

Lesson no. 5: Introduction of TDS

Tax Deducted at Source (TDS) in Tally 9

Tax Deducted at Source (TDS) is one of the modes of collecting income tax. The buyer (deductor) deducts the tax from the payment made to the seller (deductee) and remits the tax to the Income Tax Department within the stipulated time.

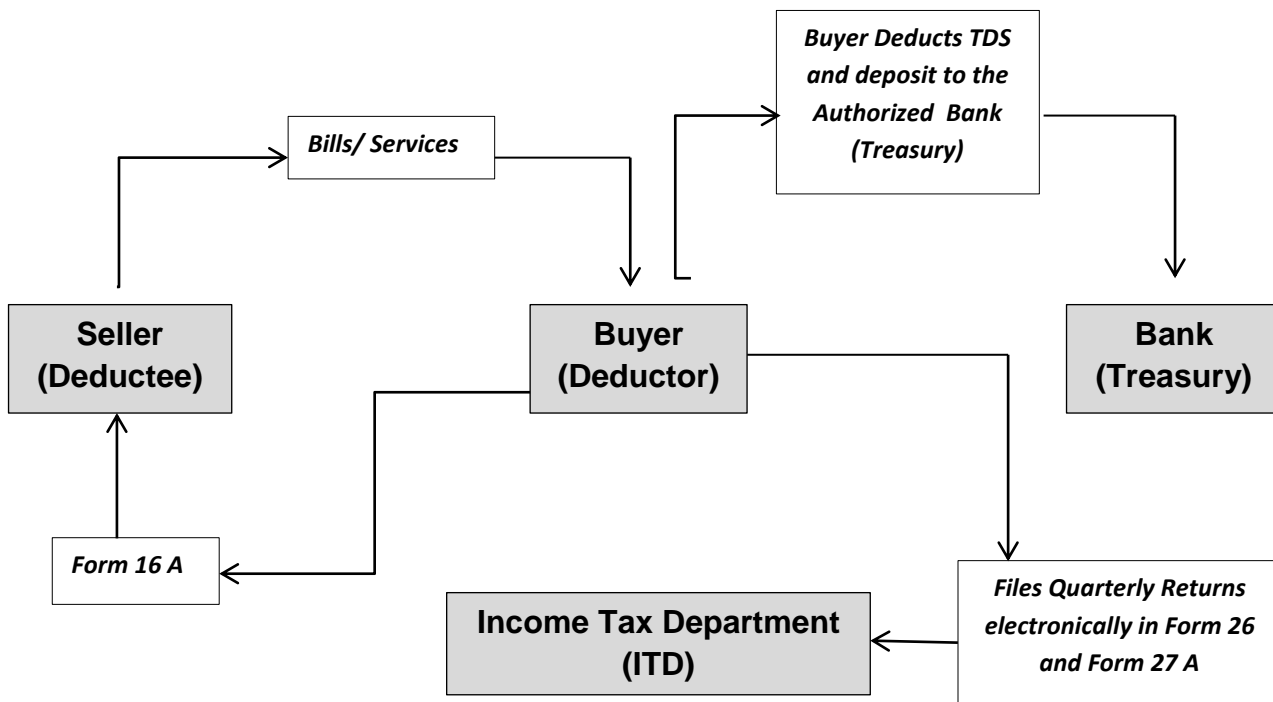
The buyers (Corporate and Non-Corporate) make payments (such as Salary, Rent, Interest on securities, Dividends, Insurance Commission, Professional Fees, Commission on Brokerage, Commission on Lottery Tickets, etc.) to the sellers (Services) and deduct the requisite amount from such payments towards tax.

The buyer files the TDS returns containing details of the seller and the bank, where the TDS amount is deposited to the Income Tax Department (ITD).

The Income Tax Department has prescribed the formats for filing these returns electronically, which the buyer does in a CD/floppy.

For additional details you can visit the Income Tax Website at: <http://www.incometaxindia.gov.in>

Understanding TDS by Flow Charts



TDS Activations in Tally ERP 9

Examples:

Date: 1-4-2016

Received Invoice from Swayam Associates, Chartered Accountant, towards Internal Audit of Accounts Rs. 25,000

Dated: 2-4-2016

Paid Rs. 22,167 to Swayam Associates towards his Invoice after deducting TDS Rs. 2,833 an amount payable to him.

Dated: 2-4-2016

Paid Rs. 2,833 by cheque of Axis Bank towards TDS on Internal Audit to the Authorized Bank Treasury.

Solutions in Tally ERP 9



Step 1:

In F11: Features (F3: Statutory)

Enable Tax Deducted at Source (TDS) to YES.

Set / Alter TDS Details to YES

Company: <u>WWW.SWAYAM-EDUCATION.COM</u>			
<u>Statutory & Taxation</u>			
Enable Dealer - Excise	? No	Enable Tax Deducted at Source (TDS)	? Yes
Set/Alter Dealer - Excise Details	? No	Set/Alter TDS Details	? Yes
Follow Excise rules for Invoicing	? No	Enable Tax Collected at Source (TCS)	? No
Enable Value Added Tax (VAT)	? Yes	Set/Alter TCS Details	? No
Set/Alter VAT Details	? No	Enable Fringe Benefit Tax (FBT)	? No
Enable Service Tax	? No	Set/Alter FBT Details	? No
Set/Alter Service Tax Details	? No		

Enter the following details in the TDS Deductor Details Screen as per the following illustration.

<u>Company TDS Deductor Details</u>	
Tax Assessment Number	: BLS1111111
Income Tax Circle/Ward (TDS)	: BLS-TDS
Deductor Type	: Others
Name of person responsible	: Sanjay Satpathy
Designation	: Accountant

The fields in the screen are as follows:

- Tax Assessment Number (TAN) is a 10-digit alphanumeric number issue by the income Tax Department (ITD) to the Deductor.
- Income Tax Circle / Ward (TDS) is issued by the Income Tax Department and represent the area where the deductor is supposed to file TDS Returns.
- Deductor Type: Government or Others.
- Name and Designation of the authorized person who is responsible to file TDS Returns.

Step 2:

Create Ledger

- Swayam Associates under Sundry Creditor. Ensure that the details are a shown in the following figure:

<u>Ledger Alteration</u>	
Name	: Swayam Associates
(alias)	:
Notes	:
Under	: Sundry Creditors (Current Liabilities)
Currency of Ledger	: Rs.
Maintain balances bill-by-bill	? Yes
Default Credit Period	:
Inventory values are affected	? No
Activate Interest Calculation	? No
<u>Statutory Information</u>	
Is TDS Applicable	? Yes

<u>TDS Details</u>	
Deductee Type	: Individual/HUF - Resident
Is Lower/No Deduction Applicable	? No
Ignore Surcharge Exemption Limit	? Yes

Step 3:

Create Ledger: “**Internal Audit Expenses**” under Indirect Expenses

Step 4:

Create Ledger: “**TDS on Internal Audit**” under Duties & Taxes. Ensure that the details are as shown in the following figure:

Ledger Alteration		WWW.SWAYAM-EDUCATION.COM
Name	:	TDS on Internal Audit
(alias)	:	[REDACTED]
Notes	:	
Under	:	Duties & Taxes (Current Liabilities)
Currency of Ledger	:	Rs.
Type of Duty/Tax	:	TDS
Nature Of Payment	:	Fees for Professional Or Technical Services
Ignore TDS Exemption Limit	?	Yes
Maintain balances bill-by-bill	?	Yes
Default Credit Period	:	
Inventory values are affected	?	No
Activate Interest Calculation	?	No

Step 5:

Make an entry in the Journal Voucher

Note: **In F12: Configuration set Allow Alternation of TDS Rates for Lower Deductor to YES.**

Debit: Internal Audit Expenses : Rs. 25,000

Credit: Swayam Associates: Rs. 25,000

In the Bill Wise Details screen, enter the details as per the following illustration.

Press Y or Enter to Accept the voucher.

Accounting Voucher Alteration (Secondary)		WWW.SWAYAM-EDUCATION.COM	
Journal No. 1		1-Apr-2008 Tuesday	
Particulars	Debit	Credit	
Dr Internal Audit Expenses Cur Bal : 25,000.00 Dr New Ref 1	25,000.00 Dr		
Cr Swayam Associates Cur Bal : 0.00 Cr New Ref 1		25,000.00	
		25,000.00 Cr TDS on Internal Audit 10 % (TDS Rate)	
Narration:		25,000.00	25,000.00

List Of TDS Ledgers

Not Applicable

TDS on Internal Audit

Step 6:

Make an entry in a Journal Voucher.

- Press ALT + S or click on the TDS Deductions button.

Note: This is to select only the Ledger where TDS is applicable

Debit: Swayam Associates

Credit: "TDS on Internal Audit"

Note: TDS Details for TDS on Internal Audit is updated with the details like Gross Amount, Income Tax, Surcharges, Audit Surcharges, and reference.

1. Press **YES** or Enter to accept the voucher.

TDS Details for: Swayam Associates					
TDS Ledger	:	TDS on Internal Audit			
Total Amount Paid/Payable	:		25,000.00		
Tax	:	@	10 %	2,500.00	
Surcharge	:	@	10 %	250.00	
Additional Surcharge (Cess)	:	@	2 %	55.00	
Addl Ed Cess	:	@	1 %	28.00	
Total TDS	:			2,833.00	
Less: TDS Deducted Till Date	:				
Net TDS to Deduct	:			2,833.00	
Pending Bills for: Swayam Associates					
Type of Ref	Name	Due Date, or Credit Days	Gross Amount	Amount	Dr/ Cr
TDS					
				TDS Applicable Bills	
		TDS/JV-1	1-Apr-2008	25,000.00 Cr	TDS on Internal Audit

Accounting Voucher Creation		WWW.SWAYAM-EDUCATION.COM		Ctrl + M
Journal No. 2		1-Apr-2008 Tuesday		
TDS Deduction				
Particulars	Debit	Credit		
By Swayam Associates Cur Bal : 22,167.00 Cr	2,833.00			
To TDS on Internal Audit Cur Bal : 2,833.00 Cr Tax Details for : TDS on Internal Audit New Ref Jnl/2 2,833.00 Cr		2,833.00		
Narration:		2,833.00	2,833.00	
		Accept ? Yes or No		

Step 7:

Make an entry of the transaction in a Payment Voucher.

Debit: Swayam Associates: Rs. 22,167

Credit: Axis Bank: Rs. 22,167

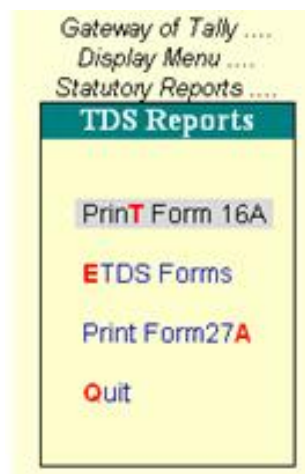
Debit: TDS on Internal Audit: Rs. 2,833

Credit: Axis Bank: Rs. 2,833

Step 8:

TDS Report from

Gateway of Tally → Display → Statutory Report → TDS Reports



You can view TDS Outstanding from:

Gateway of Tally → Display → Statements of Accounts → TDS Outstanding

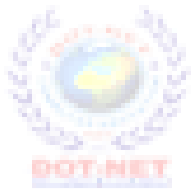


TDS Rates for Annual Year 2015-16

Section	Payment	Limit	TDS Rates for Individuals	TDS Rates for Others
194A	Interest from a Banking Company	10000	10%	10%
194A	Interest other than from a Banking Co.	5000	10%	10%
194C	Contractors (including Advertising & Sub-Contractor)	30000 (per payment) or 75000 p.a.	1%	2%

Section	Payment	Limit	TDS Rates for Individuals	TDS Rates for Others
194C	Transport Contractors (Providing <u>PAN</u> and engaged in the business of plying, hiring or leasing of goods carriages)	Nil	Nil	Nil
194D	Insurance Commission	20000	10%	10%
194H	Commission or Brokerage	5000	10%	10%
194I	Rent of Land & Building	180000	10%	10%
194I	Rent of Plant & Machinery and Other Equipments	180000	2%	2%
194IA	Transfer of Immovable Property other than Agriculture Land	5000000	1%	1%
194J	Payment for Professional Services, Technical Services & Royalty	30000	10%	10%
194J(1)(ba)	Payment to Directors any remuneration or fees or commission by whatever named called if the same is not	-	10%	10%

Section	Payment	Limit	TDS Rates for Individuals	TDS Rates for Others
	covered u/s 192			



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