24ETAX ERP · PROCESS GUIDE 10

# Direct tax – TDS, TCS, 26AS and tax audit

**Covers:** GST & compliance › Direct tax (TDS / TCS / 3CD), Return filing (TDS / TCS statements)

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## Purpose

Tracks tax deducted at source from the moment a bill is booked to the quarterly statement and the certificate given to the payee: deduct on the bill, deposit by challan, prepare and validate the quarterly statement, have it approved, upload it on the income-tax portal, issue Form 16A. It also reconciles tax deducted *from you* with 26AS / AIS, handles TCS on sales, and builds the Form 3CD tax-audit pack.

## Who does what

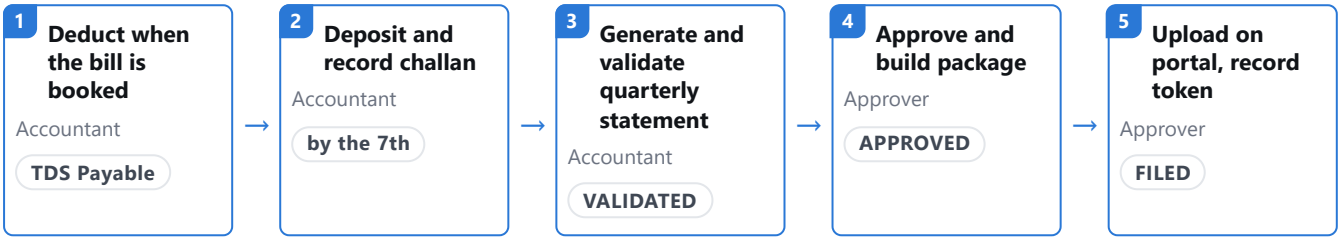
| Step | Who |
|---|---|
| Deduct on bills, record challans, generate statements, import 26AS | Accountant |
| Approve the statement and build the upload package | Approver or Admin – a different person from the one who generated it |
| TAN, responsible person, default sections on vendors | Admin / Accountant |

## Before you start

- The organisation's TAN, PAN and legal name are entered by the administrator (**Administration** › **Organisation**, deductor details). Without TAN the page shows "not set".
- Each vendor liable to TDS has a PAN and a **Default TDS section** on its payables profile (guide 05). A payee with no PAN is flagged "no PAN" and attracts the higher rate.
- For a payee holding a lower or nil deduction certificate, record it under **s.197 lower / nil deduction certificates**: payee, **Certificate no.**, section, rate, validity dates and ceiling, then **Add s.197 certificate**.

## Process flow

TDS CYCLE




- Deposit is due by the 7th of the next month (30 April for March).
- Statements are due on 31 July, 31 October, 31 January and 31 May.
- After filing, issue Form 16A to each payee within 15 days.

## Steps

### 1. Deduct TDS on a bill

1. When recording the vendor bill (guide 05), read the **TDS** block under **Compliance decisions**. The section comes from the vendor's default, an approved rule for the vendor, or is read from the bill: SAC or HSN on the lines, the expense ledger, the wording of the lines. Contract work, professional and technical fees, rent, commission and interest are recognised; a purchase of goods carries no TDS unless **s.194Q applies to our purchases of goods** is ticked under **Administration** › **Tax rules**.
2. The rate rule in force on the bill date decides the amount. A threshold is crossed when the amount exceeds it. The bill that takes the year's total over the yearly threshold is taxed on everything not yet taxed; rent is tested against the month; s.194Q taxes only the part above ₹50 lakh. The tax is rounded to the rupee. Without a valid PAN the no-PAN rate applies; an s.197 certificate lowers the rate up to its ceiling.
3. If the section cannot be settled, the block is marked **decide**: choose a rate rule or **No TDS on this bill** and type the reason. Your answer and the reason are kept with the deduction.
4. When tax is deducted the vendor is credited net of TDS and the tax is credited to TDS Payable. Below the threshold nothing is deducted but the amount counts towards the year's total.
5. Open **GST & compliance** › **Direct tax (TDS / TCS / 3CD)**. The first tab lists each bill with **Base**, **Rate**, **TDS** and **Why** (threshold crossed, certificate applied, no PAN), and whether it is **Deposited**.

### 2. Deposit and record the challan

1. On the challans tab, the list of deductions not yet deposited shows the **Due** date and **Interest if paid today**.
2. Pay the tax on the income-tax portal (e-Pay Tax) or at the bank for the right section and month.
3. Back in the app enter the **BSR code**, **Challan serial**, **Paid on**, the **Bank** ledger paid from, and any interest or **s.234E fee ₹**. Click **Record deposit**.
4. A payment journal (Dr TDS Payable, Cr Bank) is drafted and goes through approval. The challan counts as paid only when that journal is posted.
5. When all is deposited the tab shows "Everything deducted this year has been deposited."

### 3. Quarterly statement

1. Open the **Quarterly statements** tab. Choose the **Form** and **Quarter**. For tax year 2026-27 onwards the forms are 138 / 140 / 144 / 143; for earlier years 24Q / 26Q / 27Q / 27EQ.
2. Click **Preview & validate** and read the result: every deduction must be linked to a deposited challan and every deductee must have a PAN. Fix what is listed.
3. Click **Generate statement**.
4. Download the CSI file for the period from the income-tax portal and add it with **Attach CSI file**, so the challans can be verified.
5. Enter the **Responsible person**, **Designation** and **PAN**.
6. A different person clicks **Approve and build the package**. The package (ZIP) contains the statement file, **Form 27A** and the upload steps.
7. Upload on the income-tax e-filing portal: e-File → Income Tax Forms → Upload TDS, with DSC or EVC.
8. Back in the app enter the **Token / receipt no.**, attach the **Acknowledgement PDF** and click **Record filing**.

> **STOP**
>
> Always validate the statement file with the current Protean FVU utility before uploading. A package marked "built-in checks only" is a draft: the statement layout changed under the new Act, and only the official FVU confirms the file will be accepted.

### 4. Form 16A / 27D certificates

1. After the statement is filed, open the certificates tab and click **Issue for all deductees** for the quarter.
2. Download each **PDF** and send it to the payee; click **mark sent**.

### 5. Tax deducted from you – 26AS / AIS

1. Download Form 26AS or AIS from the income-tax portal.
2. Open the 26AS tab, choose the **Source** (**26AS** or **AIS**) and click **Import & reconcile**.
3. **Credits reported against us** lists each deductor with TAN, date and amount, and whether it matches a TDS receivable in the books.
4. For a credit not in the books, pick the customer and use **draft journal**; the draft appears in Vouchers for approval. For a receivable in the books but not in 26AS, follow up with the customer.

### 6. TCS on sales

1. Open the TCS tab. Pick the **Posted sales document** and click **Collect TCS**. The rate and amount are shown per customer.
2. Deposit and report TCS like TDS: challan, then the quarterly statement (Form 27EQ / 143).

### 7. Tax audit pack (Form 3CD)

1. After the year's books are final, open the **Tax audit (3CD)** tab and click **Build / refresh pack**.
2. Each clause is filled from the books (TDS defaults, MSME interest, disallowances, loans, GST reconciliation). Use "open →" to see the detail behind a clause.
3. The reviewer checks every clause with the auditor and clicks **Mark reviewed**. Rebuild after any late adjustment.

### 8. Where filed statements are listed

**GST & compliance** › **Return filing** › **TDS / TCS statements** lists each statement with form, year and quarter, who validated and approved it, and the token.

## Checks and controls

**CHECKS AND CONTROLS**

- The statement is approved by a different person from the one who generated it.
- A challan is counted only after its payment journal is posted.
- The late-filing fee (₹200 a day, limited to the tax) and interest are shown before you pay or file late.
- Every certificate, statement version and filing is recorded with the person and time.

## Limits

**LIMITS**

- The statement is an offline upload package. The app does not file on the income-tax portal for you.
- Correction statements are not built; prepare corrections in the department's utility.
- Every company starts with sections 194C, 194H, 194I, 194J and 194Q at standard rates. Sections cannot be added or changed on screen. Check the rates against the Act each year and tell the platform owner if one is missing or out of date.
- Outputs are a preparation aid; have a qualified professional review before filing.

## Routine checklist

### Monthly

- [ ] By the 7th: TDS and TCS of last month deposited, challans recorded and their journals posted.
- [ ] Bills flagged "no PAN" followed up with the vendor.

### Quarterly

- [ ] Statement generated, validated with FVU, approved, uploaded; token recorded.
- [ ] Form 16A issued and sent within 15 days of filing.
- [ ] 26AS imported and reconciled with TDS receivable.

### Year end

- [ ] Salary TDS statement and Form 16 from payroll (guide 11). Tax audit pack built and reviewed.