

TDS, TCS



TDS in Tally ERP9

What is TDS

TDS or Tax Deducted at Source is a specific amount that is reduced when a certain payment like salary, commission, rent, interest, professional fees, etc. is made. The person who makes the payment deducts tax at the source, while the person who receives a payment/income has the liability to pay tax. It lowers tax evasion because the tax will be collected at the time of making a payment.

TDS Rates on Its Applicable Natures

Section	Nature of Payment	Rate Of TDS	Basic cut off Limit
192	Salaries	Average Rate Applicable	--
194A	Interest Other than Interest on Securities – Bank Deposit etc.	10% - Individual (20% on No PAN)	40000/- for Individual & 50000/- for Senior citizen.
194I	Rent on Land, Building, Houses, Offices etc.	10% by Company 10% by Individual.	Rs.2,40,000
194C	Payment to Contractor / Sub-contractor	1% - Individual, 2% - Company	Single transaction of 30,000/- & Aggregate Turnover in FY 1,00,000/-
194D	Insurance Commission	5% (20% on No PAN)	15,000/-
194DA	Payment in respect of life insurance policy	5% (20% on No PAN)	1,00,000/-
194EE	Payment in respect of Deposit under NSS	10% (20% on No PAN)	25,000/-
194H	Commission or Brokerage	5% (20% on No PAN)	15,000/-
194J	Sum paid by way of Fees for Professional Services	10% (20% on No PAN)	30,000/-

Enable TDS Features

Company: **ABC Company**

Statutory and Taxation

Enable Goods and Services Tax (GST) Set/alter GST details	? No	Enable Tax Deducted at Source (TDS) Set/alter TDS details	? Yes <input checked="" type="checkbox"/>
Enable Value Added Tax (VAT) Set/alter VAT details	? No	Enable Tax Collected at Source (TCS) Set/alter TCS details	? No
Enable excise Set/alter excise details	? No	Enable payroll statutory Set/alter payroll statutory details	? Yes
Enable service tax Set/alter service tax details	? No		? No

Tax Information

PAN/Income tax no. :
Corporate Identity No. (CIN):

F1: Accounts F2: Inventory F3: Statutory F4: TSS F6: Add-Ons

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

1. Set Enable Tax Deducted at Source (TDS) to Yes in the Company Operations Alteration screen.
2. Enable the option Set/alter TDS details to display TDS Deductor Details screen.

Configuration

Show all Deductor types	? No
Enable surcharge and cess details for TDS	? Yes <input checked="" type="checkbox"/>
Provide alternate contact details	? No

3. Press F12.
 - a) Set Enable surcharge and cess details for TDS to Yes.
 - b) Press Ctrl+A to save.
4. Enter the TAN registration number.

TAN Number

The Tax Deduction and Collection Account Number (TAN) is a ten-digit alphanumeric number, issued by the Income Tax Department (ITD) to the deductors.

City Code			First Letter of Name of Company	Random Number						Random Letter.
1	2	3	4	5	6	7	8	9	10	

5. Enter the Tax deduction and collection Account Number (TAN).
6. Select the Deductor Type.
7. Enter the Deductor branch/division.

Company TDS Deductor Details

TAN registration number : T22098776DAC
 Tax deduction and collection Account Number (TAN) : WEBE07884F
 Deductor type : Company
 Deductor branch/division : Rameswarpur
 Set/alter details of person responsible ? Yes

Rate & Exemption Details

Ignore IT exemption limit for TDS deduction ? No
 Activate TDS for stock items ? No
 Provide surcharge and cess details : No

8. Enable the option Set/alter details of person responsible to display the Person Responsible Details screen. Enter the relevant details:

Person Responsible Details

Name : Ranit Ghosh
 Son/daughter of : Ramesh Ghosh
 Designation : Manager
 PAN : AAAAAA1234E
 Flat no. : #49
 Name of the premises/building : Maya Arcade
 Road/Street/Lane : 23 No. Road
 Area/Location : Rameswarpur
 Town/City/District : Hooghly
 State : West Bengal
 Pincode : 712152
 Mobile no. : 9865626231
 STD code : 0342
 Telephone :
 E-mail ID : ranitghosh@gmail.comZ

9. Press Enter. The TDS Deductor Details screen appears.

- 10. Set Ignore IT Exemption Limit for TDS Deduction to:
 - a) Yes, if you don't want to consider the IT exemption limit.
 - b) No, if you want to consider the IT exemption limit.
- 11. Set Activate TDS for stock items to:
 - a) Yes, if you want to define TDS rate in stock item.
 - b) No, if you do not want to define TDS rate in stock item.
- 12. Set Provide surcharge and cess details to Yes. This option appears only when you have set Enable surcharge and cess details for TDS to Yes in the configuration screen.

Company TDS Deductor Details

TAN registration number : T22098776DAC
 Tax deduction and collection Account Number (TAN) : WEBE07884F
 Deductor type : Company
 Deductor branch/division : Rameswarpur
 Set/alter details of person responsible ? Yes

Rate & Exemption Details

Ignore IT exemption limit for TDS deduction ? No
 Activate TDS for stock items ? No
 Provide surcharge and cess details : **Yes**

- 13. Enter the surcharge and cess details for each deductee status. You can enter the required surcharge slab details with the applicability date.

TDS Surcharge Details						
Residential Status	Deductee Status	Applicable Date	Surcharge Rate	Exemption Limit	Cess Rate	Sec.Ed.Cess Rate
NonResident	Individual/HUF - Non Resident	1-4-2021	10 %	50,00,000.00	2 %	1 %
			15 %	1,00,00,000.00		
			25 %	2,00,00,000.00		
			37 %	5,00,00,000.00		
	Co-Operative Society - Non Resident	1-4-2021	12 %	1,00,00,000.00		
			Company - Non Resident	1-4-2021	2 %	1,00,00,000.00
			5 %	10,00,00,000.00		

- 14. Press Ctrl+A to save the details.
- 15. Again, press Enter or Ctrl+A to save Statutory & Taxation details.

Create TDS Nature of Payment

- 1. Go to Gateway of Tally > Accounts Info. > Statutory Info. > TDS Nature of Pymts > Create.

Gateway of Tally
Accounts Info.

Statutory Info.

TDS Nature of Pymts

Quit

2. Press F12.

- a) Set Allow transporter category to Yes, to capture the value of transaction recorded with party having PAN, under Exempt in lieu of PAN available in Form 26Q.
- b) Set Allow no PAN tax rate to Yes, to enter the tax rates for Individuals/HUF for each nature of payment.

TDS Nature of Payment Configuration	
Allow single bill value	? No
Allow transporter category	? No
Allow software royalty	? No
Allow relaxation in rate for Non-Residents	? No
Allow no PAN tax rate	? Yes

c) Press Enter to save.

- 3. Add a Nature of Transaction and add the section or Press Ctrl+C (Only works in licenced version) to view the list of Nature of Payment.
- 4. Enter the Rate of TDS for With PAN and Without PAN. The same appears in Rate for other deductee types.
- 5. Enter the Threshold/exemption limit as applicable.

TDS Nature of Payment Creation	
Name	: Rent on Land, Building, Houses, Office Etc.
Section	: 194I
Payment code	:
Remittance code	:
Rate for individuals/HUF	
With PAN	: 5 %
Without PAN	: 20 %
Rate for other deductee types	
With PAN	: 10 %
Without PAN	: 20 %
Threshold/exemption limit	: 2,00,000.00

Purchase With TDS

Rent Ledger Creation

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

- 1. Enter the Name.
- 2. Select Indirect Expenses as the group name in the Under field.
- 3. Set Inventory values are affected to No.
- 4. Enable the option Is TDS Applicable?
- 5. Select the Nature of Payment from the List of Nature of Payments.

The screenshot shows the 'Ledger Creation' window in Tally ERP 9. The name of the ledger is 'Rent'. The 'Under' field is set to 'Indirect Expenses'. The 'Inventory values are affected' option is set to 'No', and 'Type of Ledger' is 'Not Applicable'. The 'Is TDS applicable' option is checked, and the 'Nature of Payment' is set to 'Rent on Land, Building, Houses, Office Etc.'. The 'Total Opening Balance' field is empty. The window also shows 'Mailing Details' and 'Tax Registration Details' sections.

Party Ledger Creation

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

1. Press F12 and set the option Allow advanced entries in TDS masters to Yes. Press Ctrl+A to save.

Ledger Configuration	
Provide aliases along with name	? Yes
Provide language aliases for name	? No
Provide advanced information in masters	? Yes
Allow advanced entries in TDS master	? Yes
Allow creation of tax ledgers under other groups	? No
Add notes for ledger accounts	? No
Add description for ledger accounts	? No
Provide addresses for ledger accounts	? Yes
Use addresses for revenue accounts	? No
Provide contact details	? No
Allow method of appropriation (used in purchase invoice)	? No
Allow effective date for Reconciliation	? No

2. Enter the Name and select Sundry Creditor in the Under field.
3. Enable the option Maintain bill-by-bill, to track the TDS bills.
4. Enable the option Is TDS Deductible, to allow TDS deduction for the ledger.
5. Select a Deductee Type from the list.

Ledger Creation

Name : **Anisha Traders**
(alias)

Under : **Sundry Creditors**
(Current Liabilities)

Maintain balances bill-by-bill ? **Yes**
 Default credit period :
 Check for credit days during voucher entry ? **No**
 Inventory values are affected ? **No**
 Cost centres are applicable ? **No**

Statutory Information

Is TDS Deductible ? **Yes**
 Deductee type : **Company - Resident**
 Deduct TDS in Same Voucher ? **No**
 Use Advanced TDS Entries ? **No**

Name : **Anisha Trad**
 Address :
 Country : **India**
 State : **West Benge**
 Provide bank details ? **No**

Deductee Type

- Unknown
- Artificial Juridical Person
- Association of Persons
- Body of Individuals
- Company - Non Resident
- Company - Resident**
- Co-Operative Society - Non Resident
- Co-Operative Society - Resident
- Government
- Individual/HUF - Non Resident
- Individual/HUF - Resident
- Local Authority
- Partnership Firm

Opening Balance (on 1-Apr-2021) :

Tally MAIN --> Gateway of Tally --> Accounts Info. --> Ledgers --> Ledger Creation

6. Enable Deduct TDS in Same Voucher, if required, and select the TDS Nature of Payment. You can also select to All Items.

Deduct TDS in Same Voucher	
Sl. No.	Nature of Payment
1	Rent on Land, Building, Houses, Office Etc.
List of Nature of Payments	
◆ All Items	
Rent on Land, Building, Houses, Office Etc.	

7. Set Use Advanced TDS Entries to Yes.

Advanced TDS Entries	
Ignore Surcharge Exemption Limit	? No
Ignore Income Tax Exemption Limit (It can be configured Nature of Payment wise)	? ◆ Undefined
Set/Alter Zero / Lower Deduction	? Yes

- a) You can set the ledger to ignore income tax and/or surcharge exemption limits.
- b) Enable the option Set/Alter Zero/Lower Deduction to Yes.
 - If the Deductee type is a Resident, you can set the required Nature of Payment for Zero/Lower Rate, as shown below:

Zero / Lower Deduction Details					
Nature of Payment	Section Number	Certificate No. / Date	Applicable From	Applicable To	TDS
Rent on Land, Building, Houses, Office Etc.	[Redacted]	Zero / Lower Rate			
		197	Lower Deduction		
		197A	Zero Rate (Form 15G/ 15H)		

Based on the selection made, the transactions recorded using these ledgers will appear in the relevant sections of Form 26Q.

- If the Deductee type is a Non-Resident, you can set the required Nature of Payment for Zero/Lower Rate/DTAA, as shown below:

Zero / Lower Deduction Details					
Nature of Payment	Section Number	Certificate	Applicable	Applicable To	TDS
Rent on Land, Building, Houses, Office Etc.	[Redacted]	Zero / Lower Rate / DTAA			
		197	Lower Deduction		
		197A DTAA	Zero Rate Double Taxation		

Based on the selection made, the transactions recorded using these ledgers will appear in the relevant sections of Form 27Q.

- 8. Enter the Mailing Details. Enable Provide Bank Details, to enter the bank details for the ledger.
- 9. Enter the PAN/IT No. under Tax Information.
- 10. Enable the option Provide PAN Details, if required.
- 11. The Ledger Creation screen appears as shown below:

The screenshot shows the 'Ledger Creation' window in Tally.ERP 9. The ledger name is 'Anisha Traders'. The 'Total Opening Balance' is 2,000.00 Dr. The 'Under' field is set to 'Sundry Creditors (Current Liabilities)'. The 'Mailing Details' section includes Name: Anisha Traders, Address: Rameswarpur Pandua Hooghly, Country: India, State: West Bengal, and Pincode: 712162. The 'Statutory Information' section has 'Is TDS Deductible' set to Yes, 'Deductee type' set to Company - Resident, 'Deduct TDS in Same Voucher' set to Yes, and 'Use Advanced TDS Entries' set to Yes. The 'Tax Registration Details' section has 'PAN/IT No.' set to ABAPA1111D and 'Provide PAN details' set to Yes. The 'Opening Balance (on 1-Apr-2021)' is [Redacted].

- 12. Press Enter to save the details.

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