



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**.

Company: National Enterprises	
Show more features : Yes	
Show all features : No	
Accounting	Taxation
Maintain Accounts : Yes	Enable Goods and Services Tax (GST) : Yes
Enable Bill-wise entry : Yes	Enable Tax Deducted at Source (TDS) : Yes
Enable Cost Centres : No	Enable Tax Collected at Source (TCS) : No
Inventory	Online Access
Maintain Inventory : Yes	Enable Browser Access for Reports : Yes
Integrate Accounts with Inventory : Yes	Enable Tally.Net Services for Remote Access & Synchronisation : No
Enable multiple Price Levels : Yes	
Enable Batches : Yes	Others
Maintain Expiry Date for Batches : Yes	Enable multiple addresses : No
Use Discount column in invoices : Yes	Mark modified vouchers : No
Use separate Actual and Billed Quantity columns in invoices : Yes	

The **TDS Deductor Details** screen appears.

Company TDS Deductor Details	
TAN registration number	: AAAF21234G
Tax deduction and collection Account Number (TAN):	AAAF21234G
Deductor type	: Company
Deductor branch/division	: Bangalore
Set/alter details of person responsible	: No
Rate & Exemption Details	
Ignore IT exemption limit for TDS deduction	: No
Activate TDS for stock items	: Yes

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**.

Configuration	
Show all Deductor types	: No
Enable Surcharge and Cess details for TDS	: yes
Provide alternate contact details	: No

- 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
<i>(Note: All the above details will be used in Challan, Forms & Returns)</i>	

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	Applicable Date	Surcharge Rate	Exemption Limit	Cess Rate	Sec.Ed. Cess
NonResident						
Resident	Company - Non Resident	1-4-2020	10 % 75,000.00 15 % 1,00,000.00		2 %	1 %
	Individual/HUF - Non Resident	1-4-2020	5 % 40,000.00 10 % 1,00,000.00		2 %	1 %
	Company - Resident	1-4-2020	10 % 50,000.00 15 % 1,00,000.00 25 % 2,00,000.00 37 % 5,00,000.00		2 %	1 %
	Individual/HUF - Resident	1-4-2020	2 % 1,00,000.00 5 % 1,00,000.00		2 %	1 %

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

- [TDS Nature of Payment](#)
- [Create sub-section for TDS Nature of Payment Section 194J](#)

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			
Section			
Payment	Any Remuneration Or Commission Paid to Director of the Company	194J	94J
Remittance	Commission on Sale of Lottery Tickets	194G	94G
Rate	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
Rate	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
Is zero	Income From Specified Mutual Funds	194K	94K
Thres	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

- Select the required **Nature of Payment**. The **Section** and **Payment code** are displayed automatically.
- Enter the **Rate of TDS** for **With PAN** and **Without PAN**. The same appears in **Rate** for other deductee types.
- 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

- 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**.

TDS Nature of Payment Creation	
Name	: Fees for Professional Services
Section	: 194J
Payment code	: 4JB
Remittance code	:
Rate for individuals/HUF	
With PAN	: 10 %
Rate for other deductee types	
With PAN	: 10 %
Threshold/exemption limit	:
Accept ?	
Yes or No	

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 Nature of Payment Creation	
Name	: Fees for Technical Services (other than Professional Services) or Royalty
Section	: 194J
Payment code	: 4JA
Remittance code	:
Rate for individuals/HUF	
With PAN	: 10 %
Rate for other deductee types	
With PAN	: 10 %
Threshold/exemption limit	:
Accept ?	
Yes or No	

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.

Ledger Alteration		National Enterprises		Total Opening Balance	
Name	: TDS on Rent			7,75,72,863.00 Dr	
(alias)	:			7,66,97,863.00 Cr	
				Difference	
				8,75,000.00 Dr	
Under	: Duties & Taxes (Current Liabilities)	Mailing Details			
Type of duty/tax	: TDS	Name		:	
Nature of payment	: Rent of Land, Building Or Furniture	Address		:	
Activate interest calculation	: No	Banking Details			
		Provide bank details		:	No
		Tax Registration Details			
		PAN/IT No.		:	
Accept ?					
Opening Balance (on 1-Apr-2020) :					
Yes or No					

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**.

Ledger Alteration		National Enterprises	
Name : Rent		Total Opening Balance	
(alias) :		7,75,72,863.00 Dr	
		7,66,97,863.00 Cr	
		Difference	
		8,75,000.00 Dr	
Under : Indirect Expenses		Mailing Details	
Type of Ledger : ♦ Not Applicable		Name :	
Activate interest calculation : No		Address :	
Statutory Details		Banking Details	
Is TDS applicable : ♦ Applicable		Provide bank details : No	
Nature of Payment : Rent of Land, Building Or Furniture		Tax Registration Details	
		PAN/IT No. :	
		Accept ?	
Opening Balance (on 1-Apr-2020) :		2,00,000.00 Dr	
		Yes or No	

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**.

Configuration	
Show more configurations : No	
General Details Provide aliases for Name : Yes Provide language aliases for Name : No Use Currency for Bank/Cash Ledgers : No (to adjust Forex Gain/Loss) Use Price Levels for Party Ledgers : No Maintain balances Bill-by-Bill : Yes For Non-Trading Accounts also : No Use Inventory Allocations for Ledgers : No Select Appropriation Methods to allocate Additional Costs : No (in Invoice Mode for Purchases only) Provide Opening Balances for Ledgers : Yes Show state (before reorganisation) : No for Dadra & Nagar Haveli and Daman & Diu	Bank Details Provide Bank Account Details for Bank Ledgers : Yes Set Bank Reconciliation and e-Payments : Yes (for supported Banks only) Provide Cheque Book and Cheque Printing details : Yes TDS Details Provide TDS details : Yes Allow advanced entries in TDS master : 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 Deductible**, to allow TDS deduction for the ledger.
6. Select a **Deductee Type** from the list.

Ledger Alteration		National Enterprises		Deductee Type
Name : AVN Traders (alias) :				♦ 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
Under : Sundry Creditors (Current Liabilities)	Mailing Details	Name : AVN Traders	Address : Plot No. 26, SY. No. 41, Konappa, Bangalore	
Maintain balances bill-by-bill : Yes		State : Karnataka		
Default credit period : 30 Days		Country : India		
Check for credit days during voucher entry : Yes		Pincode : 530068		
Activate interest calculation : Yes		Banking Details	Provide bank details : No	
Statutory Details		Tax Registration Details	PAN/IT No. : AAACQ01 (PAN is mandatory for e-TDS, should be of)	
Is TDS Deductible : Yes		Provide PAN details : No		
Deductee type : Company - Resident				
Deduct TDS in Same Voucher : Yes				
Use Advanced TDS Entries : No				

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**.

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

- 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
Income From Specified Mutual Funds		Zero / Lower Rate			
		♦ End of List			
		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**.

- | Zero / Lower Deduction Details | | | | | |
|------------------------------------|----------------|--------------------------|-----------------|---------------|-----|
| Nature of Payment | Section Number | Certificate No. / Date | Applicable From | Applicable To | TDS |
| Income From Specified Mutual Funds | | Zero / Lower Rate / DTAA | | | |
| | | ◆ End of List | | | |
| | | 197 | Lower Deduction | | |
| | | 197A | Zero Rate | | |
| | | DTAA | Double Taxation | | |

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.

Ledger Alteration		National Enterprises		Total Opening Balance	
Name	: Capital Work in Progress (Machine)			7,75,72,863.00	Dr
(alias)	:			7,66,97,863.00	Cr
				Difference	
				8,75,000.00	Dr
Under	: Fixed Assets	Mailing Details			
Activate interest calculation	: No	Name : Capital Work in Progress (Machine)			
		Address :			
		State : Karnataka			
		Country : India			
		Pincode :			
Statutory Details		Banking Details			
Is TDS Deductable	: Yes	Provide bank details : No			
Treat as TDS Expenses	: Yes	Tax Registration Details			
Nature of Payment	: Payments to Contractors	PAN/IT No. :			
		(PAN is mandatory for e-TDS, should be of 10 Characters)			
		Provide PAN details : No			
				Accept ?	
Opening Balance (on 1-Apr-2020) :				Yes or No	

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.

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

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

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.

[illegible]

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