



PRACTICAL UNDERSTANDING OF TDS RETURNS AND INDIVIDUAL INCOME TAX RETURNS: A CASE STUDY OF A CHARTERED ACCOUNTANCY FIRM

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ABSTRACT :

This paper examines the practical processes involved in Tax Deducted at Source (TDS) compliance and Individual Income Tax Return (ITR) preparation during a two-month On-the-Job Training (OJT) programme at SPCM & Associates, a Chartered Accountancy firm in Pune, India. The study aims to understand the workflow of individual tax-return preparation, examine TDS computation and return-related activities, and identify the role of accounting and tax-compliance platforms in these processes. A descriptive case-study approach was adopted using observation, supervised participation, task records and review of work formats used during the training period. The work involved verification of books of accounts, reconciliation of tax information, review of Form 16, Form 26AS and the Annual Information Statement (AIS), TDS return work, assistance with individual ITRs, and exposure to Tally, Winman and TRACES. The task log recorded the largest category as TDS computation, reconciliation and filing. The observations indicate that accurate tax compliance depends on complete documentation, cross-verification across records, familiarity with digital systems and timely review by qualified professionals. Individual ITR preparation was particularly dependent on reconciling information from multiple sources, while TDS compliance emerged as a continuing cycle of data collection, computation, filing and post-filing reconciliation. The study is limited to one firm and a short training period; client-confidential information was not reproduced. The paper concludes that structured checklists, systematic reconciliation and practical software training can strengthen the quality and efficiency of entry-level tax-compliance work.

Keywords: accounting software; AIS; income tax return; tax compliance; TDS; TRACES

1. INTRODUCTION

Accounting and taxation professionals play an important role in helping individuals and organisations meet statutory obligations, maintain reliable financial records and report income accurately. In India, the increasing use of online filing systems has changed the way tax-related information is collected, checked, processed and submitted. Tax compliance is no longer limited to calculating a tax amount; it also involves document verification, matching records across sources, using digital portals and retaining evidence of the work performed.

Two closely connected activities in this environment are Individual Income Tax Return preparation and Tax Deducted at Source compliance. An individual return consolidates income, eligible deductions and taxes paid or deducted during a financial year. TDS, by contrast, requires the payer to deduct tax on specified payments, deposit it as prescribed and report deductions through periodic statements. The two processes intersect when a taxpayer verifies tax credits and other financial information before filing an ITR.

Digital records such as Form 16, Form 16A, Form 26AS, the Annual Information Statement (AIS) and the Taxpayer Information Summary (TIS) support this verification process. However, records may not always agree because of timing differences, reporting errors, incorrect identifiers or incomplete client documentation. A tax professional must therefore understand both the software workflow and the underlying accounting information.

This paper draws on practical training undertaken at SPCM & Associates, Pune, from 08 June to 07 August 2026. It converts the internship report into a concise case-study paper, focusing on workflow, task distribution, observations and practical implications rather than reproducing the broader organisational and sector analyses.

1.1 Objectives

The study has three objectives: (i) to understand the preparation and filing process for Individual Income Tax Returns; (ii) to examine TDS computation, reconciliation and return-related activities; and (iii) to understand the practical role of TRACES, Winman and Tally in tax compliance. A further applied objective is to identify process improvements that may help reduce avoidable mismatches and improve the readiness of entry-level trainees.

2. CONCEPTUAL BACKGROUND

TDS is a collection mechanism under Indian income-tax law through which tax is deducted at source on specified payments, subject to applicable provisions and thresholds. The deductor reports deductions through prescribed statements, including Form 24Q for salary-related TDS, Form 26Q for specified payments to residents other than salary, and Form 27Q for specified payments to non-residents. Form 16 and Form 16A are certificates that provide details of tax deducted. The exact applicability, rates and due dates depend on the relevant law and should be verified for the relevant financial year.

An Individual ITR reports the taxpayer's income and tax computation for the relevant year. Return preparation commonly involves collecting personal and income information, reviewing supporting documents, checking tax credits, calculating income and tax, reviewing the return, filing it through the official portal and completing e-verification. Form 26AS and AIS provide information that can be compared with the taxpayer's own records. They are verification aids, not substitutes for examining the underlying documents.

The platforms observed during the OJT served complementary purposes. Tally supported accounting records and transaction review; Winman supported tax-related computations and return preparation; and TRACES provided access to TDS-related statements, certificates and reconciliation or correction functions. The work therefore required the user to move between accounting records, tax-preparation software and government systems.

3. RESEARCH METHODOLOGY

The study used a descriptive, single-organisation case-study design. The unit of analysis was the tax-compliance work observed and undertaken under supervision at SPCM & Associates. The methodology was primarily observational and participative: the trainee observed professional workflows, completed assigned working papers, checked source records and sought review from senior staff.

The main sources of evidence were the OJT task log, fortnight-wise progress records, supervised work on accounting and tax software, and the formats used for reconciliation and return preparation. Activities were grouped into broad task categories and summarised descriptively. No inferential statistical tests were used because the purpose was process understanding rather than testing a population-level hypothesis. No client-identifiable financial information is included in this paper.

The training report describes the period as approximately two months and refers to 44 working days. However, the category-wise task table lists 46 task-days when its eight categories are added. To avoid concealing this inconsistency, the distribution below recalculates percentages using the listed category total of 46 task-days. The original records should be checked before final journal submission if the exact denominator is material.

4. RESULTS AND DISCUSSION

4.1 Nature and progression of tasks

The assignments progressed from foundational accounting checks and orientation to more specific TDS work, individual return assistance and end-to-end compliance activities. The first fortnight focused on verification of books of accounts, salary and GST reconciliation, and initial exposure to Tally, Winman and TRACES. The second fortnight included downloading tax statements and TDS return files, reconciling Conso files with books, and statutory work such as RERA verification and Section 43CA workings. The third fortnight included MSME-related work, account cross-checking, assistance with individual ITRs, financial statements and bank summaries. The final fortnight concentrated on TDS data collection, computation, return filing and GST-related working.

Fortnight	Main work focus	Practical emphasis
1	Books of accounts, salary/GST reconciliation, software orientation	Understanding source data and basic workflow
2	Form 16, Form 26AS, AIS, TDS return files, RERA and Section 43CA	Reconciliation and statutory working
3	MSME compliance, Individual ITR assistance, financial statements, bank summaries	Applying records to return and accounting tasks
4	TDS data collection, computation, return filing and GST working	End-to-end compliance workflow

4.2 Task-wise distribution

The task log identifies TDS computation, reconciliation and filing as the largest individual category. Books-of-accounts verification and statutory compliance were also substantial, while individual ITR preparation represented a smaller but important component of the training. This pattern is consistent with the recurring nature of TDS work: source data must be collected, checked, classified, computed and reconciled before a statement can be finalised.

Task category	Task-days in report	Share of 46 listed task-days
TDS computation, reconciliation and filing	11	23.9%
Books of accounts verification and reconciliation	7	15.2%

Statutory compliance (RERA, Section 43CA, MSME, shares)	7	15.2%
TDS return downloads (TRACES, Form 16, Form 26AS, AIS)	6	13.0%
Tally accounting software	5	10.9%
Individual ITR preparation and filing	4	8.7%
GST working	3	6.5%
Financial statements and bank summary	3	6.5%
Total listed in category table	46	100.0%

Note: Percentages are recalculated from the task-day figures in the source report. The source report elsewhere states 44 working days, while the task categories sum to 46. The figures should be reconciled against the signed daily or fortnightly log before publication.

4.3 Individual ITR preparation: documentation and cross-checking

The practical observations suggest that preparing an individual return is strongly dependent on document completeness and cross-verification. Information from Form 16, bank statements, Form 26AS, AIS and other supporting records must be compared before tax computation is treated as final. A difference between employer-reported salary or TDS and information displayed in tax statements should be investigated rather than copied mechanically into the return. The cause may relate to timing, reporting, identification or a missing document.

A practical workflow emerging from the training is: (1) collect client information and supporting documents; (2) verify identity and financial-year details; (3) classify income and eligible deductions; (4) compare tax deducted and other tax payments with portal information; (5) prepare the computation in the relevant software; (6) review exceptions and resolve missing information; (7) obtain senior review; and (8) file and complete e-verification. The review stage is important because software output does not remove the need for professional judgement.

4.4 TDS compliance as a continuing cycle

TDS-related work was not confined to uploading a quarterly return. It involved gathering deductee and transaction details, checking payment classifications, verifying applicable rates and deductions, comparing records with earlier filings and government information, preparing the statement and reviewing acknowledgements or mismatches. When records do not agree, the team may need to identify the cause and consider corrections through the appropriate process.

The workflow demonstrates the importance of maintaining a consistent link between the accounting ledger and the tax statement. Errors in PAN, amount, section classification, deduction period or challan details can create downstream discrepancies. A standardised checklist and a clearly assigned reviewer can help catch these issues before filing and reduce correction work after submission.

4.5 Role of technology

The training demonstrated that the three principal platforms were complementary rather than interchangeable. Tally supported the review of accounting records; Winman supported tax computations and return preparation; and TRACES provided the portal-based environment for TDS statement and credit-related tasks. Accurate work depended on understanding the data being transferred between systems and verifying the output against source documents. This finding supports practical, task-based training rather than software instruction in isolation.

5. KEY FINDINGS

First, Individual ITR preparation is a document-verification-intensive process. Reliable filing depends on reconciling several records before computation and submission. Second, TDS compliance is a multi-stage and recurring cycle comprising data collection, computation, filing, reconciliation and, where necessary, correction. Third, the accounting ledger, tax software and government portal perform different functions, so proficiency requires movement between systems and understanding of how information should agree. Fourth, statutory and ancillary compliance tasks broaden the trainee's exposure but also require clear task prioritisation. Fifth, accuracy, confidentiality, deadline management and review by qualified professionals are essential controls in a professional tax practice.

6. PRACTICAL IMPLICATIONS AND RECOMMENDATIONS

The following recommendations arise from the observed workflow. A common client-document checklist should be used at the start of each assignment, listing required forms, bank records, prior-year information and missing items. A standard TDS reconciliation template should capture deductee identifiers, payment details, applicable section, deduction amount, deposit information and the status of matching against portal records. Exception items should be flagged and resolved before a return is submitted.

Interns should receive a short, structured orientation to the purpose of each platform, followed by supervised practice using anonymised or training data. A two-stage review process—pre-filing checks and post-filing acknowledgement verification—can support quality control. Work allocation should distinguish task completion from final statutory approval, which must remain with the authorised professional. Finally, task logs should use one consistent counting method, clearly distinguishing working days from task-days when multiple activities occur on a single day.

7. LIMITATIONS AND FUTURE SCOPE

The study is limited to one Chartered Accountancy firm and a two-month training period. The work was performed under supervision, and the trainee did not independently approve or sign statutory filings. Confidentiality restrictions prevented detailed analysis of client-level data or the firm's financial performance. The study is descriptive and does not compare multiple firms or quantify error rates, filing turnaround time or the financial impact of reconciliation.

Future research could compare workflows across firms of different sizes, measure the frequency and causes of TDS mismatches, assess whether standardised checklists reduce rework, or evaluate the learning outcomes of structured software training. A longer observation period could also examine how workloads and task types change across the full tax-compliance calendar.

8. CONCLUSION

This case study documents practical learning in TDS compliance and Individual Income Tax Return preparation at SPCM & Associates. The OJT provided exposure to source-document verification, reconciliation, tax computation, return-related activities and the use of Tally, Winman and TRACES. The task log indicates that TDS computation, reconciliation and filing formed the largest single category of work, while ITR preparation provided concentrated exposure to individual tax-return workflows. Across both areas, reliable compliance depended on accurate source data, systematic cross-checking, digital-platform familiarity and timely professional review. Standardised checklists, exception tracking, supervised software practice and consistent task records are practical measures that may improve training and workflow quality. The findings should be interpreted within the limits of a single-firm, short-duration case study.

ACKNOWLEDGEMENTS

The author gratefully acknowledges SPCM & Associates, particularly industry mentor CA Manoj Jain, and faculty mentor Prof. Sujata Deshmukh, School of Business, Indira University, for their guidance and support during the OJT.

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- *Submission note: Confirm the journal's current author instructions, citation style, article-processing charges (if any), originality declaration and required metadata before uploading. Insert the corresponding author's verified email/contact details and verify every reference URL. This manuscript is a formatted draft, not a guarantee of acceptance or publication.*