

TDS COMPLIANCE CHECKLIST

(As per IT Rules 2026 Form Numbering)

1 Before Making Any Payment

- Is TDS applicable under relevant section?
- Resident or Non-Resident identified?
- PAN collected and verified?
- Lower / Nil certificate obtained (if any)? → **Form 128**
- Declaration for non-deduction received? → **Form 121 (15G/15H)**
- Specified senior citizen declaration? → **Form 125 (12BBA)**
- For non-resident payments → **Form 145 (15CA) & Form 146 (15CB)**

If this stage is weak, everything downstream collapses.

2 TAN & Setup Compliance

- TAN obtained?
 - Govt Entity → **Form 134 (49B(1))**
 - Others → **Form 135 (49B(2))**
- Section properly mapped in accounting system
- Vendor master properly classified

No TAN, no TDS compliance. Basic but often ignored.

3 Monthly Deduction & Deposit Control

- TDS deducted at time of credit/payment (whichever earlier)
- TDS deposited by 7th of next month
- March liability deposited by 30th April
- Interest under section 201(1A) checked if delay

No form number here — this is operational discipline.

4 Quarterly TDS / TCS Return Filing

- Salary TDS Return → **Form 138 (24Q)**
- Non-salary (Resident) → **Form 140 (26Q)**
- Non-resident payments → **Form 144 (27Q)**
- TCS return → **Form 143 (27EQ)**
- VDA TDS → **Form 142 (26QF)**
- Challan-cum-statement (Property/Rent etc.) → **Form 141 (26QB/26QC/26QD/26QE)**

Due Dates remain standard quarterly cycle.

If you file wrong return type, correction cost multiplies.

5 TDS / TCS Certificates Issuance

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- Salary TDS Certificate → **Form 130 (16)**
- Non-salary TDS Certificate → **Form 131 (16A)**
- Property TDS Certificate → Covered under **Form 132 series**
- TCS Certificate → **Form 133 (27D)**

If certificates aren't issued timely, vendor disputes begin.

6 Lower / Nil & Special Declarations

- Lower/Nil Certificate Application → **Form 128 (13)**
- Non-resident proportion determination → **Form 129 (15E)**
- Declaration for non-collection of TCS → **Form 127 (27C)**
- No TDS Declaration (specified persons) → **Form 126 (15C/15D)**

Most businesses never evaluate this — they just deduct and move on.

7 Non-Resident & Remittance Compliance

- Information filing → **Form 145 (15CA)**
- CA Certificate → **Form 146 (15CB)**
- Statement by Authorized Dealer → **Form 147 (15CC)**
- IFSC Unit statement → **Form 148 (15CD)**

If this is mishandled, FEMA + TDS exposure both arise.

8 Default Handling / Correction / Refund

- Deductor refund claim → **Form 139 (26B)**
- Accountant certificate (TDS default) → **Form 149 (26A)**
- Accountant certificate (TCS default) → **Form 150 (27BA)**
- Application for TDS credit → **Form 102 (71)**

If you ignore TRACES defaults, interest keeps running.

Strategic View

Under IT Rules 2026, your TDS workflow structurally looks like this:

TAN → Deduct → Deposit → File (138/140/144) → Issue Certificate (130/131) → Reconcile → Correct (149/150)

If any link breaks, notice comes.

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INTERNAL SOP – TDS COMPLIANCE

(Effective from 1st April 2026 – As per IT Rules 2026)

Firm: _____

Owner: CA Devesh Thakur

1 CLIENT ONBOARDING STAGE (Non-Negotiable)

A. Mandatory Setup Checklist

- TAN verified
 - Govt Entity → Form 134
 - Others → Form 135
- Business activity mapped
- Nature of payments identified (salary, contractor, professional, rent, commission, property, foreign remittance, VDA etc.)
- Applicable TDS sections mapped
- Responsibility matrix defined (Client vs Firm)

Rule: No TDS handling begins unless this stage is documented.

2 VENDOR MASTER CONTROL

For every client:

- PAN collected
- PAN validated
- Residential status confirmed
- Lower/Nil certificate (Form 128) verified if applicable
- Declaration received if applicable (Form 121 / 125 / 126)
- TDS section code tagged in accounting software

Internal Control:

No payment entry without TDS section tagging.

If accounting staff bypasses this → escalation to senior.

3 MONTHLY PROCESS FLOW

Step 1 – Data Collection (1st–3rd of Month)

- Client provides purchase register
- Salary sheet received
- Payment ledger extracted

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Step 2 – TDS Computation (3rd–5th)

- Section-wise computation prepared
- Threshold verified
- Non-resident payments flagged (Form 145/146 requirement)

Step 3 – Deposit (Before 7th)

- Challan prepared
- Client approval taken
- Payment confirmation obtained
- Challan stored in cloud folder

March liability → deposit before 30th April.

QUARTERLY RETURN SYSTEM

Return Types (IT Rules 2026)

| Type | Form No. |
|-----------------------|----------|
| Salary | Form 138 |
| Non-salary Resident | Form 140 |
| Non-resident | Form 144 |
| TCS | Form 143 |
| VDA | Form 142 |
| Challan-cum-statement | Form 141 |

Internal Filing SOP

- Draft return prepared
- Section summary cross-verified
- PAN mismatch check done
- Validation file error reviewed
- Justification report downloaded after processing
- Default report shared with client

No return marked complete unless justification report is clean.

CERTIFICATE ISSUANCE PROTOCOL

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- Salary → Form 130
- Non-salary → Form 131
- Property cases → Form 132 series
- TCS → Form 133

Timeline: Within 7 days of TRACES availability.

Vendor follow-ups = failure of system.

6 NON-RESIDENT CONTROL DESK (High Risk)

For every foreign remittance:

- Determine taxability
- Form 145 prepared
- Form 146 (CA certificate) issued if required
- Form 144 return filing tracked

Separate review by senior before filing.

No junior handles foreign cases independently.

7 DEFAULT MANAGEMENT DESK

If notice under 200A / 201 received:

- Reconcile with books
- Check challan mismatch
- Apply Form 149 (TDS default certificate)
- Apply Form 150 (TCS default certificate) if required
- Refund claim via Form 139 if excess
- TDS credit issue → Form 102

Internal SLA: 3 working days for notice response draft.

8 INTERNAL AUDIT SYSTEM (Quarterly)

Every quarter, senior partner reviews:

- 10% random client files
- Deduction timing accuracy
- Deposit delay cases
- Return error frequency
- Reconciliation quality
- Non-resident cases handled

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If repeated errors by same staff → retraining mandatory.

DOCUMENT STORAGE STRUCTURE

For each client create:

-  Client Name
-  FY 2026-27
 -  Monthly Challans
 -  Quarterly Returns
 -  Certificates
 -  Notices & Responses
 -  Non-resident cases

No scattered WhatsApp documents allowed.

RISK CLASSIFICATION MODEL

Every client must be categorized:

-  Low Risk – Salary + Few contractors
-  Medium Risk – Multiple vendors
-  High Risk – Foreign remittance / Property / TCS applicable

High-risk clients → mandatory senior review before filing.

If TDS compliance in your firm depends on one “experienced staff member”, you don’t have a system — you have dependency risk.