



Record TDS Transactions in TallyPrime

You can record the required TDS transactions as per your business needs.

Account for Expenses and Deduct TDS Later

Generally, the deductor deducts the tax in the same invoice in which the expenses are accounted. But in some cases, deductor may follow the procedure of accounting only expenses on the receipt of bills and later, deduct applicable tax on all such accounted expenses in one invoice.

In this section

- [Account for expenses](#)
- [Deduct Applicable TDS](#)

Accounting for Expenses

1. **Gateway of Tally > Vouchers > press F7 (Journal)**

Alternatively, press **Alt+G** (Go To) > **Create Voucher** > press **F7** (Journal).

2. Debit the expense ledger and enter the amount.

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

3. Credit the party ledger and enter the amount.

As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G** (Go To) >

Create Master > type or select Ledger > press Enter.

Accounting Voucher Alteration (Secondary)		National Enterprises	
Journal No. 43		1-Aug-2020 Saturday	
Particulars	Debit	Credit	
Dr Rent <i>Cur Bal: 7,00,000.00 Dr</i>	5,00,000.00		
Cr Mar Tech Park <i>Cur Bal: 4,45,925.00 Cr</i>		5,00,000.00	
Narration:		5,00,000.00	5,00,000.00

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

Deduct Applicable TDS

1. **Gateway of Tally > Vouchers > press F7 (Journal)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.

2. Debit the party ledger and enter the TDS amount.

As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G (Go To) >**

Create Master > type or select Ledger > press Enter.

3. Enter the required details in the **Bill-wise Details** screen.

Bill-wise Details for : Mar Tech Park Upto: ₹ 54,075.00 Dr				
Type of Ref	Name	Due Date, or Credit Days	Amount	Dr/ Cr
	Method of Adj.	31-Mar-2021)		
On Account	Advance		54,075.00	Dr
	Agst Ref			
	New Ref			
	On Account			
			54,075.00	Dr

4. Press **Enter**.

5. Credit the TDS ledger and enter the amount.

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

6. Enter the required details in the **TDS Details** screen.

TDS Nature of Payment Details				
Type of Ref	Name	Nature of Payment	Assessable Amount	TDS
Agst Ref Jrnl / 68 / 134		Rent of Land, Building Or Furniture	5,00,000.00 Cr	54,075.00 Cr
	Income Tax	10 % On	5,00,000.00 Cr	50,000.00 Cr
	Surcharge	5 % On	50,000.00 Cr	2,500.00 Cr
	Education Cess	2 % On	52,500.00 Cr	1,050.00 Cr
	Secondary Education Cess	1 % On	52,500.00 Cr	525.00 Cr
Total			5,00,000.00 Cr	

The **Journal** voucher appears as shown below:

Accounting Voucher Alteration (Secondary)		National Enterprises	
Journal No. 45		30-Aug-2020 Sunday	
Particulars	Debit	Credit	
Dr Mar Tech Park Cur Bal: 4,45,925.00 Cr	54,075.00		
Cr TDS on Rent Cur Bal: 53,017.00 Cr		54,075.00	
Narration:	54,075.00	54,075.00	
		Accept ? Yes or No	

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

Purchase of Software

You can create the nature of payment and record the transaction.

In this section

- [Nature of payment for taxable purchase of software products](#)
- [Taxable purchase of software products](#)
- [Nature of payment for the exempt purchase of software product](#)
- [Zero-Rated purchase of software product](#)

Nature of payment for taxable purchase of software product

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 nature of payment.

3. Enter **194J** and **94J** in the fields **Section** and **Payment Code**, respectively.

4. Set the option **Is software royalty** to **Yes**.

In the **TCS Nature of Payment Creation** screen, press **F12** (Configure) > set the option **Allow Software Royalty** to **Yes**. to get the field **Is software royalty**

5. Enter the **Rate of tax**.

6. Enter the amount up to which tax is not applicable for this category, in the field **Threshold/exemption limit**, if any.

TDS Nature of Payment Creation		National Enterprise
Name	: Payment on Acquisition of Software - 10%	
Section	:	194J
Payment code	:	194J
Remittance code	:	
Is software royalty	:	Yes
Rate for individuals/HUF		
With PAN	:	10 %
Rate for other deductee types		
With PAN	:	10 %
Threshold/exemption limit	:	
		Accept ? Yes or No

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

Taxable purchase of software products

1. **Gateway of Tally > Vouchers > press F9 (Purchase)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F9 (Purchase)**.
2. Press **Ctrl+H (Change Mode)** to select the required voucher mode (**Accounting Invoice**, in this case).
3. Press **F12 (Configure)**.
 - Set the option **Modify tax details for TDS** to **Yes**.
 - Press **Ctrl+A** to accept.
4. Enter the **Supplier Invoice No.** and **Date**.
5. Select the ledger of the supplier in the field **Party A/c name**.
As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G (Go To) > Create Master > type or select Ledger > press Enter**.
6. Select the ledger, created under **Purchase Accounts**, under **Particulars**, and enter the **Amount**.
As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G (Go To) > Create Master > type or select Ledger > press Enter**.
7. Press **Enter**. The **Expense Allocation** screen appears.
8. Select the nature of payment applicable for taxable purchase of software product and press **Enter**.

TDS Nature of Payment Details
Nature of Payment
Payment on Acquisition of Software - 10%

9. Select TDS tax ledger under **Particulars**. The TDS tax amount automatically appears, based on the rate of tax defined in the nature of payment.

Accounting Voucher Alteration (Secondary)		National Enterprises	
Purchase	No. 5	30-Aug-2020 Sunday	
Supplier Invoice No.:	Date :		
Party A/c name: K. L. Stores			
Current balance: 3,636.00 Dr			
Particulars	Rate	per	Amount
Purchase			12,000.00
TDS			(-)1,236.00
Narration:			Accept ? Yes or No

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

Note: In this case, the purchase ledger and TDS ledger are created without selecting a **Nature of Payment** in the master. The nature of payment is selected during transacting. You can also create ledgers by selecting the respective nature of payment.

Nature of payment for the exempt purchase of software product

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 nature of payment.
3. Enter **194J** and **94J** in the fields **Section** and **Payment Code**, respectively.
4. Set the option **Is software royalty** to **Yes**.
5. Enter the **Rate of tax** as **0%**.
6. Set the option **Is zero rated** to **Yes**.
7. Enter the amount up to which tax should not be applied for this category in the field **Threshold/exemption limit**, if any.

TDS Nature of Payment Creation		National Enterprise
Name	: Payment OnAcquisition of Software -Zero Rate	
Section	: 194J	
Payment code	: 194J	
Remittance code	:	
Is software royalty	: Yes	
Rate for individuals/HUF		
With PAN	: 0 %	
Rate for other deductee types		
With PAN	: 0 %	
Is zero rated	: Yes	
Threshold/exemption limit	:	
		Accept ?
		Yes or No

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

Zero-Rated purchase of software product

1. **Gateway of Tally > Vouchers > press F9 (Purchase).**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F9 (Purchase).**

2. Press **Ctrl+H (Change Mode)** to select the required voucher mode (**Accounting Invoice**, in this case).

3. Press **F12 (Configure).**

- Set the option **Modify tax details for TDS** to **Yes**.

- Press **Ctrl+A** to accept.

4. Enter the **Supplier Invoice No.** and **Date**.

5. Select the ledger of the supplier in the field **Party A/c name**.

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

6. Select the ledger, created under **Purchase Accounts**, under **Particulars**, and enter the **Amount**.

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

7. Press **Enter**. The **Expense Allocation** screen appears.

8. Select the nature of payment applicable for zero rated purchase of software product and press **Enter**.

TDS Nature of Payment Details
Nature of Payment
Payment On Acquisition of Software -Zero Rate

9. Press **Enter**.

Accounting Voucher Alteration (Secondary)		National Enterprises	
Purchase	No. 6	30-Aug-2020 Sunday	
Supplier Invoice No.:	Date :		
Party A/c name: K. L. Stores			
Current balance: 3,636.00 Dr			
Particulars	Rate	per	Amount
Purchase			12,000.00
Narration:			
			Accept ? Yes or No

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

The value from both taxable and zero-rated/exempt transactions will be updated in Form 26Q. However, in the returns file, the value from exempt transaction is flagged with the initial **S**, indicating software purchase.

Form 26Q		National Enterprises					x		
1-Aug-2020 to 31-Aug-2020									
Particulars									Count
Total Vouchers									8
Included in return									6
Not Relevant in this Return									2
Uncertain Transactions (Corrections needed)									0
Particulars		Assessable Value			Tax		Deducted		Balance
		Prev. Period	Current Period	Total	Deductable	Prev. Period	Current Period	Total	Deductable
Deduction Details									
Deduction at Normal Rate			10,32,000.00	10,32,000.00	1,26,731.00		1,26,690.00	1,26,690.00	41.00
Deduction at Higher Rate									
Lower Rated Taxable Expense									
Zero rated Taxable Expense									
Under Exemption limit									
Exempt in lieu of PAN available									
Total Deducted							1,26,690.00		
Payment Details									1-Aug-2020 to 30-Sep-2020
Included in return									0
Uncertain Transactions									0
Particulars						Paid Amount		Amount	
Balance Payable							1,26,690.00		

Reversal of Expenses with TDS

You can record any reversal of expenses with the applicable TDS using a purchase voucher.

In this section

- [Purchase voucher](#)
- [Debit Note](#)

Purchase voucher

1. **Gateway of Tally > Vouchers > press F9 (Purchase)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F9 (Purchase)**.

2. Enter the **Supplier Invoice No.** and **Date**.

3. Select the **Party A/c name**.

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

4. Under **Particulars**, select the expense ledger and enter the amount.

5. Select the TDS ledger. The amount appears automatically.

6. Enter the **Bill-wise Details**.

Accounting Voucher Creation		National Enterprises	
Purchase	No. 5	17-Aug-2020 Monday	
Supplier Invoice No.:	Date :		
Party A/c name: Mar Tech Park			
Current balance: 4,45,925.00 Cr			
Particulars	Rate	per	Amount
Rent			5,00,000.00
TDS			(-)54,075.00
Narration:			
Accept ? Yes or No			

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

Debit Note

To Enable Debit Note Voucher Type

1. **Gateway of Tally > Alter > type or select Voucher Type > Debit Note >** and press **Enter**.
Alternatively, press **Alt+G** (Go To) > **Alter Master > Debit Note >** and press **Enter**.
2. Set **Activate this Voucher Type** to **Yes**.
3. Accept the screen. As always, you can press **Ctrl+A** to save.

Debit Note Voucher

1. **Gateway of Tally > Vouchers > press Alt+F5** (Debit Note).
Alternatively, press **Alt+G** (Go To) > **Create Voucher > press Alt+F5** (Debit Note).
2. Enter the **Original Invoice No.** and **Original Invoice Dt.**
3. Select the **Party A/c name**.
As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G** (Go To) >

Create Master > type or select **Ledger** > press **Enter**.

4. Select the expense ledger and enter the amount.
5. Select the TDS ledger.
6. Enter the details in the **TDS Details** screen.

TDS Nature of Payment Details				
Type of Ref	Name	Nature of Payment	Assessable Amount	TDS Amount
Agst Ref	Purc / 5 / 138	Rent of Land, Building Or Furniture	5,00,000.00 Dr	54,075.00 Dr
	Income Tax	10 % On 5,00,000.00 Dr	50,000.00 Dr	
	Surcharge	5 % On 50,000.00 Dr	2,500.00 Dr	
	Education Cess	2 % On 52,500.00 Dr	1,050.00 Dr	
	Secondary Education Cess	1 % On 52,500.00 Dr	525.00 Dr	
Total			5,00,000.00 Dr	54,075.00 Dr

7. Enter the details in the **Bill-wise Details** screen and press **Ctrl+A** to save.

Accounting Voucher Creation National Enterprises

Debit Note No. 5 17-Aug-2020 Monday

Party A/c name: Mar Tech Park
Current balance: 8,91,850.00 Cr

Particulars	Rate per	Amount
Rent		5,00,000.00
TDS		(-)54,075.00

Narration:

Accept ?
Yes or No

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

Deduct Tax at Lower Rate

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

The Assessing Officer shall issue a certificate for deduction of Tax at Lower rate than the relevant rate specified under the section, Where the assessing officer is satisfied that the total income of the recipient (Assessee) justifies the deduction of income tax at any lower rates than the rate specified under the sections specified under the act and has received an application in Form 13 from the assessee under sub-section (1) of section 197.

The certificate granted shall be valid for the assessment year specified and is valid only for the person named therein.

1. **Gateway of Tally > Vouchers > press F7 (Journal).**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**

2. Debit the expense ledger and enter the amount.

3. Credit the party ledger (ensure you have selected **Section Number 197** in the party ledger).

The amount after TDS deduction will appear in the **Amount** field automatically.

4. Enter the **Bill-wise Details**, as required.
5. Credit the TDS ledger. The amount will appear automatically.

Accounting Voucher Creation		National Enterprises	
Journal No. 44		1-Aug-2020 Saturday	
Particulars		Debit	Credit
Dr Commission		80,000.00	
Cur Bal: 2,00,000.00 Dr			
New Ref 44	80,000.00 Dr		
Cr A to Z Stationers			75,674.00
Cur Bal: 80,674.00 Cr			
New Ref 44	30 Days 80,000.00 Cr		
	(31-Aug-2020)		
New Ref 44	30 Days 4,326.00 Dr		
	(31-Aug-2020)		
Cr TDS on Commission			4,326.00
Cur Bal: 5,202.00 Dr			
Narration:		80,000.00	80,000.00

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

Deduct Tax at Zero Rate

A Deductee (other than Company or Firm) can submit a declaration in Form 15G under sub section (1) of section 197A, for TDS deduction at Zero Rate. Declarations can be given only by those deductees whose income is below the taxable limit and the income falls under section 193, 194, 194A, 194EE and 194K.

The certificate granted shall be valid for the assessment year specified and is valid only for the person named therein.

1. **Gateway of Tally > Vouchers > press F7 (Journal).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**
2. Debit the expense ledger and enter the amount.
3. Credit the party ledger (ensure you have selected **Section Number 197A** in the party ledger).

4. Enter the **Bill-wise Details**, as required and press **Ctrl+A** to save.

Accounting Voucher Creation		National Enterprises	
Journal No. 45		1-Aug-2020 Saturday	
Particulars	Debit	Credit	
Dr Rent	10,00,000.00		
Cur Bal: 22,00,000.00 Dr			
On Account	10,00,000.00 Dr		
Cr Gokul Co-Operate Building Society		10,00,000.00	
Cur Bal: 10,00,000.00 Cr			
New Ref 45	10,00,000.00 Cr		
Narration:		10,00,000.00	10,00,000.00
		Accept ?	
		Yes or No	

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

TDS on Expenses with Inventory

You can create an accounting voucher for expenses made towards inventory, along with the applicable TDS.

1. **Gateway of Tally > Vouchers > press F9 (Purchase)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F9 (Purchase)**.

2. Press **Ctrl+H (Change Mode)** to select the required voucher mode (**Item Invoice**, in this case).

3. Enter the **Supplier Invoice No.** and **Date**.

4. Select the **Party A/c name**.

5. Select the **Purchase ledger**.

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**.

6. Select the stock item enter the **Quantity** and **Rate**. The amount appears automatically.

7. Select the TDS ledger. The amount appears automatically.

8. Enter the required details in the **Bill-wise Details** screen and press **Ctrl+A** to save.

Accounting Voucher Creation		National Enterprises		x	
Purchase		No. 5		1-Aug-2020	
Supplier Invoice No.: Date :				Saturday	
Party A/c name: SLV Enterprises					
Current balance: 25,000.00 Dr					
Purchase ledger: Purchase Comssions					
Current balance:					
Name of Item	Quantity		Rate per Disc %	Amount	
	Actual	Billed			
Carton	1,000 Kg	1,000 Kg	50.00 Kg	50,000.00	
TDS				(-)5,000.00	
Narration:	1,000 Kg	1,000 Kg			

Accept ?
 Yes or No

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

TDS Deduction for Interest Payable

When transaction is recorded for payment or booking of the interest (expense) without deducting TDS, a separate transaction is recorded to deduct TDS for this interest amount. However, the transaction recorded for TDS deduction should be linked to the transaction recorded for interest amount. You can link these transactions by flagging the interest paid transaction as an exception. Additionally, you can use the voucher class feature to help you automatically calculate the interest amount and the TDS amount on the interest.

1. Press **F11** (Features) > set **Enable Interest Calculation** to **Yes**.
2. If you do not see this option:
 - Set **Show more features** to **Yes**.
 - Set **Show all features** to **Yes**.

Accounting	
Maintain Accounts	: Yes
Enable Bill-wise entry	: Yes
Enable Cost Centres	: Yes
Enable Interest Calculation	: Yes

3. Create a credit note voucher class to enable automatic calculation of interest in the voucher.

a. **Gateway of Tally > Alter > type or select Voucher Type > Credit Note >** and press **Enter**.

Alternatively, press **Alt+G (Go To) > Alter Master > Credit Note >** and press **Enter**.

b. Enter **Name of Class** and press **Enter**.

Voucher Type Alteration		Demo	
Name : Credit Note (alias) :			
General		Printing	Name of Class
Select type of voucher	: Credit Note	Print voucher after saving	: No
Abbreviation	: C/Note	Default jurisdiction	:
Activate this Voucher Type	: Yes	Default title to print	Interest Payable
Method of voucher numbering	: Automatic		
Use advanced configuration	: No		
Use effective dates for vouchers	: No		
Allow zero-valued transactions	: No		
Make this voucher type as 'Optional' by default:	No		
Allow narration in voucher	: Yes		
Provide narrations for each ledger in voucher:	No		
Enable default accounting allocations	: No		

c. Set the option **Use Class for Interest Accounting** to **Yes**.

Class: Interest Payable	
Use Class for Interest Accounting	: Yes
Amounts to be treated as Compound Interest	: No

4. Create the party master and set the option **Activate interest calculation** to **Yes**.

o Enter the PAN details, as they are mandatory for TDS transactions.

Ledger Alteration (Secondary)		National Enterprises	
Name : ABC Company (alias) :			
Under	: Sundry Creditors (Current Liabilities)	Mailing Details	
Maintain balances bill-by-bill	: Yes	Name	: ABC Company
Default credit period	:	Address	:
Check for credit days during voucher entry	: No	State	: Karnataka
Activate interest calculation	: Yes	Country	: India
		Pincode	:
Statutory Details		Banking Details	
Is TDS Deductable	: Yes	Provide bank details	: No
Deductee type	: Body of Individuals	Tax Registration Details	
Deduct TDS in Same Voucher	: Yes	PAN/IT No.	: ASDFH1234S
		(PAN is mandatory for e-TDS, should be of 10 Characters)	
		Provide PAN details	: No

5. Set the options **Calculate Interest Transaction-by-Transaction** and **Override Parameters for each Transaction** to **Yes**.

Interest Parameters	
Calculate Interest Transaction-by-Transaction	: Yes
Override Parameters for each Transaction	: Yes
Include transaction date for interest calculation:	
For amounts added	: No
For amounts deducted	: No
Rate : 10 % per 365-Day Year on All Balances	

6. Create the **Nature of payment**.

- **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.**

TDS Nature of Payment Alteration		National
Name	:	Interest Other Than Interest on Securities
Section	:	
Payment code	:	94A
Remittance code	:	
Is software royalty	:	No
Rate for individuals/HUF		
With PAN	:	5 %
Rate for other deductee types		
With PAN	:	5 %
Threshold/exemption limit	:	

7. Create TDS ledger and expense ledger. Select the same **Nature of payment** in both the ledgers.

- **Gateway of Tally > Create > type or select Ledger > and press Enter.**
Alternatively, press **Alt+G (Go To) > Create Master > Ledger > and press Enter.**

Ledger Creation	
Name	: Expenses
(alias)	: .
Under	: Indirect Expenses
Type of Ledger	: ♦ Not Applicable
Activate interest calculation	: No
Statutory Details	
Is TDS applicable	: ♦ Applicable
Nature of Payment	: Interest Other Than Interest on Securities
Ledger Creation	
Name	: TDS on Interest Other Than Interest on Security
(alias)	: .
Under	: Duties & Taxes (Current Liabilities)
Type of duty/tax	: TDS
Nature of payment	: Interest Other Than Interest on Securities
Activate interest calculation	: No

8. Create a receipt or journal voucher to record the payment from the party, or to record the receipt of loan from the party.

- **Gateway of Tally > Vouchers** > press **F6** (Receipt).

Alternatively, press **Alt+G** (Go To) > **Create Voucher** > press **F6** (Receipt).

Accounting Voucher Creation National Enterprises

Receipt No. 1 17-Oct-2020 Saturday

Account : **Cash**
Current balance: 3,50,340.00 Dr

Particulars	Amount
ABC Company	1,00,000.00
Cur Bal: 1,00,000.00 Cr	
On Account 1,00,000.00 Cr	

Narration:

1,00,000.00

Accept ?

Yes or No

9. Create a credit note using the voucher class that was created to account for the interest payable.

Accounting Voucher Creation National Enterprises

Credit Note No. 1 31-Oct-2020 Saturday

Voucher class : Interest Payable

Particulars	Debit	Credit
Cr ABC Company		821.92
Cur Bal: 1,00,821.92 Cr		
Agst Ref ABC-1 821.92 Cr		
Dr Expenses	821.92	
Cur Bal: 821.92 Dr		
Agst Ref 1 821.92 Dr		

Narration:

821.92 821.92

Accept ?

Yes or No

10. Resolve the exceptions of the credit note transaction in the TDS report.

- Gateway of Tally > Display More Reports > Statutory Reports > TDS Reports > Form 26Q.

Alternatively, press **Alt+G** (Go To) > type or select **Form 26Q** > and press **Enter**.

The credit note will appear under **No link is available in booking and booking with deduction voucher**.

- Press **Alt+L** (Link All) to clear the exceptions.

Form 26Q - Uncertain Resolution		National Enterprises			
No link is available in booking and booking with deduction voucher (Press 'Enter' Key in order to Link with Booking Vouchers)					1-Oct-2020 to 31-Oct-2020
Date	Particulars	Vch Type	Vch No.	Debit	Credit
31-Oct-2020	Expenses	Credit Note	1		821.92

11. Create a TDS deduction journal voucher. Link the TDS deduction transaction to the credit note using the TDS reference generated while resolving the exception:

- Gateway of Tally > Vouchers > press F7** (Journal).
Alternatively, press **Alt+G** (Go To) > **Create Voucher > press F7** (Journal).
- Press **Ctrl+F** (Autofill).

Autofill

Type of transaction : TDS Deduction
Till Date : 31-Oct-2020
Party : ABC Company
Nature of Payment : Interest Other Than Interest on Securities
Duty Ledger :

List of TDS Ledgers

TDS

12. The values will be automatically displayed in the voucher.

13. Accept the voucher to save the details.

14. Create a payment voucher to record payments made to the party. You can record payments of only the interest amount or both the principal and the interest amount.

- Gateway of Tally > Vouchers > press F5** (Payment).
Alternatively, press **Alt+G** (Go To) > **Create Voucher > press F5** (Payment).
- Select the bill reference as **Agst Ref** and choose the required bill.

TDS on Advance Payment

You can create an accounting voucher for advance payments made directly or by a third-party, along with the applicable TDS.

In this section

- [Advance payment with TDS](#)

- Advance payment via third party with TDS

Advance payment with TDS

1. **Gateway of Tally > Vouchers > press F5 (Payment).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F5 (Payment).**
2. Select the bank ledger in the **Account** field.
As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G (Go To) > Create Master > type or select Ledger > press Enter.**
3. Under **Particulars**, select the party ledger and enter the amount.
4. Select the TDS ledger. The amount appears automatically.
5. Enter the **Bank Allocation Details**, as required.

Accounting Voucher Creation		National Enterprises		x	
Payment No. 19				1-Jul-2020 Wednesday	
Account : DBS Bank A/c					
Current balance: 89,185.00 Cr					
Particulars				Amount	
Mar Tech Park				1,00,000.00	
Cur Bal: 7,91,850.00 Cr					
New Ref 19		1,00,000.00 Dr			
TDS on Rent				(-)10,815.00	
Cur Bal: 63,832.00 Cr					
New Ref 19		10,815.00 Cr			
Narration:					
				89,185.00	
				Accept ?	
				Yes or No	

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

Advance payment via third party with TDS

1. **Gateway of Tally > Vouchers > press F7 (Journal).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**
2. Debit the party ledger and enter the amount.

3. Credit the third party ledger and enter the amount.
4. Select the TDS tax ledger. The amount appears automatically.
5. Enter the **TDS Details**, as required.

Accounting Voucher Creation		National Enterprises	
Journal No. 42		1-Jul-2020 Wednesday	
Particulars	Debit	Credit	
Dr Mar Tech Park Cur Bal: 6,91,850.00 Cr New Ref 19	1,00,000.00 Dr		
Cr XYZ Company Cur Bal: 90,000.00 Cr On Account	90,000.00 Cr	90,000.00	
Cr TDS on Rent Cur Bal: 73,832.00 Cr New Ref 42	10,000.00 Cr	10,000.00	
Narration:		1,00,000.00	1,00,000.00
		Accept ?	
		Yes or No	

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

TDS on Expenses

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

1. **Gateway of Tally > Vouchers > press F7 (Journal).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**
2. Debit the expense ledger and enter the amount.
3. Credit the party ledger. The amount after TDS deduction will appear automatically.
4. Enter the **Bill-wise Details**, as required, and press **Ctrl+A** to save.

5. Credit the TDS ledger. The TDS amount will appear automatically.

Accounting Voucher Creation		National Enterprises	
Journal No. 44		31-Jul-2020 Friday	
Particulars	Debit	Credit	
Dr Rent	5,00,000.00		
<i>Cur Bal: 27,00,000.00 Dr</i>			
New Ref MAR-001	5,00,000.00 Dr		
Cr Mar Tech Park		4,45,925.00	
<i>Cur Bal: 11,37,775.00 Cr</i>			
New Ref MAR-001	5,00,000.00 Cr		
New Ref MAR-001	54,075.00 Dr		
Cr TDS on Rent		54,075.00	
<i>Cur Bal: 1,27,907.00 Cr</i>			
New Ref MAR-001	54,075.00 Cr		
Narration:	5,00,000.00	5,00,000.00	
		Accept ?	
		Yes or No	

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

TDS on Fixed Assets

You can create an accounting voucher for expenses made towards fixed assets, along with the applicable TDS.

1. **Gateway of Tally > Vouchers > press F7 (Journal)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.

2. Debit the fixed asset ledger and enter the amount.

3. Credit the party ledger and the amount is automatically filled.

4. Enter the required details in the **Bill-wise Details** screen.

5. Credit the TDS ledger. The amount appears automatically.

Accounting Voucher Alteration		National Enterprises	
Journal No. 43		15-Jul-2020 Wednesday	
Particulars	Debit	Credit	
Dr Capital Work in Progress (Machine) Cur Bal: 1,20,000.00 Dr New Ref 75	60,000.00 Dr	60,000.00	
Cr AK Enterprise Cur Bal: 53,820.00 Cr New Ref 75	60,000.00 Cr	53,820.00	
New Ref 75	6,180.00 Dr	6,180.00	
Cr TDS on Contracts Cur Bal: 6,596.00 Cr		6,180.00	
Narration:		60,000.00	60,000.00
		Accept ? Yes or No	

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

TDS on Interest Paid Towards Overdue Payments

The following chain of transactions will help you deduct TDS against interest payable/paid on overdue payments to suppliers/parties.

In this section

- [Activate interest calculation](#)
- [Define interest parameters in party ledger](#)
- [TDS ledger for Interest](#)
- [Expense ledger for interest amount](#)
- [Journal voucher for the amount payable](#)
- [Voucher class for credit note](#)
- [Interest on overdue payment](#)
- [Deduct TDS on the interest payable](#)
- [Payment of interest and bill amount to the party](#)

Activate interest calculation

1. Press **F11** (Features) > set **Enable Interest Calculation** to **Yes**.

If you do not see this option:

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

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

Define interest parameters in party ledger

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

Alternatively, press **Alt+G** (Go To) > **Alter Master > Ledger > select the party ledger and press Enter.**

2. Set the option **Activate interest calculation** to **Yes**. The **Interest Parameters** screen appears.

- Set the options in the **Interest Parameters** screen as shown below:

<u>Interest Parameters</u>	
Calculate Interest Transaction-by-Transaction	: Yes
Override Parameters for each Transaction	: Yes
Override advanced parameters	: Yes
Include transaction date for interest calculation:	
For amounts added	: No
For amounts deducted	: No
Rate : 5 % per Calendar Month on Credit Balances Only	
Applicability : Always	Calculate From : Due Date of Invoice/Ret
Rounding : ♦ Not Applicable	
Rate : % per	on

- Press **Ctrl+A** to accept the interest parameters.

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

TDS ledger for Interest

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** of the ledger.
3. Select **Duties & Taxes** group in the field **Under**.
4. Select **TDS** in the field **Type of duty/tax**.
5. Select **Interest Other Than Interest on Securities** in the field **Nature of payment**.

Ledger Creation		National Enterprises	
Name : TDS-Interest (alias) :		List of TDS Nature of Payments	
Under : Duties & Taxes (Current Liabilities)		♦ Any - Commission Or Brokerage - Fees for Professional Services - Income in the Form of Interest From Indian Company - Interest Other Than Interest on Securities - Payment of certain amounts in cash - Payment on Acquisition of Software - 10% - Payment On Acquisition of Software - Zero Rate - Payments to Contractors - Payment to Transporters - Rent of Land, Building Or Furniture	
Type of duty/tax : TDS	Mailing Details		
Nature of payment : Interest Other Than Interest on Securities	Name		
Activate interest calculation : No	Address		
	Banking Details		
	Provide bank details		
	Tax Registration Det		
	PAN/IT No.		

6. Set the option **Inventory values are affected** to **No**.
7. Set the option **Activate interest calculation** to **No**.
8. Accept the screen. As always, you can press **Ctrl+A** to save.

Expense ledger for interest amount

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** of the ledger.
3. Select **Indirect Expenses** group in the field **Under**.
4. Set the option **Inventory values are affected** to **No**.
5. Set the option **Activate interest calculation** to **No**.
6. Set the option **Is TDS applicable** to **Yes**.

7. Select **Interest Other Than Interest on Securities** in the field **Nature of payment**.

Ledger Alteration		National Enterprises	
Name : Interest Payable (alias) :		List of Nature of Payments Create ♦ Any Commission Or Brokerage Fees for Professional Services Income in the Form of Interest From Indian Company Interest Other Than Interest on Securities Payment of certain amounts in cash Payment on Acquisition of Software - 10% Payment On Acquisition of Software - Zero Rate Payments to Contractors Payment to Transporters Rent of Land, Building Or Furniture	
Under : Indirect Expenses Type of Ledger : ♦ Not Applicable Activate interest calculation : No	Mailing Details Name Address		
Statutory Details Is TDS applicable : ♦ Applicable Nature of Payment : Interest Other Than Interest on Securities	Banking Details Provide bank details Tax Registration Details PAN/IT No.		

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

Journal voucher for the amount payable

1. **Gateway of Tally > Vouchers > press F7 (Journal).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**
2. Debit the expense ledger and enter the amount.
3. Credit the party ledger and press **Enter**.
4. Provide the **Bill-wise Details** and press **Ctrl+A** to save. The **Interest Parameters** screen appears.
5. Accept the parameters in the **Interest Parameters** screen OR change them if required.

Interest Parameters	
Calculate Interest Transaction-by-Transaction	: Yes
Override Parameters for each Transaction	: Yes
Override advanced parameters	: Yes
Include transaction date for interest calculation:	
For amounts added	: No
For amounts deducted	: No
Rate : 10 % per Calendar Month on Credit Balances Only Applicability : Always Calculate From : Due Date of Invoice/Ret Rounding : ♦ Not Applicable	
Rate : % per	on

6. Press **Ctrl+A** to save.

7. Select TDS ledger. The amount appears automatically.

Accounting Voucher Creation		National Enterprises	
Journal No. 44		15-Jul-2020 Wednesday	
Particulars	Debit	Credit	
Dr Advertisement Expense <i>Cur Bal: 1,00,000.00 Dr</i>	1,00,000.00		
New Ref 44	1,00,000.00 Dr		
Cr Phonix Agencies <i>Cur Bal: 90,000.00 Cr</i>		90,000.00	
New Ref 44	1,00,000.00 Cr		
New Ref 44	10,000.00 Dr		
Cr TDS <i>Cur Bal: 70,608.00 Cr</i>		10,000.00	
New Ref 44	10,000.00 Cr		
Narration:	1,00,000.00	1,00,000.00	
		Accept ?	
		Yes or No	

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

Voucher class for credit note

You can create voucher class in credit note to account for the interest payable to the party.

1. **Gateway of Tally > Alter > type or select Voucher Type > Credit Note >** and press **Enter**.

Alternatively, press **Alt+G** (Go To) > **Alter Master > Credit Note >** and press **Enter**.

2. Specify the **Name of Class** and press **Enter** to view the **Voucher Type Class** screen.

3. Set the option **Use Class for Interest Accounting** to **Yes**.

National Enterprises	
Class: Interest Payable	
Use Class for Interest Accounting	: Yes
Amounts to be treated as Compound Interest	: No
<i>If you wish to restrict the groups to which this class can be used, specify them here.</i>	

4. Press **Enter** to return to the **Voucher Type Alteration** screen.

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

Interest on overdue payment

1. **Gateway of Tally > Vouchers > press Alt+F6 (Credit Note)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press Alt+F6 (Credit Note)**.
2. Select the **Voucher Class**.
3. Press **F2 (Date)** and set the date to day on which the interest amount becomes due.
4. Select party to whom interest has to be paid. The **Interest Details** screen appears.
5. Select required bills.

Interest Details for : Phoniex Agencies	
List of Interest Bills	
Name	Name Int.From Int.Days Balance Interest
	44 1-Jul-2020 29 days 89,700.00 Cr 8,391.29 Cr

6. Press **Enter** to return to the voucher screen.
7. Press **Enter** from the **Credit** field. The credit amount appears automatically.
 - Select **New Ref** as the **Method of Adjustment** in the **Bill-wise Details** screen.
 - Enter a **Name** > skip **Due Date**, or **Credit Days** fields > press **Ctrl+A** to save.
 - In the **Interest Parameters** screen, set zero in the **Rate** field.
 - Accept the screen. As always, you can press **Ctrl+A** to save.
8. Debit the interest payable ledger. The amount appears automatically.

Accounting Voucher Creation		National Enterprises	
Credit Note	No. 1	30-Jul-2020 Thursday	
		Voucher class : Interest Payable	
Particulars	Debit	Credit	
Cr Phoniex Agencies		8,391.29	
Cur Bal: 98,091.29 Cr			
Agst Ref 44	8,391.29 Cr		
Dr Interest Payables		8,391.29	
Cur Bal: 8,391.29 Dr			
New Ref 1	8,391.29 Dr		
Narration:		8,391.29	8,391.29
		Accept ?	
		Yes or No	

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

Deduct TDS on the interest payable

A journal voucher has to be recorded for TDS deduction against the credit note recorded for interest payable amount. However, without a reference number, the TDS deduction transaction cannot be recorded.

Since TDS reference was not used in credit note, it will appear as an exception in the TDS returns. Resolve this exception to generate a reference that can be used for recording TDS deduction transaction.

Resolve the exception and generation TDS reference

- 1. Gateway of Tally > Display More Reports > Statutory Reports > TDS Reports > Form 26Q.**

Alternatively, press **Alt+G** (Go To) > type or select **Form 26Q** > and press **Enter**.

- ## 2. Select **Uncertain Transactions** (Corrections needed).

Form 26Q		National Enterprises					x			
1-Jul-2020 to 31-Jul-2020										
Particulars								Count		
Total Vouchers								13		
Included in return								5		
Not Relevant in this Return								4		
Uncertain Transactions (Corrections needed)								4		
Particulars		Assessable Value			Tax		Deducted		Balance	
		Prev. Period	Current Period	Total	Deductible	Prev. Period	Current Period	Total	Deductible	
Deduction Details										
Deduction at Normal Rate			11,16,000.00	11,16,000.00	1,37,175.00		1,37,093.00	1,37,093.00	82.00	
Deduction at Higher Rate										
Lower Rated Taxable Expense										
Zero rated Taxable Expense										
Under Exemption limit										
Exempt in lieu of PAN available										
Total Deducted							1,37,093.00			
Payment Details										
1-Jul-2020 to 31-Aug-2020										
Included in return										0
Uncertain Transactions										0
Particulars							Paid Amount		Amount	
Balance Payable										1,37,093.00

3. Press **Enter**. The **Summary of Exceptions** screen appears.
4. Select **No link is available in booking and booking with deduction voucher** under **Booking & Booking with Deduction Entries**.

Form 26Q - Uncertain Transactions		National Enterprises		1-Jul-2020 to 31-Jul-2020	
Particulars				No. of Vouchers	
Master Related Exceptions					
Expenses/Purchase Master					
Unable to determine TDS applicability for ledgers or stock items					
Party Master					
Unable to determine the deductee type for party					
PAN not available for party				1	
Notification is not available for zero or lower rate					
Duty Master					
Unable to determine TDS applicability for duty ledgers					
Nature of Payment					
Unable to determine the tax rate for nature of payment					
Transaction Related Exceptions					
Mismatch in Nature of Payment					
Unable to determine the nature of payment in transaction					
Booking & Booking with Deduction Entries					
No link is available in booking and booking with deduction voucher				1	
Unable to determine deductee details in cash transactions					
Deduction Entries					
TDS deducted but not linked with expense/purchase transaction				1	
Expenses/purchase returns not linked with expense/purchase transaction					
Overridden Entries					
Transactions accepted with conflicts					

5. Press **Enter**. The **TDS Booking Not Linked Details** screen appears.

Form 26Q - Uncertain Resolution		National Enterprises			
No link is available in booking and booking with deduction voucher				1-Jul-2020 to 31-Jul-2020	
(Press 'Enter' Key in order to Link with Booking Vouchers)					
Date	Particulars	Vch Type	Vch No.	Debit	Credit
30-Jul-2020	Interest Payables	Credit Note	1		8,391.29

6. Press **Alt+L** (Link All) to create link for the TDS booking transaction.

7. Press **Esc** to return to **Form 26Q** screen.

Form 26Q		National Enterprises					x		
1-Jul-2020 to 31-Jul-2020									
Particulars									Count
Total Vouchers									13
Included in return									7
Not Relevant in this Return									4
Uncertain Transactions (Corrections needed)									2
Particulars		Assessable Value			Tax	Deducted			Balance
		Prev. Period	Current Period	Total	Deductable	Prev. Period	Current Period	Total	Deductable
Deduction Details									
Deduction at Normal Rate			12,24,391.29	12,24,391.29	1,43,037.00		1,47,393.00	1,47,393.00	(-)4,356.00
Deduction at Higher Rate									
Lower Rated Taxable Expense									
Zero rated Taxable Expense									
Under Exemption limit									
Exempt in lieu of PAN available									
Total Deducted							1,47,393.00		
Payment Details									1-Jul-2020 to 31-Aug-2020
Included in return									0
Uncertain Transactions									0
Particulars						Paid Amount		Amount	
Balance Payable							1,47,393.00		

The amount of TDS deductible appears under **Balance Deductible**.

To record a journal voucher to deduct TDS

1. **Gateway of Tally > Vouchers > press F7** (Journal).
Alternatively, press **Alt+G** (Go To) > **Create Voucher > press F7** (Journal).
2. Press **Ctrl+F** (Autofill) to view the **Autofill** screen.
3. Accept the date displayed in the **Till Date** field.
4. Select party to whom interest is paid form the **List of Ledgers**.

- | Autofill | |
|---------------------|---|
| Type of transaction | : TDS Deduction |
| Till Date | : 30-Jul-2020 |
| Party | : Phoniex Agencies |
| Nature of Payment | : Interest Other Than Interest on Securities |
| Duty Ledger | : TDS |
- | List of TDS Ledgers |
|---------------------|
| TDS |
| TDS-Interest |

- | Bill-wise Details for : Phoniex Agencies
Upto: ₹ 454.00 Dr | | | |
|---|------|--------------|------------------|
| Type of Ref | Name | Due Date, or | Amount Dr/ |
| Pending Bills | | | |
| | Name | Date | Balance |
| | | | Final Balance |
| Agst Ref | 1 | 1 | |
| | 44 | 1-Jul-2020 | 98,091.29 Cr |
| | | | 98,091.29 Cr |
| | | | 454.00 Dr |

10. Press **Enter** to return to voucher screen.

Accounting Voucher Creation		National Enterprises	
Journal	No. 46	30-Jul-2020 Thursday	
Account : Phoniex Agencies Current balance: 97,637.29 Cr			
Particulars			Amount
TDS			454.00
Cur Bal: 70,454.00 Cr			
Agst Ref C/Note / 1 / 159			
			454.00 Cr
Income Tax	5 %	On 8,391.29 Cr	420.00 Cr
Surcharge	5 %	On 420.00 Cr	21.00 Cr
Education Cess	2 %	On 441.00 Cr	9.00 Cr
Secondary Education Cess	1 %	On 441.00 Cr	4.00 Cr
Narration:			454.00
			Accept ?
			Yes or No

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

Payment of interest and bill amount to the party

1. **Gateway of Tally > Vouchers > press F5 (Payment)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F5 (Payment)**.

2. Select the bank ledger in the **Account** field.

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

3. Under **Particulars**, select the party ledger.

4. Enter the bill amount plus the interest in the **Amount** field and press **Enter**. The **Bill-wise Details** screen appears.

5. Select the references of the bill amount and the interest amount.

Bill-wise Details for : Phoniex Agencies Upto: ₹ 97,637.29 Dr			
Type of Ref	Name	Due Date, or	Amount Dr/
Pending Bills			
	Name	Date	Balance Final Balance
Agst Ref		44	1-Jul-2020 97,637.29 Cr 97,637.29 Cr

6. Press **Ctrl+A** to save.

Accounting Voucher Creation		National Enterprises	
Payment	No. 23	30-Jul-2020 Thursday	
Account : DBS Bank A/c Current balance: 1,86,822.29 Cr			
Particulars	Amount		
Phoniex Agencies	97,637.29		
Cur Bal: 0.00 Dr			
Agst Ref 44	97,637.29 Dr		
Narration:			
			97,637.29
			Accept ?
			Yes or No

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

Note: Select interest amount alone if only interest is paid to the party.

TDS on Interest Paid on Loans Taken from Parties

The following chain of transactions will help you deduct TDS against interest payable or paid on loans received.

In this section

- Activate interest calculation
- Interest calculation in party master
- Journal voucher for the amount payable
- Interest on overdue payment
- Deduct TDS on the interest payable
- Payment of interest and bill amount to the party

Activate interest calculation

1. Press **F11** (Features) > set **Enable Interest Calculation** to **Yes**.

If you do not see this option:

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

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

Interest calculation in party master

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

Alternatively, press **Alt+G** (Go To) > **Alter Master > Ledger > select the party ledger and press Enter.**

2. Set the option **Activate interest calculation** to **Yes**. The **Interest Parameters** screen appears.

3. Set the options in the **Interest Parameters** screen as shown below:

<u>Interest Parameters</u>	
Calculate Interest Transaction-by-Transaction	: Yes
Override Parameters for each Transaction	: Yes
Override advanced parameters	: Yes
Include transaction date for interest calculation:	
For amounts added	: No
For amounts deducted	: No
Rate : 1.50 % per Calendar Month on All Balances	
Applicability : Always	Calculate From : Eff. Date of Transaction
Rounding : ♦ Not Applicable	
Rate :	% per on

4. Press **Ctrl+A** to accept the interest parameters.
5. Accept the screen. As always, you can press **Ctrl+A** to save.

Journal voucher for the amount payable

1. **Gateway of Tally > Vouchers > press F7 (Journal)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.
2. Debit the expense ledger and enter the amount.
3. Credit the party ledger and press **Enter**.
4. Provide the **Bill-wise Details** and press **Ctrl+A** to save. The **Interest Parameters** screen appears.
5. Accept the parameters in the **Interest Parameters** screen OR change them if required.

<u>Interest Parameters</u>	
Calculate Interest Transaction-by-Transaction	: Yes
Override Parameters for each Transaction	: Yes
Override advanced parameters	: Yes
Include transaction date for interest calculation:	
For amounts added	: No
For amounts deducted	: No
Rate : 1.50 % per Calendar Month	on All Balances
Applicability : Always	Calculate From : Eff. Date of Transaction
Rounding : ♦ Not Applicable	
Rate : % per	on

6. Press **Ctrl+A** to save.

7. Select TDS ledger. The amount appears automatically.

Accounting Voucher Creation National Enterprises

Receipt No. 1 30-Jul-2020 Thursday

Particulars	Debit	Credit
Cr Smart Agencies Cur Bal: 1,00,000.00 Cr New Ref SM-01		1,00,000.00
Dr DBS Bank A/c Cur Bal: 86,822.29 Cr	1,00,000.00	
	1,00,000.00	1,00,000.00

Narration:

Accept ?
Yes or No

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

Interest on overdue payment

1. **Gateway of Tally > Vouchers > press Alt+F6** (Credit Note)

Alternatively, press **Alt+G** (Go To) > **Create Voucher > press Alt+F6** (Credit Note).

2. Select the Voucher Class.

3. Press **F2** (Date) and set the date to day on which the interest amount becomes due.

4. Select party to whom interest has to be paid. The **Interest Details** screen appears.

5. Select required bill from the **List of Interest Bills** in the **Interest Details** screen.

Interest Details for : Smart Agencies

Name	Int.From	Int.Days	Balance	Interest
SM-01	30-Jul-2020	31 days	1,00,000.00 Cr	1,500.00 Cr

6. Press **Ctrl+A** to return to the voucher screen.

7. Press **Enter** from the **Credit** field. The credit amount appears automatically.

- Select **New Ref** as the **Method of Adjustment** in the **Bill-wise Details** screen.
- Enter a **Name** > skip **Due Date**, or **Credit Days** fields > press **Ctrl+A** to save.
- In the **Interest Parameters** screen, set zero in the **Rate** field.
- Press **Ctrl+A** to save.

8. Debit the interest payable ledger. The amount appears automatically.

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

Deduct TDS on the interest payable

A journal voucher has to be recorded for TDS deduction against the credit note recorded for interest payable amount. However, without a reference number, the TDS deduction transaction cannot be recorded.

Since TDS reference was not used in credit note, it will appear as an exception in the TDS returns. Resolve this exception to generate a reference that can be used for recording TDS deduction transaction.

Refer to [resolve exception](#) under TDS on Interest Paid Towards Overdue Payments.

1. **Gateway of Tally > Vouchers** > press **F7** (Journal)

Alternatively, press **Alt+G** (Go To) > **Create Voucher** > press **F7** (Journal).

2. Press **Ctrl+F** (Autofill) to view the **Autofill** screen.

3. Accept the date displayed in the **Till Date** field.

4. Select party to whom interest is paid form the **List of Ledgers**.

5. Select **Interest Other than Interest on Securities** in the field **Nature of Payment**.

Autofill	
Type of transaction	: TDS Deduction
Till Date	: 30-May-2020
Party	: Smart Agencies
Nature of Payment	: Interest Other Than Interest on Securities
Duty Ledger	: TDS-Interest

List of TDS Ledgers
TDS-Interest

6. Select the duty ledger created for TDS on interest in the field **Duty Ledger** field. The TDS amount will auto-fill with the respective bill details.
7. Press **Enter** from the **Amount** field. The **Bill-wise Details** screen appears.
8. Select **Agst Ref** in the field **Type of Ref**.
9. Select the bill reference for the interest amount.

Accounting Voucher Creation		National Enterprises	
Journal No. 20		30-May-2020 Saturday	
Account : Smart Agencies Current balance: 95,995.23 Cr			
Particulars		Amount	
TDS-Interest		5,408.00	
<i>Cur Bal: 4,954.00 Dr</i>			
Agst Ref Jrnl / 8 / 165		5,408.00 Cr	
Income Tax	5 % On 1,00,000.00 Cr	5,000.00 Cr	
Surcharge	5 % On 5,000.00 Cr	250.00 Cr	
Education Cess	2 % On 5,250.00 Cr	105.00 Cr	
Secondary Education Cess	1 % On 5,250.00 Cr	53.00 Cr	
Narration:		5,408.00	

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

Payment of interest and bill amount to the party

1. **Gateway of Tally > Vouchers > press F5 (Payment)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F5 (Payment)**.
2. Select the bank ledger in the **Account** field.
As always, press **Alt+C**, to create a master on the fly. Alternatively, press **Alt+G (Go To) > Create Master > type or select Ledger > press Enter**.
3. Under **Particulars** select the party ledger.
4. Enter the bill amount plus interest in the **Amount** field and press **Enter**. The **Bill-wise Details** screen appears.

5. Select the references of the bill amount and interest amount.

Bill-wise Details for : Smart Agencies Upto: ₹ 95,995.23 Dr			
Type of Ref	Name	Due Date, or	Amount Dr/
Pending Bills			
	Name	Date	Balance
			Final Balance
Agst Ref		SB-01	1-May-2020 95,995.23 Cr 95,995.23 Cr

6. Press **Ctrl+A** to save.

Accounting Voucher Creation		National Enterprises	
Payment No. 9		30-May-2020 Saturday	
Account : DBS Bank A/c			
Current balance: 2,82,817.52 Cr			
Particulars		Amount	
Smart Agencies		95,995.23	
Cur Bal: 0.00 Dr			
Agst Ref SB-01		95,995.23 Dr	
Narration:			
		95,995.23	
		Accept ?	
		Yes or No	

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

Note: Select interest amount alone if only interest is paid to the party.

TDS on Transport

You can create an accounting voucher for transport-related expenses, along with the applicable TDS.

Section 194C of Income Tax Act is amended to include TDS deduction of 1% for individuals and Hindu Undivided Families owning more than 10 goods carriage, and at the rate of 2% in case of other payees. For others not owning more than 10 goods carriage at any time during the previous financial year, and who has furnished a declaration to this effect along with his PAN, no TDS is applicable.

Note: A TDS of 20% is applicable for parties without a valid PAN.

Expenses with TDS – Transport in more than 10 goods carriage

1. **Gateway of Tally > Vouchers > press F7 (Journal)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.
2. Debit the transport expenses and enter the amount.
3. Credit the party ledger. The amount appears automatically.
4. Enter the required details in the **Bill-wise Details** screen, and press **Ctrl+A** to save.
5. Credit TDS ledger. The amount appears automatically.

Accounting Voucher Creation		National Enterprises		x	
Journal No. 21				30-May-2020 Saturday	
Particulars		Debit	Credit		
Dr	Transport Expenses <i>Cur Bal: 50,000.00 Dr</i>	50,000.00			
	New Ref 21	50,000.00 Dr			
Cr	ABC Company <i>Cur Bal: 2,09,828.67 Cr</i>		49,000.00		
	New Ref 21	50,000.00 Cr			
	New Ref 21	1,000.00 Dr			
Cr	TDS on Transports <i>Cur Bal: 1,000.00 Cr</i>		1,000.00		
	On Account	1,000.00 Cr			
Narration:		50,000.00	50,000.00	Accept ?	
				Yes or No	

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

Expenses without TDS – transport in less than 10 goods carriage

1. **Gateway of Tally > Vouchers > press F7 (Journal)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.
2. Debit the transport expense and enter the amount.
3. Credit the party ledger. The amount appears automatically.

4. Enter the required details in the **Bill-wise Details** screen, and press **Ctrl+A** to save.

Accounting Voucher Creation		National Enterprises	
Journal No. 22		30-May-2020 Saturday	
Particulars	Debit	Credit	
Dr Transport Expenses Cur Bal: 90,000.00 Dr	40,000.00		
New Ref 22	40,000.00 Dr		
Cr VKN Transports		40,000.00	
Cur Bal: 63,142.00 Cr			
New Ref 22	45 Days 40,000.00 Cr (14-Jul-2020)		
Narration:	40,000.00	40,000.00	
		Accept ? Yes or No	

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

TDS at Normal or Lower Rate as per Rule 37BC

You can apply normal or lesser TDS rate in transactions using the respective 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).

- Enable the option **Allow relaxation in rate for Non-Residents.**
- Press **Ctrl+A** to accept and return to **TDS Nature of Payment** screen.

3. Enter the **Name** for TDS nature of payment.

4. Enter **Section** and **Payment code** for the nature of payment as per TDS schedules.

5. Set the option **Relaxation in rate for Non-Residents (as per Rule 37BC)** to **Yes**.

6. Enter the **TDS Rate**.

7. Enter the **Threshold/exemption limit**, if any.

TDS Nature of Payment Creation		National Enterprise
Name	: Payments to Non-Resident Sportsmen/Sports Assoc...	
Section	: 194E	
Payment code	: 94E	
Remittance code	:	
Is software royalty	: No	
Relaxation in rate for Non-Residents (as per Rule 37BC)	: Yes	
Rate for individuals/HUF		
With PAN	: 10 %	
Rate for other deductee types		
With PAN	: 10 %	
Threshold/exemption limit	:	Accept ? Yes or No

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

Similarly, create another nature of payment for the same section and payment code, by setting the option **Relaxation in rate for Non-Residents (as per Rule 37BC)** to **No**, as shown below:

TDS Nature of Payment Creation		National Enterprise
Name	: Payments to Non-Resident Sportsmen	
Section	: 194E	
Payment code	: 94E	
Remittance code	:	
Is software royalty	: No	
Relaxation in rate for Non-Residents (as per Rule 37BC)	: No	
Rate for individuals/HUF		
With PAN	: 10 %	
Rate for other deductee types		
With PAN	: 10 %	
Threshold/exemption limit	:	Accept ? Yes or No

In case of non-availability of PAN, if the option **Relaxation in rate for Non- Residents (as per Rule 37BC)** is set to **No**, irrespective of the rate entered in the nature of payment master, TDS is deducted on the default higher rate applicable for the section and payment code, as per TDS schedules.

Based on the applicability and non-applicability of rule 37BC, tax gets deducted.

The journal voucher with TDS at normal or lesser TDS rate is shown below:

Accounting Voucher Creation		National Enterprises	
Journal		No. 23	
		30-May-2020 Saturday	
Particulars	Debit	Credit	
Dr Fee for Sportsmen (37BC)	10,00,000.00		
<i>Cur Bal: 10,00,000.00 Dr</i>			
On Account	10,00,000.00		Dr
Cr Non Residence Sports Men (37BC)		9,00,000.00	
<i>Cur Bal: 9,00,000.00 Cr</i>			
New Ref 23	10,00,000.00		Cr
New Ref 23	1,00,000.00		Dr
Cr TDS		1,00,000.00	
<i>Cur Bal: 1,70,908.00 Cr</i>			
On Account	1,00,000.00		Cr
Narration:		10,00,000.00	10,00,000.00
		Accept ?	
		Yes or No	

The journal voucher with TDS at default higher rate is shown below:

Accounting Voucher Creation		National Enterprises	
Journal		No. 24	
		30-May-2020 Saturday	
Particulars	Debit	Credit	
Dr Fee for Sportsmen	10,00,000.00		
<i>Cur Bal: 10,00,000.00 Dr</i>			
New Ref 24	10,00,000.00		Dr
Cr Non Resident Sportsman		8,00,000.00	
<i>Cur Bal: 8,00,000.00 Cr</i>			
New Ref 24	10,00,000.00		Cr
New Ref 24	2,00,000.00		Dr
Cr TDS		2,00,000.00	
<i>Cur Bal: 3,70,908.00 Cr</i>			
On Account	2,00,000.00		Cr
Narration:		10,00,000.00	10,00,000.00
		Accept ?	
		Yes or No	

Note: The transaction where TDS is deducted at normal or lesser rate appears under **Deduction at Normal Rate** and transaction with high rate under **Deduction at Higher Rate** row, in **Deduction Details** section of TDS **Form 27Q** report.

In both cases, the party is a non-resident. However, one is eligible for relaxation in rate as per rule 37BC and the other is not. In case of person not eligible for relaxation in rate, higher TDS rate gets applied.

It is recommended to create separate nature of payment masters for 37BC eligible and non-eligible nature of payments.

Deduct TDS on Partial Value

Using journal voucher, you can account for TDS that has to be paid for a part of the total amount.

1. **Gateway of Tally > Vouchers > press F7 (Journal).**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal).**

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

3. Set the option **Modify Tax details for TDS** to **Yes**.

Configuration			
<i>Show more configurations</i>		: No	
General Details		Bank Details	
Use Cr/Dr instead of To/By during voucher entry	: Yes	Use default Bank Allocations	: No
Preallocate bills for Payment/Receipt/Journal Vouchers	: No	Use Auto Cheque Numbering	: Yes
Use default Bill-wise details for Bill Allocation	: No	Select Cheque Range	: Yes
Show Inventory details	: Yes	Print Cheque after saving Voucher	: Yes
Select Cost Centre/Class	: No	Show Cheque details before printing	: Yes
Show list of Cost Centres	: No	TDS Details	
Show list of Bills for selection	: Yes	Modify Tax details for TDS	: Yes
Show Final Balances for each Bill	: Yes	Show TDS Bill Allocations	: No
Show Bill-wise Details	: Yes	Show Tax Analysis details for TDS	: No
Show Bill-wise details in multiple lines	: Yes		
Show Cost Centre details	: Yes		

4. Press **Ctrl+A** to save.

5. Debit the expenses ledger and enter the amount. The **TDS Nature of Payment Details** screen appears.

TDS Nature of Payment Details	
Nature of Payment	
Rent of Land, Building Or Furniture	


F12: Configure

6. Press **F12** (Configure) > set the option **Allow modification of assessable amount** to **Yes**.

Configuration	
Allow modification of assessable amount	Yes

7. In TDS nature of payment details screen change the assessable value as needed.

TDS Nature of Payment Details	
Nature of Payment	Assessable Value
Rent of Land, Building Or Furniture	1,00,000.00

8. Press **Enter** to save.

TDS will be deducted on the modified value (for example, 30,000 *10% = 3000).

Accounting Voucher Creation		National Enterprises	
Journal No. 25		30-May-2020 Saturday	
Particulars	Debit	Credit	
Dr Rent	50,000.00		
<i>Cur Bal: 27,50,000.00 Dr</i>			
New Ref 25	50,000.00 Dr		
Cr ABC Company		47,000.00	
<i>Cur Bal: 2,56,828.67 Cr</i>			
New Ref 25	50,000.00 Cr		
New Ref 25	3,000.00 Dr		
Cr TDS on Rent		3,000.00	
<i>Cur Bal: 1,30,907.00 Cr</i>			
New Ref 25	3,000.00 Cr		
Narration:	50,000.00	50,000.00	
		Accept ?	
		Yes or No	

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

Deduct TDS When Expenses are Paid Through Cash

Using purchase vouchers, you can account for TDS when expenses are paid through cash.

1. **Gateway of Tally > Vouchers > press F9 (Purchase)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F9 (Purchase)**.
2. Select **Cash** as **Party A/C name**.
3. In **Supplier (Bill from)** field of **Party Details** screen, select the party from the list instead of cash.

National Enterprises

o. 2 Date : Create New Party

Cash 50,340.00 Dr

List of Ledger Accounts

ABC Company

AK Enterprise
Alfa Provisions
Arora & Sons CA Services
A to Z Stationers
AVN Traders
BMS Mart
Candles and Matches
Cash
Confident Traders
Desai & Shah Company
Ecko Honey Farms
Express Stores
Gokul Co-Operate Building Society
HKN Enterprises
Indus Stores
K. L. Stores
Kumar Furniture Store
Mar Tech Park
Mehta Warehousing Facility
MM Frozen Foods
Non Residence Sports Men (37BC)
Non Resident Sportsman

Party Details

Supplier (Bill from) : Cash Consignee (Ship to) :
Mailing Name : Cash Mailing Name :
Address : Address :
State : Karnataka State :
Country : India Country :
Pincode : Pincode :

4. Select the expenses and TDS ledgers. Once you select TDS ledger, the party details will appear with **Party Name**, **PAN Number** and **Deductee Type**.

Partys' Details

Party Name : ABC Company
PAN Number : ASDFH1234S
Deductee type : Individual/HUF - Resident

Note: A party which is selected in **Party Details** screen details will appear after selecting TDS ledger. In **Party Details** screen instead of selecting the party from the list, party name can be entered manually if required. In such case after selecting duty ledger, mention PAN number of party and deductee type.

Partys' Details

Party Name : XYZ Company
PAN Number : ASDFJ1234Z
Deductee type : Individual/HUF - Resident

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

Payment of TDS & Late Fee on TDS

You can record a payment transaction with inclusion of the necessary TDS to be paid to the government. You can also record a payment of late fee on TDS to the department.

In this section

- TDS Payment
- Late Fee on TDS

TDS Payment

Scenario 1: On 05-05-2015, ABC Company paid TDS deducted in the month of April 2015 to the government directly.

1. **Gateway of Tally > Vouchers > press F5 (Payment)**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F5 (Payment)**.
2. Press **Ctrl+F (Autofill)**.
3. Select **Stat Payment** as **Type of Transaction**.
4. Select **TDS** as the **Tax Type**.
5. Enter the **Period From** and **To** dates. Provide the relevant details in the **Statutory Payment** screen.
6. Select either bank or cash ledger in the **Cash/Bank** field. The payment voucher will be automatically filled with the relevant values. The **Statutory Payment Details** screen appears as shown below:

<u>Autofill</u>	
Type of transaction	: Stat Payment
Tax Type	: TDS
Period From	: 1-Aug-2020 To 31-Aug-2020
Deducted Till Date	: 28-2-2021
Section	: ♦ All Items
Nature of Payment	: Rent of Land, Building Or Furniture
Deductee Status	: ♦ All Items
Residential Status	: Resident
Cash/Bank	: DBS Bank A/c

List of Ledger Accounts
DBS Bank A/c

7. Press **Enter**.

8. Enter the **Bank Allocation details** as required.

Accounting Voucher Creation		National Enterprises	
Payment No. 28		30-Aug-2020 Sunday	
Account : DBS Bank A/c Current balance: 3,04,034.52 Cr			
Particulars		Amount	
TDS on Rent		1,211.00	
Cur Bal: 1,19,693.00 Cr			
Agst Ref 10	1,211.00 Dr		
Agst Ref Jrnl / 5 / 94	284.00 Dr		
Income Tax	250.00 Dr		
Surcharge	25.00 Dr		
Education Cess	6.00 Dr		
Secondary Education Cess	3.00 Dr		
Agst Ref Jrnl / 13 / 110	927.00 Dr		
Income Tax	900.00 Dr		
Surcharge			
Education Cess	18.00 Dr		
Secondary Education Cess	9.00 Dr		
TDS on Rent		10,003.00	
Cur Bal: 1,19,693.00 Cr			
Agst Ref 10	10,003.00 Dr		
Agst Ref Jrnl / 56 / 134	54,075.00 Dr		
Income Tax	50,000.00 Dr		
Surcharge	2,500.00 Dr		
Education Cess	1,050.00 Dr		
Secondary Education Cess	525.00 Dr		
Agst Ref Pymt / 20 / 152	10,815.00 Dr		
Income Tax	10,000.00 Dr		
		14	
Narration:		21,217.00	

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

Scenario 2: On 05-05-2015, XYZ Company paid the TDS deducted to the government on behalf of ABC Company.

1. **Gateway of Tally > Vouchers > press F7 (Journal)**

Alternatively, press **Alt+G (Go To) > Create Voucher > press F7 (Journal)**.

2. Press **F2 (Date)** to change the date to **05-05-2015**.

3. Debit the TDS ledger.

4. Credit XYZ Company.

Accounting Voucher Creation		National Enterprises	
Journal No. 61		30-Aug-2020 Sunday	
Particulars	Debit	Credit	
Dr TDS	10,000.00		
Cur Bal: 3,50,905.00 Cr			
On Account	10,000.00 Dr		
Cr XYZ Company		10,000.00	
Cur Bal: 1,00,000.00 Cr			
On Account	10,000.00 Cr		
Narration:		10,000.00	10,000.00

Accept ?
 Yes or No

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

Payment of Late Fee for TDS

With TallyPrime, you can also record the payment of late fee for TDS, in case the returns were filed after the due date.

- Gateway of Tally > Vouchers > press F5 (Payment).**
Alternatively, press **Alt+G (Go To) > Create Voucher > press F5 (Payment).**
- Select cash or bank ledger in the **Account** field.
- Select the TDS tax ledgers, and the relevant nature of payments/nature of goods.
- Select the **Late Fee** ledger grouped under **Indirect Expenses**.
- Select **Late Fee** from the list of payment types.

Types of Payment	List of Types of Payment
Late Fee	♦ Unknown Interest Late Fee Others Penalty Upward Rounding

6. Enter the amount. The late payment voucher will appear as shown below:

Accounting Voucher Creation National Enterprises - Bangalore

Payment No. 1 Date : 9-Dec-21 Thursday

Supplier Inv/Ref No.:

Account : Bank of Baroda
Current balance : 4,84,000.00 Dr

Particulars	Amount
TDS Nature of Payments Cur Bal: 15,000.00 Dr	15,000.00
Payment CC 15,000.00 Dr	
Late Fees Cur Bal: 1,000.00 Dr	1,000.00
Accounts 1,000.00 Dr	

Narration:

16,000.00

Accept ?
Yes or No

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

.....