



QUICK GUIDE TO PAYROLL COMPLIANCES

CHECK WHICH COMPLIANCES YOU ARE LIABLE FOR

What's common between Compliances and Monsters? Both are disliked and both can become quite troublesome if not taken care of properly. Payroll laws govern employee remuneration standards, social security benefits, contractual/temporary employment, working conditions, occupational safety & health, and mandate reporting at fixed intervals. This Quick Guide will help you in checking the Payroll Compliance Laws in India that need to be followed by your organisation.

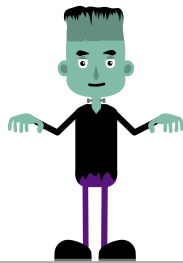
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PF



Regulates the retirement funds of employees

ESI



Provides insurance cover for medical expenses, maternity & accidents

PT



Levies tax on employees and professionals

TDS



Levies tax on income of employees

S&E



Shops and Establishments Act governs working conditions & leave rules

WHEN DOES IT APPLY?

If the total number of employees, including contractual staff (such as security & housekeeping), is more than 20.

Voluntary registration is permitted for companies with less than 20 employees.

If the total employee count is more than 10.

From the 1st employee. Not all States levy PT.

From the 1st employee if his taxable salary exceeds the basic exemption limit (Rs 2.5 lakhs for FY 2016-17).

From the 1st employee.

WHAT SHOULD YOU DO?

Deduct 12% on Basic salary from the employee's salary. Contribute 12% on the Employee's Basic salary.

Deduct 1.75% from gross salaries. Contribute 4.75% on the employee's gross salary.
The above applies only for those employees whose gross salary is less than Rs. 15,000 per month.

Deduct PT from salaries based on the applicable slab rates. Pay the annual renewal fee

Estimate the total taxable income of the employee and the tax thereon and deduct it over 2 instalments.

Maintain and file certain forms and registers.

Other important payroll laws cover Gratuity, Payment of Bonus, Maternity Benefits, Minimum Wages, Contract Payroll, Factories, etc

Disclaimer: The information presented here is only for educational purpose. We suggest that you seek the advice of your tax/payroll advisor before taking any business decisions.