

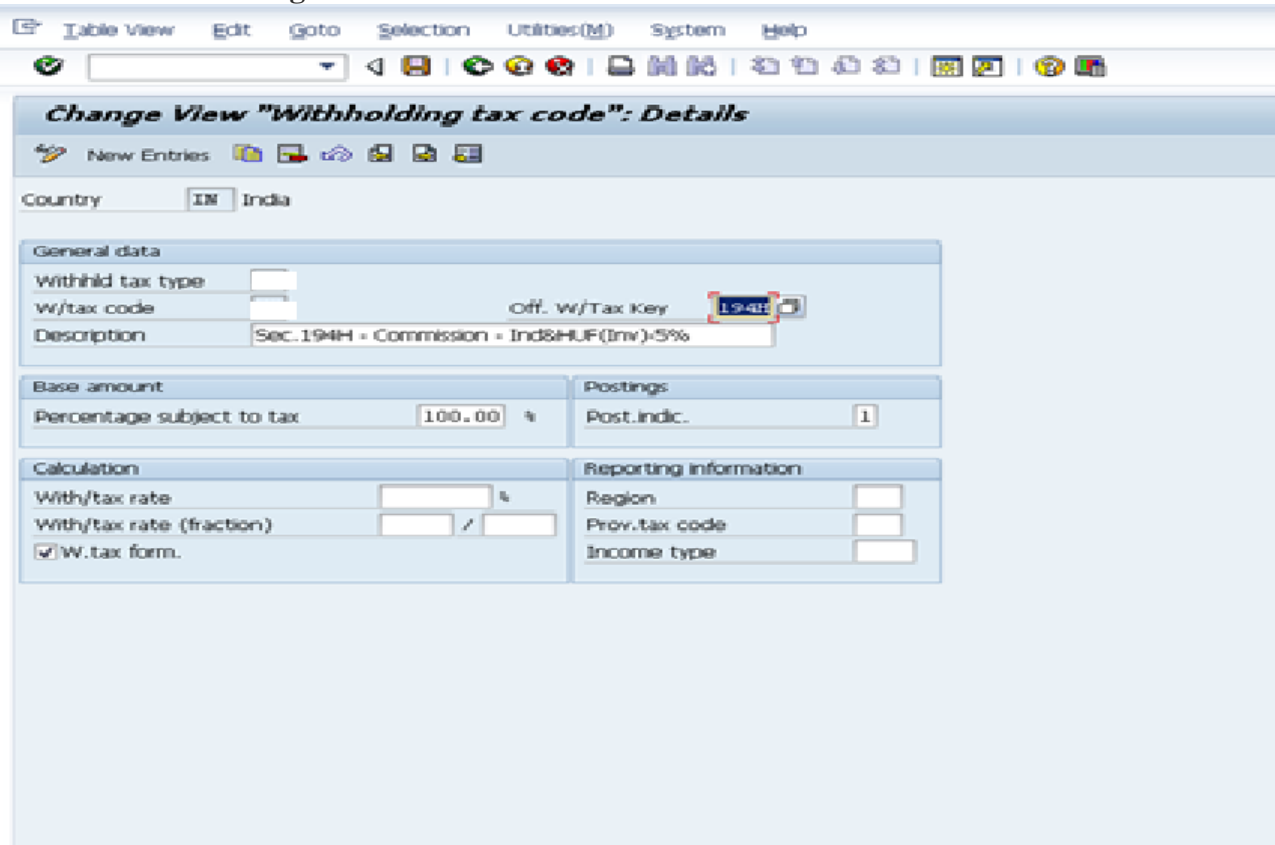
WITHHOLDING TAX CONFIGURATION FOR AUTOMATICALLY TDS DEDUCTION IN VENDOR INVOICE OR VENDOR PAYMENT

DECEMBER 13, 2017 POONAM RAJBHOI LEAVE A COMMENT EDIT

Issue: Withholding tax configuration to calculate automatic TDS on vendor invoice or vendor payment posting

Solution: Configuration of withholding tax codes and tax types and assigned it company code

- Define Withholding tax codes



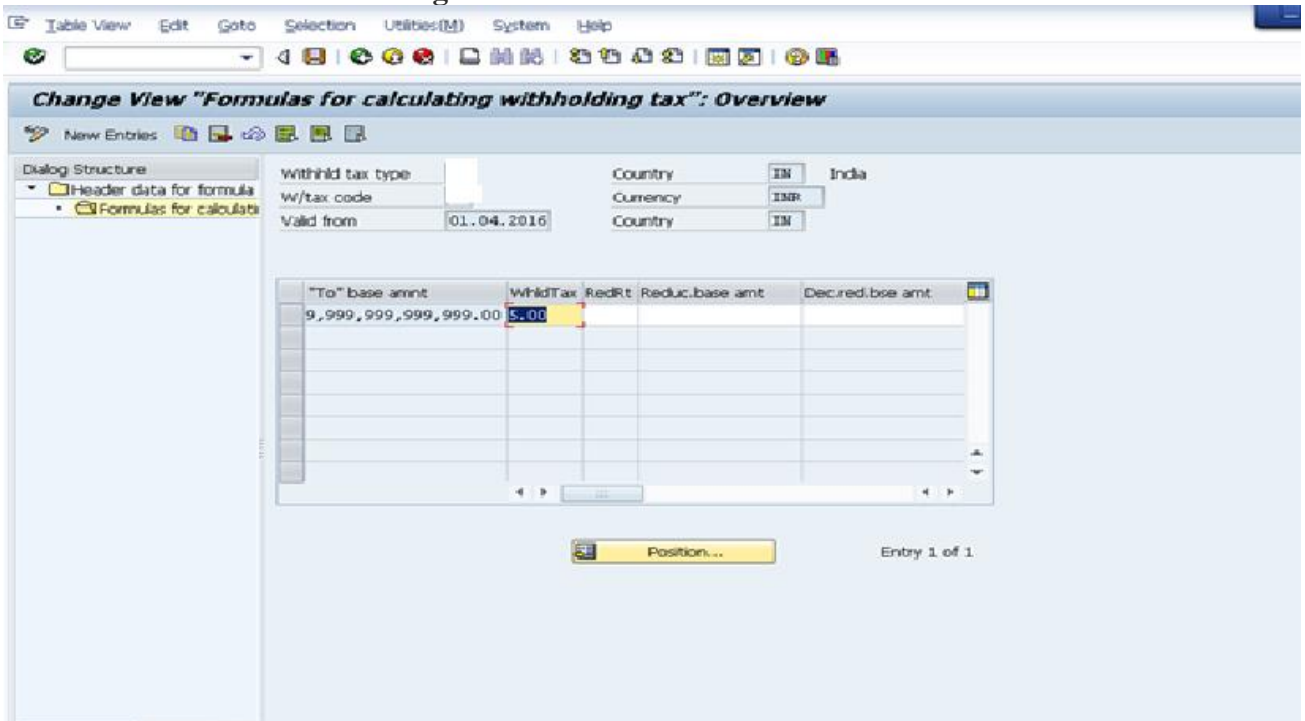
The screenshot shows the SAP 'Change View' for a 'Withholding tax code'. The interface includes a menu bar (Table View, Edit, Goto, Selection, Utilities(M), System, Help) and a toolbar. The main window title is 'Change View "Withholding tax code": Details'. Below the title bar, there are icons for 'New Entries' and other functions. The 'Country' is set to 'IN' (India). The 'General data' section contains fields for 'Withhid tax type', 'W/tax code', 'Off. W/Tax Key' (set to '194E'), and 'Description' (set to 'Sec.194H - Commission - Ind&HUF(Inr)-5%'). The 'Base amount' section shows 'Percentage subject to tax' as '100.00 %'. The 'Postings' section shows 'Post.indic.' as '1'. The 'Calculation' section includes 'With/tax rate' (empty), 'With/tax rate (fraction)' (empty), and a checked checkbox for 'W.tax form.'. The 'Reporting information' section includes 'Region', 'Prov.tax code', and 'Income type', all of which are empty.

General data	
Withhid tax type	
W/tax code	
Off. W/Tax Key	194E
Description	Sec.194H - Commission - Ind&HUF(Inr)-5%

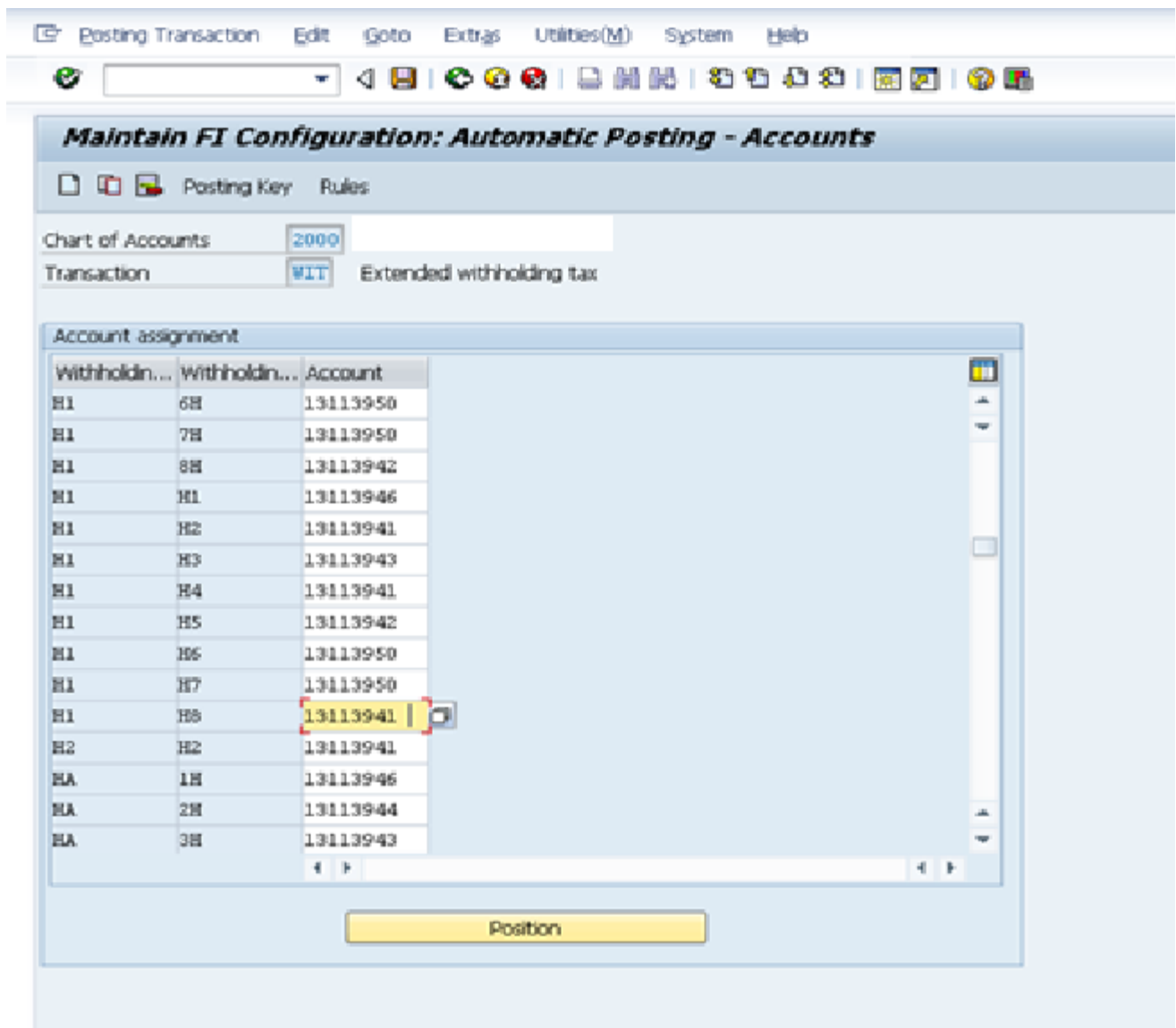
Base amount	Postings
Percentage subject to tax	Post.indic.
100.00 %	1

Calculation	Reporting information
With/tax rate	Region
With/tax rate (fraction)	Prov.tax code
<input checked="" type="checkbox"/> W.tax form.	Income type

- **Define Formula for Withholding Tax Codes**



- **Assign withholding tax types to company codes**
- **Define accounts for withholding tax codes**



Result: After successfully completion of above configuration of withholding tax, you will be able to deduct TDS automatically at the time of vendor invoice booking or at the time of vendor payment posting.