TDS Related Master

Key Features

TDS is a statutory obligation imposed by **Income Tax Laws** on each Proprietorship, Partnership Firm or Company. The **motive of Govt. is to collect Income Tax** at the origin when payment is being made or expense bill is accounted for (whichever is earlier). TDS is applicable on various **types of transactions** viz.

- Interest
- Payment to Contractors/ Consultants
- Payment of Rent
- Payment to Employees etc.

The **rate of TDS varies** for each of the above categories; the rate of TDS also **varies on the constitution of the party** we are dealing with (Corporate/ Non-corporate). TDS is liable to be deducted only when the amount of payment exceeds the **minimum limit** for TDS category in **one accounting year**. Further in order to reduce hardship on smaller contractors a provision is made under Income Tax rules to levy reduced TDS rate for certain period on due authorized letter.

TDS Master	In the TDS master the TDS codes and their description, TDS rate, validity period etc. are defined.

Linking of Account Code and TDS code	The parties for which TDS is applicable are tagged in account master with specific TDS code.

Acc TDS master

- In ERP the TDS Account master is used for keeping the concession details of each party and their details regarding reduced TDS rate and validity period. These are then referred in the C/B/J form for seeing the party wise account details. At the time of TDS calculation system first checks in TDS Account master for concession TDS and if it does not find any detail here then system calculate the TDS with regular rates defined in TDS master for valid period