Set Up Your Books For Tax Deducted at Source (TDS) in TallyPrime

You can enable the Tax Deducted at Source (TDS) feature in TallyPrime, provide surcharge details, and create the masters required to record transactions.

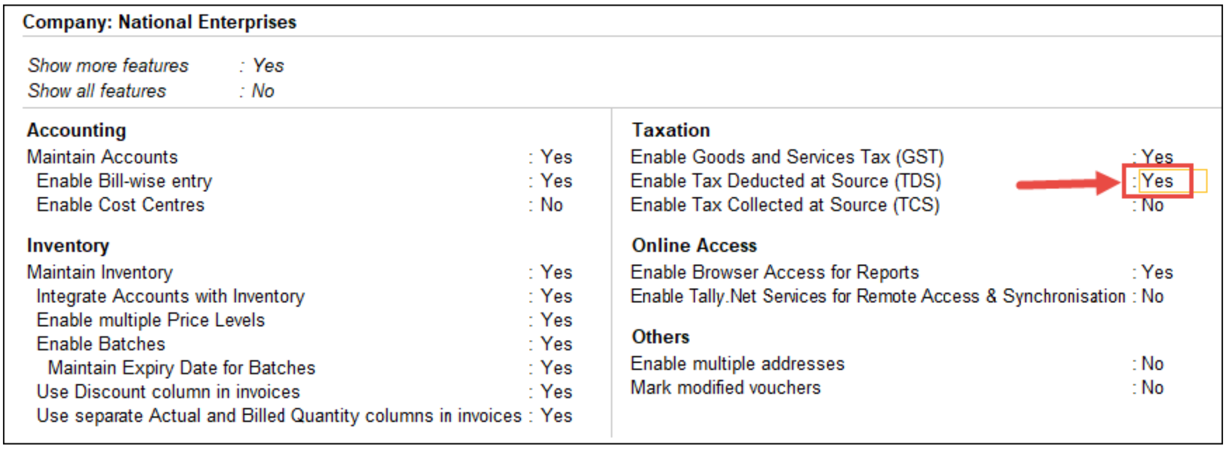
Enable TDS

You can enable the TDS feature, provide surcharge details, record transactions and generate the required reports and returns.

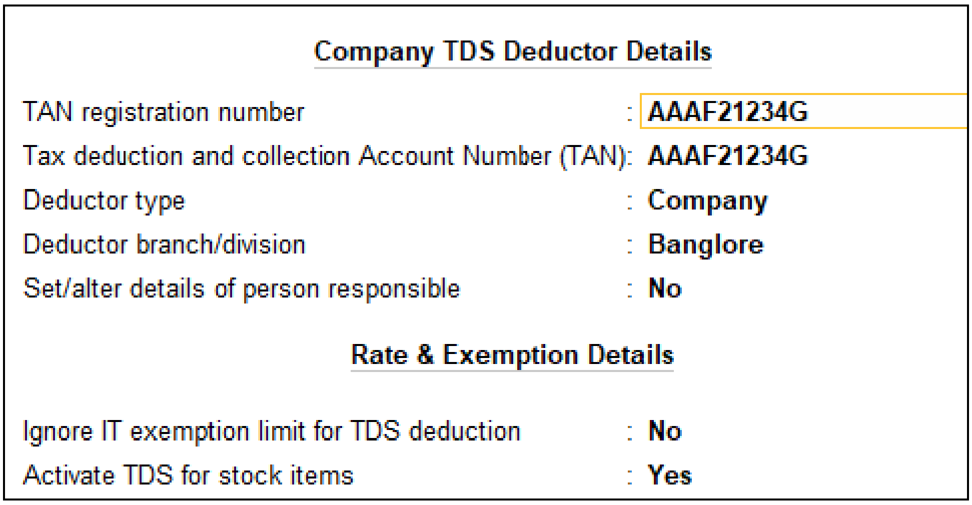
1. Press **F11** (Features) > set **Enable Tax Deducted at Source (TDS)** to **Yes**.

   If you do not see this option:

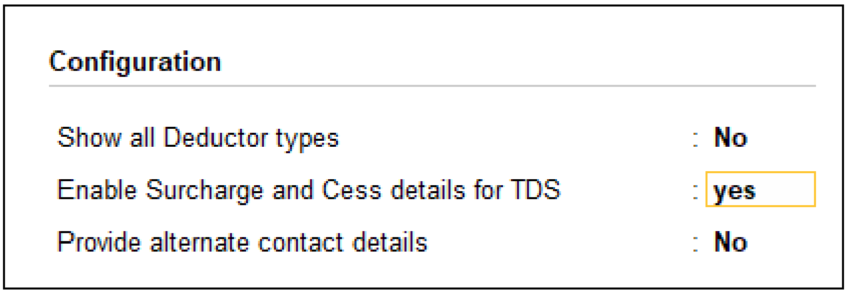
   - Set **Show more features** to **Yes**.
   - Set **Show all features** to **Yes**.



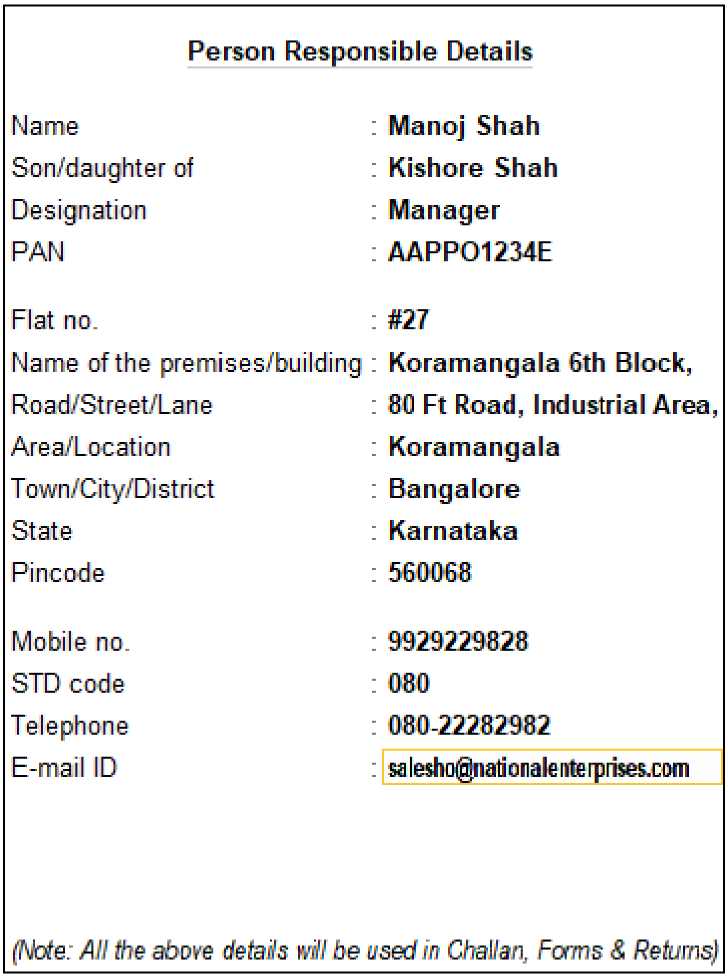
The **TDS Deductor Details** screen appears.



2. Press **F12** (Configure).
    - Set the option **Show All Deductor types** to **Yes**, to view all the deductor types.
    - Set the option **Enable surcharge and cess details for TDS** to **Yes**, to enter the surcharge and cess details.
    - Set the option **Provide alternate contact details** to **Yes**, to enter the company's **STD Code**, **Phone No.** and **E-Mail**.



    - Press **Ctrl+A** to save.
3. Enter the **TAN registration number**.
4. Enter the **Tax deduction and collection Account Number (TAN)**.
5. Select the **Deductor Type**.
6. Enter the details of **Deductor branch/division**.
7. Enable the option **Set/alter details of person responsible to display the Person Responsible Details** screen. Enter the relevant details:


Person Responsible Details

Name	: **Manoj Shah**
Son/daughter of	: **Kishore Shah**
Designation	: **Manager**
PAN	: **AAPPO1234E**
Flat no.	: **#27**
Name of the premises/building	: **Koramangala 6th Block,**
Road/Street/Lane	: **80 Ft Road, Industrial Area,**
Area/Location	: **Koramangala**
Town/City/District	: **Bangalore**
State	: **Karnataka**
Pincode	: **560068**
Mobile no.	: **9929229828**
STD code	: **080**
Telephone	: **080-22282982**
E-mail ID	: salesho@nationalenterprises.com

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

8. Press **Enter**. The **TDS Deductor Details** screen appears.
9. Set **Ignore IT Exemption Limit for TDS Deduction** to:
    - **Yes**, if you don’t want to consider the IT exemption limit.
    - **No**, if you want to consider the IT exemption limit.
10. Set **Activate TDS for stock items** to:
    - **Yes**, if you want to define TDS rate in stock item.
    - **No**, if you do not want to define TDS rate in stock item.
11. Set **Provide surcharge and cess details** to **Yes**.
12. In the **TDS Deductor Details** screen, press **F12** (Configure) > set **Enable surcharge and cess details for TDS** to **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	Applica-ble Date	Surchar-ge Rate	Exempt-ion Limit	Cess Rate	Sec.Ed. Cess
NonResident						
	Company - Non Resident					
		1-4-2020			2 %	1 %
			10 %	75,000.00		
			15 %	1,00,000.00		
	Individual/HUF - Non Resident					
		1-4-2020			2 %	1 %
			5 %	40,000.00		
			10 %	1,00,000.00		
Resident						
	Company - Resident					
		1-4-2020			2 %	1 %
			10 %	50,000.00		
			15 %	1,00,000.00		
			25 %	2,00,000.00		
			37 %	5,00,000.00		
	Individual/HUF - Resident					
		1-4-2020			2 %	1 %
			2 %	1,00,000.00		
			5 %	1,00,000.00		

14. Accept the screen. As always, you can press **Ctrl+A** to save.

TDS Nature of Payment

For payments attracting TDS, the relevant nature of payment is defined by the department with associated tax rate, section, payment code, and threshold limit. While creating a TDS Nature of Payment, you can press **Alt+H** (Helper) to select the required nature of payment.

In this section

Create TDS Nature of Payment

1. **Gateway of Tally** > **Create** > type or select **TDS Nature of Payments** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **TDS Nature of Payments** > and press **Enter**.

2. Press **F12** (Configure).

- 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.
- Set **Allow tax rate without PAN** to **Yes**, to enter the tax rates for Individuals/HUF for each 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 tax rate without PAN	: Yes

- Press **Enter** to save.

3. Press **Alt+H** (Helper) to view the list of **Nature of Payment**.

TDS Nature of Payment Creation — **National Enterprises**

Name :

Nature of Payment

Any Remuneration Or Commission Paid to Director of the Company	194J	94J
Commission on Sale of Lottery Tickets	194G	94G
Commission Or Brokerage	194H	94H
Deemed Dividend U/s 2(22)(E)	194	194
Fees for Professional Services	194J	4JB
Fees for Technical Services (other than Professional Services) or Royalty	194J	4JA
Fees for Technical Services, Payable to Non Residents	195	195
Fees for Tech. Services Agreement Is Made on Or After June 1, 2005	195	195
Income by Way of Interest on Certain Bonds and Government Securities	194LD	4LD
Income by Way of Long-Term Capital Gains Referred to in Section 115E	195	195
Income From Foreign Currency Bonds Or Shares of....	196C	96C
Income From Specified Mutual Funds	194K	94K
Income in Respect of Investment in Securitization Trust	194LBC	LBC
Income in Respect of Units of Non-Residents	196A	96A
Income in the Form of Interest From Indian Company	194LC	4LC
Income of Foreign Institutional Investors From	196D	96D
Insurance Commission	194D	94D
Interest on 8% Savings (Taxable) Bonds, 2003	193	193
Interest on Infrastructure Debt Fund	194LB	4LB
Interest on Securities	193	193
Interest Other Than Interest on Securities	194A	94A
Interest Payable by Government Or Indian Concern in Foreign Currency	195	195
Long-Term Capital Gains[Not Being Covered by Sec 10(33)(36)(38)]	195	195
Other Sums Payables to A Non-Resident	195	195
Payment for Call Centre Charges	194J	94J
Payment in Respect of Life Insurance Policy	194DA	4DA
Payment of Accumulated Balance From PF Fund	192A	92D
Payment of certain amounts in cash	194N	94N
Payment of Certain Income From Units of A Business Trust	194LBA	LBA
Payment of certain sums by certain individuals or HUF	194M	
Payment of Compensation on Acquisition of Immovable Property	194LA	94L
Payment of Income in Respect of Units of Investment Fund	194LBB	LBB
Payment on Transfer of Certain Immovable Property Other Than Agricultural Land	194IA	9IA
Payments in Respect of Deposits Under NSS	194EE	4EE
Payments in Respect of Units to an Offshore Fund	196B	96B

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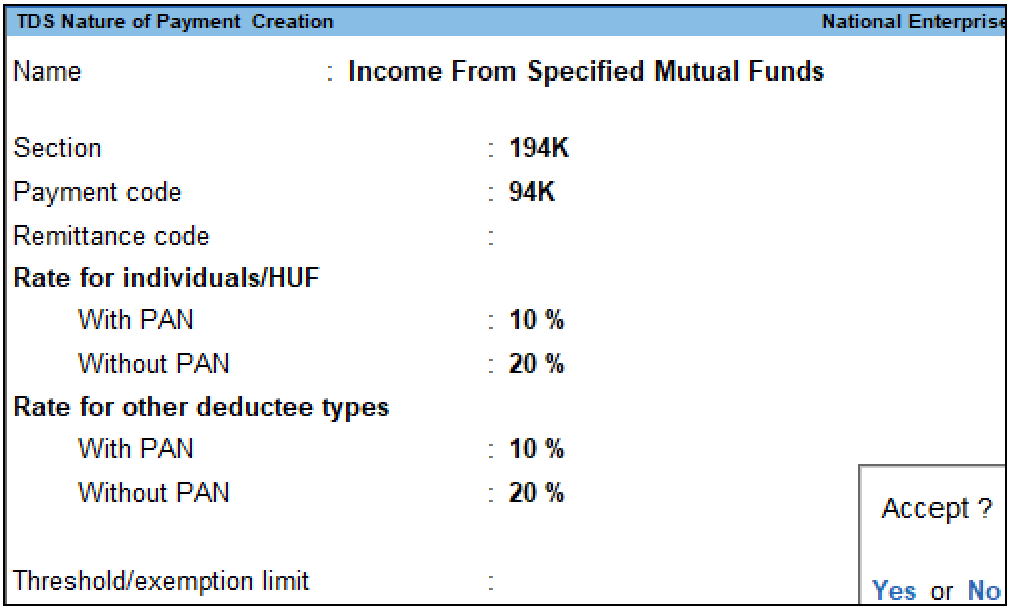
4. Select the required **Nature of Payment**. The **Section** and **Payment code** are displayed automatically.
5. Enter the **Rate of TDS** for **With PAN** and **Without PAN**. The same appears in **Rate** for other deductee types.
6. Enter the **Threshold/exemption limit** as applicable.



TDS Nature of Payment Creation | National Enterprise

Name : Income From Specified Mutual Funds

Section : 194K
Payment code : 94K
Remittance code :
Rate for individuals/HUF
With PAN : 10 %
Without PAN : 20 %
Rate for other deductee types
With PAN : 10 %
Without PAN : 20 %

Threshold/exemption limit :

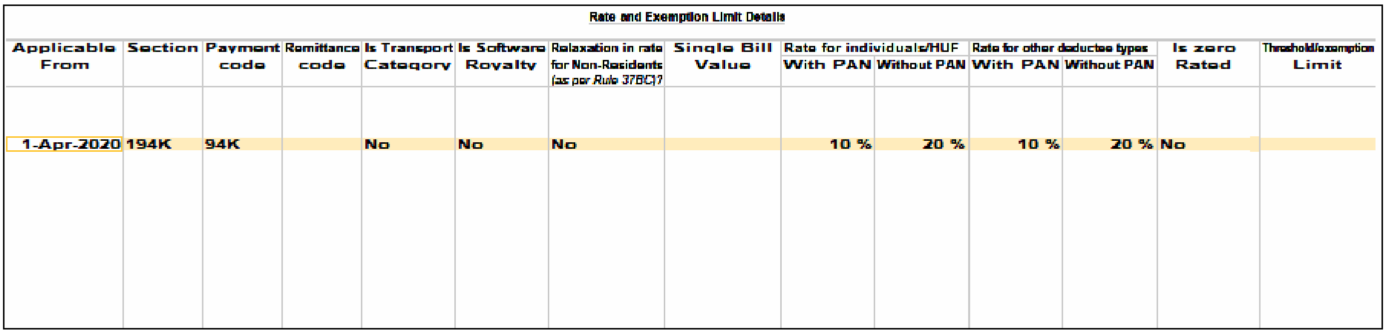
Accept ?
Yes or No

7. Accept the screen. As always, you can press **Ctrl+A** to save.

To view the history of **Rate and Exemption Limit Details** provided for different dates,

If you need to use this option only for the current master, press **Ctrl+I** (More Details) > type or select **TDS Details (History)**> and press **Enter**.

The details will appear with the breakup of rate **With PAN** and **Without PAN** as shown below:



Rate and Exemption Limit Details

Applicable From	Section	Payment code	Remittance code	Is Transport Category	Is Software Royalty	Relaxation in rate for Non-Residents (as per Rule 37BC)?	Single Bill Value	Rate for individuals/HUF		Rate for other deductee types		Is zero Rated	Threshold/exemption Limit
								With PAN	Without PAN	With PAN	Without PAN		
1-Apr-2020	194K	94K		No	No	No		10 %	20 %	10 %	20 %	No	

Create sub-section for TDS Nature of Payment Section 194J

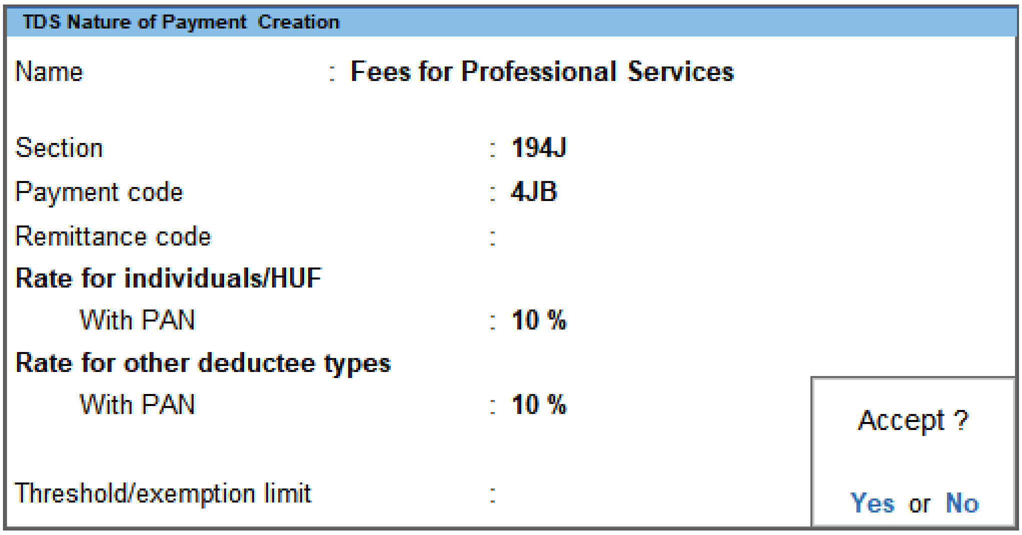
The section 194J corresponding to Fees for Professional and Technical Services has been divided into 2 sub-sections, Fees for Technical Services (other than Professional Services) or Royalty and Fees for Professional Services, with payment codes 4JA and 4JB respectively. This change has been implemented in FVU (File Validation Utility) ver 6.8. You can create the nature of payments for these sub-sections in TallyPrime manually and use them for your TDS undertakings.

1. **Gateway of Tally** > **Create** > type or select **TDS Nature of Payments** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **TDS Nature of Payments** > and press **Enter**.

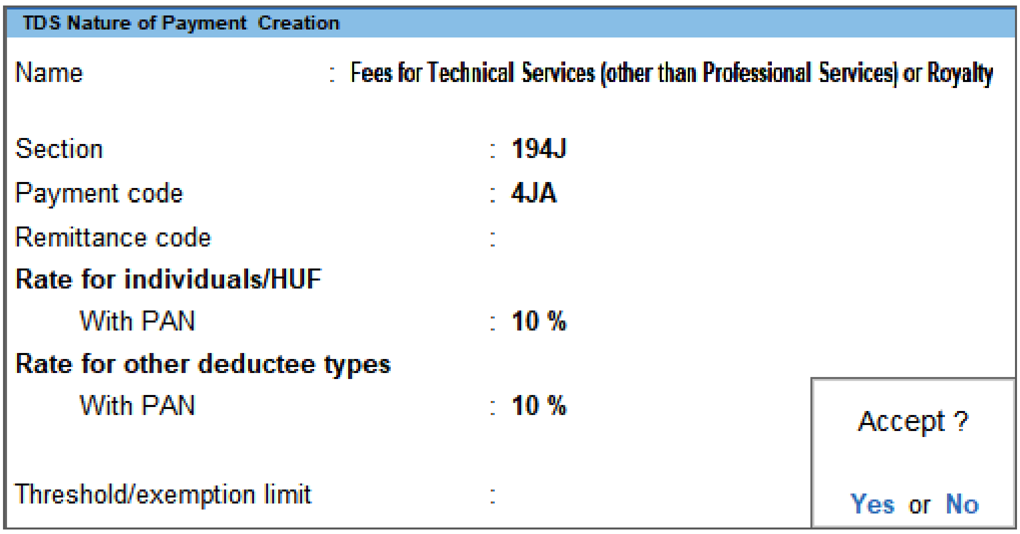
2. Enter the name of the sub-section as **Fees for Professional Services**. You can give your own name but ensure that the section code and payment code are selected correctly.

3. Select Section as **194J** and Payment code as **4JB**.



4. Accept the screen. As always, you can press **Ctrl+A** to save.

Similarly, you can create nature of payment for the other sub-section as shown below:



TDS Ledger

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

1. **Gateway of Tally** > **Create** > type or select **Ledger** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **Ledger** > and press **Enter**.

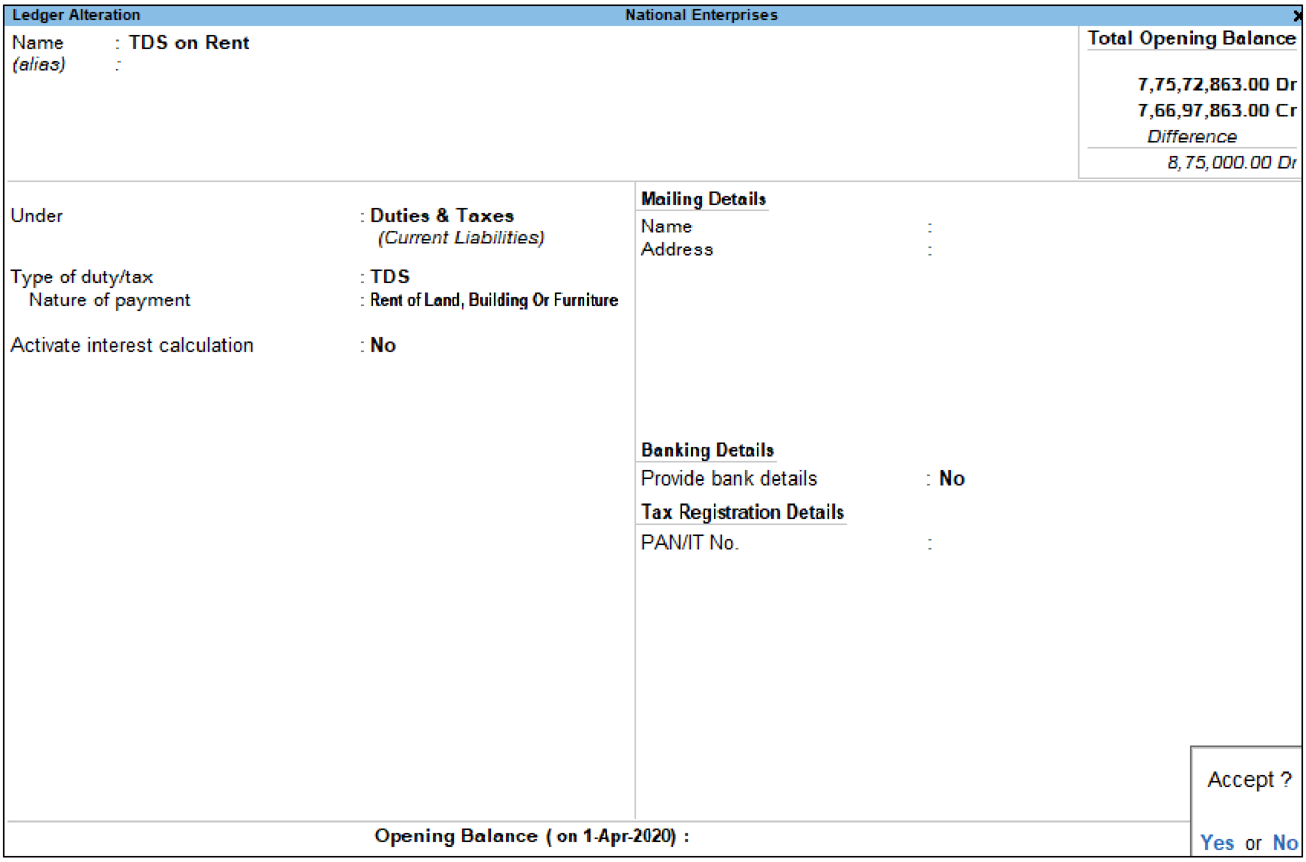
2. Enter the **Name**.

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.



7. Accept the screen. As always, you can press **Ctrl+A** to save.

Expenses Ledger

An expenses ledger is used for booking expenses. It can be created by selecting the Nature of Payment during ledger creation.

1. **Gateway of Tally** > **Create** > type or select **Ledger** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **Ledger** > and press **Enter**.

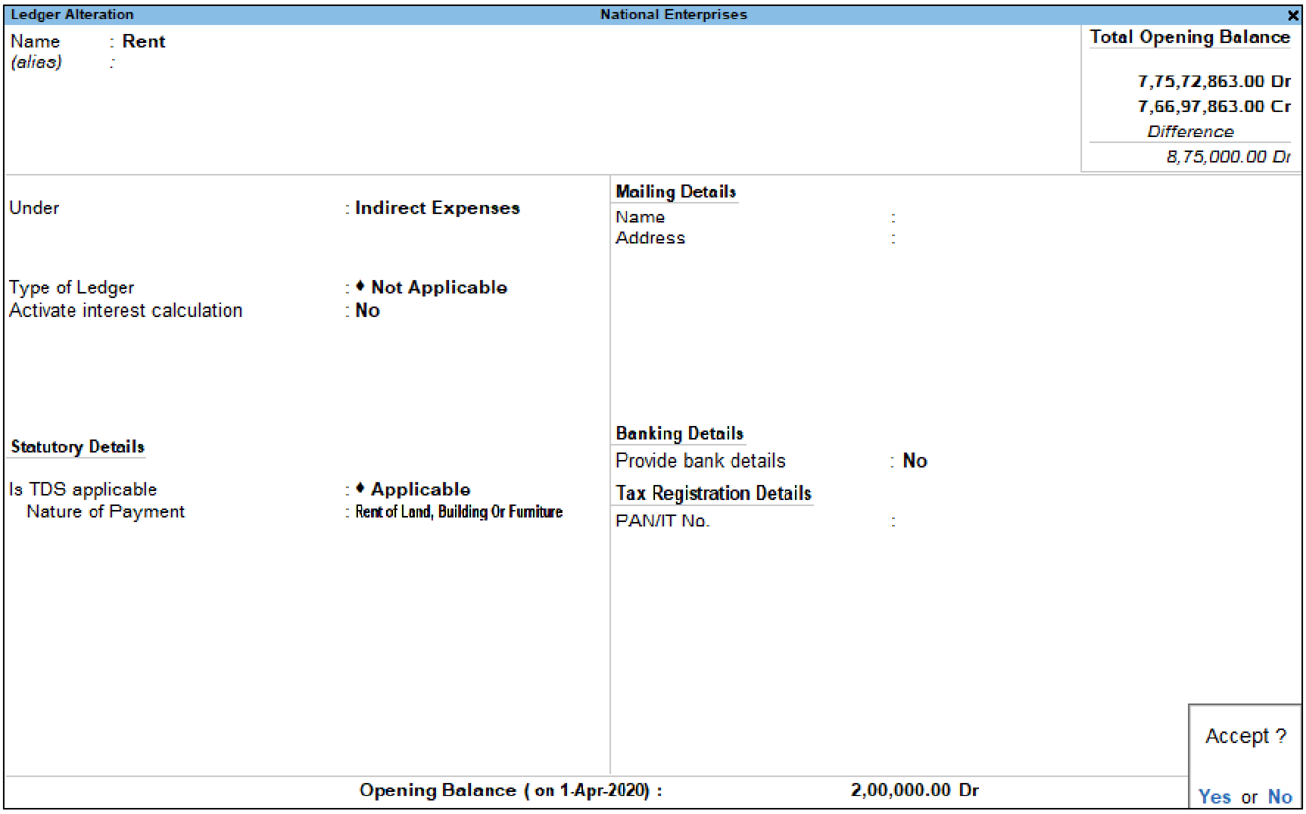
2. Enter the **Name**.

3. Select **Indirect Expenses** as the group name in the **Under** field.

4. Set **Inventory values are affected** to **No**.

5. Enable the option **Is TDS Applicable**.

6. Select the **Nature of Payment** from the **List of Nature of Payments**.



7. Accept the screen. As always, you can press **Ctrl+A** to save.

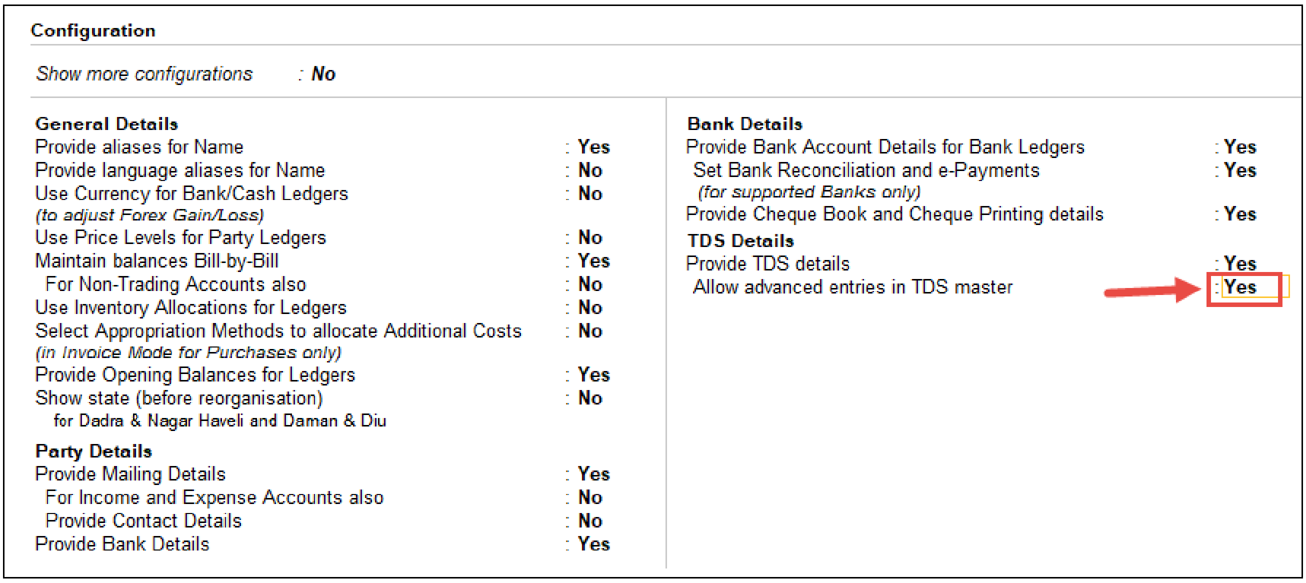
Party Ledger

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

1. **Gateway of Tally** > **Create** > type or select **Ledger** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **Ledger** > and press **Enter**.

2. Press **F12** (Configure) and set the option **Allow advanced entries in TDS masters** to **Yes**.

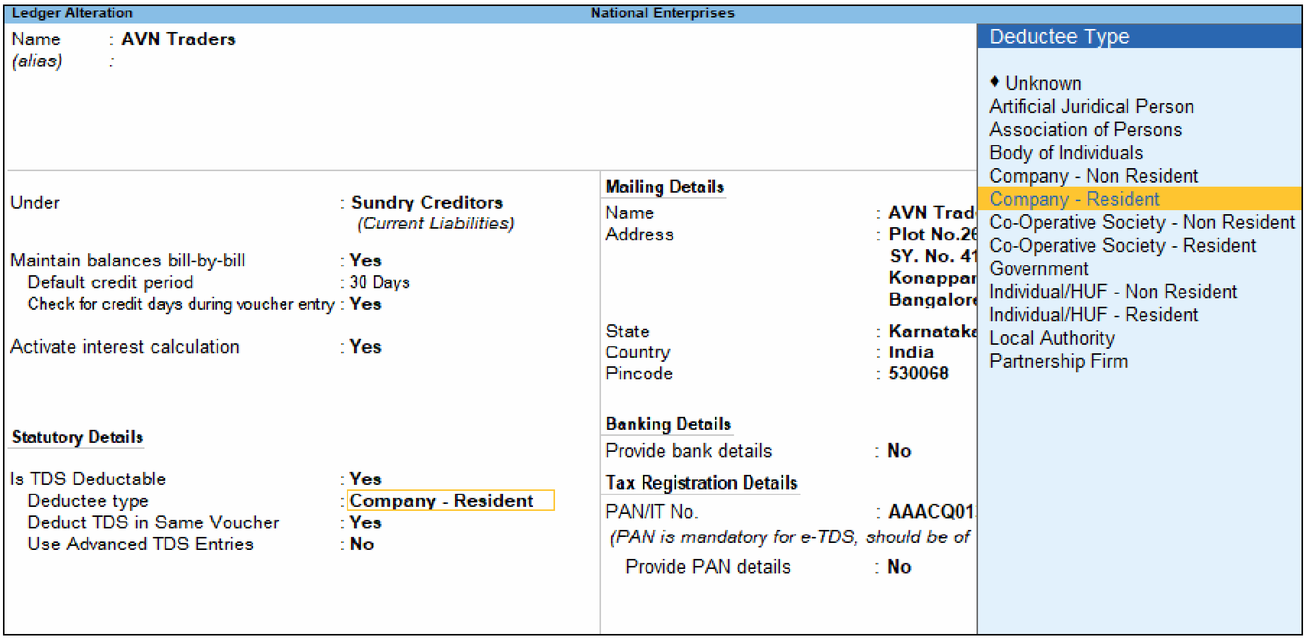


3. Enter the **Name** and select **Sundry Creditor** in the **Under** field.

4. Enable the option **Maintain bill-by-bill**, to track the TDS bills.

5. Enable the option **Is TDS Deductable**, to allow TDS deduction for the ledger.

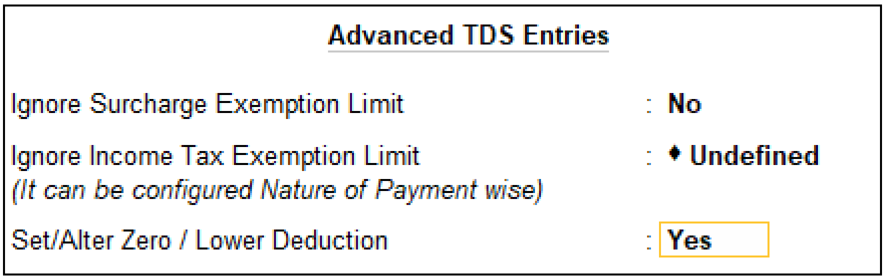
6. Select a **Deductee Type** from the list.



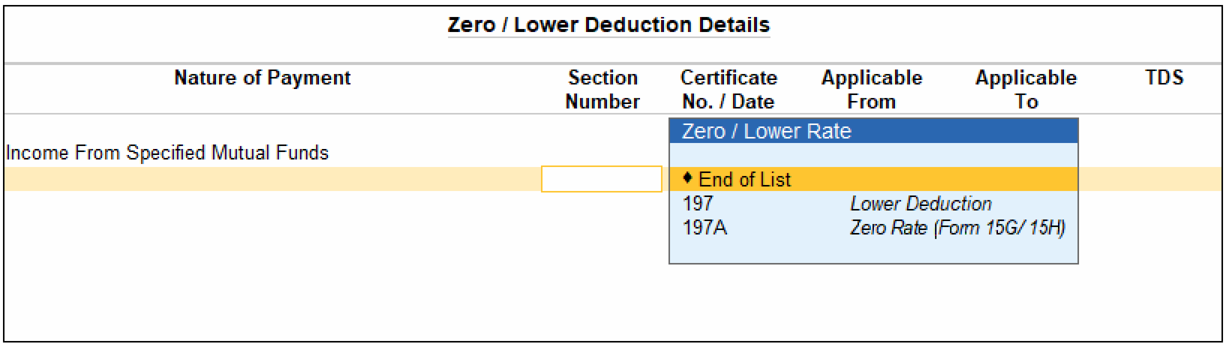
7. Enable **Deduct TDS in Same Voucher**, if required, and select the **TDS Nature of Payment**. You can also select to All Items.

8. Set **Use Advanced TDS Entries** to **Yes**.

   - You can set the ledger to ignore income tax and/or surcharge exemption limits.
   - Enable the option **Set/Alter Zero/Lower Deduction** to **Yes**.

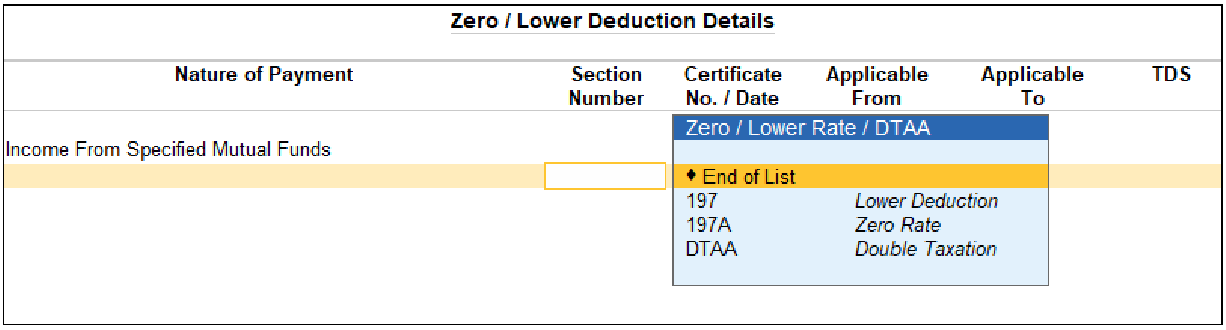


   - If the Deductee type is a Resident, you can set the required Nature of Payment for Zero/Lower Rate, as shown below:



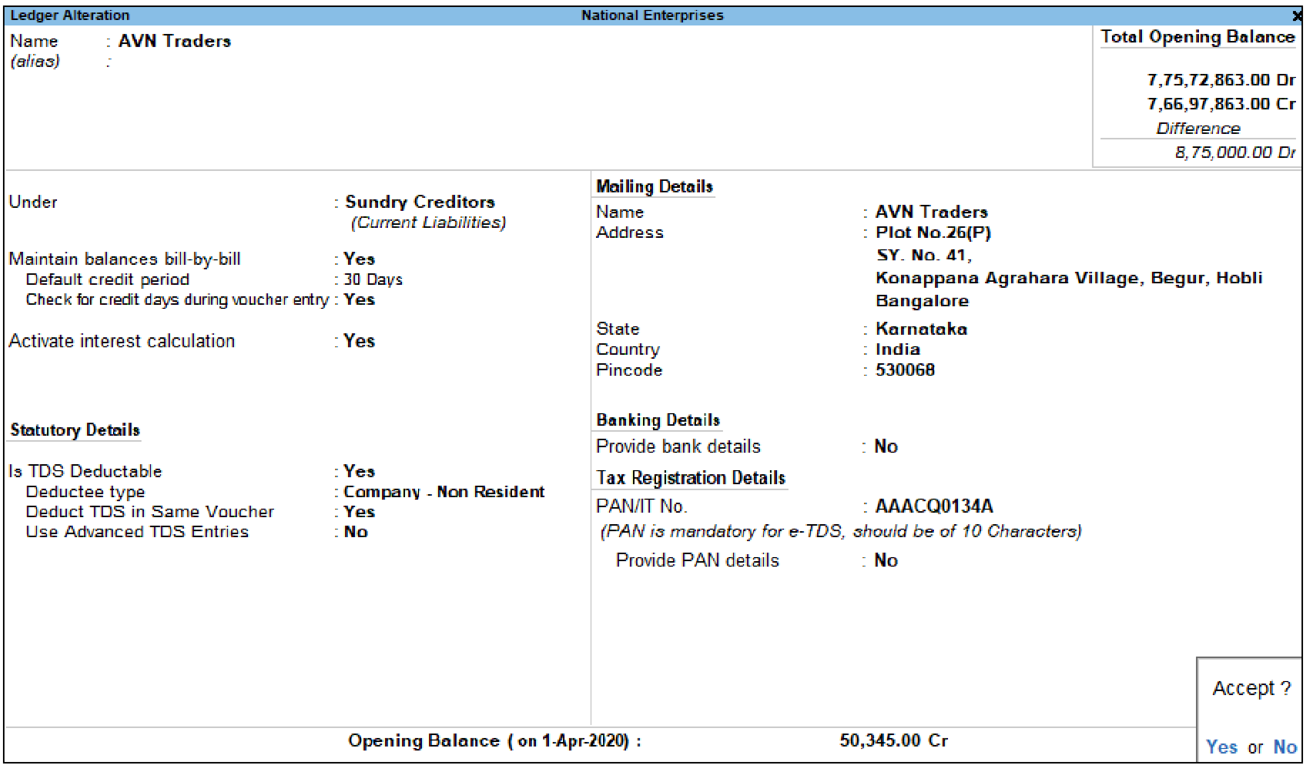
Based on the selection made, the transactions recorded using these ledgers will appear in the relevant sections of **Form 26Q**.

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

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

9. Enter the **Mailing Details**. Enable **Provide Bank Details**, to enter the bank details for the ledger.
10. Enter the **PAN/IT No.** under **Tax Information**. When the PAN is not available, enter one of the terms given below as the **PAN/IT No.**, based on the corresponding reason:
    - **PANAPPLIED** – If the party has given a declaration stating that he/she has applied for PAN, but are yet to receive the same.
    - **PANINVALID** – If the PAN format provided by the party is incorrect.
    - **PANNOTAVBL** – If the party has not given any declaration or PAN number.
11. Enable the option **Provide PAN Details**, if required. The **Ledger Creation** screen appears.



12. Accept the screen. As always, you can press **Ctrl+A** to save.

Fixed Asset Ledger

A Fixed Asset ledger is used for recording fixed assets and capital goods.

1. **Gateway of Tally** > **Create** > type or select **Ledger** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **Ledger** > and press **Enter**.

2. Enter the **Name**.

3. Select **Fixed Assets** as the group name in the **Under** field.

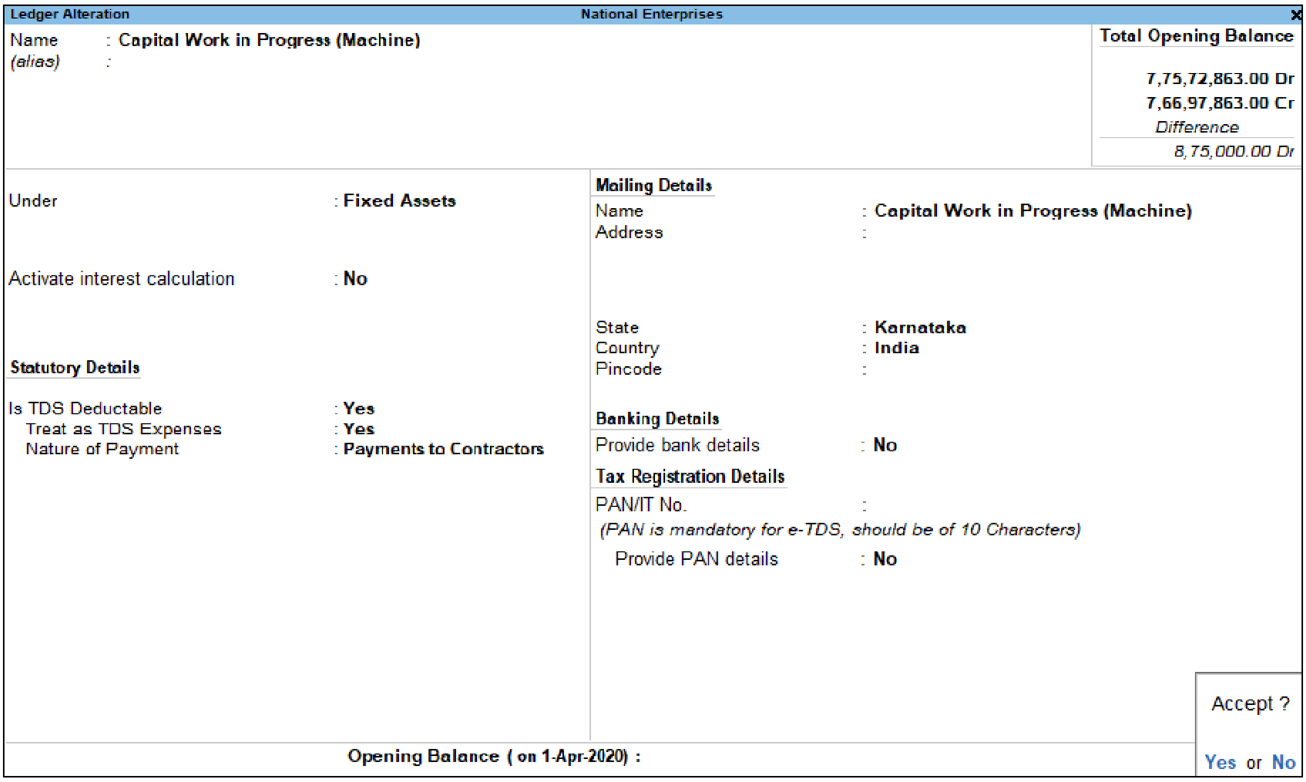
4. Set **Inventory values are affected** to **No**.

5. Set **Is TDS Deductable** to **Yes**.

6. Set **Treat as TDS Expenses** to **Yes**.

7. Select the required **Nature of Payment**.

8. Enter the **Mailing Details** and **Tax Registration Details**, as required. The **Ledger Creation** screen appears.



9. Accept the screen. As always, you can press **Ctrl+A** to save.

Stock Item

Stock items with TDS details can be created only if it is configured on the **Company TDS Deductor Details** page.

1. **Gateway of Tally** > **Create** > type or select **Stock Item** > and press **Enter**.

   Alternatively, press **Alt+G** (Go To) > **Create Master** > **Stock Item** > and press **Enter**.

2. Enter the **Name**.

3. Select a stock group from the **List of Stock Groups** in the **Under** field.

4. Select a unit of measurement in the **Units** field.

   As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G** (Go To) > **Create Master** > type or select **Stock Items** > press **Enter**.

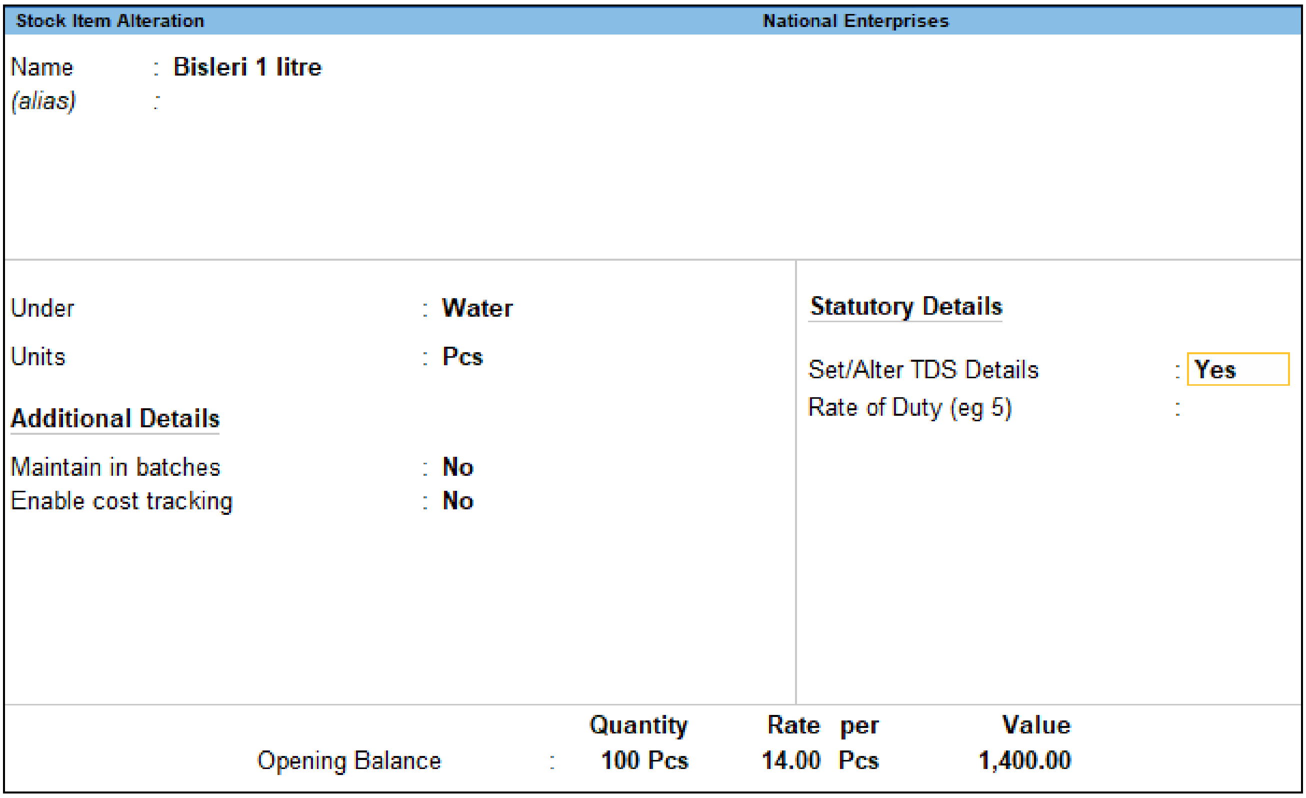
5. Enable the option **Set/alter TDS details**.

   In the **Stock Item Creation** screen, press **F12** (Configure) > **Set TDS Details** to **Yes**.

   If you do not see this option, ensure that **Enable Tax Deducted at Source (TDS)** is set to **Yes** in **F11** for your company.

6. Select the **Nature of Payment**.

7. Press **Enter**. The **Stock Item Creation** screen appears.



8. Accept the screen. As always, you can press **Ctrl+A** to save.