Implementation of TDS in Tally.ERP 9
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Introduction

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

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

Scope & Applicability

Scope

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

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

Similarly, person responsible for paying any income by way of 'interest on securities' or any other interests are required to deduct tax at source at the prescribed rates at the time of credit of such income to the account of the payee or at the time of payment, whichever is earlier.
Applicability
Tax will be deducted at source based on the rate defined in the Act, only on the fulfilment of the below mentioned conditions.

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

2. The nature of payment belongs to any one of following list

<table>
<thead>
<tr>
<th>Nature of Payment</th>
<th>Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>Interest on Securities</td>
</tr>
<tr>
<td>Dividend</td>
<td>Interest other than securities</td>
</tr>
<tr>
<td>Winnings</td>
<td>Winnings from horse races</td>
</tr>
<tr>
<td>Winnings</td>
<td>Winnings from lottery or crossword puzzles</td>
</tr>
<tr>
<td>Winnings</td>
<td>or card game or other game</td>
</tr>
<tr>
<td>Payment to sub-contractors</td>
<td>Insurance commission</td>
</tr>
<tr>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>Payments to Contractors (Other than Advertisement)</td>
</tr>
<tr>
<td>Payment to Non-Resident sportsman or sports association</td>
<td>Payment in respect of deposits under NSS</td>
</tr>
<tr>
<td>Payment on account of repurchase of units of MF or UTI</td>
<td>Commission on sale of lottery tickets</td>
</tr>
<tr>
<td>Commission or brokerage</td>
<td>Rent of Land, Building or Furniture</td>
</tr>
<tr>
<td>Rent of Plant, Machinery or Equipment</td>
<td>Fees for professional or technical services</td>
</tr>
<tr>
<td>Payment of compensation on acquisition of certain immovable property</td>
<td>Payment of Any other income to a non-resident</td>
</tr>
<tr>
<td>Income from units to an offshore fund</td>
<td>Income of foreign institutional investors from securities</td>
</tr>
<tr>
<td>Condition</td>
<td>Classification of Income</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Fees for Tech. Services Agreement is made after Feb. 29, 1964 before April 1, 1976</td>
<td>Fees for Tech. Services Agreement is made after Mar 31, 1976 before June 1, 1997</td>
</tr>
<tr>
<td>Fees for Tech. Services Agreement is made after May 31, 1997 before June 1, 2005</td>
<td>Fees for Tech. Services Agreement is made on or after June 1, 2005</td>
</tr>
<tr>
<td>Income by way of Long-Term Capital Gains</td>
<td>Income from Foreign Currency Bonds or Global Depository Receipts (GDR)</td>
</tr>
<tr>
<td>Income from Foreign Exchange Assets payable</td>
<td>Interest payable by Government or Indian concern in Foreign Currency</td>
</tr>
<tr>
<td>Long–Term Capital Gains</td>
<td>Royalty (f) Agreement is made after May 31, 1997 before June 1, 2005</td>
</tr>
<tr>
<td>Royalty (f) Agreement is made before June 1, 1997</td>
<td>Royalty (f) Agreement is made on or after June 1, 2005</td>
</tr>
<tr>
<td>Royalty (g) Agreement is made after March 31, 1961 before April 1, 1976</td>
<td>Royalty (g) Agreement is made after March 31, 1976 before June 1, 1997</td>
</tr>
<tr>
<td>Royalty (g) Agreement is made after March 31, 1997 before June 1, 2005</td>
<td>Royalty (g) Agreement is made on or after June 1, 2005</td>
</tr>
<tr>
<td>Short–Term Capital Gains</td>
<td></td>
</tr>
</tbody>
</table>


**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 with in one month from the end of the month during which the credit has been given or the payment has been made, as the case may be.

  Example: For deductions in May 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:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Form No.</th>
<th>Particulars</th>
<th>Periodicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>Form 26</td>
<td>Annual return for deduction of tax in respect of payments other than salary.</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Form 27</td>
<td>Annual return for deduction of tax in respect of payments other than salary made to Non-residents.</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>Form 27A</td>
<td>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.</td>
<td>With each e-TDS returns Form 26 and/or Form 27.</td>
</tr>
<tr>
<td>2009-10</td>
<td>Form 26Q</td>
<td>Quarterly return for deduction of tax in respect of payments other than salary.</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Form 27Q</td>
<td>Quarterly return for deduction of tax in respect of payments other than salary made to Non-residents.</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>Form 27A</td>
<td>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</td>
<td>With each e-TDS returns Form 26Q and/or Form 27Q.</td>
</tr>
</tbody>
</table>

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

![Completed Company Creation Screen](image)

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.

![Statutory & Taxation Features](image)

Figure 1.2   F11: Statutory & Taxation Features
Press Enter, the Company TDS Deductor Details screen displays

![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

![Company TDS Deductor Details](image)

- **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

![F11: Statutory & Taxation](image)

- **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 emphasize 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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisement Expenses</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
</tr>
</tbody>
</table>

Create Expenses Ledger

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

- Type Advertisement Expenses as the Ledger Name
- Select Indirect Expenses in the Under field
- Set Is TDS Applicable to Yes
- In Default Nature of Payment filed select Payment to Contractors (Advertisement Contractors) from the List of TDS Nature of Paymt.

- 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 List of TDS Nature of Pymt, where the user doesn’t want to define the TDS Nature of payment during Ledger creation. This allows the user to use an Expense Ledger (as a common ledger) to account multiple TDS Nature of Payments.

The completed Expenses Ledger screen is displayed as shown.

![Figure 2.2 Completed Expenses Ledger Creation Screen](image)

- Press Enter to Save
ii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pheonix Agencies</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Association of Persons</td>
</tr>
</tbody>
</table>

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]

In the Ledger Creation screen,
- Type Pheonix Agencies as the Ledger Name
- Group it under Sundry Creditors group
- Set Maintain Balances bill-by-bill to Yes
- Specify the Default Credit Period, if required
- Set Is TDS Deductable to Yes
- 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

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

- Enter the Mailing Details.
- 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.
The completed **Sundry Creditor** Ledger screen is displayed as shown.

- **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.

- 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.
iii. Tax Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/ Tax</th>
<th>Nature of Payment</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS – Contractors</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>No</td>
</tr>
</tbody>
</table>

Create Tax Ledger

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

In the **Ledger Creation** screen,

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

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

- Press **Enter** to Save.
iv. Bank Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canara Bank</td>
<td>Bank Accounts</td>
</tr>
</tbody>
</table>

Create Bank ledger

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

In the Ledger Creation screen,

- Type Canara Bank as the Ledger Name
- Group it under Bank Accounts group
- 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

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

- **Name**: Canara Bank
- **Account Name**: Universal Infotech
- **Total Op. Bal.**: $50,000,000 Dr
- **Difference**: $50,000,000 Dr
- **Under**: Bank Accounts
- **Effective Date for Reconciliation**: 1 Apr 2009
- **Email Details**:
  - **Name**: Canara Bank
  - **Address**: Municipal Centre, M.G. Road, Bangalore
  - **State**: Karnataka
  - **PIN Code**: 560001
  - **Ac No.**: 00758979
  - **Branch Name**: M.G. Road
  - **BSR Code**: 0240130

**Opening Balance (on 1 Apr 2009)**: $50,000,000 Dr

- **Accept?**
  - **Yes** or **No**

Figure 2.7 Completed Bank Ledger Creation Screen

- 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 Pheonix Agencies in the Credit field and press Enter.

The TDS Details screen is displayed as shown

![TDS Details Screen](image)

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

TDS Details

- **Type of Ref:** New Ref
- **Name:** Jnl / 1:1
- **Nature of Payment:**..
- **TDS Duty:** List of Nature of Pym(s)
- **Assessable:** No
- **Deduct now:**
- **TDS Amount:**
- **Payable Amount:**

**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 Table]

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Nature of Payment</th>
<th>TDS Duty Ledger</th>
<th>Assessable Amount</th>
<th>Deduct Dr/Cr</th>
<th>TDS Amount</th>
<th>Payable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Ref</td>
<td>Jnl / 1.1</td>
<td>Payment to Contractors/Non-Residents Contractors</td>
<td>TDS – Contractors</td>
<td>5,00,000.00</td>
<td>Cr</td>
<td>Yes</td>
<td>5,00,00 Cr</td>
</tr>
<tr>
<td>Income Tax</td>
<td>1 %  On 5,00,000.00 Cr</td>
<td>5,00,00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surcharge</td>
<td>0 %  On 5,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Cess</td>
<td>0 %  On 5,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary Education Cess</td>
<td>0 %  On 5,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.10 Completed TDS Details Screen

6. 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.**

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 - 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 Screen](image)

### 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 the **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.

9. 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.

10. Enter transaction details in the **Narration** field.
The completed **Journal Voucher** is displayed as shown

![Journal Voucher Image]

**Figure 2.12 Journal Voucher**

11. **Press Enter to Save**

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

Example 2:
On April 8, 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 Screen](image)

Figure 2.13  Bill–wise Details Screen

5. Press Enter to accept the bill adjustment.
6. In **Credit** field select **Canara Bank** from the **List of Ledger Accounts**, Amount is defaulted automatically

7. Enter **Cheque No. 254781** in **Narration** field.

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

---

![Figure 2.14 Completed Payment Voucher]

---

8. Press **Enter** to Save.
2.3 Payment of TDS

2.3.1 Payment of TDS (Using Auto Fill)

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: Stat Payment button on the Buttons Bar to view Statutory Payment screen.

![Figure 2.15 Selection of Stat Payment Button](image)
3. In the Statutory Payment screen

- **Type of Duty/Tax**: In this field select the Tax/Duty Type towards which tax payment entry is being recorded. Here we are recording TDS payment entry, hence select TDS from the Type of Duty/Tax.

![Figure 2.16 Selection of Type of Duty/Tax](image)

- **Auto Fill Statutory Payment**: Set this option to **YES** to auto calculate and fill the duty payable to the Government. Set this option to **NO**, if the user wants to manually select the duty ledger and duty bills. Universal Infotech wants to auto fill tax details in payment voucher, hence the option **Auto Fill Statutory Payments** is set to **Yes**.

- On setting the option **Auto Fill Statutory Payments** to **Yes**, based on the Duty/Tax Type selected Tally.ERP 9 displays the appropriate statutory payment fields to fill the details.
- **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.

- **Nature of Payments**: Based on the section selected in the **Section** field, Tally.ERP 9 displays the section related **nature of payments** under which, Tax deducted is pending for payment.
  
  Select **Payment to Contractors (Advertisement Contractors)** as the Nature of Payment.

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

- **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 Statutory Payment screen is displayed as shown:

Figure 2.17 Completed Statutory Payment Screen

4. Press **Enter** to accept the Statutory Payment

5. The **Bank Name** through which the payment is made and **TDS payable amount** (with the respective bill details) will be auto-filled.

Figure 2.18 Auto Filled Payment Voucher
6. Set the option **Provide Details** to **Yes** to enter TDS payment details

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

![Figure 2.19 Payment Details– List of Banks](image)

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 filed
- **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

![Completed Payment Details Screen](image)

8. Press **Enter** to accept the payment details

9. Cheque number entered in the payment details is displayed in the **Narration**

The Completed TDS Payment voucher is displayed as shown

![TDS Payment Voucher](image)

3. Press **Enter** to Save.
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

![Figure 2.22 Voucher Printing Screen](image)

- 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

![TDS Challan Image]

5. Click on **Print** to print the **TDS Challan**.
Part - II
Recording Advanced TDS Transactions

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

We shall learn to record advanced TDS transactions such as

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

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditing Expenses</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Fees for Professional Or Technical Services</td>
</tr>
</tbody>
</table>

Create Expenses Ledger
Go to Gateway of Tally > Accounts Info. > Ledgers > Create
- Type Auditing Expenses as the Ledger Name
- Select Indirect Expenses in the Under field
- Select the appropriate Rounding Method.
- Set Is TDS Applicable to Yes
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.

Figure 2.24 Completed Expenses Ledger Creation Screen

Press Enter to Save
ii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sridhar &amp; Co.</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Partnership Firm</td>
</tr>
</tbody>
</table>

Create Party Ledger

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

In the Ledger Creation screen,
- Type Sridhar & Co. as the Ledger Name
- Group it under Sundry Creditors group
- Set Maintain Balances bill-by-bill to Yes
- Specify the Default Credit Period, if required
- Set Is TDS Deductable to Yes
- 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.

- Enter the Mailing Details.
- 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.
  i. For PAN not available – enter as PANNOTAVBL
  ii. 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

![Sundry Creditor Ledger Creation Screen](image)

- **Press Enter** to Save.
iii. Tax Ledger

Create Tax Ledger

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

In the Ledger Creation screen,

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

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

- Press **Enter** to Save.

Figure 2.26 Completed TDS Ledger Creation Screen

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/Tax</th>
<th>Nature of Payment</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS - Professional or Technical Services</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Fees for Professional or Technical Services</td>
<td>No</td>
</tr>
</tbody>
</table>
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

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

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

<table>
<thead>
<tr>
<th>Dr</th>
<th>Auditing Expenses</th>
<th>Credit 1,12,360.00 Dr</th>
</tr>
</thead>
</table>

**TDS Nature of Payment Details**

- **Ledge Name**: Auditing Expenses
- **Nature of Payment**: Fees for Professional or Technical Services

**List of TDS Nature of Payment**

1. Not Applicable
2. Any Other Income
3. Any Other Interest on Securities As Per Sec. 193
4. Commission on Sale of Lottery Tickets
5. Commission Or Brokerage
6. Deemed Dividend (U/s 22(2)(E)

**Fees for Professional Or Technical Services**

- Fees for Tech. Services Agreement w.e.f Mar 20, 1994 to April 1, 1997
- Fees for Tech. Services Agreement w.e.f May 21, 1997 to June 30, 2003

**Assessable Value**

- Enter Rs. 1,00,000

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

4. 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.
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)

**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)

5. Select **Sridhar & Co.** in the **Credit** field and press **Enter**.
6. 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 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: Jrn/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 Table]

<table>
<thead>
<tr>
<th>TDS Details</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Ref</td>
<td>Name</td>
<td>Nature of Payment</td>
<td>TDS Duty Ledger</td>
</tr>
<tr>
<td>New Ref</td>
<td>Jrn/2-1</td>
<td>Not Applicable</td>
<td>Fees for Professional or Technical Services</td>
</tr>
<tr>
<td>Income Tax</td>
<td>0%</td>
<td>On</td>
<td>12,369.00 Cr</td>
</tr>
<tr>
<td>Surcharge</td>
<td>0%</td>
<td>On</td>
<td>0%</td>
</tr>
<tr>
<td>Educational Cess</td>
<td>0%</td>
<td>On</td>
<td>0%</td>
</tr>
<tr>
<td>Secondary Educational Cess</td>
<td>0%</td>
<td>On</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.31 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: Jrn/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.

<table>
<thead>
<tr>
<th>TDS Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Ref</strong></td>
</tr>
<tr>
<td>New Ref</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>New Ref</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Figure 2.32 Completed TDS Details Screen

7. Press **Enter** to accept TDS Details
8. **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.
9. 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

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Due Date, or Credit Days</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Ref</td>
<td>Bill-911</td>
<td></td>
<td>1,12,360.00 Cr</td>
</tr>
<tr>
<td>New Ref</td>
<td>Bill-911</td>
<td></td>
<td>10,000.00 Dr</td>
</tr>
</tbody>
</table>

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

| 1,02,360.00 Cr |

Figure 2.33 Bill–wise Details Screen

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

10. 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

![Journal Voucher Image]

11. 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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission Expenses</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Commission or Brokerage</td>
</tr>
<tr>
<td>Inventory values are affected: No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   ii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digitech Computers</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Individual/HUF – Resident</td>
</tr>
</tbody>
</table>

   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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/ Tax</th>
<th>Nature of Payment</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS – Commission or Brokerage</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Commission or Brokerage</td>
<td>No</td>
</tr>
</tbody>
</table>
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 filed display the Reference Number for the TDS to be Deducted. The default Reference Number displayed, is a combination of abbreviation of Purchase, Voucher Number and Line Number. Example: Purc / 1-1 which can be changed by the user. TDS deductions are tracked with these Reference Numbers.
   - In Nature of Payment field select Commission or Brokerage from the List of Nature of Pymt(s)
   - In TDS Duty Ledger field select TDS – Commission or Brokerage
   - Assessable Amount is defaulted to Rs. 25000
The **TDS Details** screen is provided for an expenditure for which Tax is not deducted at the time of accounting of expense, to provide the TDS details, which will be used as reference at the time of cumulative deduction of Tax.

8. Press **Enter** to accept the TDS Details

9. In the **Bill-wise Details** screen
   - Select **New Ref** as the **Type of Ref**
   - In the **Name** field enter the Bill name as **Bill - 689**
   - Skip the **Due Date or Credit Days** field
Accept the default **amount** allocation and **Dr/Cr**. By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.

![Figure 2.36 Bill-wise Details](image)

10. Enter transaction details in the **Narration** field. The Completed **Purchase Voucher** is displayed as shown.

![Figure 2.37 Purchase Voucher](image)

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.
8. 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.

9. Press Enter to accept the TDS Details
10. In the **Bill-wise Details** screen
    - Select **New Ref** as the **Type of Ref**
    - In the Name field enter the Bill name as **Bill - 874**
    - Skip the **Due Date or Credit Days** field
    - Accept the default **amount** allocation and Dr/Cr. By default Tally.ERP 9 displays the **Bill amount** in the amount field as the credit balance.
11. Enter transaction details in the **Narration** field.

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

![Completed Purchase Voucher](image)

Figure 2.38  Completed Purchase Voucher

12. 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.

3. 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)**

![Figure 2.39  TDS Deductions – Party Selection](image)

- **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**

![Figure 2.40  TDS Deduction – Nature of Payment Selection](image)

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

5. The **TDS amount** with the respective bill details will be auto-filled.
Figure 2.41 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.

6. 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 Screen](image)

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

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

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

![Journal Voucher](image)

4. 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.
11. 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.
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.
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**

12. Press **Enter** to accept the TDS Details

13. 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.

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

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

---

**Figure 2.46  Completed Purchase Voucher**

15. Press **Enter** to Save.
2. TDS Deduction

Example 9:

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.

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

![Journal Voucher](image)

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
5. 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.
6. Press **Enter** to accept the **Bill-wise Details**
7. Under **Particulars** select **TDS – Contractors (to deduct Tax)** and press **Enter**
8. 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

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Nature of Payment</th>
<th>TDS Duty Ledger</th>
<th>Assessable Amount</th>
<th>TDS Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Ref</td>
<td><strong>Pymt / 3-1</strong></td>
<td><strong>Payment to Contractors (Advertisement Contractors)</strong></td>
<td><strong>TDS – Contractors</strong></td>
<td>90,000.00 Dr</td>
<td>900.00 Cr</td>
</tr>
</tbody>
</table>

9. Press **Enter** to accept the **TDS Details**
10. In the **Amount** field the **TDS amount (Rs. 900)** is displayed with negative sign
11. Enter **025687** in the **Narration** field.
The completed **Payment Voucher** is displayed as shown

![Payment Voucher](image)

**Figure 2.52  Payment Voucher**

12. 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 **Pheonix Agencies** in the **Credit** field and press **Enter**.

6. 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 Screen](image)

**Figure 2.53** TDS 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. Press **Enter** to view Bill-wise Details screen.

9. 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

![Figure 2.54 Bill-wise Details Screen](image)

10. Press **Enter** to accept Bill-wise Details.
11. In the **Credit** field select the duty ledger **TDS – Contractor** from the List of Ledger Accounts and **Rs. 600** (1,50,000 - 1,49,400) is displayed automatically in the amount field.

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

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

![Figure 2.55 Journal Voucher](image)

13. 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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE Computers</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Partnership Firm</td>
</tr>
</tbody>
</table>

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**.

<table>
<thead>
<tr>
<th>Ledger Configuration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allow ALIASES along with Names</td>
</tr>
<tr>
<td>Allow Language ALIASES along with Names</td>
</tr>
<tr>
<td>Allow ADVANCED entries in Masters</td>
</tr>
<tr>
<td>Allow ADVANCED entries in TDS Master</td>
</tr>
<tr>
<td>Add NOTES for Ledger Accounts</td>
</tr>
<tr>
<td>Use ADDRESSES for Ledger Accounts</td>
</tr>
<tr>
<td>Use CONTACT DETAILS for Ledger Accounts</td>
</tr>
</tbody>
</table>

In the **Ledger Creation** screen,

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

Figure 2.57 Ledger Creation – Enabling Advanced TDS Entries
The Advanced TDS Entries screen is displayed as shown

![Advanced TDS Entries Screen](image)

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

In the **Advanced TDS Entries** screen:

- **Set Zero / Lower Deduction**: This field will be enabled when the Deductee has a certificate issued by the assessing officer to Deduct Income tax at Lower Rate. Enable **Set Zero / Lower Deduction** to Yes (ACE Computer has submitted the Certificate to deduct income tax at Lower rate) and press **Enter**.
The **Zero / Lower Deduction Details** screen is displayed as shown

![Figure 2.59 Zero / Lower Deduction Details Screen](image)

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.

![Completed Zero / Lower Deduction Details Screen](image)

- 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 Screen](image)
- 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

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

The completed ledger creation screen is displayed as shown

<table>
<thead>
<tr>
<th>Ledger Creation</th>
<th>Universal Infotech</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>ACE Computers</td>
</tr>
<tr>
<td>alias</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mailing Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>PIN Code</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAN/IT No.</td>
</tr>
<tr>
<td>(PAN/IT No. is mandatory for eTDS, should be of 10 Characters)</td>
</tr>
<tr>
<td>Sales Tax No.</td>
</tr>
</tbody>
</table>

**Statutory Information**

<table>
<thead>
<tr>
<th>Is TDS Deductible</th>
<th>? Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductee Type</td>
<td>Partnership Firm</td>
</tr>
<tr>
<td>Use Advanced TDS Entries</td>
<td>? Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Under</th>
<th>Sundry Creditors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Current Liabilities)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Default Credit Period</th>
<th>? Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory values are affected</td>
<td>? No</td>
</tr>
</tbody>
</table>

**Opening Balance** (on 1-Apr-2009) :

<table>
<thead>
<tr>
<th>Ctrl</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00,000.00 Dr</td>
</tr>
</tbody>
</table>

| Difference |
| $0.00,000.00 Dr |

Figure 2.62  Completed Sundry Creditor Ledger Creation Screen

16. 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**.
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 – **JrnI / 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 Screen](image)

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. Press **Enter** to view Bill–wise Details screen.

9. 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

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Due Date or Credit Days</th>
<th>Amount</th>
<th>Dr/Cr</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Ref</td>
<td>Bill - 260</td>
<td>25-6-2009</td>
<td>80,000.00</td>
<td>Cr</td>
</tr>
<tr>
<td>New Ref</td>
<td>Bill - 260</td>
<td></td>
<td>4,000.00</td>
<td>Dr</td>
</tr>
</tbody>
</table>

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

**Figure 2.64 Bill-wise Details Screen**

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

11. 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.

12. Enter transaction details in the **Narration** field.
The completed **Journal Voucher** is displayed as shown

![Journal Voucher Image]

13. **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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Expenses</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Rent of Land, Building Or Furniture</td>
</tr>
</tbody>
</table>

Set Inventory values are affected to No

As per the given information, create the above ledger

iii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gokul Co-operative Building Society</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Co–Operative Society</td>
</tr>
</tbody>
</table>

To Create Party Ledger

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

In the Ledger Creation screen,
- Type **Gokul Co-operative Building Society** as the **Ledger Name**
- Group it under **Sundry Creditors** group
- Set **Maintain Balances bill-by-bill** to **Yes**
- Specify the **Default Credit Period**, if required
- Set **Is TDS Deductable** to **Yes**
- In the **Deductee Type** field select **Co–Operative Society** from the **List of Deductee Types**
- 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%**.

<table>
<thead>
<tr>
<th>Nature of Payment</th>
<th>Section Number</th>
<th>Certificate No./ Date</th>
<th>Applicable From</th>
<th>TDS</th>
<th>Surcharge</th>
<th>Ed Cess</th>
<th>Sec Ed Cess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent of Land, Building Or Furniture</td>
<td>197A</td>
<td>1-6-2009 31-12-2010</td>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
<td>0 %</td>
<td></td>
</tr>
</tbody>
</table>

- 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

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

The completed Ledger Creation screen is displayed as shown

<table>
<thead>
<tr>
<th>Ledger Creation</th>
<th>Universal Infotech</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>(alias)</td>
<td></td>
<td>50,00,000.00 Dr</td>
</tr>
<tr>
<td>Mainten balance bill-by-bill</td>
<td>Yes</td>
<td>Difference</td>
</tr>
<tr>
<td>Default Credit Period</td>
<td>No</td>
<td>50,00,000.00 Dr</td>
</tr>
<tr>
<td>Inventory values are affected</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**Statutory Information**

- Is TDS Deductible: Yes
- Deductee Type: Co-Operative Society
- Use Advanced TDS Entries: Yes

**Opening Balance** (on 1-Apr-2009):$

Figure 2.67: Completed Sundry Creditor Ledger Creation Screen

- Press Enter to Save.

2. Record the Transaction in Journal voucher

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

- Press F2 and change the date to 30-06-2009
- Select Rent Expenses in the Debit field and press Enter
- Enter 10,00,000 in the Amount field and press Enter
- In the TDS Nature of Payment Details, accept the default details.
- Select Gokul Co-operative Building Society in the Credit field and press Enter.
- In the TDS Details screen provide the following details:
  - In Type of Ref select New Ref
In the Name field accept the default TDS reference number – Jrnl / 7-1
In Nature of Payment field select Rent of Land, Building Or Furniture from the List of nature of Payment(s)
In Is Zero / Lower Rate, Tally.ERP 9 displays the Sections, under which an application for lower rate or Zero rate are approved. Select 197A from the List.

The completed TDS Details screen is displayed as shown

![TDS Details Screen](image)

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 Screen](image)

9. Press **Enter** to accept Bill-wise Details.
10. Enter transaction details in the **Narration** field.
The completed **Journal Voucher** is displayed as shown

![Journal Voucher](image)

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.
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 / 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.
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. Press **Enter** to view Bill–wise Details screen.

9. 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.

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

11. 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.

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

![Figure 2.71 Completed Journal Voucher](image)

13. 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

**Figure 2.72 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.

8. 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.

9. Press **Enter** to accept the TDS Details

10. 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.

11. 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**.

![Figure 2.73 TDS Details](image)
The completed Bill–wise Details screen is displayed as shown

<table>
<thead>
<tr>
<th>Bill-wise Details for: Phoenix Agencies</th>
<th>Upto: Rs. 79,200.00 Dr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Due Date or Credit Days (Ref: 26-7-2009)</td>
</tr>
<tr>
<td>Agst Ref: Bill - 631</td>
<td>79,200.00 Dr</td>
</tr>
</tbody>
</table>

Figure 2.74 Bill–wise Details

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

The completed Debit Note is displayed as shown

<table>
<thead>
<tr>
<th>Accounting Voucher</th>
<th>Creation</th>
<th>Party’s A/c Name</th>
<th>Current Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Note</td>
<td>No. 1</td>
<td>Phoenix Agencies</td>
<td>3,81,689.00 Cr</td>
</tr>
<tr>
<td>Ref:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Created:</td>
<td>75-Jul-2009</td>
<td>Saturday</td>
<td></td>
</tr>
<tr>
<td>Rate per</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistance/Expense</td>
<td>80,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDS - Contractors</td>
<td>(400.00)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Narration:

Figure 2.75 Debit Note

14. 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.

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty Expenses</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Royalty(F) Agreement Is Made on Or After June 1, 2005</td>
</tr>
</tbody>
</table>

Set Inventory values are affected to No

ii. Tax Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/ Tax</th>
<th>Nature of Payment</th>
<th>Inventory values are affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS – Payments to Non–Residents</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Royalty(F) Agreement Is Made on Or After June 1, 2005</td>
<td>No</td>
</tr>
</tbody>
</table>

As per the given information, create the above ledgers.

iii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexon Group</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Company – Non Resident</td>
</tr>
</tbody>
</table>
To Create Party ledger

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

- Type Alexon Group as the Ledger Name
- Group it under Sundry Creditors group
- Set Maintain Balances bill-by-bill to Yes
- Specify the Default Credit Period, if required
- Set Is TDS Deductable to Yes
- In the Deductee Type field select Company – Non Resident from the List of Deductee Types
- Set Use Advanced TDS Entries to Yes
- 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

<table>
<thead>
<tr>
<th>Nature of Payment</th>
<th>Section Number</th>
<th>Certificate No./Date</th>
<th>Applicable From</th>
<th>Applicable To</th>
<th>TDS</th>
<th>Surcharge</th>
<th>Ed Cess</th>
<th>Sec Ed Cess</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty(F) Agreement Is Made on Or After June 1, 2005</td>
<td>DTAA</td>
<td>UG/09/10</td>
<td>1-4-2009</td>
<td>31-3-2010</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Figure 2.76 Deduction as per DTAA

- Enter Address, State and PIN Code under Mailing Details
- 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 Screen](image)

- 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:

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Nature of Payment</th>
<th>Is Zero</th>
<th>TDS Duty</th>
<th>Assessable Amount</th>
<th>Deduct Amount</th>
<th>TDS Amount</th>
<th>Payable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
<td>10%</td>
<td>Cr</td>
<td>No</td>
<td>Cr</td>
<td>15,00,000.00</td>
<td>1,50,000.00</td>
<td>Cr</td>
<td>13,50,000.00</td>
</tr>
<tr>
<td>Surcharges</td>
<td>0%</td>
<td>Cr</td>
<td>No</td>
<td>Cr</td>
<td>1,50,000.00</td>
<td>1,50,000.00</td>
<td>Cr</td>
<td>0.00</td>
</tr>
<tr>
<td>Education Cess</td>
<td>0%</td>
<td>Cr</td>
<td>No</td>
<td>Cr</td>
<td>1,50,000.00</td>
<td>1,50,000.00</td>
<td>Cr</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Total: 15,00,000.00 Cr, 1,50,000.00 Cr, 13,50,000.00 Cr

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. Press Enter to view Bill–wise Details screen.

9. 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.
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

![Completed Journal Voucher](image)

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Payable</td>
<td>Indirect Expenses</td>
<td>Yes</td>
<td>Interest Other Than Interest on Securities</td>
</tr>
</tbody>
</table>

Set Inventory values are affected to No
**ii. Tax Ledger**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/ Tax</th>
<th>Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS–Interest</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Interest Other Than Interest on Securities</td>
</tr>
</tbody>
</table>

Set **Inventory values are affected to No**

As per the given information, create the above ledgers.

**iii. Party Ledger**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>IS TDS Applicable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Agencies</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Company - Resident</td>
</tr>
</tbody>
</table>

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 screen](image)

Set the option **Is TDS Deductable** to **Yes**

- In the **Deductee Type** screen select **Company – Resident** from the List of Deductee Types
Enter the **Mailing Details** and **Tax Information**.

<table>
<thead>
<tr>
<th>Ledger Creation</th>
<th>Universal Infotech</th>
<th>Ctrl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name (title) :</td>
<td>Smart Agencies</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Under</th>
<th>: Sundry Creditors (Current Liabilities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statutory Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is TDS Deducable</td>
</tr>
<tr>
<td>Deductee Type</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Company - Resident</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mailing Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>Vijayanagar,</td>
</tr>
<tr>
<td>Bangalore</td>
</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>Karnataka</td>
</tr>
<tr>
<td>PIN Code</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAN / IT No.</td>
</tr>
<tr>
<td>ACCPL4510L</td>
</tr>
<tr>
<td>(PAN / IT No. is mandatory for eTDS, should be of 10 Characters)</td>
</tr>
<tr>
<td>Sales Tax No.</td>
</tr>
</tbody>
</table>

Opening Balance (on 1 Apr 2009) :

![Party Ledger Creation screen](image)

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

The completed Receipt Voucher is displayed as shown.

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 screen](image)

- Press enter to save the Voucher Type Class screen and Voucher Type Alteration.
4. **Record a Credit Note (to account interest on loan)**

Go to Gateway of Tally > Accounting Vouchers > Ctrl + F8: Credit Note

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 1-9-2009
3. In the Credit field select Smart Agencies from the List of Ledgers to view the Interest Details screen
4. In the Interest Details screen select Loan - 001 from the List of Interest Bills

![Image of Interest Details screen](Figure 2.86 Interest Details screen)

5. In the Credit Amount field Rs. 27517.81 will be displayed automatically.
6. In the Bill-wise Details screen
   - In Type of Ref field select New Ref as the Method of Adjustment
   - In Name field enter CN/001
   - Skip Due Date, or Credit Days field
   - In the Amount field accept the default amount allocation
7. In the Interest Parameters screen define Zero in Rate field
8. In the Debit field select Interest Payable ledger to view TDS Details screen
9. In the TDS Details screen
   - In Type of Ref field select New Ref as the Method of Adjustment
   - In the Name field CNote /1-1 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

![TDS Details screen](image)

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

![Credit Note Voucher](image)

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 from 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.

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

![Payment Voucher - Interest Paid](image)

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 20 days 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

<table>
<thead>
<tr>
<th>Interest Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate Interest Transaction-by-Transaction</td>
</tr>
<tr>
<td>Override Parameters for each Transaction</td>
</tr>
<tr>
<td>Override advanced parameters</td>
</tr>
</tbody>
</table>

Rate: 12% per 365-Day Year
Applicability: Always
Receivable:

Credit Balances Only
Calculation: Due Date of Invoice.Ref

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 Contracts (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

   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

<table>
<thead>
<tr>
<th>Journal</th>
<th>No. 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulars</td>
<td></td>
</tr>
<tr>
<td>Bill-wise Details for:</td>
<td>Phoenix Agencies</td>
</tr>
<tr>
<td>Up to: Rs. 4,95,000.00 Cr</td>
<td></td>
</tr>
<tr>
<td>Type of Ref</td>
<td>Name</td>
</tr>
<tr>
<td>New Ref</td>
<td>Bill - 1025</td>
</tr>
</tbody>
</table>

![Figure 2.93 Interest Parameters screen](image)

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
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.

11. Press enter to save.
3. Record a Credit Note (to accounting interest on over due payment)

Before making the payment to the party ascertain the amount of interest to be paid along with the pending Amount.

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

Go to **Gateway of Tally > Accounting Vouchers > Ctrl + F8: Credit Note**

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 2.96 Interest Details screen](image)

5. In the **Credit Amount** field **Rs. 10415.34** will be displayed automatically.
6. In the **Bill-wise Details** screen
   - In the **Type of Ref** field select **New Ref** as the Method of Adjustment
   - In **Name** field enter **CN/002**
   - Skip **Due Date, or Credit Days** field
   - In the **Amount** field accept the default allocation
7. In the **Interest Parameters** screen in **rate** field define **Zero**
8. In the **Debit** field select **Interest Payable** ledger to view **TDS Details** screen
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

<table>
<thead>
<tr>
<th>particulars</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
</table>
| Cr: Pheonix Agencies
  Curr Bal: 10,415.34 Cr
  New Ref: CN/602
| 10,415.34        | Cr          |
| Dr: Interest Payable
  Curr Bal: 37,953.15 Dr  |
| 10,415.34        | 10,415.34   |

Narration: 10,415.34
```

Figure 2.97  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 screen](image1)

Figure 2.98 Bill-wise Details screen

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

![TDS Deduction–Journal Voucher](image2)

Figure 2.99 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 screen](image)

5. Enter Narration, if required
Completed Payment Voucher is displayed as shown

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pheonix Agencies</td>
<td>5,04,373.34</td>
</tr>
<tr>
<td>Cor Bal: 3,02,400.00 Cr</td>
<td></td>
</tr>
<tr>
<td>Agst Ref Bill: 1025 20 Days 4,95,000.00 Dr</td>
<td>(2-Aug-09)</td>
</tr>
<tr>
<td>Agst Ref CN:002 9,373.34 Dr</td>
<td></td>
</tr>
</tbody>
</table>

Narration:
Ch No: 456789

Figure 2.101 Payment Voucher

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**

<table>
<thead>
<tr>
<th>Stock Item</th>
<th>Under</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cartons</td>
<td>Primary</td>
<td>Nos</td>
</tr>
</tbody>
</table>

**2. Create Masters**

i. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>AK Manufacturers</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Company-Resident</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Used in VAT Returns</th>
<th>VAT/Tax Class</th>
<th>Is TDS Deductible</th>
<th>Default TDS Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase @ 4%</td>
<td>Purchase Accounts</td>
<td>Yes</td>
<td>Purchases @ 4%</td>
<td>Yes</td>
<td>Payment to Contractors (Other Than Advertisement)</td>
</tr>
</tbody>
</table>

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

Figure 2.102 Purchase Ledger Creation
iii. VAT Duty Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/Tax</th>
<th>VAT/Tax Class</th>
<th>VAT Sub Type</th>
<th>Is TDS Applicable</th>
<th>Default Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input VAT @ 4%</td>
<td>Duties &amp; Taxes</td>
<td>VAT</td>
<td>Input VAT @ 4%</td>
<td>Input VAT</td>
<td>Yes</td>
<td>Payments to contractors (Other Than Advertisement)</td>
</tr>
</tbody>
</table>

Set Inventory values are affected to No

The Completed VAT Duty Ledger is displayed as shown

<table>
<thead>
<tr>
<th>Ledger Creation</th>
<th>Universal Infotech</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name : Input VAT @ 4%</td>
<td></td>
</tr>
<tr>
<td>Ledger : Duties &amp; Taxes</td>
<td></td>
</tr>
<tr>
<td>Type of Duty/Tax</td>
<td>Current Liabilities</td>
</tr>
<tr>
<td>VAT Sub Type</td>
<td>Input VAT</td>
</tr>
<tr>
<td>VAT/Tax Class</td>
<td>Input VAT @ 4%</td>
</tr>
<tr>
<td>Inventory values are affected</td>
<td>No</td>
</tr>
<tr>
<td>Active Interest Calculation</td>
<td>4%</td>
</tr>
<tr>
<td>Percentage of Calculation (e.g.S)</td>
<td>On VAT Rate</td>
</tr>
<tr>
<td>Method of Calculation</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Is TDS Applicable</td>
<td>Yes</td>
</tr>
<tr>
<td>Default Nature Of Payment</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mailing Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name :</td>
</tr>
<tr>
<td>Address :</td>
</tr>
<tr>
<td>State :</td>
</tr>
<tr>
<td>PIN Code :</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAN / VAT No.</td>
</tr>
<tr>
<td>[PAN / VAT No. is mandatory for eTDS, should be of 10 Characters]</td>
</tr>
</tbody>
</table>

Opening Balance (on 1 Apr 2009): |

Accept? Yes or No

Figure 2.103 VAT Duty Ledger Creation

iv. TDS Duty Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Type of Duty/Tax</th>
<th>Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS – Contractor Other Than Adv.</td>
<td>Duties &amp; Taxes</td>
<td>TDS</td>
<td>Payments to contractors (Other Than Advertisement)</td>
</tr>
</tbody>
</table>
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
16. Set **Show Statutory Details** to **Yes** to view the duty calculation.

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

*The TDS amount of Rs. 1040 will be displayed with negative sign.*
Completed Purchase Voucher is displayed as shown

![Image of a purchase voucher]

**Figure 2.105 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**

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Is TDS Deductable</th>
<th>Treat as TDS Expenses</th>
<th>Default TDS Nature of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Work In Progress</td>
<td>Fixed Assets</td>
<td>Yes</td>
<td>Yes</td>
<td>Payment to Contractors (Other Than Advertisement)</td>
</tr>
<tr>
<td>(Machine)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Fixed Asset Ledger](image)

Figure 2.106 Fixed Asset Ledger
ii. Party Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Maintain balances bill-by-bill</th>
<th>Is TDS Deductable</th>
<th>Deductee Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arun Contractors</td>
<td>Sundry Creditors</td>
<td>Yes</td>
<td>Yes</td>
<td>Association of Persons</td>
</tr>
</tbody>
</table>

**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 displays the amount (after TDS) payable to the Party
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

![Journal Voucher](image)

Figure 2.108 Journal Voucher

10. Press **Enter** to Save.
2.11 Payment of TDS

2.11.1 Payment of TDS (Using Auto Fill)

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:

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: Stat Payment button on the Buttons Bar to view Stat Payment screen.
3. In the Statutory Payment Screen
   - Type of Duty/Tax: In this field select the Tax/Duty Type towards which tax payment entry is being recorded. Here we are recording TDS payment entry, hence select TDS from the Type of Duty/Tax
   - Auto Fill Statutory Payment: Set this option to YES to auto calculate and fill the duty payable to the Government. Set this option to NO, if the user wants to manually select the duty ledger and duty bills. Universal Infotech wants to auto fill tax details in payment voucher, hence the option Auto Fill Statutory Payments is set to Yes.
   - 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 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.
  - Select **Payment to Contractors (Advertisement Contractors)** as the Nature of Payment
- **Deductee Status**: Select the Deductee Status as **Non Company**.

**The TDS transactions in a payment voucher can be entered for a particular Deductee Status, using the Stat Payment 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 **Statutory Payment** screen is displayed as shown

<table>
<thead>
<tr>
<th>Helper Tax Types</th>
<th>Universal Infotech</th>
<th>Ctrl + M</th>
<th>E</th>
<th>List of Ledger Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom</td>
<td></td>
<td></td>
<td></td>
<td>Canara Bank</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statutory Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Duty/Tax  : TDS</td>
</tr>
<tr>
<td>Auto Fill Statutory Payment : Yes</td>
</tr>
<tr>
<td>Deducted Till Date : 31-5-2009</td>
</tr>
<tr>
<td>Section           : 19.8H</td>
</tr>
<tr>
<td>Nature of Payment : Commission Or Brokerage</td>
</tr>
<tr>
<td>Deductee Status   : Non Company</td>
</tr>
<tr>
<td>Cash/Bank         : Canara Bank</td>
</tr>
</tbody>
</table>

Figure 2.109 Completed Statutory Payment Screen

4. Press **Enter** to accept the **Statutory Payment** screen.
5. The **Bank Name** through which the payment is made and **TDS payable amount** (with the respective bill details) will be auto-filled.

6. Set the option **Provide Details** to **Yes** to enter TDS payment details

7. 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

![Payment Details Screen](image)

8. Press **Enter** to accept the payment details

9. Cheque number entered in the payment details is displayed in the **Narration**
The Completed TDS Payment voucher is displayed as shown

<table>
<thead>
<tr>
<th>Accounting Voucher Creator</th>
<th>Universal Infotech</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDS Payment</td>
<td>4</td>
</tr>
<tr>
<td>No: 4</td>
<td>4-Jan-2005</td>
</tr>
<tr>
<td>Account: Canara Bank</td>
<td>04/06/1900/180.45</td>
</tr>
<tr>
<td>Statutory Payment for: TDS</td>
<td></td>
</tr>
<tr>
<td>TDS – Commission Or Brokerage</td>
<td>11,500.00</td>
</tr>
<tr>
<td>Particulars</td>
<td>Amount</td>
</tr>
<tr>
<td>Agst Ref Pura / 1-1</td>
<td>2,500.00 Dr</td>
</tr>
<tr>
<td>Income Tax</td>
<td>2,500.00 Dr</td>
</tr>
<tr>
<td>Surcharge</td>
<td></td>
</tr>
<tr>
<td>Education Cess</td>
<td></td>
</tr>
<tr>
<td>Secondary Education cess</td>
<td></td>
</tr>
<tr>
<td>Agst Ref Pura / 2-1</td>
<td>4,000.00 Dr</td>
</tr>
<tr>
<td>Income Tax</td>
<td>4,000.00 Dr</td>
</tr>
<tr>
<td>Surcharge</td>
<td></td>
</tr>
<tr>
<td>Education Cess</td>
<td></td>
</tr>
<tr>
<td>Secondary Education cess</td>
<td></td>
</tr>
<tr>
<td>Agst Ref Pura / 3-1</td>
<td>5,000.00 Dr</td>
</tr>
<tr>
<td>Income Tax</td>
<td>5,000.00 Dr</td>
</tr>
<tr>
<td>Surcharge</td>
<td></td>
</tr>
<tr>
<td>Education Cess</td>
<td></td>
</tr>
<tr>
<td>Secondary Education cess</td>
<td></td>
</tr>
<tr>
<td>Previous Details</td>
<td>Yes</td>
</tr>
<tr>
<td>Narration: Ch. No: 345.47B</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.111 TDS Payment Voucher

10. Press Enter to Save.
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

![TDS Challan Image]

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Is TDS Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

ii. Penalty Ledger

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Under</th>
<th>Inventory values are affected</th>
<th>Is TDS Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penalty</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>TDS Details</th>
<th>Type of Ref</th>
<th>Name</th>
<th>Nature of Payment</th>
<th>TDS Duty Ledger</th>
<th>Assessable Amount</th>
<th>Deduct.</th>
<th>TDS Amount</th>
<th>Payable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Ref</td>
<td>Jnl / 12-1</td>
<td>Payment in Contract (Renewal Contract)</td>
<td>TDS – Contractors</td>
<td>3,00,000.00 Cr</td>
<td>Yes</td>
<td>3,00,000 Cr</td>
<td>2,97,099.00 Cr</td>
</tr>
<tr>
<td>Income Tax</td>
<td>1 %</td>
<td>On</td>
<td>3,00,000.00 Cr</td>
<td>3,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surcharges</td>
<td>0 %</td>
<td>On</td>
<td>3,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education Cess</td>
<td>0 %</td>
<td>On</td>
<td>3,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary Education Cess</td>
<td>0 %</td>
<td>On</td>
<td>3,000.00 Cr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![Figure 2.113 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
11. Press Enter to save.

3. Payment Voucher to account TDS payment with Interest and Penalty (without Auto Fill).

Go to Gateway of Tally > Accounting Vouchers > F5: Payment
1. Press F2 and change date to 07-10-2009.
2. Press Alt+S or click S: Stat Payment button on the Buttons Bar to view Stat Payment screen.
3. In the Statutory Payment Screen
   - Type of Duty/Tax: In this field select the Tax/Duty Type towards which tax payment entry is being recorded. Here we are recording TDS payment entry, hence select TDS from the Type of Duty/Tax
   - Auto Fill Statutory Payment: Set this option to YES to auto calculate and fill the duty payable to the Government. Set this option to NO, if the user wants to manually select the duty ledger and duty bills. Universal Infotech does not want to auto fill tax details in payment voucher, hence the option Auto Fill Statutory Payments is set to No.
4. Press **Enter** to accept the **Statutory Payments** screen.

5. In **Account** field select bank ledger - **Canara Bank** from the **List of Ledger Accounts**

6. Under **Particular** field select **TDS – Contractors** from the List of Ledger Accounts and press enter to view TDS Details screen

7. 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

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

![Payment Type Selection – Interest](image)

10. Enter **Rs. 60** in the **Amount** field

11. Under **Particulars** field select **Penalty** from the List of Ledger Accounts and press enter to view Payment Type screen

12. In the **Payment Type** screen, select **Penalty** from the Payment Type list

![Payment Type Selection – Penalty](image)

13. Enter **Rs. 50** in the **Amount** field

14. 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.

![Figure 2.119 Payment Details](image1)

15. Enter **Narration**, if required.

The completed Payment Voucher is displayed as shown.

![Figure 2.120 Payment Voucher with Interest & Penalty](image2)

16. 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

TDS Payments with Interest and Penalty can also be recorded without using S: Stat Payment option in Single Entry Mode or in Double Entry Mode.
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 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

![Credit Note Voucher Image]

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: Jrl / 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 Screen](image1)

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

![Completed Journal Voucher](image2)

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 Pheonix 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 Table](image)

Figure 2.125  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

![Completed Debit Note](image)

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

<table>
<thead>
<tr>
<th>Type of Ref</th>
<th>Name</th>
<th>Nature of Payment</th>
<th>TDS Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agst Ref</td>
<td>Jurl/18-1</td>
<td>Payment to Contractors (Pledge/Advance Carolina)</td>
<td>500.00 Dr</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Income Tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stamp Duty</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Against Reference</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Second</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>End of List</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agst Ref</td>
<td></td>
</tr>
</tbody>
</table>

Total: 500.00 Dr

Figure 2.127 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

![Credit Note Image]

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

![Figure 3.2 TDS Computation](image)

TDS Computation report is divided into 2 sections

1. **Deduction Details**: This section displays the details of Expenses & Advances, TDS Deducted and the Balance Deductible.
   - **Expenses & Advances**: This displays the total expenses amount and total tax amount of all the TDS applicable expenses and advances made to parties.
     - **TDS Not Applicable**: This filed displays the total amount of Expenses on which TDS is not applicable.
     - **Under Exemption Limit**: This field displays the total amount of Expenses which have not crossed the TDS Exemption Limit.
     - **Zero Rated**: This field displays the total amount of expenses on which TDS is deducted at Zero Rate.
     - **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.
   - **Deducted**
     - at Normal rate
     - at Lower rate
     - at Higher Rate (No PAN)
   - **Balance Deductible**
     - at Normal rate
     - at Lower rate

2. **Payment Details**
   - Paid
     - Previous Month(s)
     - Current Month
   - **Balance Payable**: This field displays the total amount of amounts pending for payment.
   - **2 more ...**
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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Total</th>
<th>Tax Deductable</th>
<th>Balance Deductable</th>
<th>Excess Deducted</th>
<th>Balance to be Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE Computers</td>
<td>80,000.00</td>
<td>4,000.00</td>
<td></td>
<td></td>
<td>4,000.00</td>
</tr>
<tr>
<td>AK Manufacturers</td>
<td>52,000.00</td>
<td>1,040.00</td>
<td></td>
<td></td>
<td>1,040.00</td>
</tr>
<tr>
<td>Alvera Group</td>
<td>15,000.00</td>
<td>1,500.00</td>
<td></td>
<td></td>
<td>1,500.00</td>
</tr>
<tr>
<td>Arun Contractors</td>
<td>60,000.00</td>
<td>1,200.00</td>
<td></td>
<td></td>
<td>1,200.00</td>
</tr>
<tr>
<td>Bright Tech Computers</td>
<td>65,000.00</td>
<td>6,500.00</td>
<td></td>
<td></td>
<td>6,500.00</td>
</tr>
<tr>
<td>Global Co-operative Building Society</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td></td>
<td></td>
<td>10,000.00</td>
</tr>
<tr>
<td>Mark IT Solutions</td>
<td>3,00,00.00</td>
<td>10,00.00</td>
<td>5,000.00</td>
<td></td>
<td>5,000.00</td>
</tr>
<tr>
<td>Phoenix Agencies</td>
<td>29,60,155.24</td>
<td>3,542.00</td>
<td>12,000.00</td>
<td></td>
<td>10,542.00</td>
</tr>
<tr>
<td>Smart Agencies</td>
<td>3,27,517.81</td>
<td>32,752.00</td>
<td>30,000.00</td>
<td></td>
<td>2,752.00</td>
</tr>
<tr>
<td>Sridhar &amp; Co.</td>
<td>1,12,360.00</td>
<td>10,000.00</td>
<td></td>
<td></td>
<td>10,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>64,57,293.35</td>
<td>2,51,034.00</td>
<td>47,000.00</td>
<td></td>
<td>34,534.00</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Configuration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Show Tax Deductible</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Tax Deducted</td>
<td>No</td>
</tr>
<tr>
<td>Show Balance to be Deducted</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Tax Paid to Government</td>
<td>No</td>
</tr>
<tr>
<td>Show Balance Payable to Government</td>
<td>Yes</td>
</tr>
</tbody>
</table>

![Figure 3.4 F12: Configure](image)

### 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

![Figure 3.5 TDS Paid Report](image)

<table>
<thead>
<tr>
<th>Date</th>
<th>Ref No.</th>
<th>Nature of Payment</th>
<th>Opening Amount</th>
<th>Paid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-Mar-2009</td>
<td>Purc / 3-1</td>
<td>Commission Or Brokerage</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
</tr>
<tr>
<td>14-Mar-2009</td>
<td>Purc / 2-1</td>
<td>Commission Or Brokerage</td>
<td>4,000.00 Cr</td>
<td>4,000.00 Cr</td>
</tr>
<tr>
<td>14-Mar-2009</td>
<td>Purc / 1-1</td>
<td>Commission Or Brokerage</td>
<td>2,500.00 Cr</td>
<td>2,500.00 Cr</td>
</tr>
<tr>
<td>26-Jul-2009</td>
<td>Jmt / 5-1</td>
<td>Royalty/Agreements (before or after June 1, 2005)</td>
<td>1,500,000.00 Cr</td>
<td>1,500,000.00 Cr</td>
</tr>
<tr>
<td>11-Aug-2009</td>
<td>Jmt / 12-1</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>3,000.00 Cr</td>
<td>3,000.00 Cr</td>
</tr>
<tr>
<td>1-Apr-2009</td>
<td>Jmt / 1-1</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
</tr>
</tbody>
</table>

**Total**: 1,69,500.00 Cr, 1,69,500.00 Cr
### 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Ref No.</th>
<th>Nature of Payment</th>
<th>Opening Amount</th>
<th>Pending Amount</th>
<th>Due on</th>
<th>Overdue Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Apr-2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2-Jun-2009</td>
<td>Paynt / 3-1</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>900.00 Cr</td>
<td>900.00 Cr</td>
<td>7-Jul-2009</td>
<td>7-Jul-2009</td>
</tr>
<tr>
<td>4-Aug-2009</td>
<td>Purc / 4-1</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>1,040.00 Cr</td>
<td>1,040.00 Cr</td>
<td>7-Sep-2009</td>
<td>4-Sep-2009</td>
</tr>
<tr>
<td>31-May-2009</td>
<td>Purc / 3-2</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>2,000.00 Cr</td>
<td>2,000.00 Cr</td>
<td>7-Jan-2009</td>
<td>14-Jan-2009</td>
</tr>
<tr>
<td>10-June-2009</td>
<td>Jml / 6-1</td>
<td>Commission Cr Brokerage</td>
<td>4,000.00 Cr</td>
<td>4,000.00 Cr</td>
<td>7-Jul-2009</td>
<td>11-Jul-2009</td>
</tr>
<tr>
<td>6-Aug-2009</td>
<td>Jml / 2-1</td>
<td>Fees for Professional Cr Technical Services</td>
<td>10,000.00 Cr</td>
<td>10,000.00 Cr</td>
<td>7-Jun-2009</td>
<td>14-Jun-2009</td>
</tr>
<tr>
<td>30-Oct-2009</td>
<td>Jml / 15-1</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>1,000.00 Cr</td>
<td>1,000.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>16-Oct-2009</td>
<td>Jml / 11-1</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>1,200.00 Cr</td>
<td>1,200.00 Cr</td>
<td>7-Sep-2009</td>
<td>4-Sep-2009</td>
</tr>
<tr>
<td>2-Aug-2009</td>
<td>Jml / 10-1</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
<td>7-Sep-2009</td>
<td>4-Sep-2009</td>
</tr>
<tr>
<td>16-Oct-2009</td>
<td>CNote / 2-1</td>
<td>Commission Cr Brokerage</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>29-Oct-2009</td>
<td>CNote / 2-1</td>
<td>Interest Other Than Interest on Securities</td>
<td>1,042.00 Cr</td>
<td>1,042.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>1-Nov-2009</td>
<td>CNote / 1-1</td>
<td>Interest Other Than Interest on Securities</td>
<td>2,752.00 Cr</td>
<td>2,752.00 Cr</td>
<td>7-Oct-2009</td>
<td>18</td>
</tr>
</tbody>
</table>

| | | | | | | |
| | | | | | | |

3,534.00 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 Challan Reconciliation report

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

The Challan Reconciliation report is displayed as shown

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>E-TDS Quarter/Period</th>
<th>Bank</th>
<th>BSR Code</th>
<th>Challan No.</th>
<th>Challan Vch. No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-5-2009 Camara Bank</td>
<td>1-4-2009 30-6-2009 096310</td>
<td>Camara Bank</td>
<td>0240130</td>
<td>22550</td>
<td>6-6-2009</td>
<td>2</td>
<td>5,000.00</td>
</tr>
<tr>
<td>4-6-2009 Camara Bank</td>
<td>1-4-2009 30-6-2009 246476</td>
<td>Camara Bank</td>
<td>0240130</td>
<td>45789</td>
<td>9-6-2009</td>
<td>5</td>
<td>15,000.00</td>
</tr>
<tr>
<td>5-8-2009 Camara Bank</td>
<td>1-7-2009 30-8-2009 567086</td>
<td>Camara Bank</td>
<td>0240130</td>
<td>45789</td>
<td>5-8-2009</td>
<td>5</td>
<td>15,000.00</td>
</tr>
<tr>
<td>7-10-2009 Camara Bank</td>
<td>1-7-2009 30-8-2009 567087</td>
<td>Camara Bank</td>
<td>0240130</td>
<td>564254</td>
<td>7-10-2009</td>
<td>7</td>
<td>3,110.00</td>
</tr>
</tbody>
</table>

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 E-TDS Quarter Period (From & To) Cheque/DD No., Name of Bank, 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
Select the voucher dated 4-6-2009, which needs to be reconciled and enter E-TDS Quarter Period (From & To) Cheque/DD No., Name of Bank, BSR Code, Challan No., and Challan Date.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>TDS Quarter/Period</th>
<th>Cheque/DD No.</th>
<th>Name of Bank</th>
<th>BSR Code</th>
<th>Challan No.</th>
<th>Challan Date</th>
<th>Vch No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-5-2009</td>
<td>Canara Bank</td>
<td>1-4-2008 304-304 036030</td>
<td>Canara Bank</td>
<td>0240130</td>
<td>225078</td>
<td>6-6-2009</td>
<td>2</td>
<td>5,000.00</td>
<td></td>
</tr>
<tr>
<td>4-6-2009</td>
<td>Canara Bank</td>
<td>1-4-2008 304-304 036476</td>
<td>Canara Bank</td>
<td>0240130</td>
<td>753934</td>
<td>4-6-2009</td>
<td>4</td>
<td>11,500.00</td>
<td></td>
</tr>
<tr>
<td>5-6-2009</td>
<td>Canara Bank</td>
<td>1-7-2008 308-308 007605</td>
<td>Canara Bank</td>
<td>0240130</td>
<td>45708</td>
<td>5-6-2009</td>
<td>5</td>
<td>150,000.00</td>
<td></td>
</tr>
<tr>
<td>7-6-2009</td>
<td>Canara Bank</td>
<td>1-7-2008 308-308 066407</td>
<td>Canara Bank</td>
<td>0240130</td>
<td>554254</td>
<td>7-6-2009</td>
<td>7</td>
<td>3,110.00</td>
<td></td>
</tr>
</tbody>
</table>

Figure 3.8  TDS Challan Reconciliation Screen

Press Enter to accept TDS Challan Reconciliation.

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

![Select Item Screen](image1)

The **Printing TDS Form 16A** screen appears as shown

![Printing TDS Form 16A Screen](image2)

Press **Backspace** key to navigate to the fields in the Printing TDS Form 16A screen.

- **Name**: By default displays the name of the person entered in Company TDS Deductor Details as the Person Responsible. This name can be changed.
- **Son/ Daughter of**: This field displays the Parent Name mentioned in Company TDS Deductor Details
- **Designation**: By default displays the designation of the person entered in Company TDS Deductor Details in designation field. This can be changed.
- **Print as Previous Format**: By default this field is set to **No**. Set this filed to **Yes** to print Form 16A in Previous format.
Nature of Payment: Based on the Party selected in the Select Item screen, Tally.ERP 9 displays all the party related nature of payments under which TDS is deducted. User can select all the Nature of Payments (All Items) or any one of the Nature of Payment from the list, for printing Form 16A.

From: By default displays 1-4-2009 which can be changed.

To: Enter the To date

Challan Till Date: In this field enter the date to consider the challan payments made.

Type of Copy: From Type of Copy select the option Default or User Defined

Print Total: Set this option to print the total of tax paid.

Place: Enter the Place

Date: Mention the Date of issue of Form 16A

Quarter/Acknowledgement: Mention the Receipt Number of the TDS returns filed against the appropriate Quarter.
Receipt Number is a 8 digit Alpha Number. This number to be mentioned on the Form 16A to be issued to the parties on behalf of whom the tax is deducted at Source and paid to the Government.

The Receipt Number to be mentioned on the Form 16A issued for the Financial Year 2010-11.

- CIT (TDS) Details: In this section enter the name and address of the Commissioner of Income Tax having jurisdiction as regards TDS statements of the assessee.
  - Name: In this field enter the Name of the Commissioner
  - Address: Enter the address of the commissioner office
  - City: Mention the City name
  - Pin Code: Enter the PIN Code.

The completed Printing TDS Form 16A appears as shown

![Printing TDS Form 16A](image)

Press Enter to view TDS Form 16A screen. Click on Zoom or press Alt +Z to view the Print Preview of Form 16A.
The print preview of **Form 16A** is displayed as shown

---

**Certificate No.: 001**

**FORM NO. 16A**

[See rule 31(1)(b)]

Certificate under section 203 of the Income-tax Act, 1961 for Tax deducted at source

**Name and address of the Deductor**

- **Universal Infotech**
  - No 45
  - AMR Tech Park
  - HNpur Road
  - Bangalore

- **Phoenix Agencies**
  - No 45
  - Reheja Arcade
  - Koramangala
  - Bangalore

**PAN of the Deductor**: ASPTLD443L

**TAN of the Deductor**: EANU07664R

**PAN of the Deductee**: ASPLC0245L

**GIR(TDS)**

- **Address**: Akhok Kumar,
  - # 234, AJ Circle, Shivajinagar
- **City**: Bangalore
- **Pin Code**: 560009

**Assessment Year**: 2010-11

**Period**: From 1-6-2009 to 30-6-2009

**Summary of Payment**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Receipt Numbers of original quarterly statements of TDS under sub-section (3) of section 200</th>
<th>Amount of tax deducted in respect of the deductee</th>
<th>Date of payment/credit</th>
<th>Nature of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr - Jun</td>
<td>HKDXXEHM</td>
<td>10,000.00</td>
<td>1-6-2009</td>
<td>Payment to Contractor/Remuneration Contractor</td>
</tr>
<tr>
<td>Jul - Sep</td>
<td></td>
<td></td>
<td></td>
<td>Commission On Brokerage</td>
</tr>
<tr>
<td>Oct - Dec</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan - Mar</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total**: 10,000.00

**Details of TDS deducted and deposited in the Central Government Account through Challan**

(The Deductor to provide payment wise details of TDS deducted and deposited with respect to the deductee)

<table>
<thead>
<tr>
<th>S/N.</th>
<th>Tax Deposited in respect of the deductee (Rs.)</th>
<th>Challan Identification number (CIN)</th>
<th>BSR Code of the Bank Branch</th>
<th>Date on which tax deposited (dd/mm/yyyy)</th>
<th>Challan Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5,000.00</td>
<td>0240130</td>
<td>8-6-2009</td>
<td></td>
<td>225876</td>
</tr>
<tr>
<td>2</td>
<td>5,000.00</td>
<td>0240130</td>
<td>4-6-2009</td>
<td></td>
<td>788654</td>
</tr>
<tr>
<td><strong>Total</strong>: 10,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Verification**

I, **Rajesh** son/daughter of **Manohar** working in the capacity of **Manager**, do hereby certify that a sum of Rs. 10,000.00 [Rs. Ten Thousand Only] has been deducted and deposited to the credit of the Central Government. Further certify that the information given above is true, complete and correct and is based on the books of account, documents, TDS statements, TDS deposited and other available records.

**Place**: Bangalore

**Date**: 15-Oct-2009

**Signature of person responsible for deduction of tax**: Manager

**Full Name**: Rajesh

---

**Figure 3.13 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.

Figure 3.14 Printing TDS Form 26Q
The print preview of **Form 26Q** is displayed as shown

![Image](image_url)

**Form No. 26Q**  

Quarterly statement of deduction of tax under sub-section (3) of section 206 of the Income-tax Act, 1961 in respect of payments other than Salary for the quarter ended June/September/December/February whichever applicable) 2009 - 10 (Year)

1. (a) Tax Deduction Account No. : D5NO7894F  
(b) Permanent Account No. : ABT16643L  
(c) Financial year : 2009 - 10  
(d) Assessment year : 2010 - 11  
(e) [If any statement of TDS is pending for this quarter (Yes/No) : No
   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.  
   Name of premises / building : AkshTech Park  
   Road / Street / Lane : Hosur Road  
   Area / Location : Bangalore  
   Town / City / District : Bangalore  
   State : Karnataka  
   Pin code : 560084  
   Telephone No. : 080-22354475  
   Email : sales@universal.com

3. Particulars of the person responsible for deduction of tax
   (a) Name : Rajesh  
   (b) Address :  
   Flat No.  
   Name of premises / building : AkshTech Park  
   Road / Street / Lane : Hosur Road  
   Area / Location : Bommanahalli  
   Town / City / District : Bangalore  
   State : Karnataka  
   Pin code : 560084  
   Telephone No. : 080-22354475  
   Email : sales@universal.com

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

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>PAN</th>
<th>TDS Rs.</th>
<th>Surcharge Rs.</th>
<th>Education cess Rs.</th>
<th>Interest Rs.</th>
<th>Others Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>94C</td>
<td>600</td>
<td>061</td>
<td>495</td>
<td>068</td>
<td>047</td>
</tr>
<tr>
<td>2</td>
<td>94B</td>
<td>15,500.00</td>
<td>000</td>
<td>000</td>
<td>000</td>
<td>000</td>
</tr>
</tbody>
</table>

5. Details of amounts paid and tax deducted herein 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 : 7th July 2009  
Name and designation of person responsible for deducting tax at source : Rajesh, Manager

Notes:
1. Indicate the type of deductible (Government / Others)
2. Government deductors to give particulars of transfer vouchers, other deductors to give particulars of Challan No. regarding deposit of tax.
3. Cancellation is relevant only for Government deductors.

![Image](image_url)
3.4.3 Annexure to 26Q

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

To print Annexure to Form 26 Q

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

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

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

---

**ANNEXURE - DEDUCTEE WISE BREAK-UP OF TDS**

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

<table>
<thead>
<tr>
<th>Details of amounts paid or credited during the quarter ended 30-Jun-2009 (DD-MM-YYYY) and of tax deducted at source</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSR Code of the branch where tax is deposited</td>
</tr>
<tr>
<td>0240130</td>
</tr>
<tr>
<td>Date on which tax deposited (DD-MM-YYYY)</td>
</tr>
<tr>
<td>Challan Serial No</td>
</tr>
<tr>
<td>Section under which payment made</td>
</tr>
<tr>
<td>04H</td>
</tr>
</tbody>
</table>

Total TDS to be allocated among deductees as in the vertical total of col. 425

<table>
<thead>
<tr>
<th>Interest</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000.00</td>
<td></td>
</tr>
<tr>
<td>6,000.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>St. No</th>
<th>Deductee Code</th>
<th>PAN of the Deductee</th>
<th>Name of Deductee</th>
<th>Date of Payment / Credit</th>
<th>Amount Paid / credited Rs.</th>
<th>Paid by book entry or otherwise</th>
<th>TDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>02</td>
<td>AN INC/57575</td>
<td>Ace Computers</td>
<td>30-Apr-2009</td>
<td>80,000.00</td>
<td>No</td>
<td>4,000.00</td>
</tr>
<tr>
<td>2</td>
<td>02</td>
<td>ASJKD35643</td>
<td>Phoenix Agencies</td>
<td>30-Apr-2009</td>
<td>20,000.00</td>
<td>No</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100,000.00</td>
<td></td>
<td>6,000.00</td>
</tr>
</tbody>
</table>

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: 21-Oct-2009

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

Note:

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

---

As per requirement of the IT department for the payment made towards different Nature of Payment separate annexure should be printed in the prescribed Proforma. Tally.ERP 9 prints separate annexure for different Nature of Payment.
4. Details of tax deducted and paid to the credit of the Central Government:

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>TDS Code</th>
<th>TDS Rs.</th>
<th>Re-charge Rs.</th>
<th>Education Cess Rs.</th>
<th>Interest Rs.</th>
<th>Others Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>701</td>
<td>195</td>
<td>253</td>
<td>704</td>
<td>705</td>
<td>706</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Total tax deposited Rs.</th>
<th>Cheque/DD No.</th>
<th>BSR Code</th>
<th>Date on which tax deposited</th>
<th>Transfer Voucher Serial No.</th>
<th>Whether TDS deposited by bank entry? verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,50,000.00</td>
<td>507805</td>
<td>0140130</td>
<td>5-Aug-2009</td>
<td>45799</td>
<td>No</td>
</tr>
</tbody>
</table>

5. Details of amounts paid and tax deducted therein from the deductors (See Annexure)

**Verification**

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

Place: Bangalore
Signature of person responsible for deducting tax at source: Rajesh, Manager

Date: 7-Oct-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 voucher; other deductors to give particulars of challan No. regarding deposit into tax.
3. Column is relevant only for Government deductors.

Figure 3.20 Form 27Q – Page 2
3.4.5 Annexure to 27Q

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

To Print Annexure to Form 27 Q

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

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

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

---

**ANNEXURE - DEDUCTEE WISE BREAK-UP OF TDS**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>PAN of the deductee</th>
<th>Name of the deductee</th>
<th>Date of Payment / Credit</th>
<th>Amount paid/credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01</td>
<td>Alexson Group</td>
<td>26-Jul-2009</td>
<td>15,00,000.00</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Tax by bank entry or otherwise</th>
<th>TDS</th>
<th>Surcharge</th>
<th>Education Cost</th>
<th>Total Tax deducted (TDS + Surcharge)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td>720</td>
<td>721</td>
<td>722</td>
<td>723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,50,000.00</td>
<td></td>
<td></td>
<td>1,50,000.00</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>TDS Deposited</th>
<th>Date of Deduction</th>
<th>Rate at which deducted</th>
<th>Reason for non-Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,50,000.00</td>
<td>26-Jul-2009</td>
<td>10 %</td>
<td></td>
</tr>
</tbody>
</table>

---

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-Oct-2008

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

Note:

*Write 'N' if no deduction or 'T' if the deduction is on account of a certificate under section 197. Write 'S' if the deduction is on account of declaration under section 197A.
*Write 'O' if grossing up has been done.

---

Figure 3.21 Annexure to 27Q
3.4.6 Form 26

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

To print Form 26

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

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

Press enter to view print preview of Form 26
The print preview of Form 26 appears as shown

Form No. 26


Annual Return of deduction of tax under section 206 of the Income Tax Act, 1961 in respect of all payments other than "Subsidies" for the year ending 31st March 19X0

1. Particulars of the person making deduction of tax

   (a) Name: Rajesh
   (b) Address: 123 ABC Street, Kolkata
   (c) Name of panoramic building: Abc House
   (d) Area/locality: North Kolkata
   (e) Town/district/city: Kolkata
   (f) PIN: 700001
   (g) State: West Bengal
   (h) Permanent Account Number: 1234567890
   (i) Tax Deduction Account Number: 9999999999

2. Has address of the person making deduction of tax changed?
   Yes [ ] No [ ]

3. Status as defined within the meaning of Section 204 read with Rule 30(10).
   Central Govt [ ] Others [ ]

4. Please list the names and addresses of the deduction of tax made during the year from which tax was deducted at source by you under the Income Tax Act, 1961

   (a) [Details of tax deducted and paid to the credit of the Central Government]

   (b) [Transfer of tax withheld at source to the credit of the Central Government]

   (c) [Verification]

   [Signature of the person responsible for deducting tax at source]

   [Date: 1st April 20X0]

   [Place: Kolkata]

Figure 3.23 Form 26
3.4.7 Annexure to Form 26

To Print Annexure to Form 26

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

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

![Figure 3.24 Annexure to Form 26](image)

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

---

Figure 3.25 Form 27

---
### 3.4.9 Annexure to 27

To print Annexure to 27

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

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

The print preview of Annexure to 27 appears as shown

![Figure 3.26 Annexure to Form 27](image)

<table>
<thead>
<tr>
<th>Deduction Code</th>
<th>Permanent Account Number (PAN)</th>
<th>Name and Address of Person Deducting TDS (as mentioned in the invoice)</th>
<th>Amount of TDS Deducted</th>
<th>Date on which TDS was deducted</th>
<th>Rate of TDS deducted (in %)</th>
<th>Amount of TCS Deducted</th>
<th>Date on which TCS was deducted</th>
<th>Rate of TCS deducted (in %)</th>
<th>Liability of TDS as per Section 195 of the Income Tax Act, 1961</th>
<th>Liability of TCS as per Section 196 of the Income Tax Act, 1961</th>
<th>Power to non-deduct tds / deduct lower tds</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Navjot Group, NH9, Alwar, RA, 302005</td>
<td>10.805.00</td>
<td>1 Aug 2023</td>
<td>10.805.00</td>
<td>1 Aug 2023</td>
<td>10.805.00</td>
<td>1 Aug 2023</td>
<td>10.805.00</td>
<td>18%</td>
<td>1 Aug 2023</td>
<td>1 Aug 2023</td>
</tr>
</tbody>
</table>

**Notes:**

1. Please state the nature of payment for interest, dividends.
2. Please also specify for each deduction made under different sections.
3. Please enter Deduction Code 01 for companies; 02 for 'other than companies'.
4. Where TDS is deducted, enter 'Yes' and 'No' for 'No'.
5. Where deductions are made by or on behalf of the Government, transfer voucher number may be entered in column (10).
6. Where deduction is made under section 195 of the Income Tax Act, 1961, enter 'Yes' or 'No' in column (14).
7. If necessary, please use additional sheets to give full details of payment in the above format. Please also give running serial number for all pages.

Signature of person responsible for deducting tax at source: [Signature]

Name and designation of person responsible for deducting tax at source: [Designation]
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.

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

![E-TDS Forms](image)

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)
As per the new E-TDS structure introduced Mobile Number or STD Code with Telephone number have to be provided to generate E-TDS forms. To meet the requirement below fields are introduced:

- **Mobile Number**: This field is provided to specify the mobile number of the assessee.
- **STD Code**: This field is provided to enter the STD code.
- **Telephone**: This field is provided to enter the telephone number of the assessee.

As per the new Data Structure either the Mobile Number or STD Code with Telephone number is must be specified in the E-TDS file.

- If the user tries to navigate without specifying the Mobile number or STD Code or Telephone number application will not allow the user to move further.

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.

![Figure 3.28 Exporting eTDS Forms](image)

**NOTE**: Validate the exported file through the NSDL's File Validation Utility before submitting the data.
- 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 Screen](image)

- 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 3.30 Exported Form 26Q in the File Location Specified](image)

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

- 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.

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

![Figure 3.31 Printing TDS Form 27A](image)
The print preview of **Form 27A** is displayed as shown.

**Figure 3.32  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 Payable Report](image)

<table>
<thead>
<tr>
<th>Date</th>
<th>Ref. No.</th>
<th>Nature of Payment</th>
<th>Opening Amount</th>
<th>Pending Amount</th>
<th>Due on</th>
<th>Overdue day</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Jun-2009</td>
<td>P/C-T-1</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>500.00 Cr</td>
<td>500.00 Cr</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-Aug-2009</td>
<td>P/C-4-1</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>1,040.00 Cr</td>
<td>1,040.00 Cr</td>
<td>7-Sep-2009</td>
<td>48</td>
</tr>
<tr>
<td>21-Aug-2009</td>
<td>P/C-5-2</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>2,000.00 Cr</td>
<td>2,000.00 Cr</td>
<td>7-Jun-2009</td>
<td>49</td>
</tr>
<tr>
<td>25-Jan-2009</td>
<td>J/ml / 6-1</td>
<td>Commission Or Brokerage</td>
<td>4,000.00 Cr</td>
<td>4,000.00 Cr</td>
<td>7-Jul-2009</td>
<td>110</td>
</tr>
<tr>
<td>10-Jan-2009</td>
<td>J/ml / 5-2</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>500.00 Cr</td>
<td>500.00 Cr</td>
<td>7-Apr-2009</td>
<td>110</td>
</tr>
<tr>
<td>6-May-2009</td>
<td>J/ml / 5-3</td>
<td>Fees for Professional Or Technical Services</td>
<td>10,000.00 Cr</td>
<td>10,000.00 Cr</td>
<td>7-Jun-2009</td>
<td>140</td>
</tr>
<tr>
<td>30-Oct-2009</td>
<td>J/ml / 16-1</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>1,000.00 Cr</td>
<td>1,000.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>9-Oct-2009</td>
<td>J/ml / 11-1</td>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>1,200.00 Cr</td>
<td>1,200.00 Cr</td>
<td>7-Sep-2009</td>
<td>49</td>
</tr>
<tr>
<td>2-Aug-2009</td>
<td>J/ml / 10-1</td>
<td>Payments to Contractors (Advertisement Contractors)</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
<td>7-Sep-2009</td>
<td>49</td>
</tr>
<tr>
<td>10-Oct-2009</td>
<td>CNote / 2-1</td>
<td>Commission Or Brokerage</td>
<td>5,000.00 Cr</td>
<td>5,000.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>25-Oct-2009</td>
<td>CNote / 2-1</td>
<td>Interest Other Than Interest on Securities</td>
<td>1,042.00 Cr</td>
<td>1,042.00 Cr</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>1-Sep-2009</td>
<td>CNote / 1-1</td>
<td>Interest Other Than Interest on Securities</td>
<td>2,752.00 Cr</td>
<td>2,752.00 Cr</td>
<td>7-Oct-2009</td>
<td>16</td>
</tr>
</tbody>
</table>

Figure 3.33 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.

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

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Ref No</th>
<th>Nature of Payment</th>
<th>Opening Amount</th>
<th>Pending Amount</th>
<th>Due on</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-Jun-2009</td>
<td>Rent / 1</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>2,000.00</td>
<td>2,000.00</td>
<td>5-Sep-2009</td>
<td>40</td>
</tr>
<tr>
<td>15-Jun-2009</td>
<td>Rent / 5</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>600.00</td>
<td>600.00</td>
<td>7-Jul-2009</td>
<td>11</td>
</tr>
<tr>
<td>2-Aug-2009</td>
<td>Rent / 10</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>7-Sep-2009</td>
<td>48</td>
</tr>
<tr>
<td>20-Oct-2009</td>
<td>Rent / 15</td>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
<tr>
<td>25-Oct-2009</td>
<td>Chhota / 2</td>
<td>Interest Other Than Interest on Securities</td>
<td>1,042.00</td>
<td>1,042.00</td>
<td>7-Nov-2009</td>
<td>0</td>
</tr>
</tbody>
</table>

**Figure 3.36** 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 3.37** 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

<table>
<thead>
<tr>
<th>Nature of Payment</th>
<th>Company</th>
<th>Non Company</th>
<th>Total Pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees for Professional Or Technical Services</td>
<td>10,000.00</td>
<td>10,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Interest Other Than Interest on Securities</td>
<td>2,752.00</td>
<td>3,042.00</td>
<td>5,794.00</td>
</tr>
<tr>
<td>Payments to Contractors (Other Than Advertisement)</td>
<td>1,040.00</td>
<td>2,240.00</td>
<td>3,280.00</td>
</tr>
<tr>
<td>Payment to Contractors (Advertisement Contractors)</td>
<td>9,500.00</td>
<td>9,500.00</td>
<td>19,000.00</td>
</tr>
</tbody>
</table>

*Grand Total* 3,762.00 30,742.00 34,504.00

Figure 3.38 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

<table>
<thead>
<tr>
<th>Nature of Payment</th>
<th>Opening Amount</th>
<th>Pending Amount</th>
<th>Due on</th>
<th>Nature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission Or Brokerage</td>
<td>4,000.00</td>
<td>4,000.00</td>
<td>7-Jul-2009</td>
<td>Cr</td>
</tr>
<tr>
<td>Commission Or Brokerage</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>7-Nov-2009</td>
<td>Cr</td>
</tr>
</tbody>
</table>

*Grand Total* 9,000.00 9,000.00

Figure 3.39 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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>PAN</th>
<th>Taxable Amount</th>
<th>Tax Deductible</th>
<th>Deducted Till Date</th>
<th>Balance to be Deducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark IT Solutions</td>
<td>A555PG010N</td>
<td>2,50,000.00</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td></td>
</tr>
<tr>
<td>Phoenix Agencies</td>
<td>ASPLC0245L</td>
<td>12,00,000.00</td>
<td>12,000.00</td>
<td>12,000.00</td>
<td></td>
</tr>
<tr>
<td>Smart Agencies</td>
<td>ACCPL4510L</td>
<td>3,00,000.00</td>
<td>30,000.00</td>
<td>30,000.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>17,50,000.00</td>
<td>47,000.00</td>
<td>47,000.00</td>
<td></td>
</tr>
</tbody>
</table>

Figure 3.40  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**

![Gateway of Tally menu](image)

**Figure 3.41 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

![Figure 3.42 PAN Not Available Report](image)

<table>
<thead>
<tr>
<th>Supplier Ledger Name</th>
<th>Deductee Type</th>
<th>Contact Person</th>
<th>Contact Number</th>
<th>PAN/TIN No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaxon Group</td>
<td>Company - Non Resident</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SYS Image</td>
<td>Association of Persons</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**
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 3.44  Migrate Tool](image)

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 unmigrated 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 sucessfully.