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**Computerised Accounting - Module 46**



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**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.

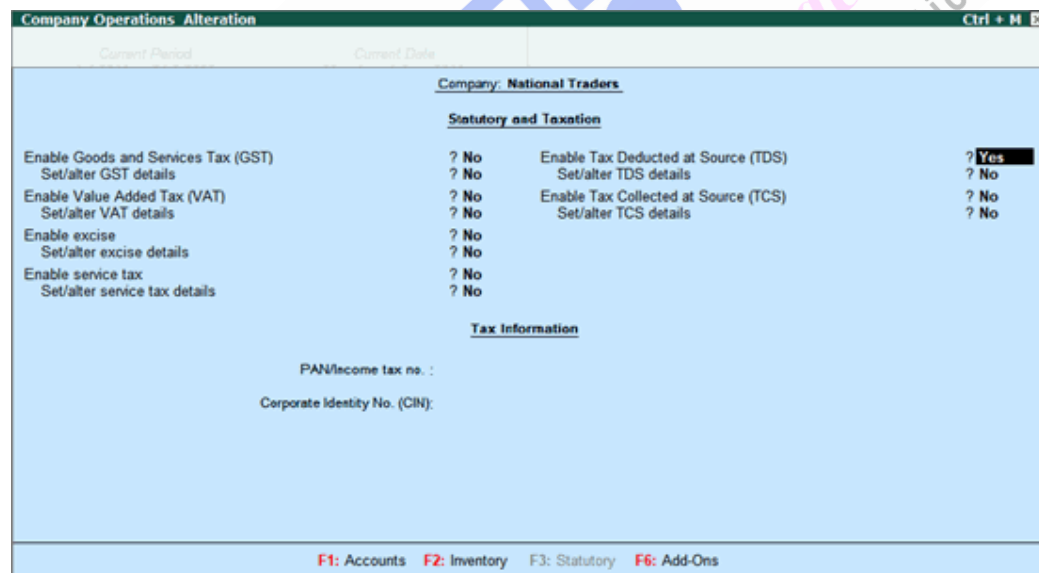
**How TDS Works:**

- 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.



Company: National Traders			
Statutory and Taxation			
Enable Goods and Services Tax (GST)	? No	Enable Tax Deducted at Source (TDS)	? <b>Yes</b>
Set/alter GST details	? No	Set/alter TDS details	? No
Enable Value Added Tax (VAT)	? No	Enable Tax Collected at Source (TCS)	? No
Set/alter VAT details	? No	Set/alter TCS details	? No
Enable excise	? No		
Set/alter excise details	? No		
Enable service tax	? No		
Set/alter service tax details	? No		
Tax Information			
PAN/Income tax no. :			
Corporate Identity No. (CIN):			

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

- 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 (COMPANY).
- Enter Deductor branch/division
- Press Enter . The TDS Deductor Details screen appears.

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 %
<i>(The rate specified here or the IT rate, whichever is higher, will be applicable.)</i>	
Ignore IT exemption limit for TDS deduction	? No
Activate TDS for stock items	? No

- Enter the Rate of TDS if PAN not available.
- Press Enter
- Press Ctrl+A to save the details.

**Step 2: Create Salary Ledger**

- Gateway of Tally > Accounts Info. > Ledgers > Create.
- Name: Salary (or similar).
- Under: Duties & Taxes.
- Type of duty/tax: TDS.
- Nature of Payment: Under this press Alt+C, give a name salary paid and Rate 10%

TDS Nature of Payment Creation	
Name	: Salary Paid
Section	:
Payment code	:
Remittance code	:
<b>Rate for individuals/HUF</b>	
With PAN	: 10 %
Without PAN	: 20 %
<b>Rate for other deductee types</b>	
With PAN	: 10 %
Without PAN	: 20 %
Threshold/exemption limit	: [Redacted]

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<b>Ledger Alteration</b>		<b>Total Opening Balance</b>
Name : <b>Salary</b> (alias) :		
Under : <b>Indirect Expenses</b>		
Inventory values are affected : <b>No</b> Type of Ledger : <b>Not Applicable</b>		
<b>Statutory Information</b>		
Is GST Applicable : <b>Not Applicable</b> Set/alter GST Details : <b>No</b>		
Is TDS applicable : <b>Applicable</b> Nature of Payment : <b>Salary Paid</b>		
Include in assessable value calculation for : <b>Not Applicable</b>		
<b>Opening Balance</b>	<b>( on 1-Apr-2025) :</b>	

**Step 3: 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 TDS on Salary .
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 (Salary Paid) from the List of Nature of Payments .

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Ledger Creation		Total Opening Balance
Name : TDS ON SALARY (alias)		
Under	: <b>Duties &amp; Taxes</b> (Current Liabilities)	
Type of duty/tax	: <b>TDS</b>	
Nature of payment	: <b>Salary Paid</b>	
Inventory values are affected	? <b>No</b>	
<u>Statutory Information</u>		
<b>Opening Balance</b>		<b>( on 1-Apr-2025 ) :</b> <span style="background-color: black; color: black;">XXXXXXXXXX</span>

6. Press Enter . The Ledger Creation screen appears as shown below.
7. Press Ctrl+A to save the details.

**Step 4: 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 Mr. Raj .
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 to Yes.
6. Select a Deductee Type Government .
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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14. Enter the PAN under Tax Information .  
15. Enable the option Provide PAN Details to enter PAN details of the party. The Ledger Creation screen appears as shown below:

Ledger Creation		Preeti		Total Opening Balance
Name	: MR. RAJ			
(alias)	:			
Under	: <b>Sundry Creditors</b> (Current Liabilities)	<b>Mailing Details</b>		
Maintain balances bill-by-bill	? Yes	Name	: MR. RAJ	
Default credit period	:	Address	: AMBALA CITY	
Check for credit days during voucher entry	? No	Country	: India	
Inventory values are affected	? No	State	: Haryana	Pincode : 134003
		(Select the applicable state to calculate GST during voucher entry.)		
		Provide bank details	? No	
		<b>Tax Registration Details</b>		
<b>Statutory Information</b>		PAN/IT No.	: ASDF12356	
Is TDS Deductible	? Yes	(PAN is mandatory for e-TDS, should be of 10 Characters)		
Deductee type	: Unknown	Provide PAN details	? Yes	
Deduct TDS in Same Voucher	? No	Registration type	: Regular	
		GSTIN/UIN	:	
		Set/alter GST details	? No	
Opening Balance		( on 1-Apr-2025 ) :		

16. Press Enter to save the details.

**Step 5: Record a Transaction with TDS**

**Accounting for TDS on Expenses**

You can create an accounting voucher for your business expenses, along with the applicable TDS.

**Scenario: On 30-4-2015, ABC Company paid Salary Rs. 50,000.**

1. Go to Gateway of Tally > Accounting Voucher > F7: Journal.
2. Enter the Date.
3. Debit the Salary ledger.
4. Enter 50000 in the amount field.
5. Credit Mr. Raj . The amount after TDS deduction will appear in the Amount field automatically (45000).

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6. Press Enter .
7. Enter the Bill-wise Details , as required.
8. Press Enter .
9. Credit the TDS on salary ledger. The TDS amount will automatically filled in the Amount field.(5000)
10. Press Enter .
11. Enter Narration , if required. The Journal voucher appears as shown below:

Accounting Voucher Creation		ABC Company		30-Apr-2015 Thursday	
Journal No. 1					
Particulars		Debit		Credit	
Dr Rent		5,00,000.00			
Cur Bal: 5,00,000.00 Dr					
Cr MAR Tech Park				4,50,000.00	
Cur Bal: 4,50,000.00 Cr					
New Ref ABC001	5,00,000.00 Cr				
New Ref ABC001/TDS	50,000.00 Dr				
Cr TDS on Rent				50,000.00	
Cur Bal: 50,000.00 Cr					
Narration:					
				5,00,000.00	5,00,000.00

12. Press Enter to save the voucher.

**Step 6: View TDS Reports**

- Go to Gateway of Tally > Display > Statutory Reports > TDS Reports > Form 26Q
- You can view reports such as TDS Challan Reconciliation, TDS Computation, and more, which help in managing TDS filings and compliance.

