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Computerised Accounting - Module 46

TDS in Tally ERP 9:

TDS stands for **Tax Deducted at Source**. It is a tax deduction mechanism used by the government where tax is deducted from the income of the recipient (such as salaries, payments to contractors, etc.) at the source itself, before the payment is made.

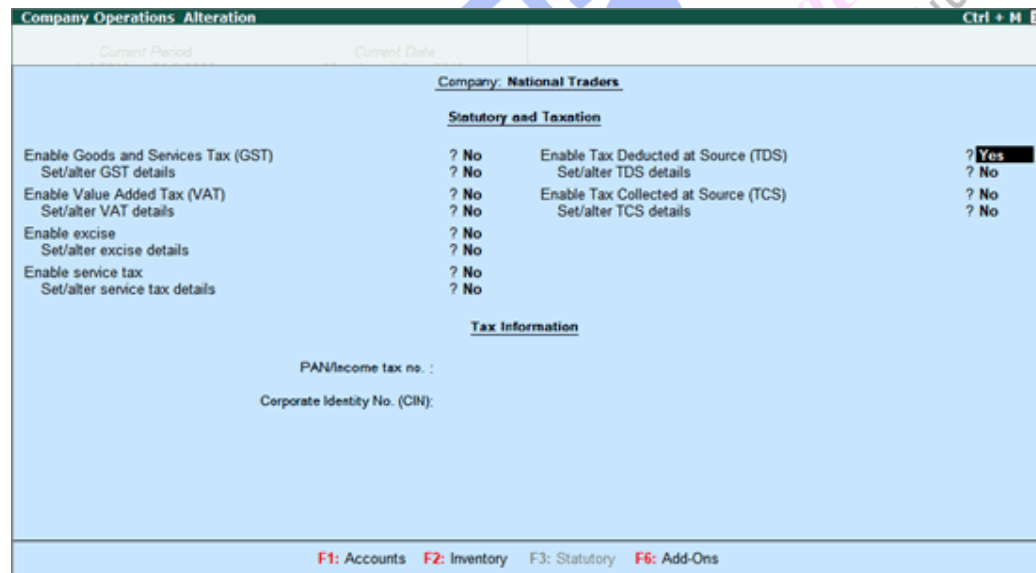
How TDS Works:

- 1. Applicable Transactions:** TDS is applicable to certain types of payments like salaries, interest payments, contractor payments, rent, and more.
- 2. Deduction by Payer:** The person making the payment deducts the tax at the time of payment and deposits it with the government.
- 3. TDS Certificate:** The payer issues a TDS certificate to the payee, which can be used by the payee to claim tax credit.

Setting Up TDS in Tally ERP 9:

Step 1: Enable TDS in Tally ERP 9

- Go to Gateway of Tally > F11: Features > Statutory & Taxation.
- Set Enable Tax Deducted at Source (TDS) to Yes.



- Enable the option Set/alter TDS details to display TDS Deductor Details screen.
- Enter the TAN registration number .
- Enter the Tax deduction and collection Account Number (TAN) .

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- Select the Deductor Type.
- Enter Deductor branch/division.
- Enable the option Set/alter details of person responsible to display the Person Responsible Details screen. Enter the relevant details:

Person Responsible Details

Name	: Rajesh
Son/daughter of	: Venkatesh
Designation	: Chief Financial Officer
PAN	: KLHGK3887R
Flat no.	: 28/1
Name of the premises/building	: Aikya Apartments
Road/Street/Lane	: 1st A Cross
Area/Location	: Doddakammanahalli
Town/City/District	: Bangalore
State	: Karnataka
Pincode	: 560076
Mobile no.	: 9874574587
STD code	: 080
Telephone	: 22658444
E-mail ID	: rajesh.v@gmail.com

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

Note: In Release 6.5.5, you can enable the TDS features for a company located in Ladakh . You can select the State as Ladakh in the Person Responsible Details screen.

- Press Enter . The TDS Deductor Details screen appears.
- Enter the Rate of TDS if PAN not available.
- Enable the option Ignore IT Exemption Limit for TDS Deduction? , if required.
- Enable the option Activate TDS for stock items if required.

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Company TDS Deductor Details

TAN registration number : T22098776DAC
 Tax Deduction and Collection Account Number (TAN): ASBD88471C
 Deductor type : Company
 Deductor branch/division : Bangalore
 Set/alter details of person responsible ? No

Rate & Exemption Details

Rate of TDS if PAN not available : 20 %
(The rate specified here or the IT rate, whichever is higher, will be applicable.)
 Ignore IT exemption limit for TDS deduction ? No
 Activate TDS for stock items ? **No**

- Press Enter.
- Press Ctrl+A to save the details.

Step 2: Create TDS Ledgers

Creating TDS Ledger

A TDS ledger is used for recording duties in TDS related transactions.

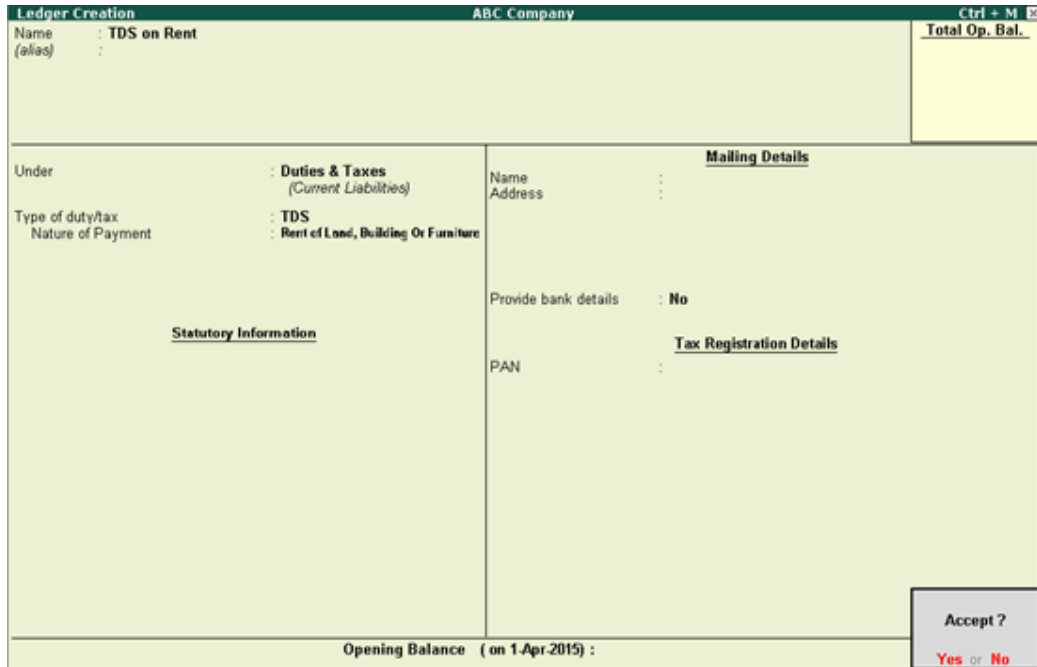
1. Go to Gateway of Tally > Accounts Info. > Ledgers > Create .
2. Enter the Name .
3. Select Duties and Taxes as the group name in the Under field.
4. Select TDS as the Type of Duty/Tax .
5. Select a Nature of Payment from the List of Nature of Payments .
6. Press Enter . The Ledger Creation screen appears as shown below:



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7. Press Ctrl+A to save the details.

Step 3: Create Party Ledger (With TDS Applicable)

Creating Party Ledger (TDS)

TDS will be deducted on the basis of the deductee type, which has to be defined in the party ledger.

1. Go to Gateway of Tally > Accounts Info. > Ledgers > Create
2. Enter the Name .
3. Select Sundry Creditor as the group name in the Under field.
4. Enable the option Maintain bill-by-bill , if required.
5. Enable the option Is TDS Deductible?
6. Select a Deductee Type .
7. Enable Deduct TDS in Same Voucher , if required.
8. Enter the Name of the service provider under Mailing Details .
9. Enter the Address .
10. Select the Country from the List of Countries .
11. Select the State from the List of States .
12. Enter the PIN Code .
13. Enable Provide Bank Details , if required.

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5. Credit MAR Tech Park . The amount after TDS deduction will appear in the Amount field automatically.
6. Press Enter .
7. Enter the Bill-wise Details , as required.
8. Press Enter .
9. Credit the TDS tax ledger. The TDS amount will automatically filled in the Amount field.
10. Press Enter .
11. Enter Narration , if required. The Journal voucher appears as shown below:

Accounting Voucher Creation ABC Company

Journal No. 1 30-Apr-2015
Thursday

Particulars	Debit	Credit
Dr Rent Cur Bal: 5,00,000.00 Dr	5,00,000.00	
Cr MAR Tech Park Cur Bal: 4,50,000.00 Cr		4,50,000.00
New Ref ABC001 5,00,000.00 Cr New Ref ABC001/TDS 50,000.00 Dr		
Cr TDS on Rent Cur Bal: 50,000.00 Cr		50,000.00
	<u>5,00,000.00</u>	<u>5,00,000.00</u>

Narration:

Accept ?
Yes or No

12. Press Enter to save the voucher.

Deducting Tax at Lower Rate (TDS)

To record a transaction attracting a lower rate with applicable TDS can be recorded by using the commission expense ledger.

Scenario: On 16-05-2015, ABC Company received a bill from ACE Computers for ₹80,000 towards commission charges. ACE Computers has a certificate for deduction of Income tax at Lower rate @ 5%, on Commission.

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1. Go to Gateway of Tally > Accounting Voucher > F7: Journal.
2. Click F2: Date to change the date to 16-5-2015 .
3. Debit the Commission expense ledger.
4. Enter 80000 in the amount field.
5. Credit ACE Computers . The amount after TDS deduction will appear in the Amount field automatically.
6. Press Enter .
7. Enter the Bill-wise Details , as required.
8. Press Enter .
9. Credit the TDS tax ledger. The TDS amount will automatically filled in the Amount field.
10. Press Enter .
11. Enter Narration , if required. The Journal voucher appears as shown below:

Accounting Voucher Creation		ABC Company	Ctrl + M
Journal No. 2			16-May-2015 Saturday
Particulars	Debit	Credit	
Dr Commission <i>Cur Bal: 80,000.00 Dr</i>	80,000.00		
Cr ACE Computers <i>Cur Bal: 76,000.00 Cr</i>		76,000.00	
	80,000.00 Cr		
Cr TDS on Commission <i>Cur Bal: 4,000.00 Cr</i>		4,000.00	
	4,000.00 Dr		
Narration:		80,000.00	80,000.00

12. Press Enter to save the voucher.

Step 5: View TDS Reports

- Go to Gateway of Tally > Display > Statutory Reports > TDS Reports.
- You can view reports such as TDS Challan Reconciliation, TDS Computation, and more, which help in managing TDS filings and compliance.

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Step 6: TDS Return Filing

- Tally ERP 9 provides the necessary data for filing TDS returns. The TDS reports can be used to extract the details needed for filing TDS returns on the government portal.

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