokerage			1-Apr-2009 to 25-Oct-2009			
Date	Ref. No.	Partys' Name	Opening Amount	Pending Amount	Due on	Overdue by days
25-Jun-2009	Jrnl / 6-1	ACE Computers	4,000.00 Cr	4,000.00	7-Jul-2009	110
10-Oct-2009	CNote / 2-1	Mark IT Solutions	5,000.00 Cr	5,000.00	7-Nov-2009	0
			9,000.00 Cr	9,000.00		

Figure 3.36 TDS Nature of Payment Outstanding – One Item

3.7 TDS Not Deducted

TDS Not Deducted report displays party wise TDS not deducted details.

To view the TDS Not Deducted report

Go to **Gateway of Tally > Display > TDS Reports > Outstandings > TDS Not Deducted**

TDS Not Deducted Details					
			Universal Infotech		
			Ctrl + M X		
TDS Not Deducted Details			1-Apr-2009 to 25-Oct-2009		
Particulars	PAN	Taxable Amount	Tax Deductible	Deducted Till Date	Balance to be Deducted
Mark IT Solutions	ASSEP6001N	2,50,000.00	5,000.00		5,000.00
Pheonix Agencies	ASPLC0245L	12,00,000.00	12,000.00		12,000.00
Smart Agencies	ACCPL4510L	3,00,000.00	30,000.00		30,000.00
Total		17,50,000.00	47,000.00		47,000.00

Figure 3.37 TDS Not Deducted Report

3.8 Exception Reports

Exception Reports user can view the reports related Migrate Tools, TDS Masters without PAN Details and deductee Type.

To view **TDS Exception Reports**

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

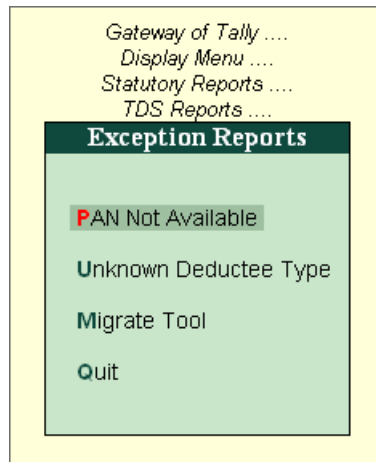


Figure 3.38 Exception Reports

The **Exception Reports** are

- PAN Not Available
- Unknown Deductee Type
- Migrate Tools

3.8.1 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

PAN Not Available

Universal Infotech

Ctrl + M

List of All Ledger Masters
(Where PAN Details Are Not Entered)

Supplier Ledger Name	Deductee Type	Contact Person	Contact Number	PAN / IT No.
Alexon Group	Company - Non Resident			
SYS Image	Association of Persons			

Figure 3.39 PAN Not Available Report

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.

3.8.2 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**

Unknown Deductee Type

Universal Infotech

Ctrl + M

List of All Ledger Masters
(Where Deductee Type Is Not Proper)

Supplier Ledger Name	Deductee Type	Contact Person	Contact Number	PAN / IT No.
Attra Infotech	Unknown			
Intel Com	Unknown			
Savani Roadways	Unknown			

Figure 3.40 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.

3.8.3 Migrate Tool

From Migrate Tool menu you can select migration related reports.

To view Migrate Tool

Go to **Gateway of Tally > Display > TDS Reports > Exception Reports > Migrate Tool**

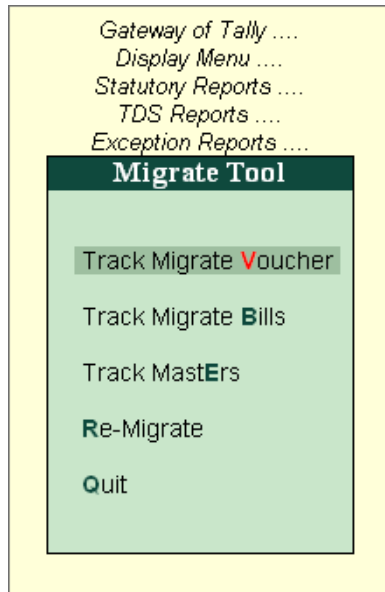


Figure 3.41 Migrate Tool



Migration related information will be displayed in any of the above reports, only when in the data (company) which is migrated from earlier versions of Tally (Tally 9/ Tally 8.1/Tally 7.2) to Tally.ERP 9

Track Migrate Vouchers

Track Migrate Vouchers report displays **TDS Party-wise Total, Migrated and Un-migrated vouchers** details. On selecting a particular party from this report Tally.ERP 9 displays the un-migrated vouchers with reasons for non-migration.

To view Track Migrate Vouchers report

Go to **Gateway of Tally > Display > Statutory Reports > TDS Reports > Exception Reports > Migrate Tools > Track Migrate Vouchers**

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**.

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 Deduction or IT Exemption in TDS Masters** which needs to be updated **manually** in migrated data.*

Re-Migrate

To un-migrate the TDS migrated vouchers click on **Re-migrate** option.

On clicking the Re-Migrate option, Tally.ERP 9 first un-migrates all the TDS vouchers and then re-migrates all the vouchers. If the migration is not complete the application displays the message - **TDS Migration did not complete successfully**.