POWER OF SIMPLICITY

Implementation of Payroll in Tally.ERP 9

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Introduction

The term **Payroll** refers to a series of accounting transactions involved in the process of paying employees for the services rendered after taking all the statutory and non-statutory deductions into account, in conformance with the terms of employment, company policy and the law of the land i.e., payment of payroll taxes, insurance premiums, employee benefits and other deductions.

An efficient payroll system facilitates an error-free, accurate and timely employee payment while ensuring that the employment is well within the valid work permit.

Lesson 1: Configuring Payroll in Tally.ERP 9

Lesson Objectives

On completion of this lesson, you will have learnt:

- The features of Payroll in Tally.ERP 9
- How to enable Payroll in Tally.ERP 9

Payroll in Tally.ERP 9 is easy to use and can handle all the functional, accounting and statutory requirements of the payroll department.

1.1 Salient Features of Payroll in Tally.ERP 9

The key features of the Payroll functionality in Tally.ERP 9 are as follows:

- It is fully integrated with accounts to give you the benefits of simplified Payroll processing and accounting.
- It has user defined classifications and sub-classifications for comprehensive reporting.This may be related to the employees, employee groups, pay components, departments etc.
- It provides the facility to create user-defined earnings and deductions Pay Heads.
- It allows flexible and User-definable criteria for simple or complex calculations.
- It allows unlimited grouping of Payroll Masters.
- It supports user-defined production units i.e., attendance/ production/ time based remuneration units.
- It provides a flexible payroll processing period.
- It provides comprehensive Cost Centre as well as employee-wise costing reports
- It ensures an accurate & timely Salary Processing, Employee Statutory Deductions & Employer Statutory Contributions with the help of predefined processes.
- It provides auto-fill facility to expedite the Attendance, Payroll & Employer Contributions processes.

- It facilitates an accurate computation and deduction of ESI, EPF, Professional Tax, Gratuity etc.
- It helps in the generation of Statutory Forms & Challans for EPF & ESI, as prescribed.
- It allows to drill-down to voucher level for any kind of alteration.
- It facilitates computation of arrears pertaining to prior period(s).
- It helps in tracking employee loan details.

1.2 Enabling Payroll in Tally.ERP 9

In Tally.ERP 9 activation of Payroll requires a one time simple septup. Create a new company in Tally.ERP 9 and follow the steps given below to enable Payroll.

Case Study Company

M/s. Spectrum Software Solutions is engaged in the Software services Business. It is a Bangalore-based company with the following three major departments:

- Sales
- Administration
- R & D

Step 1: Company Setup

Go to **Gateway of Tally > Company Info. > Create Company**

In the Company Creation screen,

- Select **India** in the field **Statutory compliance for** from the List of Countries provided
- Type **1-4-2009** as the **Financial Year from** date and press **Enter**

The completed **Company Creation** screen is displayed as shown:

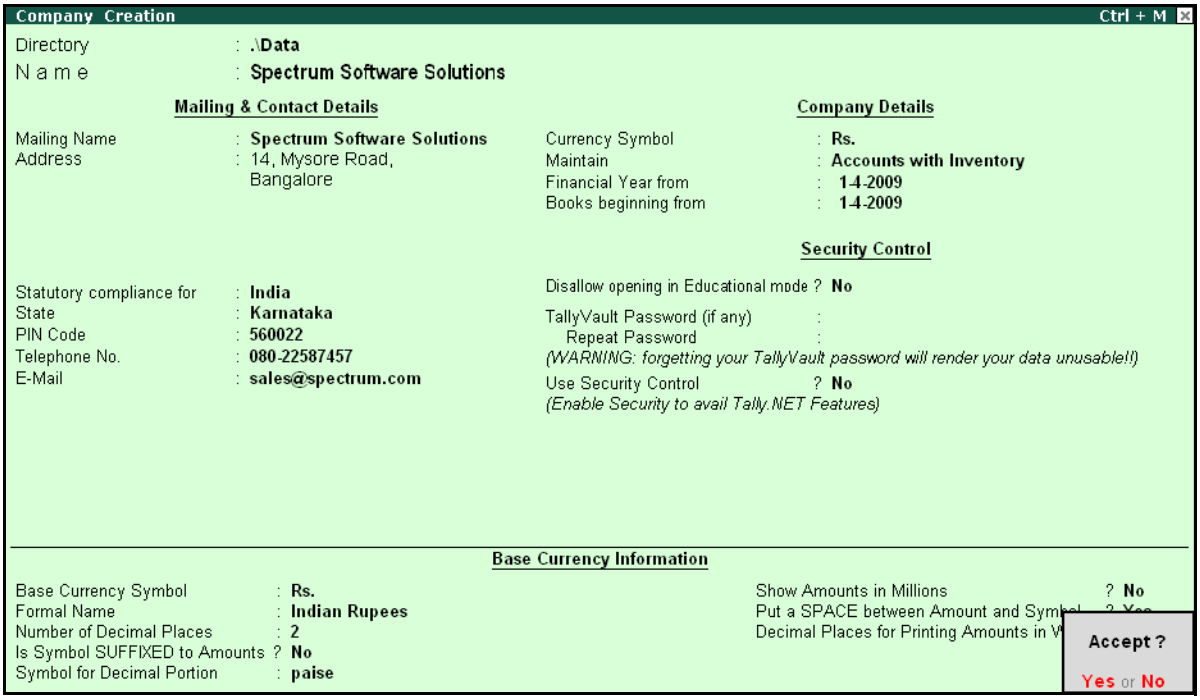


Figure 1.1 Company Creation screen

- Press **Enter** to **Accept** the completed Company Creation screen

Step 2: Enable Payroll

Go to **Gateway of Tally > Press F11: Company Features** > press **F1: Accounting Features**

In the **F11: Accounting Features** screen:

- Set **Maintain Payroll** to **Yes**
- Set **More than ONE Payroll / Cost Category** to **Yes**

The completed **F11: Accounting Features** screen is displayed as shown:

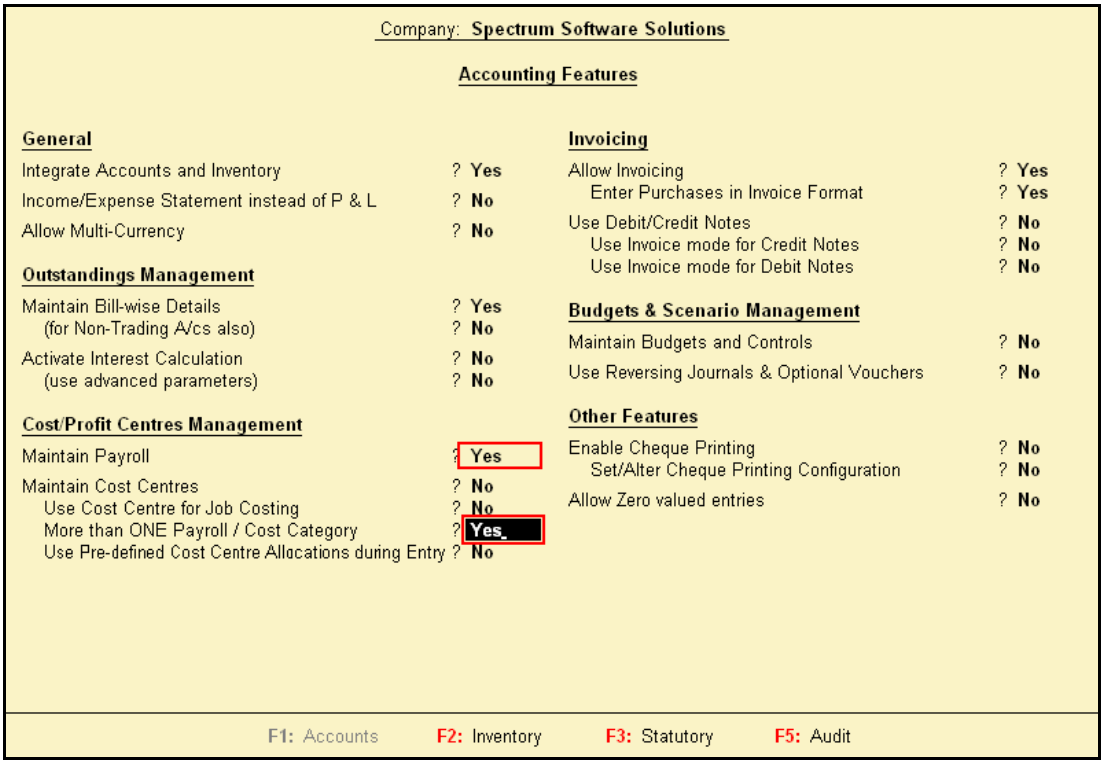


Figure 1.2 F11: Accounting Features screen

- Press **Enter** to **Accept** the **F11: Accounting Features** screen

*The option **More than ONE Payroll / Cost Category** is set to **Yes**, when separate cost categories are created to allocate Employee cost. In cases, where only one cost category i.e., primary cost category is used to allocate multiple cost centres, this option may be set to **No**.*

Once the **Payroll** feature is activated in Tally.ERP 9, the following two new options get activated in the **F11: Statutory & Taxation** Master

Step 3: Enable Payroll Statutory Features

Go to **Gateway of Tally** > press **F11: Company Features** > press **F3: Statutory & Taxation**

In **F11: Statutory & Taxation Features** screen:

- Set **Enable Payroll Statutory** to **Yes**

- Set **Set/Alter Payroll Statutory Details** to **Yes**

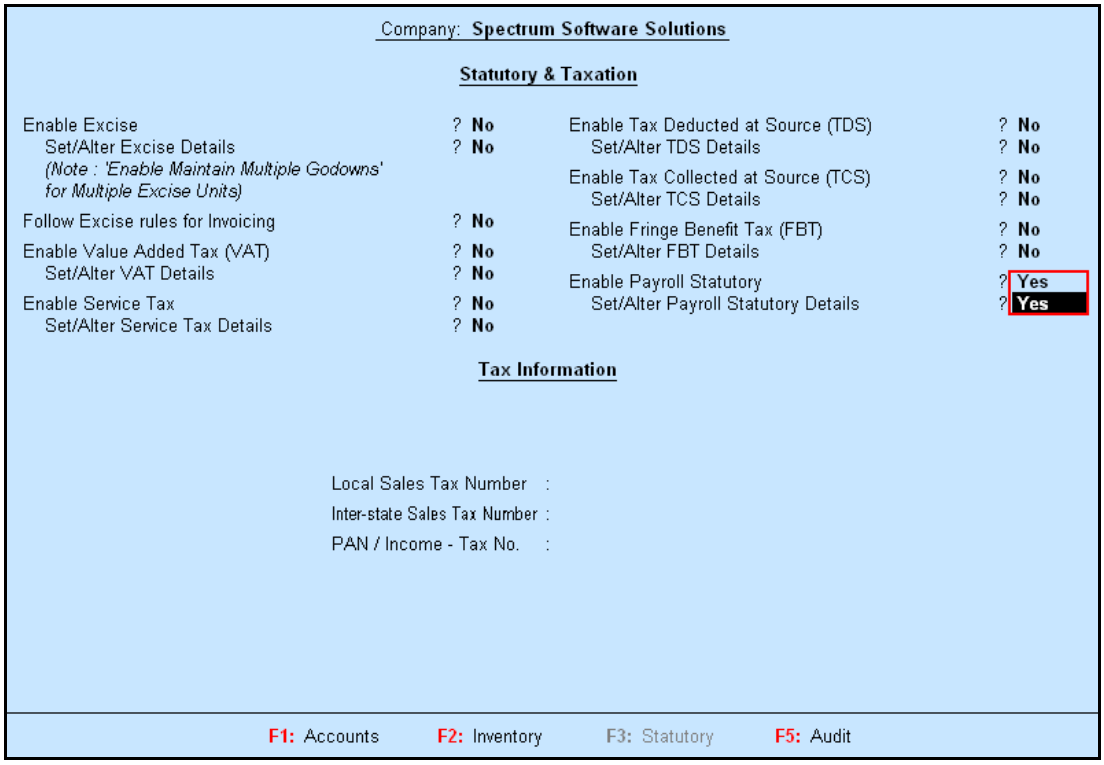


Figure 1.3 F11: Statutory & Taxation Features screen

- Press **Enter**

In the **Payroll Statutory Details** screen:

- Enter the **Provident Fund & Employee State Insurance** details of the company as shown:

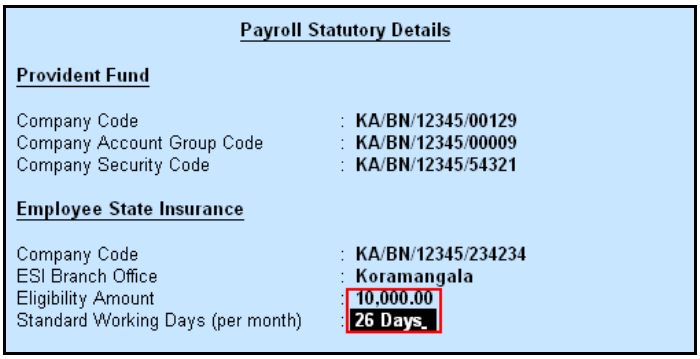


Figure 1.4 Payroll Statutory Details screen

Provident Fund

Company Code: *This field denotes the Provident Fund Code of the Company allotted by the Department.*

Company Account Group Code*: This field denotes the Provident Fund Group Code of the Company allotted by the Department.*

Company Security Code: *This field denotes the Security Code of the Company allotted by the Department.*

Employee State Insurance

Company Code: *This field denotes the ESI Code of the Company allotted by the Department.*

ESI Branch Office: *This field denotes the nearest ESI office under whose jurisdiction, the company is situated.*

Eligibility Amount: *This field denotes the threshold limit, beyond which the Employee will not be eligible for ESI.*

Standard Working days (per month): *This field denotes the consistent Pay Period to be considered for ESI Calculation. If this field is left blank, the calculation is done based on the Calendar days in each month.*

- Press **Enter** to **Accept** the screen and go back to **F11: Statutory & Taxation Features** screen
- Press **Ctrl+A** to **Accept** the screen

Lesson 2: Creation of Payroll Masters

Lesson Objectives

On completion of this lesson, you will have learnt how to:

- Create Payroll Masters in Tally.ERP 9

The Payroll feature in Tally.ERP 9 requires minimal effort for accurate payroll processing. It takes five easy steps to process payroll & generate Payslip in Tally.ERP 9.

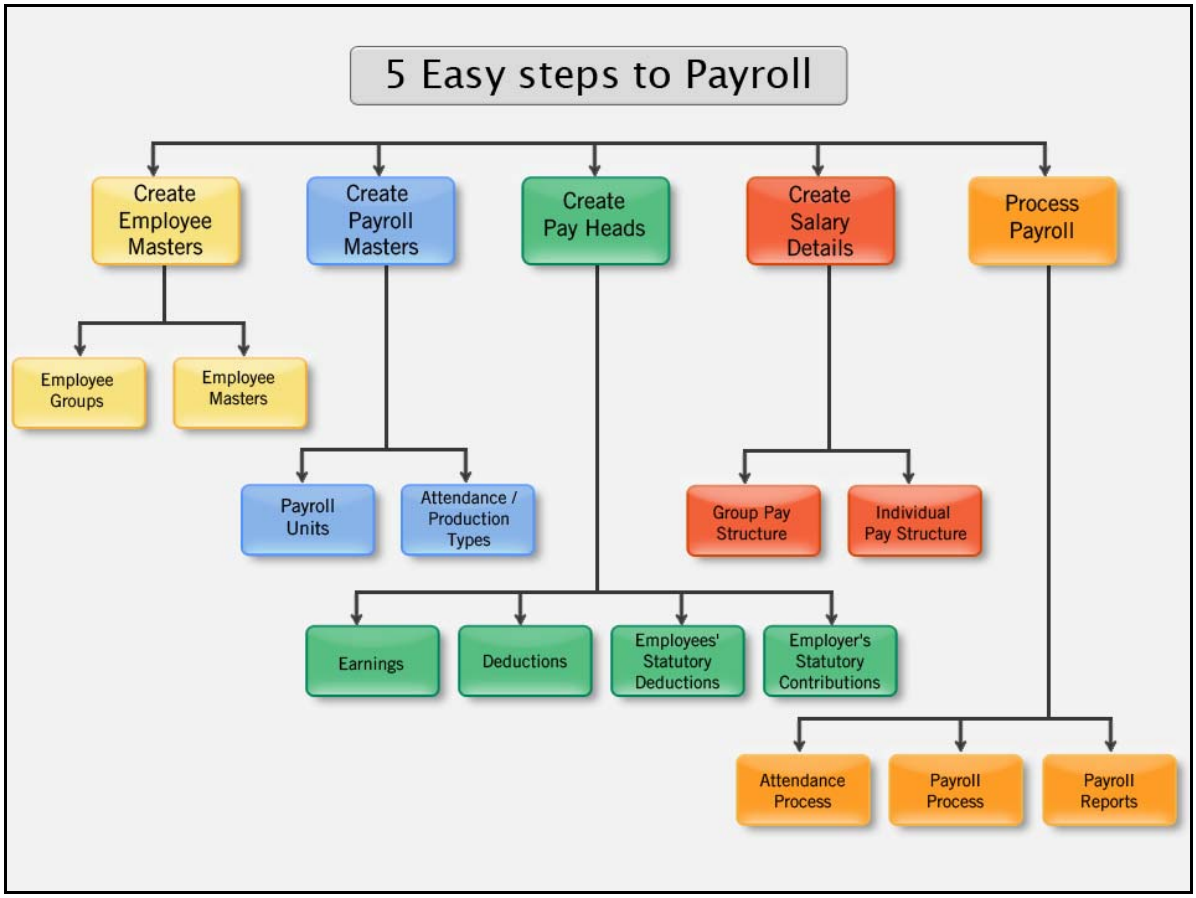


Figure 2.1 Payroll Cycle

Essentially, Payroll involves the calculation of amounts due for an employee on the following basis:

- Pay on Hourly wages
- Pay on a fixed basis such as certain amount per week, per month and so on
- Pay to sales persons on commission
- Reimbursement of expenses such as travel expenses, either as paid by the employee or based on per item rate
- Pay on the basis of number of pieces produced/ manufactured/ sold

It is therefore essential to quantify the following payroll information for the purpose of computation of payments to employees. For this purpose, the following Payroll masters have to be created in Tally.ERP 9 in the manner as discussed:

- Employee Masters
- Payroll Masters
- Pay Heads

- Salary Details

2.1 Employee Setup

The Employee Master records employee information – department, date of joining, date of leaving, ID number, designation, location, function, employee bank details, statutory details, Passport and Visa details, and so on.

2.1.1 Employee Group Master

Businesses with multiple departments, divisions, functions or activities may create the required employee groups and classify individual employees under a specified group i.e., Production, Sales, Marketing, Stores, Support or a particular group of employees such as managers, supervisors, sub-staff and so on.

To create **Sales** as an **Employee Group**:

Go to **Gateway of Tally > Payroll Info. > Employee Groups > Create**

In the **Employee Group Creation** screen,

1. Select **Primary Cost Category** as the **Category** (You can also create a separate cost category to segregate Employee Cost based on respective categories)
2. Type **Sales** as the **Name** of the Employee Group
3. Select the group as **Primary** (Tally.ERP 9 allows an unlimited grouping of Employee Groups)

The **Employee Group Creation** screen is displayed as shown:

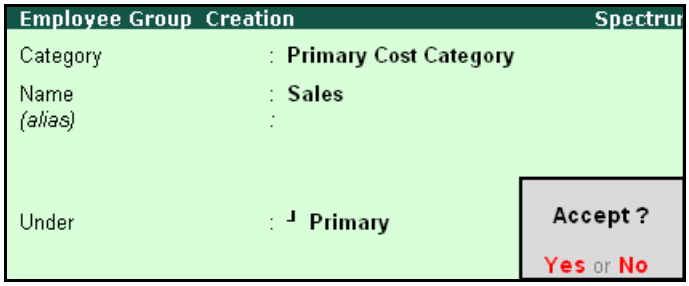


Figure 2.2 Employee Group Creation screen

4. Press **Enter** to **Accept** the **Employee Group Creation** screen

Similarly, create the other Employee Groups such as **Administration** and **R&D**.

2.1.2 Employee Master

After creating the Employee Groups, create individual Employee Masters, with or without grouping them, under the Employee Group Master.

In Tally.ERP 9, you can record all the necessary information of the employees in the Employee Masters. Tally.ERP 9 also allows you to enter the Statutory, Expat and Contract details of the employees.

To display the options for entering the Statutory, Expat and Contract details enable these options from the Company Configuration screen as explained below:

Go to **Gateway of Tally > F12:Configure > Payroll Configuration**

Set the following options:

- ***Show Statutory Details*** *to* ***Yes***
- ***Show Passport & Visa Details*** *to* ***Yes***
- ***Show Contact Details*** *to* ***Yes***

The **F12: Payroll Configuration** screen is displayed as shown:

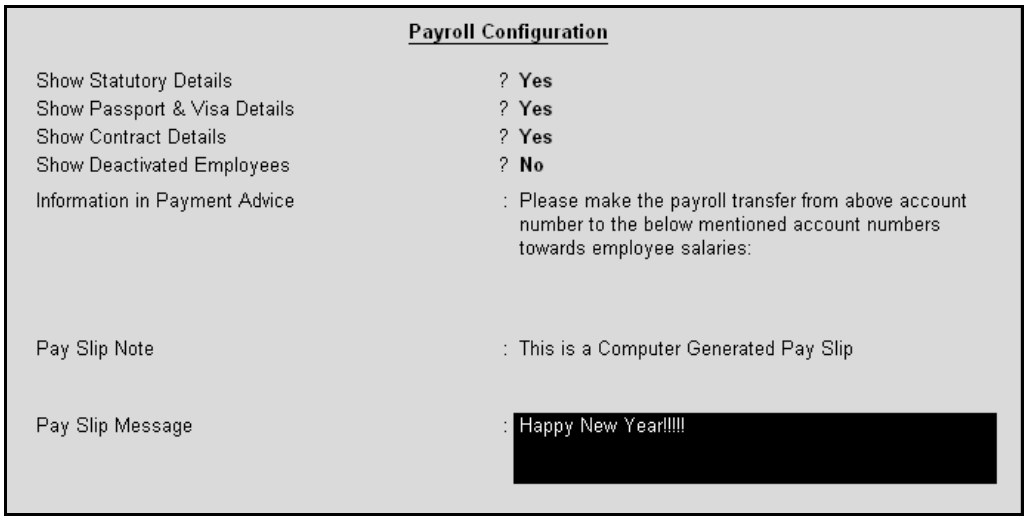


Figure 2.3 F12: Payroll Configuration screen

- Press **Enter** to **Accept**

Tally.ERP 9 allows you to configure the above settings from the ***Employee Creation*** *screen by pressing* ***F12: Configure****.*

- *The information to be printed in the Payment Advice is automatically pre-filled in Tally.ERP 9. However, you can also modify the same as per your requirements.*
- ***Pay Slip Note*** *will be printed if you does not want the Audthorised details to be printed while emailing or printing the payslips if set to* ***Yes*** *in the* ***F12: Configuration****.*
- *A customised message for specific occation can be entered as Pay Slip Message and will be printed if set to yes ion* ***F12*** *screen while emailing or printing.*

Create the following Employee Masters:

Employee Name	Department	Date of Joining
Vijay Kumar	Administration	1-4-2009
Rahul	R&D	1-4-2009
Mahesh	Sales	1-4-2009
Ajay	Sales	1-4-2009

Go to **Gateway of Tally > Payroll Info. > Employees > Create**

In the **Employee Creation** screen,

1. Select the **Primary Cost Category** as the **Category**
2. Type the **Name** of the Employee as **Vijay Kumar**
3. Specify the Name of the Employee Group as **Administration** in the field '**Under'**
4. Specify the **Date of Joining** as **01-04-2009**
5. Type the other details of the employee as shown:

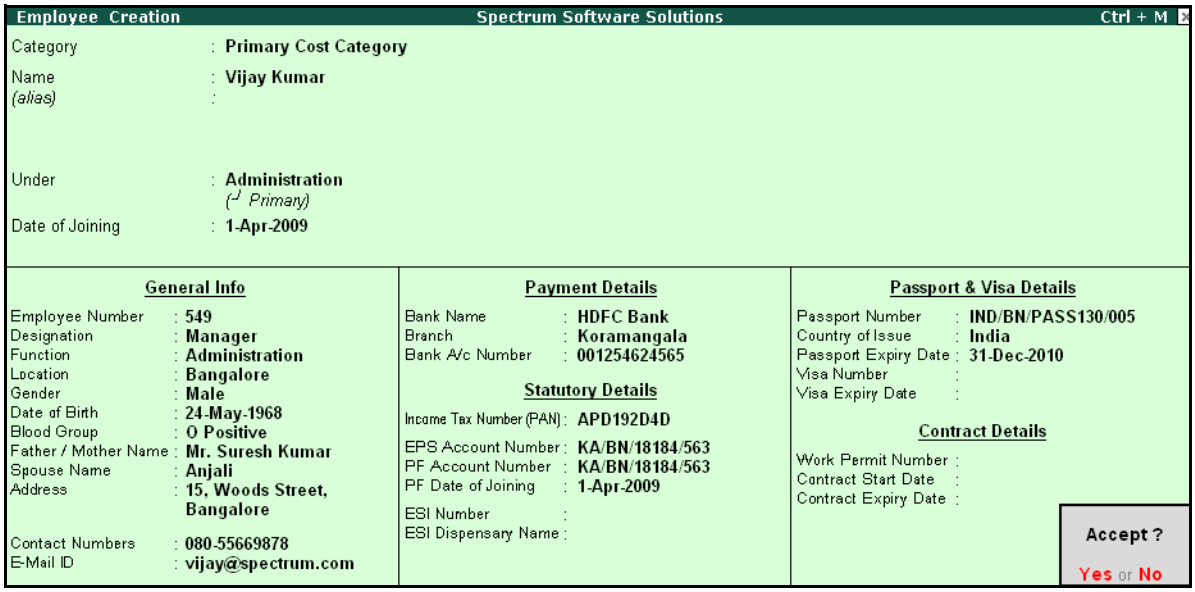


Figure 2.4 Employee Creation screen

6. Press **Enter** to **Accept** the screen

*The option **Date of Leaving** and **Reason for Leaving** will be available only in the Alteration mode.*

Similarly, create the Employee Masters for other employees with their respective departments.

2.2 Payroll Masters

As discussed in the above section Pay components are computed based on the Payroll Units. Therefore, create the following Payroll masters in Tally.ERP 9:

- Payroll Units
- Attendance / Production Types

2.2.1 Payroll Units

A payroll unit refers to a unit of measurement based on which pay heads are calculated. Payroll units can be classified into two types viz., Simple Payroll Units and Compound Payroll Units.

Simple Payroll Units refer to individual units such as Day, Week, Month, Hours, Pcs, Box, Nos etc., Whereas, Compound Payroll Units refer to Units which are combination of two simple units, i.e., an Hour of 60 Minutes, Month of 26 days, Day of 8 Hrs.

Usually, the Pay components are computed based on a single or compound payroll units. Sometimes an employee may be paid on the basis of a combination of two or more units. For example, an employee is paid a regular salary and an hourly rate for the overtime hours. In this case, the two likely units are **Calendar Month** and **Hours**. In Tally.ERP, you can create simple as well as compound units.

By default, Tally.ERP 9 contains four preset **Calculation Periods** – **Days, Fortnights, Months & Weeks**. However, you can also create new Payroll Units based on your business requirements.

Name	Type	Symbol
Hours	Simple	Hrs
Minutes	Simple	Mins
Hrs of 60 Mins	Compound	Hrs of 60 Mins

i. Simple Payroll Units

Go to **Gateway of Tally > Payroll Info. > Units (Work) > Create**

In the **Unit Creation** screen,

1. **Simple** is defaulted as the **Type of Unit**
2. Specify **Hrs** as the **Symbol**
3. Type **Hours** as the **Formal Name**
4. Specify **2** as the **Number of Decimal Places**

The completed **Unit Creation** screen is displayed as shown:

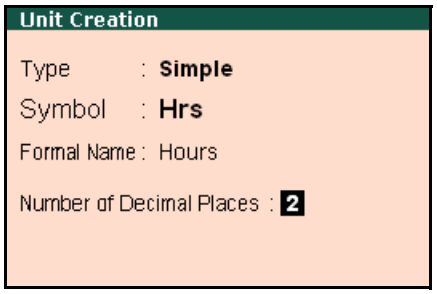


Figure 2.5 Simple Unit Creation screen

5. Press **Enter** to **Accept** the **Unit Creation** screen.

Similarly, create **Minutes** as another Simple Unit.

ii. Compound Payroll Units

Create **Hrs of 60 Mins** as a Compound Unit.

In the **Unit Creation** screen:

1. Press **Backspace** and select **Compound** as the **Type** of Unit

2. Specify **Hrs** as the **First Unit**
3. Enter **60** as the **Conversion**

4. Specify **Mins** as the **Second Unit**

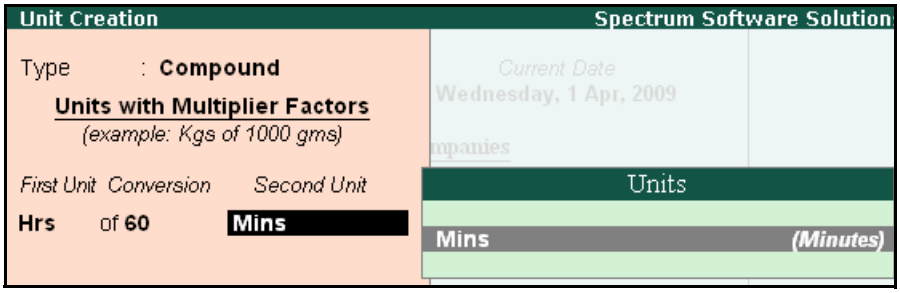


Figure 2.6 Compound Unit Creation screen

5. Press **Enter** to Accept the Unit Creation screen.

Types of Units:

- ***Simple Units*** *are individual units with no relationship with other units i.e., Hrs, Nos, Pieces and so on.*
- ***Compound Units*** *are a combination of two simple units, where the two units have an arithmetical relationship with each other. For example, an Hour of 60 Minutes.*

2.2.2 Attendance/ Production Types

Attendance/Production Type masters are used to record the nature of attendance/ production i.e., time and work rate. In Tally.ERP 9, you can create Attendance types based on time such as **Present** and **Absent** or based on work based production units such as **Piece productions**, **Sales performance** and so on.

Create the following Attendance Types for M/s. Spectrum Software Solutions.

Name	Under	Attendance/Production Type	Period Type
Present	Primary	Attendance/ Leave with Pay	Days
Absent	Primary	Leave without Pay	Days
Overtime	Primary	Production	Hrs of 60 Mins

i. Present Attendance Type

Go to **Gateway of Tally > Payroll Info. > Attendance / Production Types > Create**

In the **Attendance Type Creation** screen,

1. Type **Present** as the **Name** of the **Attendance type**

2. Specify the group as **Primary** in the field '**Under**'. By default primary is selected.
3. Select **Attendance/ Leave with Pay** as the **Attendance Type** and the **Period Type** appears as **Days**, by default.

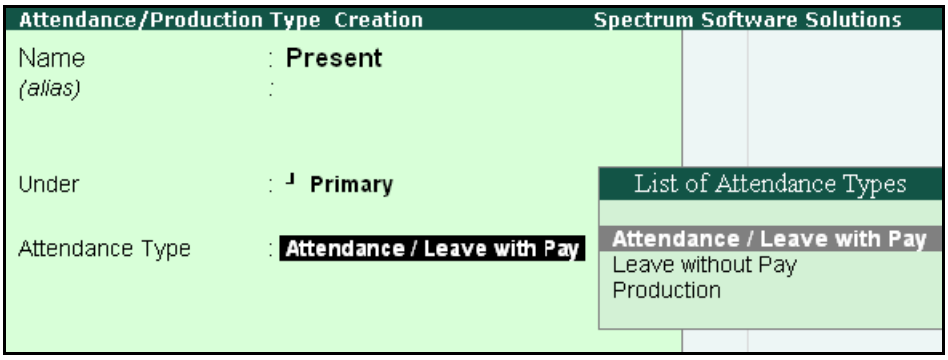


Figure 2.7 Attendance/ Production Type Creation screen

The completed **Attendance Type Creation** screen is displayed as shown:

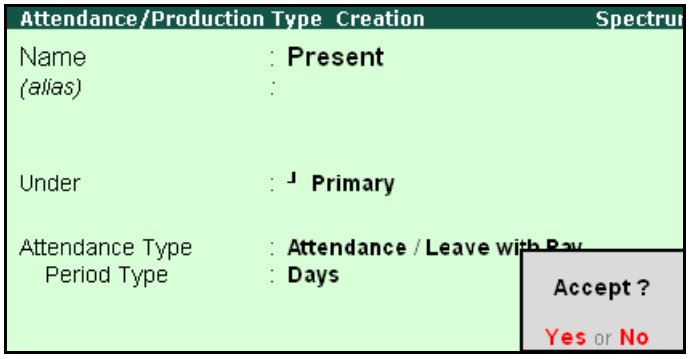


Figure 2.8 Attendance/Production Type Creation Screen

4. Press **Enter** to Accept the **Attendance Type** Creation screen.

Similarly, create another Attendance Type as **Absent**. Enter **Leave without Pay** in the field **Attendance Type**.

ii. Absent Attendance Type

The completed **Attendance Type Creation** screen is displayed as shown:

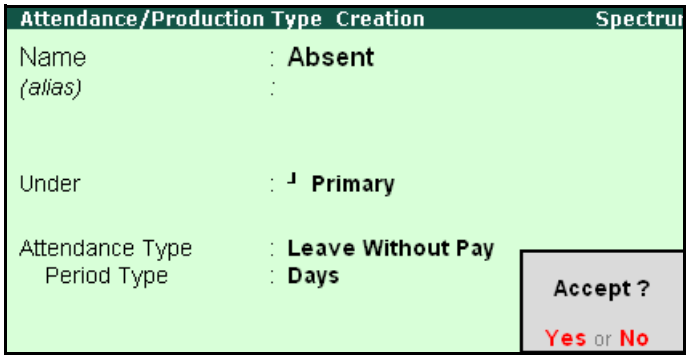


Figure 2.9 Attendance/ Production Type Creation screen

- Press **Enter** to **Accept** the **Attendance Type** Creation screen.

In the same way, create **Overtime** as the **Production Type** with **Production** as the **Attendance Type**.

iii. Overtime Production Type

The completed **Overtime - Production Type Creation** screen is displayed as shown below:

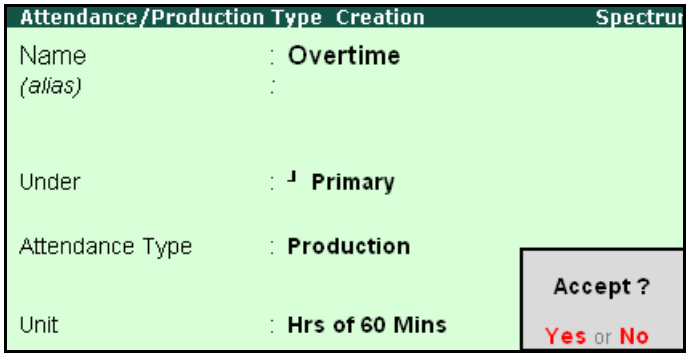


Figure 2.10 Overtime - Production Type Creation screen

- Press **Enter** to **Accept** the **Production Type** Creation screen.

Attendance/Production Types details:

- ***Present Attendance Type*** *may be used when the pay value is measured on the basis of positive attendance units, i.e. number of days present.*
- ***Absent Attendance Type*** *may be used when the pay value is measured on the basis of negative attendance units, i.e. number of days absent.*
- ***Production Attendance Type*** *may be used when the pay value is measured on the basis of units produced, for e.g., number of boxes produced.*

2.3 Pay Heads

Pay Heads may be broadly considered as Earnings and Deductions from an employee's point of view. However, these pay heads would still be Expense and Liability from the employer's view point.

Some examples of Earnings Pay Heads are Basic Salary, Dearness Allowance, City Compensatory Allowance, House Rent Allowance, Night Shift Allowance, Uniform Allowance, Sales Commission and so on. Some examples of Deductions pay heads are Employees' Provident Fund (EPF), Employees' State Insurance (ESI), Professional Tax, Income Tax, TDS, Advance (if any).

In Tally.ERP 9, each pay head is to be created as an individual ledger account and grouped under its respective group i.e., all Earnings pay heads under Indirect Expenses group or Direct Expenses group and all Deductions pay heads under Current Liabilities, Current Assets and Duties & Taxes group.

The preset Pay Head types in Tally.ERP 9 are:

1. Earnings for Employees
2. Deductions from Employees
3. Employees' Statutory Deductions
4. Employer's Statutory Contributions
5. Employer's Other Charges
6. Bonus
7. Gratuity
8. Loans and Advances
9. Reimbursements to Employees

The pay heads marked with the above pay head types will be available during payroll processing, and if the Pay Head Type is marked as **Not Applicable**, it will not be available. The Salary Payable, PF Payable, ESI Payable ledgers should be created by selecting Not Applicable as the Pay Head Type.

Create the following pay heads in the books of M/s. Spectrum Software Solutions.

2.3.1 Earning Pay Heads

Create the following Earnings Pay Heads:

Pay Head Name	Pay Head Type	Under	Affect Net Salary	Name to Appear in Payslip	Use for Gratuity	Calculation Type	Calculation Period/ Production Type
Basic Pay	Earnings for Employees	Indirect Expenses	Yes	Basic	Yes	On Attendance	Months
House Rent Allowance	Earnings for Employees	Indirect Expenses	Yes	HRA	No	As Computed Value	—
Conveyance	Earnings for Employees	Indirect Expenses	Yes	Conveyance	No	Flat Rate	Months
Overtime Pay	Earnings for Employees	Indirect Expenses	Yes	Overtime	No	On Production	Overtime
Variable Pay	Earnings for Employees	Indirect Expenses	Yes	Variable Pay	No	As User Defined Value	—

i. Basic Pay Head Creation

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

In the **Pay Heads** Creation screen,

1. Type **Basic Pay** as the **Name** of the Pay Head
2. Select **Earnings for Employees** in the field **Pay Head Type**.

The Pay Head Creation screen is displayed as shown:

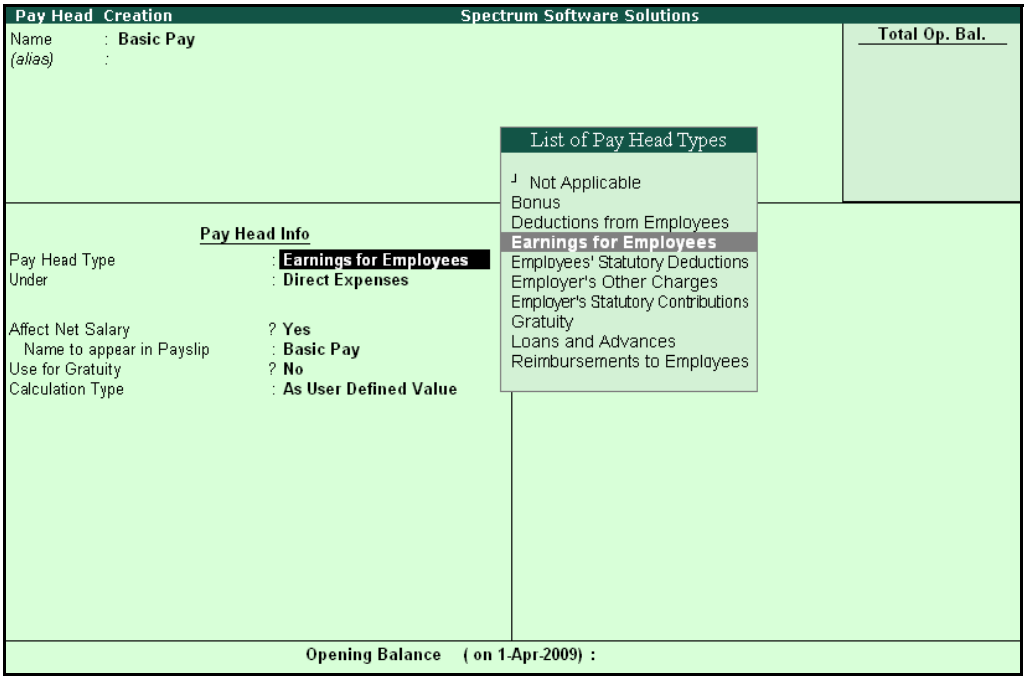


Figure 2.11 Basic Pay Head Creation – Pay Head Type Selection

3. Specify the group as **Indirect Expenses** in the field **Under** and press **Enter**
4. Set **Affect Net Salary** to **Yes**
5. Specify **Basic** in the field **Name to appear in Payslip**
6. Set **Use for Gratuity** to **Yes**
7. Select **On Attendance** in the field **Calculation Type** and press **Enter**

*Description of general parameters in **Pay Head** creation:*

***Affect Net Salary** – If this option is set to **Yes,** then the Pay Head will appear in the Salary Slip for calculation of Net salary.*

***Name to appear in the Payslip** – If **Affect Net Salary** is set to **Yes**, then the required name for the Pay Head that appears in the Payslip should be specified against this field.*

***Use for Gratuity** – This parameter should be set to **Yes**, for the Pay Head components that will be used for the Gratuity calculation (e.g. Basic and DA*

The **Pay Head Creation** screen with the **List of Calculation** is displayed as shown:

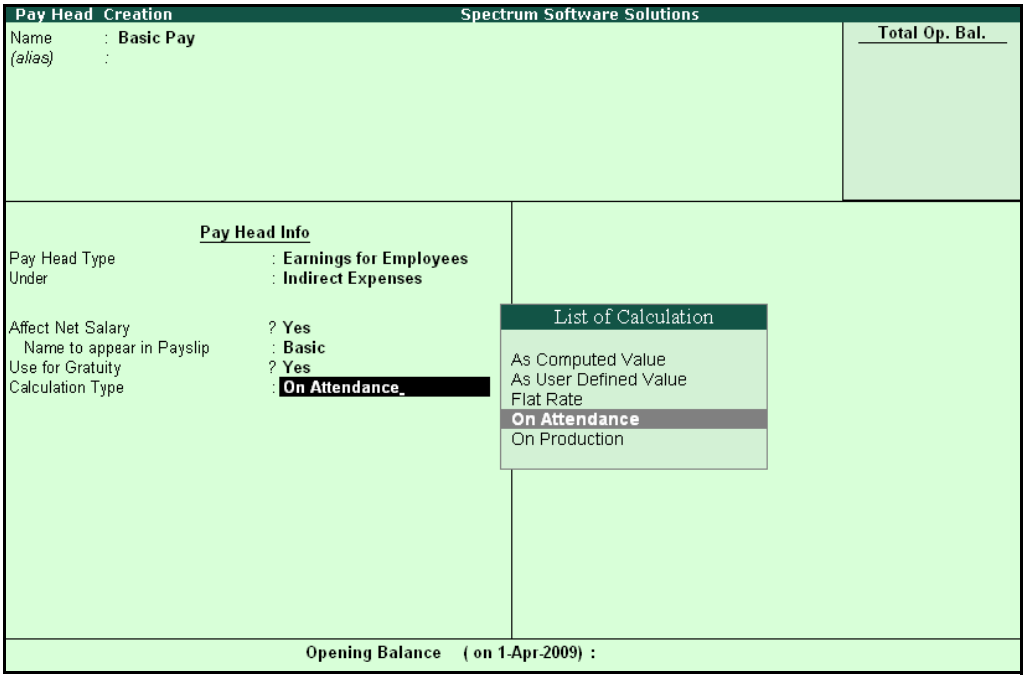


Figure 2.12 Basic Pay Head Creation - Calculation Type

Calculation Type *refers to the method of computation of pay components. In Tally.ERP 9, there are basically 5 calculation types.*

As Computed Value *– This method is used when the pay value is computed based on certain predefined factors i.e., slab rates, pay heads and so on.*

As User-Defined Value *– This method is used when the value of pay is not fixed and does not depend upon any pay components.*

Flat Rate *– This method is used when the value of the pay heads is fixed for the given month. This calculation type is not dependant upon attendance/production. For example, conveyance of Rs. 700 per month.*

On Attendance *— This calculation type depends upon Attendance records and is used along with rate per unit of attendance. For example, Overtime of Rs. 25 per hour.*

On Production *— This method is used when the pay value is measured based on work done i.e., pieces or numbers produced/manufactured.*

8. Select **Present** in the field **Attendance/ Leave with Pay**.

The **Pay Head Creation** screen with the **List of Attendance Types** is displayed as shown ~~below~~:

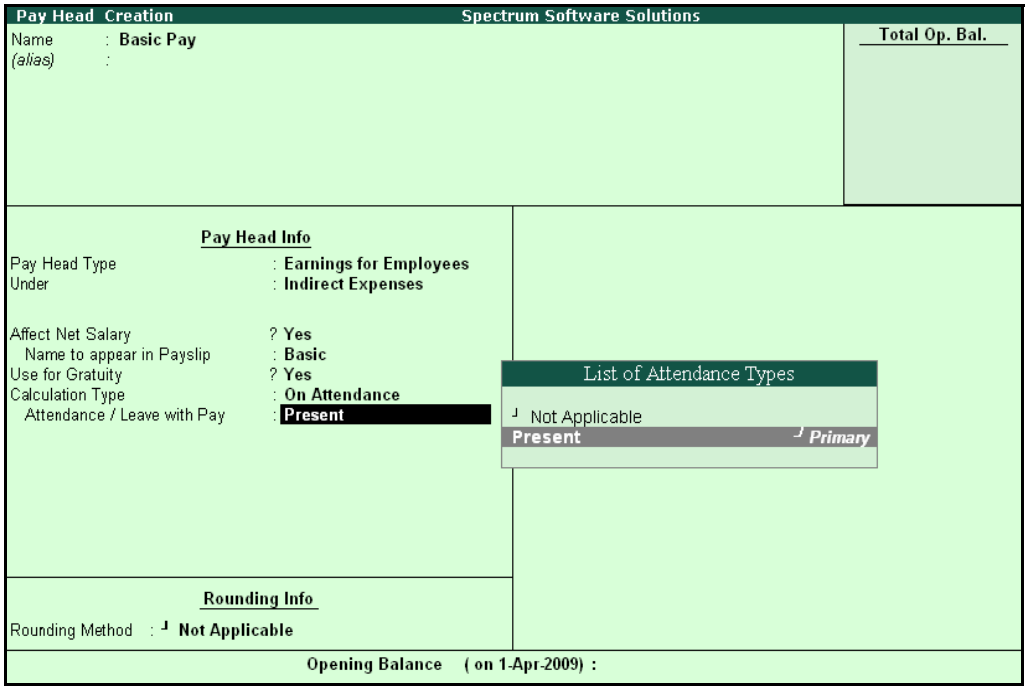


Figure 2.13 Pay Head Creation screen with List of Attendance Types

*If the user intends to record **Negative Attendance** viz., **Absent** (i.e if the pay value is measured on the basis of negative attendance units), select **Not Applicable** in the **Attendance/ Leave with Pay** field and press Enter & then select **Absent** in the **Leave without Pay field**. In the above example we are selecting **Positive Attendance** unit i.e **Present**.*

9. Select **Months** in **Calculation period** field and press **Enter**

The **Pay Head Creation** screen with the **List of Calculation Periods** is displayed as shown:

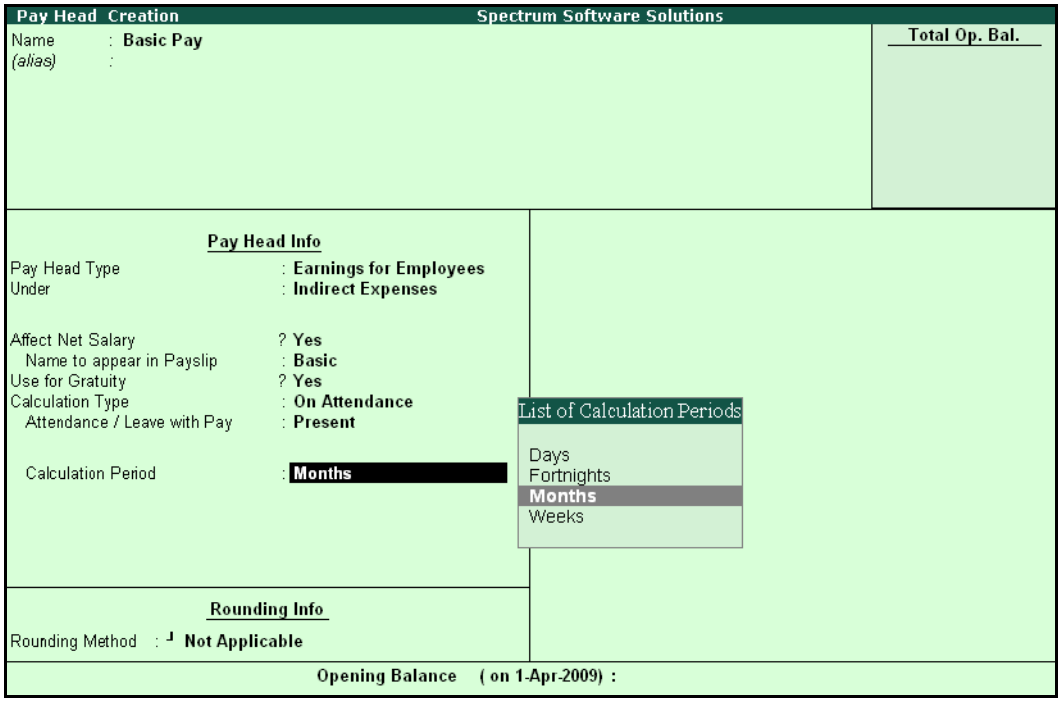


Figure 2.14 Pay Head Creation - Calculation Period selection

*Tally.ERP 9 contains four predefined Calculation periods – **Days**, **Fortnights**, **Months** and **Weeks**.*

10. Select **User defined** in the **Per Day Calculation Basis** field

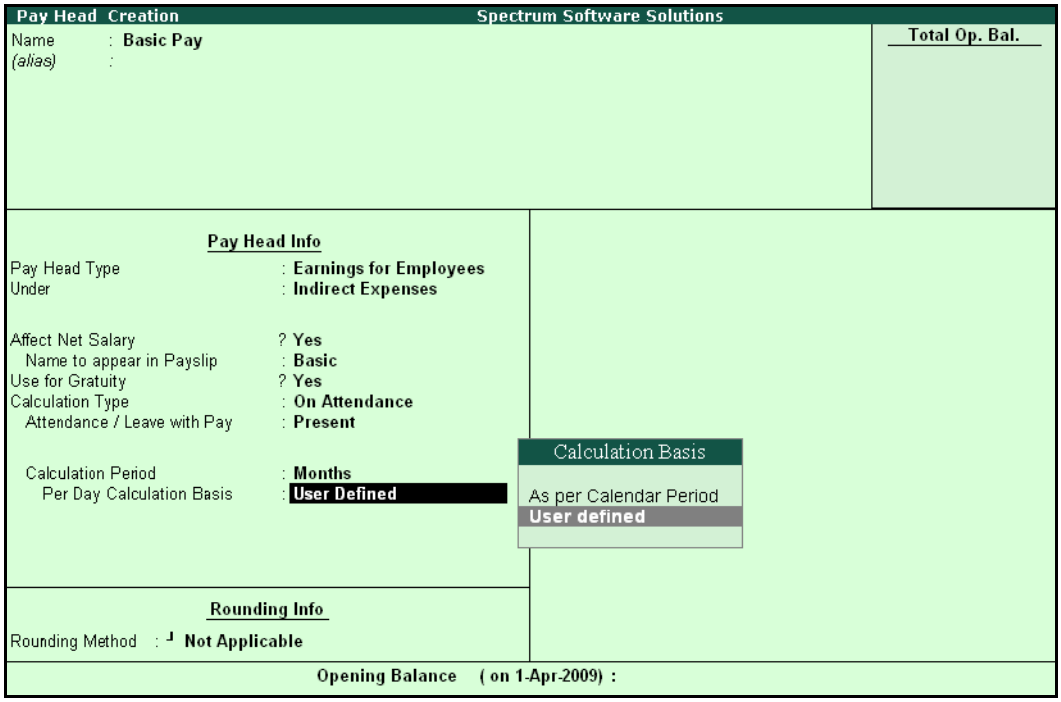


Figure 2.15 Pay Head Creation screen - Calculation Basis Selection

11.Press **Enter** to **Accept**

Calculation Basis refers to the periodicity of the given calculation period.

As per Calendar Period *refers to the perpetual calendar month, i.e. if the payroll process is carried out for the month of March, then the attendance records will be entered for 31 days.*

User Defined *Value refers to the consistent payroll period irrespective of calendar month, i.e. If an employee's salary is based on a standard month of 30 days irrespective of the calendar month, then you can select* ***User Defined*** *as the* ***Calculation Basis*** *and define the periodicity of the specified period or month.*

For example, an employee's monthly salary is Rs. 3,000 and the calculation basis is defined as a month of 30 days. If he takes 3 days leave in January (which consists of 31 days), then the salary per day is computed as (Rs. 3000/30 days, i.e. 100). The net salary after deducting the leave salary [i.e. Rs. 300 (3 days x Rs. 100)] amounts to Rs. 2,700.

12. Specify the **Months of 26 Days** and press **Enter**

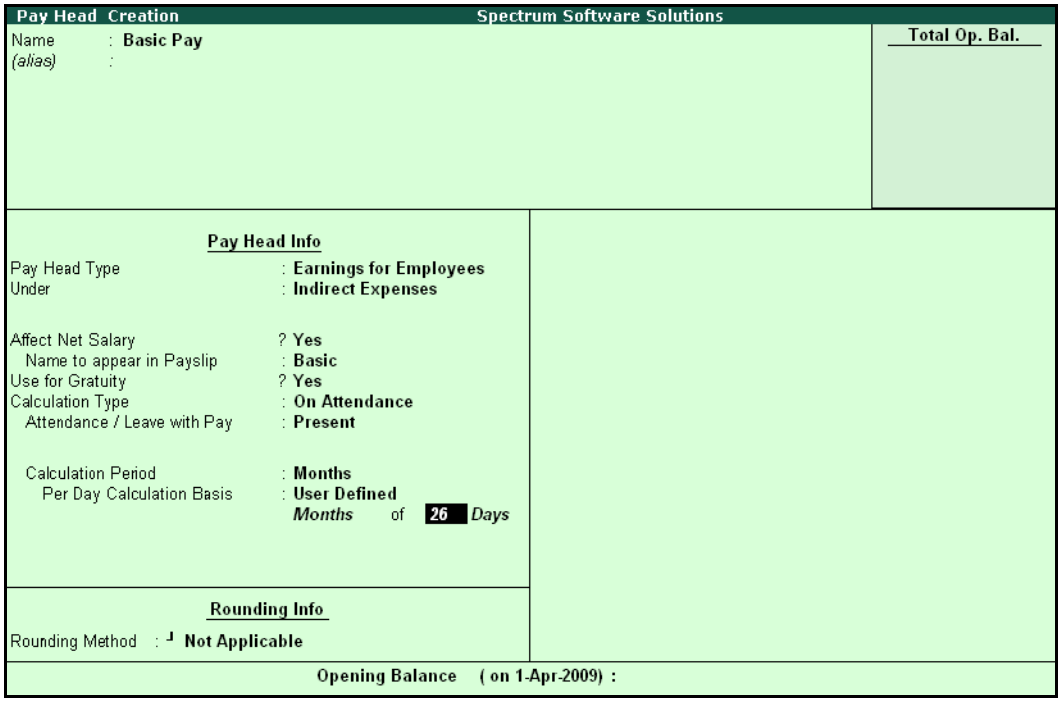


Figure 2.16 Pay Head Creation screen - Calculation period

13.Select **Normal Rounding** as the **Rounding Method** and press **Enter**.

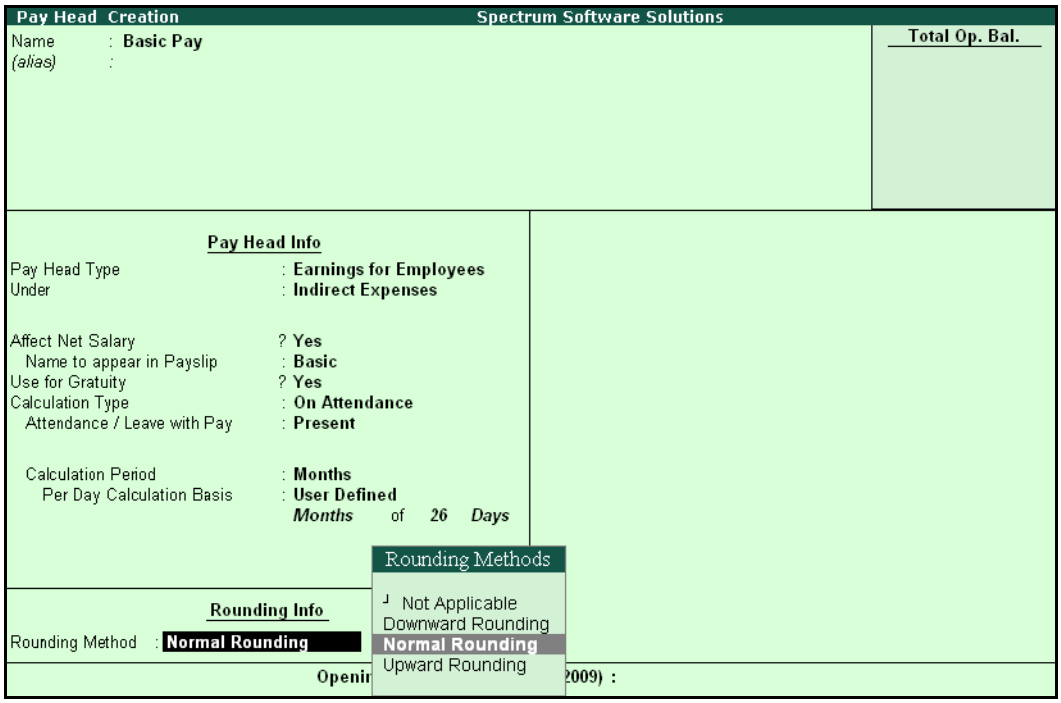


Figure 2.17 Pay Head Creation screen – Rounding Method selection

14. Specify **1** as the rounding **Limit** (The Rounding limit allows the value to be in multiples of the limit specified and is based on the Rounding Method selected)

*There are 4 methods of **Rounding Off** in Tally.ERP 9 which are as follows:*

- ***Not Applicable** – The decimal points will be taken into consideration, and the amount will not be rounded off.*
- ***Downward Rounding** – The decimal points will not be taken in to consideration and the amount will be rounded off to the lower value.*
- ***Normal Rounding** – The amount will be rounded off to the nearest currency value.*
- ***Upward Rounding** – The amount will be rounded off to the higher value.*

The completed **Basic Pay Head Creation** screen is displayed as shown:

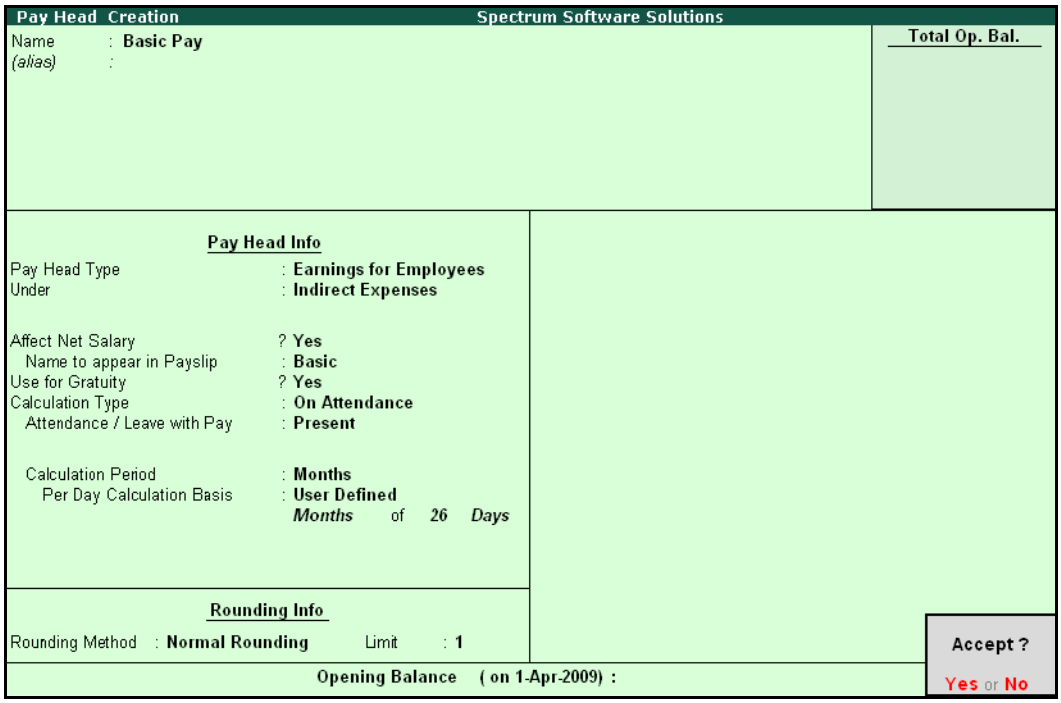


Figure 2.18 Completed Basic Pay Head Creation screen

15. Press **Enter** to **Accept** the screen.

ii. House Rent Allowance Pay Head Creation

In the **Pay Head Creation** screen,

1. Type **House Rent Allowance** as the **Name** of the Pay Head
2. Select **Earnings for Employees** in the field **Pay Head Type**
3. Specify the group as **Indirect Expenses** in the field **Under** and then press **Enter**
4. Set **Affect Net Salary** to **Yes**
5. Specify **HRA** as the **Name to appear in Payslip**
6. Set **Use for Gratuity** to **No**
7. Select **As Computed Value** in the **Calculation Type** field and press **Enter**

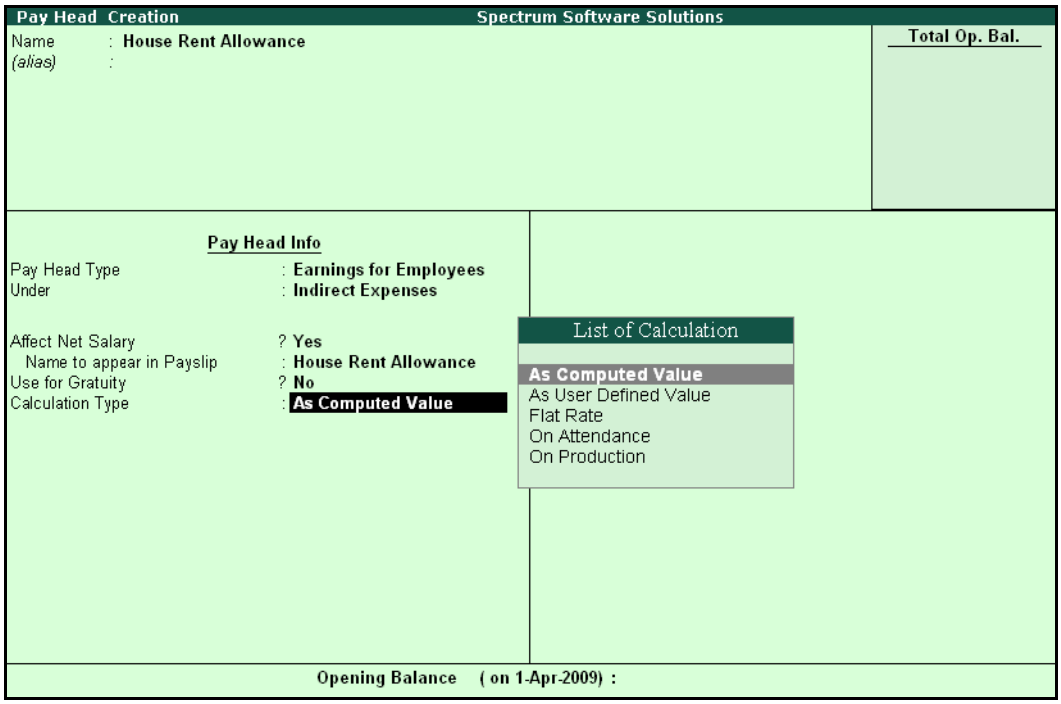


Figure 2.19 HRA Pay Head Creation screen - Calculation Type selection

8. Select **Normal Rounding** as the **Rounding Method** and **1** as the rounding **Limit** and press **Enter**

9. In the **Computation Info** screen, select **On Specified Formula** in the **Compute** field

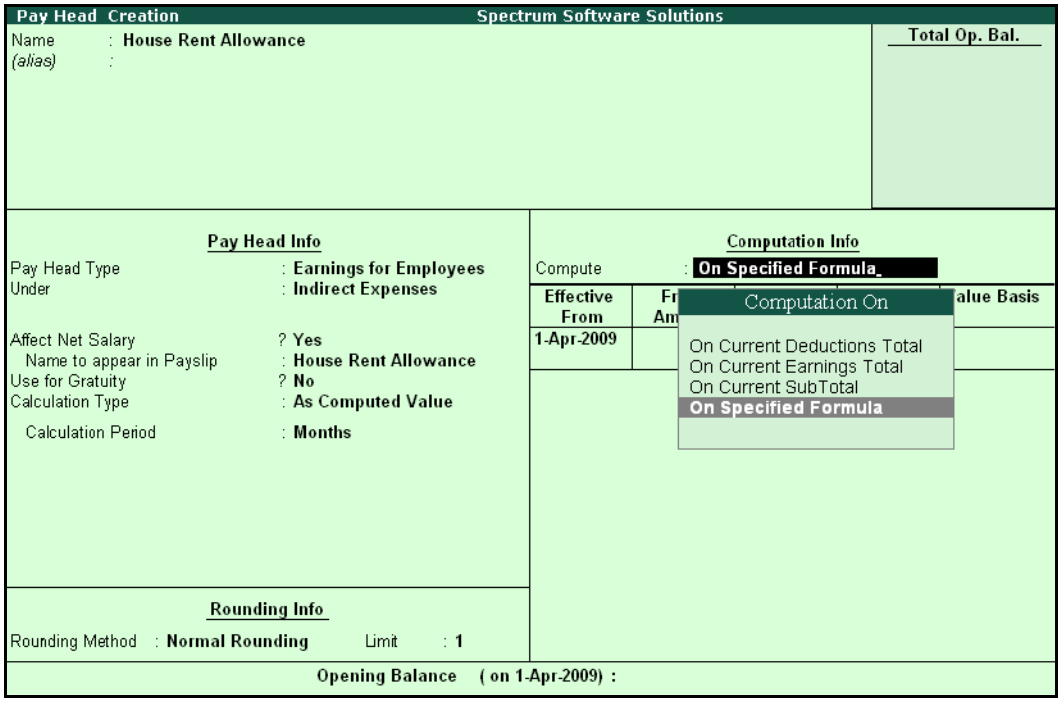


Figure 2.20 Pay Head Creation screen with Compute method

***Computation on** details:*

***On Current Deductions Total** – This calculation type is used when the value of a pay head depends upon the total of the deductions pay heads previously defined.*

***On Current Earnings Total** – This calculation type is used when the value of a pay head depends upon the total earnings pay heads previously defined.*

***On Current Sub Total –** This calculation type is used when the value of a pay head depends upon the net totals of earnings and deductions previously defined.*

***On Specified Formula –** This calculation type is used when the pay head value is computed on the value of one or more pay heads already defined in the pay structure. (Tally.ERP 9 allows the addition and subtraction of pay heads already defined in the pay structure and multiplication and divisions using attendance types. For example, HRA is computed as 40% of the basic salary.)*

10. Press **Enter** and the **Compute** subscreen is displayed
11. In the Sub-screen **Compute**:
    - Select **Basic Pay** as the **Add Pay Head** function and press **Enter**

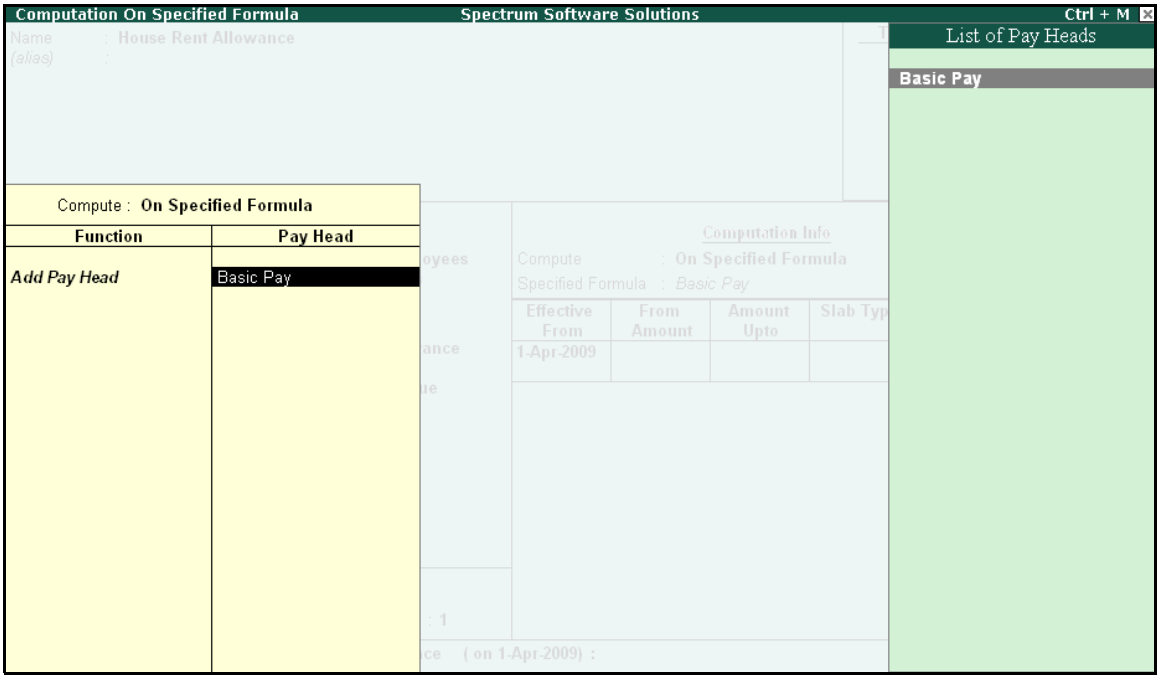


Figure 2.21 Compute sub-screen

The pay head drop-down box contains pay heads already created. If any pay head(s) is a component for the given Pay Head, you may create the required Pay Head by pressing **Alt+C** from the above Pay Head field and make the necessary alterations in the required pay head.

- Select **End of List**

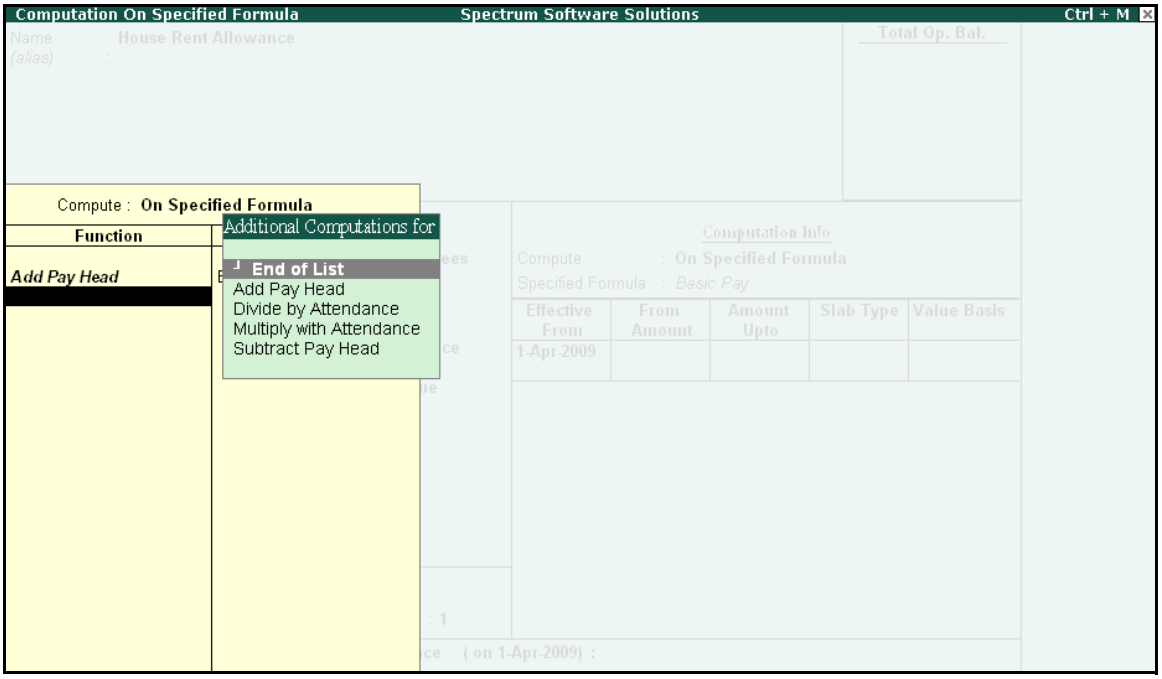


Figure 2.22 Compute: On Specified Formula sub-screen

- Press **Enter** to **Accept** the screen

12. Specify **1-4-2008** as the **Effective From** date (In case of a revision in pay structure, you can define the revised computation information for the given pay head, by giving the effective from date)
13. The **From Amount** column is automatically skipped, assuming it to be zero. Press **Enter** to skip the **Amount Upto** column

14. Select **Percentage** as the **Slab Type** from the **List of Slabs**

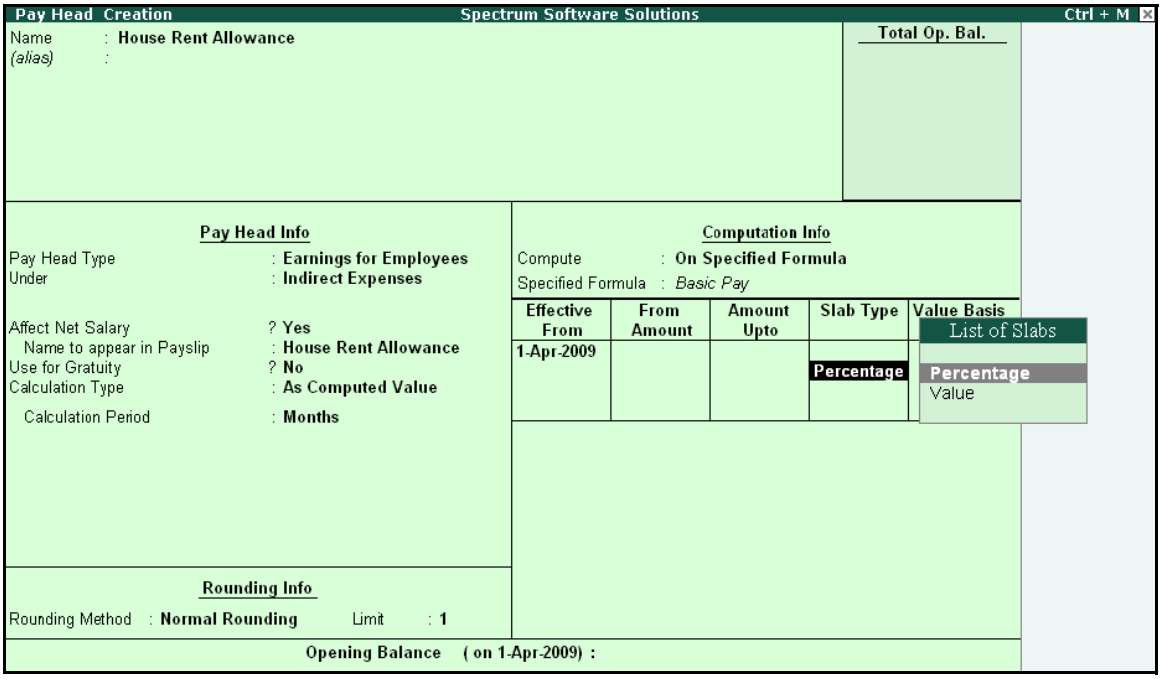


Figure 2.23 Pay Head Creation screen - Slab Type selection

Slab Type Details:

Percentage *– This Slab rate is used when the amount is stated as a proportion of a whole.*

Value *– This Slab rate is used when the amount is stated as absolute value.*

15. Specify **40**% in the **Value Basis** field and press **Enter**

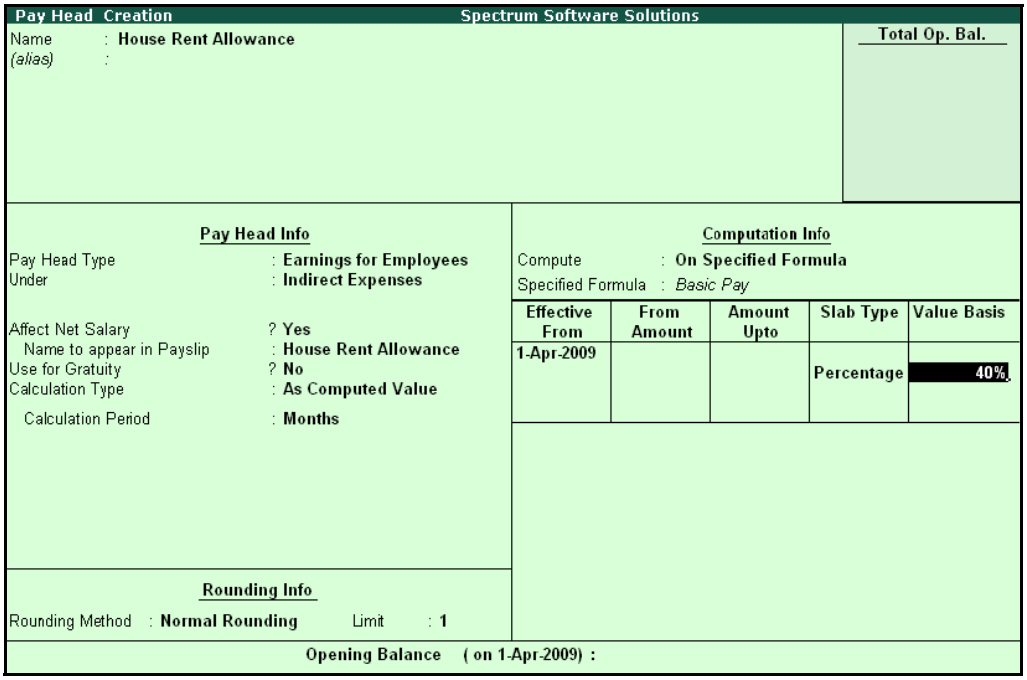


Figure 2.24 Pay Head Creation - Value Basis screen

The completed **House Rent Allowance (HRA) Pay Head Creation** screen is displayed as shown.

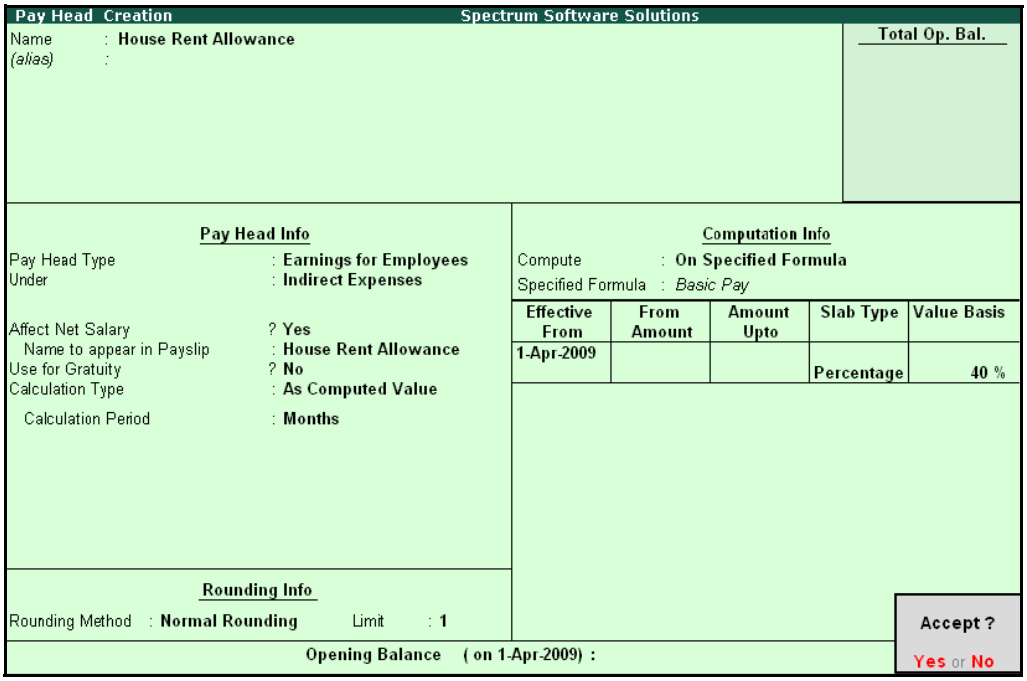


Figure 2.25 Completed HRA Pay Head Creation screen

16.Press **Enter** to **Accept** the screen

iii. Conveyance Pay Head Creation

Create the **Conveyance** Pay Head with **Calculation Type** as **Flat Rate**.

The completed **Conveyance Pay Head Creation** screen is displayed as shown:

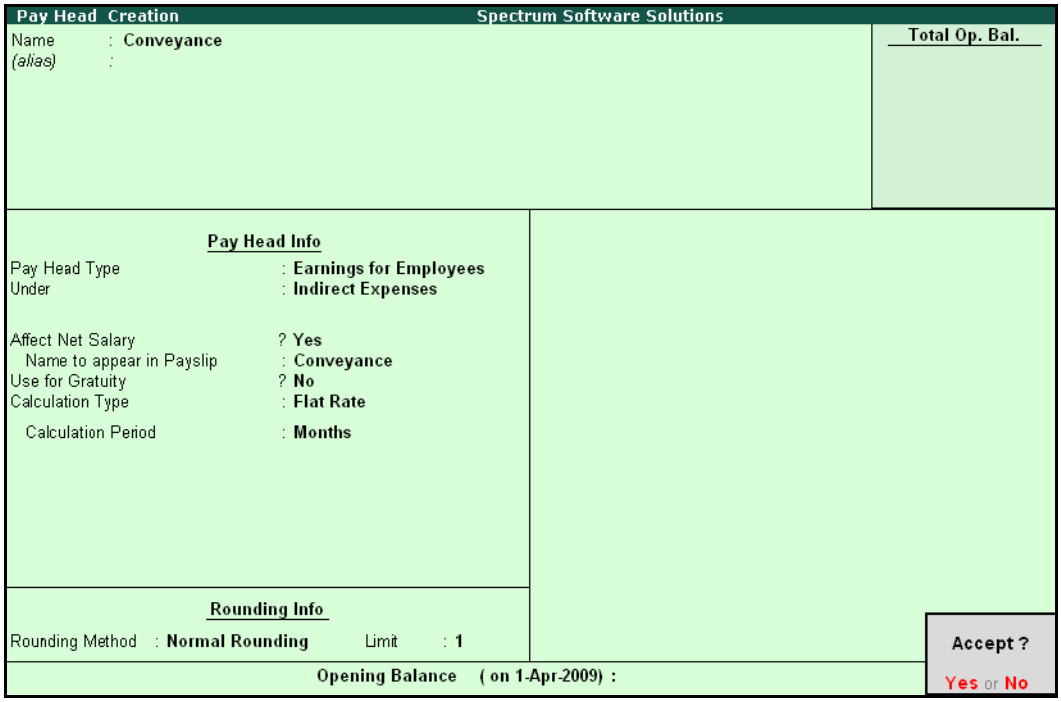


Figure 2.26 Conveyance Pay Head Creation

- Press **Enter** to **Accept** the screen

iv. Overtime Pay Head Creation

Create the **Overtime** Pay Head with **Calculation Type** as **Production**.

The completed **Overtime Pay Head Creation** screen is displayed as shown:

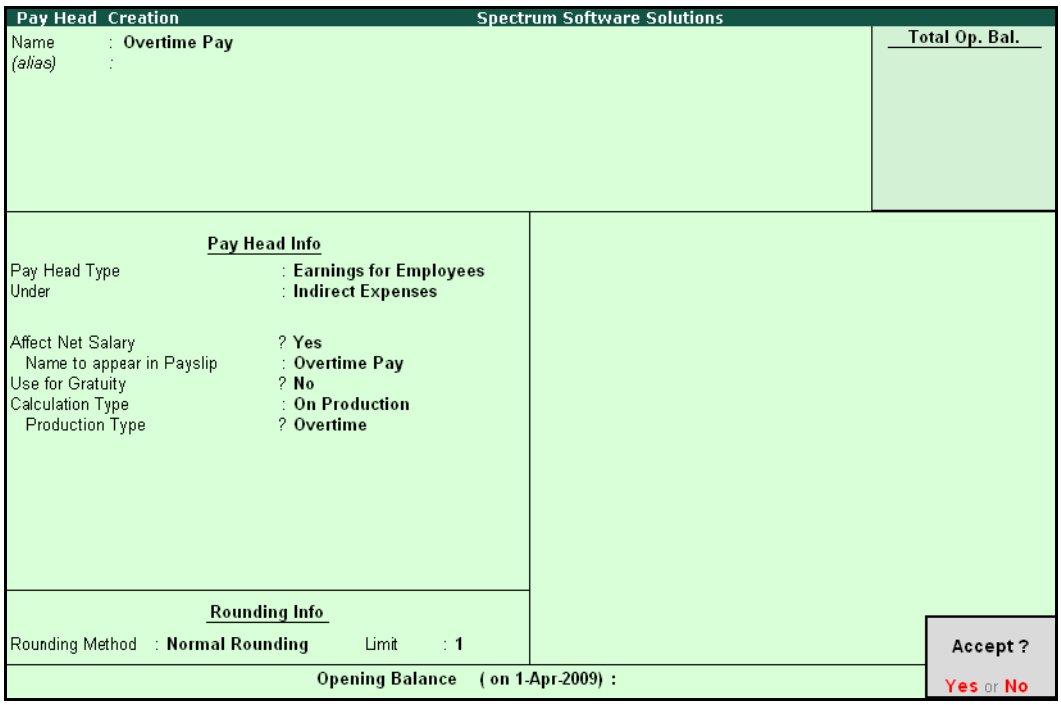


Figure 2.27 Overtime Pay Head Creation screen

- Press **Enter** to **Accept** the screen

v. Variable Pay Head Creation

Similarly, create the **Variable Pay Head** with **Calculation Type** as **User Defined Value.**

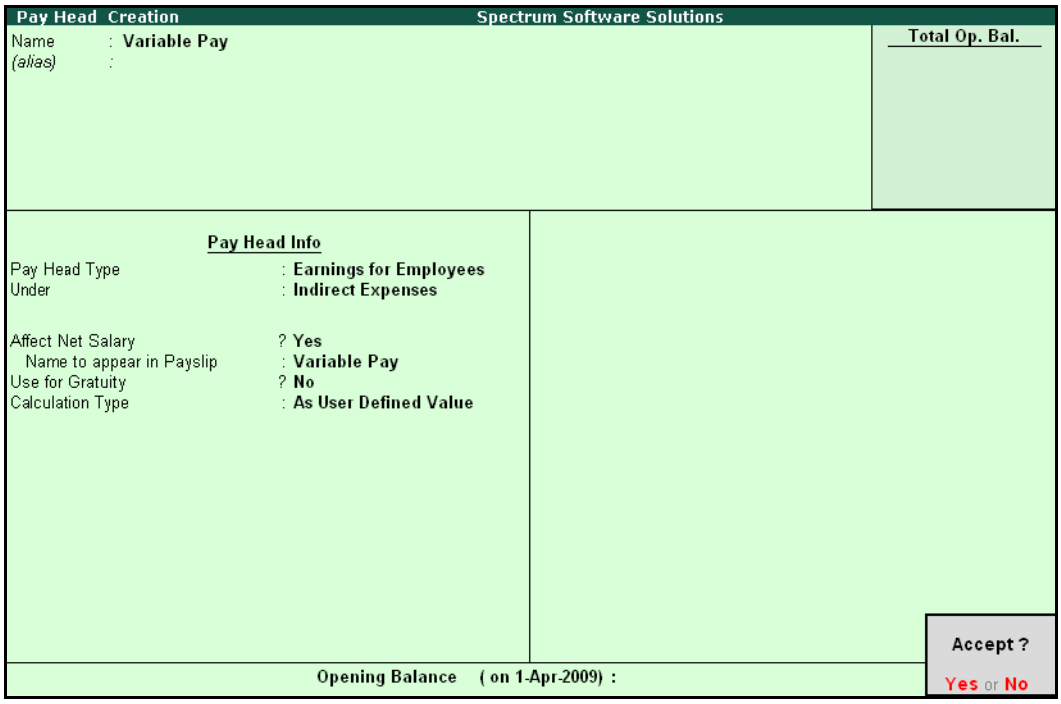


Figure 2.28 Variable Pay Head Creation

2.3.2 Deduction Pay Heads

Create the following Deduction Pay Heads.

Pay Head Name	Pay Head Type	Statutory Pay Type	Under	Affect Net Salary	Name to Appear in Payslip	Calculation Type	Computation Method
Employees' PF Contribution @ 12%	Employees' Statutory Deductions	PF Account (A/c No.1)	Current Liabilities	Yes	EPF @ 12%	As Computed Value	On Specified Formula
Employees' ESI Contribution @ 1.75%	Employees' Statutory Deductions	Employee State Insurance	Current Liabilities	Yes	ESI @ 1.75%	On Specified Formula	Basic Pay + House Rent Allowance + Conveyance + Overtime Pay (or Current Earnings - Variable Pay)
Professional Tax	Employees' Statutory Deductions	Professional Tax	Current Liabilities	Yes	Profession Tax	As Computed Value	On Current Earnings Total

i. Employee's PF Contribution @ 12% Pay Head Creation

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

In the **Pay Head Creation** screen,

1. Type **Employee's PF Contribution @ 12%** as the **Name** of the Pay Head
2. Select **Employees' Statutory Deductions** in the field **Pay Head Type** and press **Enter**

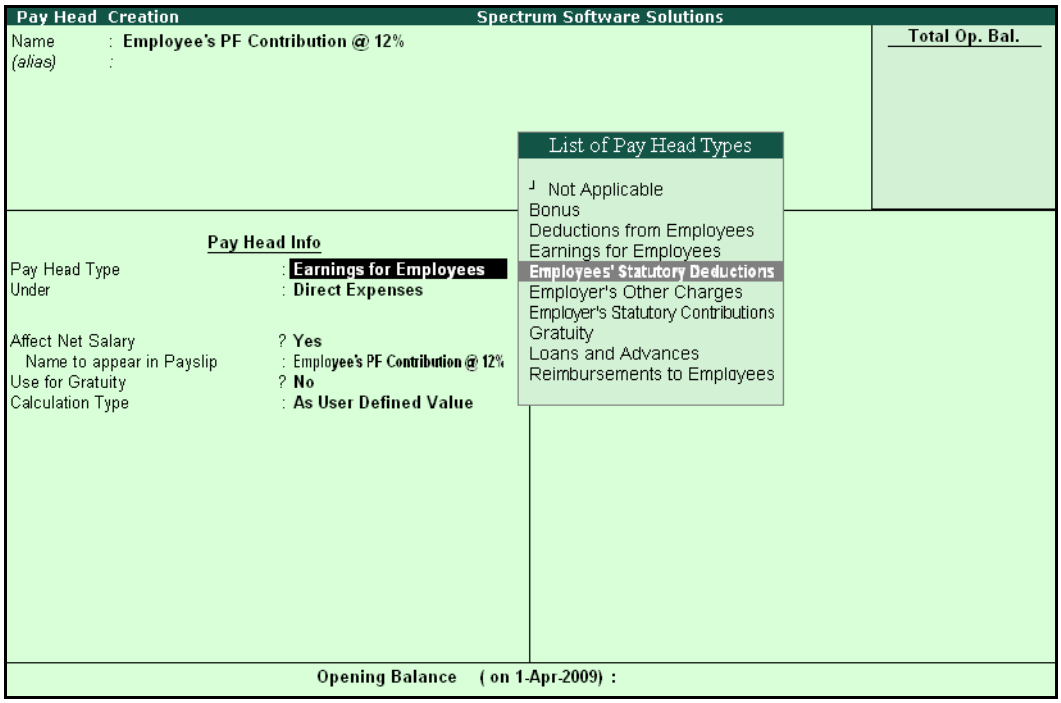


Figure 2.29 Employees' PF Contribution @ 12% Pay Head Creation

3. Select **PF Account (A/c No. 1)** in the **Statutory Pay Type** field as shown:

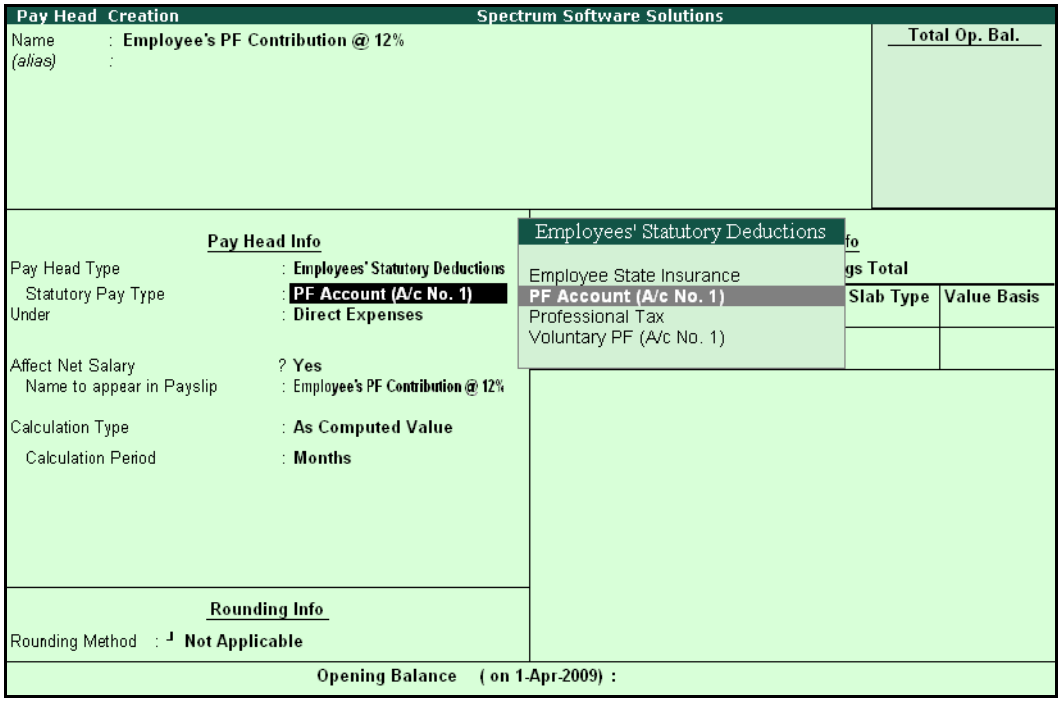


Figure 2.30 Employees' PF Contribution @ 12% Statutory Pay Type selection

4. Specify the group as **Current Liabilities** in the field '**Under'** and press **Enter** (In Tally.ERP 9, only relevant groups appear during selection, to reduce erroneous data inputs)
5. Set **Affect Net Salary** to **Yes**
6. Specify **EPF @ 12%** in the field **Name to appear in Payslip**
7. **As Computed Value** appears in the field **Calculation Type** by default
8. Select **Normal Rounding** as the **Rounding Method**. Specify **1** as the rounding **Limit** and press **Enter**
9. Select **On Specified Formula** as the **Compute** method and press **Enter**

10. In the **Compute** sub-screen, select **Basic Pay** as the **Add Pay Head** function and press **Enter**

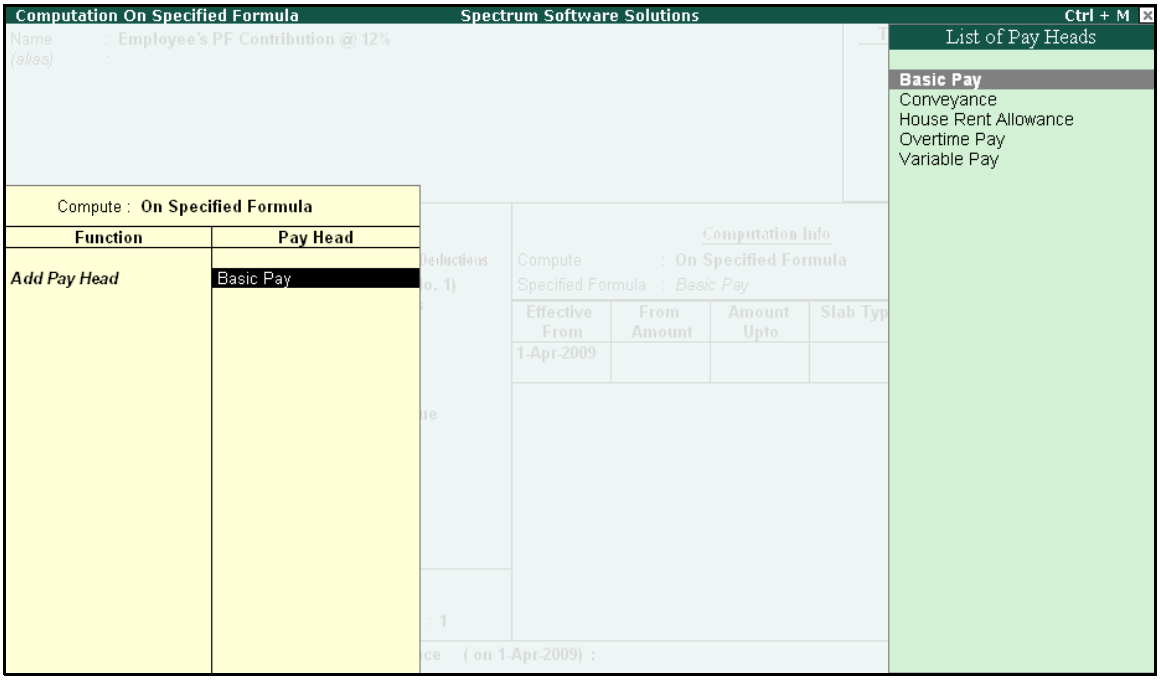


Figure 2.31 Deduction Pay Head Creation screen – Compute On selection

11. Press **Enter** to **Accept** the screen
12. Specify **1-4-2008** as the **Effective From** date
13. The column **From Amount** is automatically skipped, with the assumption that the amount is zero

14. Specify **6500** in the **Amount Upto** column and press **Enter**

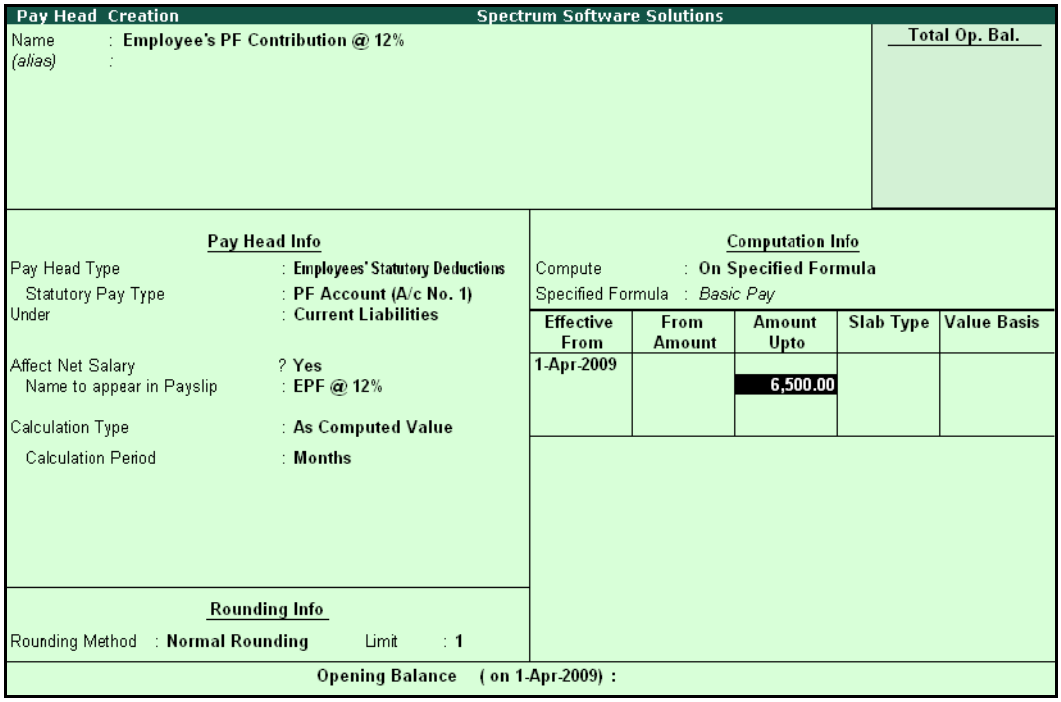


Figure 2.32 Deduction Pay Head Creation – Computation Info.

15. Select **Percentage** as the **Slab Type** from the **List of Slabs**
16. Specify **12**% as the **Value Basis Percentage** and press **Enter** (the **From Amount** is defaulted as **6500**)
17. Press **Enter** to accept the upper level as **0** and select **Value** as the **Slab Type** from the **List of Slabs**

18.Specify Rs. **780** in the **Value Basis** field and then press **Enter**

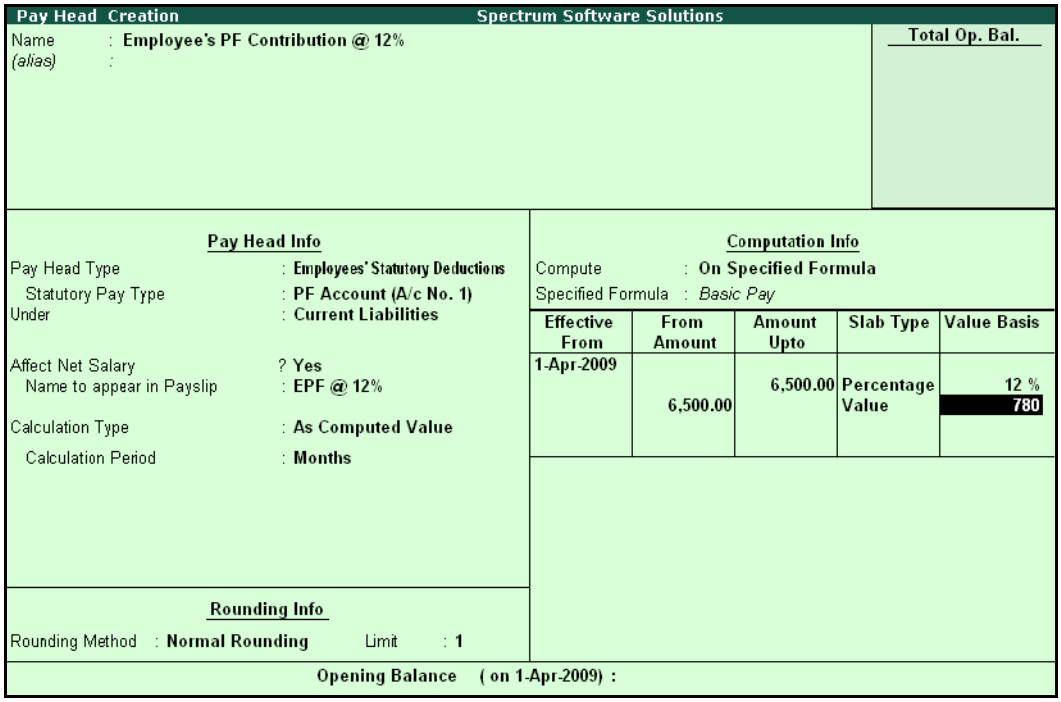


Figure 2.33 Deduction Pay Head Creation screen with Value Basis

19.Press **Enter** twice

The completed **Employee's PF Contribution @ 12%** Pay Head Creation screen is displayed as shown:

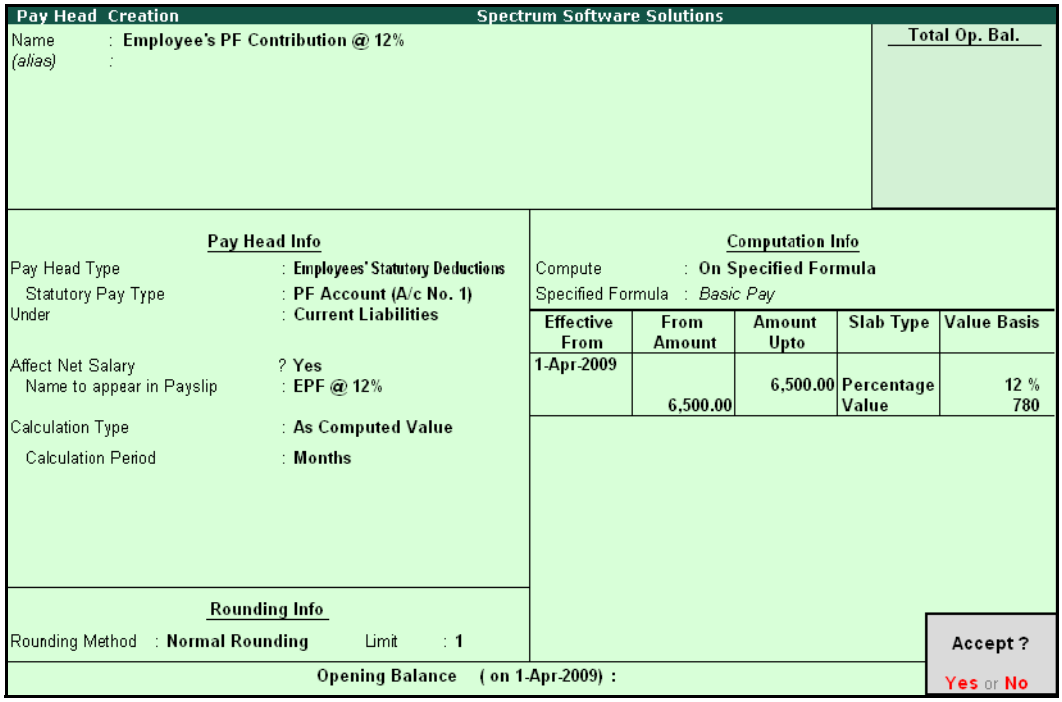


Figure 2.34 Completed Employee's PF @ 12% Pay Head Creation screen

20.Press **Enter** to **Accept** the screen

ii. Employee's ESI Contribution @ 1.75% Pay Head Creation

Create **Employee's State Insurance (ESI) Pay Head** as discussed.

In the **Pay Head Creation** screen,

1. Type **Employee's ESI Contribution @ 1.75%** as the **Name** of the Pay Head
2. Select **Employees' Statutory Deductions** in the field **Pay Head Type**
3. Select **ESI** in the field **Statutory Pay Type**
4. Specify the group as **Current Liabilities** in the field **Under** and press **Enter**
5. Set **Affect Net Salary** to **Yes**
6. Specify **ESI @ 1.75%** in the field **Name to appear in Payslip**
7. **As Computed Value** appears by default in the field **Calculation Type**
8. Select the option **Normal Rounding** as the **Rounding Method**. Specify **1** as the rounding **Limit** and press **Enter**

9. Select **On Specified Formula** in the field **Compute** and press **Enter**

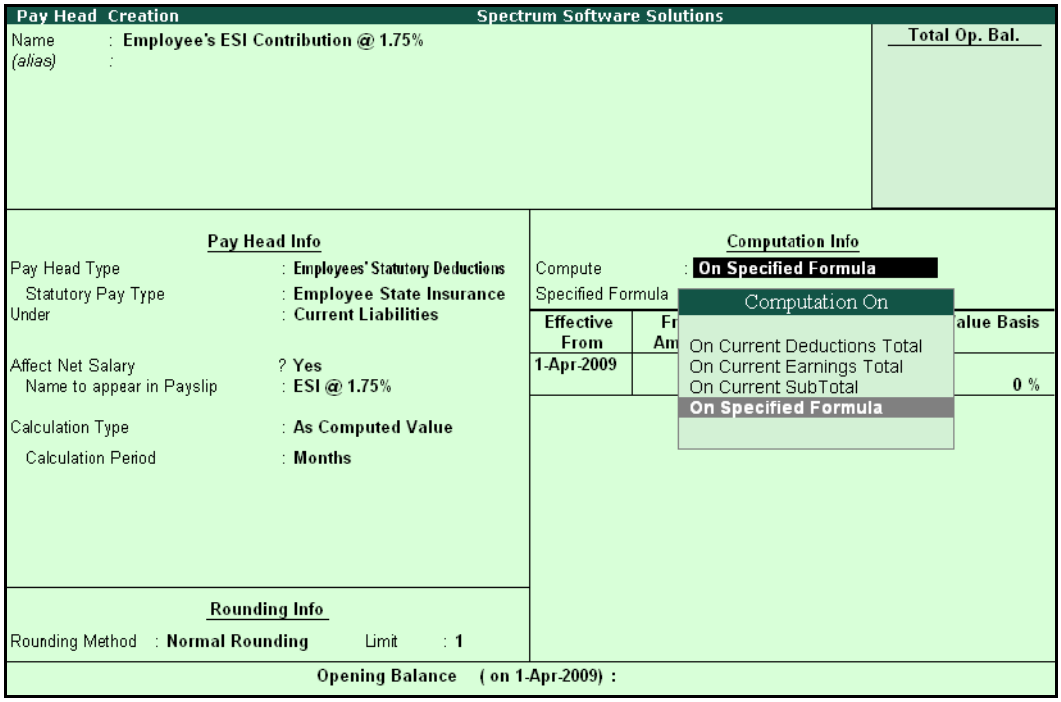


Figure 2.35 Employee's ESI Pay Head creation screen - Compute On Selection

In the **Compute On** Sub-screen, subscreen,

- Select **Basic Pay** as the **Add Pay Head** function and press **Enter**
- Select **House Rent Allowance** as the second Pay Head in the **Add Pay Head** Function

- Similarly, select **Conveyance** and **Overtime Pay** as the **Add Pay Head** function

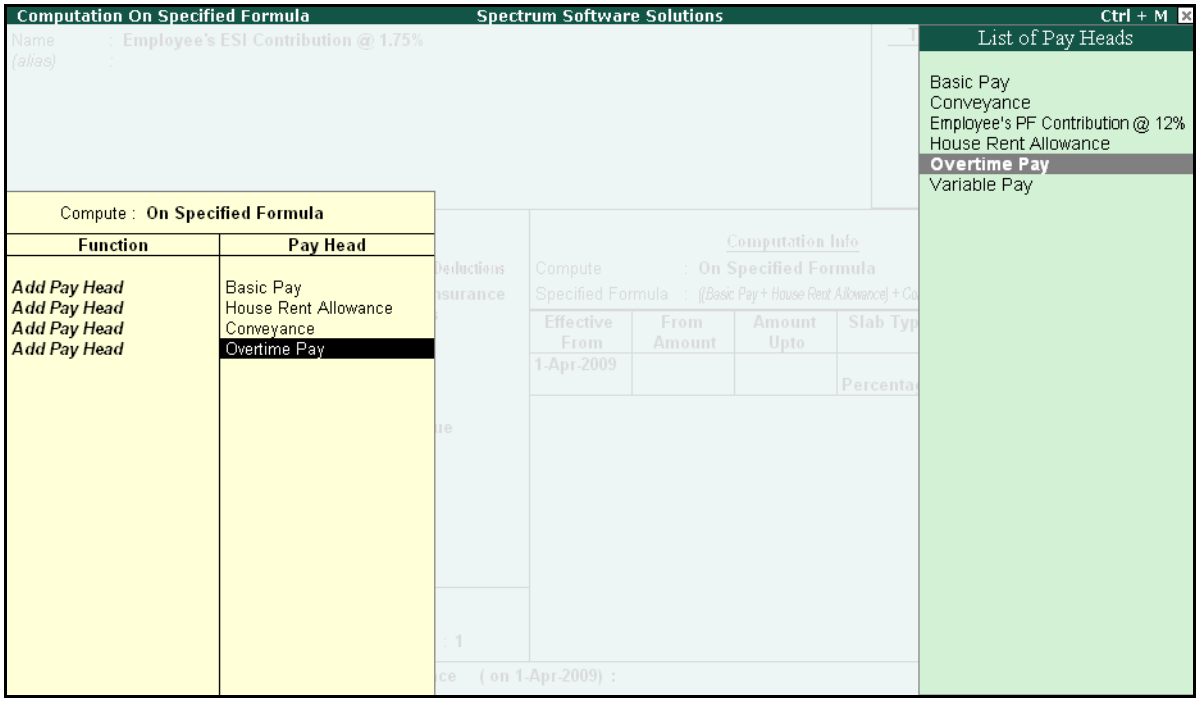


Figure 2.36 Employee's ESI Pay Head creation screen - Add Pay Head selection

- Select **End of List** and press **Enter**

Any income of a regular nature will be subject to ESI calculation viz., Basic Pay, Dearness Allowance, House Rent Allowance, Conveyance, Overtime etc.,)

10. Specify **1-4-2008** as the **Effective From** date
11. The **From Amount** and **Amount Upto** fields are skipped as the amount is already entered in the **Statutory & Taxation** screen
12. Select **Percentage** as the **Slab Type** from the **List of Slabs**
13. Specify **1.75%** as the **Value Basis Percentage** and press **Enter**

The Pay Head Creation screen is displayed as shown:

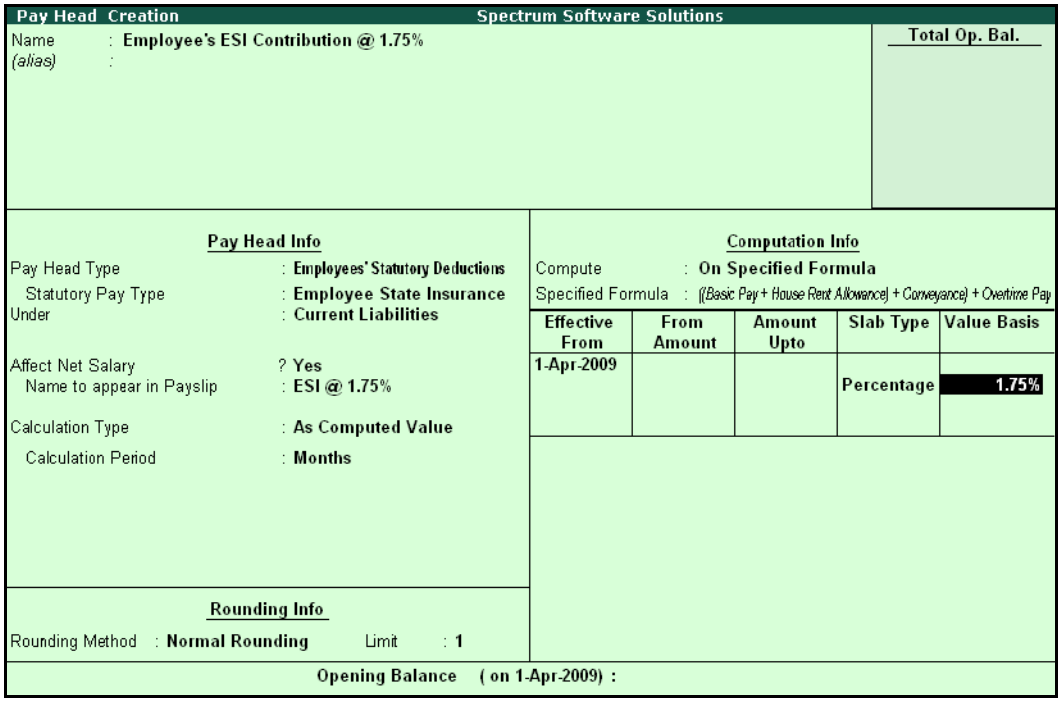


Figure 2.37 Employee's ESI Pay Head creation screen – Slab Rate

The completed **ESI – Employee's Contribution Pay Head Creation** screen is displayed as shown:

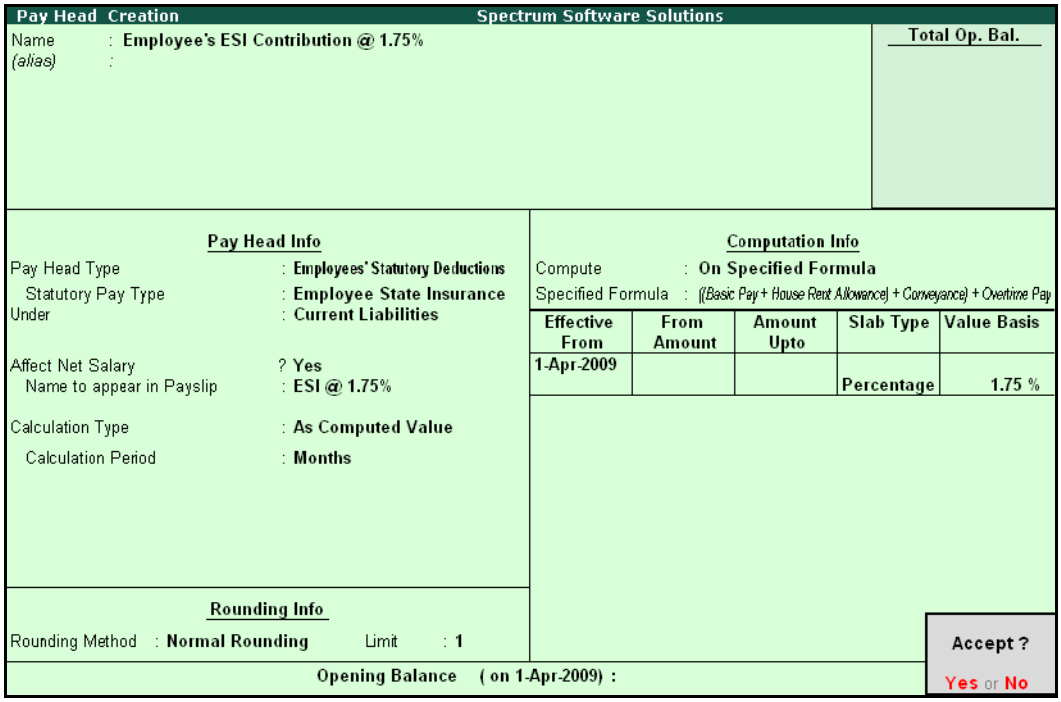


Figure 2.38 Completed ESI – Employee's Contribution Pay Head Creation screen

14.Press **Enter** to **Accept** the screen.

iii. Professional Tax Pay Head Creation

Create **Professional Tax Pay Head** ledger with the required Slab rates.

The completed **Professional Tax Pay Head Creation** screen is displayed as shown:

Pay Head Creation — Spectrum Software Solutions

Name : Professional Tax
(alias) :

Total Op. Bal.

Pay Head Info

Pay Head Type : Employees' Statutory Deductions
Statutory Pay Type : Professional Tax
Registration Number : KA/PT/12445308
Under : Current Liabilities

Affect Net Salary ? Yes
Name to appear in Payslip : Professional Tax

Calculation Type : As Computed Value
Calculation Period : Months

Computation Info

Compute : On Current Earnings Total

Effective From	From Amount	Amount Upto	Slab Type	Value Basis
1-Apr-2009		5,000.00	Value	0
	5,000.00	8,000.00	Value	60
	8,000.00	10,000.00	Value	100
	10,000.00	15,000.00	Value	150
	15,000.00		Value	200

Rounding Info

Rounding Method : Normal Rounding Limit : 1

Opening Balance (on 1-Apr-2009) :

Accept ?
Yes or No

Figure 2.39 Profession Tax Pay Head Creation

- Press **Enter** to **Accept**

2.3.3 Gratuity Pay Head

Apart from the above Pay Heads, create Gratuity Expenses (Provisional) Account in order to get provisional Gratuity liability report for the employer at any given period.

Gratuity refers to the monetary benefit given by the employer to the employee at the end of the employment for the services rendered over a period of employment either by law or otherwise. It is calculated provisionally at the end of each financial period to assess the possible liability of the company towards its employees. A Gratuity Provisional Account is created to capture the details required for the calculation of gratuity. Gratuity is calculated based on select salary components.

The formula used for Gratuity calculation is as follows:

$$\frac{\text{Latest eligible salary}^{*} \text{ for Gratuity}}{\text{Number of days in a month to be considered}} \times \text{Number of days pay eligible for the total months covered in the respective slab period} \times \text{Served period \# (in proportionate years) in the respective slabs}$$

** **Eligible salary** refers to the sum of pay heads covered in the employee's latest pay structure, for the relevant period. The pay heads must be set to **Yes** for **Use for gratuity** and the Gratuity ledger should be part of the pay structure.*

*# **Served period** is computed from the date of joining to the end date of calculation period. Served period may be proportionate such as 11 years 10 months and 5 days.*

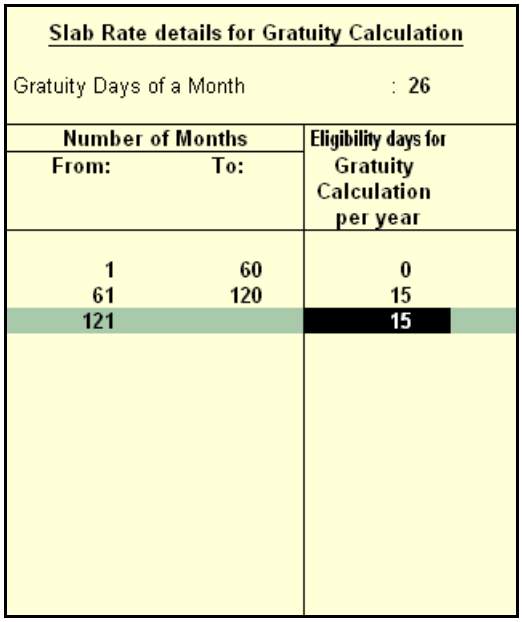
When Served period covers more than one slab, the total of the calculations of all the slabs will constitute the gratuity provisional amount of the employee.

Ledger	Pay Head Type	Under
Gratuity Expenses (Provisional)	Gratuity	Provisions (Current Liabilities)

In the Pay Head Creation screen,

1. Type **Gratuity Expenses (Provisional)** as the **Name** of the Pay Head
2. Select **Gratuity** in the field **Pay Head Type**. The **Slab Rate details for Gratuity Calculation** screen are displayed.
3. In the **Gratuity Calculation** subscreen, specify the following details:
   - Specify **Gratuity Days of a Month** as **26**
   - Enter **1** and **60** (months) in the **From** and **To** fields under the **Number of Months** column
   - Specify **0** in the field **Eligibility days for Gratuity Calculation per year**
   - Similarly, select **61** and **120** in the **From** and **To** fields
   - Specify **15** in the **Eligibility days for Gratuity Calculation per year** field
   - Press **Enter** to accept **121** in the field **From**
   - Specify **15** in the field **Eligibility days for Gratuity Calculation per year**

The **Slab Rate Details for Gratuity calculation** screen is displayed as shown:



Slab Rate details for Gratuity Calculation

Gratuity Days of a Month : 26

Number of Months From:	Number of Months To:	Eligibility days for Gratuity Calculation per year
1	60	0
61	120	15
121		15

Figure 2.40 Slab Rate Details for Gratuity Calculation screen

4. Press **Enter** to **Accept** the screen

Gratuity *parameter details:*

Gratuity days of a Month *– The number of days per calendar month varies from 28 to 31. In this case, you can apply a consistent period of 26 days (excluding 4 Sundays) for all employees irrespective of their month of leaving. It can also be fixed by law.*

Number of months From and To *– This represents the months until which the eligible days are applicable in the Slab system, beginning from the date of joining.*

Eligibility days for Gratuity Calculation per year *– This refers to the Number of days' pay given as gratuity for the entire slab. If the slab period has not ended, then the slab is applied based on the number of months covered in the previous slab. If the number of days eligible is zero (0), then the eligible days mentioned in the next slab are considered.*

5. Specify the group as **Provisions (Current Liabilities)** in the field **Under** and press **Enter**

The completed **Gratuity Expenses (Provisional) Pay Head Creation** screen is displayed as shown:

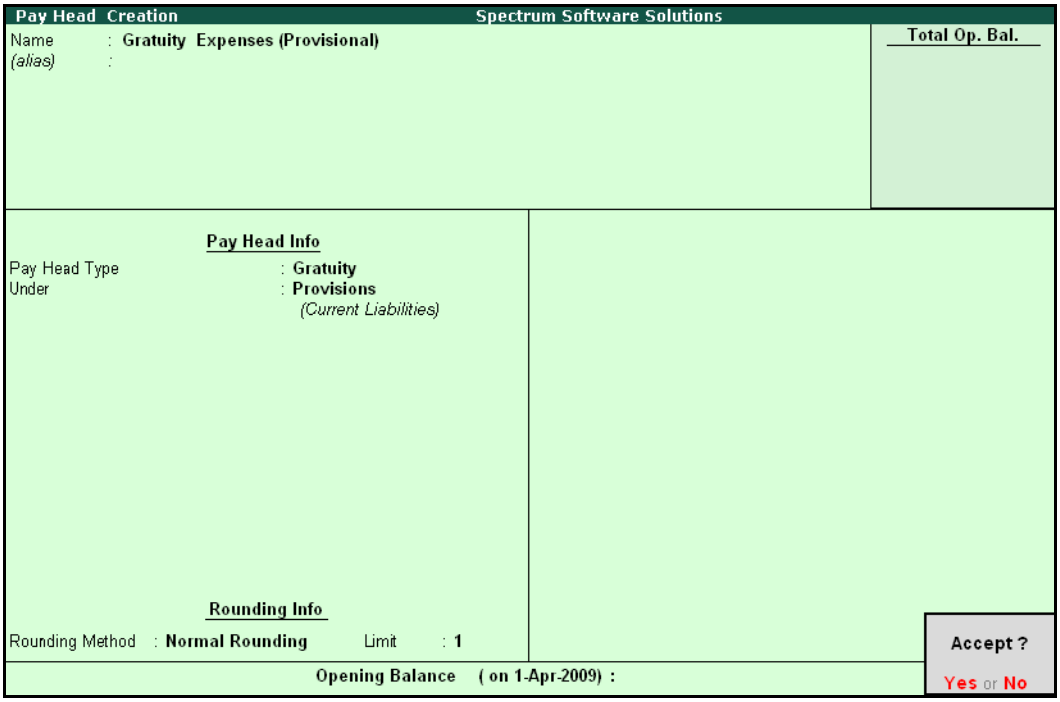


Figure 2.41 Gratuity Expenses Ledger Creation screen

6. Press **Enter** to **Accept** the screen.

2.4 Salary Details Setup

The Salary Details masters contain information on the Employee Group/ individual employee pay structure, comprising of both earnings and deductions pay components for the applicable period.

Businesses having a common pay structure for a particular department or division or set of employees can define salary details for an employee group and classify individual employees under the specified group to inherit the parent pay values. The Employee Group master prefills the parent group values to the individual employee masters created under them. It reduces the possibility of erroneous data entry and expedites data entry. This categorisation also helps in generation of Group-wise reporting.

Pay structure constituting the Pay Heads and basis of calculation should be similar for the employees falling under the same group, but pay values need not be the same.

Tally.ERP 9 also allows you to set up individual employee salary details with all parameters applicable for Employee groups. The individual employee masters with separate pay structures are usually created on a case-to-case basis.

To define **Salary Details** for employees,

Go to **Gateway of Tally > Payroll Info. > Salary Details > Create**

Figure 2.42 List of Employee Groups/ Employees screen

1. Select **Vijay Kumar** from the **List of Employees** and press **Enter**
   In the **Salary Details** screen,
   - The **Effective date** is entered as **01-04-2008** by default based on the **Date of Joining** entered in the Employee Master
   - Select **Basic Pay** as the **Pay Head** from the **List of Pay Heads**
   - Specify **10,000** as **Rate**
   - The **Attendance units**, **Pay Head Type** and **Calculation Type** appear by default, based on the pay head definitions.

The **Salary Details Creation** screen is displayed as shown:

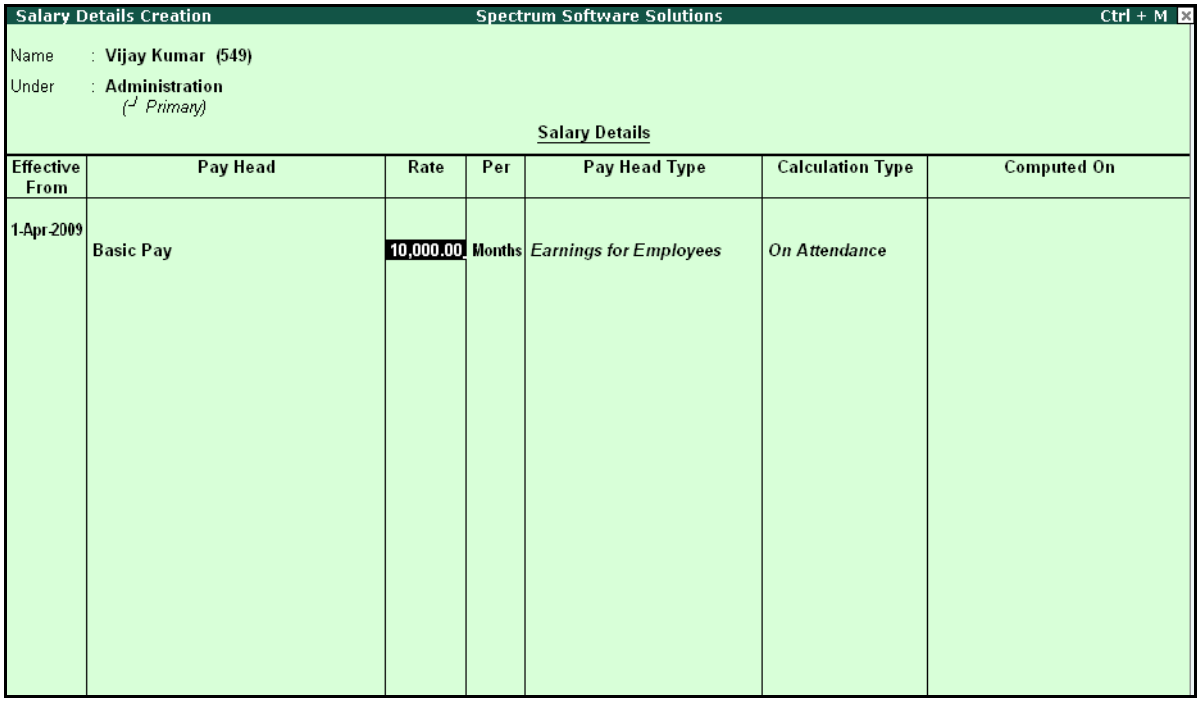


Figure 2.43 Salary Details Creation screen

2. Select **House Rent Allowance** as the second **Pay Head** and press **Enter**
3. Select **Conveyance** as the next **Pay Head**
4. Specify **800** as **Rate** and press **Enter**
5. Select **Overtime Pay** as the **Pay Head**
6. Specify **55** as the **Rate** and press **Enter**
7. Select **Variable Pay** as the **Pay Head** and press **Enter**
8. Select **Professional Tax** against the **Pay Head** and press **Enter**
9. Select **Employee's PF Contribution @ 12%**, **Employee's ESI Contribution @ 1.75%** as **Pay Head** and press **Enter**
10. Select the **Gratuity Expenses (Provisional)** ledger and press **Enter** (In case of Employees eligible for Gratuity, the Gratuity Expenses ledger should be included in the Salary details of the respective Employee for provisional assessment of Gratuity)

The completed **Salary Details Creation** screen for **Mr. Vijay Kumar** is displayed as shown:

Salary Details Creation — Spectrum Software Solutions — Ctrl + M

Name : **Vijay Kumar (549)**

Under : **Administration**
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009						
	Basic Pay	10,000.00	Months	*Earnings for Employees*	*On Attendance*	
	House Rent Allowance			*Earnings for Employees*	*As Computed Value*	*Basic Pay*
	Conveyance	800.00	Months	*Earnings for Employees*	*Flat Rate*	
	Overtime Pay	55.00	Hrs	*Earnings for Employees*	*On Production*	
	Variable Pay			*Earnings for Employees*	*As User Defined Value*	
	Professional Tax			*Employees' Statutory Deductions*	*As Computed Value*	*On Current Earnings Total*
	Employee's PF Contribution @ 12%			*Employees' Statutory Deductions*	*As Computed Value*	*Basic Pay*
	Employee's ESI Contribution @ 1.75%			*Employees' Statutory Deductions*	*As Computed Value*	*((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay*
	Gratuity Expenses (Provisional)			*Gratuity*		

Accept ?
Yes or No

Figure 2.44 Completed Salary Details screen

*Tally.ERP 9 allows you to modify the pre-defined Slab rates by pressing **F12: Configure** and setting the option **Allow to Override Slab Percentage** to **Yes**.*

*In case a revision in pay structure is required for any subsequent period, define the latest pay structure by specifying the relevant **Effective from** date.*

Similarly, create the pay structure for the other employees as per the details given in the following table:

Pay Head	Rahul	Mahesh	Ajay
Basic Pay	20,000	45,000	10,000
House Rent Allowance	40%	40%	20%
Conveyance	—	1,000	2,000
Overtime Pay	—	—	100
Variable Pay	User — defined		
Gratuity Expenses (Provisional)	Only for reporting purpose		
Employee's PF Contribution @ 12%	Applicable as Slab Rates		
Employee's ESI Contribution @ 1.75%	Applicable as Slab Rates		
Professional Tax	Applicable as Slab Rates		

Salary Details for Ajay can be created similar to the Salary Details creation for Vijay Kumar.

Since Ajay and Mahesh are in Sales Group, we can create the Salary Details for the Group and inherit the same for the Employees (Ajay and Mahesh) in that Group.

Salary Details creation for the Sales Group

Go to **Gateway of Tally > Payroll Info. > Salary Details > Create**

1. From the **List of Group / Employees** select **Sales**
2. Select the **Pay Heads** from the **List of Pay Heads** which are applicable to this group.
3. Leave the **Rate** field empty if there is no standard rate.

The completed Salary structure for the **Sales** Group is as shown:

Salary Details Creation — Spectrum Software Solutions — Ctrl + M

Name : **Sales**

Under : **Primary**

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009						
	Basic Pay			*Earnings for Employees*	*On Attendance*	
	House Rent Allowance			*Earnings for Employees*	*As Computed Value*	*Basic Pay*
	Conveyance			*Earnings for Employees*	*Flat Rate*	
	Overtime Pay			*Earnings for Employees*	*On Production*	
	Variable Pay			*Earnings for Employees*	*As User Defined Value*	
	Professional Tax			*Employees' Statutory Deductions*	*As Computed Value*	*On Current Earnings Total*
	Employee's PF Contribution @ 12%			*Employees' Statutory Deductions*	*As Computed Value*	*Basic Pay*
	Employee's ESI Contribution @ 1.75%			*Employees' Statutory Deductions*	*As Computed Value*	*((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay*
	Gratuity Expenses (Provisional)			*Gratuity*		

Accept ?

Yes or No

Figure 2.45 Completed Salary Details for Sales Group

The Pay structure created above can be inherited for all the employees belonging to Sales Group. This feature helps in eliminating the repetitions while creating the Salary Details.

To define the **Salary Details** for **Mr. Ajay** belonging to **Sales Group**, follow the steps given below:

Go to **Gateway of Tally > Payroll Info. > Salary Details > Create**

1. From the **List of Group / Employees** select **Ajay** and press **Enter**
2. Select **Copy From parent Value** from the **Start Type** options under **Pay Head**

The **Salary Details Creation** screen is displayed as shown:

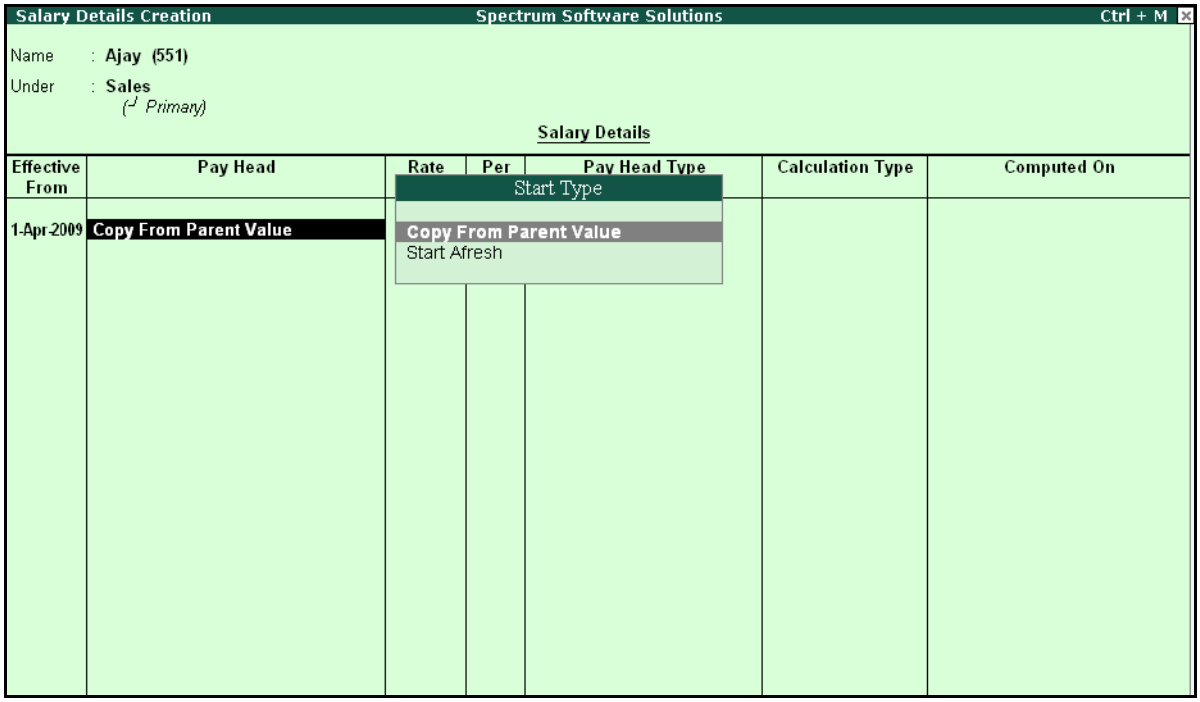


Figure 2.46 Salary details Creation – Copy From Parent Value

Start Type Details:

Copy From Parent Value *will copy the pay structure from the* ***Group*** *to which the Employee belongs. This will help you to save time in creating the Salary Details for large number of Employees.*

Start Afresh *will allow the user to start selecting the Pay Head from the List of pay Heads already created.*

3. The Pay Structure (comprising of Earning & Deductions pay heads) defined for the Group is prefilled automatically.
4. Enter the values for each Pay Head for **Ajay** as per the details mentioned earlier.
5. Press **F12: Configure**
   - Set the option **Allow to Override Slab Percentage** to **Yes**, since the HRA calculation percentage is 20%.

The **Salary Details Configuration** screen is displayed as shown:

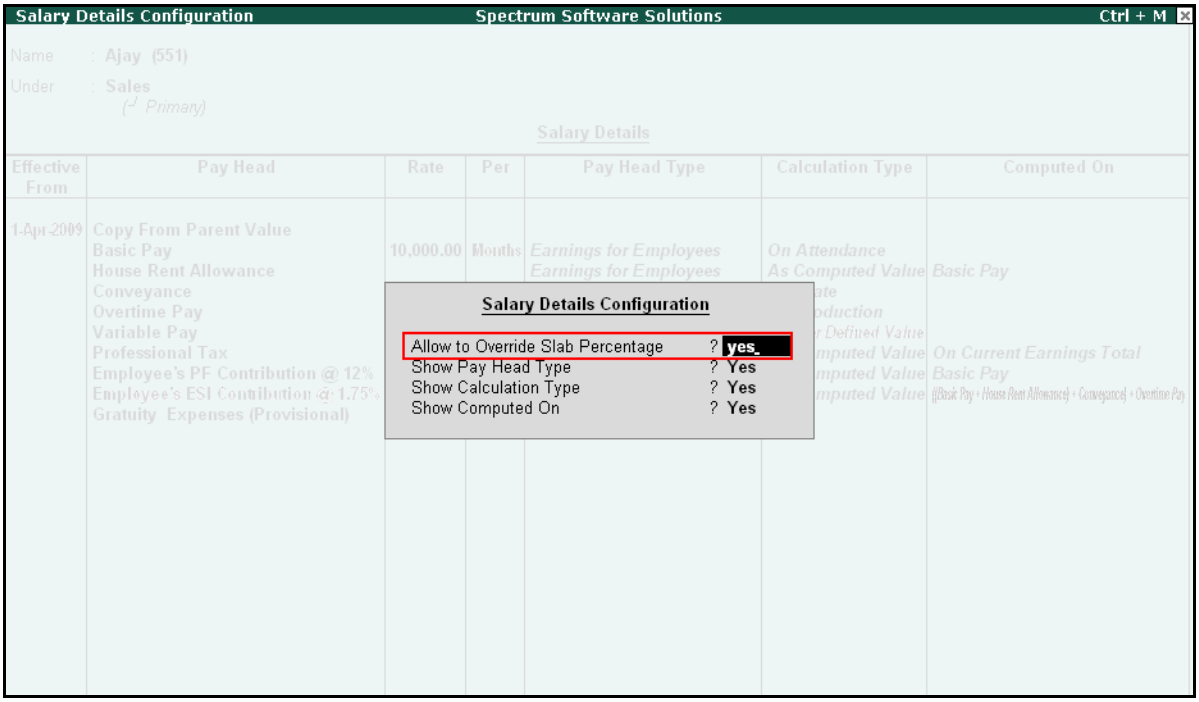


Figure 2.47 Salary Details Configuration

- Press **Enter** to **Accept**

6. Now, you will be able to enter the user-defined pay rates to compute the HRA, specify **20%** and press **Enter**

*In the **Salary Details Configuration** screen, when the option **Allow to Override Slab Percentage** is set to **Yes**, the predefined slab rates for the Pay Heads can be modified as per user requirements.*

The completed **Salary Details** screen of Mr. Ajay is displayed as shown:

Salary Details Creation — Spectrum Software Solutions — Ctrl + M

Name : **Ajay (551)**

Under : **Sales**
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009	Copy From Parent Value					
	Basic Pay	10,000.00	Months	*Earnings for Employees*	*On Attendance*	
	House Rent Allowance	20.00	%	*Earnings for Employees*	*As Computed Value*	*Basic Pay*
	Conveyance	2,000.00	Months	*Earnings for Employees*	*Flat Rate*	
	Overtime Pay	100.00	Hrs	*Earnings for Employees*	*On Production*	
	Variable Pay			*Earnings for Employees*	*As User Defined Value*	
	Professional Tax			*Employees' Statutory Deductions*	*As Computed Value*	*On Current Earnings Total*
	Employee's PF Contribution @ 12%			*Employees' Statutory Deductions*	*As Computed Value*	*Basic Pay*
	Employee's ESI Contribution @ 1.75%			*Employees' Statutory Deductions*	*As Computed Value*	*((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay*
	Gratuity Expenses (Provisional)			*Gratuity*		

Accept ?
Yes or No

Figure 2.48 Completed Salary Details screen

7. Press **Enter** to **Accept** the screen.

Similarly, you can create the Salary Details for **Mahesh** adn others employees.

Lesson 3: Processing Payroll in Tally.ERP 9

On completion of this lesson, you will have learnt

- To process Payroll in Tally.ERP 9

Typically, Payroll Processing comprises of the following activities:

- Recording of Attendance and Production details (on time / work)
- Processing Payroll Vouchers
- Payment of Salaries

There are three types of Payroll Vouchers namely **Attendance Voucher**, **Payroll Voucher** and **Payment Voucher**, which are by default preset in Tally.ERP 9 to record above Payroll transactions.

Payroll Vouchers are used for the purposes of operating your payroll and also records the attendance of the employees for a given period. These vouchers are basically used to input information pertaining to Payroll processing.

.

3.1 Attendance Vouchers

An Attendance Voucher is used to record employees' attendance data, based on Attendance/ Production types (i.e., present or absent days, overtime hours and so on).

An Attendance Voucher allows you to record the attendance/ production units for employees. Tally.ERP 9 gives you the flexibility to enter the attendance records through a single attendance voucher for a payroll period, or through multiple attendance vouchers as and when required within a payroll period. You also have the option of recording one attendance/ production voucher per employee per day or collectively for a month or any other variation thereof for all the employees.

In Tally.ERP 9, the auto-fill facility (**Alt+A**) is used to prefill the required Attendance/Production types data for the selected employee group/ employee for the specified period.

Example 1:

On 30th April, 2009 the attendance records of M/s. Spectrum Solutions displayed the following details:

Attendance/ Production Types	Vijay Kumar	Rahul	Mahesh	Ajay
Present Days	26	22	15	17
Overtime hours	900 Min (15hr x 60min)			720 Min (12hr x 60min)

In the above scenario, separate attendance vouchers are required to be entered for recording Present days and Overtime hours.

Go to **Gateway of Tally > Payroll Vouchers**

1. Press **Ctrl+F5** for **Attendance Voucher**

The **Attendance Voucher Creation** screen is displayed as shown:

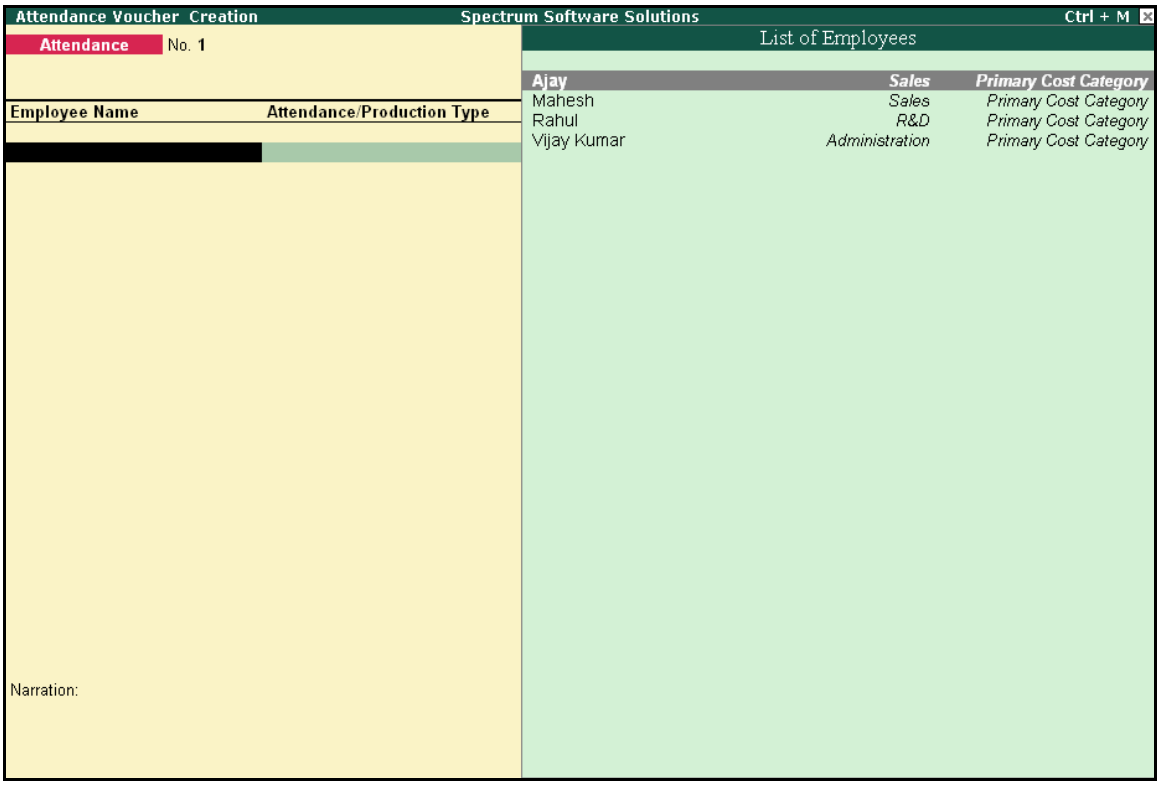


Figure 3.1 Attendance Voucher Creation screen

2. Press **F2** and specify the date as **30-4-2009**
3. Press **Enter**
4. Press **Alt+A** (Attendance Auto Fill) to prefill employee payroll details

The **Attendance Auto Fill** screen is displayed as shown:

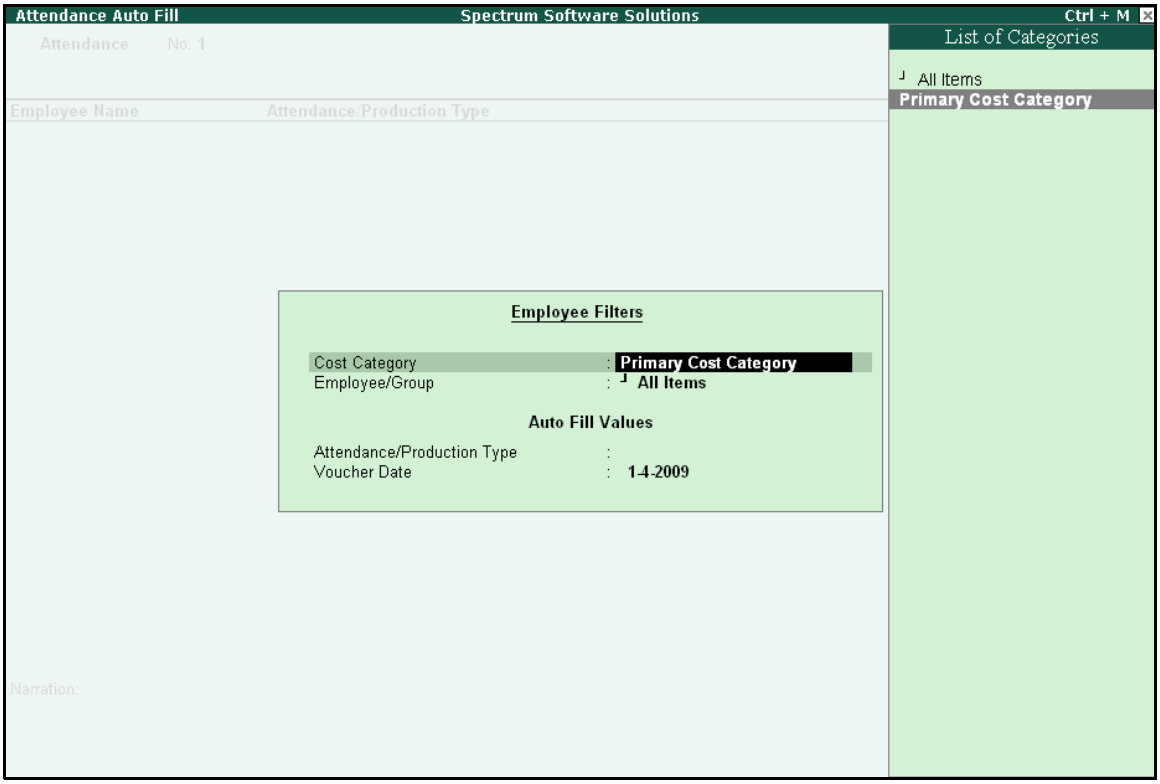


Figure 3.2 Attendance Voucher - Employee Filters screen

In the **Attendance Auto Fill** screen,

- Select **Primary Cost Category** as **Cost Category** (If separate cost categories are used to capture employee cost, then select the respective cost category)
- Select **All Items** as **Employee/ Group** (if you want to generate payroll voucher for individual employee/ group, select the respective employee or group)

The **Attendance Auto Fill** with **Employee Filters** screen is displayed as shown:

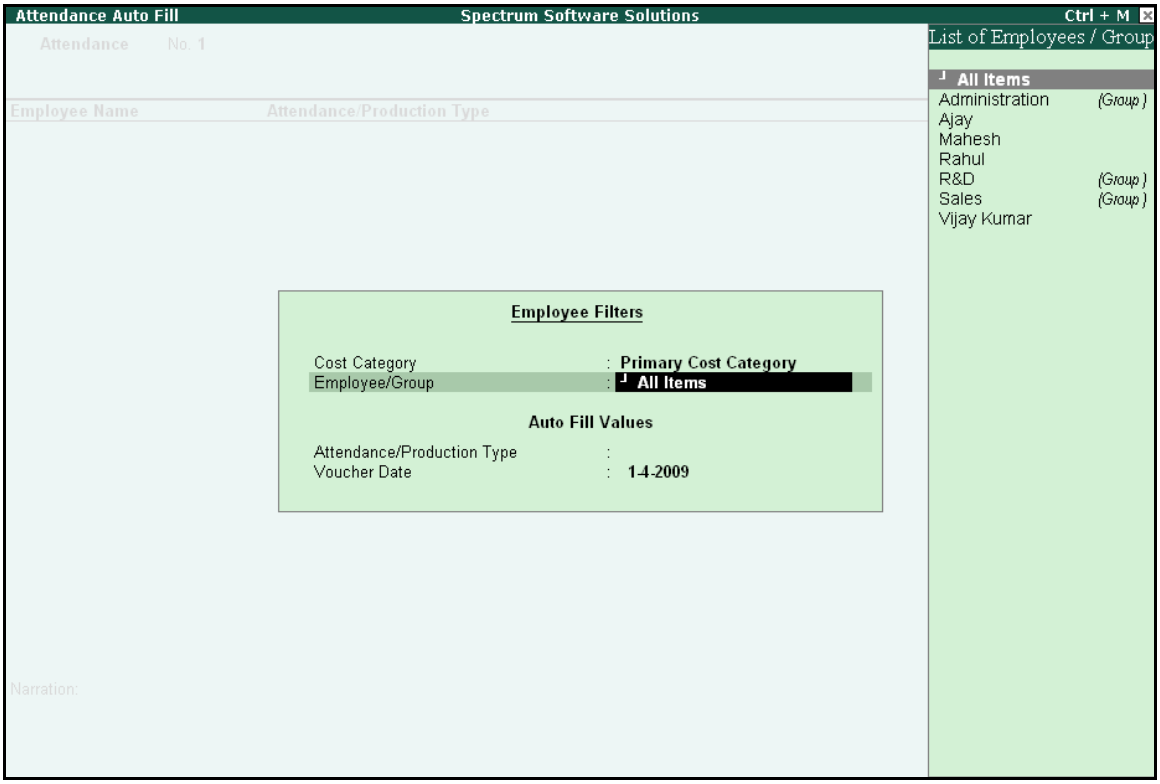


Figure 3.3 Attendance Auto Fill with Employee List

- Select **Present** as **Attendance Type** in the **Attendance/ Production Type** field

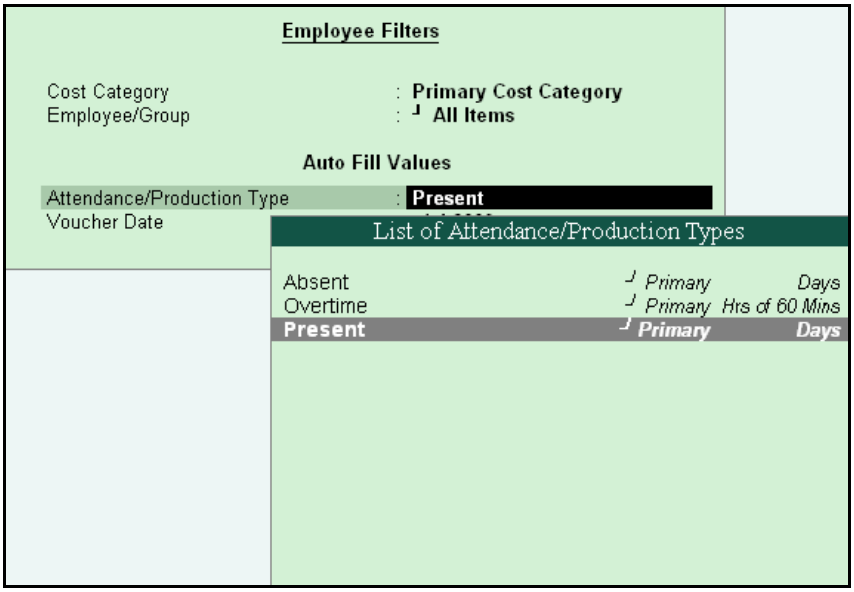


Figure 3.4 Attendance Auto Fill with List of Attendance Type

- Specify the **Voucher Date** as **30-04-2009**

- Press **Enter** to accept the screen

*Separate Attendance vouchers are required for recording attendance on **Work** and **Production**.*

*If you opt for **Absent** as **Attendance Type**, then you need to record the negative attendance of the employees. This minimises data entry time and manages the data entry by exception.*

5. Employees pertaining to the respective Employee Groups are displayed automatically

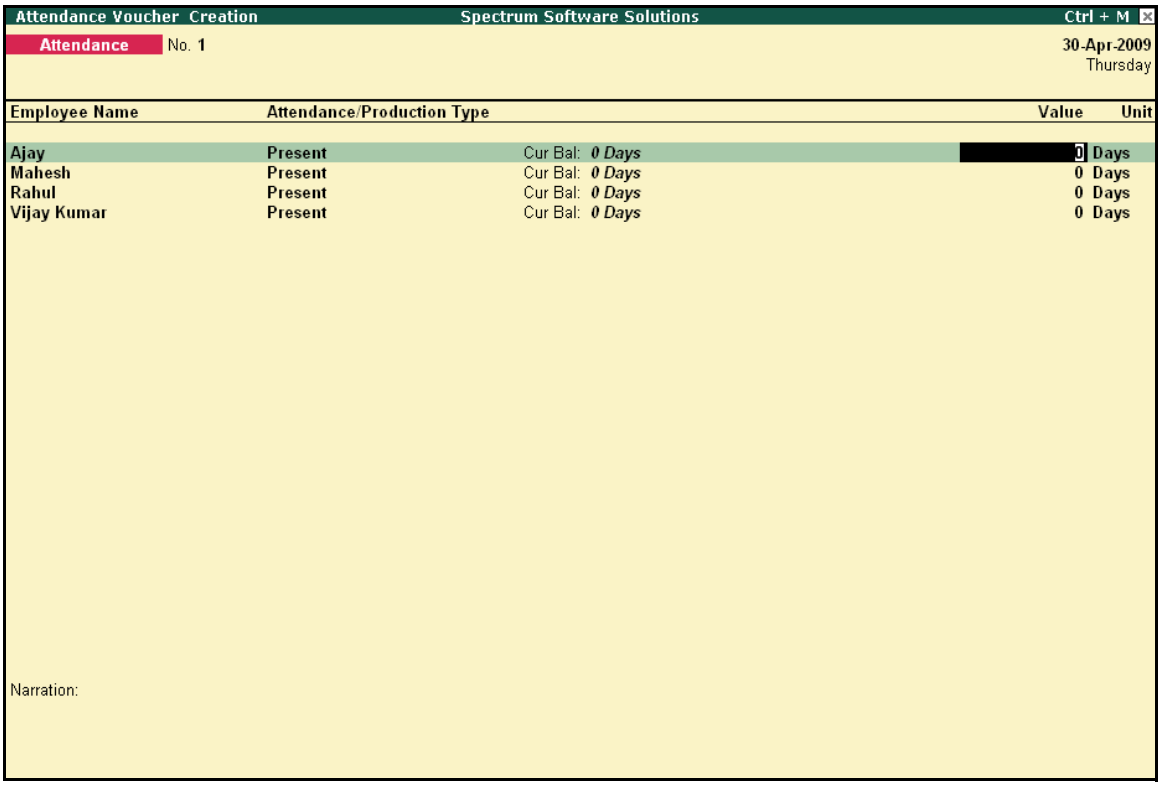


Figure 3.5 Attendance Voucher

6. Specify the attendance details as given in the table above

The **Attendance Voucher Creation** screen with the attendance details screen is displayed as shown:

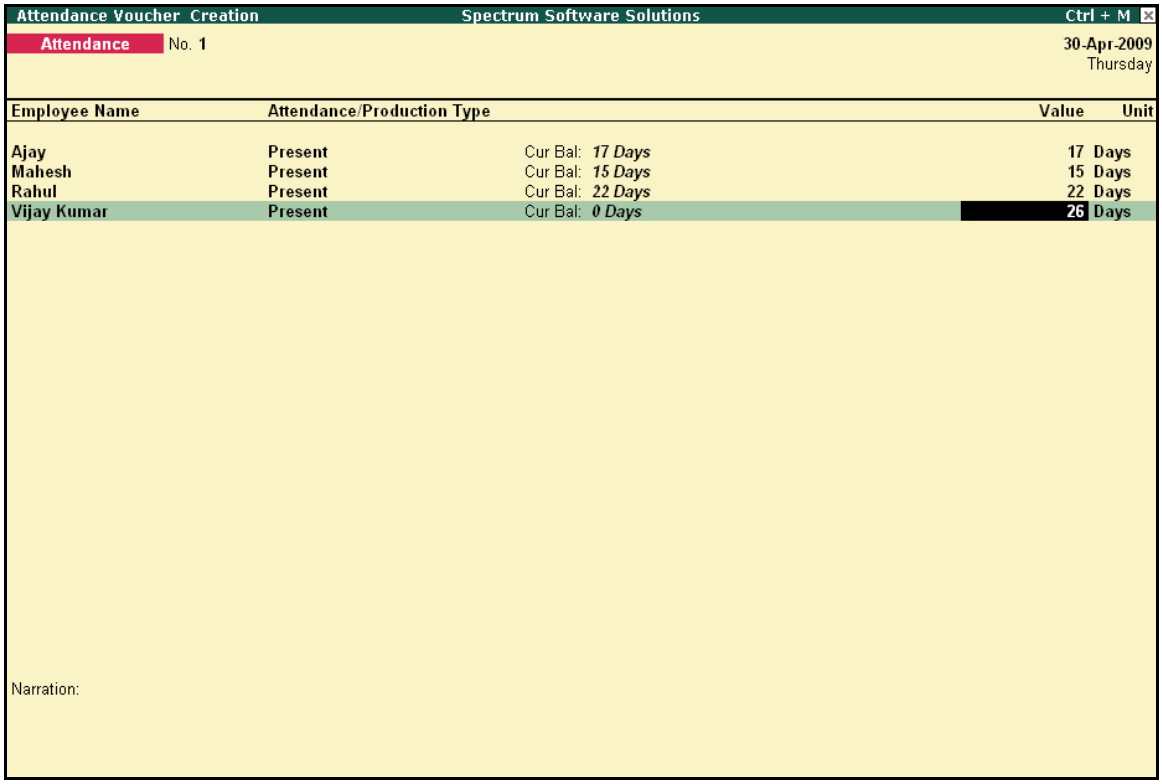


Figure 3.6 Attendance Voucher

7. Press **Enter**
8. Enter the details of the transaction in the **Narration** field

The completed **Attendance Voucher Creation** for **Present Attendance** is displayed as shown:

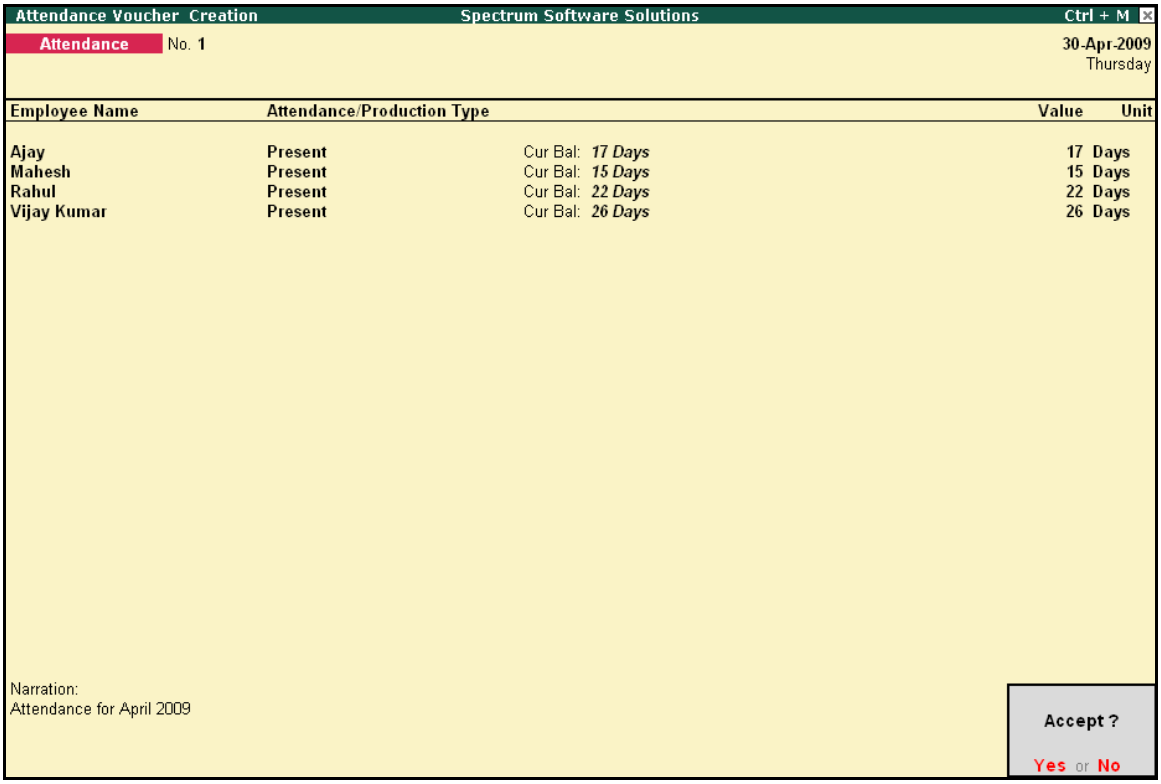


Figure 3.7 Completed Attendance Voucher Screen

9. Press **Enter** to accept the completed Attendance Voucher screen

*Days with **Loss of Pay (LOP)** are treated as a Deductible with respect to the **Earnings Pay Head type** and as a Payable with respect to the **Deductions Pay Head type**. For example, LOP is deducted from the Basic salary (Earnings Pay Head) and Canteen expenses (Deductions Pay Head) are treated as a payable.*

In the same way, create an Attendance Voucher for **Overtime hours**.

The completed **Attendance Voucher** for **Overtime Hours** is displayed as shown:

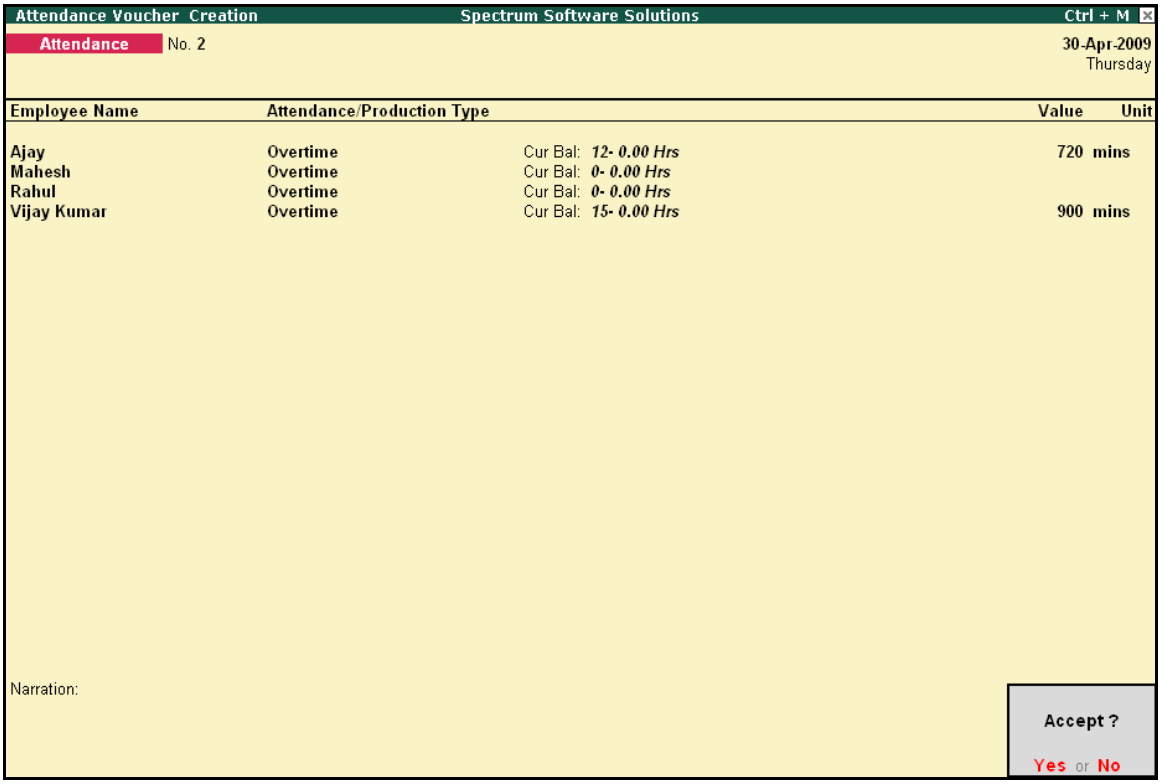


Figure 3.8 Attendance Voucher Screen - Overtime

- Press **Enter** to accept

You can also record Overtime in hours, provided the Unit of Measurement for the Payroll unit is defined as Hrs.

After creating the Attendance Voucher, you can change any attendance value for a particular employee, if required, in the Voucher Alteration mode.

3.2 Payroll Vouchers

A payroll voucher is used to record all employee-related transactions. It enables you to compute all the values for the respective Pay Heads (Earnings and Deductions).

The calculations are made on the basis of the definitions specified in the pay head masters, pay structure and attendance entries. In Tally.ERP 9, you can pass payroll vouchers manually for individual employee as well as for the entire group/ organisation by using the Auto Fill facility **(Alt+A)**.

In Tally.ERP 9, the disbursement of salaries can be effected in any of the following modes.

- **Direct Remittance** – in cash or by cheque
- **Bank Transfer** – a direct transfer is made to an employee's bank account and the list of disbursement is printed separately

3.2.1 Cash Remittance

Example 2:

On 30th April, 2009, M/s. Spectrum Solutions processes Payroll for all the employees and entitled the following employees for Variable Pay.

Particulars	Vijay Kumar	Rahul	Mahesh	Ajay
Variable Pay	1500	-	1000	-

Go to **Gateway of Tally > Payroll Vouchers**

1. Press **Ctrl+F4** for **Payroll Voucher**
2. Press **F2**, specify the date as **30-4-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
   In the **Employee Filters** screen,
   - Select **Salary** in the **Process for** field

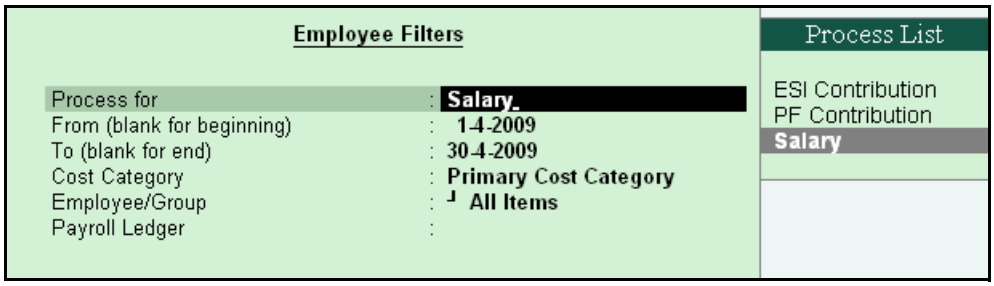


Figure 3.9 Payroll Autofill with Process List

In Tally.ERP 9, the following processes are preset for faster processing of Payroll:

- ***Salary:*** *This process is used for processing salaries for a specified period, wherein Salaries are disbursed through Cash or a bank transfer.*
- ***ESI Contribution:*** *This process is used for processing Employer's contributions towards ESI for a specified period.*
- ***PF Contribution:*** *This process is used for processing Employer's Provident Fund (PF) contributions for a specified period.*

- Specify **1-4-2009** in the **From** field
- Specify **30-4-2009** in the **To** field
- Select **All Items** as **Employee/Group**

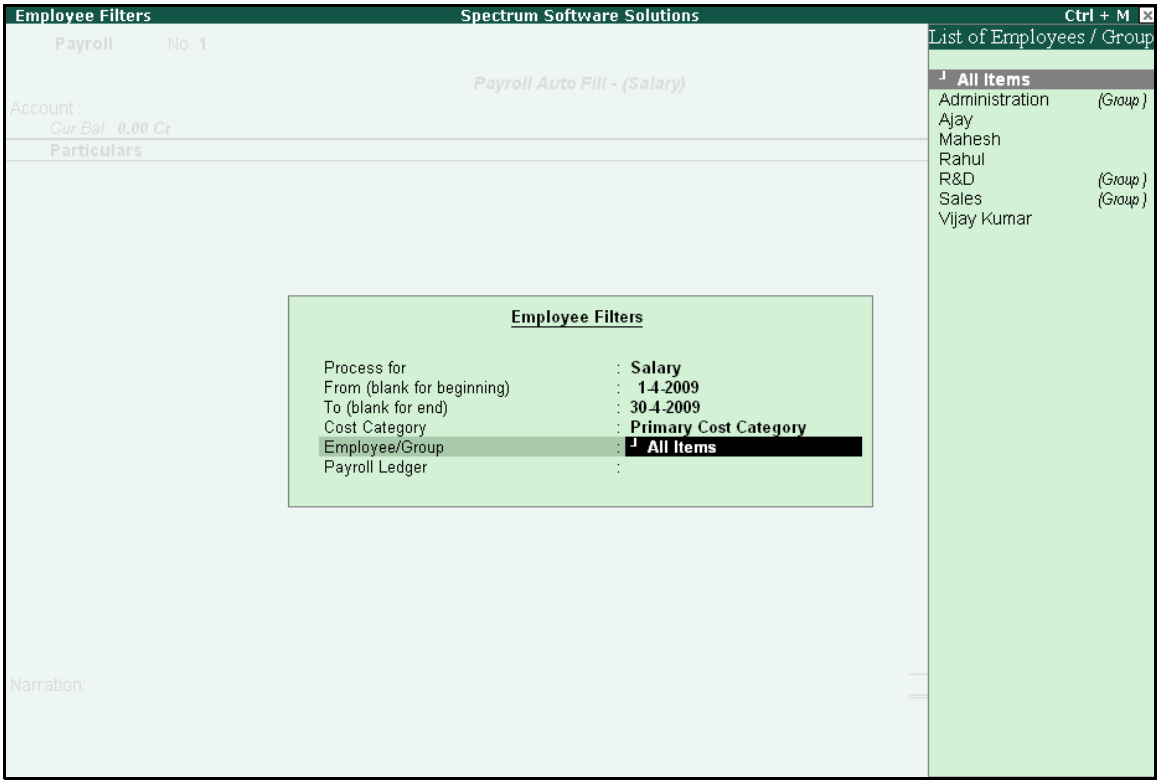


Figure 3.10 Payroll Autofill with List of Employees

- Select **Cash** in the **Payroll Ledger** field

The completed **Employee Filters** screen is displayed as shown:

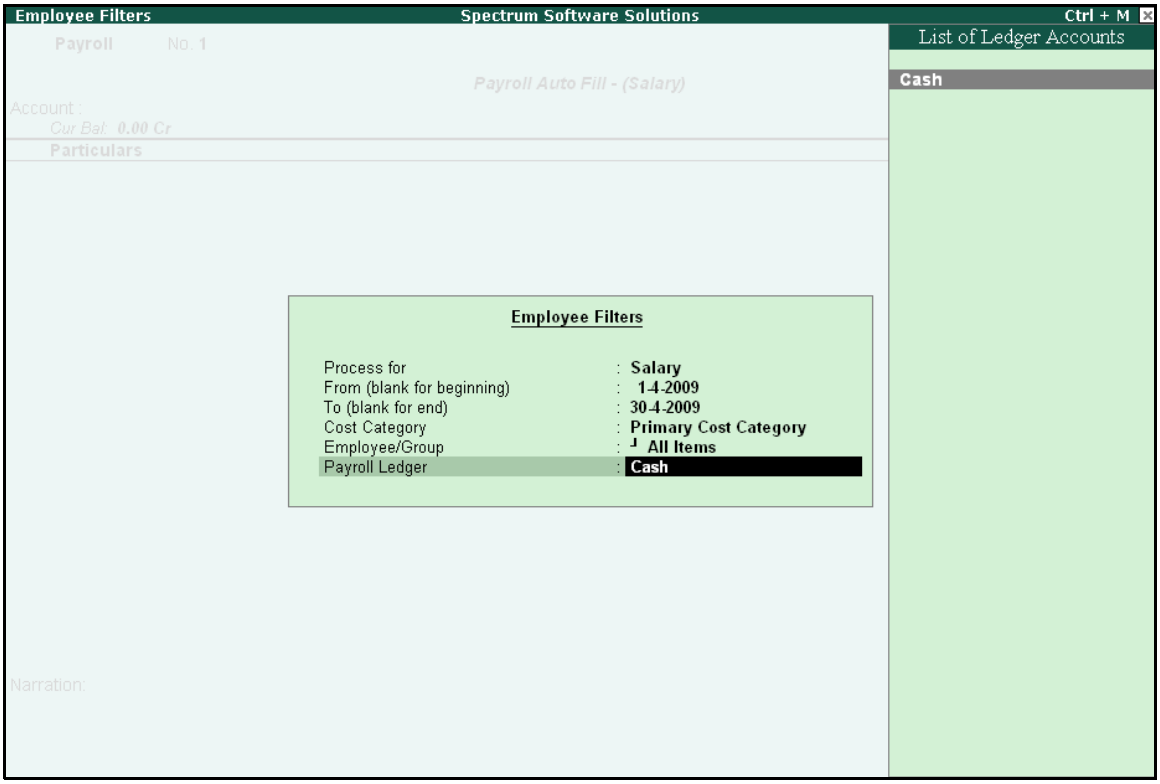


Figure 3.11 Payroll Autofill with payment Ledger list

- Press **Enter** to accept the screen (the **Cash** ledger is prefilled in the **Account** field)

All the pay values are calculated for the applicable pay heads for each employee grouped under the selected group.

The **Payroll Voucher Creation** screen is displayed as shown:

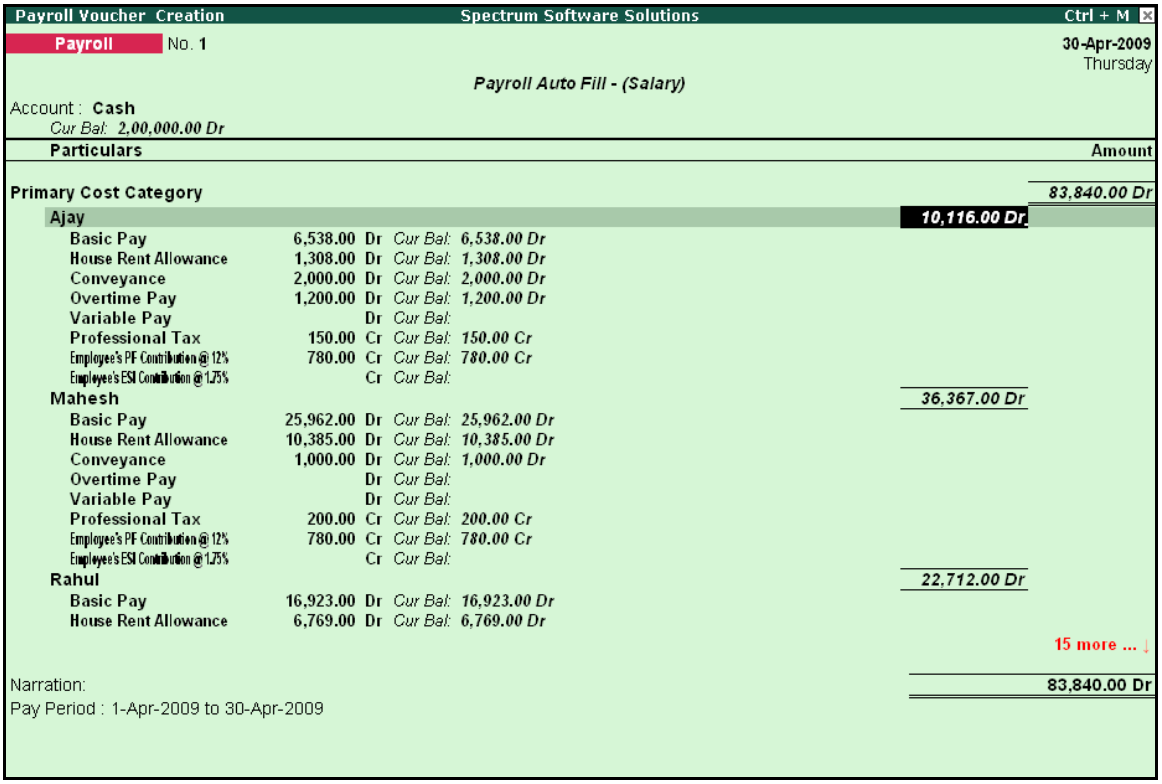


Figure 3.12 Payroll Voucher Creation

4. Press **Enter** and specify the pay values for the pay heads defined as user-definable values against each employee (in this case, define the **Variable Pay**)

- Specify **1000** as **Variable Pay** for **Mahesh**

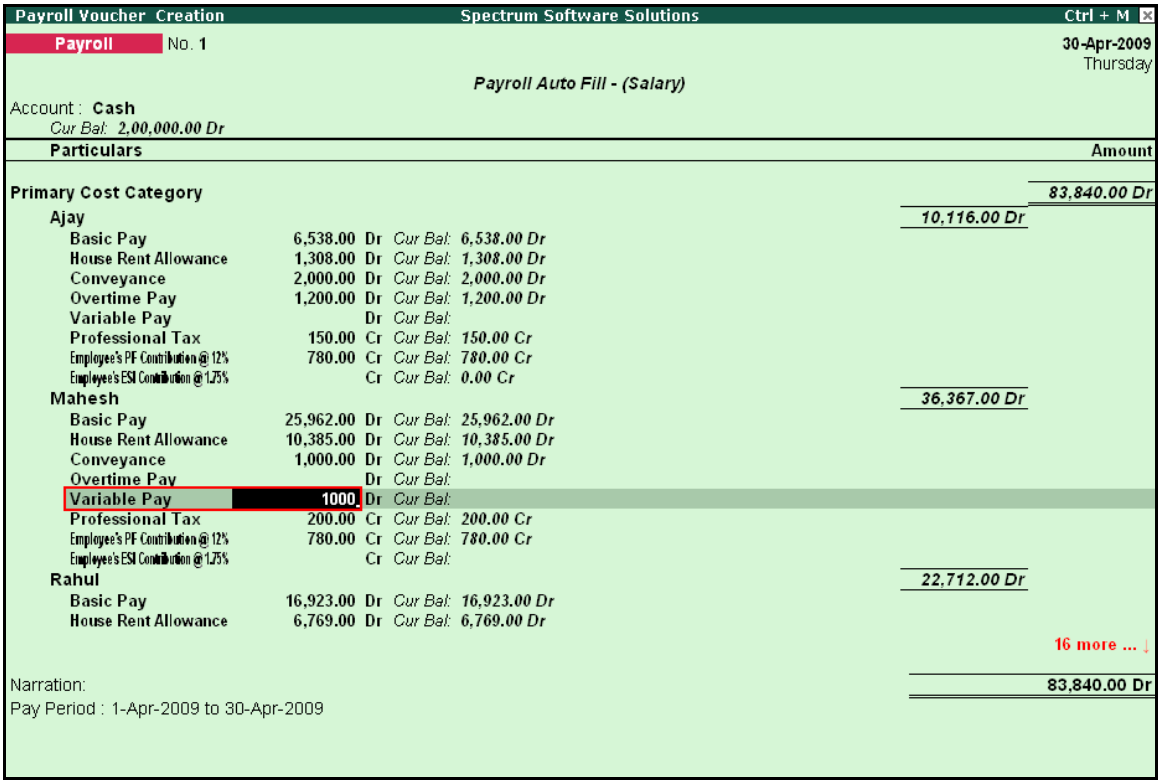


Figure 3.13 Payroll Voucher - adding Variable pay

- Similarly, specify **1500** as **Variable Pay** for **Vijay Kumar** and press **Enter**

The completed **Payroll Voucher Creation** screen is displayed as shown:

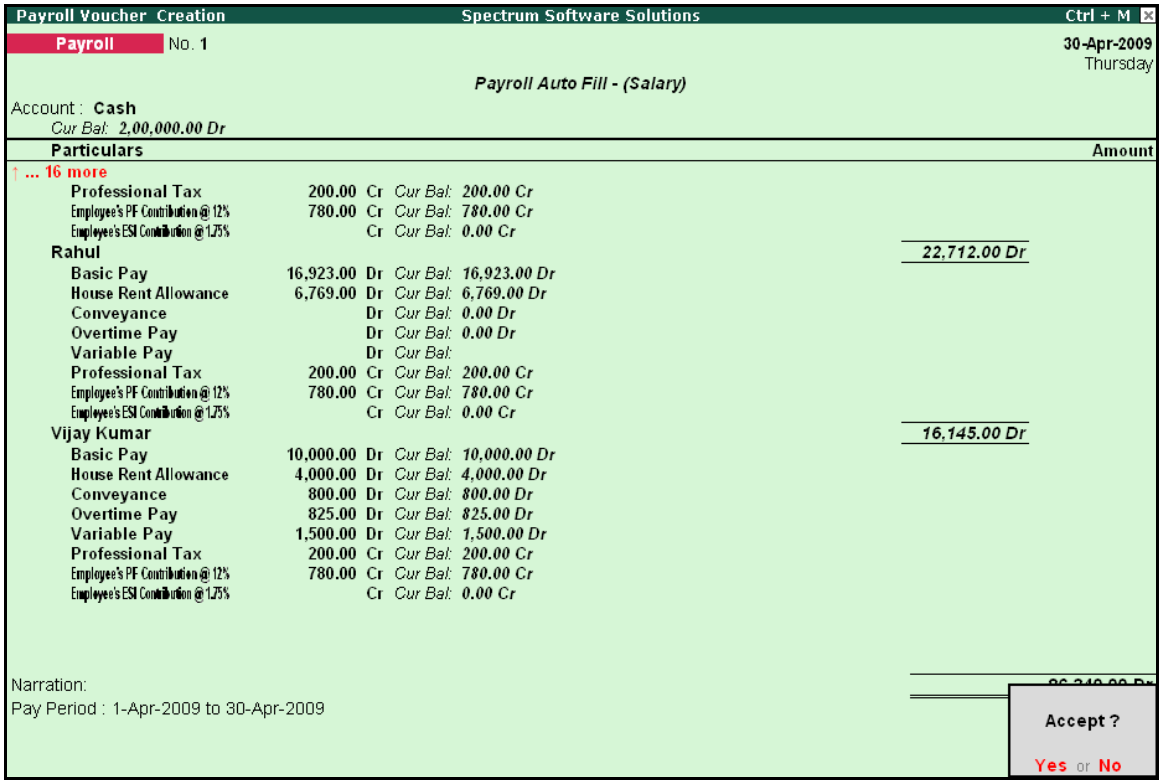


Figure 3.14 Completed Payroll Voucher

5. Press **Enter** to accept

*Press **Alt+S** to pass the above voucher in the Voucher mode. This can be used to keep track of **Bill References**. e.g. if there are more than one Salary Advances, then the to track the recovered Amount from Employee's salary against the respective Advance given, this feature should be used.*

3.2.2 Bank Transfer

Bank transfer refers to disbursement of Salaries directly into the Employee Bank Accounts by intimating the Bank through a Payment advice. Tally.ERP 9 facilitates processing salaries through Bank transfer with the help of predefined Salary process.

Example 3:

On 31st May, 2009 M/s. Spectrum Solutions disbursed Salaries payable for the month of May 2009 through Bank Transfer. The attendance records displayed the following details:

Attendance/Production Types	Vijay Kumar	Rahul	Mahesh	Ajay
Present Days	25	20	26	21
Overtime Hours	-			120 Min (2hr x 60min)

On 31st May 2009, M/s. Spectrum Solutions processes Payroll for all the employees and entitled the following employees for Variable Pay.

Particulars	Vijay Kumar	Rahul	Mahesh	Ajay
Variable Pay	500		-	1200

Step 1: Create Attendance Voucher

Create Attendance Vouchers for **Present days** and **Overtime hours** for May 2009 as per the details given in the above table.

The completed **Attendance Voucher for Present days** is displayed as shown:

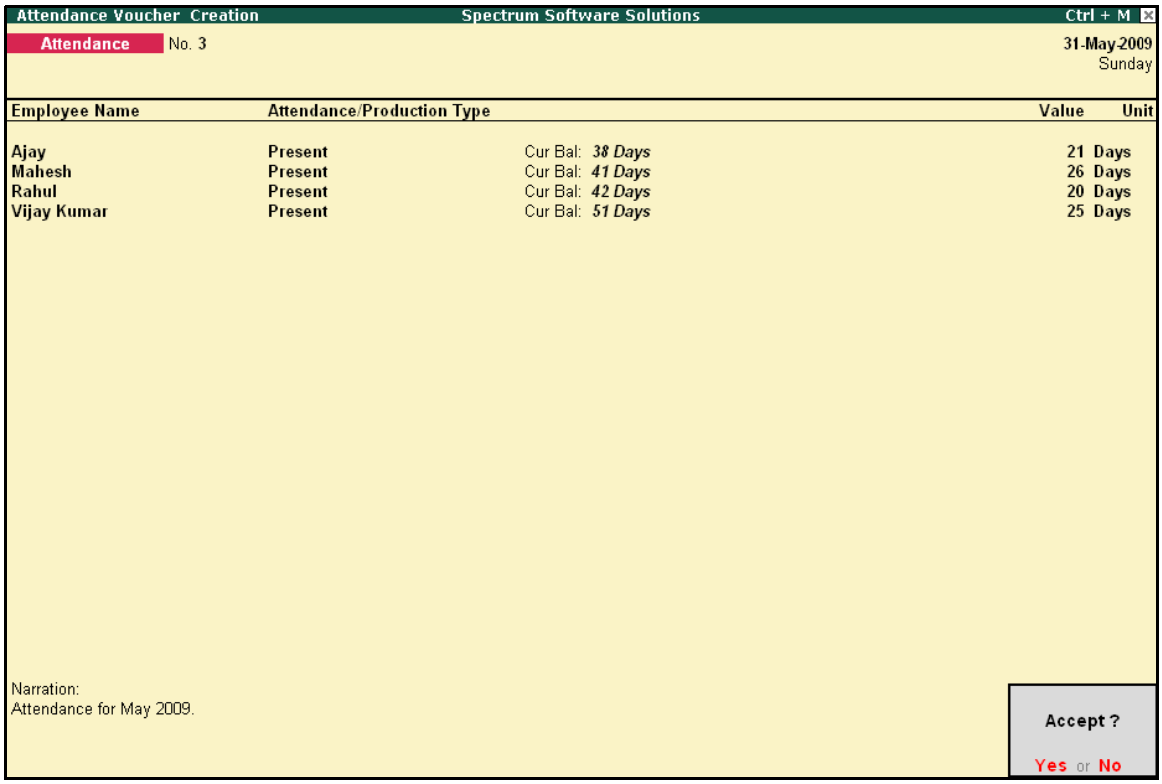


Figure 3.15 Attendance Voucher for Present days

- Press **Enter** to accept

In the same way, create an Attendance Voucher for **Overtime Hours**.

The completed **Attendance Voucher for Overtime Hours** is displayed as shown:

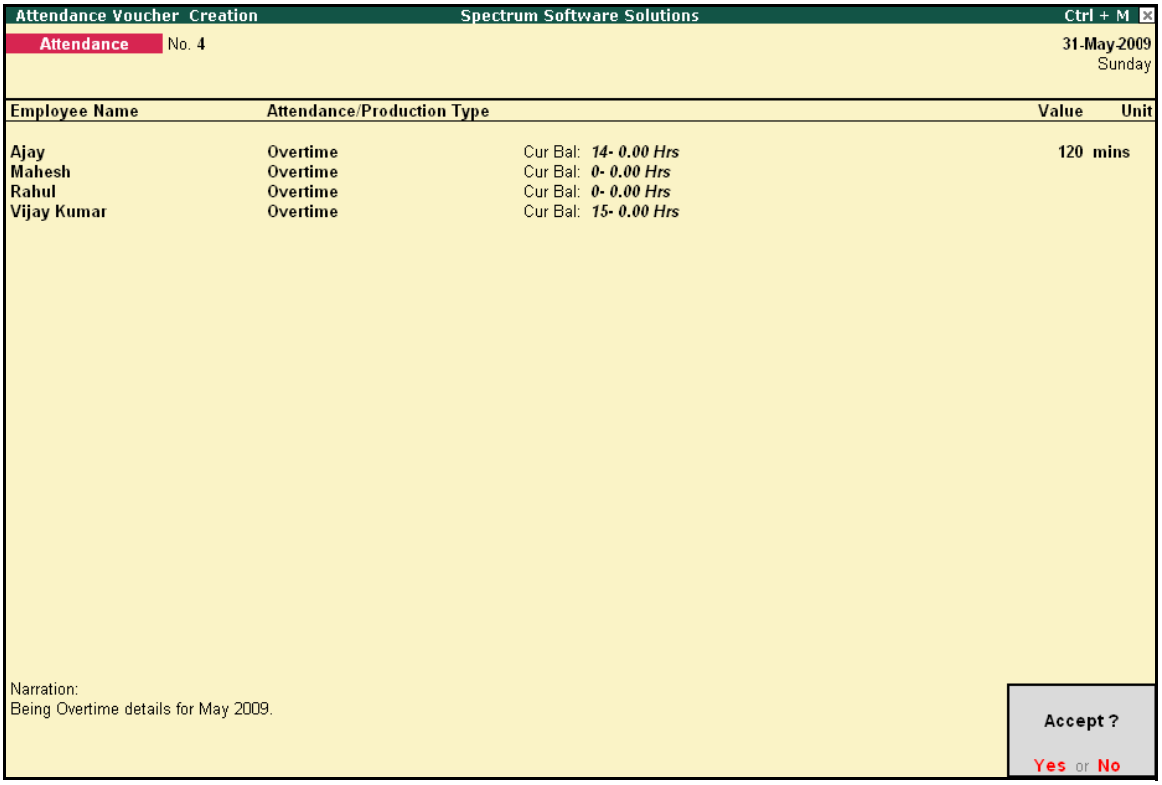


Figure 3.16 Attendance Voucher for Overtime Hours

- Press **Enter** to accept

Step 2: Create Salary Payable Ledger

Before passing the Salary payment voucher, create the following ledger:

Ledger	Pay Head Type	Under
Salary Payable	Not Applicable	Current Liabilities

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

The completed Salary Payable Ledger creation screen is displayed as shown:

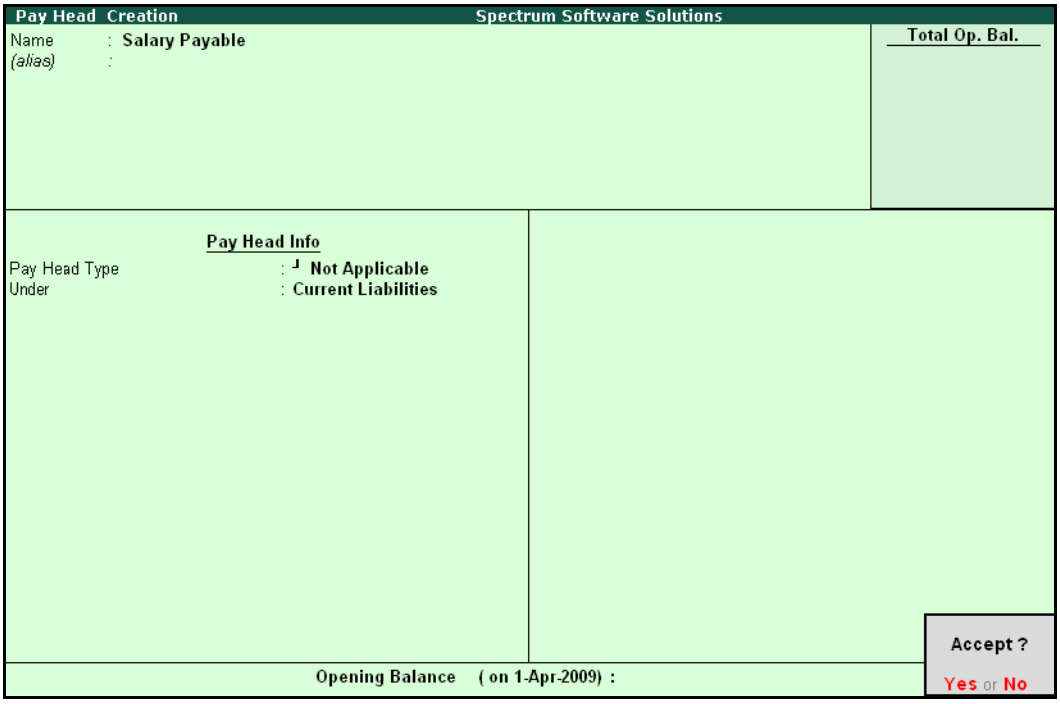


Figure 3.17 Salary Payable Ledger Creation

- Press **Enter** to accept

Step 3: Create Payroll Voucher

Go to **Gateway of Tally > Payroll Vouchers**

1. Press **Ctrl+F4** for **Payroll** Voucher
2. Press **F2**, specify the date as **31-05-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
4. In the **Employee Filters** screen,
   - Select **Salary** in the **Process for** field as shown

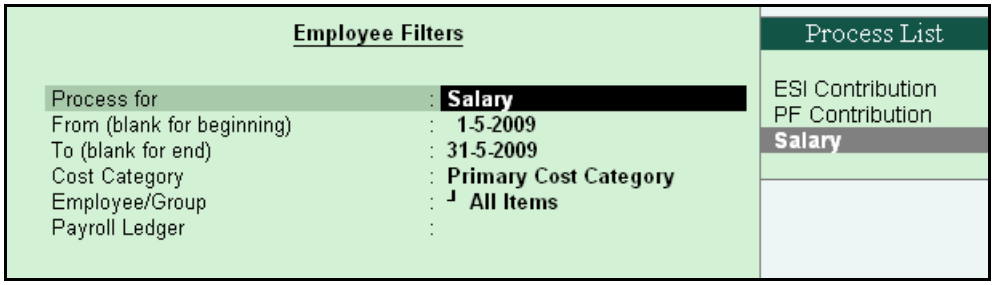


Figure 3.18 Payroll Autofill with List of Processes

5. Specify **01-05-2009** in the **From** field

6. Specify **31-05-2009** in the **To** field
7. Select **All Items** as **Employee/Group**
8. Select **Salary Payable** in the **Payroll Ledger** field as shown

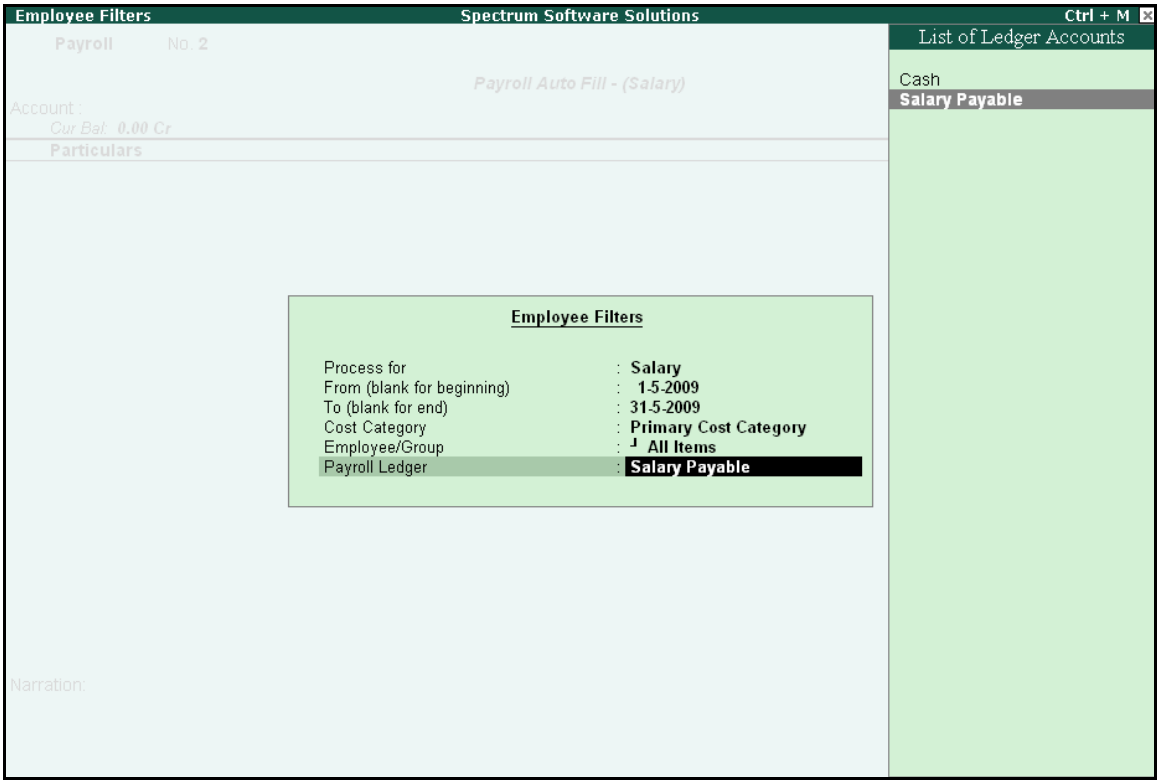
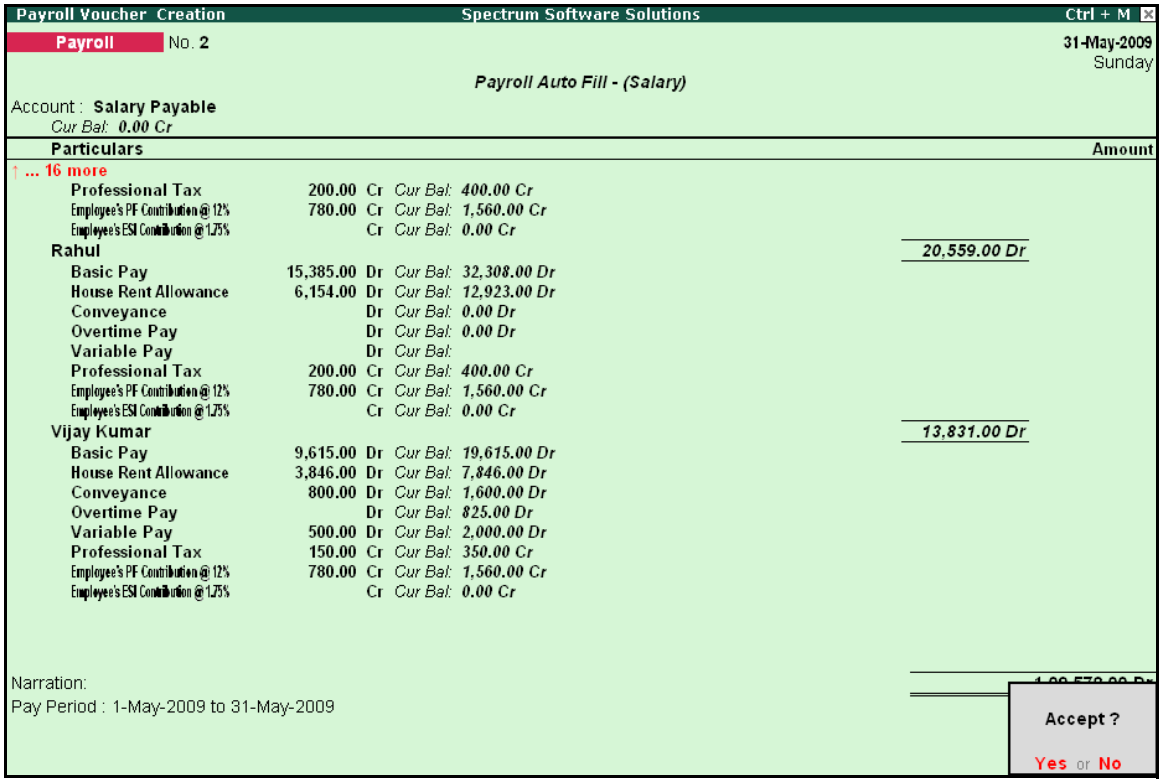


Figure 3.19 Payroll Autofill - List of Ledger Accounts

9. Press **Enter** (All the pay values are calculated for the applicable pay heads for each employee grouped under the selected group).
10. Press **Enter** and specify the pay values for the pay heads defined as user-definable values against each employee
    - Specify **1200** as **Variable Pay** for **Ajay**
    - Specify **500** as **Variable Pay** for **Vijay Kumar**

The completed **Payroll Voucher** for the month of May 2009 is displayed as shown:



Payroll Voucher Creation — Spectrum Software Solutions — Ctrl + M

Payroll No. 2 — 31-May-2009 Sunday

Payroll Auto Fill - (Salary)

Account : **Salary Payable**
Cur Bal: 0.00 Cr

Particulars				Amount
↑ ... 16 more				
Professional Tax	200.00	Cr	Cur Bal: 400.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 1,560.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	
Rahul				20,559.00 Dr
Basic Pay	15,385.00	Dr	Cur Bal: 32,308.00 Dr	
House Rent Allowance	6,154.00	Dr	Cur Bal: 12,923.00 Dr	
Conveyance		Dr	Cur Bal: 0.00 Dr	
Overtime Pay		Dr	Cur Bal: 0.00 Dr	
Variable Pay		Dr	Cur Bal:	
Professional Tax	200.00	Cr	Cur Bal: 400.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 1,560.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	
Vijay Kumar				13,831.00 Dr
Basic Pay	9,615.00	Dr	Cur Bal: 19,615.00 Dr	
House Rent Allowance	3,846.00	Dr	Cur Bal: 7,846.00 Dr	
Conveyance	800.00	Dr	Cur Bal: 1,600.00 Dr	
Overtime Pay		Dr	Cur Bal: 825.00 Dr	
Variable Pay	500.00	Dr	Cur Bal: 2,000.00 Dr	
Professional Tax	150.00	Cr	Cur Bal: 350.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 1,560.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	

Narration:
Pay Period : 1-May-2009 to 31-May-2009

Accept ?
Yes or No

Figure 3.20 Completed Payroll Voucher

11. Press **Enter** to accept

After passing the above entry, the salaries payable for the month of May 2009 are transferred to the Salary Payable Ledger, at the time of payment of salaries, the amount is reversed.

3.2.3 Payment of Salaries (Salary Disbursement)

In Tally.ERP 9, a Payment voucher can be used to effect salary disbursement to employees. The payment voucher for the salaries payable may be passed through regular payment voucher or automated using the preset Salary Payment process available in Tally.ERP 9 for error free data input during Payroll Payment entry with the help of Auto Fill facility.

Example 4:

On 31st May 2009, M/s. Spectrum Solutions paid the salaries due for the month of May 2009.

Before passing the payment voucher, necessary Bank Accounts should be created. To make the Salary payment, follow the steps given below:

Go to **Gateway of Tally > Accounting Vouchers**

1. Press **F5** for **Payment Voucher**

2. Press **F2**, specify the date as **31-05-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
   In the Employee Filters screen,
   - Select **Salary Payment** in the **Process for** field as shown.

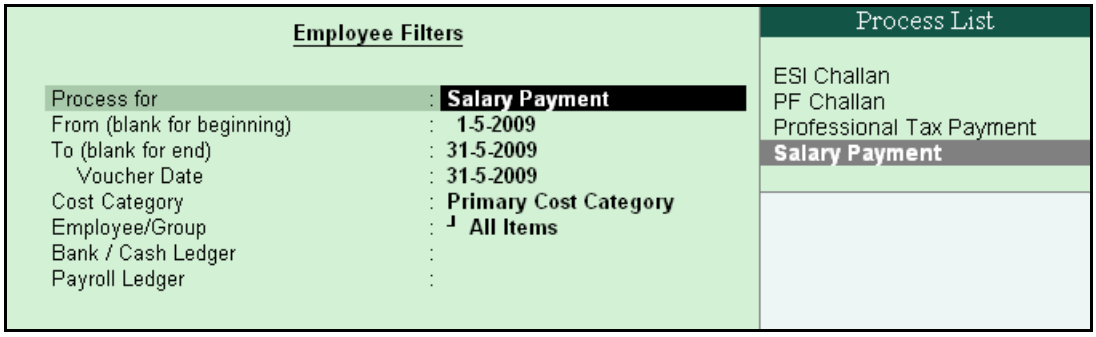


Figure 3.21 Disburse Employee Filters - Payment Process Selection

   - Specify **01-05-2009** as **From** period
   - Specify **31-05-2009** as **To** period
   - Select **All Items** in the **Employee/Group** field
   - Select **HDFC Bank** in the **Bank / Cash Ledger** field as shown.
   - Select **Salary Payable** in the **Payroll Ledger** field

The completed **Employee Filters** screen is displayed as shown:

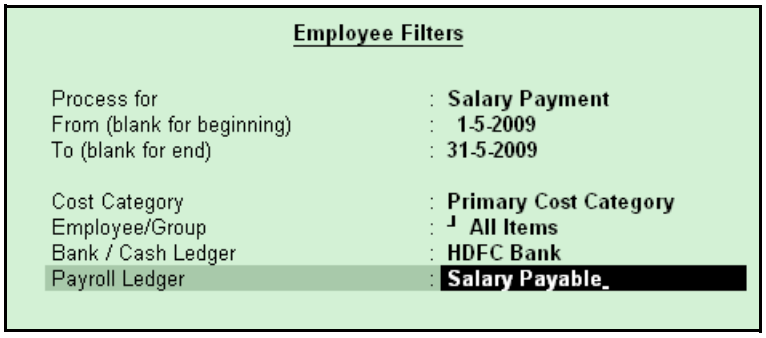


Figure 3.22 Disburse Employee Filters screen

4. Press **Enter** and the employee payroll details will appear by default.
5. Enter the details of the transactions in the **Narration** field

The completed **Payroll Payment Entry** screen is displayed as shown:

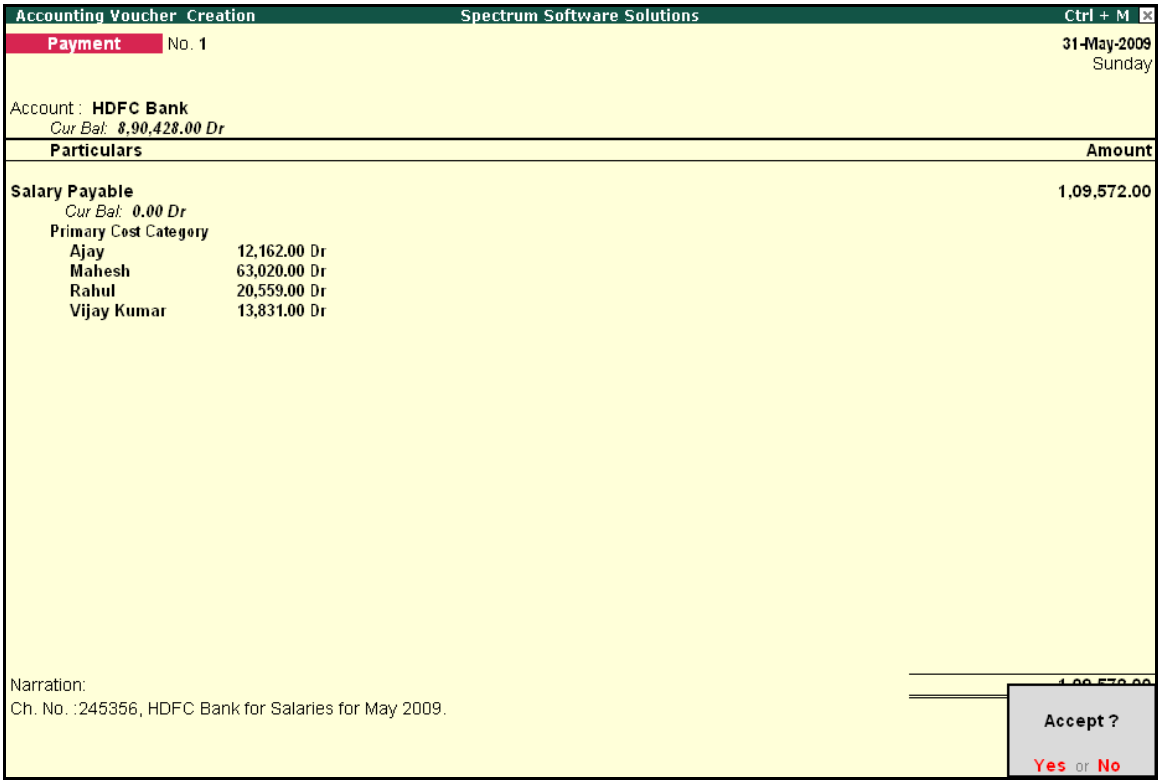


Figure 3.23 Payment Voucher

6. Press **Enter** to accept

If a partial payment of salaries is made to a particular group of employees, then generate a separate payroll voucher for their payables and pass a separate payment entry based on the settlement. However, Tally.ERP 9 also allows you to modify the payment amount to the Employees. The unpaid salary will remain as outstanding in the Salary payable account and can be auto-filled in the payment voucher as and when the actual payments are made.

- *If any cash disbursements are made prior to the payment voucher entry, after using the Auto-Fill facility, select the unpaid salaries and enter zero (0) in the amount payable.*
- *If salaries are disbursed by cheque, select individual employee in the Auto Fill Employee Filter and print the cheque for the payment voucher. You have to create separate payroll payment entries for each employee.*

Lesson 4: Accounting for Employer PF Contributions

On completion of this lesson, you will be able to

- Process Employer's Contributions to Provident Fund (PF)
- Payment of Provident Fund Contributions
- Generate the PF Combined Challan

The Employees' Provident Funds and Miscellaneous Provisions Act is a social security legislation which administers provident fund, family pension and insurance to employees. The Act covers three schemes, namely; **PF** (Provident Fund scheme), **EPS** (Employees' Pension Fund Scheme), **EDLI** (Employees Deposit Linked Insurance scheme).

Under the Employees' Provident Fund scheme, both the employees and employer contribute to the fund at the rate of 12% of the basic wages, dearness allowance, cash value of food concession and retaining allowance (if any), payable to employees per month. The contribution rate is 10% in the case of the following establishments:

- Any covered establishment with less than 20 employees
- Any sick industrial company as specified in the relevant section of Sick Industrial Companies (Special Provisions) Act, 1985 and which has been declared as such by the Board for Industrial and Financial Reconstruction
- Any establishment which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth and
- Any establishment engaged in manufacturing of (a) jute (b) Breed (d) coir and (e) Guar gum Industries/ Factories.

The Contribution payable by the Employer is not to be deducted from the wages of the employee. However, the employer has to deduct employee's share from their Salaries and pay the same in EPF scheme. The deduction can be made only from the wages pertaining to a period for which

contribution is paid. However, if there is an accidental omission, the amount can be recovered later.

Out of the employer's contribution of 12% or 10%, the Employer's contribution of 8.33% is diverted to Employees' Pension Scheme and the balance is retained in the EPF scheme. On retirement, the employee gets his full share plus the balance of Employer's share retained to his credit in the EPF account.

Once an establishment is covered under PF, all its departments and branches are covered, irrespective of where they are located.

i. Employees' Pension Scheme:

As discussed above, the employer's contribution of 8.33% is diverted to the fund of the Pension Scheme and the balance 3.67% (1.67%, if the contribution is 10%) is credited in employee's name in Provident Fund account. The contribution of 8.33% is on maximum salary of Rs. 6,500. However, if some employers are paying contribution on salary in excess of Rs. 6,500, the excess contribution will be credited to Provident Fund account and not to Pension scheme.

Benefits under the Scheme

Members will get pension on superannuation or retirement from service and upon disablement during employment. Family pension will be available to the widow/widower for life or till he/she remarries. In addition, children will be entitled to pension, upto 25 years of their age. In case of orphans, pension at enhanced rate is available upon death of widow/widower or ceasing payment of widow pension. Benefit of pension to children or orphan is restricted to two children/orphans. If the person is unmarried or has no family, pension is available to the nominee for a specified period.

ii. Employees Deposit Linked Insurance Scheme:

The purpose of the scheme is to provide life insurance benefits to employees who are already covered under PF/EPS. The employer has to pay a contribution equal to 0.50% of the total wages of the employee. Additionally, administrative charges of 0.01% of total wages have also to be paid by the employer. The employee does not have to contribute any amount to this scheme. The salary limit for coverage of employees is the same as that of the Provident Fund.

Benefit to nominee of employee

In case of death of an employee during employment, his nominee or family member gets an amount equal to average balance in the Provident Fund Account of the deceased employee during the last 12 months.

As discussed earlier, the statutory features viz., EPF & ESI etc., are required to be configured in **F11: Statutory & Taxation** Features. In this section, we will discuss, recording of transactions related to computation and contribution of Provident Fund.

Illustration 1:

On 30th April, 2009 M/s. Spectrum Software Solutions processed Provident Fund contributions for the month of April 2009 and paid the amount in full to EPFO.

The same is accounted as shown:

In Tally.ERP 9, follow the steps given below to process Employer contribution towards Provident Fund:

- Create Employer PF Contribution Masters
- Alter/Modify Salary Details
- Processing Employer PF Contribution
- Processing PF Admin Expenses
- Payment of Provident Fund

4.1 Creation of Employer PF Contribution Masters

In Tally.ERP 9, Employer contribution towards Employees' Pension Fund (Employees' Pension Scheme), Provident Fund, Admin Charges and other PF related ledgers are required to be created separately for appropriate Accounting and reporting. Create the following ledgers in Tally.ERP 9,

1. Employer Contributions Pay Head
2. Employer PF Admin Charges
3. PF Payable Ledger
4. Creation of PF Admin Expenses Ledger

I. Employer Contributions Pay Head

Pay Head Name	Pay Head Type	Statutory Pay Type	Under	Affect Net Salary	Calculation Type
Employer EPS @ 8.33%	Employer's Statutory Contributions	EPS Account (A/c No.10)	Indirect Expenses	No	As computed value
Employer EPF @ 3.67%	Employer's Statutory Contributions	PF Account (A/c No.1)	Indirect Expenses	No	As computed value

i. Employer Contribution EPS @ 8.33% Pay Head Creation

Go to **Gateway of Tally > Payroll Info. > PayHeads > Create**

In the **Pay Heads** Creation screen,

1. Type **Employer EPS @ 8.33%** as the **Name** of the Pay Head
2. Select **Employer's Statutory Contributions** in the field **Pay Head Type**

3. In the field **Statutory Pay Type**, select **EPS Account (A/c No. 10)** as shown

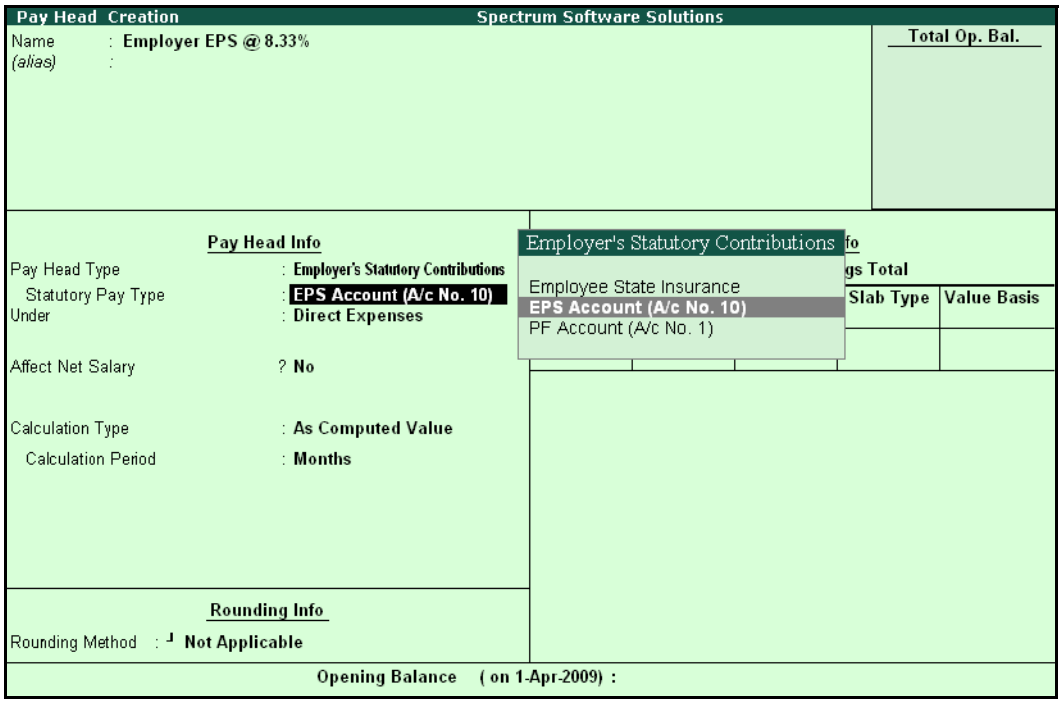


Figure 4.1 Employer EPS @ 8.33% Pay Head Creation

4. Specify the **Group** as **Indirect Expenses** in the **Under** field and press **Enter**
5. Set **Affect Net Salary** to **No**
6. By default the **Calculation Type** is set to **As Computed Value** and **Calculation Period** as **Months**
7. Select **Normal Rounding** as the **Rounding Method** and **1** as the rounding **Limit** and press **Enter**
   - In the **Computation Info section,**
     - Select **On Specified Formula** in the **Compute** field
     - Press **Enter**, the **Compute** subscreen appears
     - In the **Compute** Sub screen,

- Select **Basic Pay** as the **Add Pay Head** function from the **list of Pay Heads** as shown.

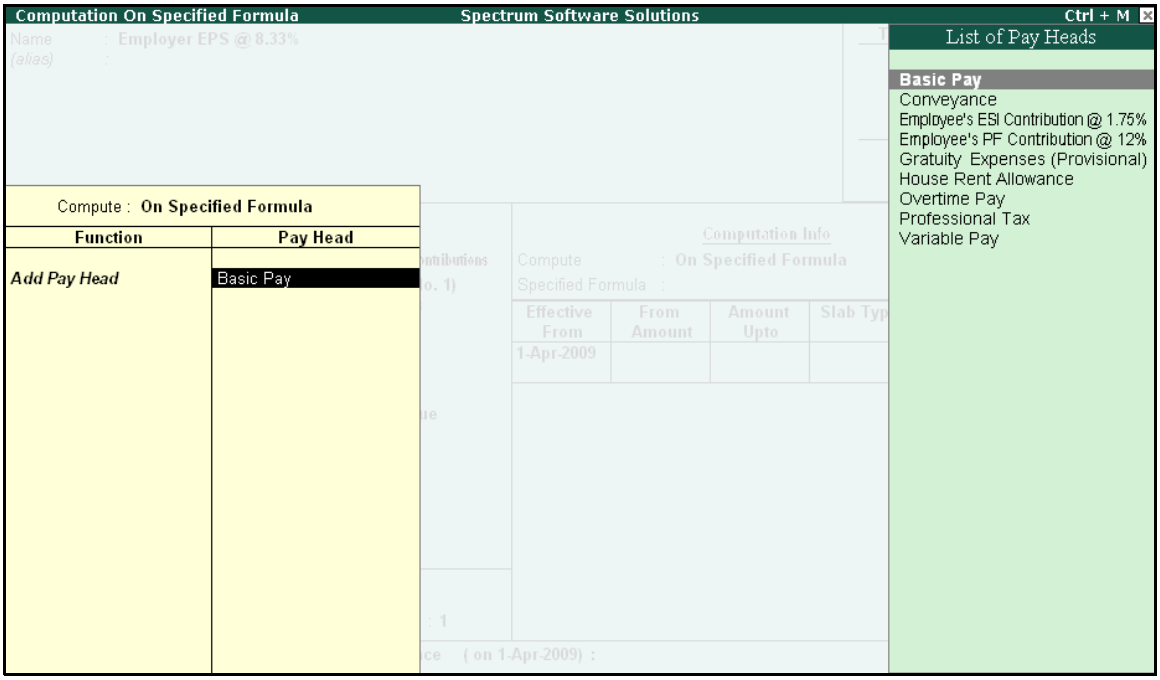


Figure 4.2 Compute Subscreen

- Select **End of List**

- Specify **1-4-2009** as the **Effective From** date
- Specify **6500** in the **Amount Upto** column
- Select **Percentage** as the **Slab Type** from the **List of Slabs** and specify **8.33**% in the **Value Basis** field and press **Enter**
- The **From Amount** is prefilled as **6500**, press **Enter** to skip the **Amount Upto** field
- Select **Value** as the **Slab Type** from the **List of Slabs**
- Specify **541** in the **Value Basis** field and press **Enter**

The completed **Employer EPS @ 8.33% Pay Head Creation** screen is displayed as shown:

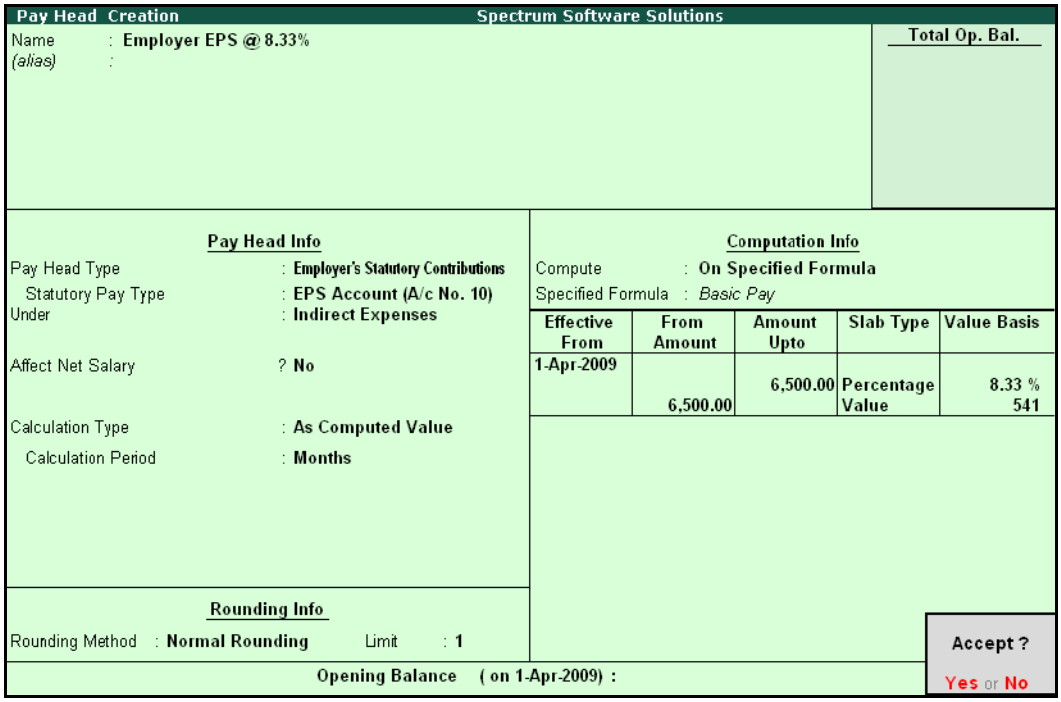


Figure 4.3 Completed Employer EPS Pay Head Creation Screen

8. Press **Enter** to accept

ii. Employer Contribution EPF @ 3.67% Pay Head

Go to **Gateway of Tally > Payroll Info > PayHeads > Create**

In the **Pay Heads Creation** screen,

1. Type **Employer EPF @ 3.67%** as the **Name** of the Pay Head
2. Select **Employer's Statutory Contributions** in the field **Pay Head Type**
3. In **Statutory Pay Type** filed select **PF Account (A/c No. 1)**

The Pay Head Creation screen is displayed as shown:

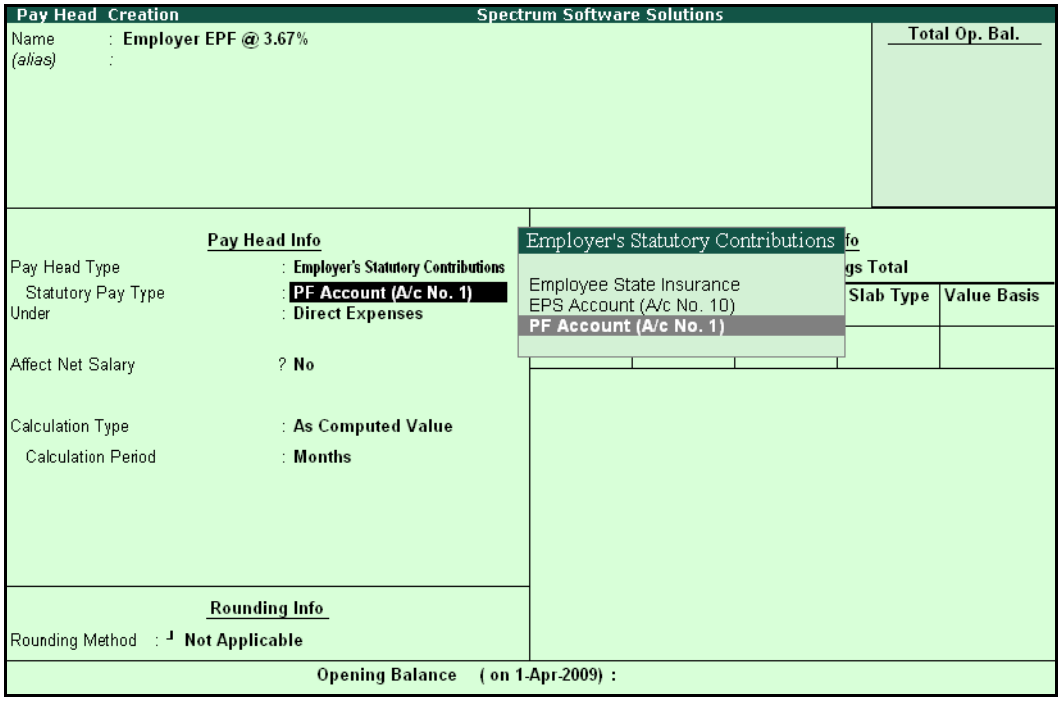


Figure 4.4 Employer EPF @ 3.67% Pay Head Creation

4. Specify the **group** as **Indirect Expenses** in the **Under** field and press **Enter**
5. Set **Affect Net Salary** to **No**
6. The **Calculation Type** is defaulted automatically as **As Computed Value** and **Calculation Period** as **Months**
7. Select **Normal Rounding** as the **Rounding Method** and **1** as the rounding **Limit** and press **Enter**
8. In the **Computation Info** section,
   - Select **On Specified Formula** in the **Compute** field
   - Press **Enter** and the **Compute On** subscreen displays
   - In the **Compute** sub-screen,
     - Select **Employee's PF Contribution @ 12%** from the **List of Pay Heads** as the **Add Pay Head** function and press **Enter**
     - Select **Subtract Pay Head** in **Function** and under **Pay Head** select **Employer EPS @ 8.33%** from the **List of Pay Heads.**

The Compute sub-screen is displayed as shown:

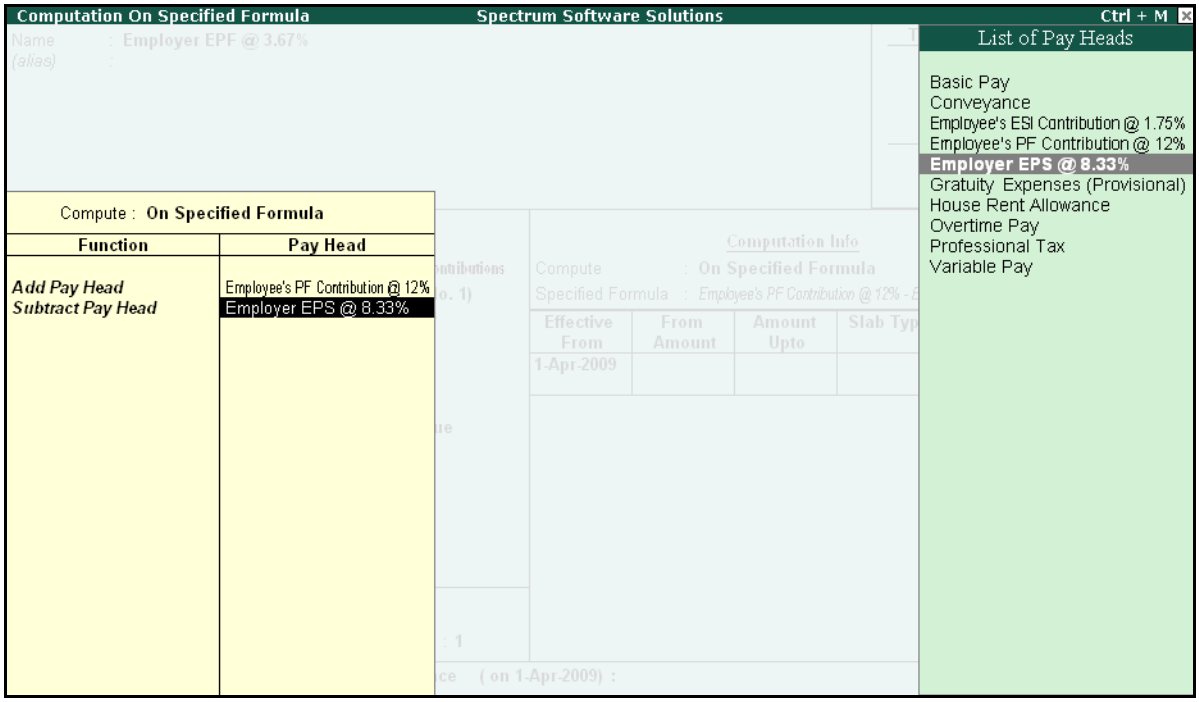


Figure 4.5 Compute Subscreen

- Select **End of List**

- Specify **1-4-2009** as the **Effective From** date
- Press **Enter** to skip the **Slab** fields
- Select **Percentage** as the **Slab Type** from the **List of Slabs**
- Specify **100**% in the **Value Basis** field and press **Enter**

The completed **Employer EPF @ 3.67% Pay Head Creation** screen is displayed as shown:

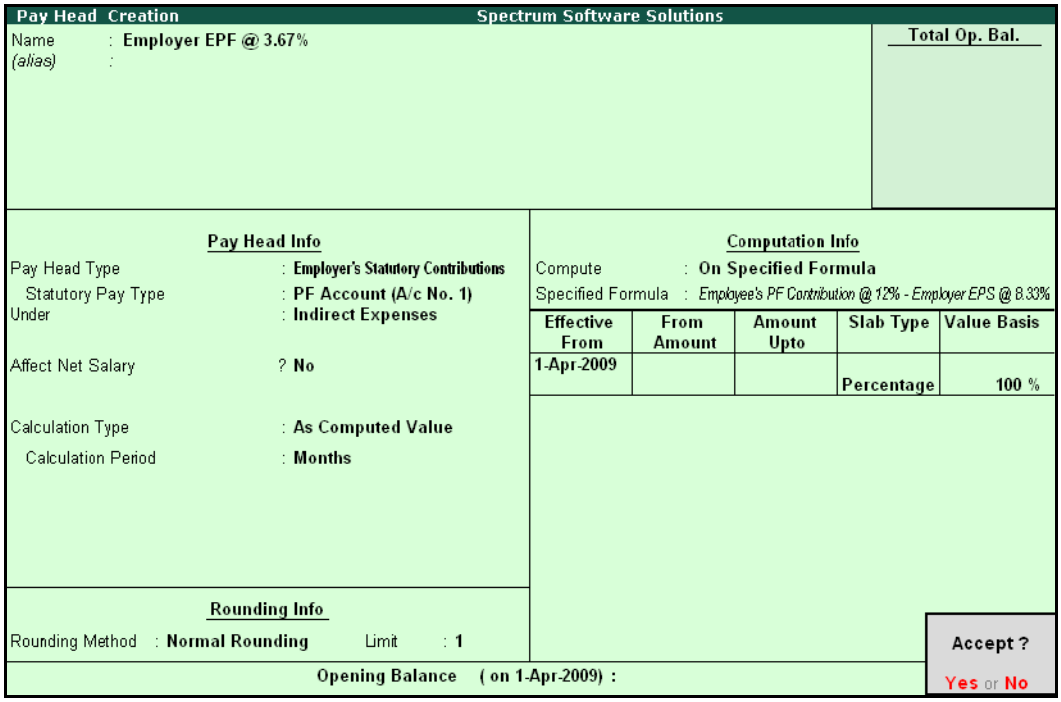


Figure 4.6 Completed Employer EPF Pay Head Creation Screen

9. Press **Enter** to accept.

Alternatively, you can also define the criteria for computation of Employer PF Contribution @ 3.67% Pay head, by selecting Basic Pay in the Compute sub-screen. and defining the percentage as 3.67%.

II. Employer PF Admin Charges

Pay Head Name	Pay Head Type	Statutory Pay Type	Under	Affect Net Salary	Calculation Type
PF Admin Charges @ 1.10%	Employer's Other Charges	Admin Charges (A/c No.2)	Current Liabilities	No	As computed value
EDLI Contribution @ 0.5%	Employer's Other Charges	EDLI Contribution (A/c No.21)	Current Liabilities	No	As computed value
EDLI Admin Charges @ 0.01%	Employer's Other Charges	EDLI Admin Charges (A/c No.22)	Current Liabilities	No	As computed value

i. PF Administrative Charges @ 1.10% Pay Head Creation

Go to **Gateway of Tally > Payroll Info > PayHeads > Create**

In the **Pay Heads Creation** screen,

1. Type **PF Admin Charges @ 1.10%** as the **Name** of the Pay Head
2. Select **Employer's Other Charges** in the field **Pay Head Type**
3. In **Statutory Pay Type** field, select **Admin Charges (A/c No. 2)** as shown

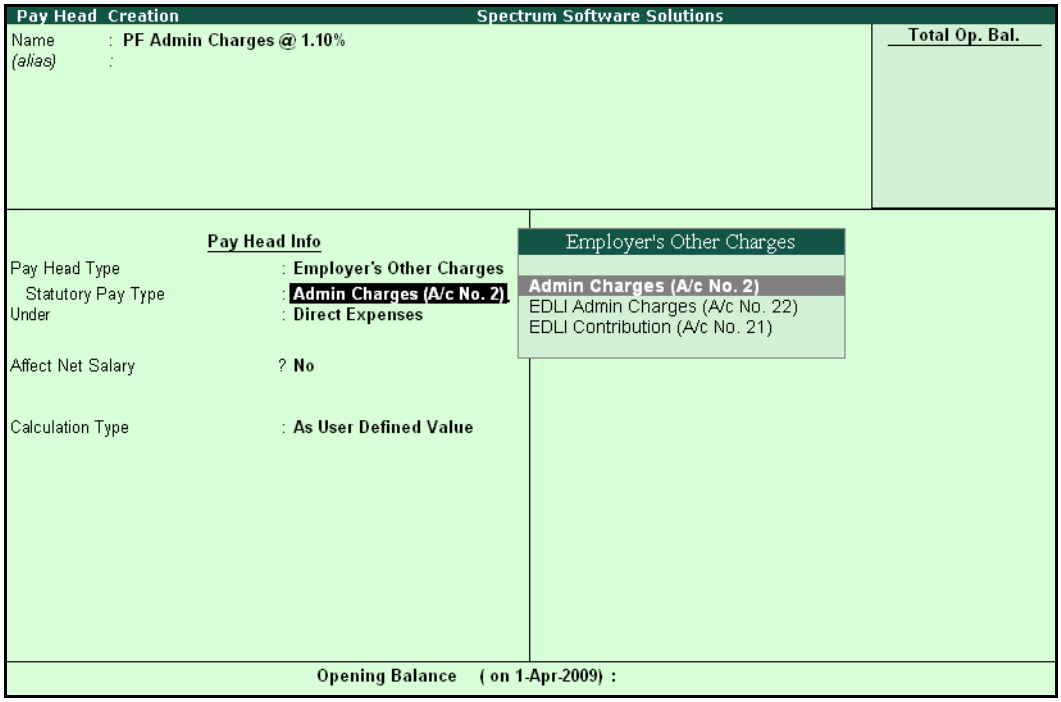


Figure 4.7 PF Admin Charges Pay Head creation

4. Specify the group as **Current Liabilities** in the **Under** field and press **Enter**
5. Set **Affect Net Salary** to **No**
6. The **Calculation Type** is defaulted automatically as **As Computed Value** and **Calculation Period** as **Months**
7. The **Rounding Method** is defaulted to **Normal Rounding** and **1 defaulted** as the rounding **Limit**
8. In the **Computation Info** section,
   - **On PF Gross** is selected automatically in the **Compute** field
   - Specify **1-4-2009** as the **Effective From** date
   - Specify **6500** in the **Amount Upto** column
   - Select **Percentage** as the **Slab Type** and specify **1.10**% in the **Value Basis** field and press **Enter**

The completed **PF Admin Charges @ 1.10% Pay Head Creation** screen is displayed as shown:

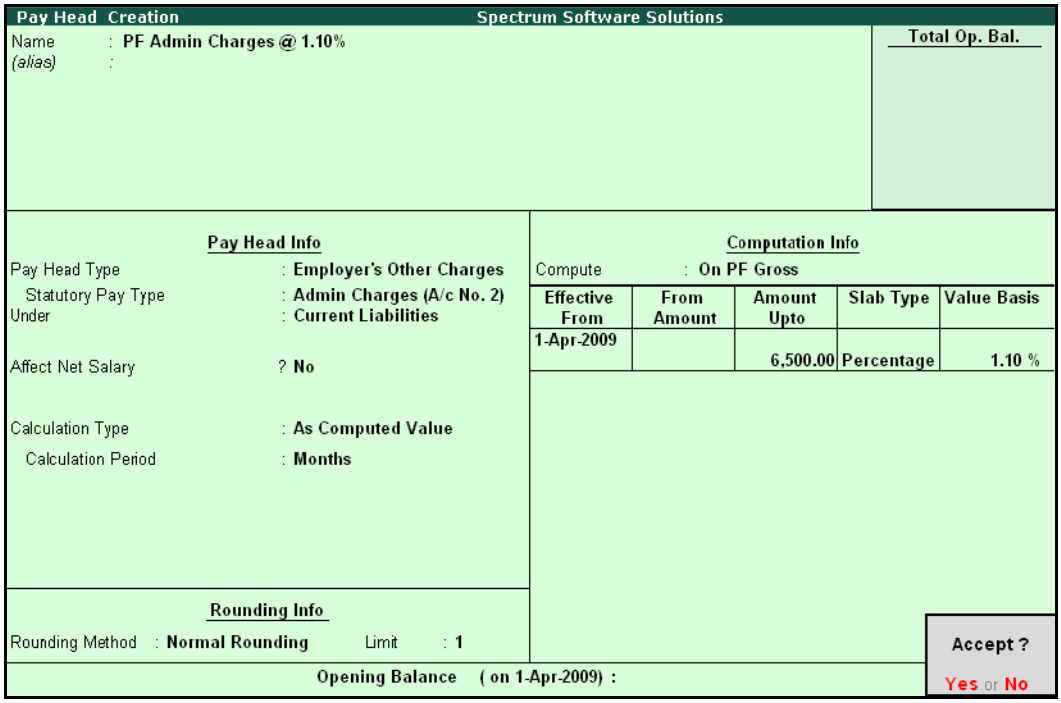


Figure 4.8 Completed Pay Head Creation - PF Admin Charges

9. Press **Enter** to accept

ii. EDLI Contribution @ 0.5% Pay Head Creation

Go to **Gateway of Tally > Payroll Info > PayHeads > Create**

In the **Pay Heads Creation** screen:

1. Type **EDLI Contribution @ 0.5%** as the **Name** of the Pay Head
2. Select **Employer's Other Charges** in the field **Pay Head Type**.

3. In **Statutory Pay Type** filed select **EDLI Contribution (A/c No. 21)** as shown

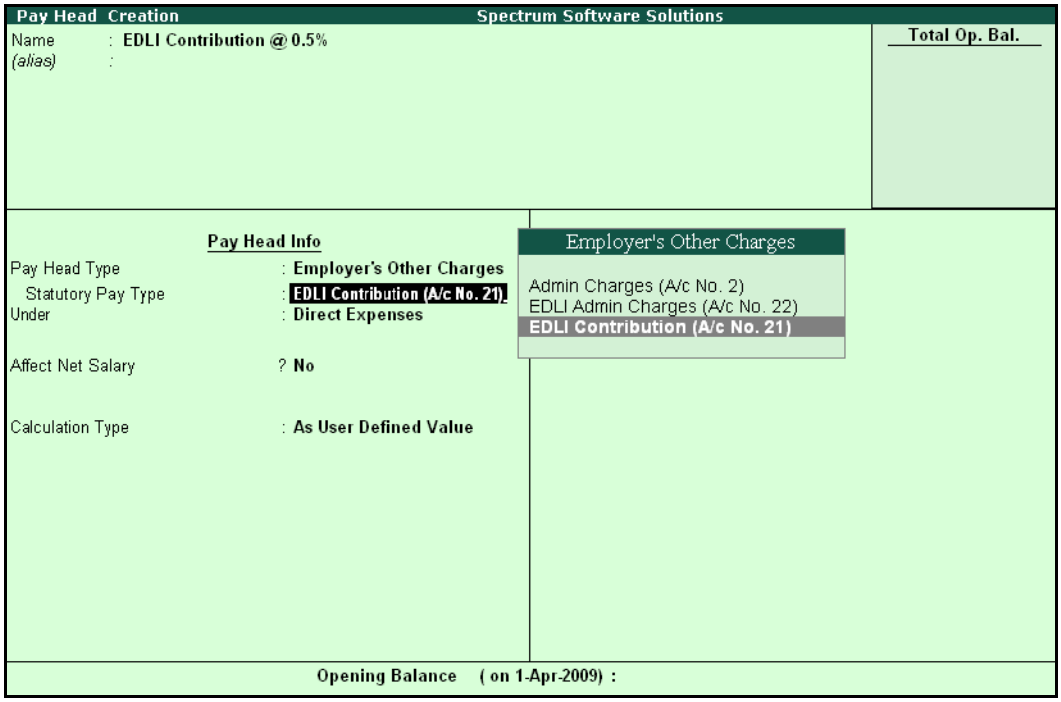


Figure 4.9 EDLI Contribution Pay Head Creation

4. Specify the group as **Current Liabilities** in the field **Under** and press **Enter**
5. Set **Affect Net Salary** to **No**
6. In the **Computation Info** screen,
   - In the **Compute** field, **On PF Gross** is selected by default.
   - Specify **1-4-2009** as the **Effective From** date (In case of a revision in pay structure, you can define the revised computation information for the given pay head, by giving the effective from date)
   - The **From Amount** column is automatically skipped, assuming it to be zero. Enter **6500** in the **Amount Upto** column.
   - Select **Percentage** as the **Slab Type** from the **List of Slabs**
   - Specify **0.5**% in the **Value Basis** field and press **Enter**

The completed **EDLI Contribution @ 0.5% Pay Head Creation** screen is displayed as shown:

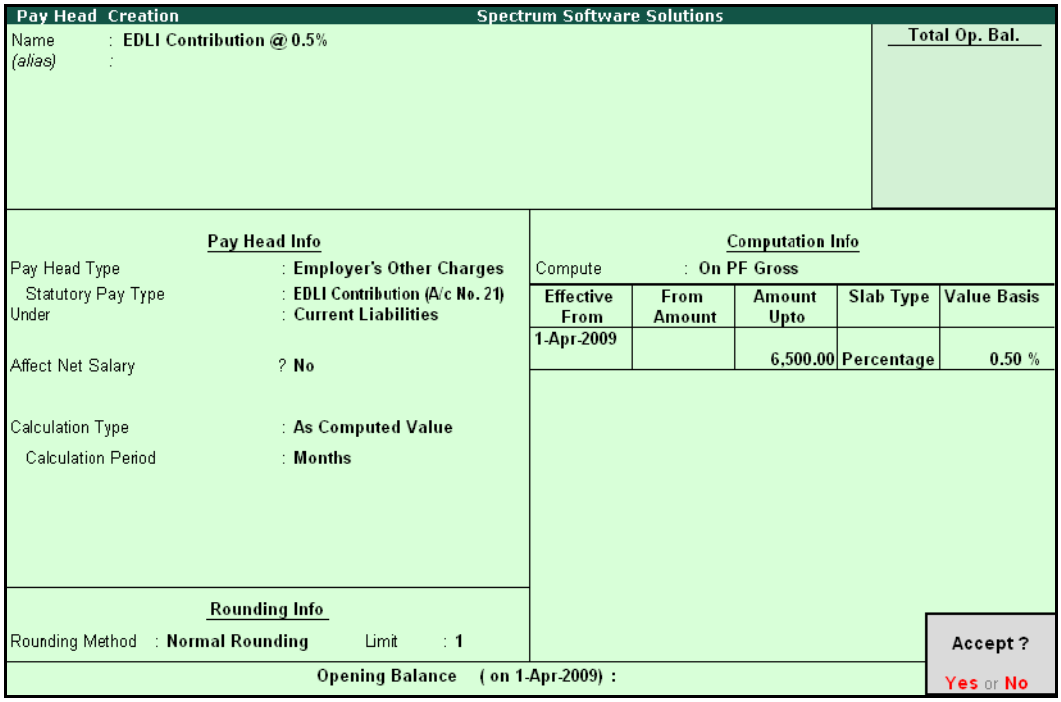


Figure 4.10 Completed Pay Head for EDLI Contribution

7. Press **Enter** to accept and save the Pay Head

iii. EDLI Administrative Charges @ 0.01% Pay Head Creation

Go to **Gateway of Tally > Payroll Info > PayHeads > Create**

In the **Pay Heads** Creation screen,

1. Type **EDLI Admin Charges @ 0.01%** as the **Name** of the Pay Head
2. Select **Employer's Other Charges** in the field **Pay Head Type**
3. In **Stautory Pay Type** filed select **EDLI Admin Charges (A/c No. 22)**

The Pay Head Creation screen is displayed as shown:

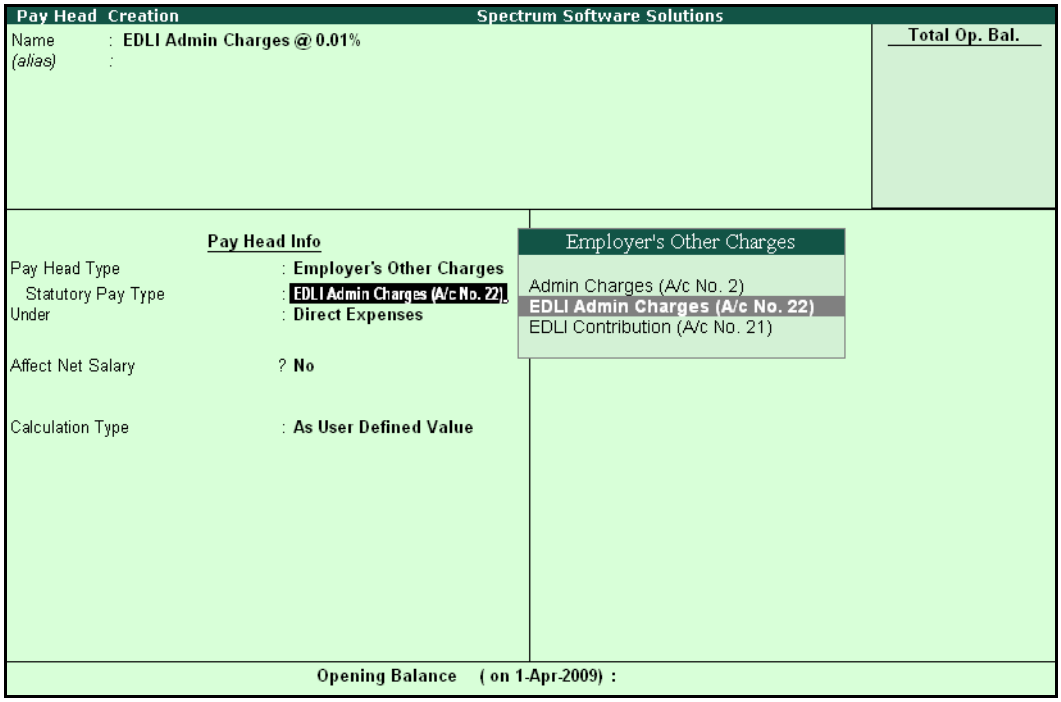


Figure 4.11 EDLI Admin Charges Pay Head Creation

- Set **Minimum Rs 2/Employee** to **Yes** if you want the EDLI Admin Charges to be minimum Rs. 2.

*When the option **Minimum Rs 2/Employee** is set to **Yes**, the **EDLI Admin Charges** for each employee is minimum Rs. 2 or actual value as calculated.*

*When this option is set to **No** the **EDLI Admin Charges** are calculated as per the **specified formula**.*

4. Specify the group as **Current Liabilities** in the field **Under** and press **Enter**
5. Set **Affect Net Salary** to **No**
6. In the **Computation Info** screen,
   - **On PF Gross** is selected in the **Compute** field, by default
   - Specify **1-4-2009** as the **Effective From** date
   - The **From Amount** column is automatically skipped, assuming it to be zero. Enter **6500** in the **Amount Upto** column
   - Select **Percentage** as the **Slab Type** from the **List of Slabs**
   - Specify **0.01**% in the **Value Basis** field and press **Enter**

The completed **EDLI Admin Charges @ 0.01% Pay Head Creation** screen is displayed as shown:

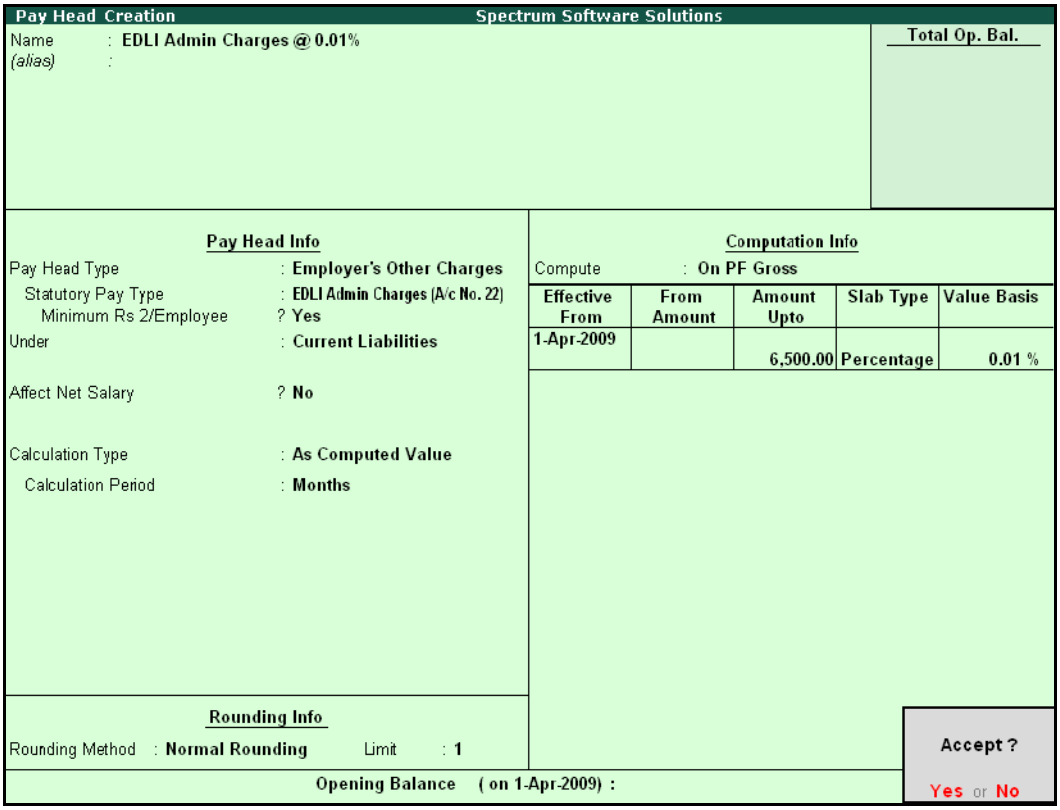


Figure 4.12 Completed pay Head for EDLI Admin Charges

7. Press **Enter** to accept and save the Pay Head.

III. PF Payable Ledger

To process the Employer PF Contribution, create PF Payable Ledger as explained below:

Ledger	Pay Head Type	Under
PF Payable	Not Applicable	Current Liabilities

Go to **Gateway of Tally > Payroll Info. > Payheads > Create**

1. Type **PF Payable** in the **Name** field
2. In the **Pay Head Type** field select **Not Applicable**
3. Specify the Group as **Current Liabilities** in the **Under** field and press **Enter**

The completed **PF Payable** Ledger creation screen is displayed as shown:

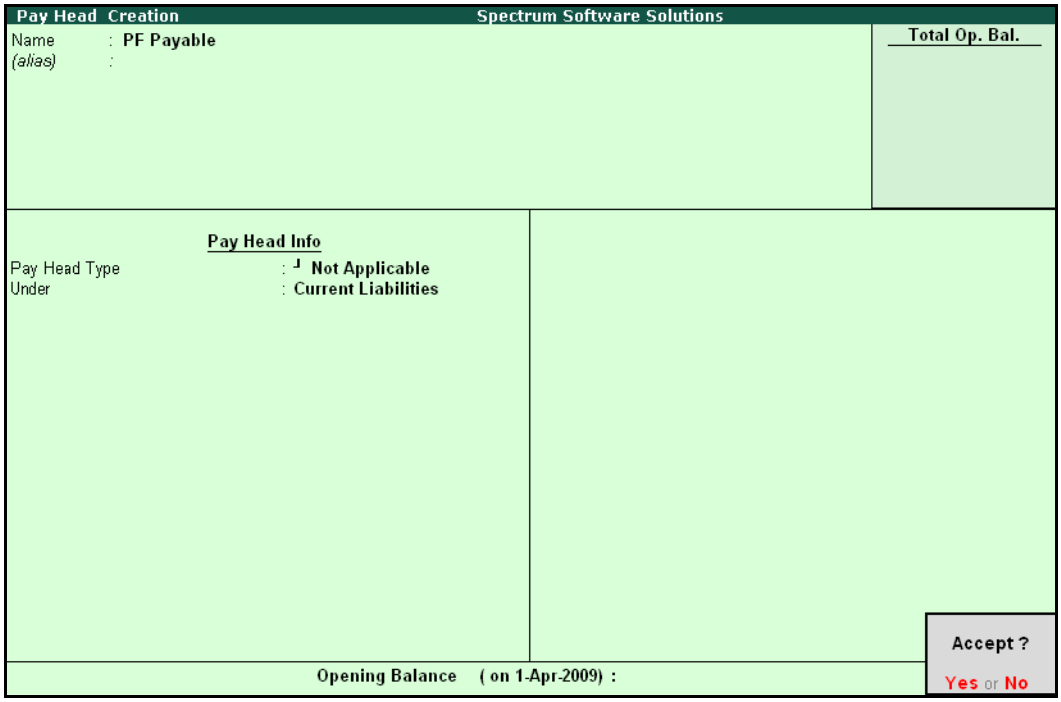


Figure 4.13 Completed PF Payable Ledger Creation

4. Press **Enter** to accept.

IV. PF Admin Expenses Ledger

To process the Employer Other Charges (PF Admin, EDLI Contribution and EDLI Admin expenses), create PF Admin Expenses Ledger as explained below:

Ledger	Under
PF Admin Expenses	Indirect Expenses

Go to **Gateway of Tally > Accounts Info. > Ledgers > Create**

1. In the **Name** field, type **PF Admin Expenses**
2. Specify the group as **Indirect Expenses** in the field **Under** and press **Enter**

The completed **PF Admin Expenses** Ledger creation screen is displayed as shown:

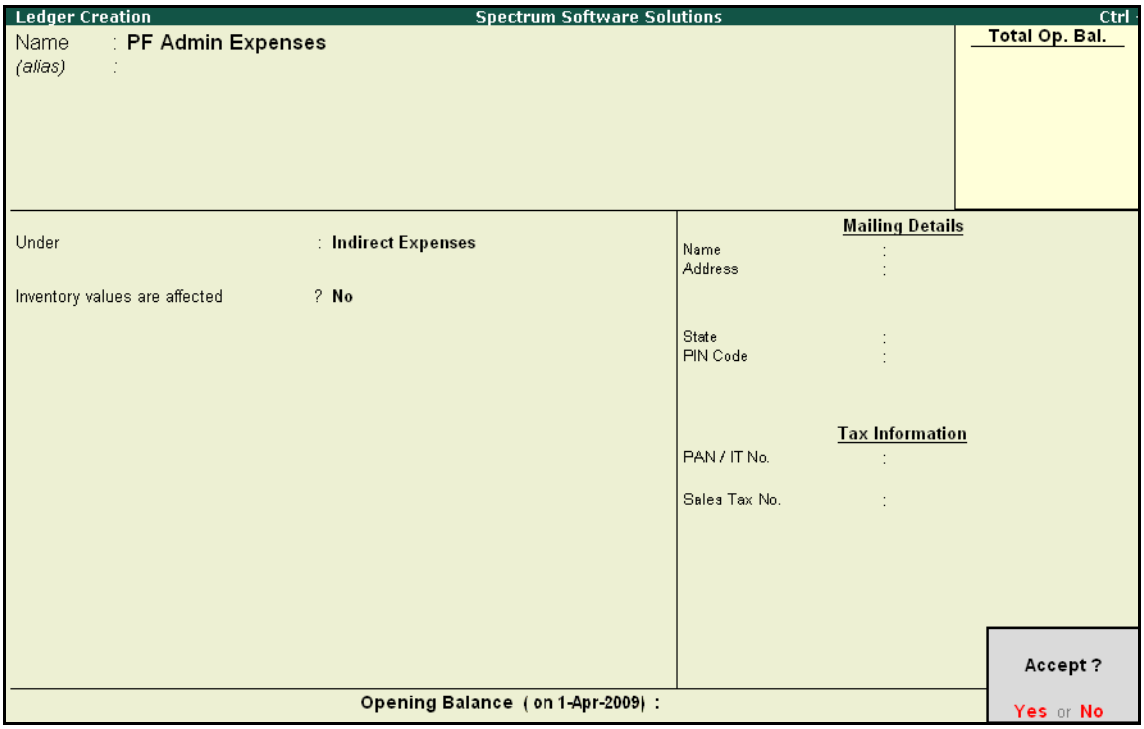


Figure 4.14 PF Admin Expenses Ledger Creation

3. Press **Enter** to accept

4.2 Salary Details setup

Once the required Employer Contribution Pay Heads and Admin Expenses ledgers are created, the salary details of the Employee should be altered to constitute the Employer Contribution pay head ledgers for automatic calculations based on the monthly payments made to the Employees.

Create / Alter Salary Details Master

To update the salary details Master of the Employees, follow the steps given below:

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

1. Select the **Vijay Kumar** one by from the **List of Groups / Employees**
2. Add the Pay Heads **Employer EPS @ 8.33%** and **Employer EPF @ 3.67%**

The completed **Salary Details** screen is displayed as shown:

Salary Details Alteration — Spectrum Software Solutions — Ctrl + M

Name : Vijay Kumar (549)
Under : Administration
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009	Basic Pay	10,000.00	Months	Earnings for Employees	On Attendance	
	House Rent Allowance			Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	800.00	Months	Earnings for Employees	Flat Rate	
	Overtime Pay	55.00	Hrs	Earnings for Employees	On Production	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	(((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%

Accept ?
Yes or No

Figure 4.15 Salary Details Alteration Screen

Similarly, include Employee Contribution Pay Heads in the Salary Details Masters of other employees.

- *It is necessary to include **Employer Contribution Pay Heads** (i.e., **Employer PF** and **Employer Pension Fund** Pay Heads in the **Salary Structure** of the Employee, to automate the Computation of Employer PF Contribution on the basis of payments made to Employees.*
- *While, including the Employer Contribution Pay Heads in the Salary Details master, the order of precedence in which the Pay Heads are included must on the basis of their calculation criteria i.e.,*

i. ***Earning** Pay Heads*

ii. ***Deduction** Pay Heads*

iii. ***Professional Tax** or Income Tax Pay Heads (if any)*

iv. ***Employee PF Contribution** Pay Heads*

v. ***Employer PF Contribution** Pay Heads*

vi. ***Gratuity** (Gratuity is calculated on Basic Pay + DA, hence Gratuity Pay Head can be sequenced in the Salary details of an Employer in any order after Earnings Pay Heads).*

4.3 Processing Employer PF Contribution

In Tally.ERP 9, you are required to process Employer PF Contributions, PF Admin Charges separately and make the payment towards PF comprising of Employees' PF Contribution, Employer PF Admin Expenses through a combined challan.

Follow the steps explained below to process Provident Fund.

Go to **Gateway of Tally > Payroll Vouchers**

1. Press **Ctrl+F4** for **Payroll** Voucher
2. Press **F2**, specify the date as **30-04-2009** and press **Enter**
3. Press **Alt+A *(Payroll Auto Fill)*** to automate the employee payroll details
4. In the Employee Filter subscreen,
   - Select **PF Contribution** from the **Process List** drop down as shown

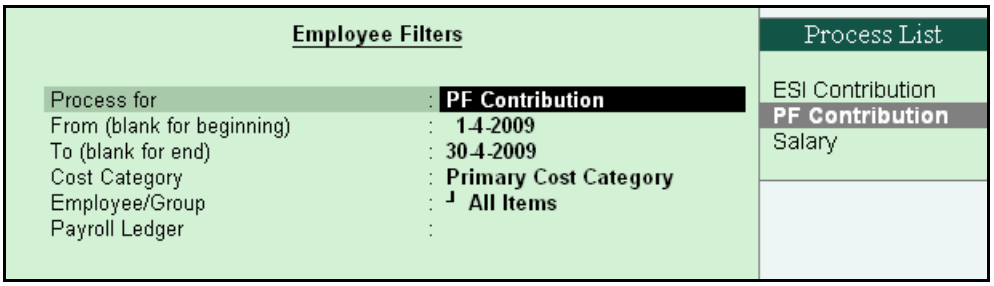


Figure 4.16 Employee Filters - Process List Selection

Tally.ERP 9 provides the following predefined processes that will help in processing Payroll transactions:

i. ***ESI Contribution:*** *This process is selected to automate computation of Employer ESI Contribution.*

ii. ***PF Contribution:*** *This process is selected to automate computation of Employer PF Contribution*

iii. ***Salary:*** *This process is selected to automate computation of Salaries payable to Employees.*

- Specify **1-4-2009** and **30-4-2009** in the **From** and **To** Date fields respectively
- Select **Primary Cost Category** in the **Cost Category** field
- Select **All Items** as **Employee/ Group** field (To process, for a particular group / Employee select the respective Employee / group, as required)

- Select **PF Payable** Ledger from the list of Ledger Accounts drop down in the **Payroll Ledger** field as shown

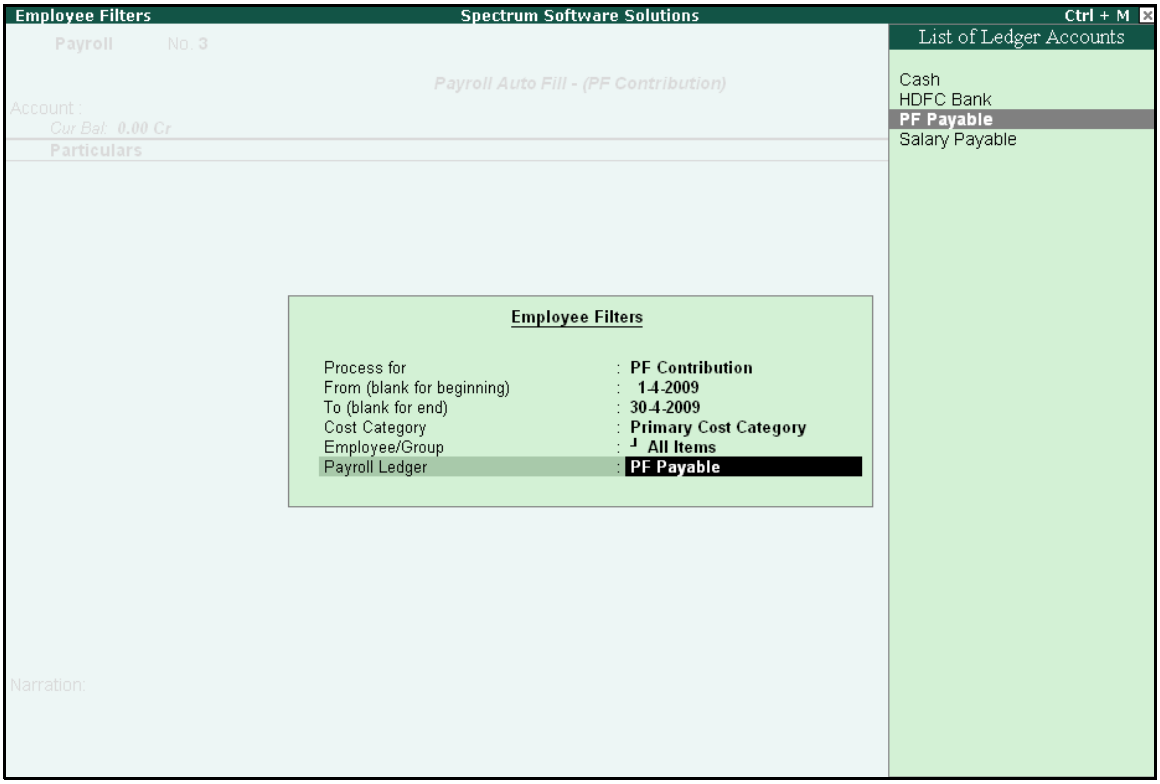


Figure 4.17 Employee Filters screen – Payroll Ledger Selection

The values for the Employer PF contributions are prefilled in the Payroll Voucher for PF Contribution process.

The Payroll Voucher for **Employer PF Contribution** is displayed as shown:

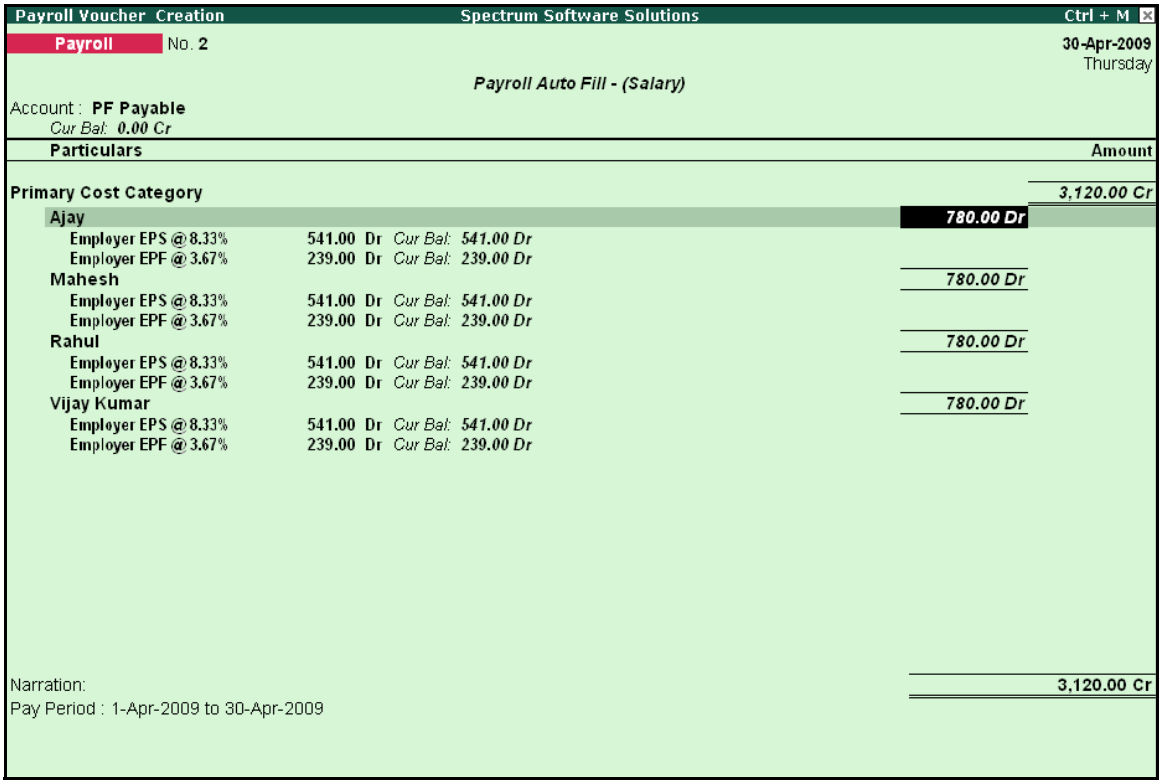


Figure 4.18 Payroll Voucher Creation - PF Contribution

5. Press **Enter** to accept

The completed Payroll Voucher for **Employer PF Contribution** is displayed as shown:

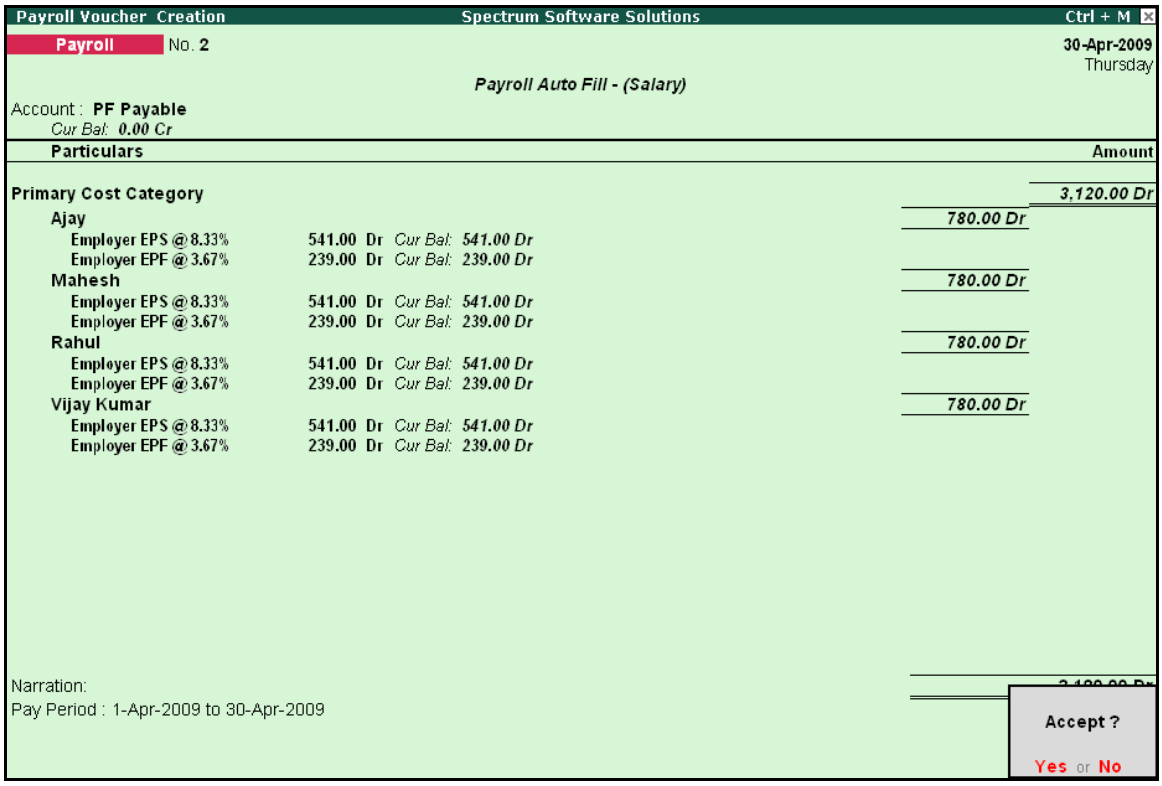


Figure 4.19 Completed PF Contribution screen

6. Press **Enter** to accept

4.4 Processing PF Admin Expenses

To process the PF Admin Charges, follow the steps given below:

Go to **Gateway of Tally > Accounting Vouchers**

1. Press **F7** for **Journal** Voucher
2. Press **F2**, specify the date as **30-04-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill Employer's Other Charges details
   - Specify **1-4-2009** and **30-4-2009** in the **From** and **To** Date fields respectively
   - Select **Primary Cost Category** in the **Cost Category** field
   - Select **All Items** in the **Employee/ Group** field

- Select **PF Admin Expenses** Ledger in the **Expense Ledger** field

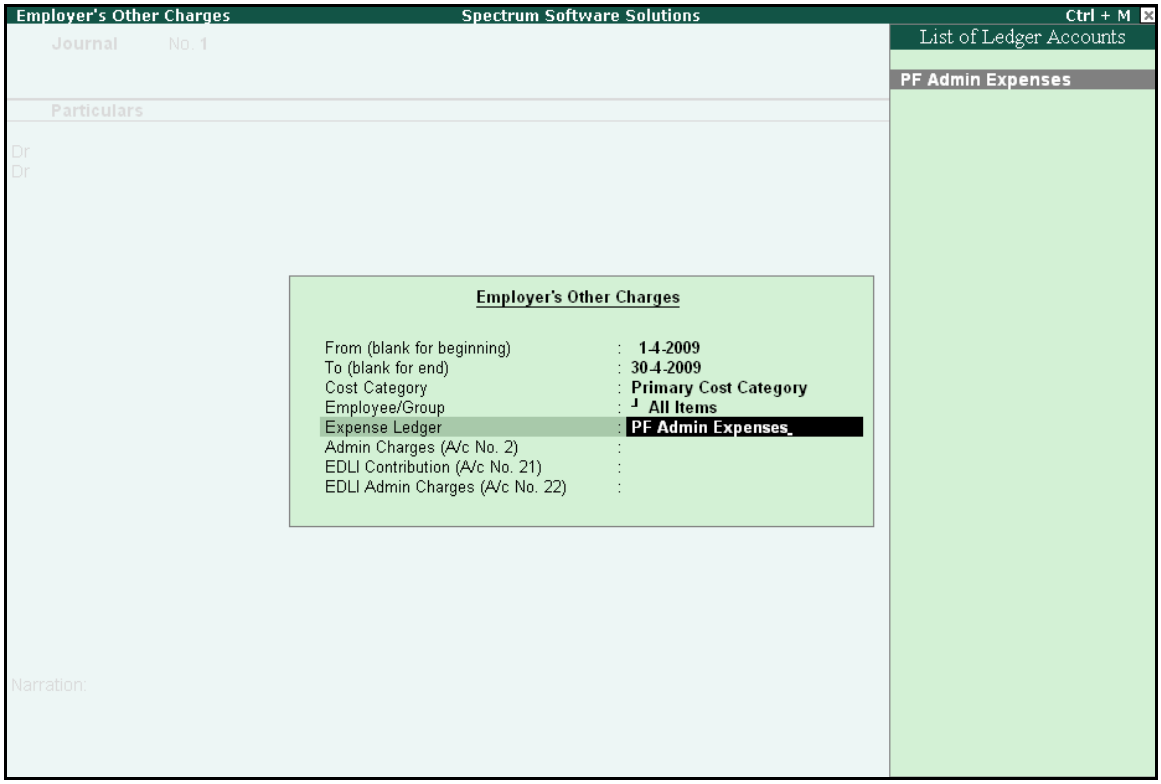


Figure 4.20 Employer's Other Charges screen – Expenses Ledger Selection

- Select **PF Admin Charges @ 1.10%** Ledger in the **Admin Charges (A/c No. 2)** field as shown

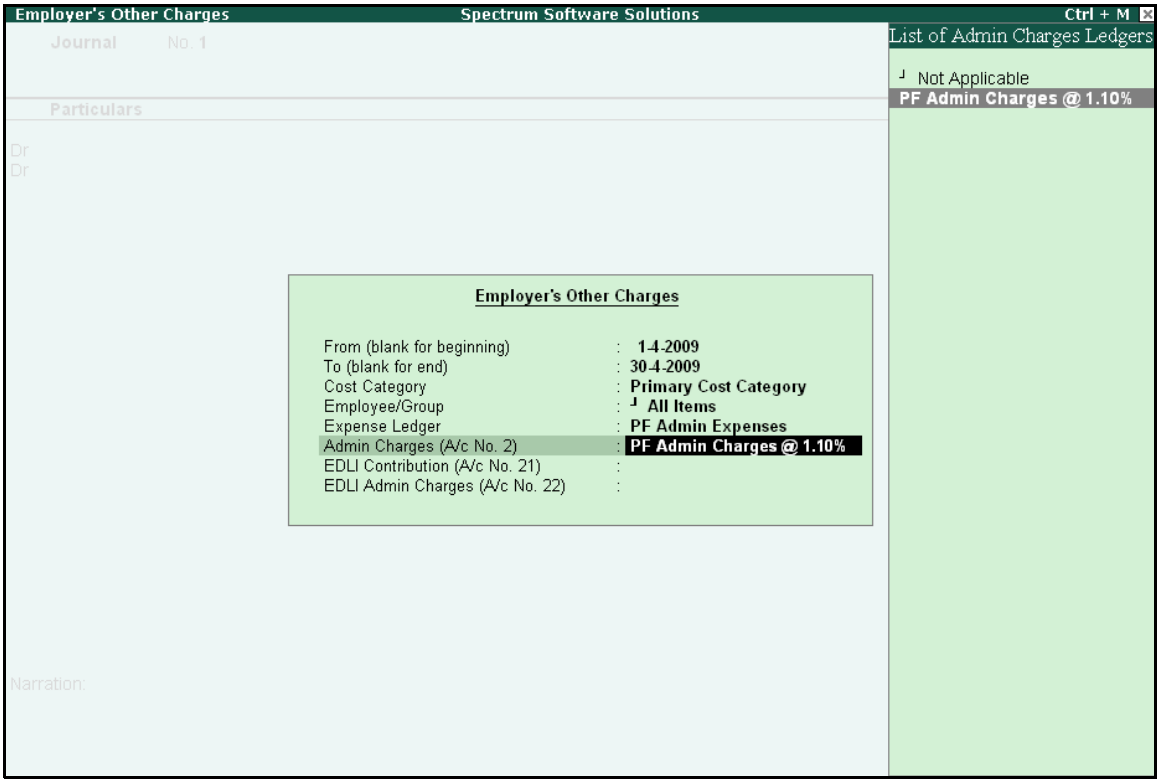


Figure 4.21 Employer's Other Charges screen – Admin Charges Ledger Selection

- Similarly, select **EDLI Contribution @ 0.5%** and **EDLI Admin Charges @ 0.01%** in the **EDLI Contribution (A/c No. 21)** and **EDLI Admin Charges (A/c No. 22)** fields respectively.

The completed Employer's Other Charges subscreen is displayed as shown:

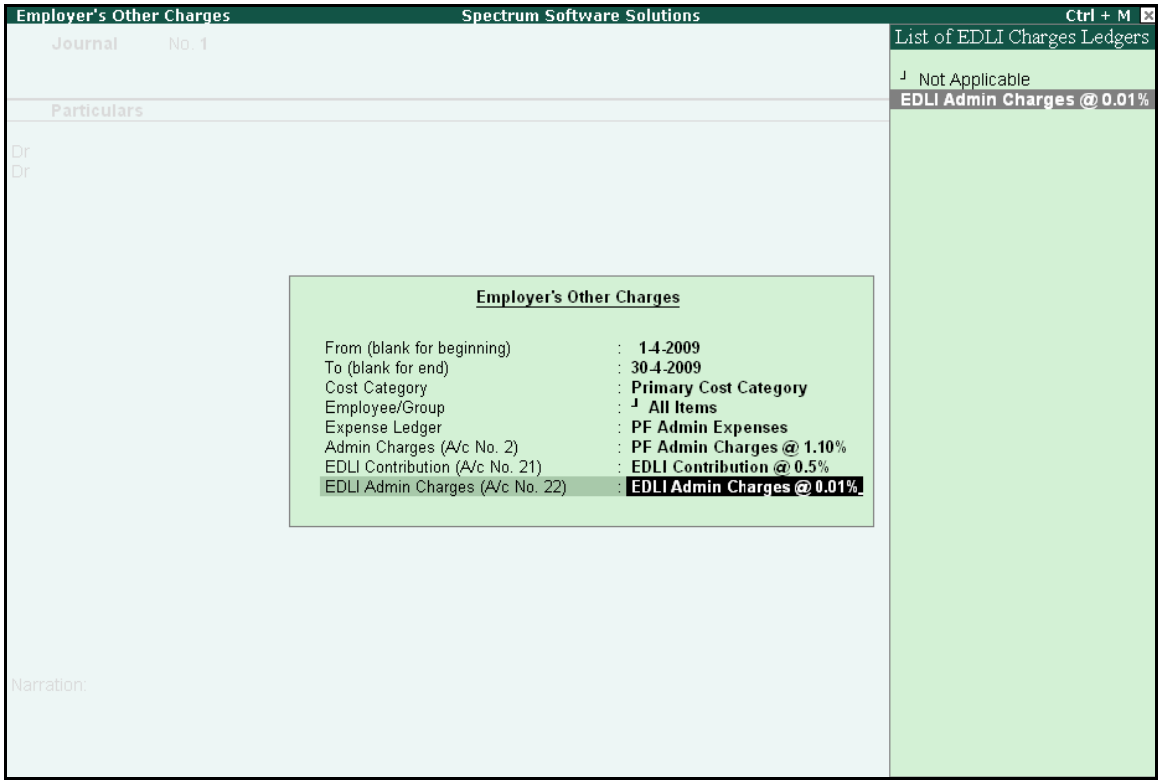


Figure 4.22 Completed Employer's Other Charges screen

- Press **Enter**

4. Type the details of the transaction in the **Narration** field

The completed **Employer PF Expenses** Voucher is displayed as shown:

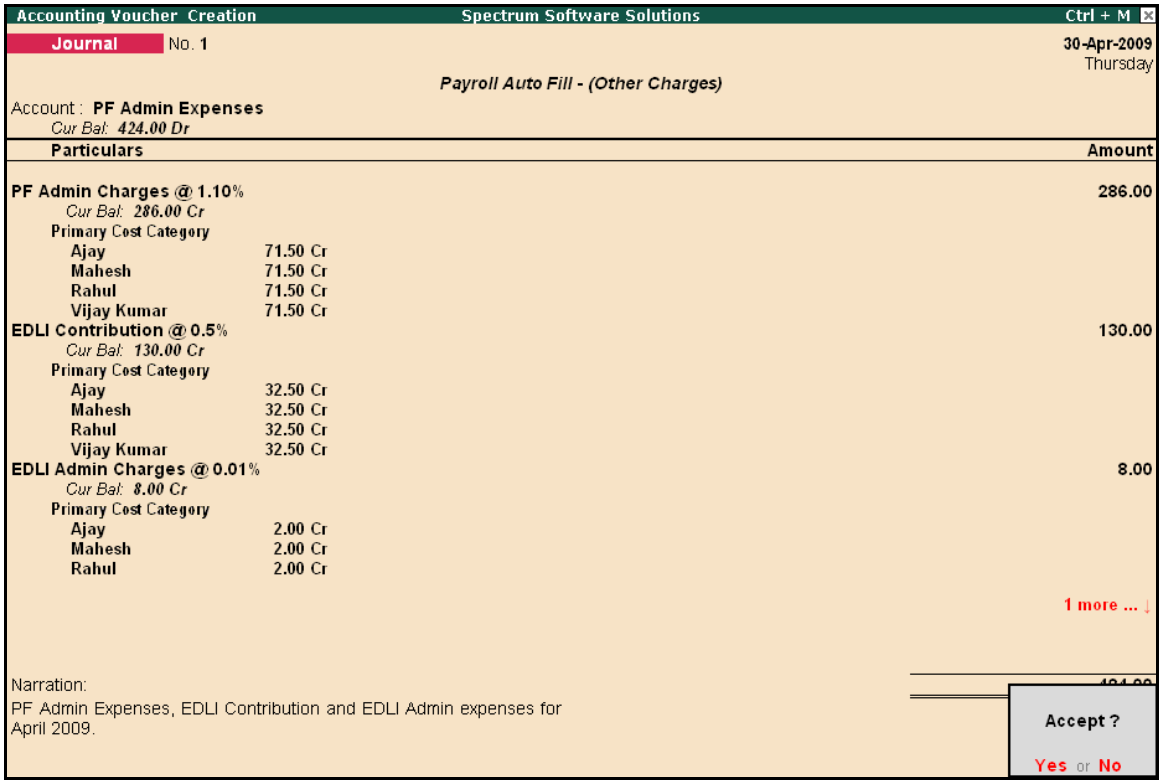


Figure 4.23 Completed PF Expenses Voucher screen

5. Press **Enter** to accept and save.

4.5 Payment of Provident Fund

In Tally.ERP 9, once the process for Employee and Employer contributions to Provident Fund is implemented in the manner as discussed in earlier sections, the total amount payable to EPFO is accumulated separately in three Ledger Accounts, PF Payable Account (Employer Contributions), Employee PF Contributions and the PF Admin Charges Ledger. At the time of making the payment to EPFO, a payment voucher is required to be passed.

To process the payment of Provident Fund, follow the steps given below:

Step 1: Create PF Payment Voucher

Go to **Gateway of Tally > Accounting Vouchers**

1. Press **F5** for **Payment** Voucher
2. Press **F2**, specify **30-04-2009** as the **Voucher Date** and press **Enter**

3. Press **Alt+A** (Payroll Auto Fill) to prefill PF details

- Select **PF Challan** in the **Process for** field from the **Process List** screen

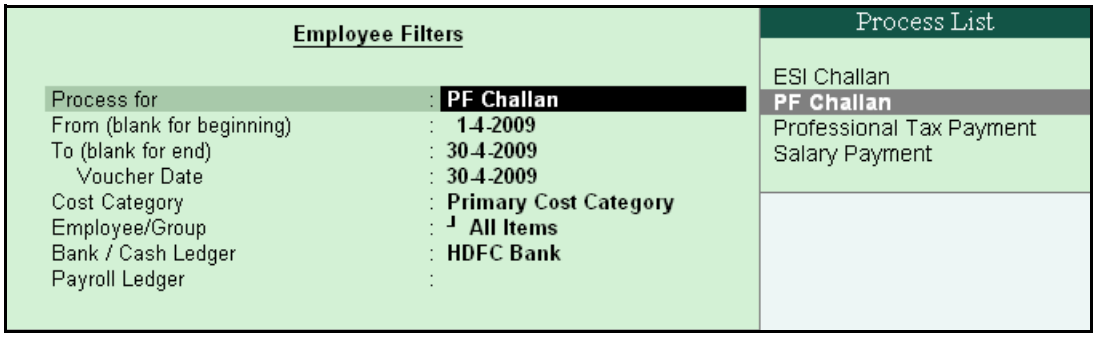


Figure 4.24 Employee Filters screen - Process Selection

- Enter **1-4-2009** and **30-4-2009** in the **From** and **To** Date fields respectively
- Specify **30-4-2009** in the **Voucher Date** field (This field is prefilled, if the voucher date is specified during Voucher Entry)
- Select **Primary Cost Category** in the **Cost Category** field
- Select **All Items** in the **Employee/ Group** field
- Select **HDFC Bank** in the **Bank / Cash Ledger** field
- Select **PF Payable** Ledger in the **Payroll Ledger** field

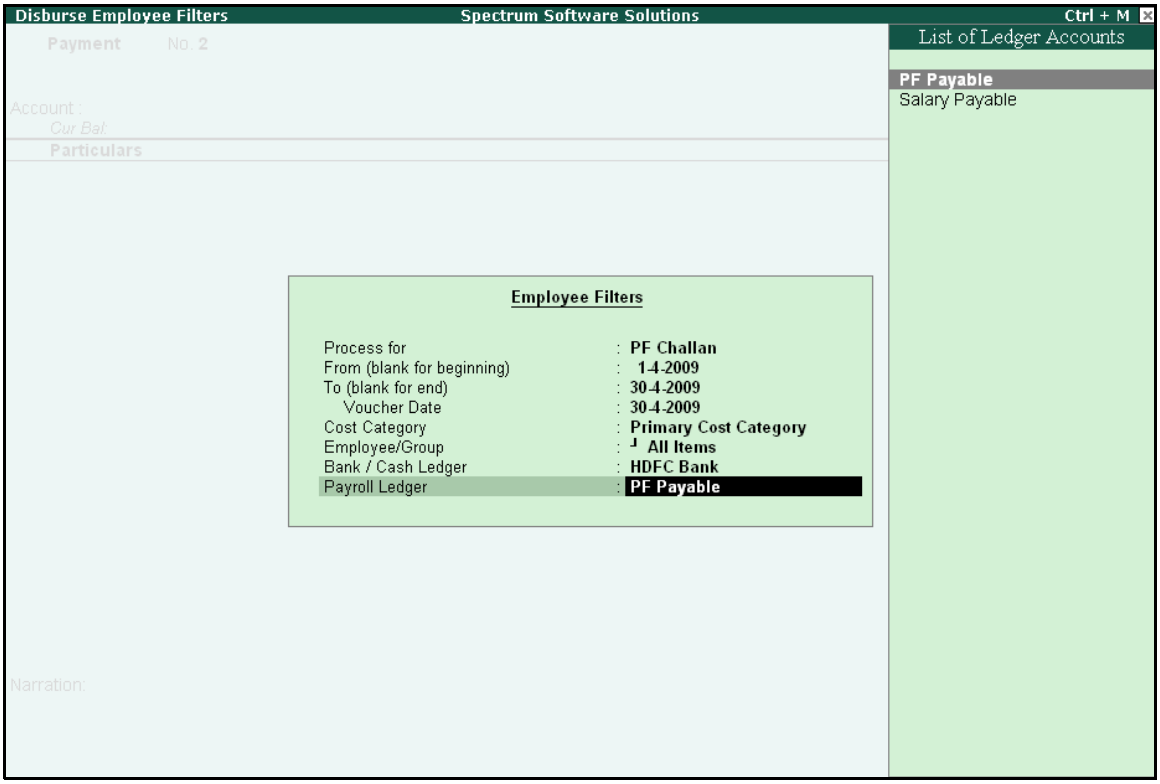


Figure 4.25 Employee Filters screen - PF Ledger selection

4. Press **Enter** to prefill **PF Payable Amount** in respect of **Employer Contributions** during the relevant month

The Payment voucher is displayed as shown:

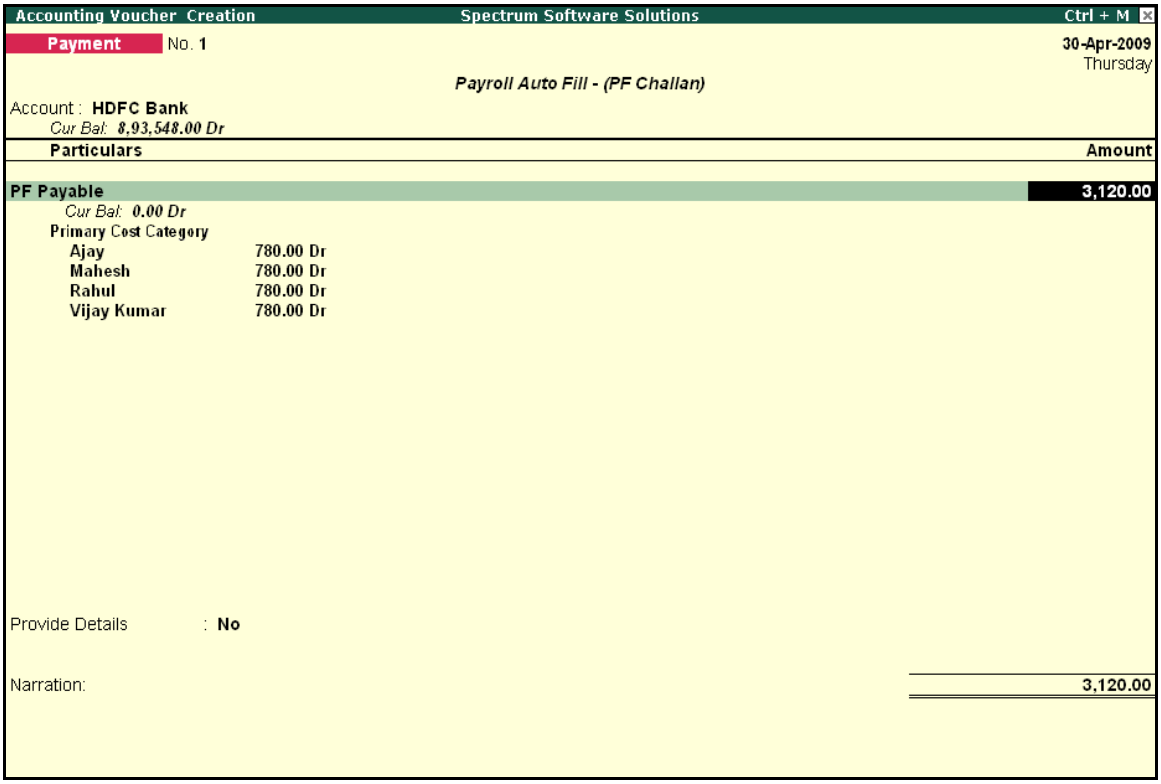


Figure 4.26 PF Payment Voucher with Employer PF Contribution details

5. Press **Enter** again, to prefill the amount of **Employee Contributions** during the relevant month

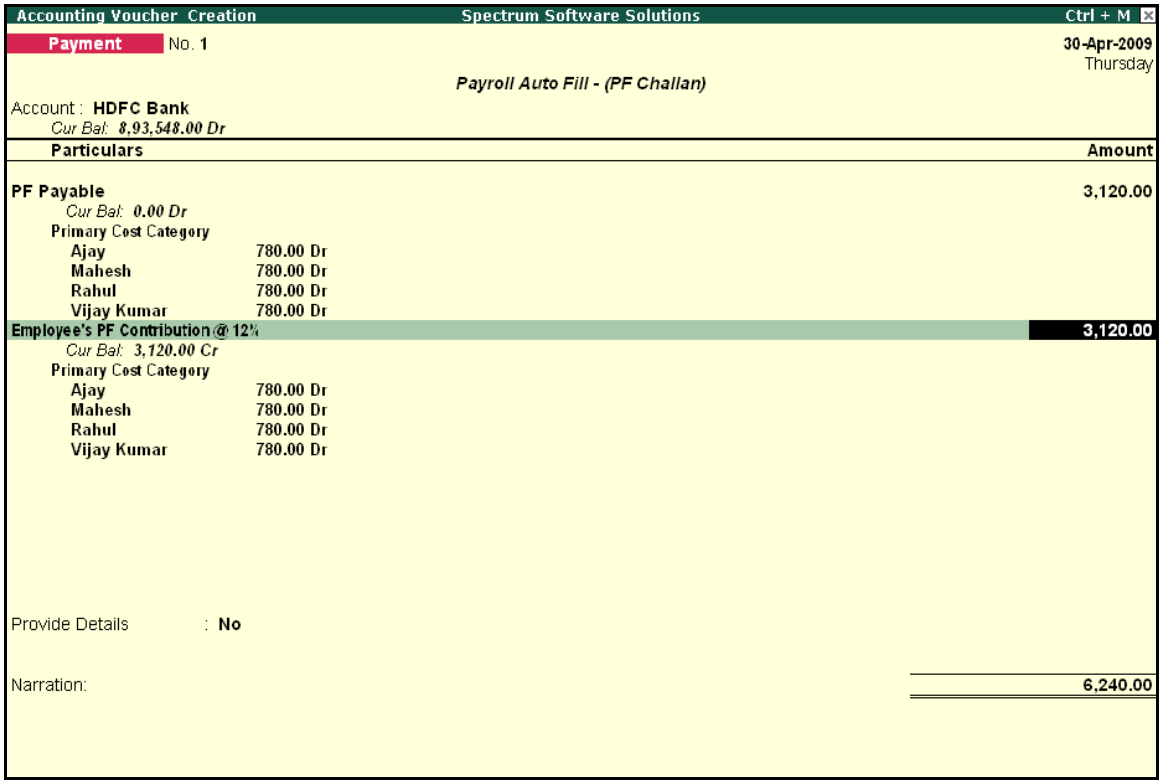


Figure 4.27 PF Payment Voucher - with Employee Contribution details

6. Press **Enter** thrice again, to prefill E**DLI Admin Expenses, EDLI Contribution** and **PF Admin Charges** during the selected month as shown:

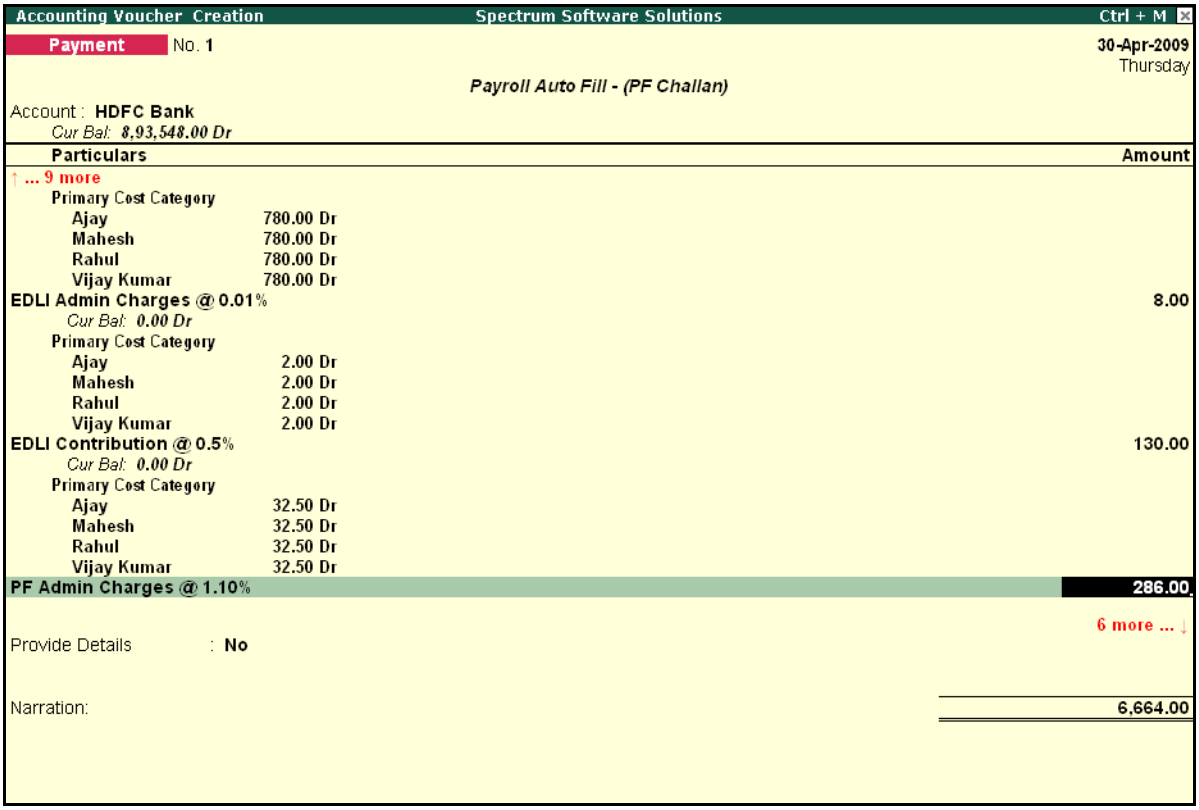


Figure 4.28 PF Payment Voucher with Employer Other charges details

7. Press **Enter** twice
8. Set **Yes** in **Provide Details** field and press **Enter**
9. In the **Provide Details** subscreen,
   - Specify **245547** in the **Cheque/ DD No.** field
   - Specify **30-4-2009** in the **Cheque/DD Date** field
   - Specify **30-4-2009** in the **Challan Date** field
   - Type the name of the Depositor in the **Depositor Name** field
   - Specify the name of the Bank on which the Cheque is drawn in the **Bank Name** field

The completed **Provide Details** subscreen is displayed as shown:

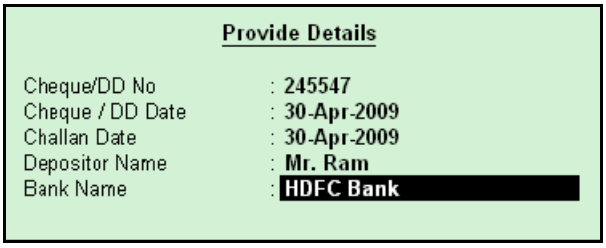


Figure 4.29 Payment details subscreen

10.Press **Enter** to go back to the **PF Payment Voucher** screen
11.Type the **details of the transaction** in the narration field
The completed **PF Payment Voucher** screen for the month of April 2009, is displayed as shown:

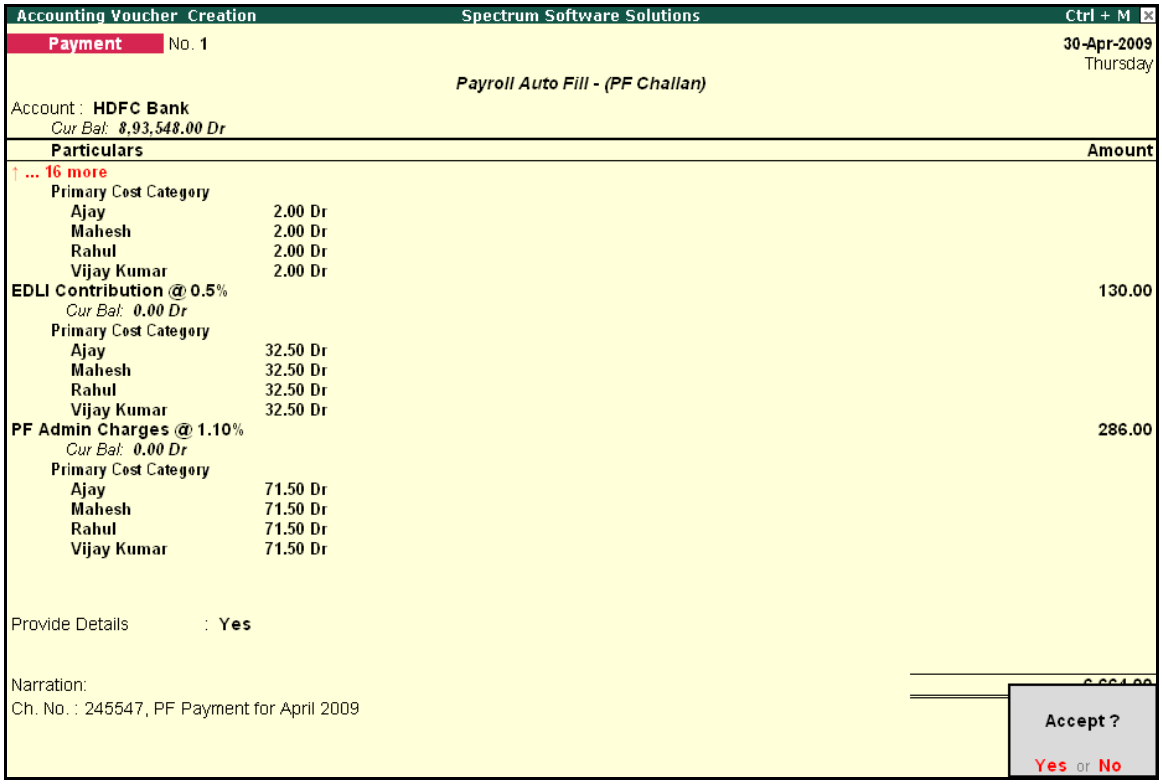


Figure 4.30 Completed PF Payment Voucher screen

12.Press **Enter** to accept

Step 2: Print PF Payment Challan

- Press **Pg UP** from the **Voucher Entry** screen shown above
- Press **Alt + P**, the **Voucher Printing** screen is displayed as shown:

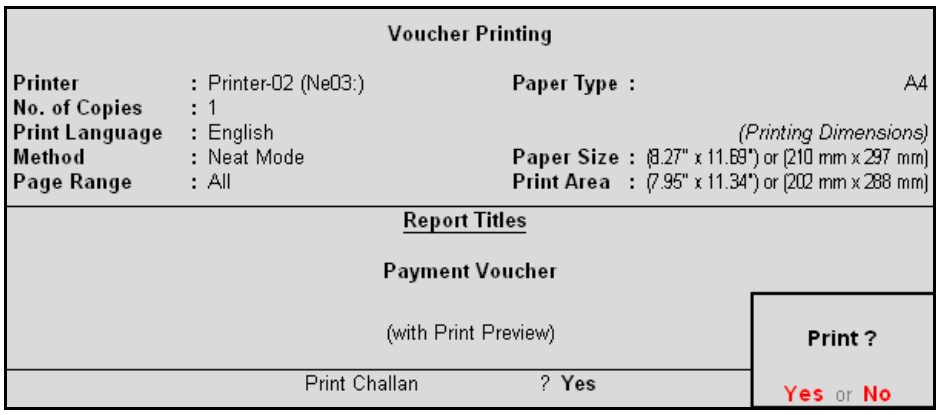


Figure 4.31 Voucher Printing Screen

- In the **Voucher printing** screen, select **Yes** in the **Print Challan** field
- Press **Enter** to Print

The printed **PF Combined Challan** for the month of April 2009 of **M/s. Spectrum Software Solutions** is displayed as shown:

Original

COMBINED CHALLAN NO. 1, 2, 10, 21 & 22
EMPLOYEES' PROVIDENT FUND ORGANISATION

ESTABLISHMENT CODE NO. KA/BN/12345/00129 ACCOUNT GROUP NO. KA/BN/12345/00/09 PAID BY CHEQUE [ ] / CASH [ ]

DUES FOR THE MONTH OF: Employees' Share 04 2009 (MM YYYY); Employer's Share 04 2009

DATE OF PAYMENT : 30 04 2009 (DD MM YYYY)

	A/c. 1	A/c. 10	A/c. 21
Total No. of Subscribers	4	4	4
Total Wages Due	26,000.00	26,000.00	26,000.00

Sl. No.	Particulars	A/c No. 1	A/c No. 2	A/c No. 10	A/c No. 21	A/c No. 22	Total
PART-01							
1	EMPLOYER'S SHARE OF CONT.	956.00		2,164.00	130.00		3,250.00
2	EMPLOYEES' SHARE OF CONT.	3,120.00					3,120.00
3	ADM CHARGES		286.00			8.00	294.00
4	INSP. CHARGES						
5	PENAL DAMAGES						
6	MISC. PAYMENT/S.7Q INTEREST						
7	PAST ACCUMULATIONS/ARREARS						
	Total	4,076.00	286.00	2,164.00	130.00	8.00	6,664.00

(Amount in words : Rs. Six Thousand Six Hundred Sixty Four Only)

NAME OF THE ESTABLISHMENT : **Spectrum Software Solutions**
ADDRESS : **14, Mysore Road,, Bangalore**

NAME OF THE DEPOSITOR : **Mr. Ram**
SIGNATURE OF THE DEPOSITOR :

(For Bank's use only)
Amount Received Rs. :
For Cheques only :
Date of Presentation :
Date of Realisation :
Branch Name :
Branch Code No. :

(TO BE FILLED IN BY EMPLOYER'S)

NAME OF THE BANK HDFC Bank **CHEQUE NO** 245547 **DATE** 30-Apr-2009

Figure 4.32 Printed PF Payment Challan

Lesson 5: Accounting for Employer ESI Contributions

Lesson Objectives

On completion of this lesson, you will be able to

- Process Employer's Contribution to Employees' State Insurance (ESI)
- Payment of ESI Contributions
- Generate the ESI payment Challan

ESI Contribution refers to the amount payable to the Corporation by the Principal Employer in respect of Employees and comprises of the amount payable by the employee as well as the employer.

The employer is required to calculate and remit ESI Contributions comprising of employers' share and employees' share on or before the 21st of the subsequent month in respect of salaries of the related month. The Principal Employer should pay the Employer's share of contribution @ 4.75% in respect of every employee whether employed directly or through an immediate employer. And the Employee's share @ 1.75% has to be recovered by making a deduction from their wages for the respective salary/wages period.

In case, if the employee is drawing upto Rs. 70/- as daily average wage, he is exempt from payment of his share of contribution. However, the employer has to pay employer's share of 4.75% of the Salary payable to the employees.

As discussed earlier, the statutory features viz., EPF & ESI etc., are required to be configured in **F11: Statutory & Taxation** Features. In this section, we will discuss, recording of transactions related to computation and contribution of Employee State Insurance.

Illustration 1:

On 1st June 2009, the list of new joinees with their Salary details are given below:

Employee Name	Department	Date of Joining
Suresh	Administration	1-6-2009
Rajesh	Sales	10-6-2009

The Salary details for the above new employees are listed in the table below:

Pay Head	Suresh	rajesh
Basic Pay	4,500	5000
House Rent Allowance	40%	40%
Conveyance	600	800
Overtime Pay	—	—
Variable Pay	User — defined	
Gratuity Expenses (Provisional)	Only for reporting purpose	
Employee's PF Contribution @ 12%	Applicable based on Slab Rates	
Employee's ESI Contribution @ 1.75%	Applicable based on Slab Rates	
Profession Tax	Applicable based on Slab Rates	

The Attendance details for the month of June 2009 are given as shown:

Attendance/ Production Types	Vijay Kumar	Rahul	Mahesh	Ajay	Suresh	Rajesh
Present Days	26	21	20	22	23	21
Overtime hours	120 Min			600 Min		

The Variable Pay details for the month of June 2009 are given as shown:

Particulars	Vijay Kumar	Rahul	Mahesh	Ajay	Suresh	Rajesh
Variable Pay	0	0	0	0	0	0

The same is accounted as shown:

Create the above employees and their Salary details and then process the Salaries, PF Contributions for the month of June 2009, in the manner as discussed in the earlier chapters. In Tally.ERP 9, follow the steps given below to process Employer contribution towards Employees' State Insurance:

- Create Employer ESI Contribution Masters
- Alter/Modify Salary Details
- Processing Employer ESI Contribution
- Payment of ESI

5.1 Creation of Employer ESI Contribution Masters

In Tally.ERP 9, Employer and Employee's contribution towards Employees' State Insurance (ESI) are required to be created separately for appropriate Accounting and reporting. Create the following ledgers in Tally.ERP 9:

- Employer Contribution Pay Head
- ESI payable Ledger

I. Create Employer ESI Contribution @ 4.75% Pay Head

Pay Head Name	Pay Head Type	Statutory Pay Type	Under	Affect Net Salary	Calculation Type
Employer ESI @ 4.75%	Employer's Statutory Contributions	Employee State Insurance	Indirect Expenses	No	As Computed Value

Go to **Gateway of Tally >Payroll Info >Pay Heads >Create**

In the **Pay Heads Creation** screen,

1. Type **Employer ESI @ 4.75%** as the **Name** of the Pay Head
2. Select **Employer's Statutory Contributions** in the field **Pay Head Type**
3. Select **Employee State Insurance** in the **Statutory Pay Type** field from the **Employer's Statutory Contributions** drop down

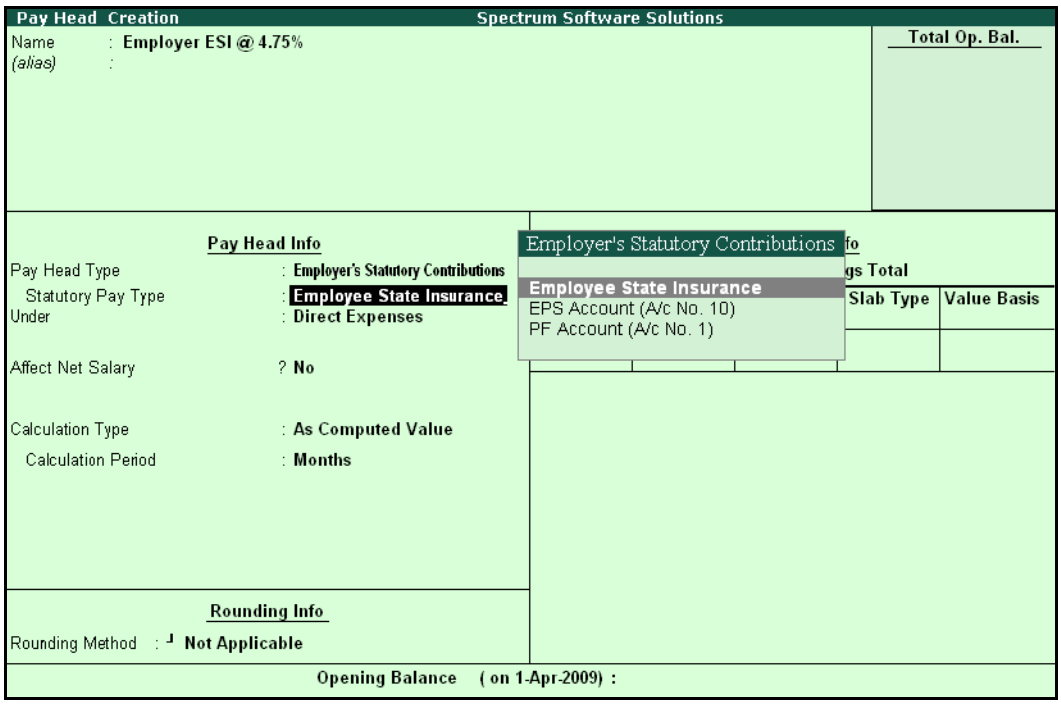


Figure 5.1 Pay Head Creation - Employer ESI

4. Specify the group as **Indirect Expenses** in the **Under** field and press **Enter**

5. Set **Affect Net Salary** to **No** and press **Enter**
6. In the **Calculation Type** and **Calculation Period** fields, **As Computed Value** and **Months** are defaulted automatically based on the **Statutory Pay Type** selected.
7. Select **Normal Rounding** as the **Rounding Method** and **1** as the rounding **Limit** and press **Enter**
8. In the **Computation Info** screen,
   - Select **On Specified Formula** in the **Compute** field and press **Enter**
   - In the **Compute** subscreen,
     - Select **Basic Pay** as the **Add Pay Head** function and press **Enter**
     - Select **House Rent Allowance** as the second Pay Head in the **Add Pay Head** Function
     - Similarly, select **Conveyance** and **Overtime Pay** in the **Add Pay Head** function

The **Compute** sub-screen is displayed as shown:

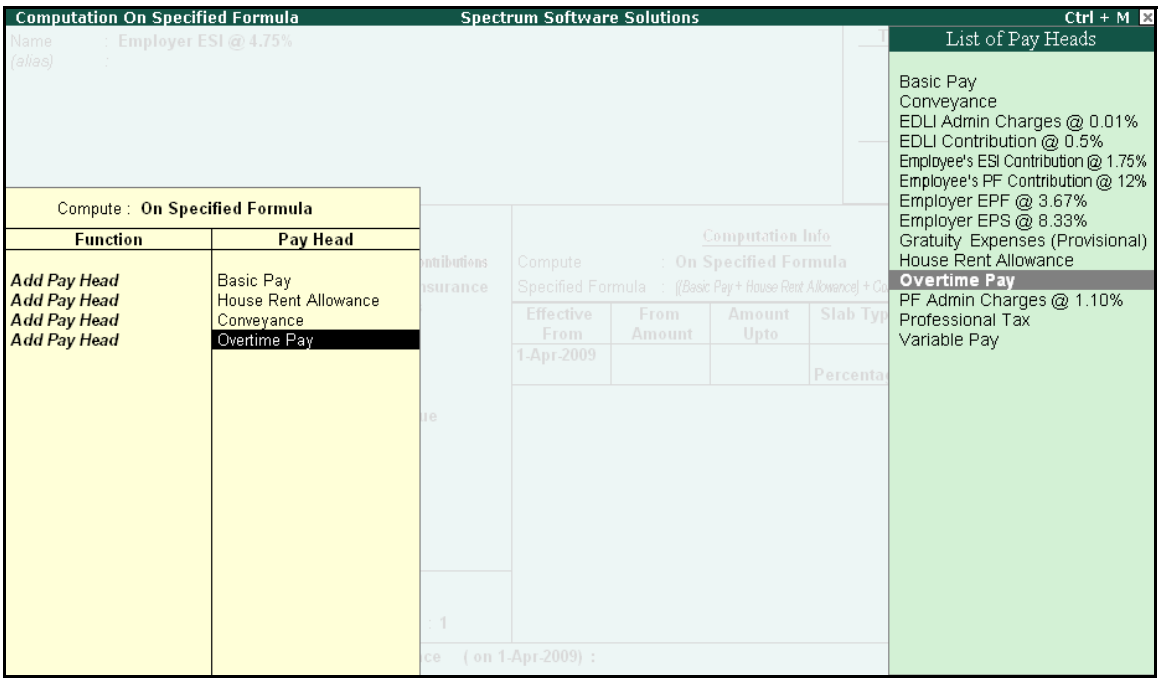


Figure 5.2 Employer ESI Pay Head Creation – Compute sub-screen

- Select **End of List** and press **Enter** to accept the screen

	Any Earning Pay component of a recurring nature will be subject to ESI calculation viz., Basic Pay, Dearness Allowance, House Rent Allowance, Conveyance, Overtime Pay and so on.

- Specify **1-4-2009** in the **Effective From** date field and press **Enter**, the **From Amount** column is automatically skipped, assuming the amount to be **zero**

- The **Amount Upto** field is skipped and automatically defaulted with the amount specified in the **Payroll Statutory Details** screen in **F11: Satutory & Taxation**
- Select **Percentage** in the **Slab Type** field
- Specify **4.75%** as the **Value Basis Percentage** in the **Value Basis** field and press **Enter**

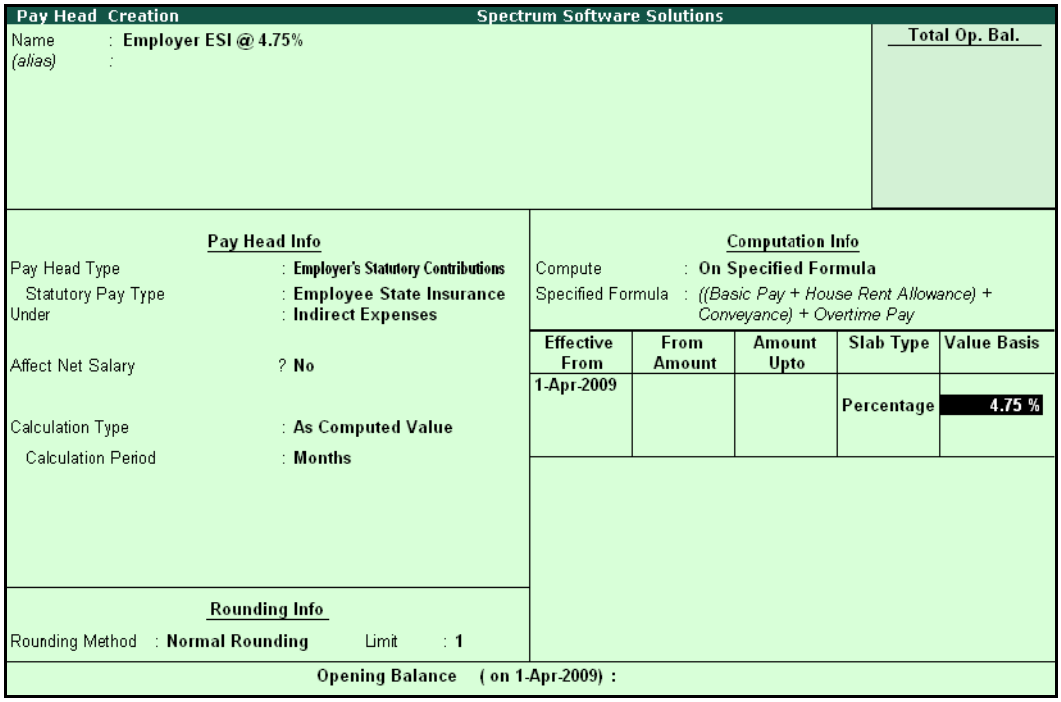


Figure 5.3 Employer ESI Pay Head Creation

In Tally.ERP 9, the Earning Payheads which are selected for computation of Employer ESI contribution are listed in the Specified Formula for easy reference. You can alter / modify the criteria for calculation, by pressing **Enter** in the **Compute** field and redefining the Function Pay components.

- Specify **4.75%** as the **Value Basis Percentage** in the **Value Basis** field and press **Enter**
- Press **Enter** to accept

The completed **Employer ESI Contribution Pay Head Creation** screen is displayed as shown:

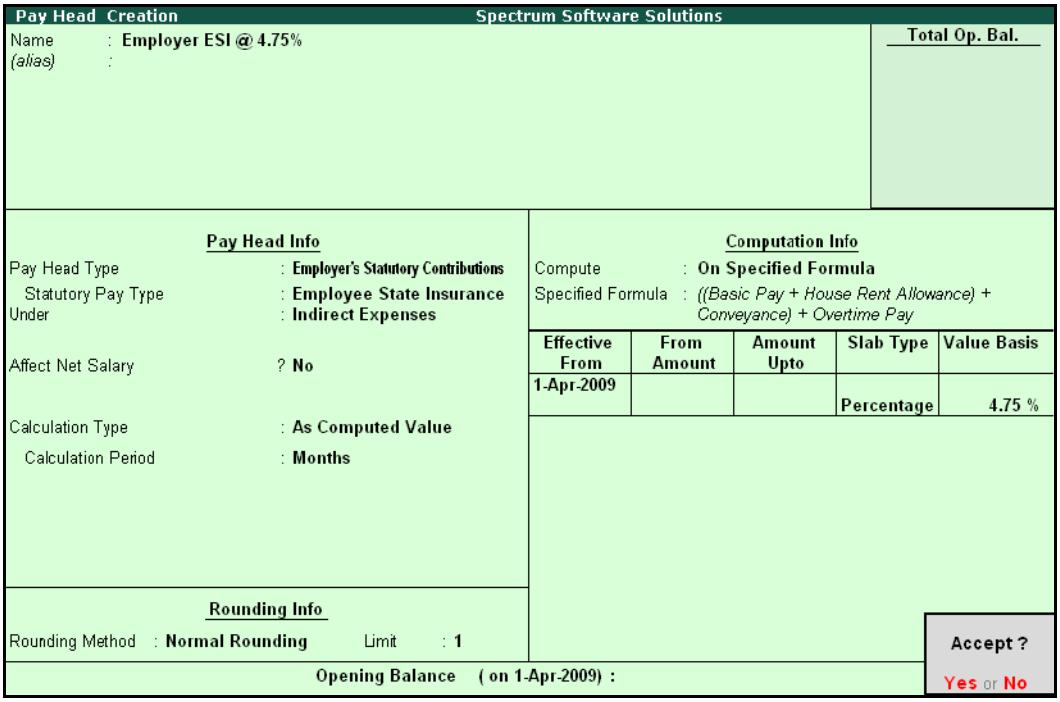


Figure 5.4 Completed Employer ESI Pay Head

- Press **Enter** to accept.

II. Create ESI Payable Ledger

Create ESI Payable Ledger as explained below:

Ledger	Pay Head Type	Under
ESI Payable	Not Applicable	Current Liabilities

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

1. Type **ESI Payable** in the **Name** field
2. In the **Pay Head Type** field select **Not Applicable**
3. Specify the group as **Current Liabilities** in the **Under field** and press **Enter**

The completed **ESI Payable Ledger** creation screen is displayed as shown:

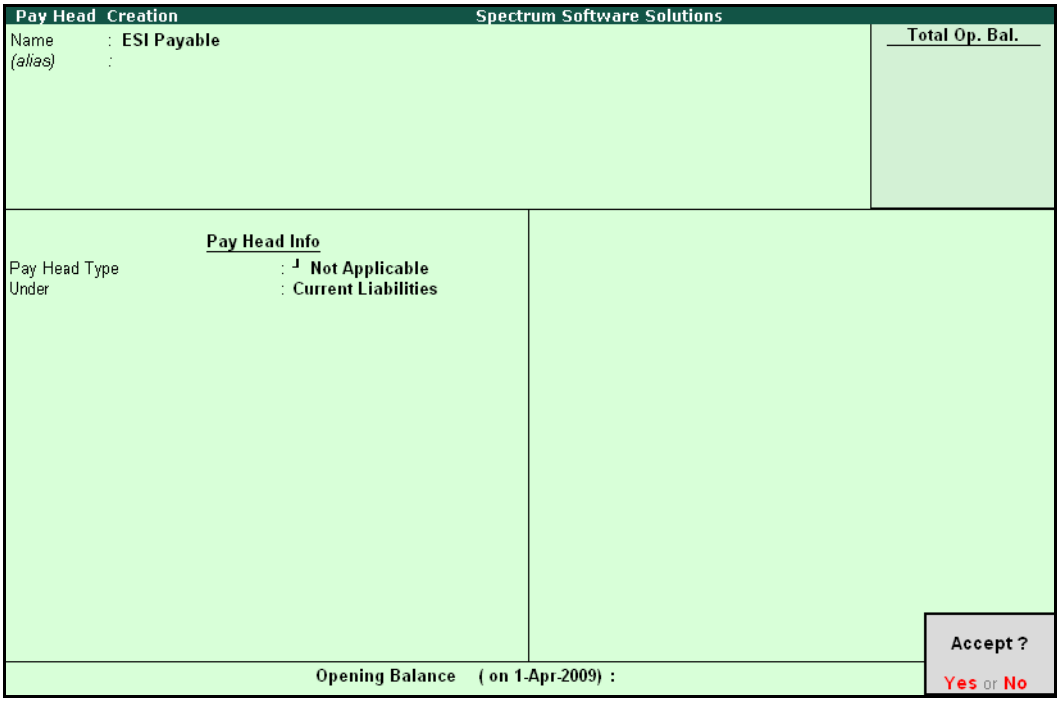


Figure 5.5 ESI Payable Ledger Creation

4. Press **Enter** to accept

5.2 Salary Details setup

Once the required Employer Contribution Pay Heads are created, the salary details of the Employees should be updated to constitute the Employer Contribution pay head ledgers for automatic calculations based on the monthly payments made to the Employees.

Create / Alter Salary Details Master

To update the salary details for the Employees, follow the steps given below:

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

1. Select **Vijay Kumar** from the **List of Groups / Employees**
2. Tab down to the last line and select **Employer ESI @ 4.75%** Pay Head from the **List of Pay Heads**
3. Press **Enter** to select **End of List**

The completed **Salary Details Alteration** screen is displayed as shown:

Salary Details Alteration — Spectrum Software Solutions — Ctrl + M

Name : **Vijay Kumar (549)**
Under : **Administration** (Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009						
	Basic Pay	10,000.00	Months	*Earnings for Employees*	*On Attendance*	
	House Rent Allowance			*Earnings for Employees*	*As Computed Value*	*Basic Pay*
	Conveyance	800.00	Months	*Earnings for Employees*	*Flat Rate*	
	Overtime Pay	55.00	Hrs	*Earnings for Employees*	*On Production*	
	Variable Pay			*Earnings for Employees*	*As User Defined Value*	
	Professional Tax			*Employees' Statutory Deductions*	*As Computed Value*	*On Current Earnings Total*
	Employee's PF Contribution @ 12%			*Employees' Statutory Deductions*	*As Computed Value*	*Basic Pay*
	Employee's ESI Contribution @ 1.75%			*Employees' Statutory Deductions*	*As Computed Value*	*((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay*
	Gratuity Expenses (Provisional)			*Gratuity*		
	Employer EPS @ 8.33%			*Employer's Statutory Contributions*	*As Computed Value*	*Basic Pay*
	Employer EPF @ 3.67%			*Employer's Statutory Contributions*	*As Computed Value*	*Employee's PF Contribution @ 12% - Employer EPS @ 8.33%*
	Employer ESI @ 4.75%			*Employer's Statutory Contributions*	*As Computed Value*	*((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay*

Accept ?
Yes or No

Figure 5.6 Salary Details Alteration screen

4. Press **Enter** to Accept

- *It is necessary to include **Employer ESI Contribution Pay Head** in the **Salary Structure** of the Employees, to automate the Computation of Employer ESI Contribution on the basis of payments made to Employees.*
- *While, including the Employer Contribution Pay Heads in the Salary Details master, the order of precedence in which the Pay Heads are included on the basis of their calculation criteria i.e.,*

i. ***Earning** Pay Heads*

ii. ***Deduction** Pay Heads*

iii. ***Employee PF Contribution** Ledgers*

iv. ***Professional Tax** or Income Tax Ledger (if any)*

v. Employer PF Contribution Ledgers

vi. Employer ESI Contribution Ledgers

vii. ***Gratuity** (Gratuity is calculated on Basic Pay + DA, hence Gratuity Pay Head can be sequenced in the Salary details of an Employer in any order).*

Similarly, include **Employer ESI @ 4.75%** Pay Head in the Salary details of all other Employees.

5.3 Processing Employer ESI Contribution

In Tally.ERP 9, you can process Employer ESI Contributions and make the payment towards ESI comprising of Employees' and Employer's ESI Contribution through a challan. To process the ESI Contribution for June 2009, follow the steps given below:

Go to **Gateway of Tally > Payroll Vouchers**

1. Press **Ctrl+F4** for **Payroll** Voucher
2. Press **F2**, specify the date as **30-06-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
4. In the **Employee Filters** subscreen,
   - Select **ESI Contribution** from the **Process List** as shown:

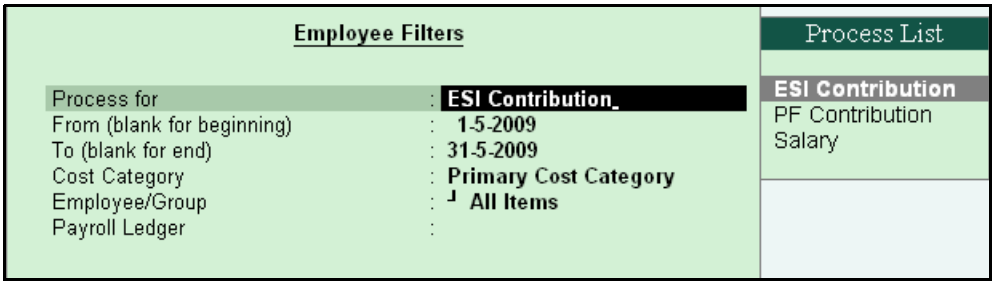


Figure 5.7 Payroll Autofill - ESI process selection

   - Specify **1-6-2009** and **30-6-2009** in the **From** and **To** Date fields respectively
   - Select **Primary Cost Category** as **Cost Category** field
   - Select **All Items** in the **Employee/ Group** field

- Select **ESI Payable** Ledger in the **Payroll Ledger** field as shown:

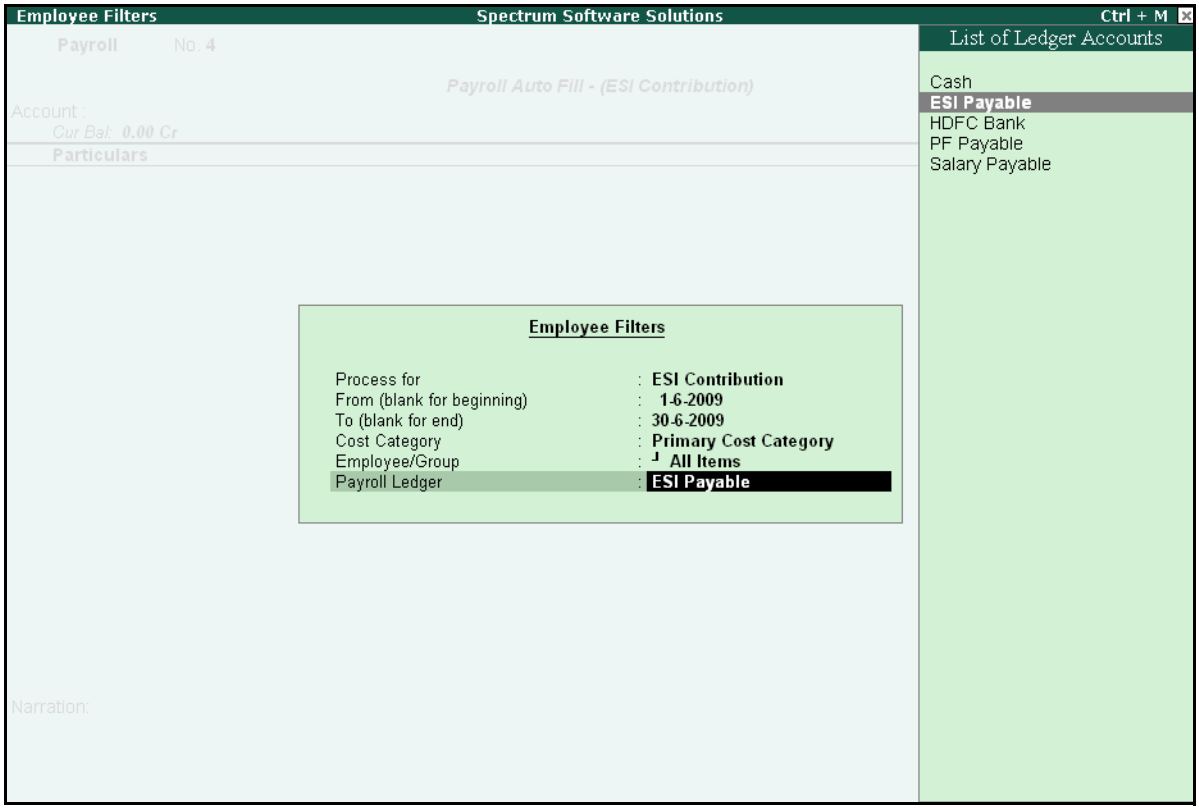


Figure 5.8 Payroll Autofill – Payroll Ledger selection

5. Press **Enter** to accept and go back to the Payroll Voucher screen

The completed **Employer ESI Contribution** Voucher Creation screen is displayed as shown:

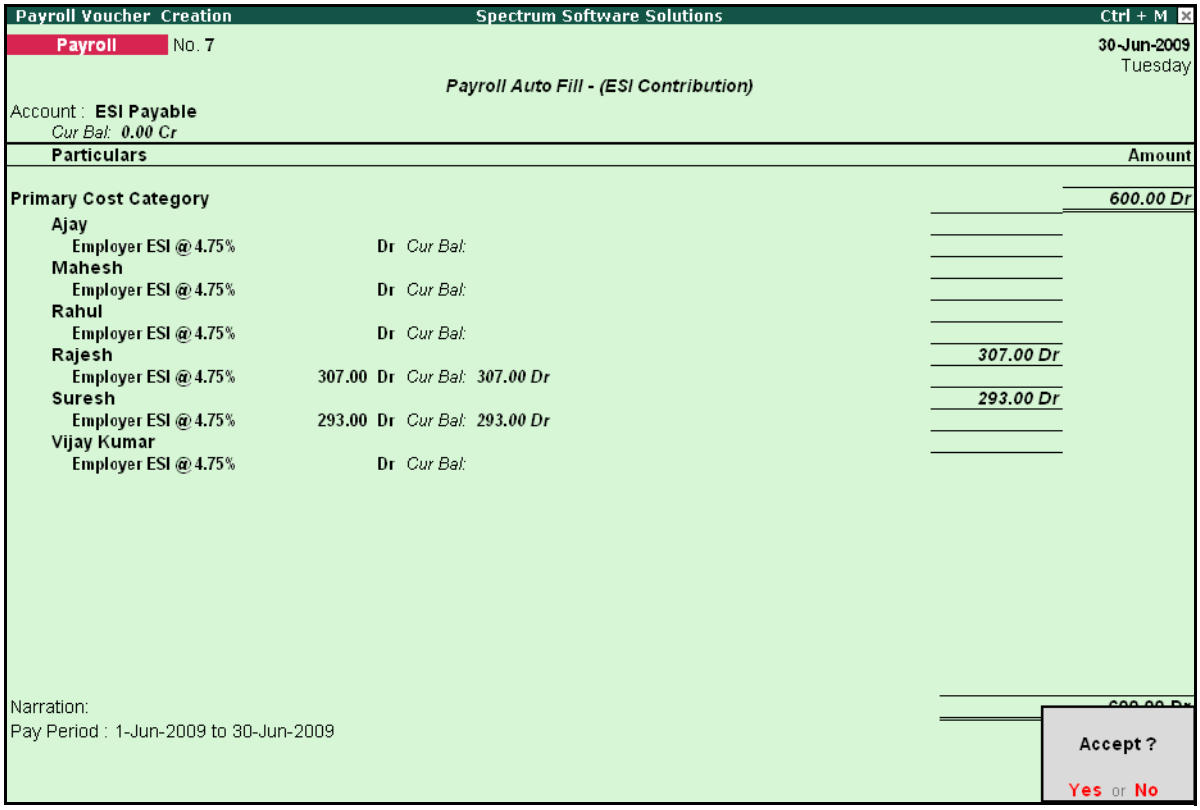


Figure 5.9 Completed ESI Voucher

6. Press **Enter** to accept

- *The **Employer ESI contribution** will be computed automatically upon selection of **ESI Contribution Process** during Payroll Voucher Entry. However, only for employees those who meet the criteria of monthly earnings not exceeding the prescribed limits will be subject to ESI Contribution.*
- *In the same way while processing Salaries, the **Employees ESI Contribution** will also be computed based on the Eligibility amount prescribed in **F11: Statutory & Taxation** Features.*

5.4 Payment of ESI

In Tally.ERP 9, once the process for Employee and Employer contributions to Employee's state Insurance is implemented in the manner as discussed in earlier sections, the total amount payable to ESIC comprising of Employee's Contribution as well as Employer's contribution to ESI is accumulated separately in the ESI Payable Ledger. At the time of making the payment to ESIC, a payment voucher is required to be passed.

To process the payment of ESI and generate ESI Challan, follow the steps given below:

Step 1: Create ESI Payment Voucher

Go to **Gateway of Tally > Accounting Vouchers**

1. Press **F5** for **Payment** Voucher
2. Press **F2**, specify the date as **30-06-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
4. In the **Employee Filters** subscreen,
   - Select **ESI Challan** from the Process List as shown:

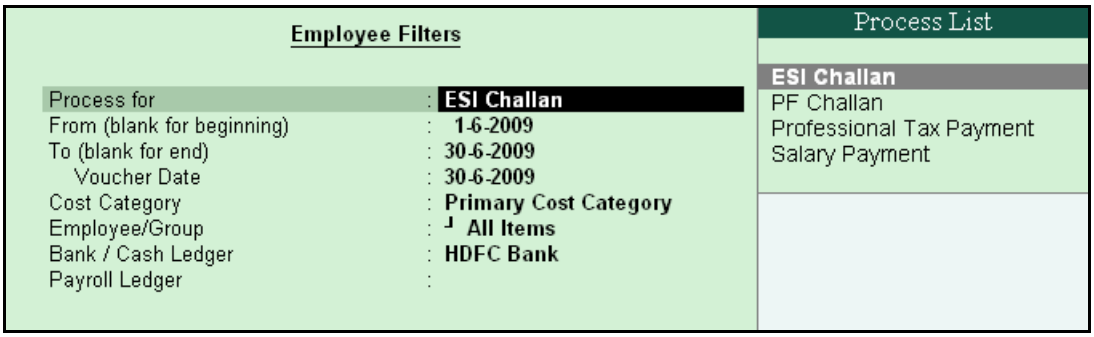


Figure 5.10 Employee Filters subscreen - ESI Process Selection

   - Specify **1-6-2009** and **30-6-2009** in the **From** and **To** Date fields respectively
   - Specify **30-6-2009** in the **Voucher Date** field (This field is prefilled, if the voucher date is specified during Voucher Entry)
   - Select **Primary Cost Category** in the **Cost Category** field
   - Select **All Items** in the **Employee/ Group** field

- Select **HDFC Bank** in the **Bank / Cash Ledger** field

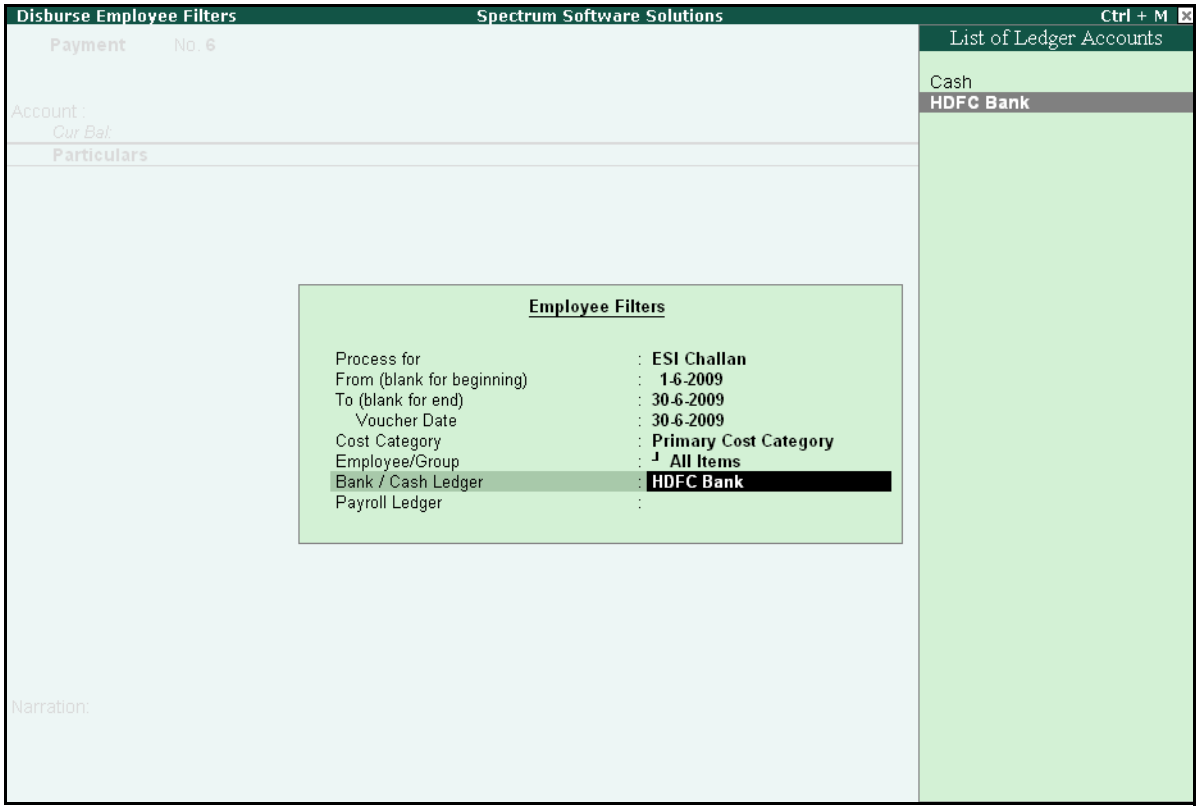


Figure 5.11 Employee Filters Subscreen – Bank Ledger Selection

- Select **ESI Payable** Ledger in the **Payroll Ledger** field

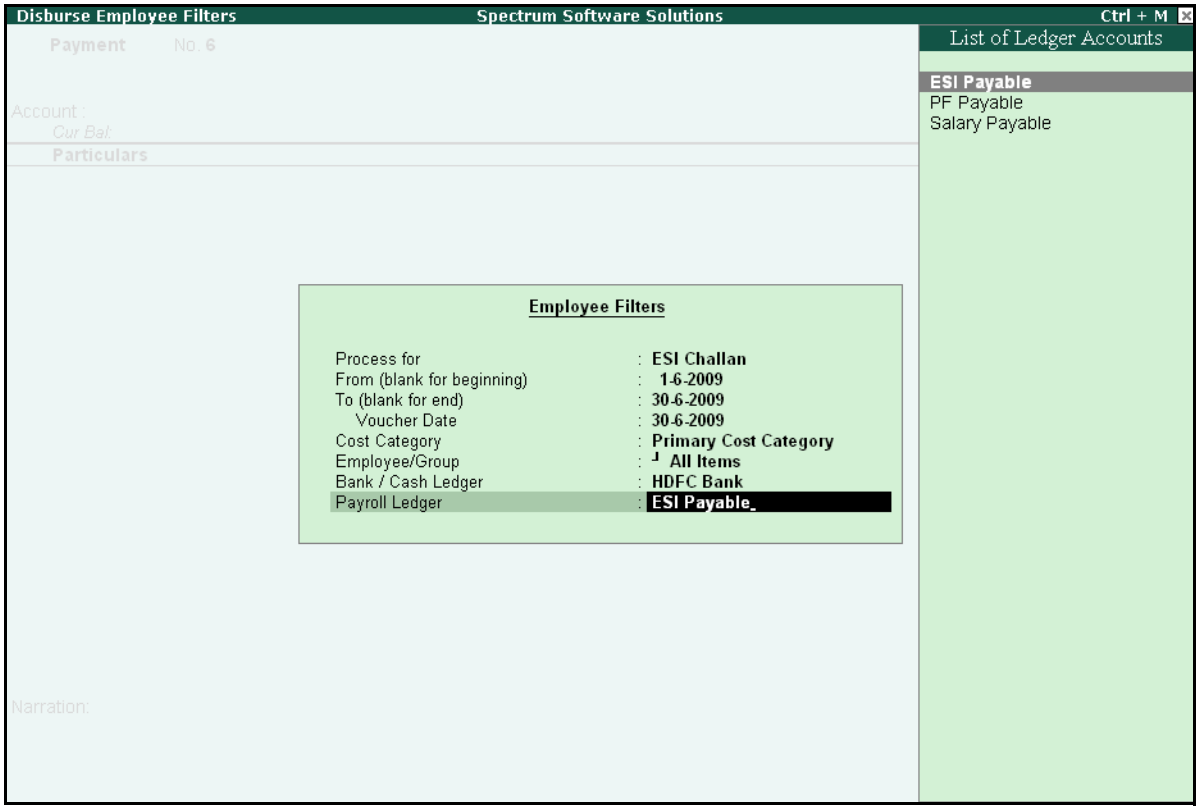


Figure 5.12 Employee Filters Subscreen - Payroll Ledger Selection

5. Press **Enter** to accept and go back to the **Payment Voucher** screen

6. Press **Enter** to prefill the Employer's ESI Contribution amount for the eligible Employees

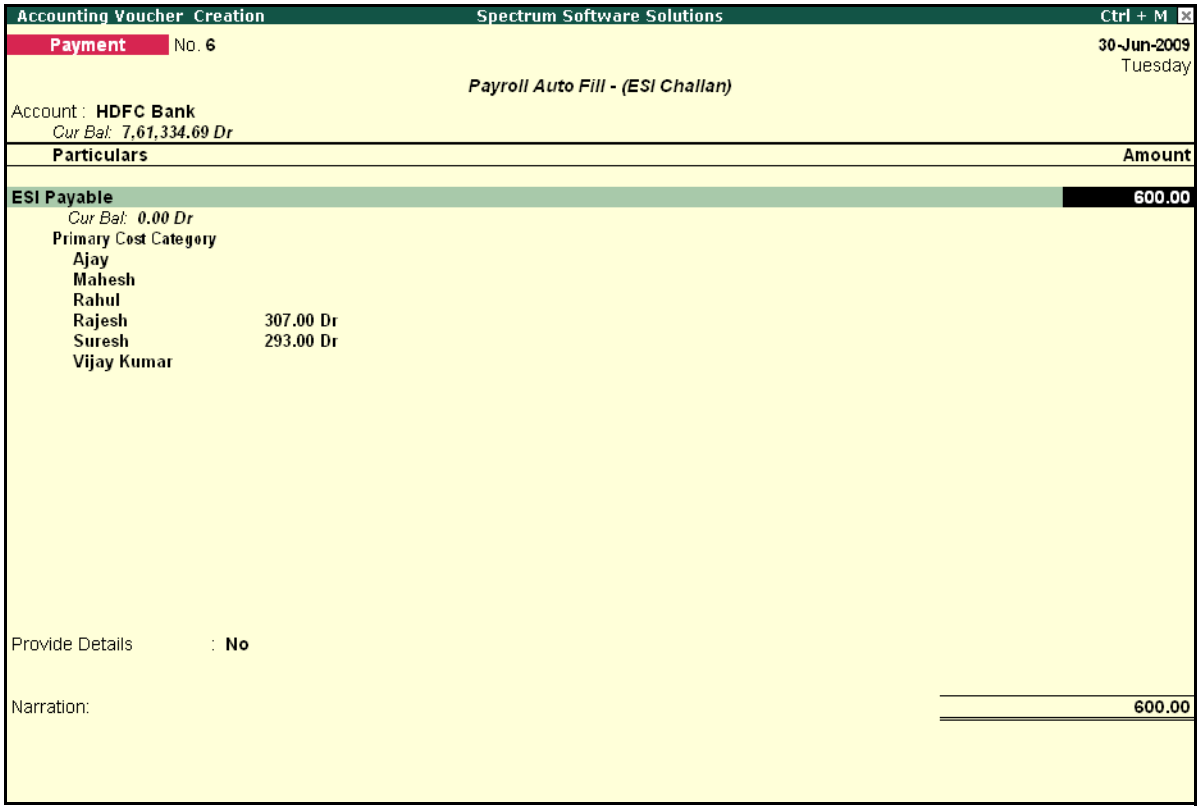


Figure 5.13 ESI Payment Voucher with Employer Contributions

7. Press **Enter** again, to prefill the Employee's ESI Contribution amount against the eligible Employees

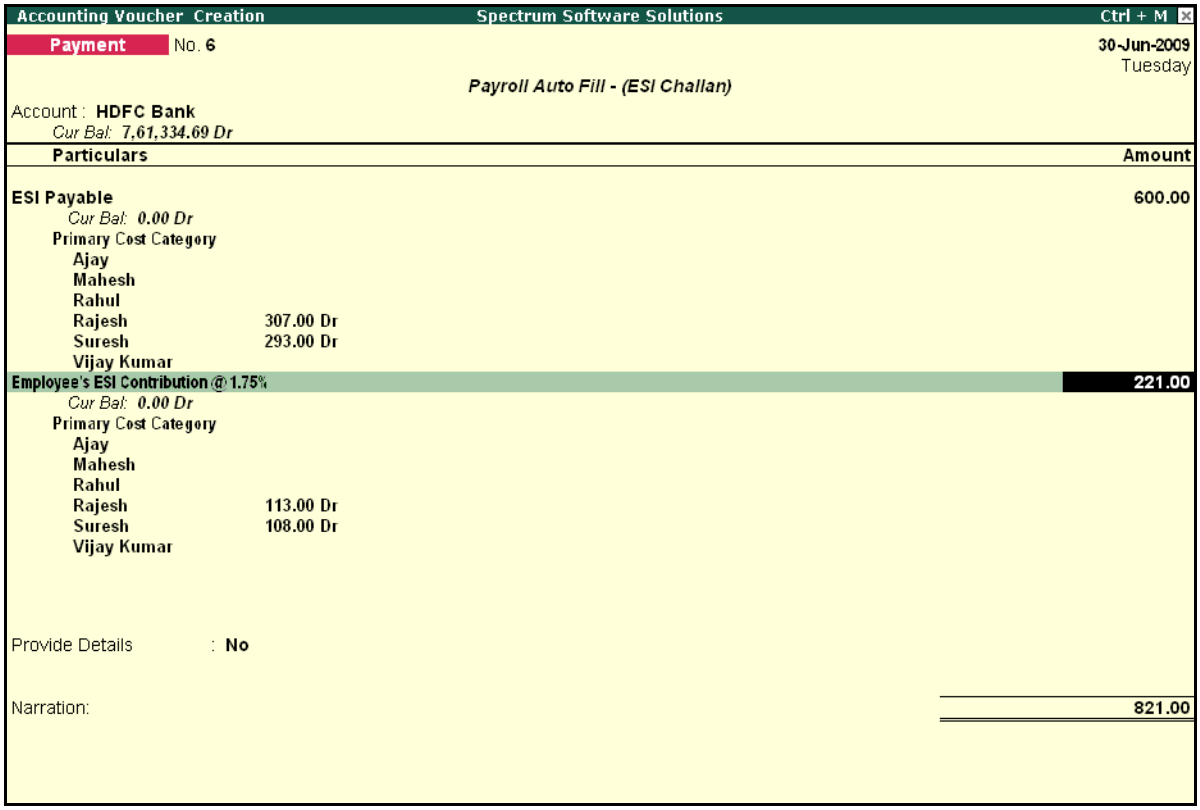


Figure 5.14 ESI Payment Voucher with both Employee and Employer Contributions

8. Press **Enter** twice
9. Set **Yes** in the **Provide Details** field and press **Enter**
10. In the Provide Details subscreen, specify the **Cheque / DD No., Cheque / DD Date** and **Bank & Branch Code** Details as shown:

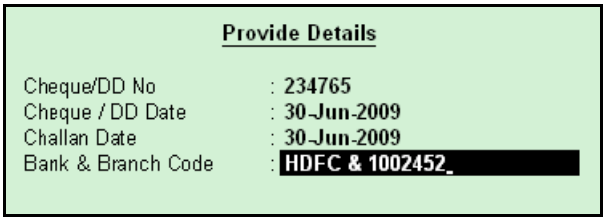


Figure 5.15 Complete Provide Details subscreen

11. Press **Enter** to accept
12. Type the details of the transaction in the narration field

The completed **ESI Payment Voucher** for the month of June 2009 is displayed as shown:

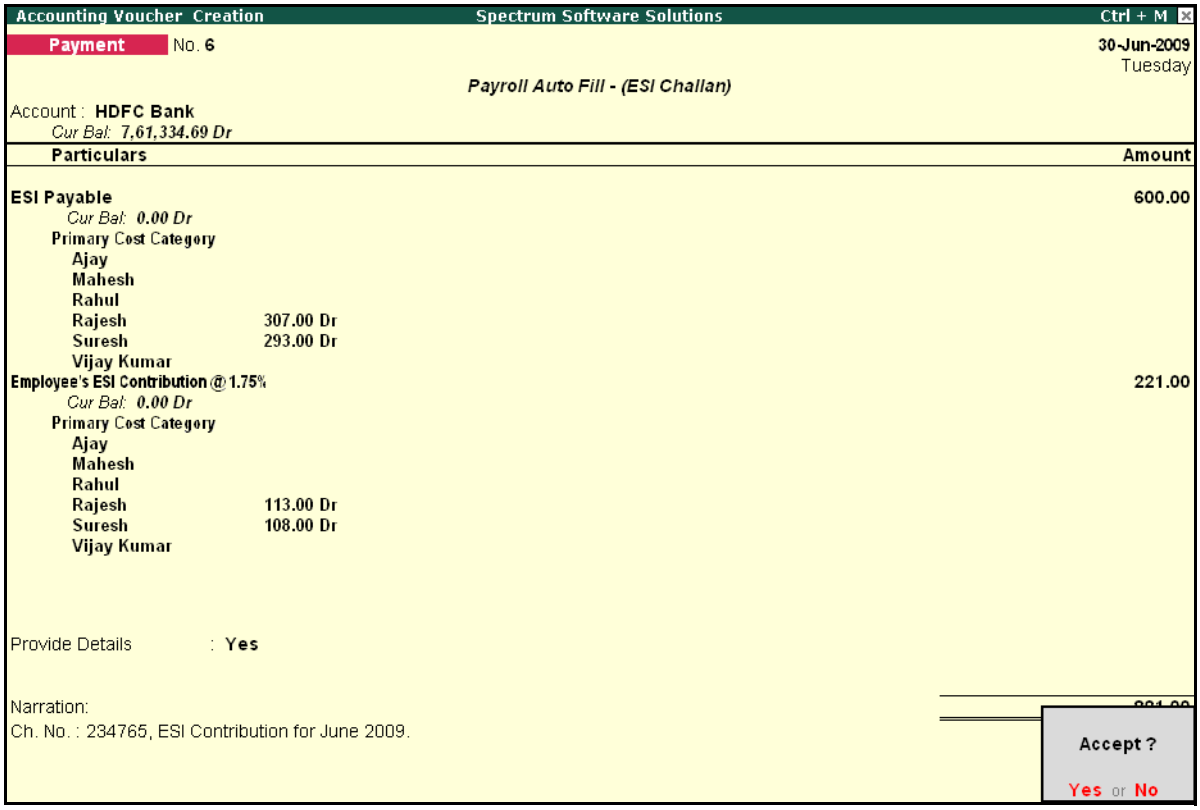


Figure 5.16 Completed ESI Payment Voucher

13.Press **Enter** to accept

Step 2: Print ESI Payment Challan

- Press **Pg UP** from the above **Voucher Entry** screen
- Press **Alt + P**, the **Voucher Printing** screen is displayed as shown:

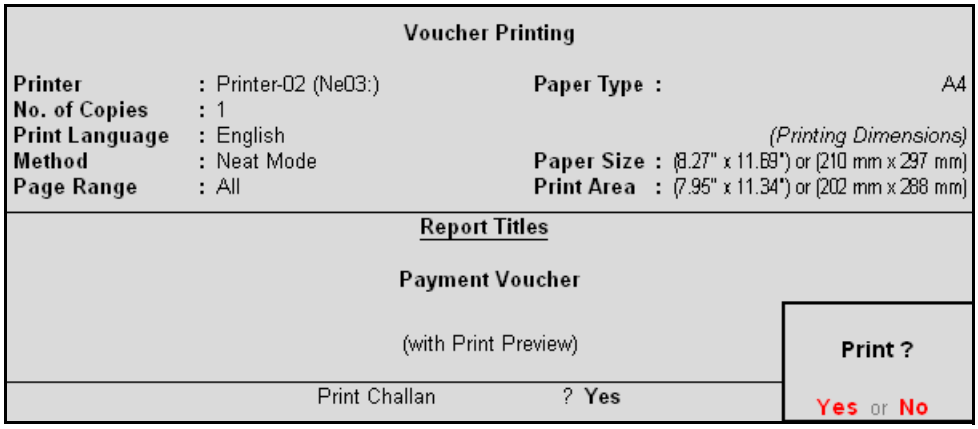


Figure 5.17 ESI Voucher Printing Screen

- In the **Voucher printing** screen, select **Yes** in the **Print Challan** field
- Press **Enter** to Print

The printed **ESI Payment Challan** for the month of June 2009 of **M/s. Spectrum Software Solutions** is as shown:

EMPLOYEES' STATE INSURANCE CORPORATION
Challan Form for Deposit in A/C No.1

Original
For Bank

Employer's Code : **KA/BN/12345/234234**

Date	Month	Year
30	06	2009

Bank & Branch Code : **HDFC & 1002452**

Name & Address of the Factory or Establishment: **Spectrum Software Solutions, 14, Mysore Road,, Bangalore**

Mode of Payment [Tick mode used] Cash ☐ Cheque ☐ DD ☐

Cheque/DD No. : 234765 Dated 30 06 2009

Drawn on (Name of the Bank) HDFC & 1002452 Period of Contribution Month 06 Year 2009

Nature of Payment [Tick] Regular Contribution ☐ Interest ☐ Damages ☐ Others ☐

No. of Employees **2** Total Wages Rs. Ps. **12,626.00**

Employees' Contribution	**221.00**
Employer's Contribution	**600.00**
Interest	
Damages	
Others	
Total	**821.00**

Total Amount (in words) **Rs. Eight Hundred Twenty One Only.**

R.O. Demand Letter No. & Date

Date of Presentation	Date of Clearing
BANK SEAL	BANK SEAL

(Acknowledgement)

(to be filled by Depositor)
Received Rs. 821.00
(Rs. Eight Hundred Twenty One Only.)

In cash/by Cheque/DD No. 234765 Dated 30-Jun-2009
(subject to realisation) drawn on HDFC & 1002452
(Bank) in favour of ESIC A/C No.1

(For Bank Branch Code see on reverse)

Signature

Name & Designation-Seal of Authorised Signatory

For use in Bank

Bank Scroll No.

Date

Authorised signature & seal of the Receiving Bank

Note:Please put cross (x) mark in blank boxes

Figure 5.18 Printed ESI Payment Challan

Lesson 6: Payment of Professional Tax

On completion of this lesson, you will be able to:

- Process payment of Professional Tax

6.1 Processing of Professional Tax Payment

Professional Tax is applicable to those individuals or professionals in India who are involved in any profession or trade. The state government of each state governs and administers the levy and collection of Professional Tax in the respective State.The state is empowered with the responsibility of structuring as well as formulating the professional tax criteria for the respective state. Professional tax is charged on the income of Individuals, profits of business or gains in vocations as per the list II of the Indian Constitution.

In India, Professional Tax slabs vary from state to state and some of the states have formulated different professional tax slabs for men, women and senior citizens. The rates depend upon profession, years in the profession and the amount of income or turnover and so on. In Karnataka, the professional taxes leviable are as follows:

S.No	Salary or wage earners whose salary or wage or both, as the case may be, for a month is,	Tax Amount
(a)	Less than Rs.5000	Rs. 0 Per month
(b)	Not less than Rs. 5,000 but less than Rs.8,000	Rs. 60 Per month
(c)	Not less than Rs.8,000 but less than Rs.10,000	Rs.100 Per month
(d)	Not less than Rs.10,000 but less than Rs.15,000	Rs.150 Per month
(e)	Rs. 15,000 and above	Rs.200 Per month

The creation of **Professional Tax** Pay Head is discussed in detail in the **Creation of Masters** chapter and the procedure to process **Professional Tax Deduction** from Employee Salaries is discussed in detail in **Processing Payroll in Tally.ERP 9** Chapter. In this section, we will discuss the recording of transactions related to payment of Professional Tax.

Illustration 1:

On 30th April, 2009 M/s. Spectrum Software Solutions made a payment of Professional Tax for the month of April 2009.

The same is accounted as shown:

Create Payment Voucher

Go to **Gateway of Tally > Accounting Vouchers**

1. Press **F5** for **Payment** Voucher
2. Press **F2**, specify the date as **30-04-2009** and press **Enter**
3. Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
4. In **Employee Filters** screen,
    - Select **Professional Tax Payment** from the **Process List**
    - Specify **1-4-2009** and **30-4-2009** in the **From** and **To** date fields respectively
    - Specify **30-4-2009** in the **Voucher Date** field (This field is prefilled, if the voucher date is specified during Voucher Entry)
    - Select **Primary Cost Category** in the **Cost Category** field
    - Select **All Items** in the **Employee/ Group** field

- Select **HDFC Bank** in the **Bank / Cash Ledger** field

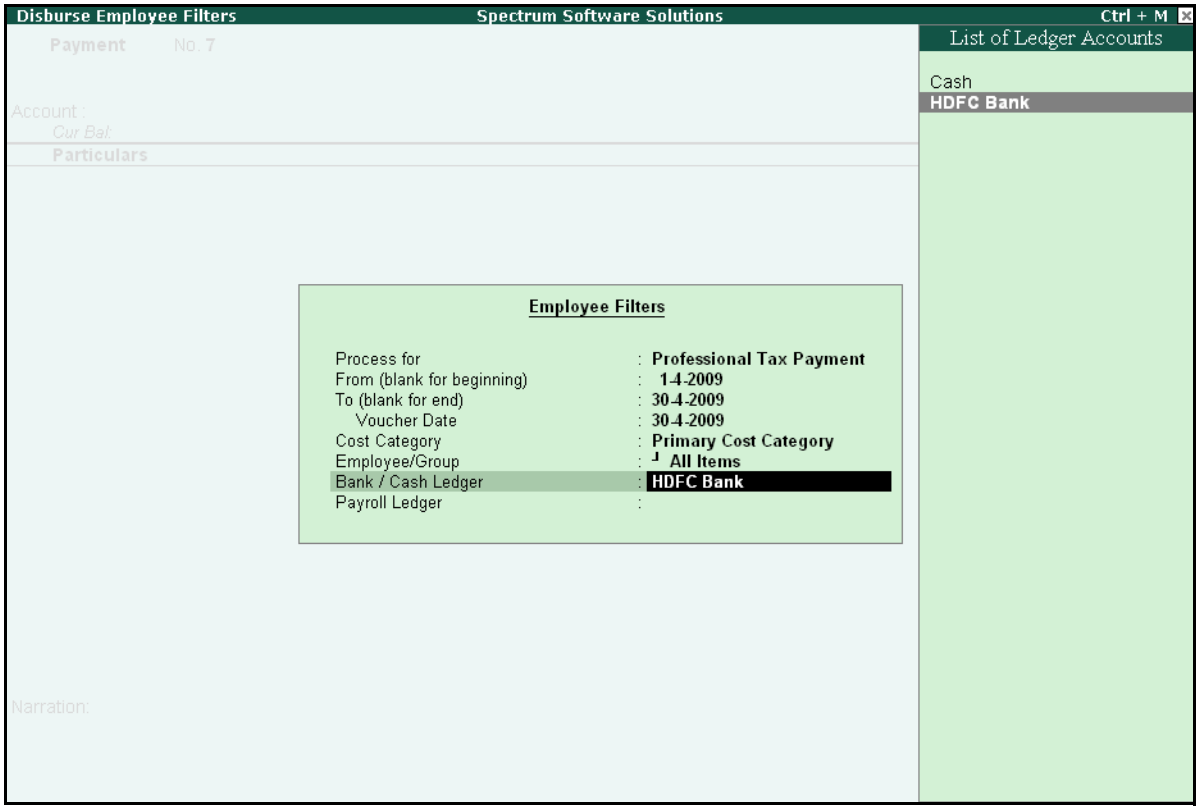


Figure 6.1 Employee Filters screen - Payment Ledger Selection

- Select **Professional Tax** in the **Payroll Ledger** field

The completed **Employee Filters** screen will is displayed as shown:

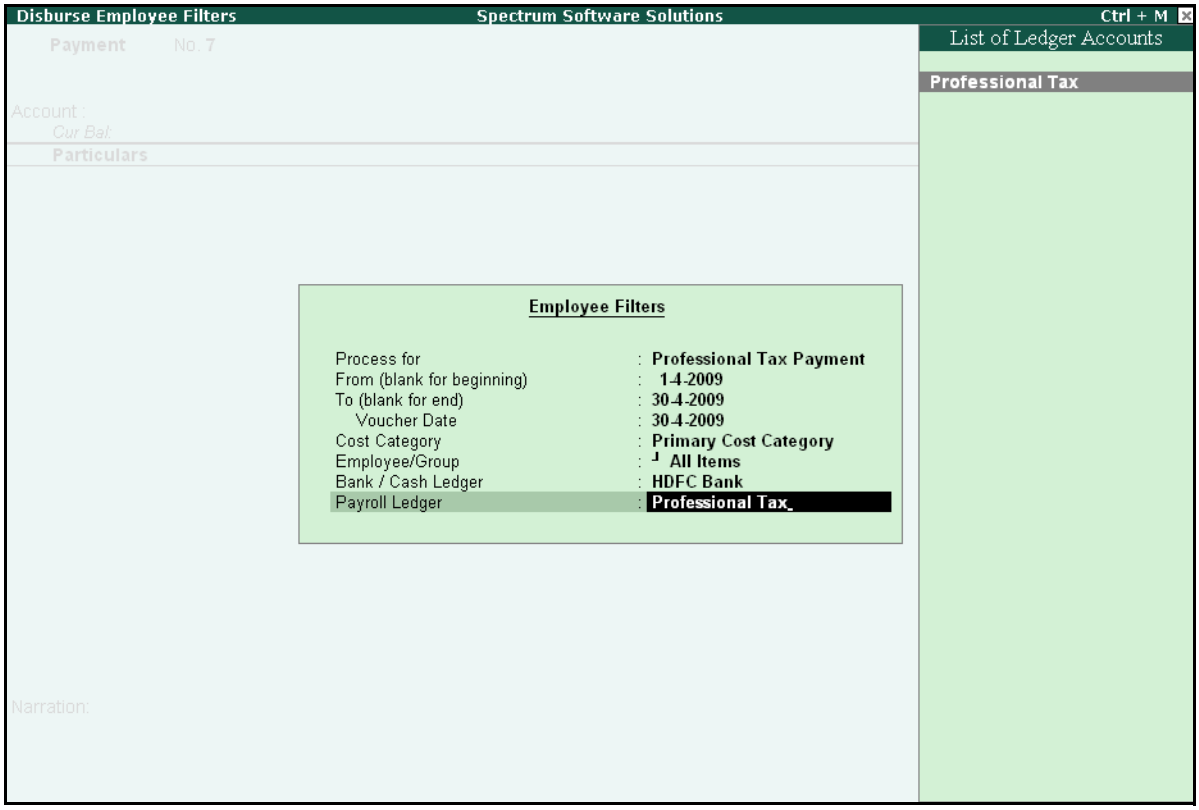


Figure 6.2 Completed Employee Filters screen

- Press **Enter** to accept the screen and go back to the **Payment Voucher** screen
- Press **Enter** to prefill the Professional Tax amount in the Payment Voucher

The completed **Professional Tax** Payment Voucher is displayed as shown:

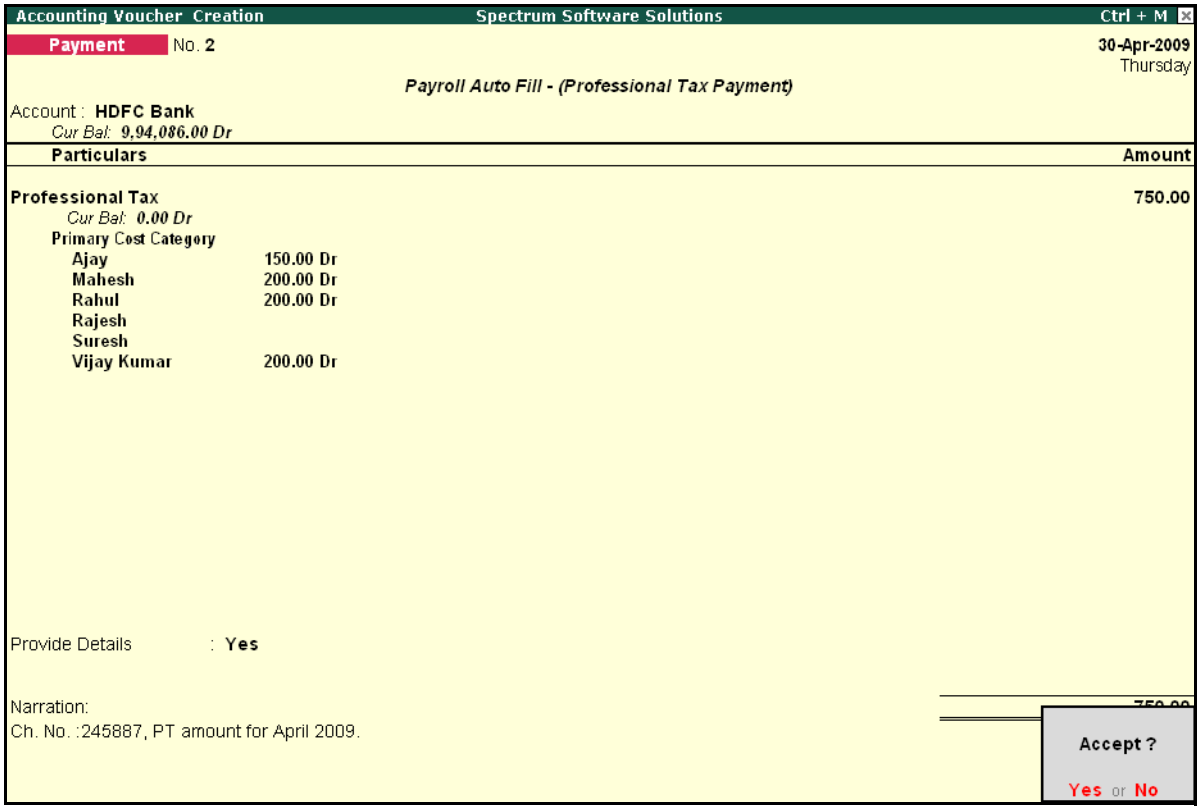


Figure 6.3 Completed Professional Tax Payment Voucher

5. Press **Enter** to Accept.

Similarly, process the Professional Tax payments for other months.

- *The creation of **Professional Tax** Pay Head is discussed in detail in **Creation of Masters** chapter.*
- *The procedure to process **Professional Tax Deduction** from Employee Salaries is discussed in detail in the chapter Processing Payroll in Tally.ERP 9.*

Lesson 7: Tracking of Salary Advances / Loans

On completion of this lesson, you will be able to:

- Track Salary Advances / Loans and recoveries in Tally.ERP 9

Tally.ERP 9 helps you track Salary Advance / loans given to employees and provides the flexibility to specify simple to complex criteria for Recovery of Salary Advances or loans viz., Flat or manual deduction and provision of lumpsum loan recovery and so on. Tally.ERP 9 also allows you to generate a Month wise break-up report for the amount of loan disbursed, recovery of instalments made and balance amount of Loan / Salary advance. Further, you can also use the Interest Calculation feature of Tally.ERP 9 to compute interest on loans to employee etc.

In Tally.ERP 9, tracking of Salary Advances / Loans paid to employees follow the steps given below:

- Creation of Masters
- Modify / Alter Salary Details
- Payment of Salary Advance
- Recovery of Salary Advance

7.1 Creation of Masters

Tally.ERP 9 allows you to create different ledgers for different types of Loans / Salary Advances.

Create the following ledger:

Ledger	Pay Head Type	Under
Staff Salary Advance	Loans and Advances	Loans and Advances (Asset)

I. Create Salary Advance Ledger

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

1. Type **Staff Salary Advance** in the **Name** field
2. Select **Loans and Advances** in the **Pay Head Type** field
3. Specify the group as **Loans and Advances (Asset)** in the **Under** field and press **Enter**
4. Set **Affect Net Salary** to **Yes**
5. Type **Staff Salary Advance** in **Name to Appear in Salary Slip** field
6. Select **User Defined Value** in the **Calculation Type** field

The completed **Staff Salary Advance** Ledger creation screen is displayed as shown:

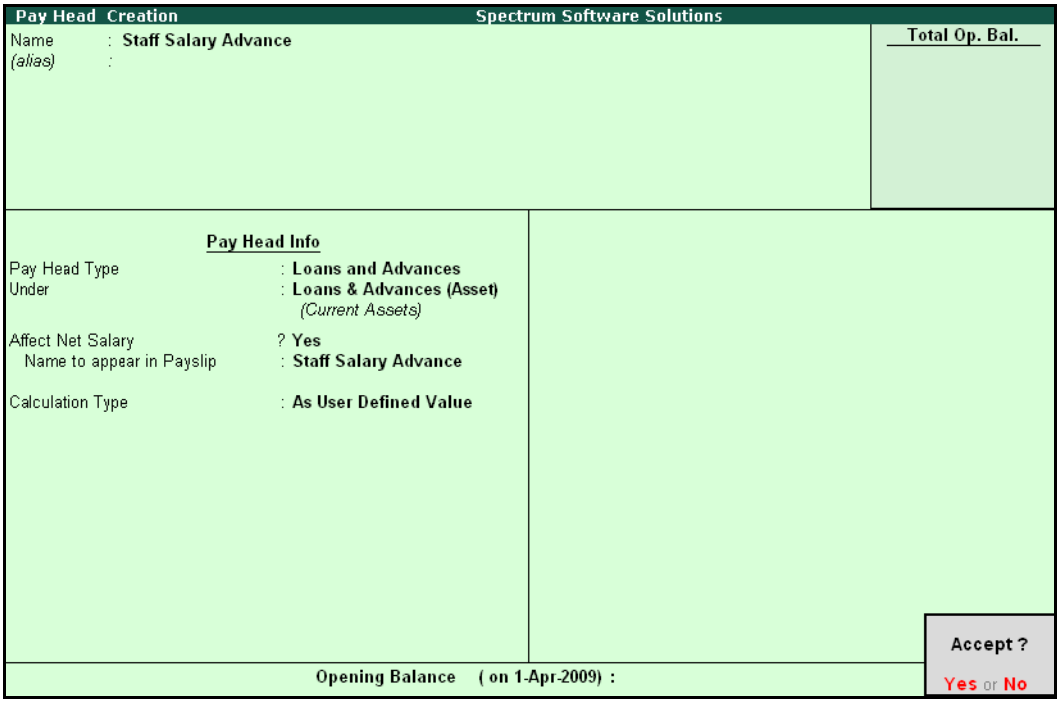


Figure 1.1 Salary Advance Ledger

7. Press **Enter** to accept.

*The **Calculation Type** can be taken as **Flat Rate** if you wish to deduct the Loan Amount in Flat installments (EMI's). In this case the Pay Head should be removed from the Pay Structure after the entire amount is recovered from the Employee's salary.*

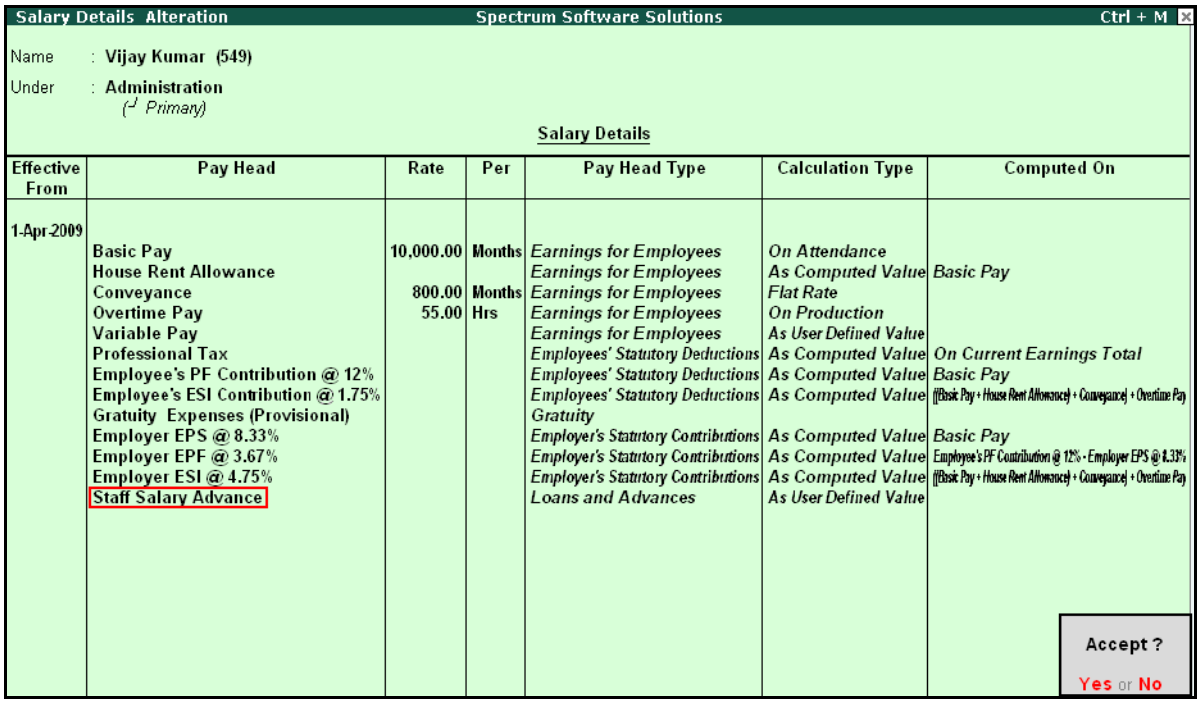
7.2 Modify / Alter Salary Details

In order to deduct installments or for lumpsum recovery of Salary Advance from the monthly salaries of the employees, it is essential to include Salary Advance / Loans ledgers in the Salary Details master of the employees. Follow the steps given to update the Salary Details masters of the Employees:

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

1. Select **Vijay Kumar** from the **List of Groups / Employees** and press **Enter**, the **Salary Details Alteration** screen appears
2. In the **Salary Details Alteration** screen,
3. Tab down to the last line and select **Staff Salary Advance** ledger in the **Pay Head** field
4. Select **End of List** and press **Enter**

The completed **Salary Details** screen is displayed as shown:



Salary Details Alteration — Spectrum Software Solutions — Ctrl + M

Name : Vijay Kumar (549)

Under : Administration
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
1-Apr-2009						
	Basic Pay	10,000.00	Months	Earnings for Employees	On Attendance	
	House Rent Allowance			Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	800.00	Months	Earnings for Employees	Flat Rate	
	Overtime Pay	55.00	Hrs	Earnings for Employees	On Production	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Staff Salary Advance			Loans and Advances	As User Defined Value	

Accept ?
Yes or No

Figure 1.2 Completed Salary details alteration screen

5. Press **Enter** to accept.

7.3 Payment of Salary Advance

In Tally.ERP 9, you may disburse the **Salary advance / Loans to Employees** using a Payment Voucher as shown:

Illustration 1:

On 2nd July, 2009 M/s. Spectrum Software Solutions paid Salary Advance to the following Employees with the mode and amount of recovery.

Employee Name	Salary Advance (Rs.)	Mode of Recovery	Recovery Amount (Rs.) per month
Rahul	10,000	Monthly Salary	5,000
Rajesh	3,000	Monthly Salary	1,500

The same is accounted as shown:

i. Create Payment Voucher

Setup:

- Press **F12: Configure** and set **Use Single Entry mode for Pymt/Rcpt/Contra** to **No**

Go to **Gateway of Tally > Accounting Vouchers > Payment Voucher (F5)**

1. Press **F2** to change the date to **2-07-09**

2. In the **Dr** field, select **Staff Salary Advance** ledger from the list of ledgers

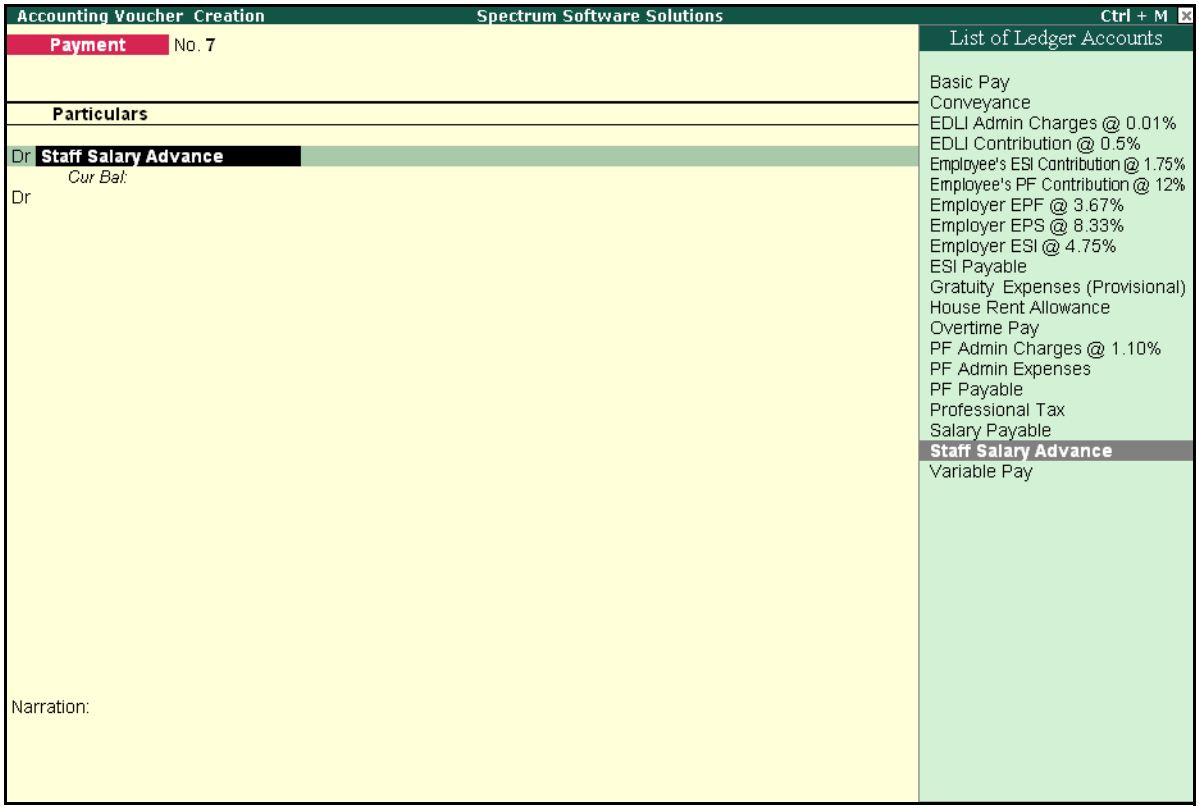


Figure 1.3 Payment Voucher - Salary Advance Ledger selection

3. Specify **13000** in the **Dr Amount** field and press **Enter**, the Cost Allocations for subscreen appears
4. In the **Cost Allocations for** subscreen,
   - Select **Primary Cost category** in the **Cost Category** field
   - Select the required **Employee (Rahul)** from the list of Cost Centres and press **Enter**

The **Cost Centre Allocations** screen is displayed as shown:

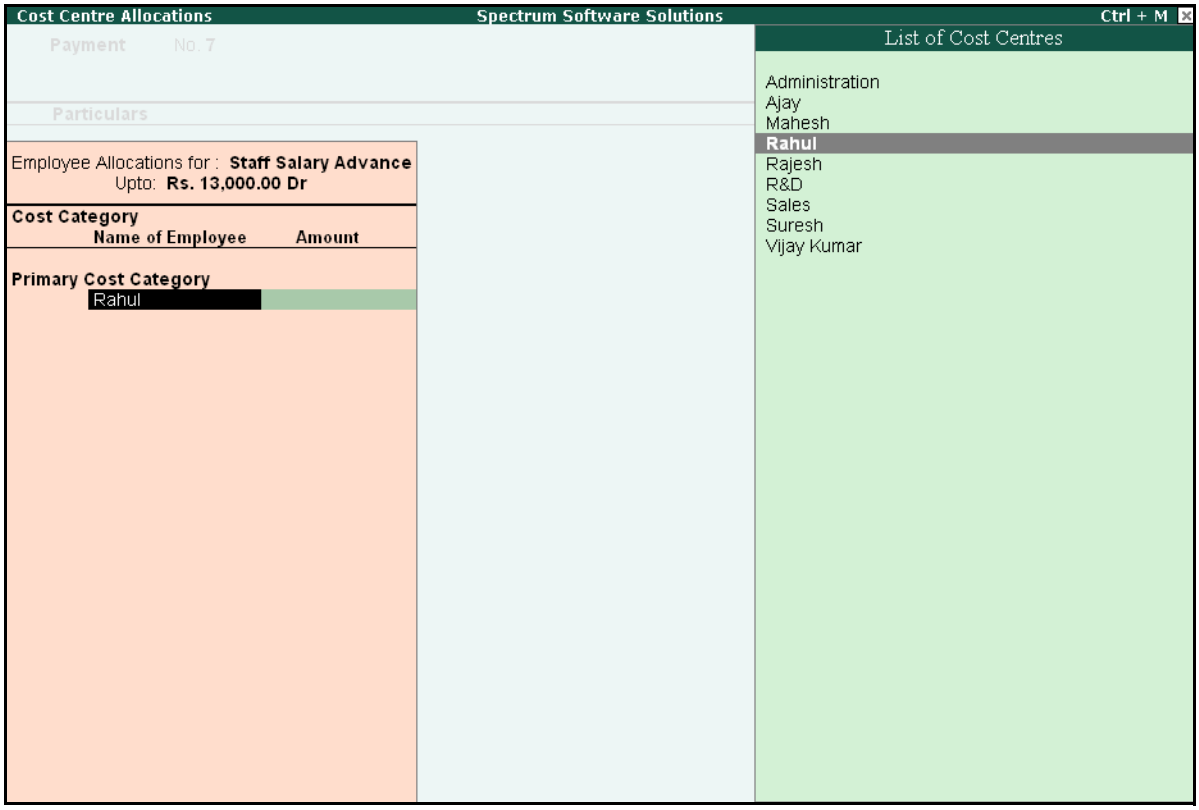
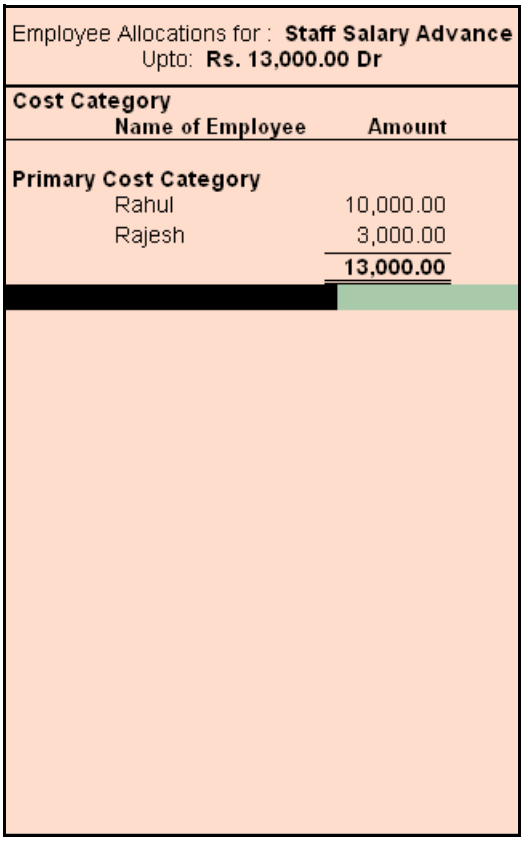


Figure 1.4 Payment Voucher – Cost Centre Allocation screen

- Specify **10000** in the **Amount** field
- Similarly, select other **Employee (Rajesh)** from the **List of Cost Centres** and specify the amount (**i.e., 3,000**)

The Completed **Cost Allocation for** subscreen is displayed as shown:



Employee Allocations for : **Staff Salary Advance**
Upto: **Rs. 13,000.00 Dr**

Cost Category		
	Name of Employee	**Amount**
Primary Cost Category		
	Rahul	10,000.00
	Rajesh	3,000.00
		13,000.00

Figure 1.5 Cost Centre Allocation – Sub-screen

- Press **Enter** to accept and go back to the **Payment Voucher**

5. Select **HDFC Bank** in the **Cr** field and press **Enter**
6. Press **Enter** to accept the **Amount**
7. Type the details of the transaction in the narration field

The completed **Payment Voucher** for Salary Advance is displayed as shown:

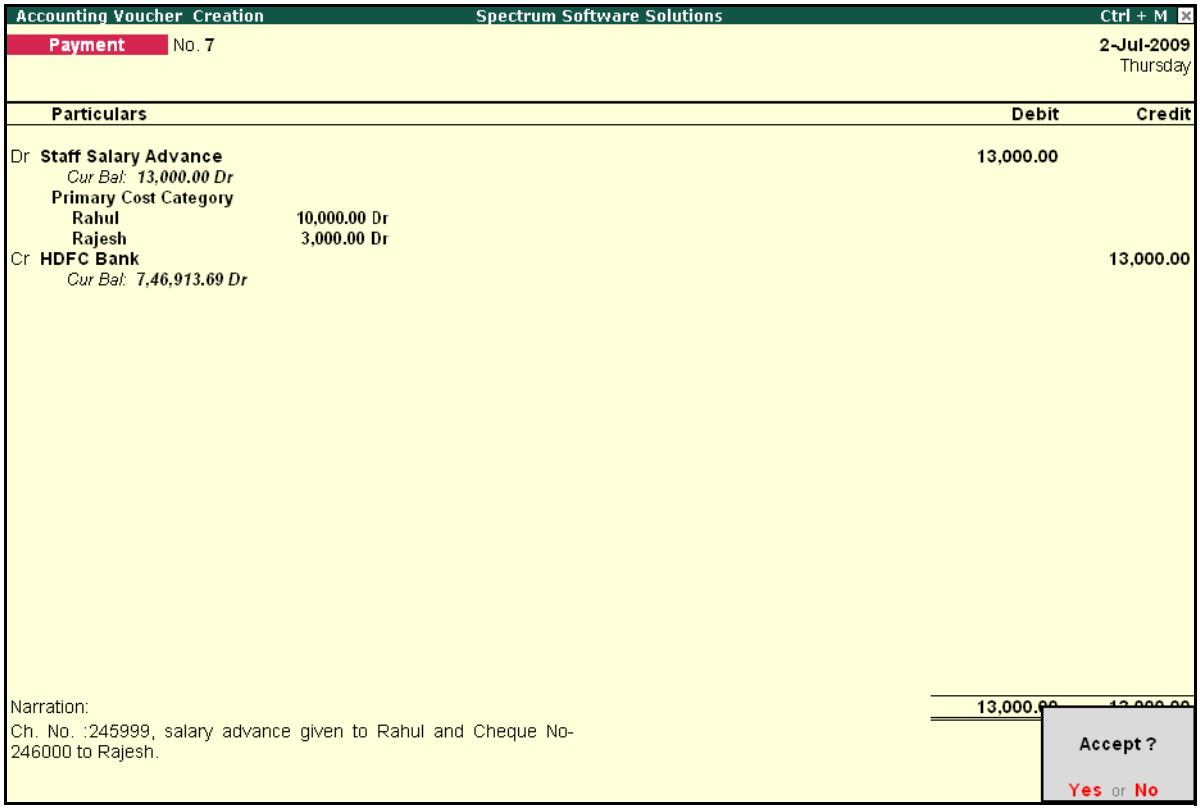


Figure 1.6 Completed Payment Voucher

8. Press **Enter** to accept.

7.4 Recovery of Salary Advance

In Tally.ERP 9, you may deduct or recover Salary Advance / Loans from Employees in Installments by defining the criteria for deduction while creating the Salary Advance Pay Head; i.e., Flat rate or manual deduction by specifying a user-definable amount. To recover salary advance / loan, follow the steps given below:

Process the Attendance Vouchers for the month of July 2009 in the manner discussed in earlier chapters, based on the following details:

Attendance records for July 2009:

Attendance/ Production Types	Vijay Kumar	Rahul	Mahesh	Ajay	Suresh	Rajesh
Present Days	26	24	22	25	21	20

ii. Create Payroll Voucher

Go to **Gateway of Tally > Payroll Vouchers**

- Press **Ctrl+F4** for **Payroll Voucher**
- Press **F2**, specify the date as **31-7-2009** and press **Enter**
- Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
  - In the **Employee Filters** screen,
  - Select **Salary** in the **Process for** field
  - Specify **1-7-2009** in the **From** field
  - Specify **31-7-2009** in the **To** field
  - Select **All Items** as **Employee/Group**
  - Select **Salary Payable** in the **Payroll Ledger** field
- Press **Enter** to accept the screen and go back to Payroll Voucher

The **Payroll Voucher Creation** screen is displayed as shown:

- Tab down to **Staff Salary Advance ledger** field of **Rahul** and specify **5000** as the amount to be deducted

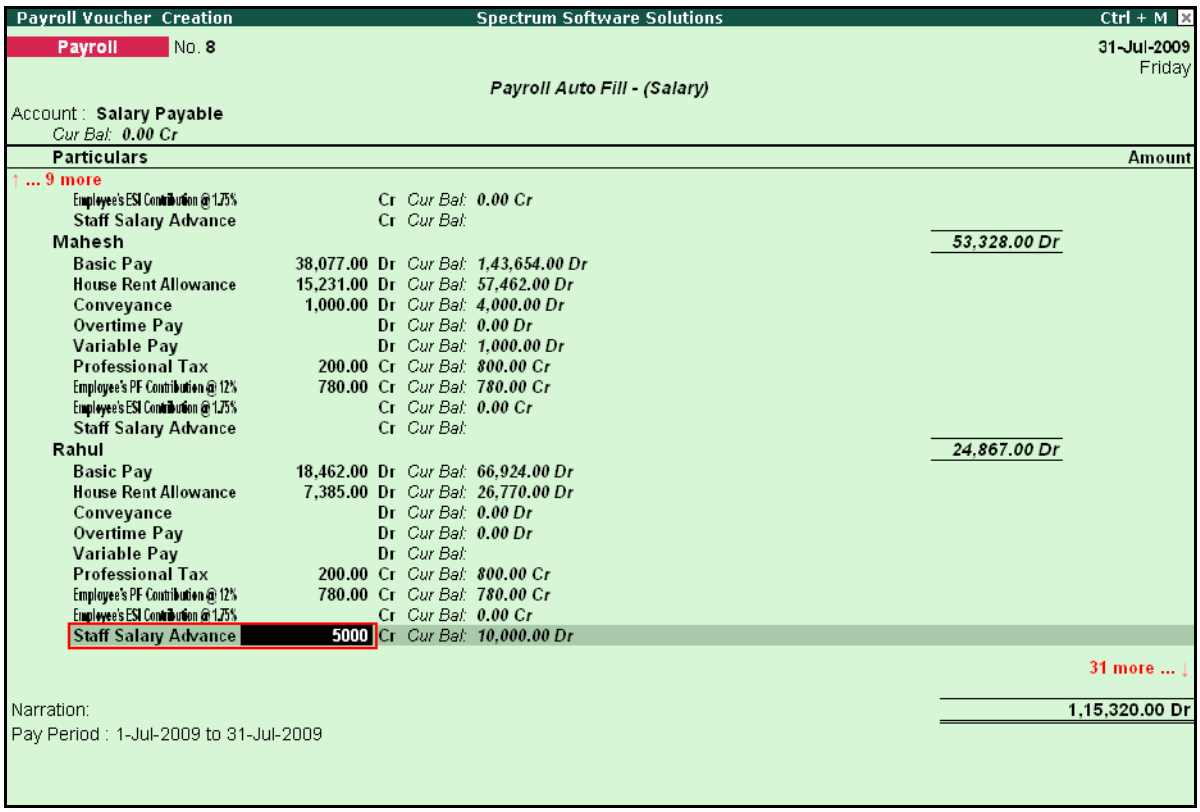
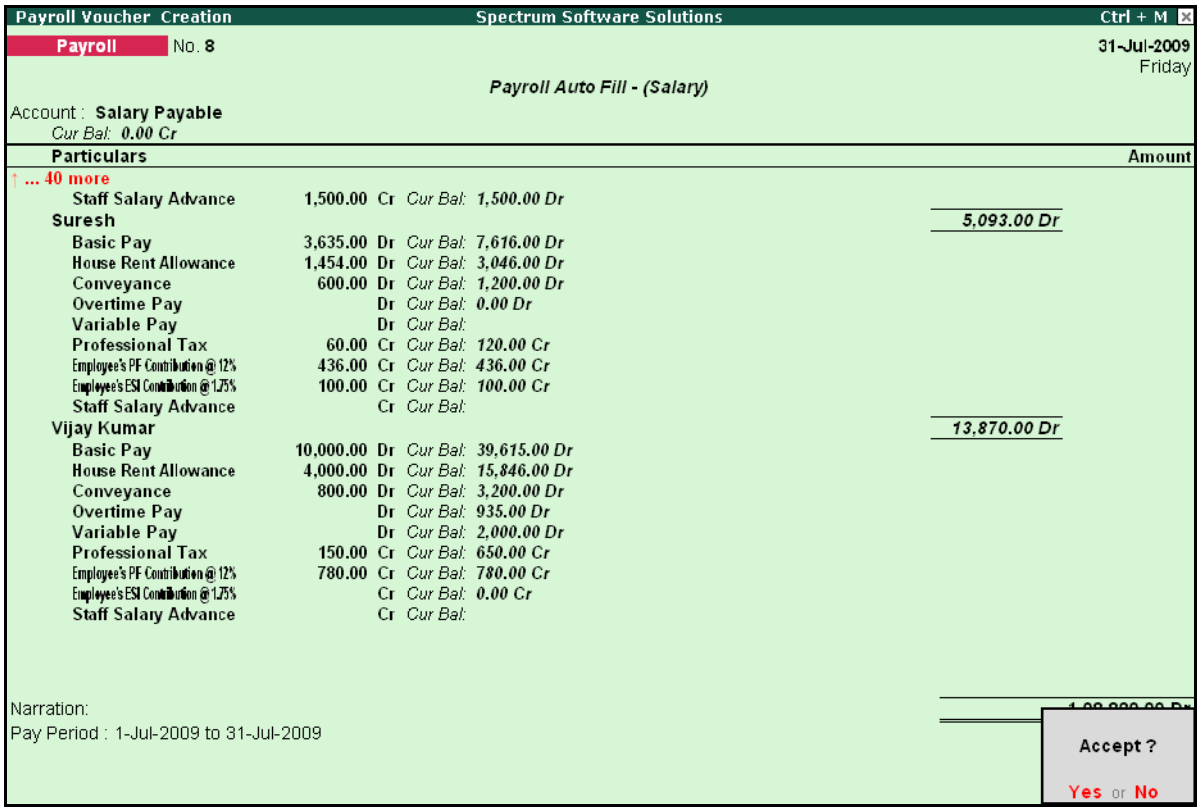


Figure 1.7 Payroll Voucher - Salary Advance Recovery Entry

- Similarly, tab down to **Staff Salary Advance ledger** field of **Rajesh** and specify **1500** as the amount to be deducted

- Similarly, enter the **1500** in **Staff Salary Advance** for **Rajesh**

The completed **Payroll Voucher** for July 2009 is displayed as shown:



Payroll Voucher Creation — Spectrum Software Solutions — Ctrl + M

Payroll — No. 8 — 31-Jul-2009 Friday

Payroll Auto Fill - (Salary)

Account : **Salary Payable**
Cur Bal: 0.00 Cr

Particulars				Amount
↑ ... 40 more				
Staff Salary Advance	1,500.00	Cr	Cur Bal: 1,500.00 Dr	
Suresh				5,093.00 Dr
Basic Pay	3,635.00	Dr	Cur Bal: 7,616.00 Dr	
House Rent Allowance	1,454.00	Dr	Cur Bal: 3,046.00 Dr	
Conveyance	600.00	Dr	Cur Bal: 1,200.00 Dr	
Overtime Pay		Dr	Cur Bal: 0.00 Dr	
Variable Pay		Dr	Cur Bal:	
Professional Tax	60.00	Cr	Cur Bal: 120.00 Cr	
Employee's PF Contribution @ 12%	436.00	Cr	Cur Bal: 436.00 Cr	
Employee's ESI Contribution @ 1.75%	100.00	Cr	Cur Bal: 100.00 Cr	
Staff Salary Advance		Cr	Cur Bal:	
Vijay Kumar				13,870.00 Dr
Basic Pay	10,000.00	Dr	Cur Bal: 39,615.00 Dr	
House Rent Allowance	4,000.00	Dr	Cur Bal: 15,846.00 Dr	
Conveyance	800.00	Dr	Cur Bal: 3,200.00 Dr	
Overtime Pay		Dr	Cur Bal: 935.00 Dr	
Variable Pay		Dr	Cur Bal: 2,000.00 Dr	
Professional Tax	150.00	Cr	Cur Bal: 650.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 780.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	
Staff Salary Advance		Cr	Cur Bal:	

Narration:
Pay Period : 1-Jul-2009 to 31-Jul-2009

Accept ?
Yes or No

Figure 1.8 Completed Payroll Voucher

- Press **Enter** to accept.

*If there are multiple Loans given to the Employees and if you wish to keep a track of recovered loan amount against the Loan given, then you need to pass a separate payroll voucher in '**As Voucher**' format, as the bill-wise details screen won't appear in the **'As Payslip'** format.*

Lesson 8: Accounting for Pay Revision & Arrears

On completion of this lesson, you will be able to:

- Record Pay Revisions and Arrears in Tally.ERP 9

Tally.ERP 9 provides a facility to process Arrears / Increments for a current Period as well as for a prior period. It allows you to compute Arrears for a retrospective period, by defining the effective date of such revisions or increments. Consider the following scenarios to understand the steps involved in processing Salary revisions / Arrears calculation in Tally.ERP 9.

- Salary Revision / Arrear Calculation for Prior Period
- Salary Revision / Arrear Calculation for Current Period

8.1 Salary Revision / Arrear Calculation for Prior Period

Tally.ERP 9 allows you to record Arrear calculation voucher for all the eligible months separately or together with the current month payroll voucher. For instance, in the below Illustration, for the months from May 2009 to July 2009, the Payroll vouchers have been already processed and only the arrear calculation needs to entered. In such cases, the Arrear calculation vouchers can be passed on the last day of each applicable month separately or a single voucher can be passed i.e., arrear calculation voucher for all preceeding months (from May 2009 to July 2009) plus current month salaries, by defining the complete pay period i.e., 01-05-2009 to 31-08-2009.

Illustration 1:

On 5th August, 2009 M/s. Spectrum Software Solutions revised the Salaries for the following Employees. Such a revision is effective from 1st May 2009.

The revised Salary structure is as follows:

Employee / Pay Components	Basic	HRA	Conveyance	Variable Pay
Mahesh	50000	40%	2000	User-defined

Before processing the Payroll voucher for Salary revisions, it is essential to update the Salary Details of the Employee, so as to take into consideration the declared Salary Revision / arrear payment for/from the relevant period.

Step 1: Modify / Alter Salary Details

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

- Select **Mahesh** from the **List of Groups / Employees**
- Tab down to **End of List,** by pressing **Enter**
- Specify **01-05-2009** in the **Effective From** field and press **Enter**
- Select **Copy From Previous Value** from the **Start Type** drop down list

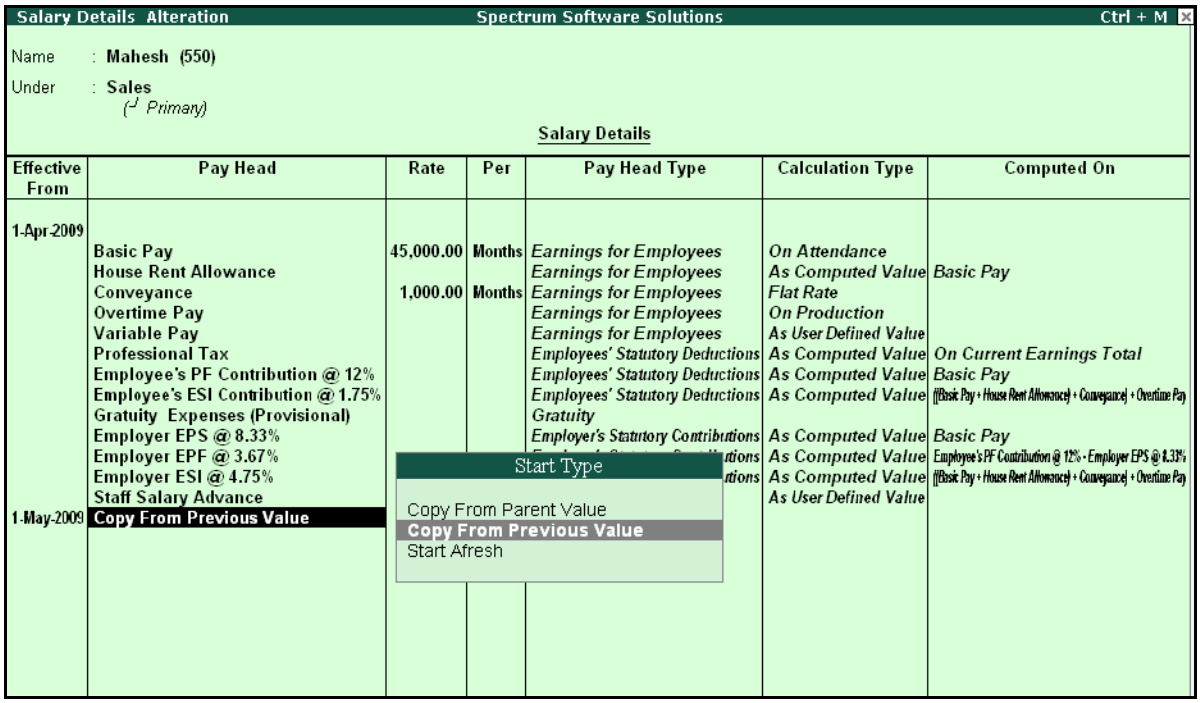


Figure 8.1 Salary Details Alteration Screen

***Start Type** Options:*

***Copy From Parent Value:** This option is selected, when the pay structure details of the Parent group (to which Employee Group, the employee is grouped under or falls) is required to be prefilled in the Salary details master.*

***Copy From Previous Value** - This option is selected, when the pay structure details of the Employee for a preceeding period is required to be prefilled for a future period, in the Salary details master.*

***Start Afresh:** This option is selected, when the pay structure details of the Employee has to be created newly.*

- Press **Enter** to prefill the pay structure (comprising of Earning & Deduction Pay Heads) of the preceeding period for the specified period
- Press **Enter** on **Basic Pay** Pay Head and alter the amount to **50000**
- Tab down to **Conveyance** Pay Head and alter the amount to **2000**
- Press **Enter** to go to the **End of List**

The completed **Salary Details** screen is displayed as shown:

Salary Details Alteration — Spectrum Software Solutions — Ctrl + M

Name : **Mahesh (550)**

Under : **Sales**
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
↑ ... 7 more						
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Staff Salary Advance			Loans and Advances	As User Defined Value	
1-May-2009	Copy From Previous Value					
	Basic Pay	50,000.00	Months	Earnings for Employees	On Attendance	
	House Rent Allowance			Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	2,000.00	Months	Earnings for Employees	Flat Rate	
	Overtime Pay			Earnings for Employees	On Production	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	((Basic Pay + House Rent Allowan
	Staff Salary Advance			Loans and Advances	As User Defined Value	

Accept ?
Yes or No

Figure 8.2 Completed Salary revision screen

- Press **Enter** to accept

Step 2: Arrear Calculation Voucher

Go to **Gateway of Tally > Payroll Vouchers**

- Press **Ctrl+F4** for **Payroll** Voucher
- Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
- In the **Employee Filters** screen
  - Select **Salary** in the **Process for** field
  - Specify **1-5-2009** and **31-7-2009** in the **From** and **To** fields respectively
  - Select **Mahesh** as **Employee/Group**
  - Select **Salary Payable** in the **Payroll Ledger** field

The completed Auto Fill subscreen is displayed as shown:

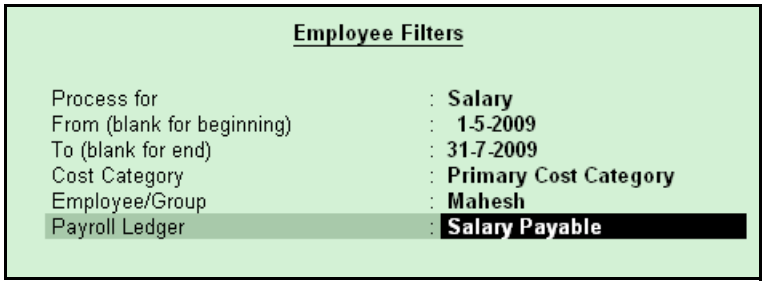


Figure 8.3 Payroll Auto Fill subscreen

- Press **Enter** to automatically prefill the salary arrear amounts for the selected period

The completed Payroll Voucher for **Arrear calculation** is displayed as shown:

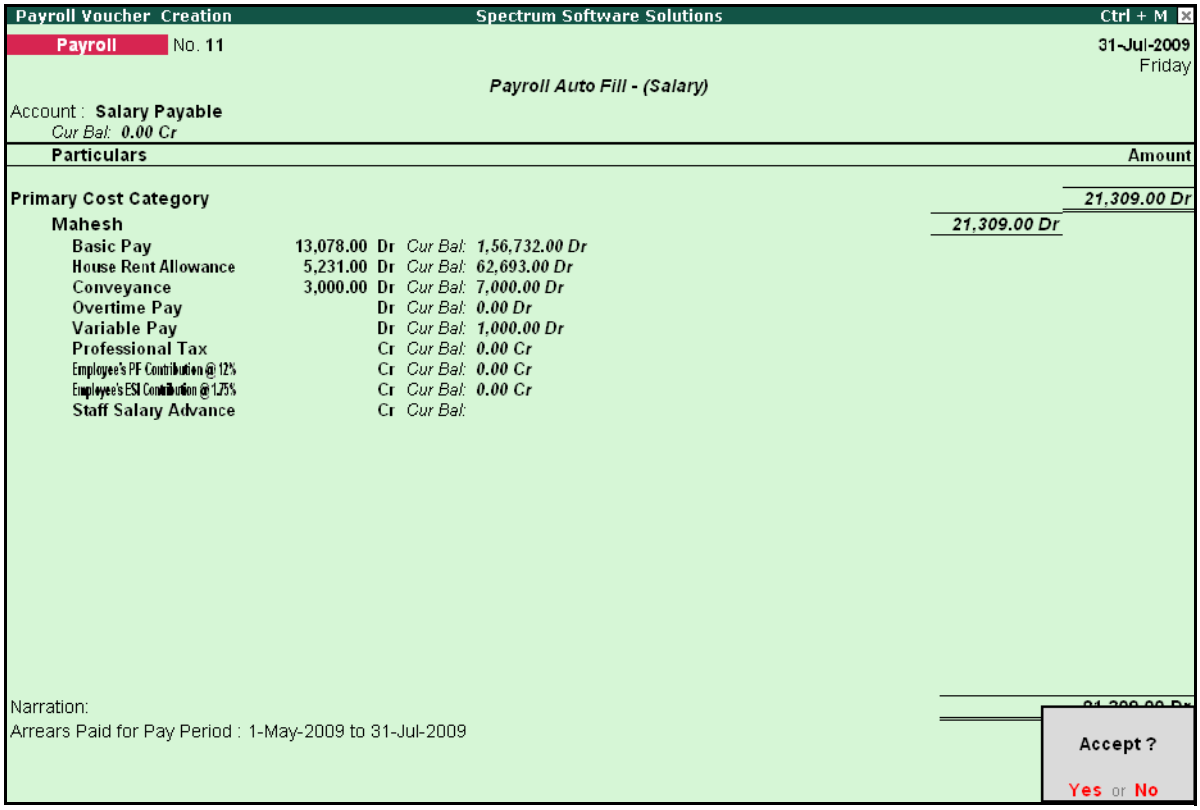


Figure 8.4 Payroll Voucher – Arrear calculation

- Press **Enter** to Accept

Step 3: Payment of Arrears

Go to **Gateway of Tally > Accounting Vouchers**

- Press **F5** for **Payment** Voucher
- Press **F2**, specify the date as **05-08-2009** and press **Enter**
- Press **Alt+A** (Payroll Auto Fill) to prefill payroll payment details
- In the **Employee Filters** screen,
  - Select **Salary Payment** in the **Process for** field
  - Specify **1-5-2009** and **31-7-2009** in the **From** and **To** fields respectively
  - Specify **05-08-2009** as **Voucher Date**
  - Select **Primary Cost Category** under **Cost Category**
  - Select **Mahesh** in **Employee/Group** field
  - Select **HDFC Bank** in the **Bank / Cash Ledger**
  - Select **Salary Payable** in the **Payroll Ledger** field
  - Press **Enter** to accept the screen
- Press **Enter** to prefill the salary arrears amount for the selected period

The completed **Salary Arrears** Payment voucher of Mahesh for the period from May 2009 to July 2009 is displayed as shown:

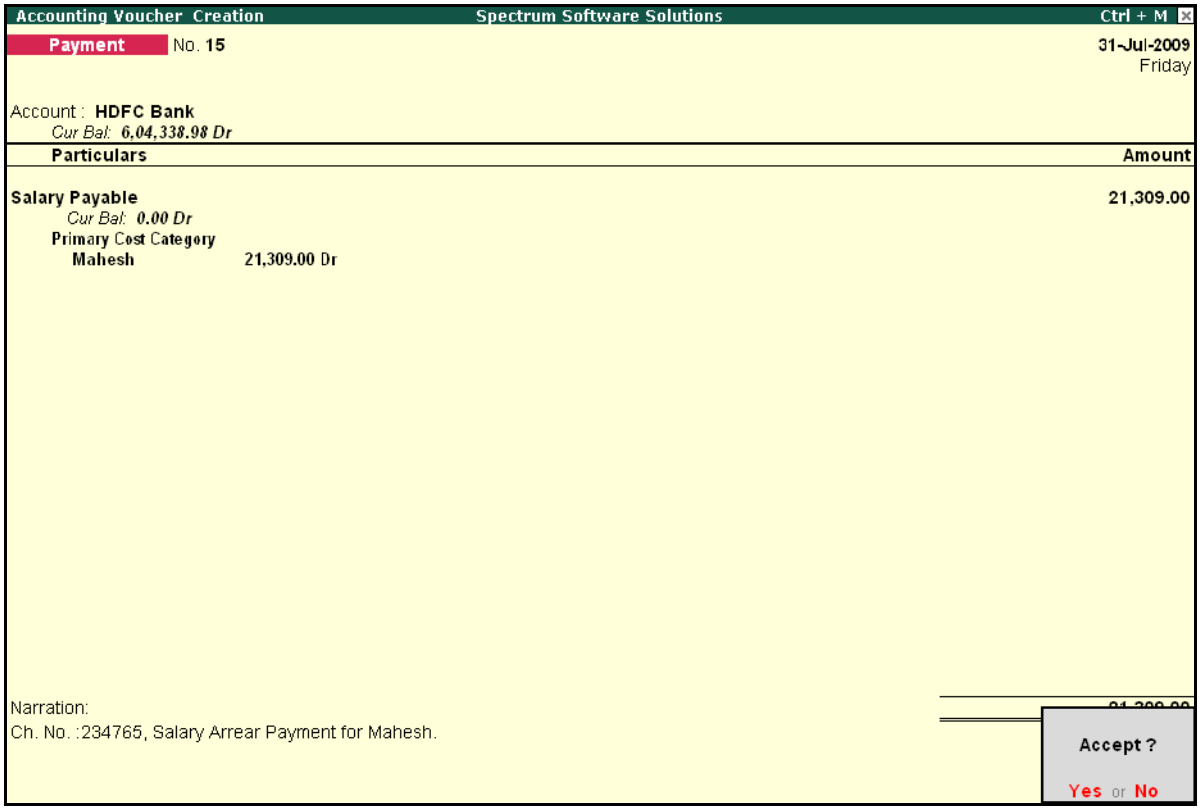


Figure 8.5 Salary Arrears Payment Voucher

- Press **Enter** to Accept.

The Salary Arrears / Increments may result in increase in Earning Pay components which in turn may result in an increase in the tax liability i.e., an increase in Basic Pay will result in an increase in HRA and such additional income will be liable to Income Tax or Payroll taxes viz., PF, ESI and PT. The procedure to make payments of PF, ESI or PT has been discussed in the previous chapters.

8.2 Salary Revision / Arrear Calculation for current Period

Illustration 2:

On 15th August 2009, M/s. Spectrum Software Solutions revised the Salaries for the following Employees. Such revision is effective from the current month i.e., August 2009.

The revised Salary structure is as follows:

Employee / Pay Components	Basic	HRA	Conveyance	Variable Pay
Ajay	11000	30%	2000	User-defined

The Attendance records for August 2009 is as follows:

Attendance/ Production Types	Vijay Kumar	Rahul	Mahesh	Ajay	Suresh	Rajesh
Present Days	26	22	25	26	26	26

Before processing the Payroll voucher for Salary revisions, it is essential to update the Salary Details of the Employee to take effect the declared Salary Revision / arrear payment for/from the relevant period.

Step 1: Modify / Alter Salary Details

Go to **Gateway of Tally > Payroll Info. > Salary Details > Alter**

- Select **Ajay** from the **List of Groups / Employees**
- Tab down to **End of List,** by pressing **Enter**
- Specify **01-08-2009** in the **Effective From** field and press **Enter**
- Select **Copy From Previous Value** from the **Start Type** drop down list

The Salary Details Alteration screen is displayed as shown:

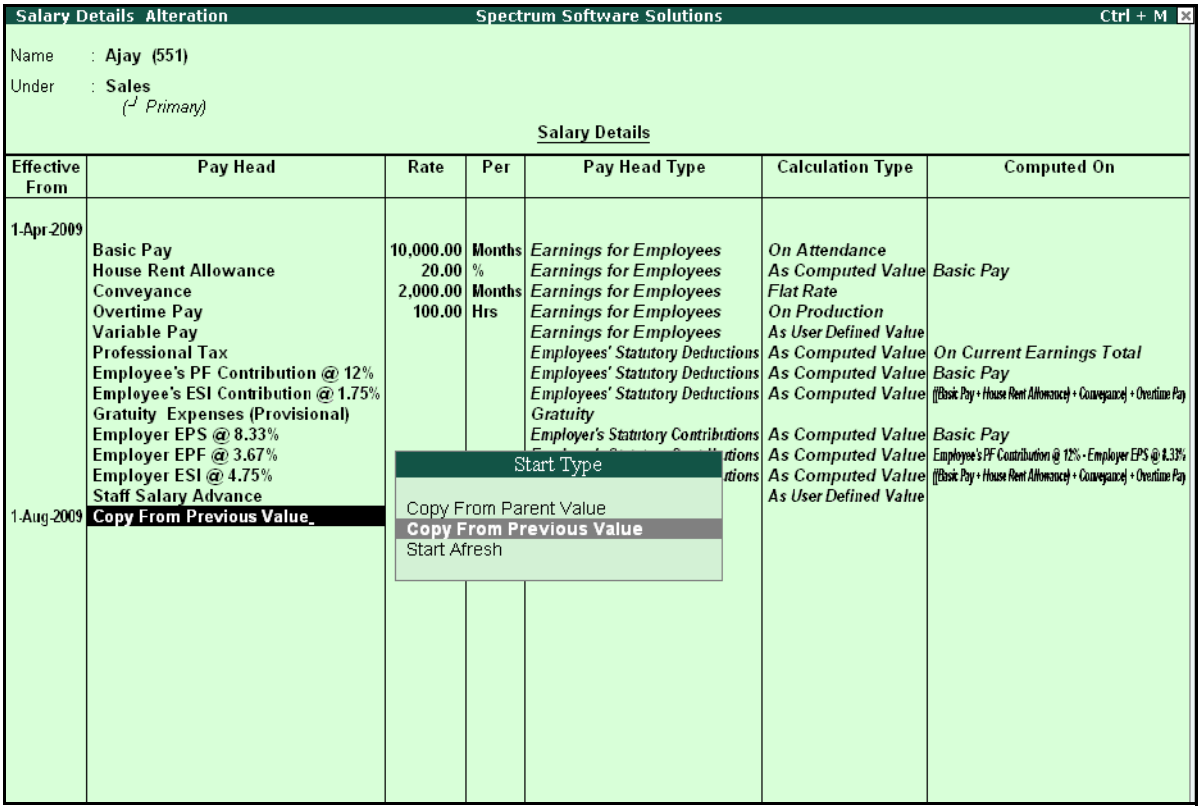


Figure 8.6 Salary Details Alteration screen

***StartType** Options*

- ***Copy From Parent Value:** This option is selected, when the pay structure details of the Parent group (to which Employee Group, the employee is grouped under or falls) is required to be prefilled in the Salary details master.*
- ***Copy From Previous Value** - This option is selected, when the pay structure details of the Employee for a preceeding period is required to be prefilled for a future period, in the Salary details master.*
- ***Start Afresh:** This option is selected, when the pay structure details of the Employee has to be created newly.*

- Press **Enter** to prefill the pay structure (comprising of Earning & Deduction Pay Heads) of the preceeding period for the specified period
- Press **Enter** on **Basic Pay** Pay Head and alter the amount to **11000**
- Press **Enter** on **HRA** Pay Head and alter the percentage to **30%** (To alter the percentage, ensure in **F12: Configure, Allow to Override Slab Percentage** is set to **Yes)**
- Tab down to **Conveyance** Pay Head and alter the amount to **2000**

- Press **Enter** to go to the **End of List**

The completed **Salary Details** screen is displayed as shown:

Salary Details Alteration — **Spectrum Software Solutions** — Ctrl + M

Name : **Ajay (551)**

Under : **Sales**
(Primary)

Salary Details

Effective From	Pay Head	Rate	Per	Pay Head Type	Calculation Type	Computed On
↑ ... 2 more						
	House Rent Allowance	20.00	%	Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	2,000.00	Months	Earnings for Employees	Flat Rate	
	Overtime Pay	100.00	Hrs	Earnings for Employees	On Production	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Staff Salary Advance			Loans and Advances	As User Defined Value	
1-Aug-2009	Copy From Previous Value					
	Basic Pay	11,000.00	Months	Earnings for Employees	On Attendance	
	House Rent Allowance	30.00	%	Earnings for Employees	As Computed Value	Basic Pay
	Conveyance	2,000.00	Months	Earnings for Employees	Flat Rate	
	Overtime Pay	100.00	Hrs	Earnings for Employees	On Production	
	Variable Pay			Earnings for Employees	As User Defined Value	
	Professional Tax			Employees' Statutory Deductions	As Computed Value	On Current Earnings Total
	Employee's PF Contribution @ 12%			Employees' Statutory Deductions	As Computed Value	Basic Pay
	Employee's ESI Contribution @ 1.75%			Employees' Statutory Deductions	As Computed Value	((Basic Pay + House Rent Allowance) + Conveyance) + Overtime Pay
	Gratuity Expenses (Provisional)			Gratuity		
	Employer EPS @ 8.33%			Employer's Statutory Contributions	As Computed Value	Basic Pay
	Employer EPF @ 3.67%			Employer's Statutory Contributions	As Computed Value	Employee's PF Contribution @ 12% - Employer EPS @ 8.33%
	Employer ESI @ 4.75%			Employer's Statutory Contributions	As Computed Value	((Basic Pay + House Rent Al
	Staff Salary Advance			Loans and Advances	As User Defined Value	

Accept ?

Yes or No

Figure 8.7 Completed Salary Alteration screen

- Press **Enter** to Accept

Step 2: Record Attendance

Record **Attendance** voucher in the manner as explained in previous chapters.

The completed Attendance Voucher for August 2009 is displayed as shown:

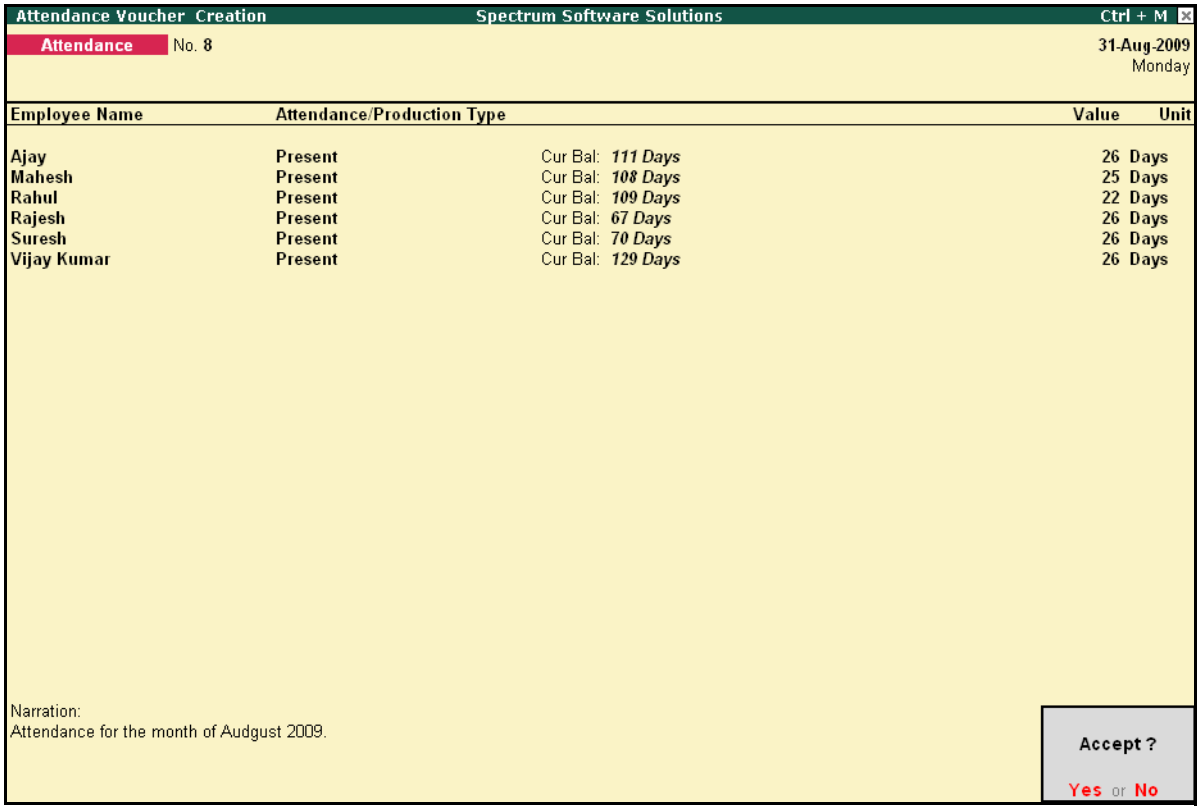


Figure 8.8 Completed Attendance Voucher

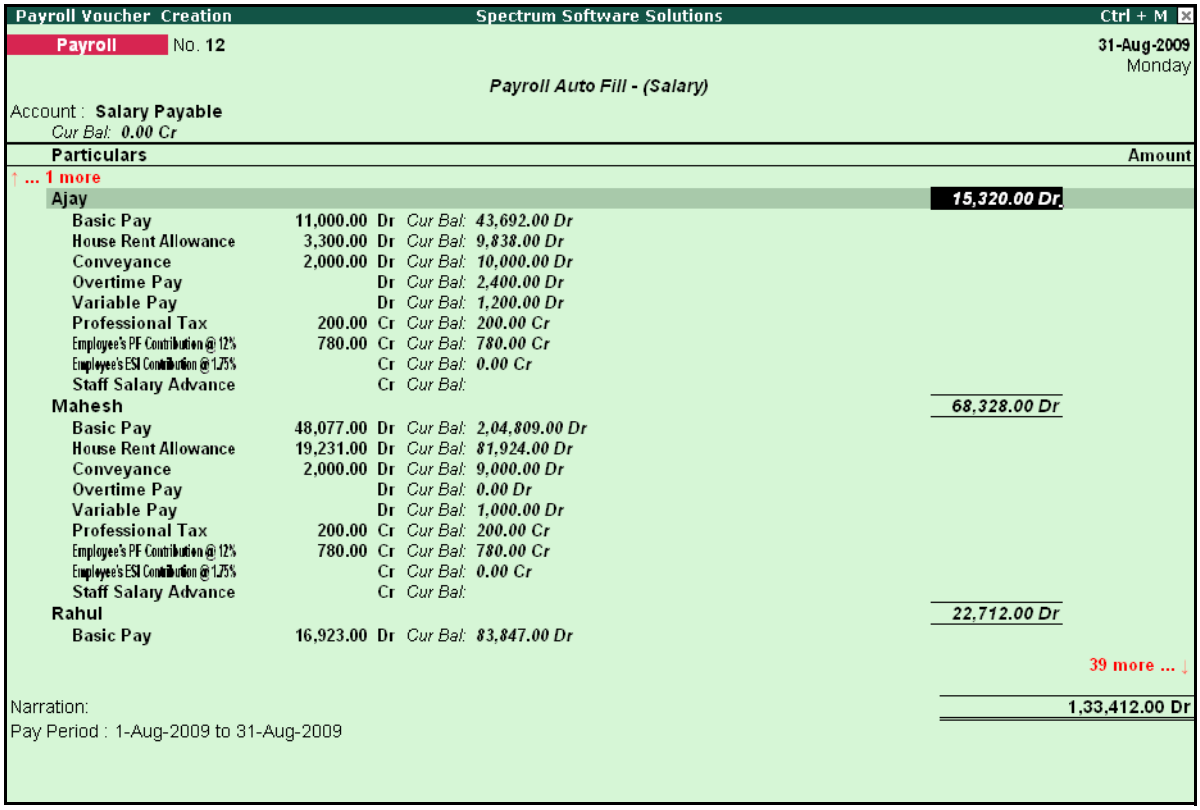
Step 3: Process Payroll Voucher

Effective August 2009, the revised salary for Ajay will be computed automatically, while processing Payroll voucher for the month of August along with the other employees or you may also choose to process Ajay's Payroll voucher separately, if required.

Go to **Gateway of Tally > Payroll Vouchers**

- Press **Ctrl+F4** for **Payroll** Voucher
- Press **Alt+A** (Payroll Auto Fill) to prefill employee payroll details
- In the **Employee Filters** screen
  - Select **Salary** in the **Process for** field
  - Specify **1-8-2009** and **31-8-2009** in the **From** and **To** fields respectively
  - Select **Ajay** in the **Employee/Group** field
  - Select **Salary Payable** in the **Payroll Ledger** field
  - Press **Enter** to accept the screen
- Press **Enter** to prefill the salary amount (inclusive of increment amount) for the current period

The completed **Payroll Voucher** for August 2009 is displayed as shown:



Payroll Voucher Creation — Spectrum Software Solutions — Ctrl + M

Payroll No. 12 — 31-Aug-2009 Monday

Payroll Auto Fill - (Salary)

Account : Salary Payable
Cur Bal: 0.00 Cr

Particulars				Amount
↑ ... 1 more				
Ajay				15,320.00 Dr
Basic Pay	11,000.00	Dr	Cur Bal: 43,692.00 Dr	
House Rent Allowance	3,300.00	Dr	Cur Bal: 9,838.00 Dr	
Conveyance	2,000.00	Dr	Cur Bal: 10,000.00 Dr	
Overtime Pay		Dr	Cur Bal: 2,400.00 Dr	
Variable Pay		Dr	Cur Bal: 1,200.00 Dr	
Professional Tax	200.00	Cr	Cur Bal: 200.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 780.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	
Staff Salary Advance		Cr	Cur Bal:	
Mahesh				68,328.00 Dr
Basic Pay	48,077.00	Dr	Cur Bal: 2,04,809.00 Dr	
House Rent Allowance	19,231.00	Dr	Cur Bal: 81,924.00 Dr	
Conveyance	2,000.00	Dr	Cur Bal: 9,000.00 Dr	
Overtime Pay		Dr	Cur Bal: 0.00 Dr	
Variable Pay		Dr	Cur Bal: 1,000.00 Dr	
Professional Tax	200.00	Cr	Cur Bal: 200.00 Cr	
Employee's PF Contribution @ 12%	780.00	Cr	Cur Bal: 780.00 Cr	
Employee's ESI Contribution @ 1.75%		Cr	Cur Bal: 0.00 Cr	
Staff Salary Advance		Cr	Cur Bal:	
Rahul				22,712.00 Dr
Basic Pay	16,923.00	Dr	Cur Bal: 83,847.00 Dr	
				39 more ... ↓
				1,33,412.00 Dr

Narration:
Pay Period : 1-Aug-2009 to 31-Aug-2009

Figure 8.9 Completed Payroll Voucher

You may process Employer and Employee's contribution to Provident Fund and Employee's State Insurance and payment of Profession Tax in the manner as discussed in ~~the~~ earlier chapters.

Lesson 9: Processing Payroll for Contract Employees

On completion of this lesson, you will be able to:

- Process Salaries for Contract Employees

Tally.ERP 9 provides a simplified process for tracking and processing salaries for casual and contract workers and helps in the generation of contract related reports. Tally.ERP 9 allows you to process salaries for contractual employees for their services rendered during the agreed tenure. You may compute salaries on hourly or production basis as agreed upon, by defining the required criteria for the Pay components.

In this Chapter, we will discuss the recording of transactions related to computation of salaries for Contractual employees.

Illustration 1:

On 5th August 2009, M/s. Spectrum Software Solutions hired two persons on contract.

The list of employees along with the contract details is as follows:

S. No.	Name of Employee	Department / Group	Tenure	Start Date	End Date
1	James	Contract Employees	6 Months	5 Aug 09	5 Feb 10
2	Vineet	Contract Employees	9 Months	5 Aug 09	5 May 10

The Salary details for the above contract employees is as shown:

Employee / Pay Heads	Basic Wages	Overtime	Local Conveyance
James	2000	50 / hr	On Actuals
Vineet	2500	50 / hr	On Actuals

The same is accounted for as shown:

In Tally.ERP 9, execute the following steps to process Salaries for Contract Employees:

- Create Employee Masters
- Create Pay Heads
- Record Attendance details
- Create Salary Details
- Process Payroll

9.1 Create Employee Masters

As discussed in the earlier chapters, you need to create the following Employee Masters to:

1. Employee Group
2. Employees

I. Create Employee Group Master

Create a new Group **Contract Employees** by executing the following steps:

Go to **Gateway of Tally > Payroll Info. > Employee Groups > Create**

- Select **Primary Cost Category** from the **List of Categories** in the **Category** field
- Type **Contract Employees** in the **Name** field
- Select **Primary** in the **Under** field and press **Enter**

The completed **Employee Group Creation** screen is displayed as shown:

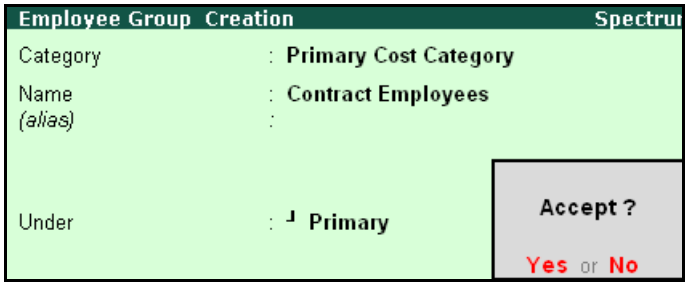


Figure 9.1 Completed Employee Group Creation

- Press **Enter** to **Accept**

II. Create Employee Master

Go to **Gateway of Tally > Payroll Info. > Employees > Create**

- Select **Primary Cost Category** from the **List of Categories** in the **Category** field
- Type the Name of the Employee in the **Name** field
- Select **Contract Employees** in the **Under** field
- Type the Date of Joining as **05-08-2009**
- Enter the other Employee Information.

The completed **Employee Creation** screen is displayed as shown:

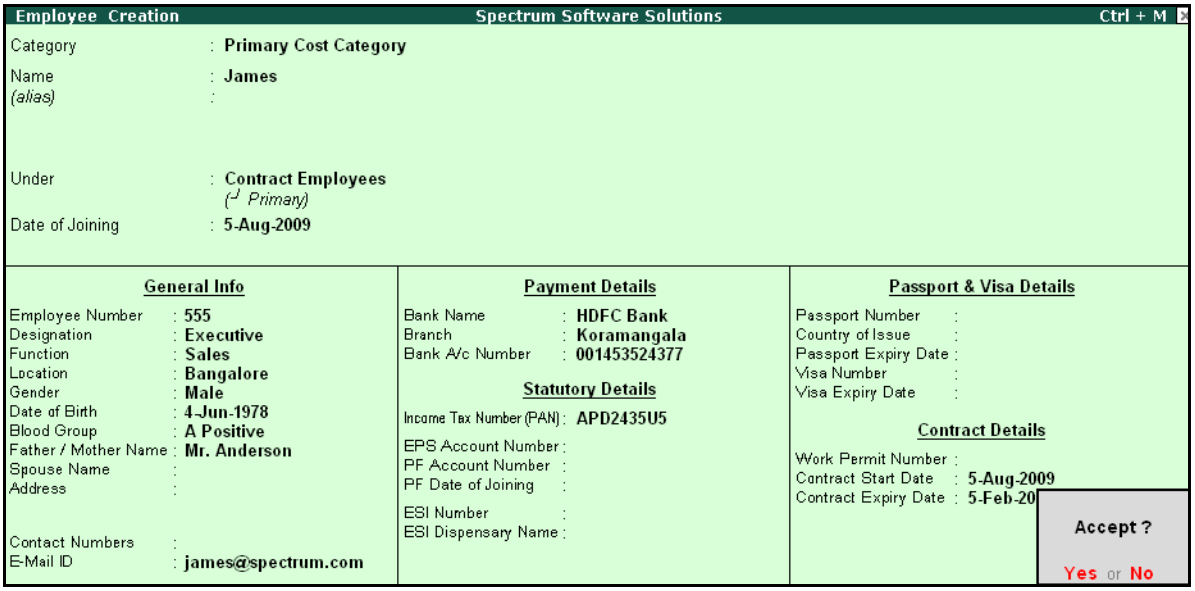


Figure 9.2 Employee Creation screen

Similarly, create other Employee Masters i.e., **Vineet**.

9.2 Create Pay Heads

Create the following Pay Heads:

Pay Head	Pay Head Type	Under	Affect Net Salary	Calculation Type	Calcula-tion Period
Basic Wages	Earnings for Employees	Indirect Expenses	Yes	on Attendance	Months
Overtime	Earnings for Employees	Indirect Expenses	Yes	on Production	Months
Local Con-veyance	Reimbursements to Employees	Indirect Expenses	Yes	As User Defined Value	-

i. Create Basic Wages Pay Head

Go to **Gateway of Tally > Payroll Info. > Pay Heads > Create**

The completed **Basic Wages** Pay Head creation screen is displayed as shown:

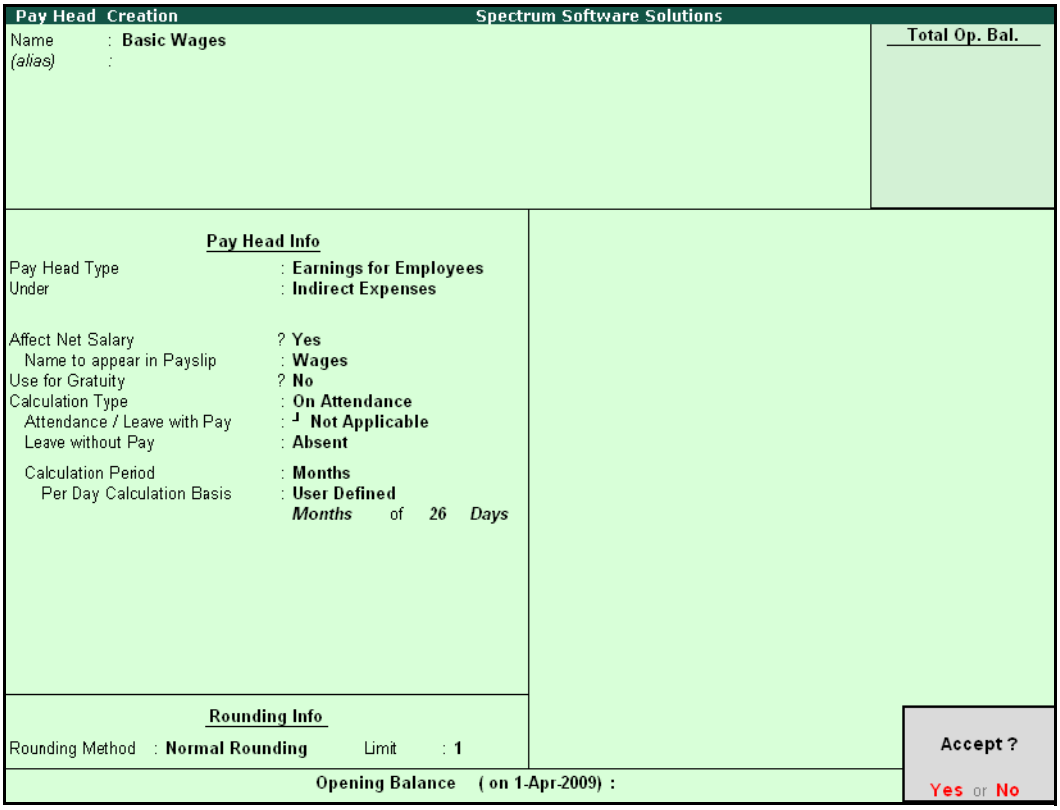


Figure 9.3 Pay Head Creation – Basic Wages

- Press **Enter** to **Accept**.

Similarly, create **Overtime Pay Head** with **On Production** as the Attendance Type.

ii. Create Local Conveyance Pay Head

The completed **Local Conveyance** Pay Head Creation screen is displayed as shown:

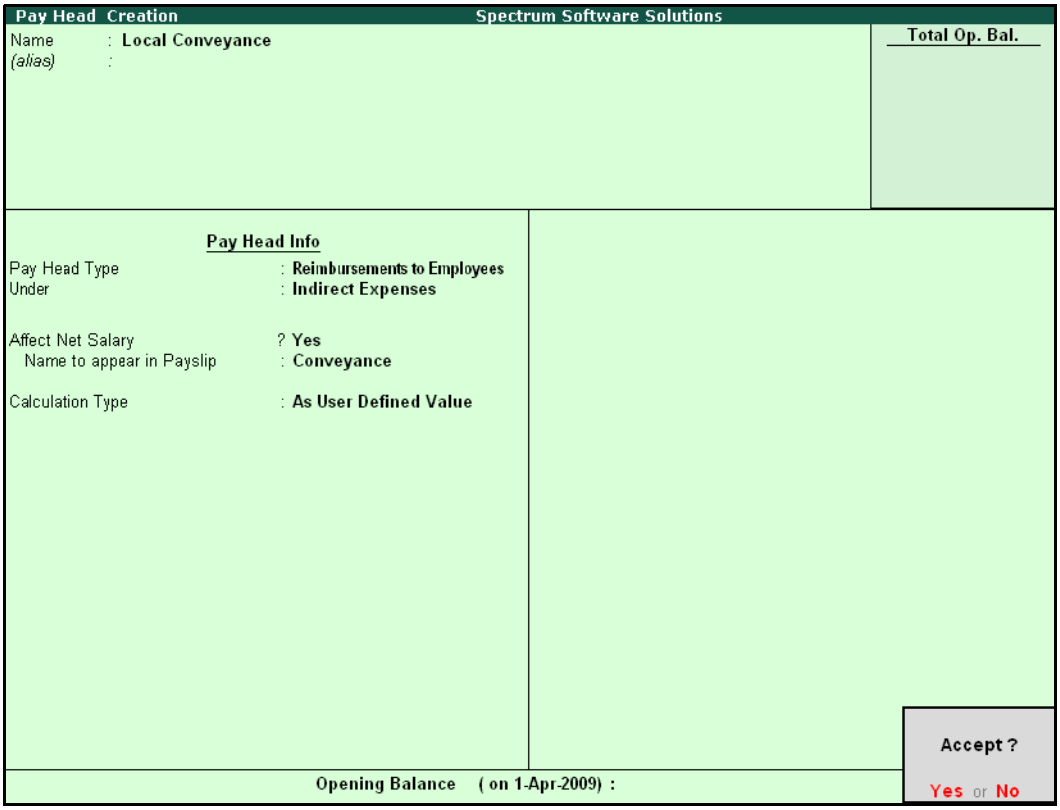


Figure 9.4 Pay Head Creation – Local Conveyance

- Press **Enter** to Accept.

iii. Salary Details setup

Create the salary details for the above contract employees as discussed in ~~the~~ earlier chapters.

The completed **Salary Details** creation screen for James is displayed as shown.

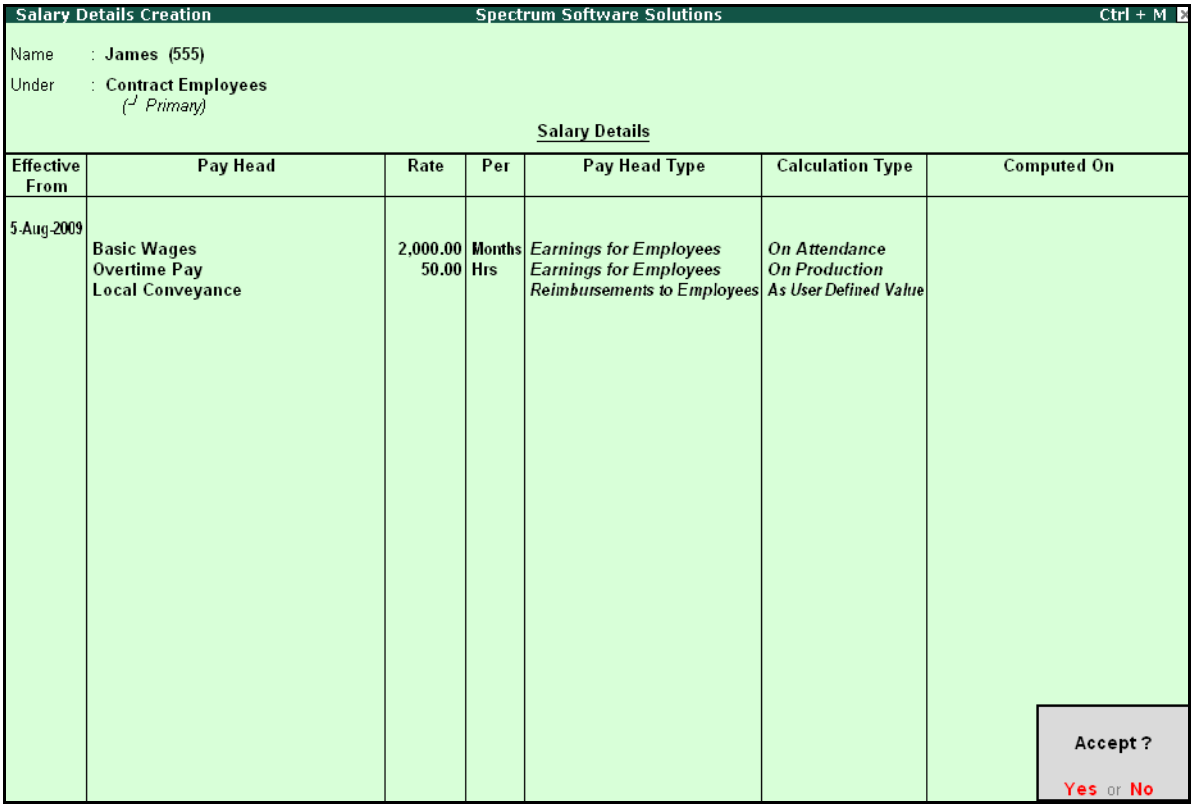


Figure 9.5 Salary Details creation screen

- Press **Enter** to Accept.

Similarly, create the Salary Details for **Vineet**.

9.3 Record Attendance details

The Attendance and Overtime Details for Contract Employees for August 2009 is as shown.

Attendance/Production Type	James	Vineet
Absent	1	2
Overtime	15 Hrs	17 Hrs

Step 1: Create Attendance Voucher

Go to **Gateway of Tally > Payroll Vouchers >** Press **Ctrl+F5** for **Attendance Vouchers**

The completed Attendance Voucher for the Contract Employees is displayed as shown:

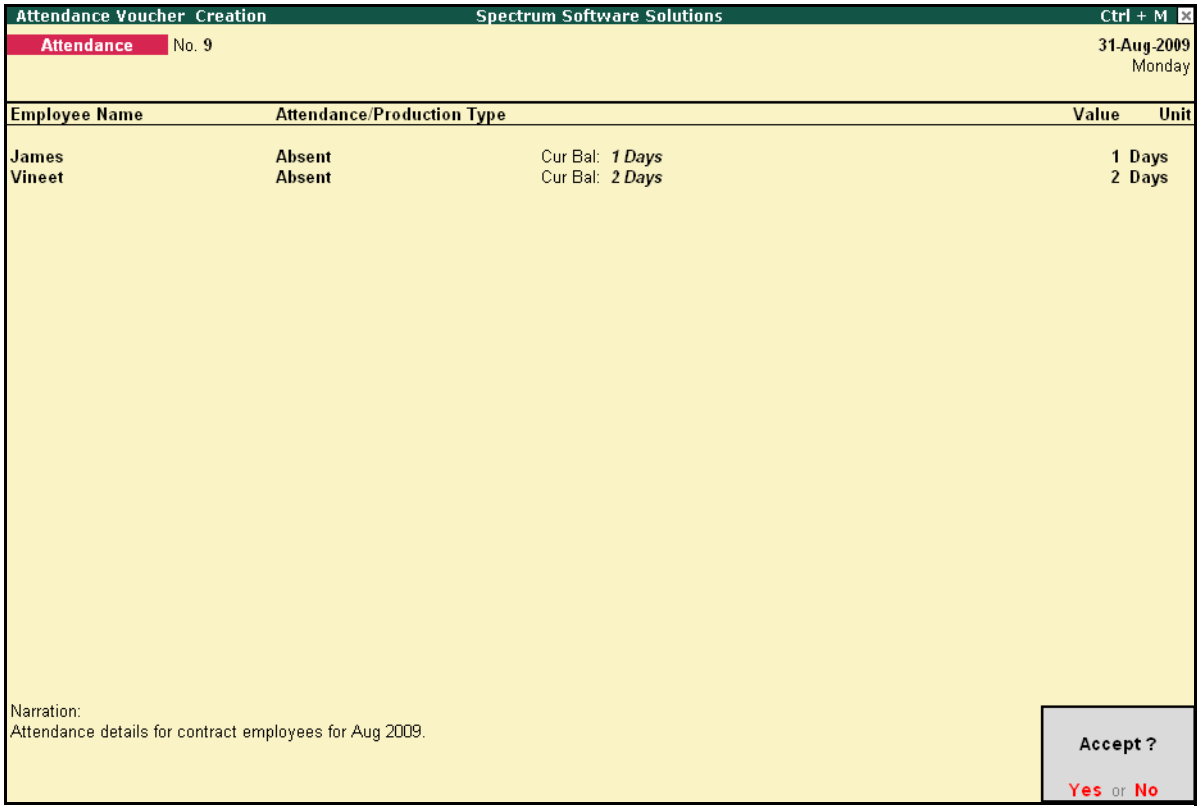


Figure 9.6 Completed Attendance Voucher

- Press **Enter** to Accept

Step 2: Create Production Voucher

Go to **Gateway of Tally > Payroll Vouchers >** Press **Ctrl+F5** for **Attendance Vouchers**

The **Production Voucher** for Overtime hours is displayed as shown:

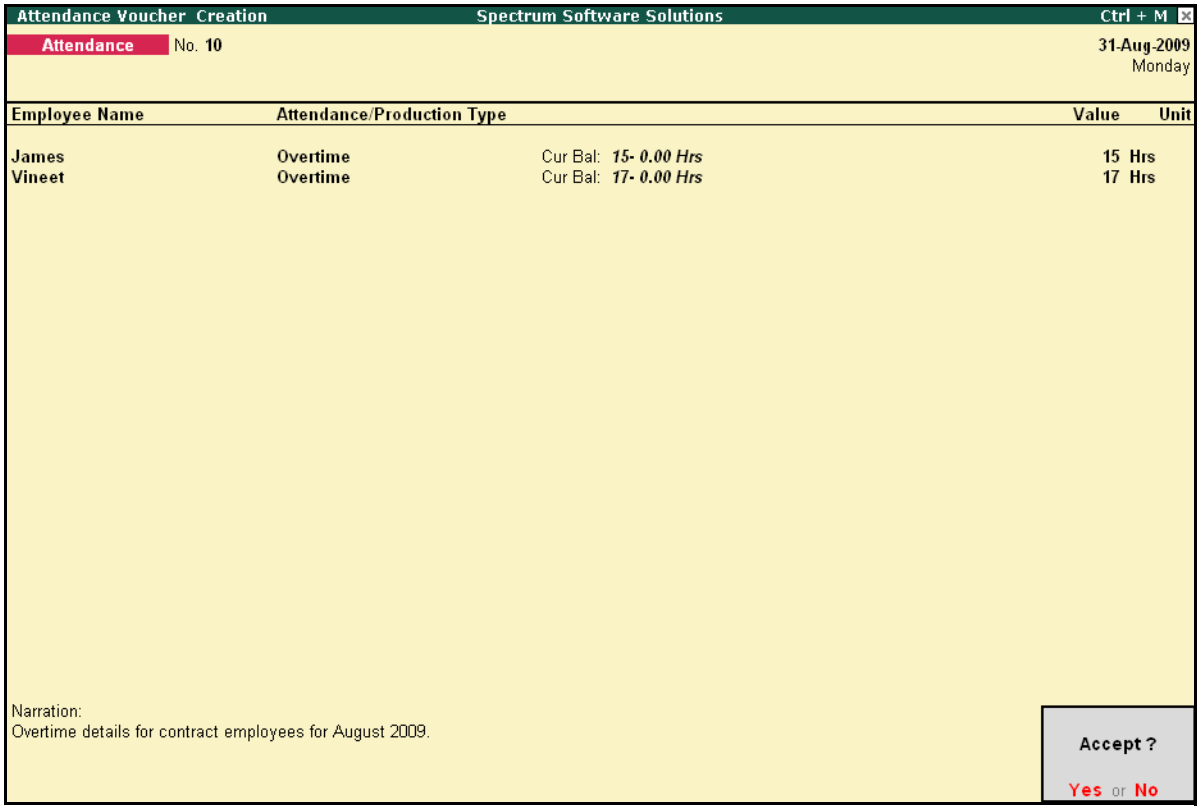


Figure 9.7 Completed Production Voucher

- Press **Enter** to Accept.

9.4 Process Payroll

On 31st August 2009, M/s. Spectrum Software Solutions processed salaries for the contract employees through Cash. The Local Conveyance for August 2009 is as follows:

Reimbursements Particulars	James	Vineet
Local Conveyance	1250	1225

The same is accounted as shown:

Create Payroll Voucher

Go to **Gateway of Tally > Payroll Vouchers >** Press **Ctrl+F4** for **Payroll Voucher**

The completed **Payroll Voucher** for Contract Employees for the month of August 2009 will appear as shown:

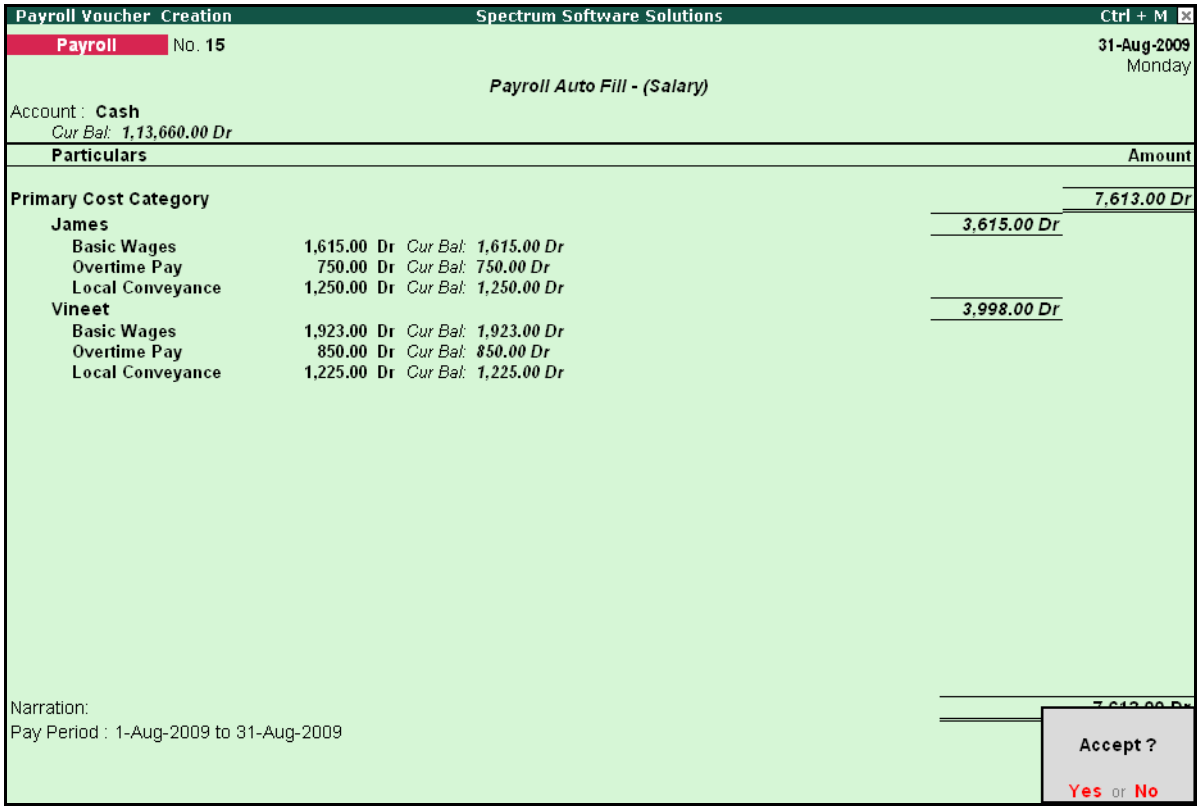


Figure 9.8 Completed Payroll Voucher

- Press **Enter** to **Accept**.

Lesson 10: Payroll Reports

Payroll Reports help you ascertain the payroll expenses for a specified month or for year-to-date (YTD) transactions for a particular employee/ group along with the Attendance and Production details. You can also view the statutory forms required for Provident Fund and Employee State Insurance. In Tally.ERP 9, the Payroll reports can be broadly categorized into two viz.,

- Payroll Reports
- Payroll Statutory Reports

10.1 Payroll Reports

In Tally.ERP 9, you can generate the following Payroll related reports.

Chart showing Payroll Reports in Tally.ERP 9

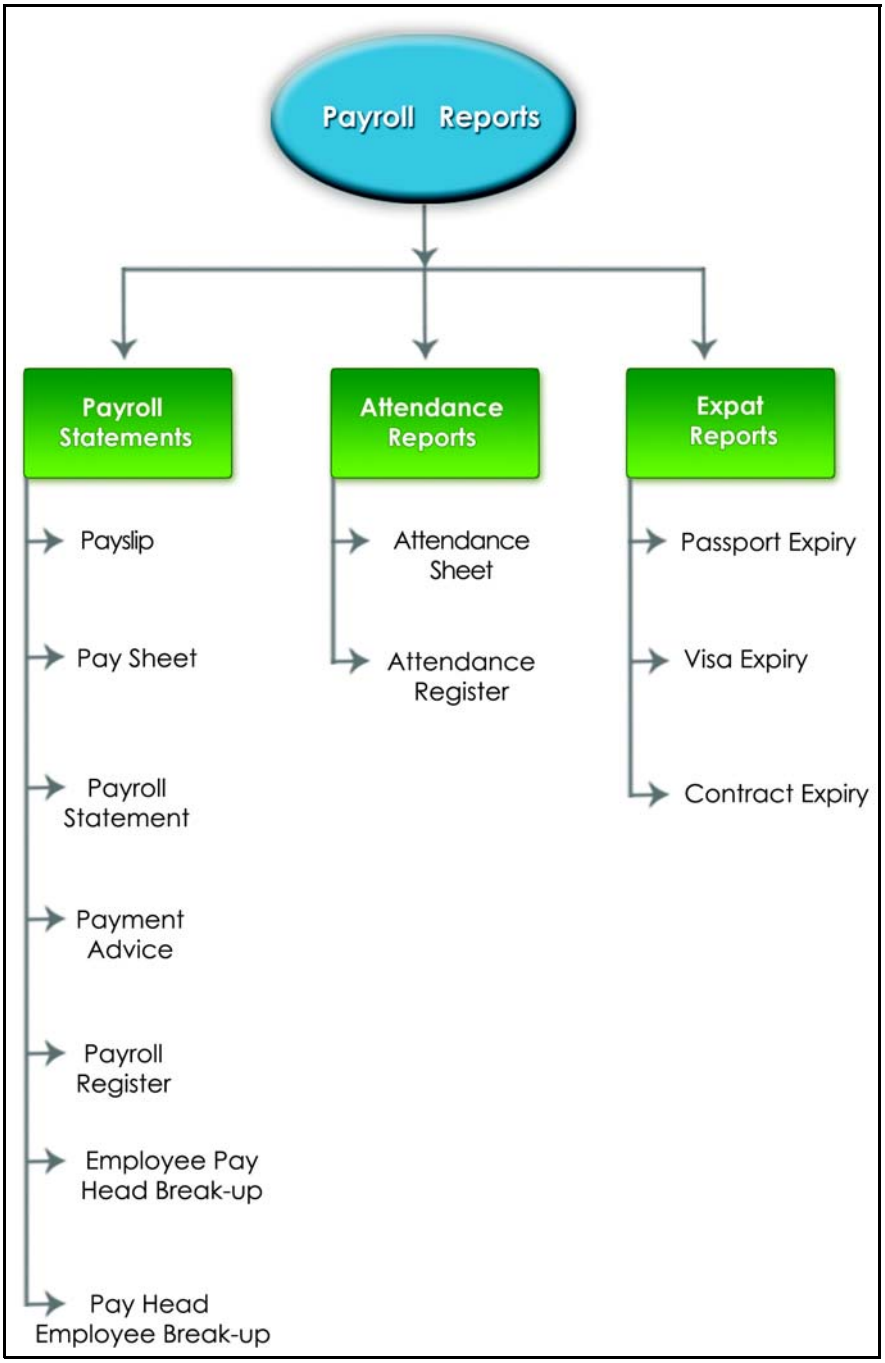


Figure 10.1 Payroll Reports in Tally.ERP 9

We shall discuss each report in detail in the sections as explained below:

10.1.1 Payslip

A Payslip refers to a document issued to an employee, which itemises each component of his/ her earnings and deductions and the net amount paid for a given pay period. It provides particulars on how the net amount has been arrived at i.e., how much money has been earned and how much tax / deductions have been made.

Display Payslip

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payslip**

- Select the required Employee and press **Enter**

The **Payslip** for the selected employee is displayed as shown:

Payslip | Spectrum Software Solutions | Ctrl + M

Payslip for April-2009

Vijay Kumar

Employee Number	: 549	Income Tax Number (PAN)	: APD192D4D
Function	: Administration	PF Account Number	: KA/BN/18184/563
Designation	: Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS130/005
Bank Details	: 001254624565, HDFC Bank, Koramangala	Visa Expiry Date	:
Date of Joining	: 1-Apr-2009		

Attendance Details	Value
Overtime	15- 0.00 Hrs
Present	26 Days

Earnings	Amount	Gross Salary	Deductions	Amount	Gross Salary
Basic	10,000.00	10,000.00	Professional Tax	200.00	200.00
House Rent Allowance	4,000.00	4,000.00	EPF @ 12%	780.00	780.00
Conveyance	800.00	800.00			
Overtime Pay	825.00	825.00			
Variable Pay	1,500.00	1,500.00			
Total Earnings	**17,125.00**	**17,125.00**	**Total Deductions**	**980.00**	**980.00**
			Net Amount	**16,145.00**	**16,145.00**

Figure 10.2 Payslip

In Tally.ERP 9 Payroll, the Payslip can be configured to vertically display the details of attendance, in terms of attendance or production, with **Year to Date** Values (**YTD**).

- Press **F12: Configure** and set the following options to **Yes**

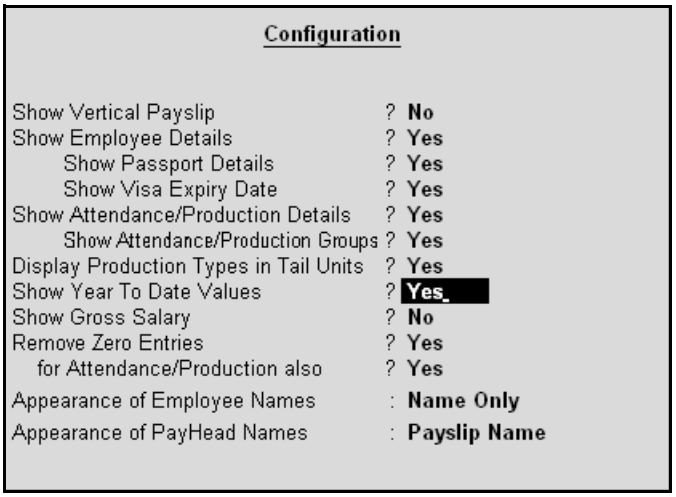


Figure 10.3 Payslip F12: Configuration screen

*Some of the options in **F12: Configuration** screen, are by default set to **Yes** viz., **Show Employee Details, Show Attendance/Production Details, Show Attendance/Production Groups, Remove Zero Entries for Attendance/Production also** based on the Payroll Features / Payroll Statutory features enabled during voucher entry.*

*The **F12:Configuration** options in Payslip are explained as follows:*

- ***Show Vertical Payslip** – Set this option to **Yes** to view / print the Payslip in vertical format, i.e. align Deductions pay heads below Earnings pay heads*
- ***Show Employee Details** – Set this option to **Yes** to display employee information as entered in the employee master*
- ***Show Passport Details** – Set this option to **Yes** to display an employee's passport details*
- ***Show Visa Expiry Date** – Set this option to **Yes** to display an employee's visa expiry date*
- ***Show Attendance/Production Details** – Set this option to **Yes** to display Attendance/Production information*
- ***Show Attendance/Production Groups** – Set this option to **Yes** to display the grouping of the Attendance/Production data as defined during the creation of **Types***
- ***Display Attendance/Production Type in Tail Units** – For compound units used in Attendance/Production Type, set this option to **Yes,** to display the value of the Attendance/Production details in the Tail unit. If this option is set to **No**, the Production units will display in primary units*
- ***Show Year To Date values** – Set this option to **Yes** to display the cumulative value of Attendance/Production records and Earnings /Deductions for any given period*
- ***Show Gross Salary -** Set this option to **Yes** by setting the **'Show Year To Date values'** to **No,** to view Gross Earnings and Deductions for any given period*
- ***Remove Zero Entries** – Set this option to **Yes** to remove the Earnings/ Deductions components with Zero value from the Payslip*
- ***For Attendance/Production also** – Set this option to **Yes** to remove Attendance/ Production records with zero values from the Payslip*
- ***Appearance of Employee Names** – Select the appropriate name style to appear in the Payslip (i.e., Alias (Name), Alias only, Name (Alias), Name only)*
- ***Appearance of Pay Head Names** – Select the appropriate name style to appear for each Pay Head in Payslip (i.e. Alias(Name), Alias only, Name(Alias), Name Only, Payslip Name)*

The **Payslip** with the above configurations is displayed as shown:

Payslip | Spectrum Software Solutions | Ctrl + M

Payslip for April-2009

Vijay Kumar

Employee Number	: 549	Income Tax Number (PAN)	: APD192D4D
Function	: Administration	PF Account Number	: KA/BN/18184/563
Designation	: Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS130/005
Bank Details	: 001254624565, HDFC Bank, Koramangala	Visa Expiry Date	:
Date of Joining	: 1-Apr-2009		

Attendance Details	Apr-09	YTD
Overtime	900.00 Mins	900.00 Mins
Present	26 Days	26 Days

Earnings	Apr-09	YTD	Deductions	Apr-09	YTD
Basic	10,000.00	10,000.00	Professional Tax	200.00	200.00
House Rent Allowance	4,000.00	4,000.00	EPF @ 12%	780.00	780.00
Conveyance	800.00	800.00			
Overtime Pay	825.00	825.00			
Variable Pay	1,500.00	1,500.00			
Total Earnings	**17,125.00**	**17,125.00**	**Total Deductions**	**980.00**	**980.00**
			Net Amount	**16,145.00**	**16,145.00**

Figure 10.4 Payslip with YTD values

The Payslip now displays the Attendance with Present / Overtime details, Year to Date balance, and so on. To view the Payslip in vertical form, press **F12: Configure** and set **Show Vertical Payslip** to **Yes**.

The **Vertical Payslip** is displayed as shown:

Payslip | Spectrum Software Solutions | Ctrl + M

Payslip for April-2009

Vijay Kumar

Employee Number	: 549	Income Tax Number (PAN)	: APD192D4D
Function	: Administration	PF Account Number	: KA/BN/18184/563
Designation	: Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS130/005
Bank Details	: 001254624565, HDFC Bank, Koramangala	Visa Expiry Date	:
Date of Joining	: 1-Apr-2009		

Attendance Details	Apr-09	YTD
Overtime	900.00 Mins	900.00 Mins
Present	26 Days	26 Days

Earnings	Apr-09	YTD
Basic	10,000.00	10,000.00
House Rent Allowance	4,000.00	4,000.00
Conveyance	800.00	800.00
Overtime Pay	825.00	825.00
Variable Pay	1,500.00	1,500.00
Total Earnings	**17,125.00**	**17,125.00**

Deductions	Apr-09	YTD
Professional Tax	200.00	200.00
EPF @ 12%	780.00	780.00
Total Deductions	**980.00**	**980.00**
Net Amount	**16,145.00**	**16,145.00**

Figure 10.5 Configured Payslip with Vertical Display

- You can view additional information in the Payslip, by pressing **Alt+F1**.

The detailed **Payslip** is displayed as shown:

Payslip — **Spectrum Software Solutions** — Ctrl + M

Payslip for April-2009

Vijay Kumar

Employee Number	: 549	Income Tax Number (PAN)	: APD192D4D
Function	: Administration	PF Account Number	: KA/BN/18184/563
Designation	: Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS130/005
Bank Details	: 001254624565, HDFC Bank, Koramangala	Visa Expiry Date	:
Date of Joining	: 1-Apr-2009		

Attendance Details	Apr-09	YTD
Overtime	900.00 Mins	900.00 Mins
Attendance 2 30-4-2009	[illegible] *Mins*	
		2 more ... ↓

Earnings	Apr-09	YTD
Basic	10,000.00	10,000.00
Payroll 1 30-4-2009	*10,000.00*	
House Rent Allowance	4,000.00	4,000.00
Payroll 1 30-4-2009	*4,000.00*	
Conveyance	800.00	800.00
Payroll 1 30-4-2009	*800.00*	
		4 more ... ↓
Total Earnings	**17,125.00**	**17,125.00**

Deductions	Apr-09	YTD
Professional Tax	200.00	200.00
Payroll 1 30-4-2009	*200.00*	
EPF @ 12%	780.00	780.00
Payroll 1 30-4-2009	*780.00*	
Total Deductions	**980.00**	**980.00**
Net Amount	**16,145.00**	**16,145.00**

Figure 10.6 Detailed Payslip

The voucher number, date and the number of attendance or payroll records are displayed as shown in Fig. 10.6. This is very useful when multiple attendance/payroll vouchers are entered for the same payroll period. You can drill down to the voucher level for reference or to effect an alteration by pressing **Enter** on the required record.

Period Button *– By default, the Payslip for the current month is displayed. However, you can change the period by pressing* ***F2: Date*** *and defining the required date. This button can be used to display multiple period payroll information to view/print a consolidated Payslip.*

Employee Button *– From the existing Payslip of an employee, you can toggle between employees by pressing* ***F4: Employee****.*

Printing Payslip

- Press **Alt+P** from the **Payslip** screen, the **Printing Payslip** screen is displayed as shown:

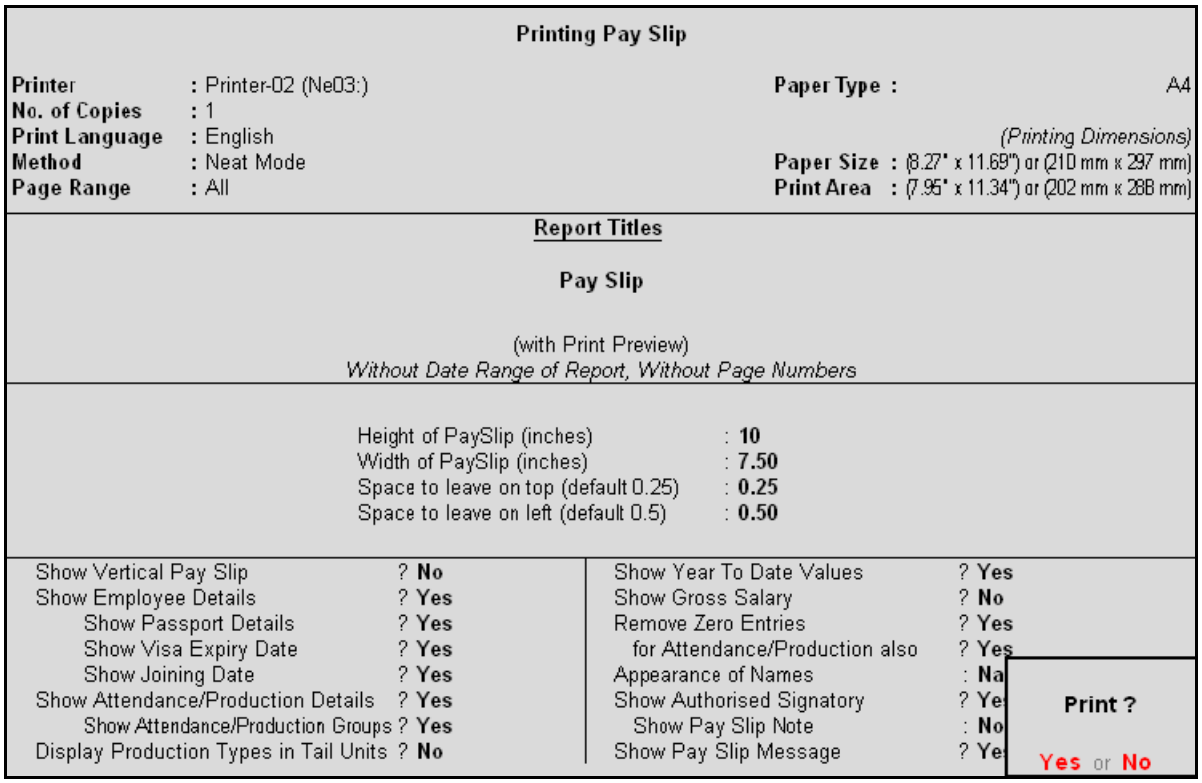


Figure 10.7 Payslip Print Configuration screen

Some of the configuration in the Printing screen, are similar to **F12: Configure** and can be configured from either of the screens. Additionally, the **Show Authorised Signatory** option is available in the above screen.

- In the **Printing Payslip** screen, press **backspace** and enable the required option as required
- Press **Enter** to Print

Additional Options in the Payslip Printing screen:

- ***Show Paylsip Note:*** *This option should be set to **Yes** if you want to print the **Payslip Note** to appear instead of Authorised Signatory details. The content of this Note can be modified from **F12: Configuration** screen from Gateway of Tally.*
- ***Show Pay Slip Message:*** *This option should be set to Yes if you want to print the customised message on the Pay Slip for specific occations. e.g. Happy new Year!!!!*

The printed **Payslip** of Mr. Vijay Kumar is displayed as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Payslip
for April-2009

Vijay Kumar

Employee Number	: 549	Income Tax Number (PAN)	: APD192D4D
Function	: Administration	PF Account Number	: KA/BN/18184/563
Designation	: Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS130/005
Bank Details	: 001254624565, HDFC Bank, Koramangala	Visa Expiry Date	:
Date of Joining	: 1-Apr-2009		

Attendance Details	Apr-09	YTD
Overtime	900.00 Mins	900.00 Mins
Present	26 Days	26 Days

Earnings	Apr-09	YTD	Deductions	Apr-09	YTD
Basic	10,000.00	10,000.00	Professional Tax	200.00	200.00
House Rent Allowance	4,000.00	4,000.00	EPF @ 12%	780.00	780.00
Conveyance	800.00	800.00			
Overtime Pay	825.00	825.00			
Variable Pay	1,500.00	1,500.00			
Total Earnings	**17,125.00**	**17,125.00**	**Total Deductions**	**980.00**	**980.00**
			Net Amount	**16,145.00**	**16,145.00**

Amount (in words) :
Rs. Sixteen Thousand One Hundred Forty Five Only

for Spectrum Software Solutions

Authorised Signatory

Figure 10.8 Printed Payslip

Printing Multiple Payslips

Tally.ERP 9 allows you to print Payslips for all the employees at once in separate pages, by using the Multi-Payslip option. You may print multiple Payslips for all the of employees or employees in a particular group / department for the selected period.

Go to **Gateway of Tally > Multi Account Printing > Multi-Payslip Printing**

In the **Printing Payslip** screen,

- Press **Backspace** and enable the options as required

The **Printing Configuration** for **Multi-Payslip** is displayed as shown:

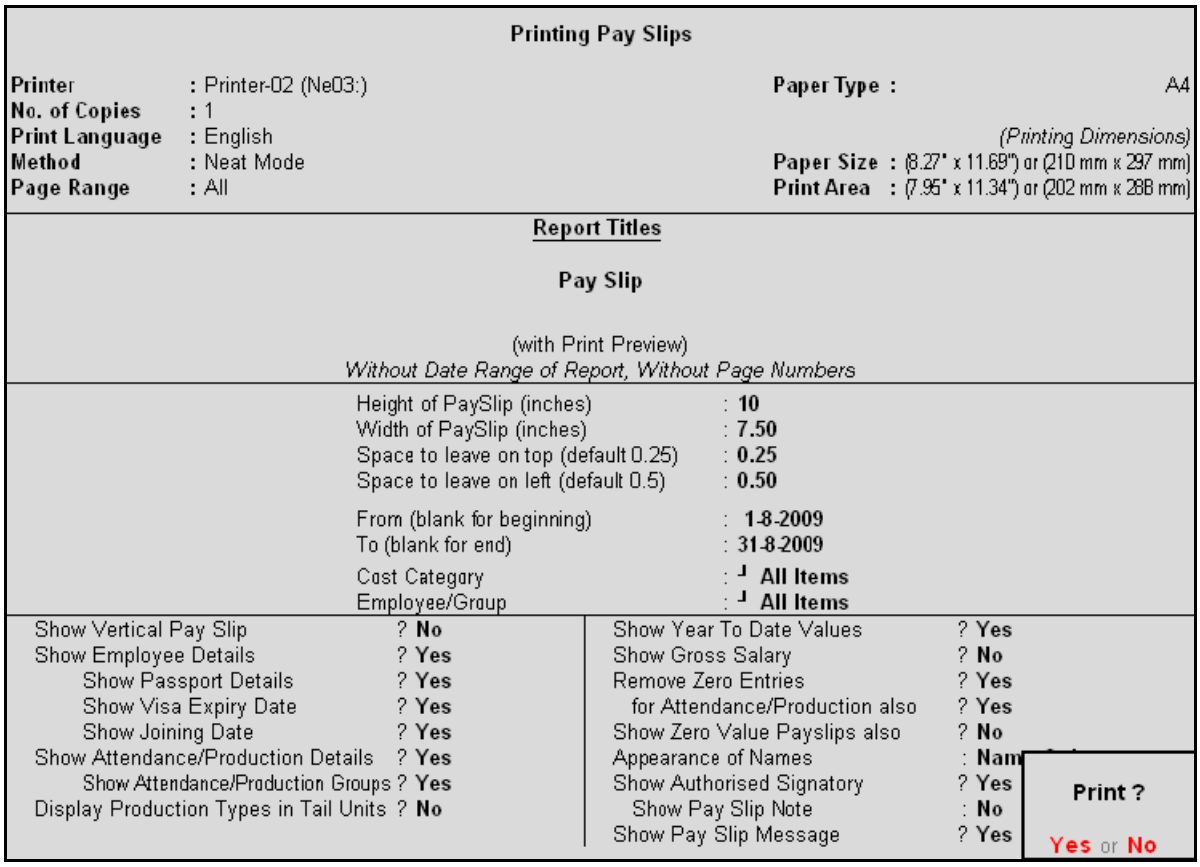


Figure 10.9 Printing Configuration for Multi-Payslip

- Press **Enter** to print the payslips of all employees in alphabetical order in separate sheets.

The printed **Payslip** for **Ajay** is as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Payslip
for April-2009

Ajay

Employee Number	: 551	Income Tax Number (PAN)	: ARDJH1234J
Function	: Sales	PF Account Number	: KA/BN/18184/564
Designation	: Area Sales Manager	ESI Number	:
Location	: Bangalore	Passport Details	: IND/BN/PASS178/006
Bank Details	: 001423137862, HDFC Bank, Koramangala	Visa Expiry Date	: 10-Oct-2011
Date of Joining	: 1-Apr-2009		

Attendance Details	Apr-09	YTD
Overtime	720.00 Mins	720.00 Mins
Present	17 Days	17 Days

Earnings	Apr-09	YTD	Deductions	Apr-09	YTD
Basic	6,538.00	6,538.00	Professional Tax	150.00	150.00
House Rent Allowance	1,308.00	1,308.00	EPF @ 12%	780.00	780.00
Conveyance	2,000.00	2,000.00			
Overtime Pay	1,200.00	1,200.00			
Total Earnings	**11,046.00**	**11,046.00**	**Total Deductions**	**930.00**	**930.00**
			Net Amount	**10,116.00**	**10,116.00**

Amount (in words) :
Rs. Ten Thousand One Hundred Sixteen Only

for Spectrum Software Solutions

Authorised Signatory

Figure 10.10 Printed Payslip through Multi Payslip Printing

Payslips for the remaining employees will be printed in the subsequent pages in an alphabetical order.

Emailing Payslip

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payslip**

- Select the required Employee and press **Enter**

- Press **Alt+M**, the **Mailing Payslip** screen is displayed as shown:

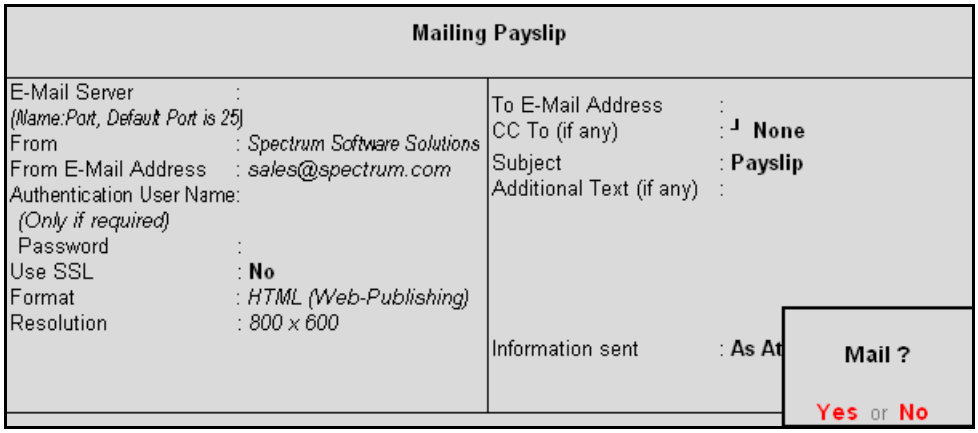


Figure 10.11 Mailing Payslip sub screen

- In the **Mailing Payslip** screen,
  - Specify the **SMTP Server Name** in the **Email Server** field
  - Press **Enter** to accept the **From & From E-mail Address** fields (The company name & Email id is defaulted from the company master, however you can modify the same)
  - Specify the **Authentication User Name** and **Password**, if required
  - Set **Use SSL** to **No**
  - Select **HTML (Web publishing)** in the **Format** field
  - Select the required **Resolution** from the Resolutions drop down
  - Press **Enter** to accept the **To Email Address** (The Employee address is defaulted from the Employee Master, however, you may modify as required)
  - Enter the other information as shown

The completed **Mailing Payslip configuration** screen is displayed as shown:

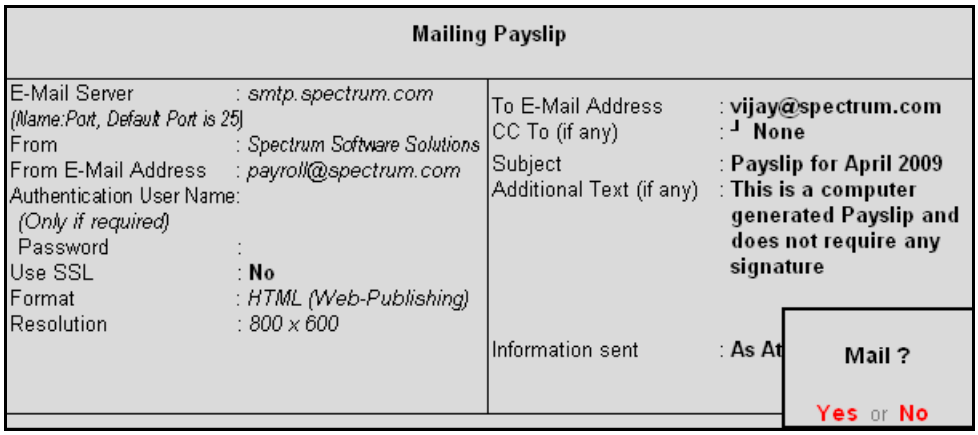


Figure 10.12 Completed Mailing Payslip sub screen

Mailing Payslip *Configurations*

- ***Email Server*** *– Name of the SMTP mail server should be specified.*
- ***From*** *- The From field is prefilled with the name of your Company as specified in the Company Creation screen. You can change the same if you want some other name to be displayed.*
- ***From E-mail Address*** *is pre-filled with the Company's e-mail address as filled during the Company Creation.*
- ***Authentication User Name*** *and* ***Password*** *field should be filled if your SMTP Server needs Authentication for sending e-mails.*
- ***Use SSL*** *- This is set to* ***Yes*** *for the servers using the Secured Socket Layer protocol for extra security reasons.*
- ***Format*** *- you can select the format in which the Payslip should be viewed by the mail recipient.*
- ***Resolution*** *- appropriate resolution for the Emailed Payslip can be selected in this field.*
- ***To E-Mail Address*** *- this will be selected automatically if the e-mail address is provided in the Employee Master. Or else, you need to specify the same at the time of emailing.*
- ***CC To (if any)*** *- If you want the Payslip to be sent to another e-mail address, it can be specified here.*
- ***Subject*** *- specify the Subject of email to be seen by the user.*
- ***Additional Text (if any)*** *- This will appear in the body of the email that is sent.*
- ***Information Sent*** *- The option to send the E-mail as an Attachment or as a direct view can be selected here.*

- Press **Enter** to Email the Payslip

If you want to use the Gmail's (Google Mail) SMTP service for e-mailing Payslip,

i. *Enter* ***Gmail's SMTP server name: port no****. (viz. smtp.gmail.com:465)*

ii. *Provide your Gmail User name and Password against* ***Authentication User Name*** *and* ***Password***

iii. *Set Use* ***SSL*** *to* ***Yes***

All other settings will be the same as mentioned above.

The **Payslip** sent by e-mail when viewed from the mail box of the employee is as shown:

This is a computer generated Payslip and does not need a signature

Payslip

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Payslip for April-2009

Vijay Kumar

Employee Number:	549	Income Tax Number (PAN):	APD192D4D
Function:	Administration	PF Account Number:	KA/BN/18184/563
Designation:	Manager	ESI Number:	
Location:	Bangalore	Passport Details:	IND/BN/PASS130/005
Bank Details:	001254624565, HDFC Bank, Koramangala	Visa Expiry Date:	
Date of Joining:	1-Apr-2009		

Attendance Details	Value
Overtime	15- 0.00 Hrs
Present	26 Days

Earnings	Amount	Gross Salary	Deductions	Amount	Gross Salary
Basic	10,000.00	10,000.00	Professional Tax	200.00	200.00
House Rent Allowance	4,000.00	4,000.00	EPF @12%	780.00	780.00
Conveyance	800.00	800.00			
Overtime Pay	825.00	825.00			
Variable Pay	1,500.00	1,500.00			
Total Earnings	**17,125.00**	**17,125.00**	**Total Deductions**	**980.00**	**980.00**
			Net Amount	**16,145.00**	**16,145.00**

*Created using **Tally.ERP 9***

Figure 10.13 Emailed payslip

Exporting Payslip to MS Excel

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payslip**

- Select the required Employee and press **Enter**
- Press **Alt+E**, the configuration screen to select the required format appears as shown:
- In the **Export** screen,
  - Select the **required Format** in the **Languages** field
  - Select the **Excel** as **Format** from the drop down list of Formats
  - **Output File Name** is defaulted to **Payslip.xls,** however you can modify the same
  - **Output Sheet Name** is defaulted to **Payslip**, however you can modify the same
  - Complete the remaining options as shown

The completed **Export** screen is displayed as shown:

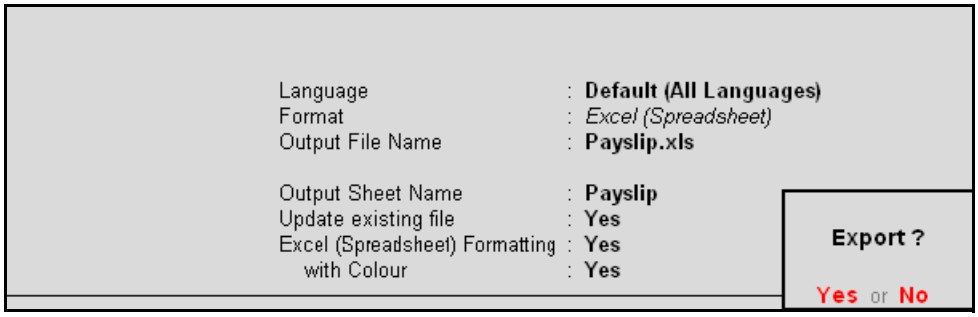
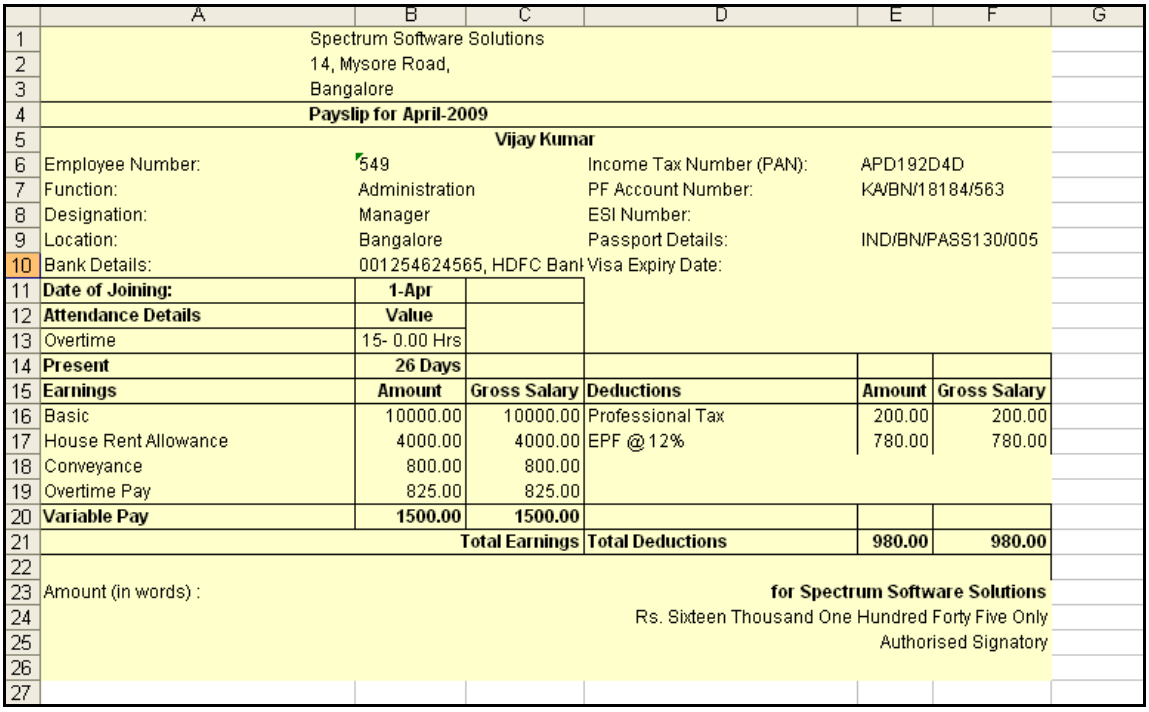


Figure 10.14 Export Payslip screen

The Payslip exported into Excel will appear as shown:



	A	B	C	D	E	F	G
1		Spectrum Software Solutions					
2		14, Mysore Road,					
3		Bangalore					
4		**Payslip for April-2009**					
5			**Vijay Kumar**				
6	Employee Number:	549		Income Tax Number (PAN):	APD192D4D		
7	Function:	Administration		PF Account Number:	KA/BN/18184/563		
8	Designation:	Manager		ESI Number:			
9	Location:	Bangalore		Passport Details:	IND/BN/PASS130/005		
10	Bank Details:	001254624565, HDFC Banl		Visa Expiry Date:			
11	**Date of Joining:**	**1-Apr**					
12	**Attendance Details**	**Value**					
13	Overtime	15- 0.00 Hrs					
14	**Present**	**26 Days**					
15	**Earnings**	**Amount**	**Gross Salary**	**Deductions**	**Amount**	**Gross Salary**	
16	Basic	10000.00	10000.00	Professional Tax	200.00	200.00	
17	House Rent Allowance	4000.00	4000.00	EPF @ 12%	780.00	780.00	
18	Conveyance	800.00	800.00				
19	Overtime Pay	825.00	825.00				
20	**Variable Pay**	**1500.00**	**1500.00**				
21			**Total Earnings**	**Total Deductions**	**980.00**	**980.00**	
22							
23	Amount (in words) :					**for Spectrum Software Solutions**	
24						Rs. Sixteen Thousand One Hundred Forty Five Only	
25						Authorised Signatory	
26							
27							

Figure 10.15 Exported Payslip

10.1.2 Pay Sheet

A Pay Sheet is a columnar report which displays the Group/Department-wise break-up of employees' earnings and deductions for the selected month.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Pay Sheet**

The **Pay Sheet** is displayed as shown:

PaySheet — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	Conveyance	Overtime Pay	Variable Pay	Total Earnings	ESI @ 1.75%	EPF @ 12 %	Professional Tax	Staff Salary Advance	Total Deductions	Net Amount
	← ... 4 more									
Primary Cost Category		2,025.00	2,500.00	**90,210.00**		3,120.00	750.00		**3,870.00**	**86,340.00**
Administration		825.00	1,500.00	**17,125.00**		780.00	200.00		**980.00**	**16,145.00**
Vijay Kumar		825.00	1,500.00	**17,125.00**		780.00	200.00		**980.00**	**16,145.00**
R&D				**23,692.00**		780.00	200.00		**980.00**	**22,712.00**
Rahul				**23,692.00**		780.00	200.00		**980.00**	**22,712.00**
Sales		1,200.00	1,000.00	**49,393.00**		1,560.00	350.00		**1,910.00**	**47,483.00**
Ajay		1,200.00		**11,046.00**		780.00	150.00		**930.00**	**10,116.00**
Mahesh			1,000.00	**38,347.00**		780.00	200.00		**980.00**	**37,367.00**
Grand Total		**2,025.00**	**2,500.00**	**90,210.00**		**3,120.00**	**750.00**		**3,870.00**	**86,340.00**

Figure 10.16 Pay Sheet

You can further configure the Pay Sheet to display the net amount, column subtotals, Category/ Group subtotals, user-defined payslip names, Employee names and sort it by Employee number in the **F12: Configure**.

The **F12: Configuration** from the Pay Sheet screen is displayed as shown:

Configuration

Show 'Net Amount' Column	? **Yes**
Show Column SubTotals	? **Yes**
Remove Zero Entries	? **Yes**
Show Payslip Names for Ledgers	? **Yes**
Include Employee Groups & Categories	? **Yes**
Show Category/Group Total	? **Yes**
Show Grand Total	? **Yes**
Show Attendance Details	? **No**
Display Production Types in Tail Units	? **No**
Format	: **Detailed**
Show Employee Number	? **No**
Show Employee Designation	? **No**
Expand all levels in Detailed Format	? **Yes**
Appearance of Names	: **Name Only**
Sorting Method	: **Default**

Figure 10.17 F12: Configuration

*The **F12:Configuration** options in the Pay Sheet are explained as follows.*

- ***Show Net Amount Column** – Set this option to **Yes** to display the Net Payable Column.*
- ***Show Column SubTotals** – Set this option to **Yes** to display the subtotals of Earnings/Deductions pay head columns.*
- ***Remove Zero Entries** – Set this option to **Yes** to eliminate Earnings/ Deductions pay heads with Zero values.*
- ***Show Payslip Names for Ledgers** – Set this option to **Yes** to display the Name defined in the Appear in Payslip field in the pay head master.*
- ***Include Employee Groups & Categories** – Set this option to **Yes** to display Category-wise/ Group-wise pay sheet. If this option is set to No, the Pay Sheet will appear Employee-wise.*
- ***Show Category/Group Total** – Set this option to **Yes** to display Category and Group-wise columnar pay head totals.*
- ***Show Grand Total** – Set this option to **Yes** to display the sum of all pay head columns appearing in the report.*
- ***Show Attendance Details** - Set this Option to **Yes** to display the Attendance for the Employees*
- ***Display Production types in Tail Units** - Set this Option to **Yes** to show the Overtime details in minutes.*
- ***Format** – Select Detailed mode to view Pay Sheet information of employees with their respective category and group. Select Condensed mode when only sum totals are required for each category and group.*
- ***Show Employee Number** – Set this option to **Yes** to display employee numbers.*
- ***Show Employee Designation** - Set this Option to **Yes** to show the designation for employees.*
- ***Expand all levels in Detailed Format** – Set this option to **Yes** to expand all levels and display Employee details.*
- ***Appearance of Names** – Select the appropriate name style to appear in the paysheet (viz., Alias (Name), Alias only, Name (Alias), Name only).*
- ***Sorting Method** – Sort the Pay Sheet either by Alphabetically increasing / decreasing, Employee number or by the Default method.*

- Set the **F12: Configuration** screen is displayed as shown:

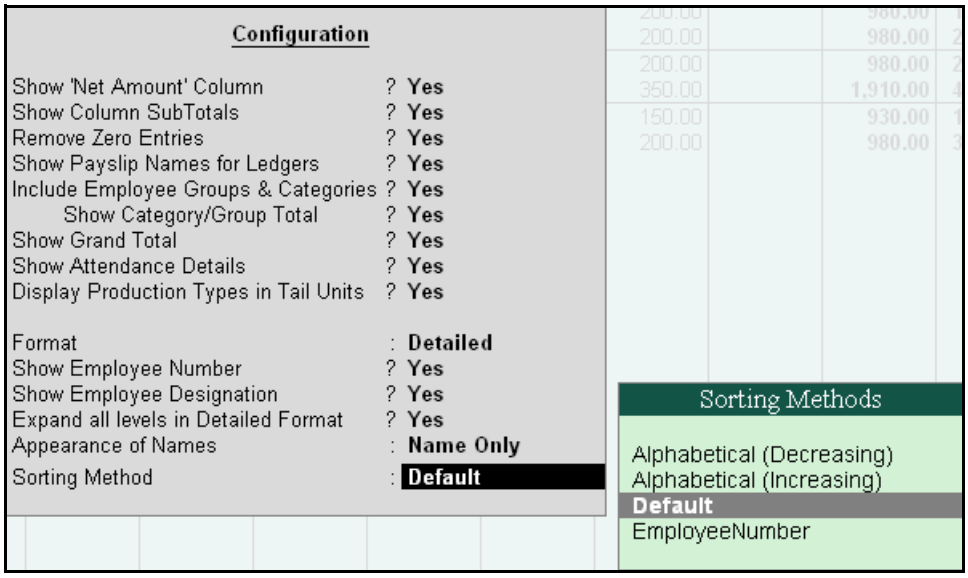
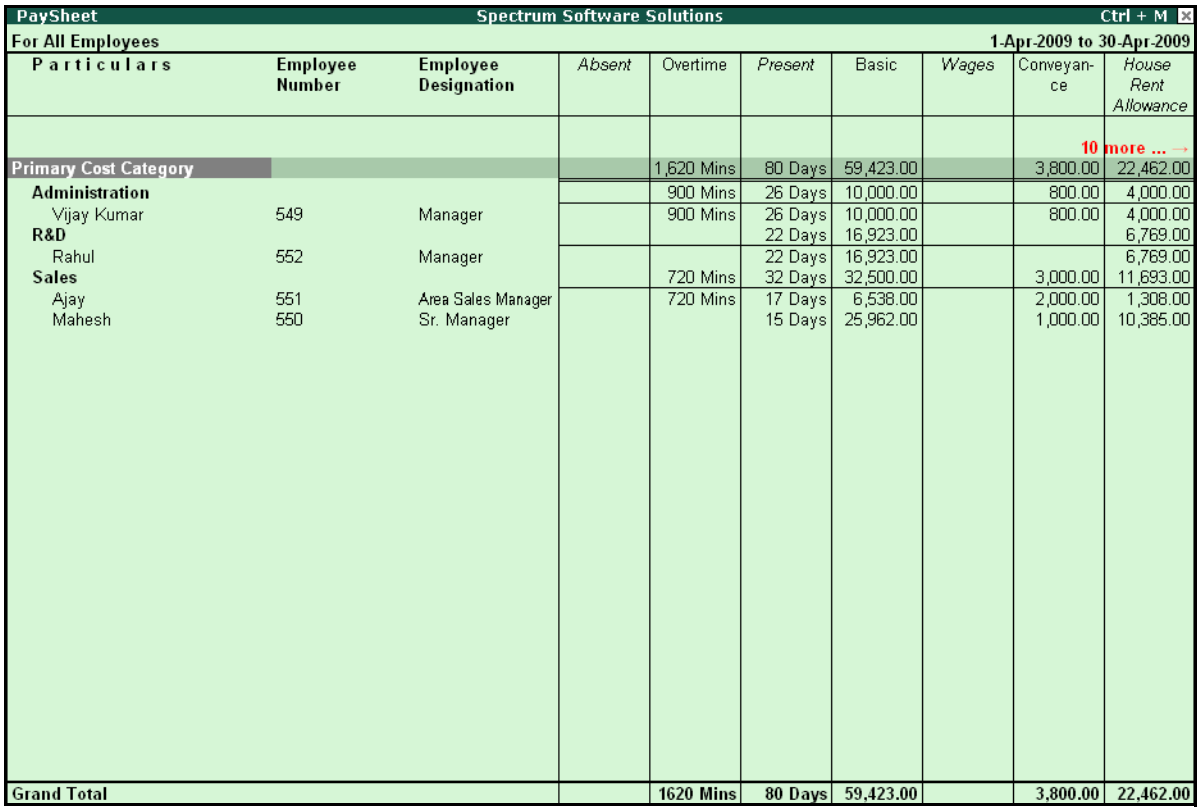


Figure 10.18 F12: Configuration screen - Pay Sheet

The **Pay Sheet** with the above configurations will appear as shown:



PaySheet — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	Employee Number	Employee Designation	Absent	Overtime	Present	Basic	Wages	Conveyance	House Rent Allowance
									10 more ... →
Primary Cost Category				1,620 Mins	80 Days	59,423.00		3,800.00	22,462.00
Administration				900 Mins	26 Days	10,000.00		800.00	4,000.00
Vijay Kumar	549	Manager		900 Mins	26 Days	10,000.00		800.00	4,000.00
R&D					22 Days	16,923.00			6,769.00
Rahul	552	Manager			22 Days	16,923.00			6,769.00
Sales				720 Mins	32 Days	32,500.00		3,000.00	11,693.00
Ajay	551	Area Sales Manager		720 Mins	17 Days	6,538.00		2,000.00	1,308.00
Mahesh	550	Sr. Manager			15 Days	25,962.00		1,000.00	10,385.00
Grand Total				**1620 Mins**	**80 Days**	**59,423.00**		**3,800.00**	**22,462.00**

Figure 10.19 Pay Sheet

To view the **Pay Sheet** till date with **Category** and **Group Totals**,

- Press **Alt+F2** and change period as **01-04-2009** to **31-08-2009**
- Press **F12: Configure** and set **Show Category/Group Total** to **Yes**

The **Pay Sheet** with Category and Group Totals displays is displayed as shown:

PaySheet — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 31-Aug-2009

Particulars	Employee Number	Employee Designation	Total Earnings	ESI @ 1.75%	EPF @ 12 %	Professional Tax	Staff Salary Advance	Total Deductions	Net Amount
			← ... 10 more						
Primary Cost Category			**6,04,457.00**	687.00	18,601.00	3,960.00	6,500.00	**29,748.00**	**5,74,709.00**
Administration			**95,158.00**	329.00	5,354.00	980.00		**6,663.00**	**88,495.00**
Suresh	553	Executive	**18,762.00**	329.00	1,454.00	180.00		**1,963.00**	**16,799.00**
Vijay Kumar	549	Manager	**76,396.00**		3,900.00	800.00		**4,700.00**	**71,696.00**
Contract Employees			**7,613.00**						**7,613.00**
James	555	Executive	**3,615.00**						**3,615.00**
Vineet	556	Executive	**3,998.00**						**3,998.00**
R&D			**1,17,386.00**		3,900.00	1,000.00	5,000.00	**9,900.00**	**1,07,486.00**
Rahul	552	Manager	**1,17,386.00**		3,900.00	1,000.00	5,000.00	**9,900.00**	**1,07,486.00**
Sales			**3,84,300.00**	358.00	9,347.00	1,980.00	1,500.00	**13,185.00**	**3,71,115.00**
Ajay	551	Area Sales Manager	**67,130.00**		3,900.00	800.00		**4,700.00**	**62,430.00**
Mahesh	550	Sr. Manager	**2,96,733.00**		3,900.00	1,000.00		**4,900.00**	**2,91,833.00**
Rajesh	554	Junior Executive	**20,437.00**	358.00	1,547.00	180.00	1,500.00	**3,585.00**	**16,852.00**
Grand Total			**6,04,457.00**	**687.00**	**18,601.00**	**3,960.00**	**6,500.00**	**29,748.00**	**5,74,709.00**

Figure 10.20 Pay Sheet with Category and Group Total

Button options:

- ***Detailed/Condensed Button*** *– This button* ***(Alt+F1)*** *is used to toggle between the* ***detailed*** *and* ***condensed*** *modes of reporting.*
- ***Period button*** *– This option* ***(F2)*** *is used to define the periodicity of the report, i.e. for a day, week, fortnight, month, quarter, half-year, year or any given period.*

To view the **Pay Sheet** for a particular Employee Group,

- Press **Ctrl+F7** from the Pay Sheet display, the Employee Filters screen is displayed
- In the **Employee Filters** screen,
  - Select **Primary Cost Category** in the **Cost Category** field
  - Select **Sales** as the **Employee group**

The **Employee Filters** screen is displayed as shown:

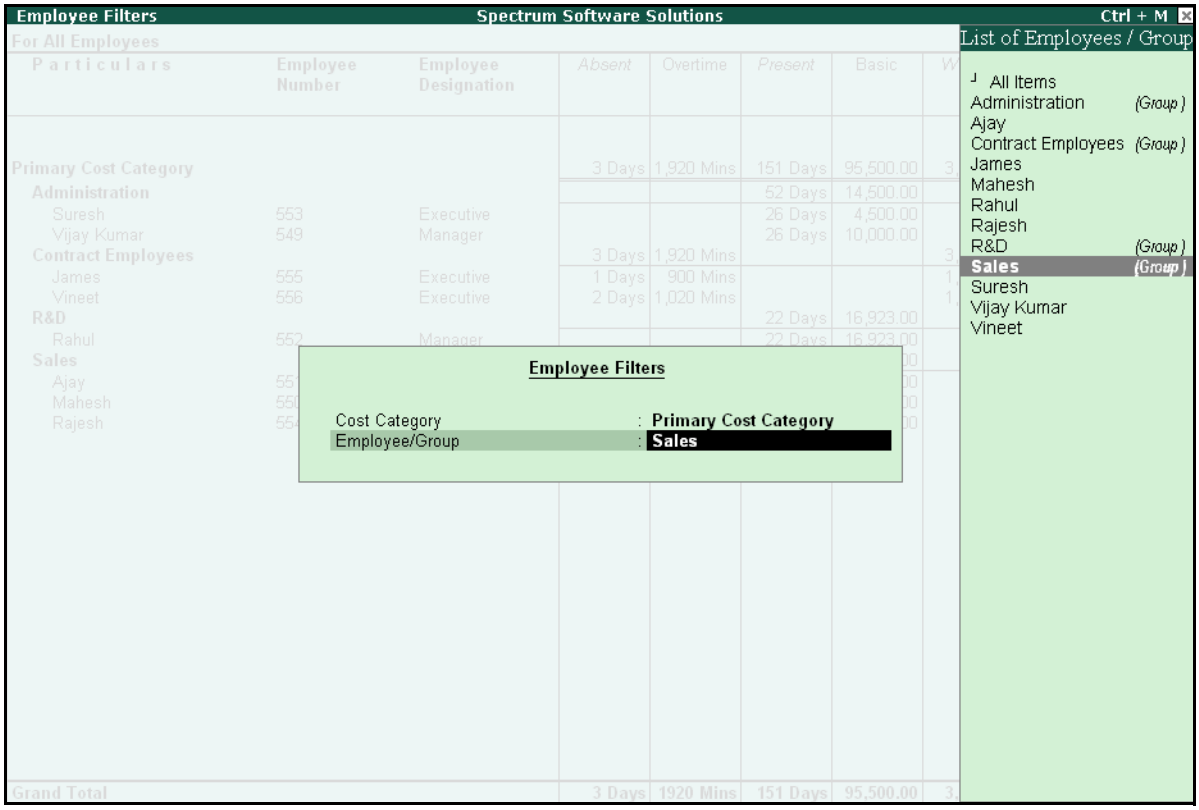


Figure 10.21 Employee Filters

- Press **F12: Configure** and set **Show Category/Group Total** to **Yes**

The **Pay Shee**t for the selected Employee Group is displayed as shown:

PaySheet — Spectrum Software Solutions — Ctrl + M

For All Employees Under Group: Sales — 1-Aug-2009 to 31-Aug-2009

Particulars	Employee Number	Employee Designation	Absent	Overtime	Present	Basic	Wages	Conveyan-ce	House Rent Allowance
									10 more ... →
Primary Cost Category					77 Days	64,077.00		4,800.00	24,531.00
Sales					77 Days	64,077.00		4,800.00	24,531.00
Ajay	551	Area Sales Manager			26 Days	11,000.00		2,000.00	3,300.00
Mahesh	550	Sr. Manager			25 Days	48,077.00		2,000.00	19,231.00
Rajesh	554	Junior Executive			26 Days	5,000.00		800.00	2,000.00
Grand Total					**77 Days**	**64,077.00**		**4,800.00**	**24,531.00**

Figure 10.22 Employee Group Pay Sheet

You can also drill down from the above report to the voucher level, by highlighting the pay heads column of the required employee and pressing **Enter**.

Button Options:

- ***Employee Filter Button*** *– By using the* ***Employee Filter button (Ctrl+F7)****, view the individual employee/ Employee group pay sheet report.*
- ***New Column*** *– This option* ***(Alt+C)*** *is used to add a new column for any other Pay Head, which is not part of the pay structure.*
- ***Alter Column*** *– This option* ***(Alt+A)*** *is used to replace an existing column in the report with another Pay Head column.*
- ***Delete Column*** *–– This option* ***(Alt+D)*** *is used to delete an existing column in the report.*

You can also print the Pay Sheet, by pressing **Alt+P** and specifying the required options in the **Pay Sheet Print configuration** screen.

The **Pay Sheet Print Configuration** screen is displayed as shown:

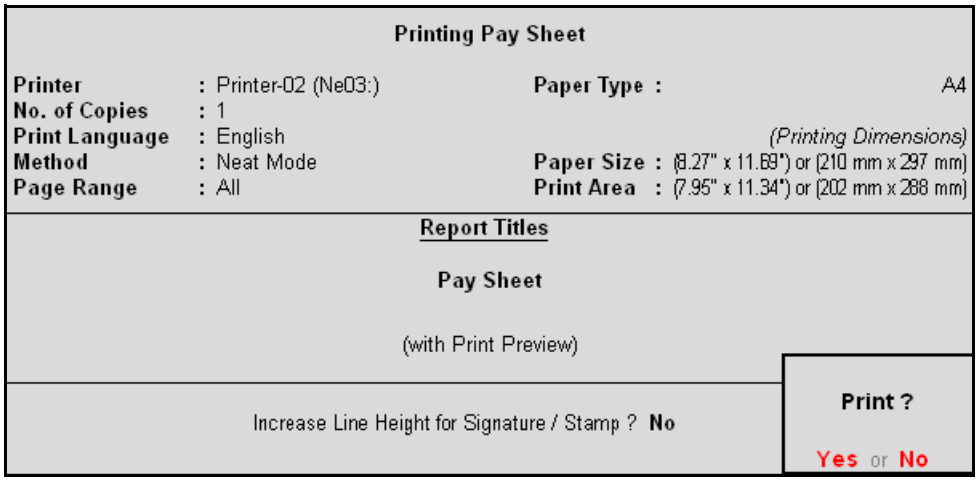


Figure 10.23 Pay Sheet Print Configuration screen

The **Printed Pay Sheet** is displayed as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Pay Sheet
1-Apr-2009 to 30-Apr-2009

Page 1

Particulars	*Overtime*	Present	*Basic*	Conveyan-ce	*House Rent Allowance*	Overtime Pay	**Total Earnings**	EPF @ 12 %	*Professio-nal Tax*	**Total Deductio-ns**	**Net Amount**
Primary Cost Category	1,620 Mins	80 Days	59,423.00	3,800.00	22,462.00	2,025.00	**87,710.00**	3,120.00	750.00	**3,870.00**	**83,840.00**
Administration	900 Mins	26 Days	10,000.00	800.00	4,000.00	825.00	**15,625.00**	780.00	200.00	**980.00**	**14,645.00**
Vijay Kumar	900 Mins	26 Days	10,000.00	800.00	4,000.00	825.00	**15,625.00**	780.00	200.00	**980.00**	**14,645.00**
R&D		22 Days	16,923.00		6,769.00		**23,692.00**	780.00	200.00	**980.00**	**22,712.00**
Rahul		22 Days	16,923.00		6,769.00		**23,692.00**	780.00	200.00	**980.00**	**22,712.00**
Sales	720 Mins	32 Days	32,500.00	3,000.00	11,693.00	1,200.00	**48,393.00**	1,560.00	350.00	**1,910.00**	**46,483.00**
Ajay	720 Mins	17 Days	6,538.00	2,000.00	1,308.00	1,200.00	**11,046.00**	780.00	150.00	**930.00**	**10,116.00**
Mahesh		15 Days	25,962.00	1,000.00	10,385.00		**37,347.00**	780.00	200.00	**980.00**	**36,367.00**
Grand Total	**1620 Mins**	**80 Days**	**59,423.00**	**3,800.00**	**22,462.00**	**2,025.00**	**87,710.00**	**3,120.00**	**750.00**	**3,870.00**	**83,840.00**

Figure 10.24 Printed Pay Sheet (Landscape view)

While printing the Pay Sheet, you can choose to **Increase the Line Height** (for each employee line) if you want to create space for the employee's signature or to affix a stamp. Such a Pay Sheet can also be used for the salary disbursement register.

- Press **Alt+P** to print Pay Sheet and set the **Increase Line Height for Signature/ Stamp?** field to **Yes**

The printed **Pay Sheet** with space for signature/ stamp is as shown.

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Pay Sheet
1-Apr-2009 to 30-Apr-2009

Page 1

Particulars	*Overtime*	Present	*Basic*	Conveyance	*House Rent Allowance*	Overtime Pay	**Total Earnings**	EPF @ 12 %	*Professional Tax*	**Total Deductions**	**Net Amount**
Primary Cost Category											
Administration	1,620 Mins	80 Days	59,423.00	3,800.00	22,462.00	2,025.00	**87,710.00**	3,120.00	750.00	**3,870.00**	**83,840.00**
Vijay Kumar	900 Mins	26 Days	10,000.00	800.00	4,000.00	825.00	**15,625.00**	780.00	200.00	**980.00**	**14,645.00**
	900 Mins	26 Days	10,000.00	800.00	4,000.00	825.00	**15,625.00**	780.00	200.00	**980.00**	**14,645.00**
R&D		22 Days	16,923.00		6,769.00		**23,692.00**	780.00	200.00	**980.00**	**22,712.00**
Rahul		22 Days	16,923.00		6,769.00		**23,692.00**	780.00	200.00	**980.00**	**22,712.00**
Sales	720 Mins	32 Days	32,500.00	3,000.00	11,693.00	1,200.00	**48,393.00**	1,560.00	350.00	**1,910.00**	**46,483.00**
Ajay	720 Mins	17 Days	6,538.00	2,000.00	1,308.00	1,200.00	**11,046.00**	780.00	150.00	**930.00**	**10,116.00**

Figure 10.25 Printed Pay Sheet with space for Signature/ Stamp

Page 2 of the Printed **Pay Sheet** is as shown:

Spectrum Software Solutions
Pay Sheet : 1-Apr-2009 to 30-Apr-2009

Page 2

Particulars	*Overtime*	Present	*Basic*	Conveyan-ce	*House Rent Allowance*	Overtime Pay	**Total Earnings**	EPF @ 12 %	*Professio-nal Tax*	**Total Deductio-ns**	**Net Amount**
Mahesh		15 Days	25,962.00	1,000.00	10,385.00		**37,347.00**	780.00	200.00	**980.00**	**36,367.00**
Grand Total	**1620 Mins**	**80 Days**	**59,423.00**	**3,800.00**	**22,462.00**	**2,025.00**	**87,710.00**	**3,120.00**	**750.00**	**3,870.00**	**83,840.00**

Figure 10.26 Printed Pay Sheet with space for Signature/ Stamp – Page 2

*You can also **E-mail** or use **Export Pay Sheet** Report in the manner as discussed in Payslip Section. The navigation steps for E-mailing and Exporting Pay Sheet is similar to the steps explained in **Payslip** Report.*

10.1.3 Payroll Statement

A Payroll Statement is a columnar report which displays Group/Department-wise employees' break-up of selected earnings or deductions, for a specified month or period.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payroll Statement**

- Select the required pay head and press **Enter**

The **Payroll Statement** for Basic Pay Earnings Head for the month of April 2009 is displayed as shown:

Payroll Statement	Spectrum Software Solutions	Ctrl + M
For All Employees		1-Apr-2009 to 30-Apr-2009
Particulars		Basic
Primary Cost Category		59,423.00
Administration		10,000.00
Vijay Kumar		10,000.00
R&D		16,923.00
Rahul		16,923.00
Sales		32,500.00
Ajay		6,538.00
Mahesh		25,962.00
Grand Total		59,423.00

Figure 10.27 Payroll Statement

You can further configure the Payroll Statement to display the Employee groups and categories, category/group subtotals, grand totals, user-defined Payslip names, employee names, employee bank details, sort it by Employee number, by pressing **F12: Configure**

- Enter the details in **F12: Configuration** screen as shown

The **F12: Configuration** screen is displayed as shown:

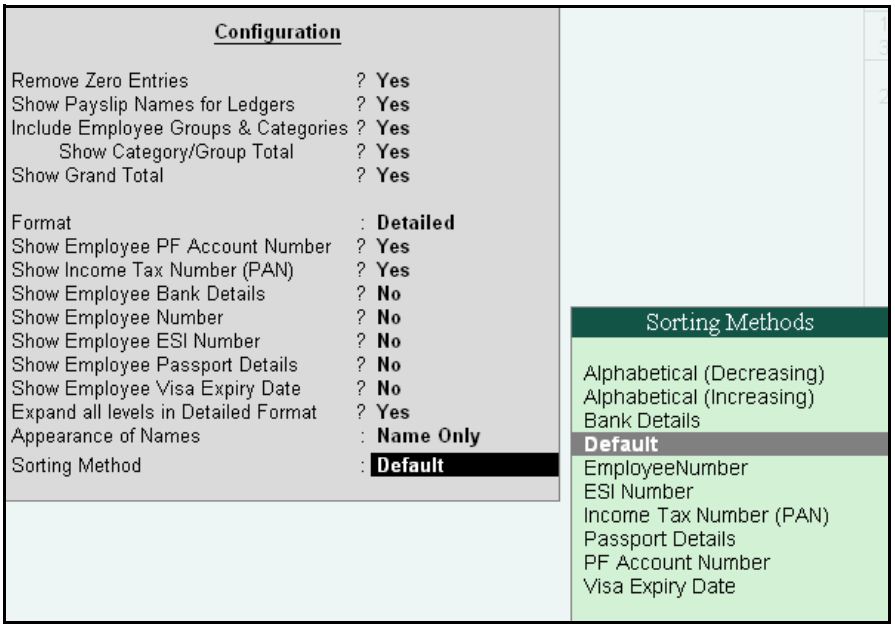


Figure 10.28 F12: Configuration

The F12: Configuration options in Payroll Statement Report are as follows:

- ***Remove Zero Entries*** *– Set this option to* ***Yes*** *to remove Earnings/ Deductions pay head information with Zero values.*
- ***Show Payslip Names for Ledgers*** *– Set this option to* ***Yes,*** *to view the names of pay heads as specified in the* ***Name to Appear in Payslip*** *field in the Pay Head master creation.*
- ***Include Employee Groups & Categories*** *– Set this option to* ***Yes*** *to display Category and Group-wise Employee information.*
- ***Show Category/Group Total*** *– Set this option to* ***Yes,*** *to display Category and Group-wise Totals.*
- ***Show Grand Total*** *– Set this option to* ***Yes,*** *to display the sum of all the pay head columns in the report.*
- ***Format*** *– Select the mode* ***Detailed*** *to view payroll information of employees with their respective categories and groups. Select the* ***Condensed*** *mode when only sum totals are required for each category and group.*

- ***Show Employee PF Account Number*** *– Set this option to* ***Yes****, to display the Provident Fund Account number of an employee.*
- ***Show Employee I.T. PAN*** *– Set this option to* ***Yes****, to display the Income Tax Permanent Account Number (PAN) of an employee.*
- ***Show Employee Bank Details*** *– Set this option to* ***Yes****, to display the Bank Account Number of an employee*
- ***Show Employee Number*** *– Set this option to* ***Yes****, to display the Employee Number of an employee.*
- ***Show Employee ESI Number*** *– Set this option to* ***Yes,*** *to display the State Insurance Number of an employee.*
- ***Show Employee Passport Details*** *– Set this option to* ***Yes,*** *to display an employee's passport details.*
- ***Show Employee Visa Expiry Date*** *– Set this option to* ***Yes,*** *to display an employee's visa expiry date.*
- ***Expand all levels in Detailed format*** *– Set this option to* ***Yes****, to expand all levels and display Employee details.*
- ***Appearance of Names*** *– Select the appropriate name style to appear in the Payroll Statement (Alias (Name), Alias only, Name (Alias), Name only).*
- ***Sorting Method*** *– Sort the Payroll Statement using Alphabetical (Decreasing), Alphabetical (Increasing), Bank details, Employee IT Pan Number, Employee Number, ESI Number, PF Account Number, Passport details or by the default method.*

The Employee PF Account Number, IT PAN Number, ESI Number, Passport Details, Visa Expiry Date options will be available in ***F12: Configure*** *only when the options,* ***Show Statutory details*** *and* ***Passport & Visa details****, are set to* ***Yes*** *in* ***F12: Payroll Configuration****.*

The Payroll Statement with the above Configurations is displayed as shown:

Payroll Statement — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	PF Account Number	Income Tax Number (PAN)	Basic
Primary Cost Category			59,423.00
Administration			10,000.00
Vijay Kumar	KA/BN/18184/563	APD192D4D	10,000.00
R&D			16,923.00
Rahul	KA/BN/1920/203	ARDP45D8	16,923.00
Sales			32,500.00
Ajay	KA/BN/18184/564	ARDJH1234J	6,538.00
Mahesh	KA/BN/18184/293	APD123D54	25,962.00
Grand Total			**59,423.00**

Figure 10.29 Payroll Statement with additional information

- *You can also **Email** or **Export Payroll Statement** in the manner as discussed in Payslip Section.*
- *The Button Bar options in **Payroll Statement** are same as in the **Pay-sheet** report.*

To view Payroll Statement for other Pay Heads, you can either select other Pay Head(s) in the manner as discussed or you may also include other Pay Heads in the above report for comparative analysis or to obtain a cumulative value, by pressing **Alt+C** and selecting the required Pay Head(s).

The **Payroll statement** with additional Pay Heads will be displayed as shown:

Payroll Statement — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	PF Account Number	Income Tax Number (PAN)	*Basic*	House Rent Allowance	*Conveyance*
Primary Cost Category			59,423.00	22,462.00	3,800.00
Administration			10,000.00	4,000.00	800.00
Vijay Kumar	KA/BN/18184/563	APD192D4D	10,000.00	4,000.00	800.00
R&D			16,923.00	6,769.00	
Rahul	KA/BN/1920/203	ARDP45D8	16,923.00	6,769.00	
Sales			32,500.00	11,693.00	3,000.00
Ajay	KA/BN/18184/564	ARDJH1234J	6,538.00	1,308.00	2,000.00
Mahesh	KA/BN/18184/293	APD123D54	25,962.00	10,385.00	1,000.00
Grand Total			**59,423.00**	**22,462.00**	**3,800.00**

Figure 10.30 Payroll Statement with additional Columns

10.1.4 Payment Advice

A Payment Advice is an intimation letter containing the details of employees with their bank account numbers issued to the banker to transfer a specified sum (salaries earned) to the employees' bank accounts.

As discussed earlier, the contents of the Payment Advice can be altered in **F12: Payroll Configuration** as per the employer's requirements.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payment Advice**

The **Printing Configuration** for **Payment Advice** is displayed as shown:

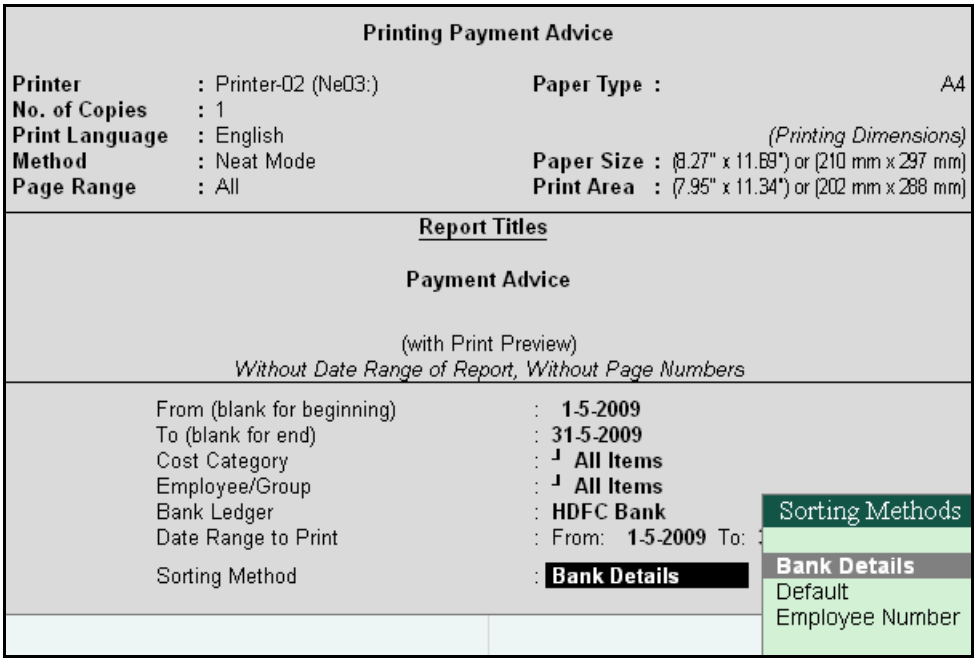


Figure 10.31 Printing Configuration for Payment Advice

- Press **Backspace** and enter the details as shown above
- Press **Enter** to print

The printed **Payment Advice** for May 2009 will appear as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Payment Advice

31-Aug-2009

The Manager
HDFC Bank

Dear Sir,

Payment Advice from Spectrum Software Solutions A/C # for period 1-May-2009 to31-May-2009

Please make the payroll transfer from above account number to the below mentioned account numbers towards employee salaries:

Sl. No.	Name of the Employee	Account No.	Amount
1.	Ajay	001423137862	12,162.00
2.	Mahesh	001453276895	63,020.00
3.	Rahul	001245766542	20,559.00
4.	Vijay Kumar	001254624565	13,831.00
	Total		**1,09,572.00**

Yours Sincerely
for Spectrum Software Solutions

Authorised Signatory

Figure 10.32 Printed Payment Advice

- *The **Payment Advice** will be available only when the Salaries are processed through Bank Transfer and a Payment voucher is passed for the salaries payable for a given month/period.*
- *You can also **Email** or **Export Payment Advice** in the manner as discussed in Payslip Section.*

10.1.5 Payroll Register

A Payroll Register is a month-wise transaction summary report which displays the number of payroll vouchers passed during a particular month. Additional information can be appended into the Payroll Register, by inserting a new column with the required voucher type i.e., Attendance, Journal, Purchases, Sales and so on.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll >Payroll Register**

The **Payroll Register** is displayed as shown:

Payroll Register — Spectrum Software Solutions — Ctrl + M

Particulars	Payroll Spectrum Software Solutions 1-Apr-2009 to 31-Aug-2009 Transactions Total Vouchers	(cancelled)
April	2	
May	2	
June	3	
July	4	
August	4	
September		
October		
November		
December		
January		
February		
March		
Grand Total	15	

Figure 10.33 Payroll Register

- Press **F12: Configure** and set the **Appearance of Names** and the **Periodicity to use** as shown.

The **F12: Configuration** screen is displayed as shown:

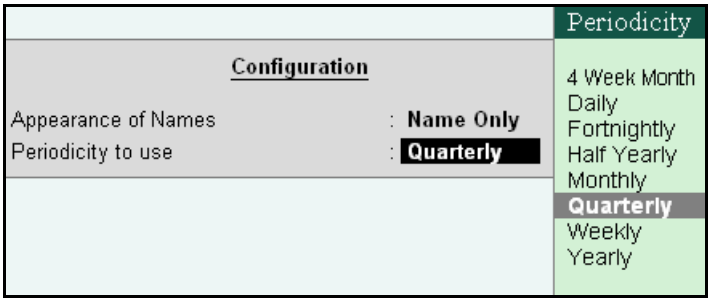


Figure 10.34 F12: Configuration

The **Payroll Register** with the above configurations is displayed as shown:

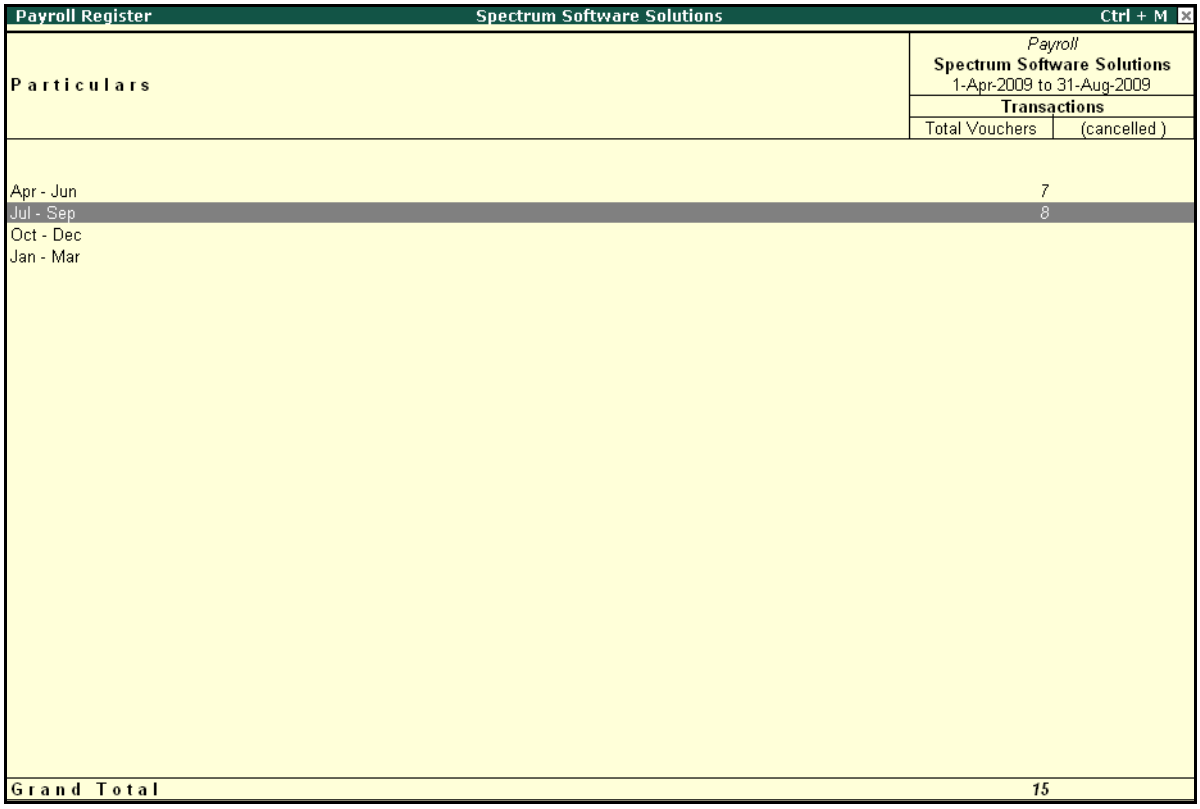


Figure 10.35 Payroll Register - Quarterly

Tally.ERP 9 allows you to drill down to the voucher level from the above display for any kind of verification. Use the **Enter key** on the required month/period to drill down to the required level.

The **Payroll Register** voucher level screen is displayed as shown:

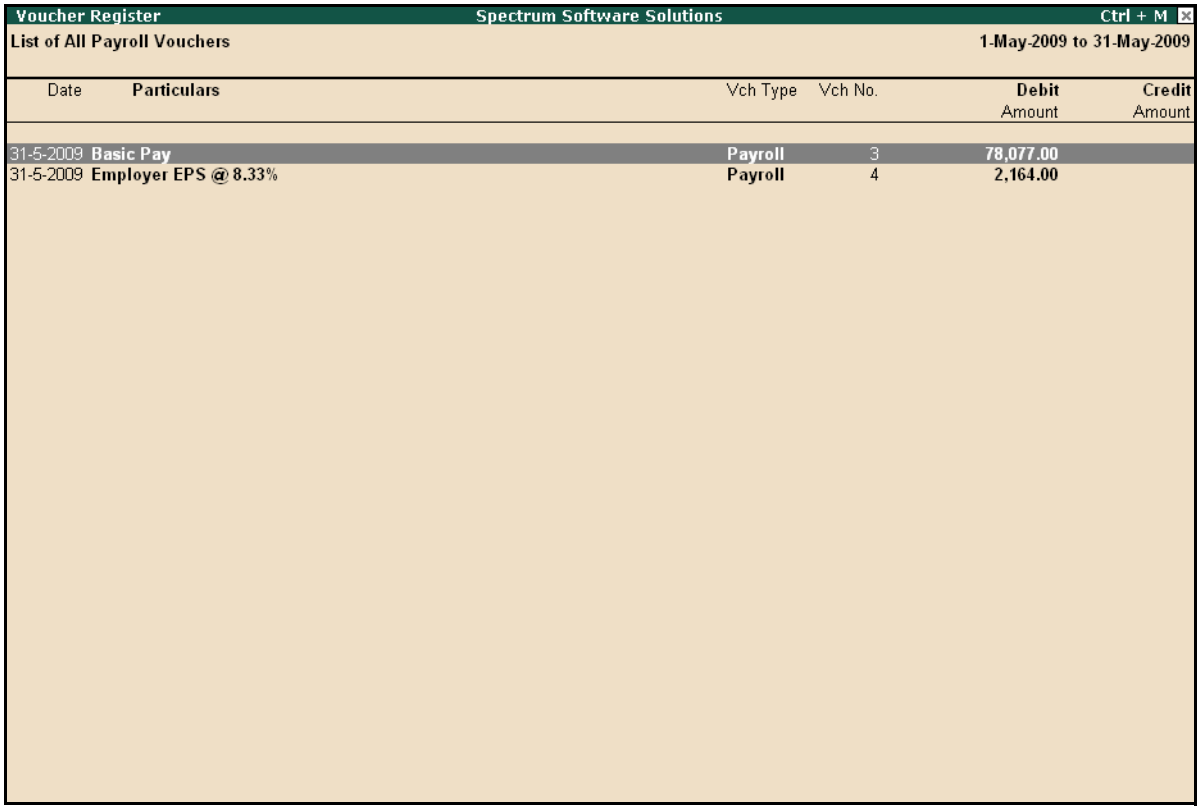


Figure 10.36 Payroll Voucher Register

You can further drill down to the transaction level, by selecting the required transaction and pressing **Enter**.

10.1.6 Employee Pay Head Breakup

An Employee Pay Head Breakup report is a columnar report which displays the Group/Department-wise employees' breakup of a selected earnings or deductions pay head for a specified month/period. This report also displays the opening balance, debit and credit transactions and the closing balance for a specified period.

This report is also helpful in tracking loan outstandings and instalments deducted till date or for any specified period.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll >Employee Pay Head Breakup**

- Select the **required Pay Head** from the **List of Pay Heads** and press **Enter**

The **Employee Breakup of Pay Head** for **Basic pay** screen is displayed as shown:

Employee Breakup of Pay Head — Spectrum Software Solutions — Ctrl + M

Pay Head: Basic Pay
Spectrum Software Solutions
1-Apr-2009 to 31-Aug-2009

Particulars	Opening Balance	Transactions		Closing Balance
		Debit	Credit	
Primary Cost Category		*4,06,963.00*		**4,06,963.00 Dr**
Administration		61,731.00		61,731.00 Dr
R&D		83,847.00		83,847.00 Dr
Sales		2,61,385.00		2,61,385.00 Dr

Figure 10.37 Employee Breakup of Pay Head

To drill down to **Employee Summary report** from the above display,

- Select **Cost Category** and press **Enter**
- Press **Alt+F1** to view the detailed report

The **Employee Summary** screen is displayed as shown:

Employee Summary — Spectrum Software Solutions — Ctrl + M

Category: Primary Cost Category
Pay Head: Basic Pay
Spectrum Software Solutions
1-Apr-2009 to 31-Aug-2009

Particulars	Opening Balance	Transactions		Closing Balance
		Debit	Credit	
Administration		61,731.00		**61,731.00 Dr**
Suresh		12,116.00		12,116.00 Dr
Vijay Kumar		49,615.00		49,615.00 Dr
Contract Employees				
James				
Vineet				
R&D		83,847.00		**83,847.00 Dr**
Rahul		83,847.00		83,847.00 Dr
Sales		2,61,385.00		**2,61,385.00 Dr**
Ajay		43,692.00		43,692.00 Dr
Mahesh		2,04,809.00		2,04,809.00 Dr
Rajesh		12,884.00		12,884.00 Dr
Grand Total		**4,06,963.00**		**4,06,963.00 Dr**

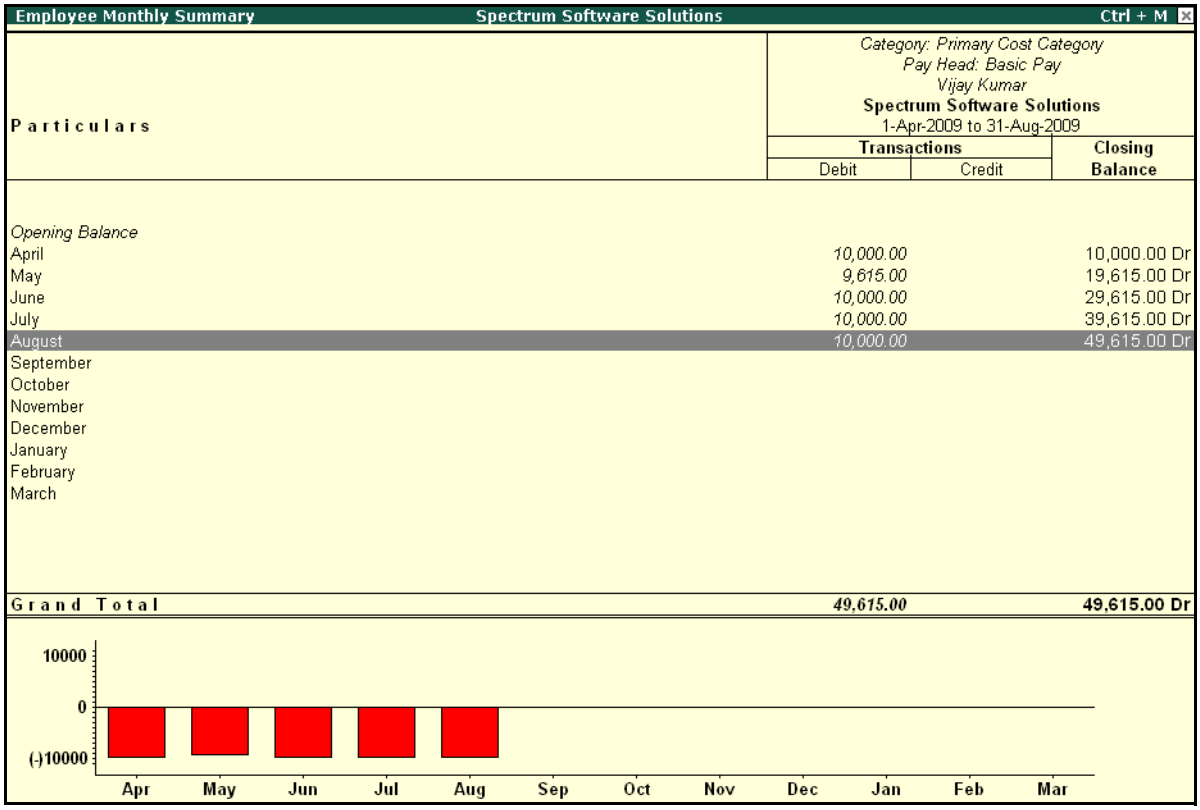
Figure 10.38 Employee Summary

*You can also **Email** or **Export Employee Breakup of Pay Head** Report in the manner as discussed in Payslip Section.*

To drill down to the **Employee Monthly Summary** report from the **Employee Summary report**,

- Highlight the required employee and press **Enter**

The **Employee Monthly Summary** screen is displayed as shown:



Employee Monthly Summary — Spectrum Software Solutions — Ctrl + M

Category: Primary Cost Category
Pay Head: Basic Pay
Vijay Kumar
Spectrum Software Solutions
1-Apr-2009 to 31-Aug-2009

Particulars	Transactions		Closing Balance
	Debit	Credit	
Opening Balance			
April	*10,000.00*		10,000.00 Dr
May	*9,615.00*		19,615.00 Dr
June	*10,000.00*		29,615.00 Dr
July	*10,000.00*		39,615.00 Dr
August	*10,000.00*		49,615.00 Dr
September			
October			
November			
December			
January			
February			
March			
Grand Total	***49,615.00***		**49,615.00 Dr**

Figure 10.39 Employee Monthly Summary

To further drill down to Employee Voucher level screen from the Employee Monthly Summary report, press **Enter** on the required month.

The **Employee Summary** voucher level screen is displayed as shown:

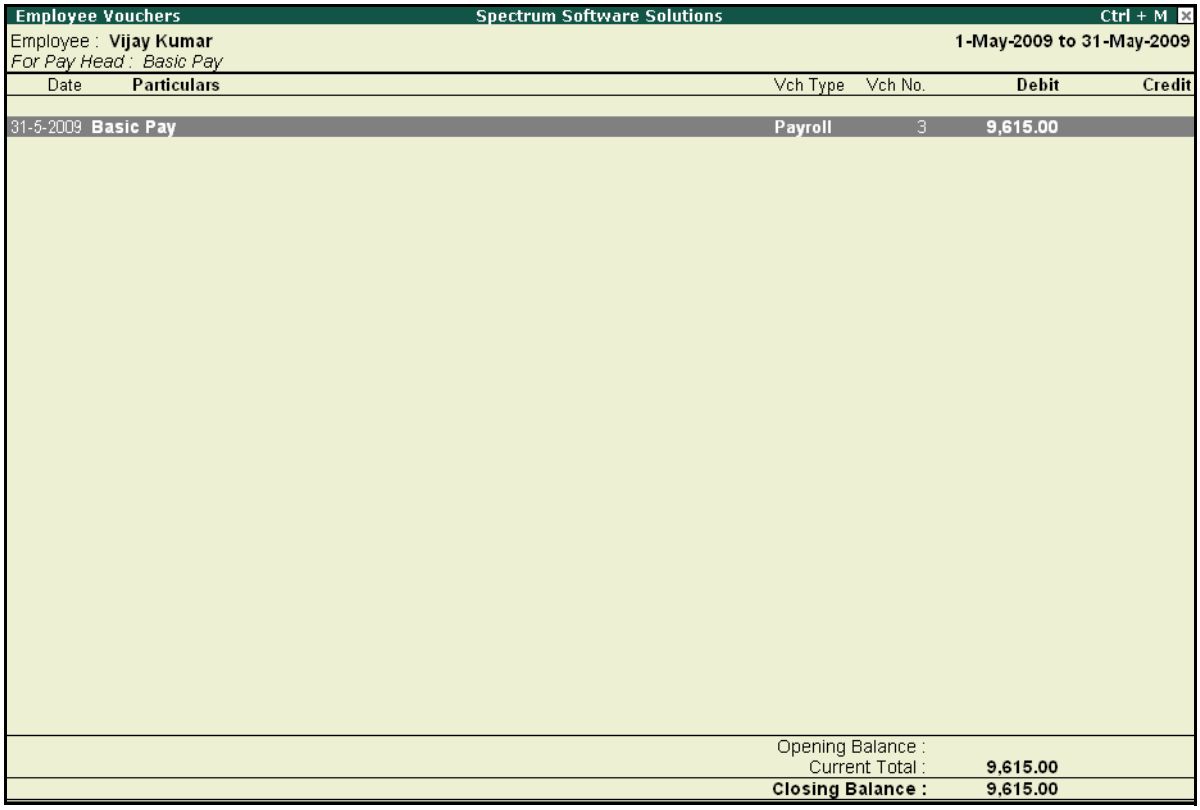


Figure 10.40 Employee Vouchers Summary

You can further drill down to the transaction level, by selecting the required transaction and pressing **Enter**.

The **Employee Breakup of Pay Head** report can be viewed with additional Pay Heads, by pressing **Alt+C** and adding the required Pay Head and by pressing **Alt+N** for multiple periods.

10.1.7 Pay Head Employee Breakup

A Pay Head Employee Breakup report displays the sum of transactions and closing balance of the transacted groups for the selected employee.

Go to **Gateway of Tally > Display > Payroll Reports > Statements of Payroll >Pay Head Employee Breakup**

The **Employee Selection** screen is displayed as shown:

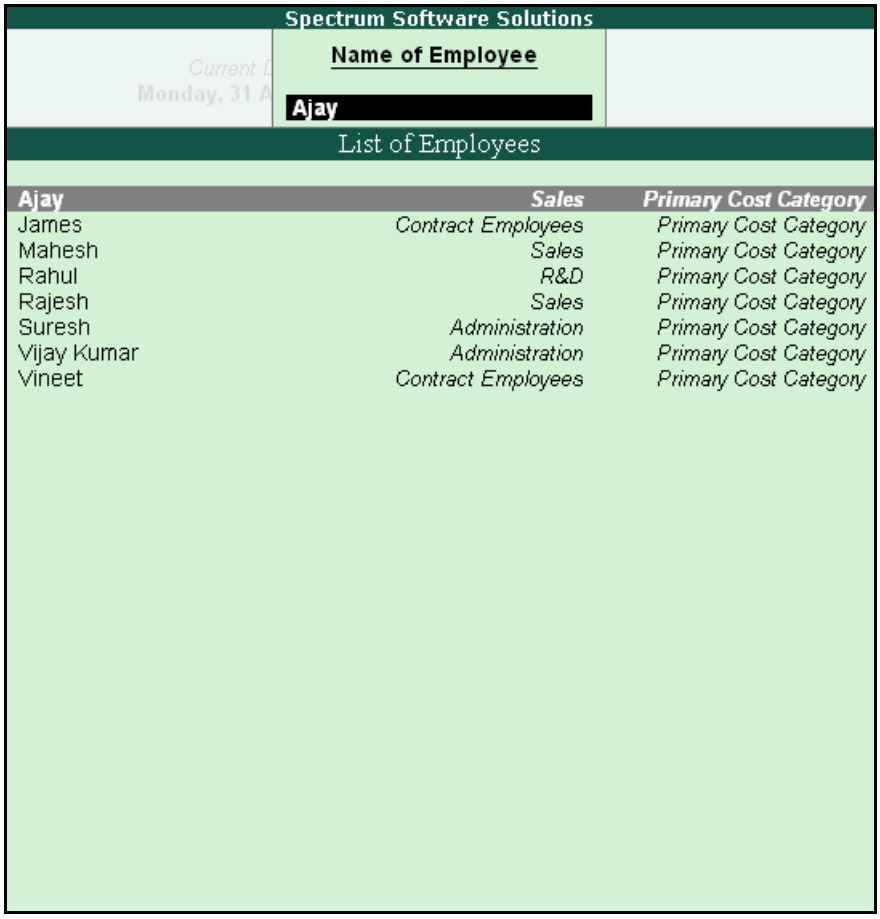


Figure 10.41 Employee Selection

To view the ledger breakup,

- Select the required Employee from the **List of Employees** and press **Enter**
- Press **Alt+F1** for a detailed view

The ledger-wise **Breakup of Employee** screen is displayed as shown:

Breakup of Employee — **Spectrum Software Solutions** — Ctrl + M

Particulars	Employee: Ajay Spectrum Software Solutions 1-Apr-2009 to 31-Aug-2009		
	Transactions		Closing Balance
	Debit	Credit	
Current Liabilities	*61,444.00*	*61,444.00*	
EDLI Admin Charges @ 0.01%	10.00	10.00	
EDLI Contribution @ 0.5%	162.50	162.50	
Employee's PF Contribution @ 12%	3,900.00	3,900.00	
PF Admin Charges @ 1.10%	357.50	357.50	
PF Payable	3,900.00	3,900.00	
Professional Tax	800.00	800.00	
Salary Payable	52,314.00	52,314.00	
Indirect Expenses	*71,030.00*		**71,030.00 Dr**
Basic Pay	43,692.00		*43,692.00 Dr*
Conveyance	10,000.00		*10,000.00 Dr*
Employer EPF @ 3.67%	1,195.00		*1,195.00 Dr*
Employer EPS @ 8.33%	2,705.00		*2,705.00 Dr*
House Rent Allowance	9,838.00		*9,838.00 Dr*
Overtime Pay	2,400.00		*2,400.00 Dr*
Variable Pay	1,200.00		*1,200.00 Dr*
Grand Total	***1,32,474.00***	***61,444.00***	**71,030.00 Dr**

Figure 10.42 Pay Head Employee Breakup

To further drill down to view the Breakup of Employee report for each ledger from the above displayed report, select the required ledger and press **Enter**.

The **Breakup of Employee** screen for a selected ledger (Basic Pay) is displayed as shown:

Ledger Monthly Summary — Spectrum Software Solutions — Ctrl + M

Employee: Ajay
Basic Pay
Spectrum Software Solutions
1-Apr-2009 to 31-Aug-2009

Particulars	Transactions		Closing Balance
	Debit	Credit	
Opening Balance			
April	*6,538.00*		6,538.00 Dr
May	*8,077.00*		14,615.00 Dr
June	*8,462.00*		23,077.00 Dr
July	*9,615.00*		32,692.00 Dr
August	*11,000.00*		43,692.00 Dr
September			
October			
November			
December			
January			
February			
March			
Grand Total	***43,692.00***		**43,692.00 Dr**

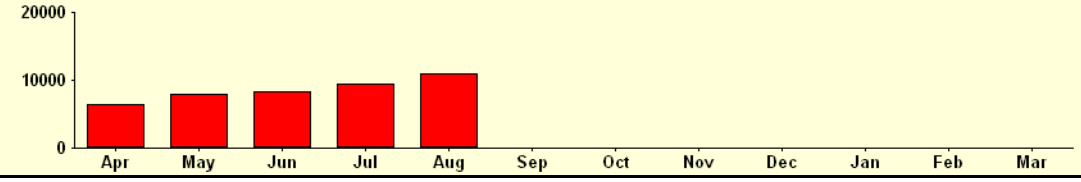


Figure 10.43 Ledger Monthly Summary

You can drill down further to view the Monthly Summary of the selected ledger and the Employee Voucher report.

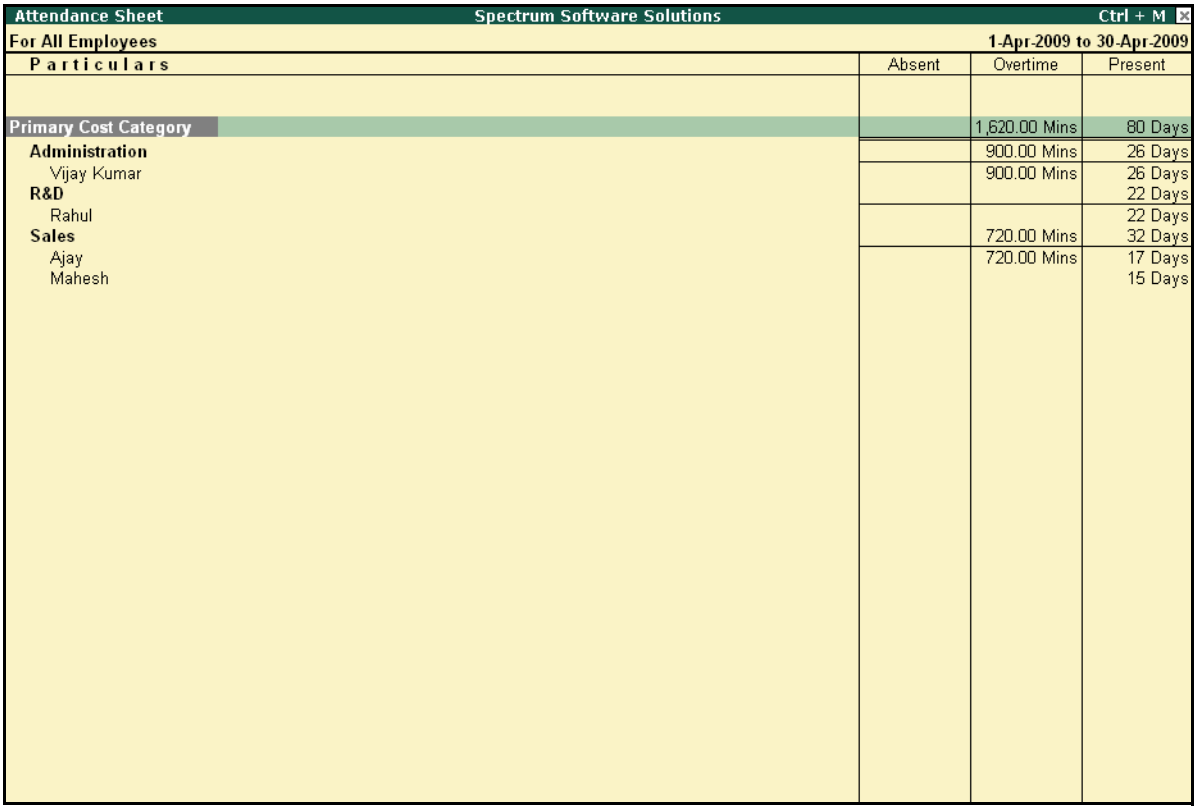
The **Pay Head Employee Breakup** report can be viewed with additional employees, by pressing **Alt+C** and adding the required Employee and for multiple periods, by pressing **Alt+N**.

10.1.8 Attendance Sheet

An Attendance Sheet is a columnar report which displays the details of Attendance/ Production types with the number of attendance/ production units achieved during a particular month or period.

Go to **Gateway of Tally > Display > Payroll Reports > Attendance Sheet**

The **Attendance Sheet** is displayed as shown:



Attendance Sheet — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	Absent	Overtime	Present
Primary Cost Category		1,620.00 Mins	80 Days
Administration		900.00 Mins	26 Days
Vijay Kumar		900.00 Mins	26 Days
R&D			22 Days
Rahul			22 Days
Sales		720.00 Mins	32 Days
Ajay		720.00 Mins	17 Days
Mahesh			15 Days

Figure 10.44 Attendance Sheet

You may configure the above report with additional details, by pressing **F12:Configure** and enabling the following options, as required.

The completed **F12: Configuration** screen is displayed as shown:

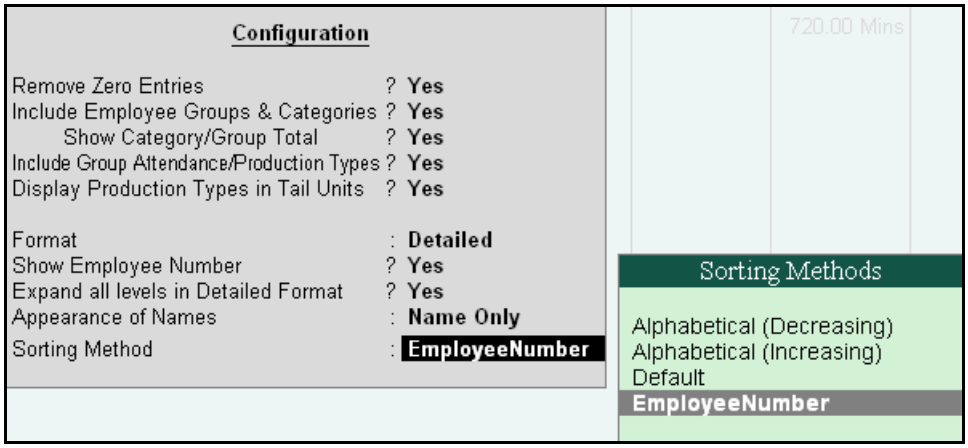


Figure 10.45 F12: Configuration screen

F12: Configurations for Attendance Sheet:

- ***Remove Zero Entries*** *– Set this option to* ***Yes****, to remove Attendance/ Production information with Zero values.*
- ***Include Employee Groups & Categories*** *– Set this option to* ***Yes****, to display Category and Group-wise Employee information.*
- ***Show Category/Group Total*** *-– Set this option to* ***Yes****, to display Category and Group-wise Totals.*
- ***Include Group Attendance/Production Types*** *– Set this option to* ***Yes*** *to include Group Attendance/Production Types in Attendance Sheet report.*
- ***Display Attendance/Production Types in Tail Units*** *– Set this option to* ***Yes****, to display the Attendance/Production Types in Tail Units.*
- ***Format*** *– Select the* ***Detailed*** *mode to view the payroll information of employees with their respective categories and groups. Select the* ***Condensed*** *mode when only sum totals are required for each category and group.*
- ***Expand all levels in Detailed Format*** *– Set this option to* ***Yes****, to expand all levels and display Employee details.*
- ***Show Employee Number*** *– Set this option to* ***Yes****, to display employee numbers of employees.*
- ***Appearance of Names*** *– Select the appropriate name style to appear in the payroll statement (Alias (Name), Alias only, Name (Alias), Name only)*
- ***Sorting Method*** *– Sort the Attendance Sheet, either by* ***Employee Number*** *or by the* ***Default*** *method.*

The Attendance sheet with the above Configurations is displayed as shown:

Attendance Sheet — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Apr-2009 to 30-Apr-2009

Particulars	Employee Number	Absent	Overtime	Present
Primary Cost Category			1,620.00 Mins	80 Days
Administration			900.00 Mins	26 Days
Vijay Kumar	549		900.00 Mins	26 Days
R&D				22 Days
Rahul	552			22 Days
Sales			720.00 Mins	32 Days
Mahesh	550			15 Days
Ajay	551		720.00 Mins	17 Days

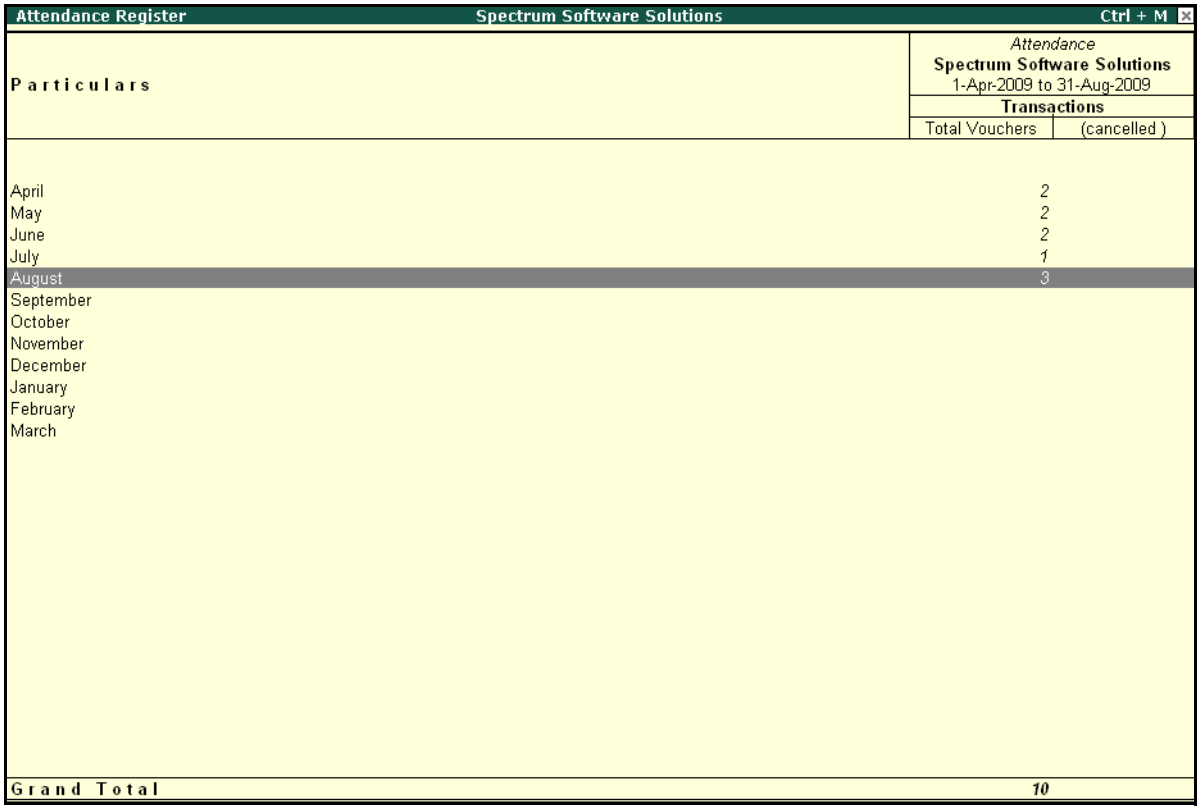
Figure 10.46 Attendance sheet

10.1.9 Attendance Register

An Attendance Register is a month-wise transactions summary report which displays the number of attendance vouchers passed during the month. You can append additional information by inserting a new column with the required voucher type, i.e. Payroll, Journal, Purchases, Sales and so on.

Go to **Gateway of Tally > Display > Payroll Reports > Attendance Register**

The **Attendance Registe**r is displayed as shown:



Attendance Register — Spectrum Software Solutions — Ctrl + M

Particulars	Attendance Spectrum Software Solutions 1-Apr-2009 to 31-Aug-2009 Transactions Total Vouchers	(cancelled)
April	2	
May	2	
June	2	
July	1	
August	3	
September		
October		
November		
December		
January		
February		
March		
Grand Total	10	

Figure 10.47 Attendance Register

- Press **F12: Configure** and set the **Appearance of Names** and the **Periodicity to use** as shown

The **F12:Configuration** options in **Attendance Register** are as displayed below:

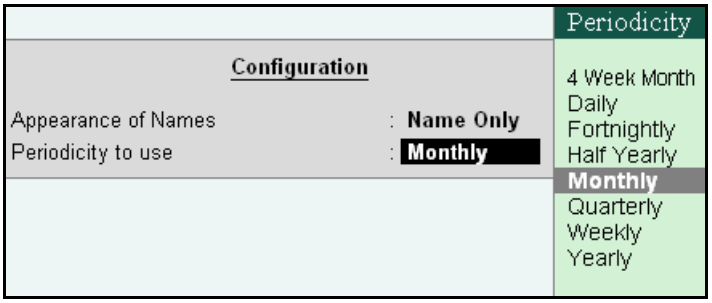


Figure 10.48 F12: Configuration for Attendance Register

Tally.ERP 9 allows you to drill down to the voucher register, from the Attendance Register screen for any kind of verification.

The **Voucher level** screen **from Attendance Register** is displayed as shown:

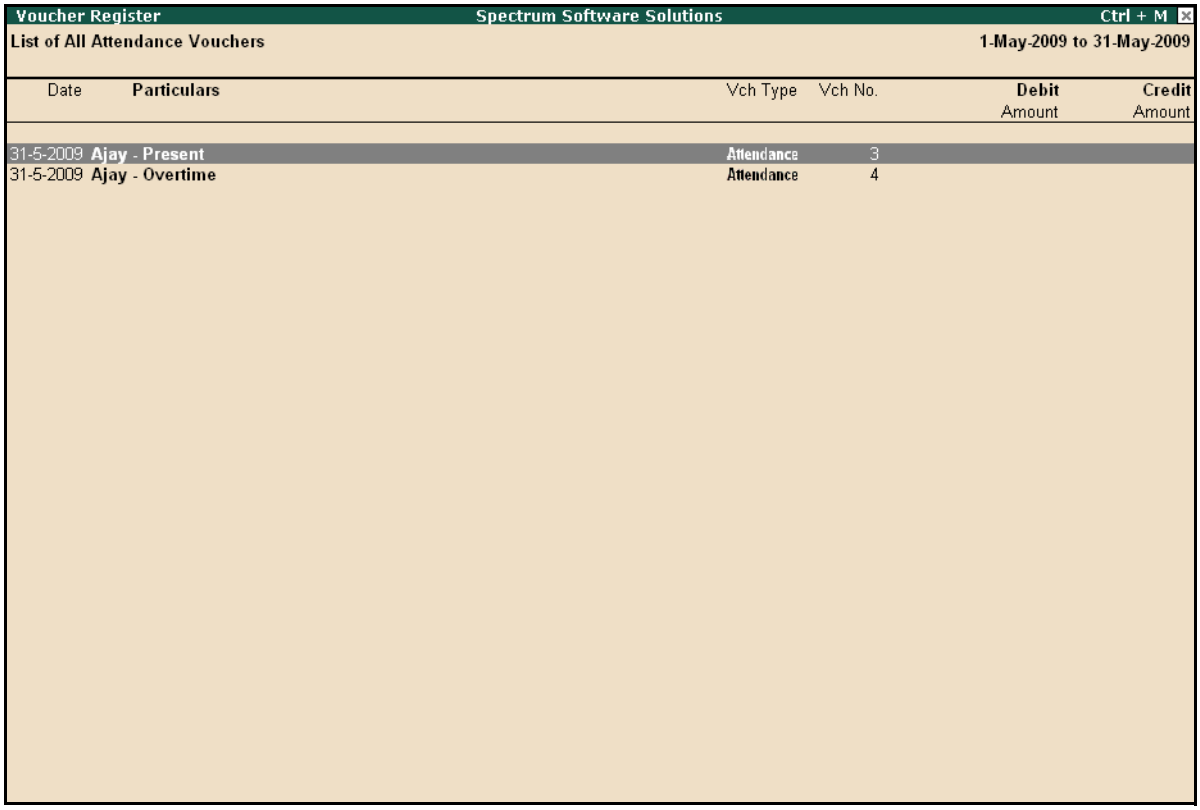


Figure 10.49 Attendance Voucher Register

You may further drill down to voucher level, by pressing **Enter** on the required transaction.

10.2 Expat Reports

Expat Reports provide information about regular as well as contractual employees, working abroad on a short/ long tenure or on assignment. They capture all the relevant information in respect of passport, visa and contract details along with the date of joining, the issuing country and the expiry date. In Tally.ERP 9, the following Expat reports are available.

- Passport Expiry
- Visa Expiry
- Contract Expiry

10.2.1 Passport Expiry Report

The Passport Expiry Report provides information on the passport details of employees, such as passport number, country of Issue, passport expiry date and other details such as the employee's date of joining and email id.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Passport Expiry**

The **Passport Expiry Report** is displayed as shown:

Passport Expiry Report — Spectrum Software Solutions — Ctrl + M

For All Employees — As on : 31-Aug-2009

Particulars	Passport Number	Country of Issue	Date of Joining	Passport Expiry Date
Primary Cost Category				
Administration				
Vijay Kumar	IND/BN/PASS130/005	India	1-4-2009	31-12-2010
Sales				
Ajay	IND/BN/PASS178/006	India	1-4-2009	26-10-2011
Mahesh	IND/BN/PASS233/005	India	1-4-2009	21-10-2012

Figure 10.50 Passport Expiry Report

- Press **F12: Configure** to configure additional options

The **F12: Configuration** screen is displayed as shown:

Configuration

Show All Employees ? **No**
Show Expiry in days ? **Yes**
Expiry in next n days : **30_**
Show Employee Number ? **No**
Appearance of Names : **Name Only**
Sorting Method : **Default**
Show Employee Email ID ? **No**

Figure 10.51 F12: Configuration screen

- ***Show All Employees*** *– Set this option to* ***Yes****, to view the passport details of all employees. It includes information on expired and unexpired passport details. If this option is set to No, Show Expiry in days will be available.*
- ***Show Expiry in days*** *– Set this option to* ***Yes****, to enter the expiry days. When* ***Show All Employees*** *and* ***Show Expiry in days*** *options are set to* ***No****, Tally.ERP 9 filters only those employee passport details, which are nearing the expiry date. If this option is set to* ***Yes****,* ***Expiry in next n days*** *will be available.*
- ***Expiry in next n days*** *– Set this option to* ***Yes,*** *to get the passport expiry details for the next specified number of days. On entering the number of days, Tally.ERP 9 filters the employee passport details which are likely to expire within the specified period (number of specified days). If this option is left blank, the report will denote the current date (last date of voucher entry).*
- ***Show Employee Number*** *– Set this option to* ***Yes****, to display the employee number of employees in the report.*
- ***Appearance of Names*** *– Select the appropriate name style to appear in the Passport Expiry Report (Alias (Name), Alias only, Name (Alias), Name only).*
- ***Sorting Method*** *— Sort employee details based on Employee Number, Passport Expiry Date (Ascending/Descending), or by the default method.*
- ***Show Employee Email Id*** *– Set this option to* ***Yes,*** *to view the email ids of employees.*

Button Functions in a Passport Expiry Report:

- ***F2: Change Period*** *– Allows you to change the period of the report.*
- ***F5: Employee Wise*** *– Allows you to display the Employee-wise Passport Expiry report.*
- ***F7: Employee Filters*** *– This option* ***(Ctrl+F7)*** *allows you to display the Passport Expiry Report for a particular Cost Category with the required Group or Employee.*

10.2.2 Visa Expiry Report

The Visa Expiry Report provides information on the visa details of employees i.e., visa number, visa Expiry date and other details such as the employee's date of joining and email id.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Visa Expiry**

The **Visa Expiry Report** is displayed as shown:

Visa Expiry Report | Spectrum Software Solutions | Ctrl + M

For All Employees | As on : 31-Aug-2009

Particulars	Visa Number	Date of Joining	Visa Expiry Date
Primary Cost Category			
Sales			
Ajay		1-4-2009	10-10-2011
Mahesh		1-4-2009	2-1-2011

Figure 10.52 Visa Expiry Report

*The **F12: Configuration** and **Button** Options are the same as shown in **Passport Expiry** Report.*

10.2.3 Contract Expiry Report

The Contract Expiry Report provides information on the contract details of employees on assignment/ contract. It displays the contract particulars such as work permit number, contract start and expiry date along with the employee's date of joining and the email id.

Go to **Gateway of Tally > Display > Payroll Reports > Expat Reports > Contract Expiry**

The **Contract Expiry Report** is displayed as shown:

Contract Expiry Report — Spectrum Software Solutions — Ctrl + M

For All Employees — As on : 31-Aug-2009

Particulars	Work Permit Number	Contract Start Date	Date of Joining	Contract Expiry Date
Primary Cost Category				
Contract Employees				
James		5-8-2009	5-8-2009	5-2-2010
Vineet		5-8-2009	5-8-2009	5-5-2010

Figure 10.53 Contract Expiry Report

*The **F12: Configuration** and **Button** Options are the same as shown in **Passport Expiry** Report.*

10.3 Payroll Statutory Reports

In Tally.ERP 9, you can display, print statutory forms and reports for Provident Fund (EPF), Employee State Insurance (ESI) and Professional Tax (PT) in the prescribed format as required by the statutes. The following Statutory reports are available in Tally.ERP 9:

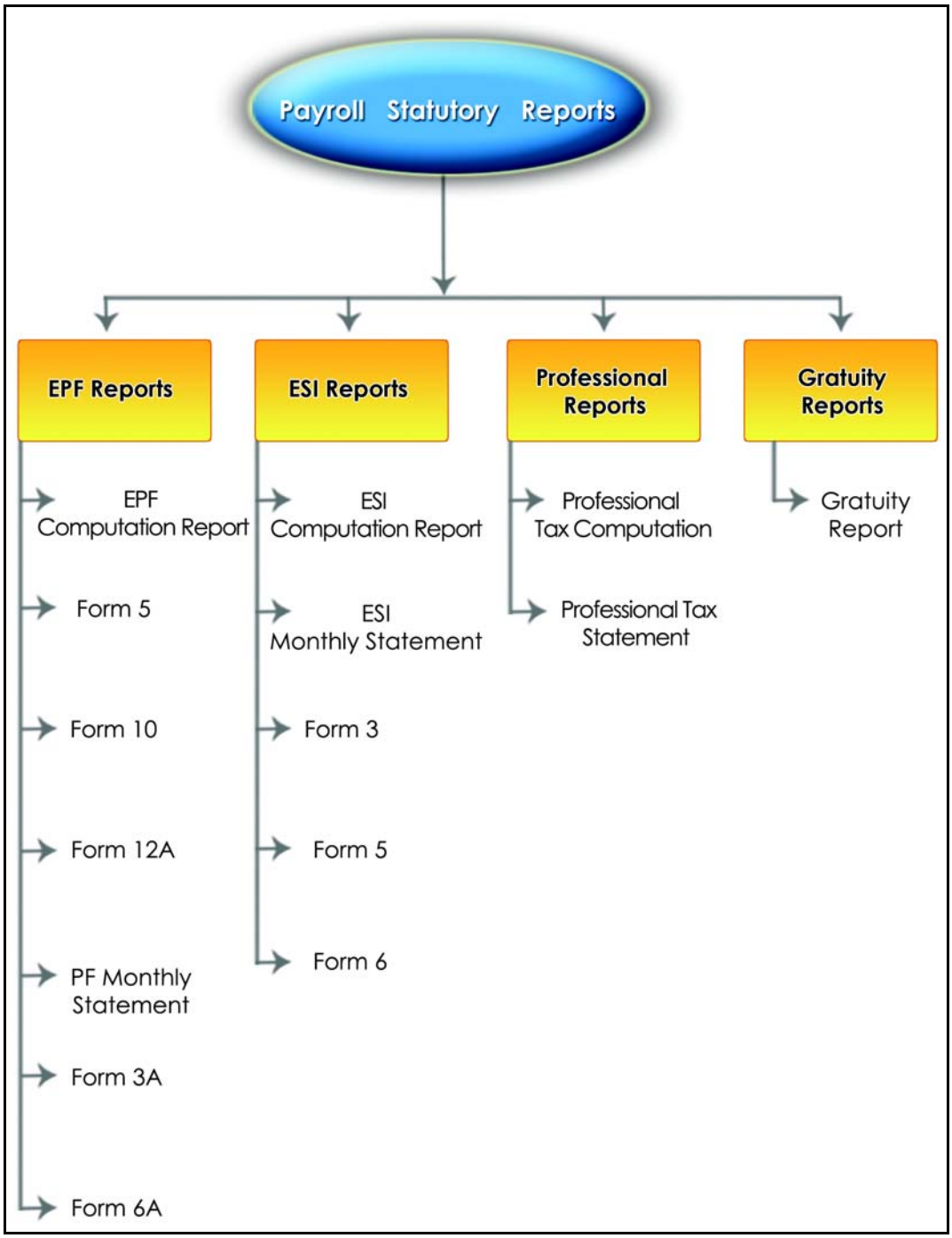


Figure 10.54 Payroll Statutory Reports in Tally.ERP 9

You can view Payroll Statutory reports either from the Statutory Reports menu or Payroll Reports menu i.e., **Gateway of Tally > Display > Statutory Reports > Payroll Reports** or **Gateway of Tally > Display > Payroll Reports > Statutory Reports**

10.3.1 Provident Fund Reports

As mentioned earlier, the following Provident Fund Reports are available in Tally.ERP 9:

- EPF Computation report
- Form 5
- Form 10
- Form 12A
- PF Monthly Statement
- Form 3A
- Form 6A

In this section, we will generate each of the above mentioned forms / report and understand the purpose and information to be furnished.

i. PF Computation Report

The PF Computation Report provides the summary of Amount Payable and amount paid in respect of PF for a given period comprising of Employer Contributions, Employee Deductions and Employer's Other charges, if any. To view PF Computation Report, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Computation**

- Press **F2** and specify the period as **01-07-2009** to **31-07-2009** and press **Enter**

The Payroll Statutory Computation Report is displayed as shown:

Payroll Statutory Computation | Spectrum Software Solutions | Ctrl + M

Payroll Statutory Computation | 1-Aug-2009 to 31-Aug-2009

Particulars	Liability	
	Payable	Paid
Provident Fund		
Employees' Statutory Deductions	4,260.00	4,260.00
Employer's Statutory Contributions	4,260.00	4,260.00
Employer's Other Charges	580.00	580.00
Employee State Insurance		
Employees' Statutory Deductions	258.00	258.00
Employer's Statutory Contributions	699.00	699.00
Professional Tax		
Employees' Statutory Deductions	870.00	870.00
Grand Total	10,927.00	10,927.00

Figure 10.55 Payroll Statutory Computation Report

The report, by default displays the summary of Employee's Provident Fund, Employee's State Insurance and Professional Tax. You may however configure to display only details of Provident Fund

- Press **F12: Configure** and enable/disable the following options as required

Configuration

Format	: **Condensed**
Show Provident Fund Details	? **Yes**
Show Employee State Insurance Details	? **No**
Show Professional Tax Details	? **No**

Figure 10.56 F12: Configurations screen

- Press **Enter**

The **PF Computation** report will is displayed as shown:

Payroll Statutory Computation Spectrum Software Solutions Ctrl + M

Payroll Statutory Computation 1-Aug-2009 to 31-Aug-2009

Particulars	Liability	
	Payable	Paid
Provident Fund		
Employees' Statutory Deductions	4,260.00	4,260.00
Employer's Statutory Contributions	4,260.00	4,260.00
Employer's Other Charges	580.00	580.00
Grand Total	9,100.00	9,100.00

Figure 10.57 PF Computation screen

To view detailed ledger wise information under each contributions / deductions head, press **Alt+F1**.

The detailed **Provident Fund** Computation Report is displayed as shown:

Payroll Statutory Computation — Spectrum Software Solutions — Ctrl + M

Payroll Statutory Computation — 1-Aug-2009 to 31-Aug-2009

Particulars	Gross Amount	Statutory Details			Liability	
		Percentage	A/c No.	Amount	Payable	Paid
Provident Fund						
Employees' Statutory Deductions					**4,260.00**	**4,260.00**
Employee's PF Contribution @ 12%	*35,500.00*	*12%*	*A/c No.1*	*4,260.00 Cr*		
Employer's Statutory Contributions					**4,260.00**	**4,260.00**
Employer EPF @ 3.67%	*35,500.00*	*3.67%*	*A/c No.1*	*1,304.00 Dr*		
Employer EPS @ 8.33%	*35,500.00*	*8.33%*	*A/c No.10*	*2,956.00 Dr*		
Employer's Other Charges					**580.00**	**580.00**
EDLI Admin Charges @ 0.01%	*35,500.00*	*0.01%*	*A/c No.22*	*12.00 Cr*		
EDLI Contribution @ 0.5%	*35,500.00*	*0.50%*	*A/c No.21*	*177.50 Cr*		
PF Admin Charges @ 1.10%	*35,500.00*	*1.10%*	*A/c No.2*	*390.50 Cr*		
Grand Total					**9,100.00**	**9,100.00**

Figure 10.58 Detailed PF Computation Report

You can further drill down to Employee Breakup of Pay Head report and from there to Employee Vouchers and so on, by pressing **Enter** on the required ledger from the above screen.

ii. Form 5

In accordance with the Employees' Provident Funds Scheme,1952 [para 36 (2)(a)], a return is required to be submitted in Form 5 within 15 days of the following month detailing the list of Employees qualifying for membership to the Employees' Provident Fund for the First time during every month.

Form 5 is a monthly Returns to be submitted with the details of any new employee covered under EPF. In Tally.ERP 9, you can generate Form 5 in the prescribed format containing the details of the new joinees in the organisation for the selected month. To generate the PF Form 5 for the month of June 2009, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 5**

In the **Payroll Statutory Print Configuration** screen,

- Specify **01-06-2009** and **30-06-2009** in the **From** and **To** fields respectively
- Specify **30-06-2009** in the **Date** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

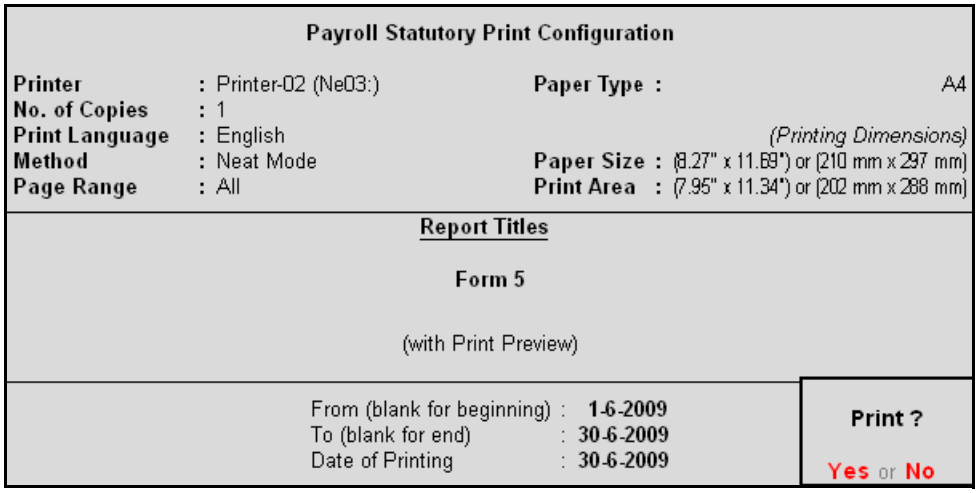


Figure 10.59 Payroll Statutory Print Configuration screen

- Press **Enter** to print.

The printed **PF Form 5** is displayed as shown:

FORM 5

THE EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952
[Paragraph 36(2)(a) & THE EMPLOYEES PENSION SCHEME, 1995 Paragraph 20(2)]

Return of Employees' qualifying for membership of the Employees' Provident Fund, Employees' Pension Fund & Employees' Deposit Linked Insurance Fund for the first time during the month of June 2009 (To be sent to the Commisioner with Form2 (EPF & EPS))

Name and Address of the Factory / Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Code No. of the Factory / Establishment : **KA/BN/12345/00129**

Sl No.	Account No.	Name of Employee (in block letters)	Father's Name or Husband's Name (in case of married women)	Date of Birth	Sex	Date of Joining the Fund	Total period of previous service as on the date of joining the Fund (Enclose Scheme Certificate if applicable)	Re-mar-ks
1	2	3	4	5	6	7	8	9
1	KA/BN/8181/23425	RAJESH	Mr. Srinivas	20-4-1976	Male	10-6-2009		
2	KA/BN/8181/2534	SURESH	Mr. Kannan	20-5-1975	Male	1-6-2009		

Date : **30-6-2009**

Signature of the employer or other authorised Officer of the Factory/Establishment & Stamp of the Factory/Establishment

Figure 10.60 PF Form 5

In our case study, there are two new employees who have joined during the month of June 2009 and thus Form 5 contains the details of these employees.

iii. Form 10

In accordance with the Employees' Provident Funds Scheme,1952 [para 36 (2)(a) & (b), a Return is required to be submitted in Form 10 within 15 days of the following month detailing the list of members leaving service during the month.

Form 10 is a monthly Return to be submitted with the details of employees leaving the organisation. In Tally.ERP 9, on resignation or retirement or expulsion of any employee, the date of leaving is required to be specified in the Employee master of such employee. The **Date of Leaving** option in the Employee Master is available in the alteration mode. Form 10 contains the details of Employees for whom the date of leaving is specified in the Employee Master.

You can generate Form 10 in the prescribed format containing the details of the employees who have resigned in the selected month. To generate the PF Form 10 for the month of August 2009, follow the steps given below.

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 10**

In the **Payroll Statutory Print Configuration** screen

- Specify **01-09-2009** and **30-09-2009** in the **From** and **To** fields respectively
- Specify **31-09-2009** in the **Date** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

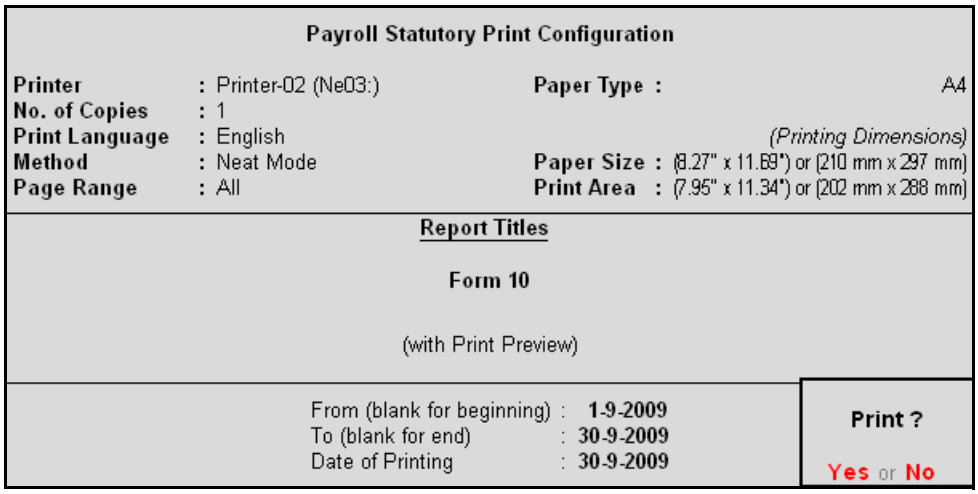


Figure 10.61 Payroll Statutory Print Configuration screen

- Press **Enter** to print

The printed **Form 10** is displayed as shown:

FORM 10

THE EMPLOYEES' PROVIDENT FUNDS SCHEME, 1952
[Paragraph 36(2) (a) & (b) EMPLOYEES' PENSION SCHEME, 1995 (Paragraph 20(2))]

Return of the members leaving service during the month of : **September 2009**

Name and Address of the Factory / Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Sl No.	Account No.	Name of the Member (in block letters)	Father's Name or husband's Name (in case of married women)	Date of leaving service	Reason for leaving service	Remarks
1	2	3	4	5	6	7
1	KA/BN/8181/23425	RAJESH	Mr. Srinivas	10-9-2009	Personal Reason	

Date : **30-9-2009**

Signature of the employer or the authorised Officer
Stamp of the Factory/Establishment

Please state whether the member is (a)retiring according to para(69), (i) (a) or (b) of the scheme (b) leaving India for permanent settlement abroad (c) retrenchment (d) Pt. & total disablement due to employment injury (e) discharged (f) resigning from or leaving service (g) taking up employment elsewhere (The name and address of the Employers should be stated) (h) death; (i) attained the age of 58 years.

Certified that the member mentioned at serial No._____ Shri_____was paid/not paid retrenchment compensation of Rs_____under the Industrial Dispute Act, 1947.

Figure 10.62 Printed Form 10

iv. Form 12A

In accordance with the Employees' Provident Funds Scheme, 1952 [para 36(1)] and the Employees' Pension Scheme 1995 [para 20(4)] and the Employees' Deposit Linked Insurance Scheme, 1976, a consolidated Statement of dues and remittance is required to be submitted by 25th of the following month to which the dues relate.

You can generate Form 12A in the prescribed format containing the details of the amount of contribution, amount of contribution remitted and the date of remittance in respect of EPF, Pension Fund and EDLI Contribution for the selected month. To generate the PF Form 12A for the month of August 2009, follow the steps given below.

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 12A**

In the **Payroll Statutory Print Configuration** screen

- Specify **01-08-2009** and **31-08-2009** in the **From** and **To** fields respectively
- Specify the **Name & Address of the Bank**
- Set **Include VPF Account** to **No**
- Specify **2** in the **Number of Contract Employees** field
- Press **Enter** to accept **0** in **Number of Rest (Temporary Employees)** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

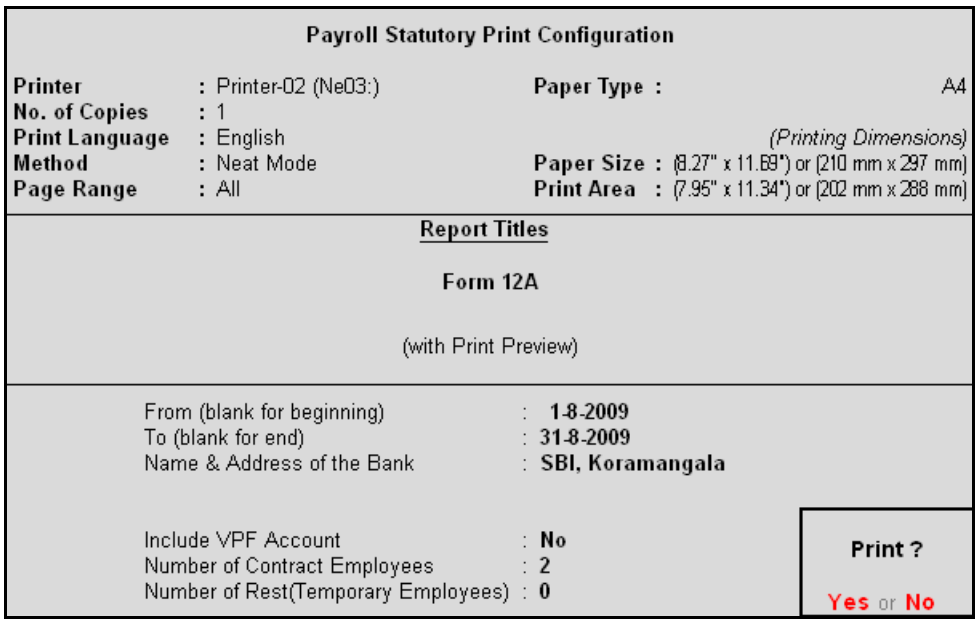


Figure 10.63 Completed Print Configuration screen

- Press **Enter** to print

The printed **Form 12A** is displayed as shown:

(Only for Un-exempted Establishments)

EMPLOYEES' PROVIDENT FUNDS AND MISC. PROVISIONS ACT, 1952 EMPLOYEES' PENSION SCHEME(PARA 20 (4))
FORM 12 - A (R)

(To be filled by the EPFO)

Group Code : **KA/BN/12345/00009**

Establishment status :

Name and Address of the Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Code No. : **KA/BN/12345/00129**

Currency period from : 1-Apr-2009 to 31-Mar-2010

Statement of Contribution for the month of : Aug-2009

	Wages on which Contributions are payable	Amount of Contribution		Amount of contribution remitted		Amount of Administrative charges due	Amount of Administrative charges remitted	Date Of Remittance (enclose triplicate copies of Challan)
		Recovered from the Employees'	Payable by the Employer	Employee's Share	Employer's Share			
E.P.F. A/c No. 01	35,500.00	4,260.00	1,304.00	4,260.00	1,304.00	390.50	390.50	31-Aug-2009
Pension Fund A/c No. 10	35,500.00	NIL	2,956.00	NIL	2,956.00	NIL	NIL	31-Aug-2009
E.D.L.I A/c No. 21	35,500.00	NIL	177.50	NIL	177.50	12.00	12.00	31-Aug-2009

Total No. of Employees : **8**

(a) Contract : **2**

(b) Rest : **0**

(c) PF Subscribers : **6**

Name & Address of the Bank in which the amount is remitted : **SBI, Koramangala**

Details of Subscribers	E.P.F.	Pension Fund	E.D.L.I.
No. of Subscribers as per last month (vide Form 12A)	6	6	6
No. of New Subscribers (vide Form 5)			
No. of Subscribers left service (vide Form 10)			
Nett Total Number of Subscribers	6	6	6

Signature of the Employer with Official (Seal)

Figure 10.64 Printed Form 12A

v. PF Monthly Statement

The PF Monthly Statement provides a summary of Employee wise monthly PF Employee Deductions and Employer Contribution amounts. To print the PF Monthly Statement, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Monthly Statement**

In the **Payroll Statutory Print Configuration** screen,

- Specify **01-08-2009** and **31-08-2009** in the **From** and **To** fields respectively

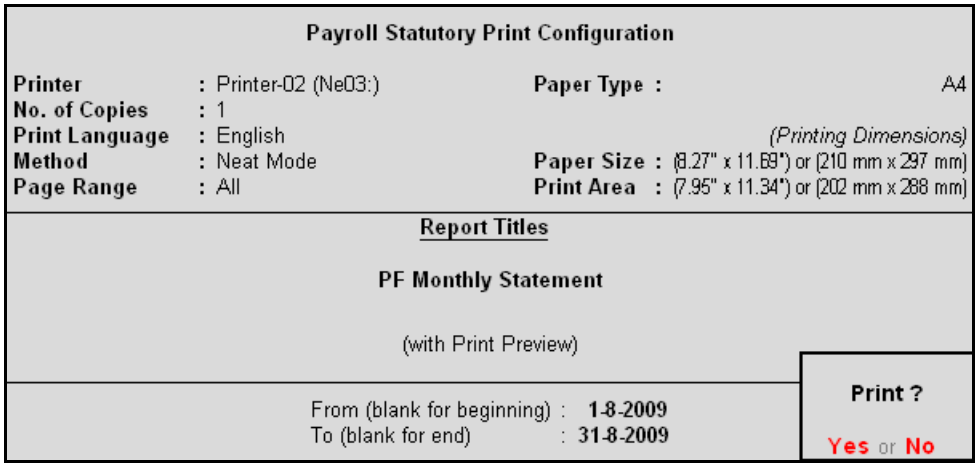


Figure 10.65 Print Configuration screen

- Press **Enter** to Print.

The printed **PF Monthly Statement** for August 2009 is displayed as shown:

EMPLOYEE PROVIDENT FUND SCHEME - Monthly Statement

Name & Address of the Factory or Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Statement for the Period : 1-Aug-2009 to 31-Aug-2009

Emp No	PF Number	Employee Name	Work-ed	Earned Wages	Employee's Contribution			Employer's Contribution		
					PF 12%	VPF	Total	EPS 8.33%	EPF 3.67%	Total
551	KA/BN/18184/564	Ajay	26	6,500.00	780.00		780.00	541.00	239.00	780.00
550	KA/BN/18184/293	Mahesh	25	6,500.00	780.00		780.00	541.00	239.00	780.00
552	KA/BN/1920/203	Rahul	22	6,500.00	780.00		780.00	541.00	239.00	780.00
554	KA/BN/8181/23425	Rajesh	26	5,000.00	600.00		600.00	417.00	183.00	600.00
553	KA/BN/8181/2534	Suresh	26	4,500.00	540.00		540.00	375.00	165.00	540.00
549	KA/BN/18184/563	Vijay Kumar	26	6,500.00	780.00		780.00	541.00	239.00	780.00
			Total	**35,500.00**	**4,260.00**		**4,260.00**	**2,956.00**	**1,304.00**	**4,260.00**

Figure 10.66 PF Monthly Statement

vi. Form 3A

As per the Employees' Provident Funds Scheme,1952 [para 35 & 42] and the Employees' Pension Scheme 1995 (Para 19), a Form (Member's Annual Contribution Card) showing month wise recoveries towards EPF and Pension Fund in respect of a member for one financial year is required to be furnished by the employer before 30th April of the following year.

Form 3A is a annual contribution card to be furnished for each employee in separate sheets to EPFO. To print Form 3A, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 3A**

In the **Payroll Statutory Print Configuration** screen

- Select **Primary Cost Category** in the **Cost Category** field
- Select **All Items** in the **Employee/Group** field
- Specify **01-03-2009** and **28-02-2010** in the **From** and **To** fields respectively
- Specify **28-02-2010** in the **Date of Printing** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

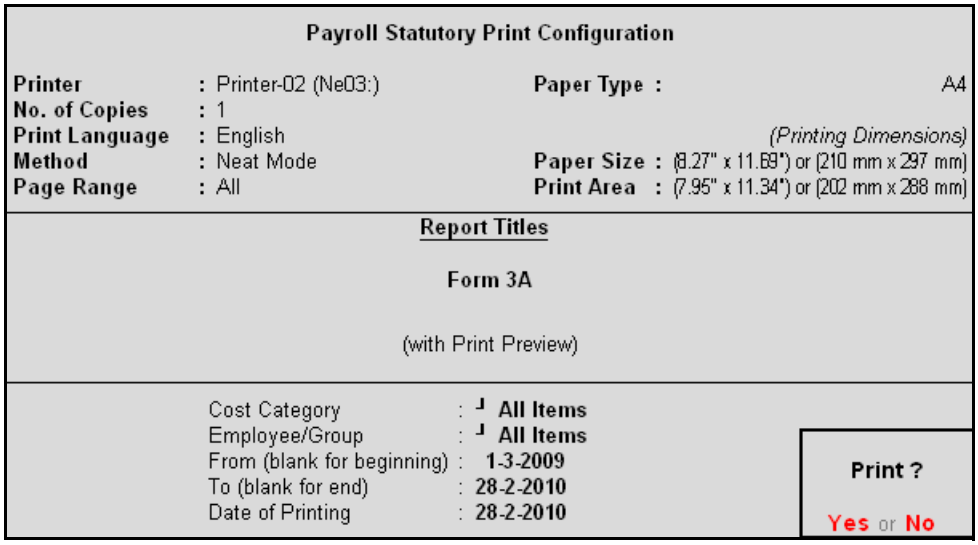


Figure 10.67 Payroll Statutory Print Configuration

- Press **Enter** to Print.

The printed **Form 3A** for **Ajay** is displayed as shown:

FORM 3 A [REVISED]
EMPLOYEE'S PROVIDENT FUND ORGANISATION
THE EMPLOYEE'S PROVIDENT FUND SCHEME, 1952 [Paras 35 & 42]
AND THE EMPLOYEES' PENSION SCHEME, 1995 [Para 19]

Contribution Card for currency period from 1-Apr-2009 to 31-Mar-2010

1. Account No. : **KA/BN/18184/564**
2. Name/Surname (in block letters) : **AJAY**
3. Father's / Husband's Name : **Mr. Mohan**
4. Statutory Rate of Contribution : **12 %**
5. Voluntary Higher Rate of Employee's contribution if any :
6. Name & Address of the Factory / Establishment : **Spectrum Software Solutions**
   14, Mysore Road,
   Bangalore
7. Code Number : **KA/BN/12345/00129**

Month	WORKER'S SHARE			EMPLOYER'S SHARE		Refund of Advan-ce	No. of days / period of non contrib-uting service (if any)	Remarks
	Amount of Wages	E.P.F.12%	Rate of higher voluntary contribution (if any)	E.P.F. Difference between 12% & 8.33% if any	Pension Fund Contribution 8.33%			
1	2	3a	3b	4a	4b	5	6	7
March 2009 Paid in April 2009								
May 2009	6,500.00	780.00		239.00	541.00			
June 2009	6,500.00	780.00		239.00	541.00			
July 2009	6,500.00	780.00		239.00	541.00			
August 2009	6,500.00	780.00		239.00	541.00			
September 2009	6,500.00	780.00		239.00	541.00			
October 2009								
November 2009								
December 2009								
January 2009								
February 2010								
February 2010 Paid in March 2010								
Total	32,500.00	3,900.00		1,195.00	2,705.00			

Certified that the total amount of contribution (both shares) indicated in this Card i.e. Rs.5,095.00 has already been remitted it full in E.P.S. A/c No.1 & Pension Fund A/c No.10 Rs.2,705.00
Certified that the difference between the total of the contribution shown under Cols. 3a, 3b, 4a & 4b of the above table and that arrived at on the total wages shown in cloumn 2 at the prescribed rate is solely due to rounding off the contributions to the nearest rupee under the rules.

Date : **30-Sep-2009** Signature of Employer (with Office seal)

Figure 10.68 Printed PF Form 3A

The next page will contain the Contribution Card in Form 3A for the next employee.

vii. Form 6A

As per the Employees' Provident Funds Scheme,1952 [para 43] and the Employees' Pension Scheme 1975 [para 20], a Form (Consolidated Annual Contribution Statement) providing annual contributions of each member of the establishment is required to be submitted by 30th April.

Form 6A is a vital form for compiling the annual Provident Fund statement of a subscriber. In Tally.ERP 9, you can generate Form 6A in the prescribed format. To print Form 6A, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > Form 6A**

In the **Payroll Statutory Print Configuration** screen

- Specify **01-03-2009** and **28-02-2010** in the **From** and **To** fields respectively

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

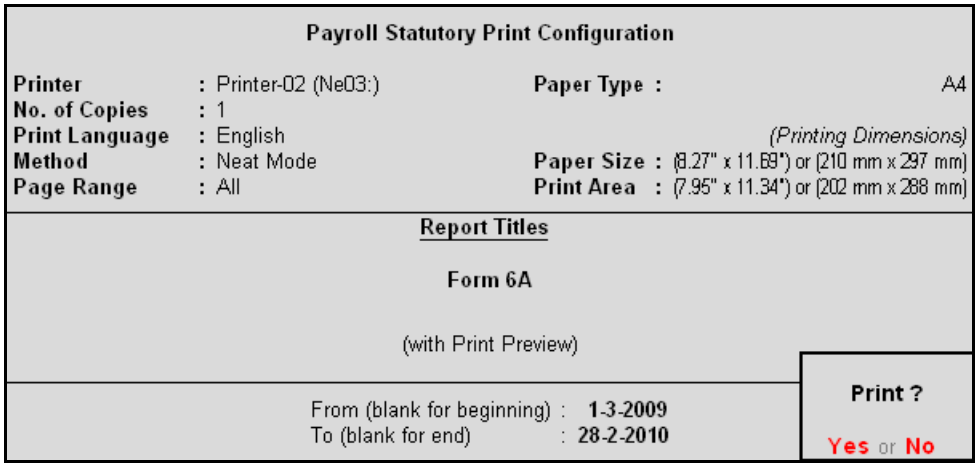


Figure 10.69 Payroll Statutory Print Configuration for PF Form 6A

- Press **Enter** to Print.

The printed **Form 6A** is displayed as shown:

FORM 6 A
THE EMPLOYEE'S PROVIDENT FUND SCHEME, 1952. [Paragraph 43]
AND THE EMPLOYEES' PENSION SCHEME, 1995 [Paragraph 20(4)]

Annual Statement of contribution for the currency period from 1-Apr-2009 to 31-Mar-2010

Name & Address of the Establishment : Spectrum Software Solutions
14, Mysore Road,
Bangalore

Statutory Rate of Contribution : **12 %**

Code No. of the Establishment : KA/BN/12345/00129

No. of members voluntarily contributing at a higher rate : **0**

Sl.No.	Account Number	Name of the Member (in block letters)	Wages, retaining allowance (if any) & DA including cash value of food concessi-on paid during the currency period	Amount of Worker's Contribut-ions deducted from the wages on 12 % E.P.F.	Employer's Contribution		Refund of Advance	Rate of higher volun-tary Contr-ibution (if any)	Remarks
					E.P.F. Difference between 12 % & 8.33 %	Pension Fund 8.33 %			
1	2	3	4	5	6	7	8	9	10
1	KA/BN/18184/564	AJAY	32,500.00	3,900.00	1,195.00	2,705.00			
2	KA/BN/18184/293	MAHESH	32,500.00	3,900.00	1,195.00	2,705.00			
3	KA/BN/1920/203	RAHUL	32,500.00	3,900.00	1,195.00	2,705.00			
4	KA/BN/8181/23425	RAJESH	12,884.00	1,547.00	474.00	1,073.00			
5	KA/BN/8181/2534	SURESH	12,116.00	1,454.00	444.00	1,010.00			
6	KA/BN/18184/563	VIJAY KUMAR	32,500.00	3,900.00	1,195.00	2,705.00			
		Total	1,55,000.00	18,601.00	5,698.00	12,903.00			

Figure 10.70 Printed Form 6A - Page 1

The Page 2 of **PF Form 6A** is displayed as shown:

Spectrum Software Solutions
Form 6A : 1-Apr-2009 to 31-Mar-2010

Sl. No.	Reconciliation of Remittances		Adm. Charges at Rs. 1.1 % of wages		Aggregate ( ) Contributions( )		Cols 5,6,7 Rs.
	Month/Year	Amount remitted	Pension Fund Contributions	EDLI Contribution	Adm. Charges A/c No. 2	EDLI Adm. Charges 0.01%	Date of Remittan-ces
		EPF Contributions including refund of advances A/c. No. 1	A/c. No. 10 /Rs.	A/c No.21		A/c. No. 22 /Rs.	
1	March 2009 Paid in April 2009						
2	May 2009	4,076.00	2,164.00	130.00	286.00	8.00	30-Apr-2009
3	June 2009	4,076.00	2,164.00	130.00	286.00	8.00	31-May-2009
4	July 2009	5,334.00	2,832.00	170.10	374.21	12.00	30-Jun-2009
5	August 2009	5,249.00	2,787.00	167.41	368.30	12.00	31-Jul-2009
6	September 2009	5,564.00	2,956.00	177.50	390.50	12.00	31-Aug-2009
7	October 2009						
8	November 2009						
9	December 2009						
10	January 2009						
11	February 2010						
12	February 2010 Paid in March 2010						
	Total	24,299.00	12,903.00	775.01	1,705.01	52.00	

i) Total number of contribution cards enclosed (Form 3A(Revised)): 6

ii) Certified that Form3A duly completed, of all the members listed in this statement are enclosed, except those already sent during the course of the currency period for the final settlement of the concerned members account vide 'Remarks' Furnished against the names of the respective members above.

Signature of the Employer
(With Office Seal)

Note:
1. The names of all members, including those who had left service during the currency period, should be included in this statement. Where the Form 3A in respect of such members had left service were already sent to the Regional Office for the purpose of final settlement of their accounts, the fact should be stated against the members in the 'Remarks' Column above thus Form 3A already sent in the month of _____200____

2. In case of substantial variation in the wages/contributions of any members as compared to those shown in previous month statement, the reasons should be explained adequately in the 'Remarks' column.

3. In respect of those members who have not opted for Pension Fund their entire employers contribution as the case may be should be under column No. 6.

Figure 10.71 Printed Form 6A - Page 2

10.3.2 Employee's State Insurance Reports

As mentioned earlier, the following ESI Reports are available in Tally.ERP 9:

- ESI Computation Report
- Form 3
- ESI Monthly Statement
- Form 5
- Form 6

In this section, we will generate each of the above forms / report and understand the purpose and information to be furnished.

i. ESI Computation Report

The ESI Computation Report provides the summary of Amount Payable and amount paid in respect of ESI for given period comprising of Employer Contributions and Employee Deductions. To view ESI Computation Report, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Computation**

- Press **F2** and specify the period as **01-07-2009** to **31-07-2009** and press **Enter**

Payroll Statutory Computation — Spectrum Software Solutions — Ctrl + M

Payroll Statutory Computation — 1-Jul-2009 to 31-Jul-2009

Particulars	Liability	
	Payable	Paid
Provident Fund		
Employees' Statutory Deductions	4,018.00	4,018.00
Employer's Statutory Contributions	4,018.00	4,018.00
Employer's Other Charges	547.71	547.71
Employee State Insurance		
Employees' Statutory Deductions	208.00	208.00
Employer's Statutory Contributions	564.00	564.00
Professional Tax		
Employees' Statutory Deductions	820.00	820.00
Grand Total	10,175.71	10,175.71

Figure 10.72 Payroll Computation report

The report, by default displays summary of Employee's Provident Fund, Employee's State Insurance and Professional Tax, you may however configure to display only details of Employee State Insurance.

- Press **F12: Configure** and enable/disable the following options as required

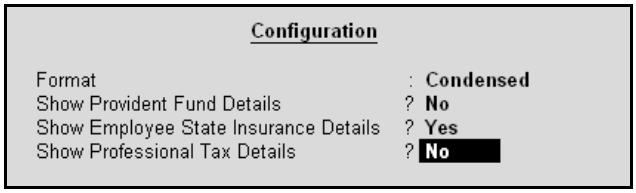
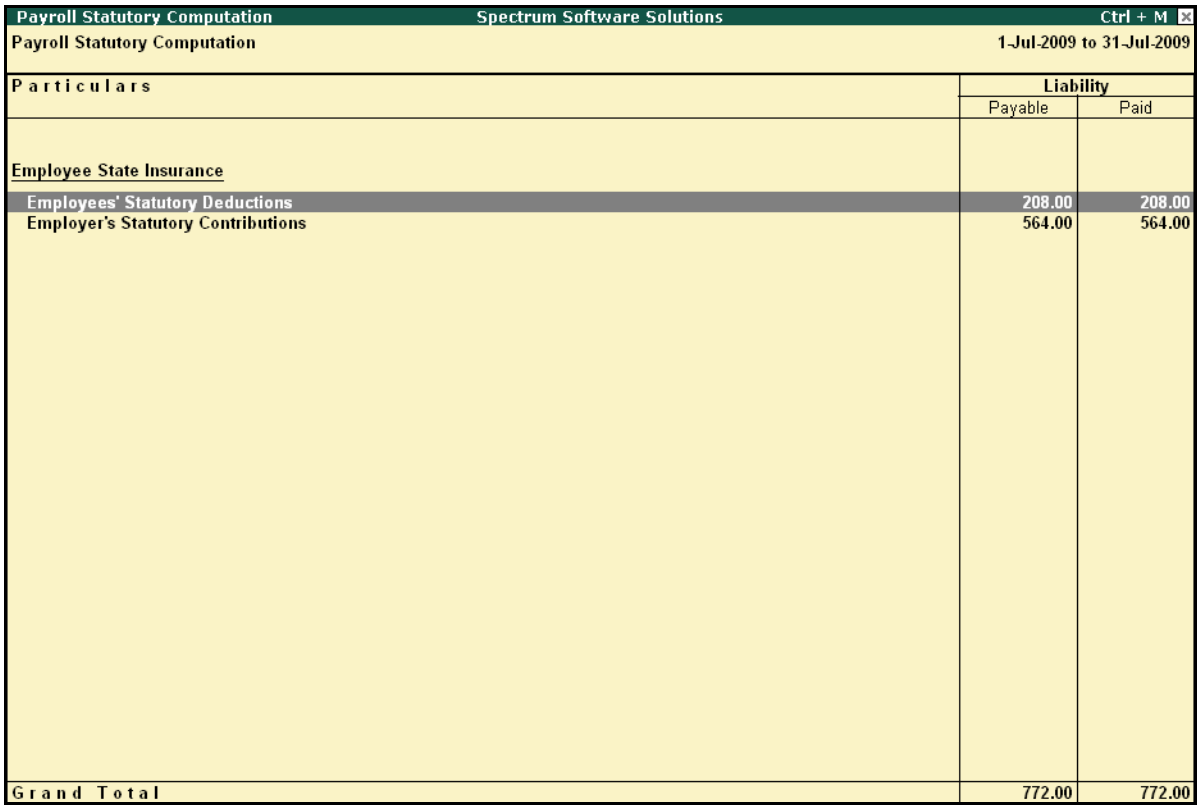


Figure 10.73 F12: Configuration screen

- Press **Enter**

The **ESI Computation** report is displayed as shown:



Payroll Statutory Computation — Spectrum Software Solutions — Ctrl + M

Payroll Statutory Computation — 1-Jul-2009 to 31-Jul-2009

Particulars	Liability	
	Payable	Paid
Employee State Insurance		
Employees' Statutory Deductions	208.00	208.00
Employer's Statutory Contributions	564.00	564.00
Grand Total	772.00	772.00

Figure 10.74 ESI Computation report

To view the detailed ledger wise information under each contributions / deductions head, press **Alt+F1**.

The detailed **Employee State Insurance** Computation Report is displayed as shown:

Payroll Statutory Computation | Spectrum Software Solutions | Ctrl + M

Payroll Statutory Computation | 1-Jul-2009 to 31-Jul-2009

Particulars	Gross Amount	Statutory Details			Liability	
		Percentage	A/c No.	Amount	Payable	Paid
Employee State Insurance						
Employees' Statutory Deductions					208.00	208.00
Employee's ESI Contribution @ 1.75%	*11,873.00*	*1.75%*		*208.00 Cr*		
Employer's Statutory Contributions					564.00	564.00
Employer ESI @ 4.75%	*11,873.00*	*4.75%*		*564.00 Dr*		
Grand Total					772.00	772.00

Figure 10.75 Detailed ESI Computation report

You can further drill down to Employee Breakup of Pay Head report and from there to Employee Vouchers and so on, by pressing **Enter** on the required ledger from the above screen.

ii. ESI Form 3

As per Regulation 14, a declaration form in Form 3 is required to be filed for every Half Yearly stating the list of Employees whose remuneration is not exceeding Rs. 10,000/- per month.To generate ESI Form 3, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Form 3**

In the **Payroll Statutory Print Configuration** screen,

- Specify **1-08-2009** and **31-08-2009** in the **From** and **To** fields respectively
- Type **Bangalore** in the **Place** field
- Specify **31-08-2009** in the **Date of Printing** field
- Type the **Designation** details of the person submitting the declaration form

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

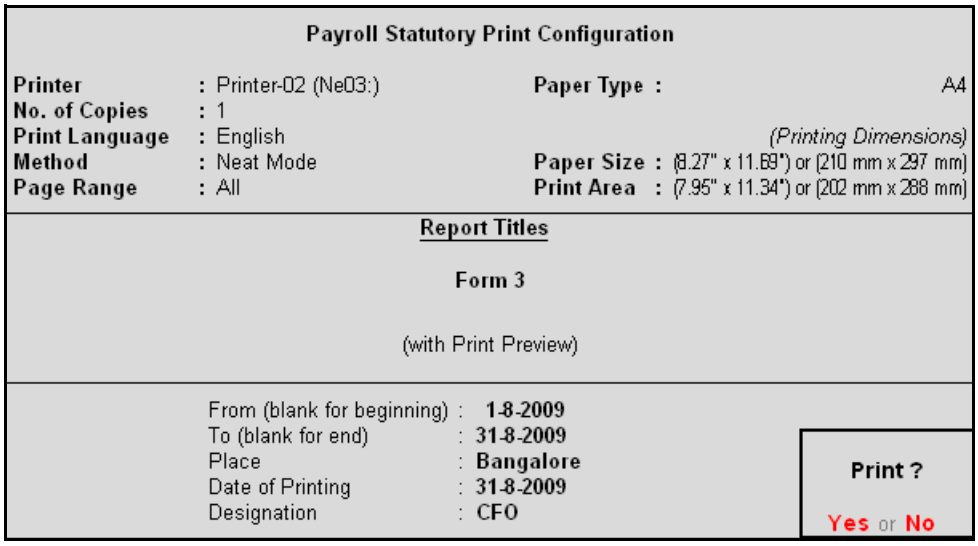


Figure 10.76 Payroll Statutory Print Configuration for ESI Form 3

- Press **Enter** to Print.

The printed declaration form in **Form 3** is displayed as shown:

Original **FORM - 3**

EMPLOYEE'S STATE INSURANCE CORPORATION
RETURN OF DECLARATION FORM
[Regulation - 14]

Name & Address of the Factory or Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Employer's Code No : **KN/BN/12345/23457**

I send herewith the Declaration Forms in respect of the employees mentioned below:

I hereby declare that every person employed as an employee within the meaning of Section 2(9) of the Employee's State Insurance Act. 1948 as on 30-Sep-2008 in this factory or establishment and is in receipt of the remuneration not exceeding Rs.10,000/- (excluding remuneration for overtime work) per month, has been included in this list,excluding only those in respect of whom declaration forms have been sent to the Corporation in the past.

Sl No.	Name of Employee	Distinguishing Number with the employer if any	Father's or Husband's Name	Insurance No. allotted by the corporation(to be entered at the branch office)
1	2	3	4	5
1	Suresh	553	Mr. Kannan	KN/ESI/345/2224
2	Rajesh	554	Mr.Srinivas	KN/ESI/234/3353

Place : **Bangalore** Signature :
Dated : **1-Jul-2008** Designation : **CFO**

Figure 10.77 Printed Form 3

iii. ESI Monthly Statement

The ESI Monthly Statement provides a summary of Employee wise monthly ESI Employee Deductions and Employer Contribution amount. To print ESI Monthly Statement, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Monthly Statement**

In the **Payroll Statutory Print Configuration** screen,

- Specify **01-08-2009** and **31-08-2009** in the **From** and **To** fields respectively

The completed **Payroll Configuration Print screen** is displayed as shown:

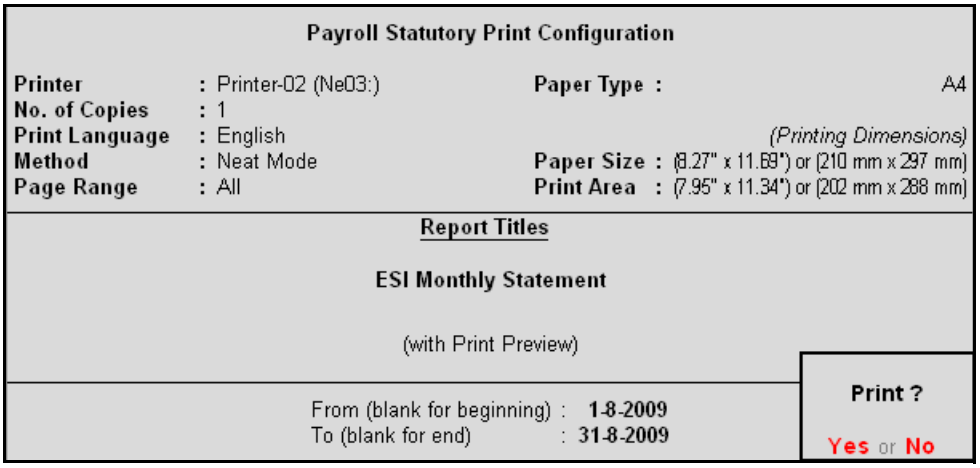


Figure 10.78 Payroll Statutory Print Configuration screen

- Press **Enter** to Print.

The printed **ESI Monthly Statement** for July 2009 is displayed as shown:

EMPLOYEES' STATE INSURANCE - Monthly Statement

Name & Address of the Factory or Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Statement for the Period : 1-Aug-2009 to 31-Aug-2009

Sl. No	Employee No	Employee Name	ESI No	Worked Days	Earned Wages	Fixed Wages	Employees' Contribution	Employer's Contribution	Total
1	554	Rajesh	KA/ESI/234/3353	26	7,800.00	7,800.00	137.00	371.00	508.00
2	553	Suresh	KA/ESI/345/2224	26	6,900.00	6,900.00	121.00	328.00	449.00
				Total	14,700.00	14,700.00	258.00	699.00	957.00

Figure 10.79 ESI Monthly Statement

iv. Form 5

As per Regulation 26, a Return of Contribution in Form 5 is required to be submitted to the appropriate Branch Office within 42 days of the expiry of the contribution period (i.e, 12th May or November 11th of each year). Such return of contribution should be prepared in quadruplicate and submitted separately for the main Code Number and each sub-code number.

The employer may make compliance from the parent unit and submit only one return in respect of all the branches or may make compliance through their Branch Offices/ Sales Offices separately in the Regions where such offices are located.

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Form 5**

In the **Payroll Statutory Print Configuration** screen

- Specify **01-04-2009** and **30-09-2009** in the **From** and **To** fields respectively
- Specify **Bangalore** in the **Place** Field
- Specify **30-09-2009** in the **Date of Printing** field
- Type the name of the Signatory in the **Authorised Signatory Name** field
- Type the **Designation** details of the signing authority
- In the **Residential Address** field provide the Home Address of Authorised Signatory

The completed **Payroll Statutory Print Configuration** screen for ESI Monthly Statement is displayed as shown:

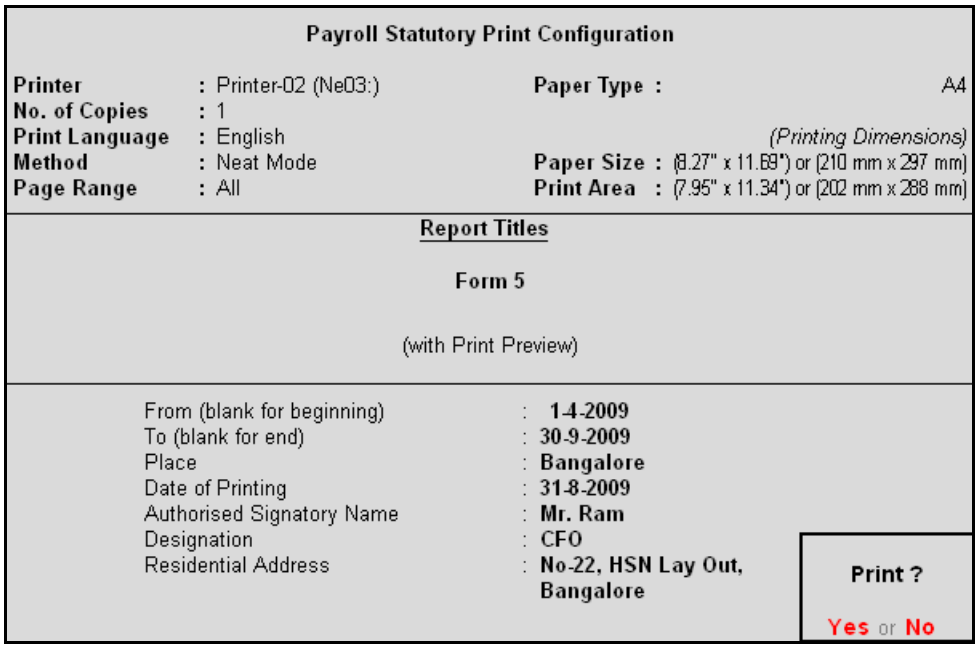


Figure 10.80 Payroll Statutory Print Configuration screen

- Press **Enter** to Print

The printed **From 5** is displayed as shown:

Original (Page1)

FORM-5

Name of Branch Office **Koramangala** Employer's Code No. **KA/BN/12345/234234**

Employees' State Insurance Corporation
(Return of Contribution) Regulation 26

Name & Address of the Factory or Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

PARTICULARS OF THE PRINCIPAL EMPLOYERS.

a)Name **Mr. Ram** b)Designation **CFO**

c)Residential Address No-22, HSN Lay Out, Bangalore

Period From **1-Apr-2009** To **30-Sep-2009**

I furnish below the details of the employer's and employee's share of contribution in respect of the under mentioned Insured persons.I hereby declare that the return includes every employee,employed directly or through an immediate employer or in connection with the work of the factory / establishment or any work connected with the administration of the factory / establishment or purchase of raw materials,sale or distribution of finished products etc.,to whom the contribution period to this return relates, applies and that the contribution in respect of employer's and employees share have been correctly paid in accordance with the provisions of the Act and Regulations relating to the payment of contributions vide challans detailed below:-

Total contribution amounting to Rs 2,550.00 comprising of Rs 1,863.00 as Employer's share and Rs 687.00 as Employee's share (Total of Col. 6 of the Return) paid as under

Sl No	Month	Challan Dates	Amount	Name of the Bank and Branch
1	**June**	30-Jun-2009	**821.00**	HDFC & 1002452
2	**July**	31-Jul-2009	**772.00**	HDFC & 232431
3	**August**	31-Aug-2009	**957.00**	HDFC & 100246

Place : **Bangalore** Signature :

Date : **31-Aug-2009** Designation : **CFO**

Figure 10.81 Printed Form 5 - Page 1

The Page 2 of **Form 5** is displayed as shown:

Spectrum Software Solutions Page 2

Employees' State Insurance Corporation

(Return of Contribution)Regulation 26

Sl No.	Insurance No.	Name of Insured Person	No. of days for which wages paid	Total amount of wages paid	Employee-'s contributi-on deducted	Avera-ge Daily wages 5/4	Whether still continues working and drawing wages within the insurable wages ceiling	Name of the Dispensary of the I.P.	Remarks
1	2	3	4	5	6	7	7(A)	8	9
1	KAVESI02343353	Rajesh	67	20,437.00	358.00	305.03	No	Koramangala	A: 10-Jun-2009 L: 10-Sep-2009
2	KAVESI04502224	Suresh	70	18,762.00	329.00	268.03	Yes	Koramangala	A: 1-Jun-2009

Figure 10.82 Printed Form 5 - Page 2

v. ESI Form 6

As per Regulation 32, a register of Employees covered under Employees State Insurance Scheme, containing information regarding the Insurance No., dispensary, other occupational details, Employer's Share and month wise (under that particular Half Year) ESI details (i.e., Gross wages, Number of working days and ESI Contribution for each employee) should be furnished. To generate Form 6, follow the steps given below:

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Employee State Insurance > Form 6**

In the **Payroll Statutory Print Configuration** screen

- Type **01-04-2009** in the **From** field
- Type **30-09-2009** in the **To** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

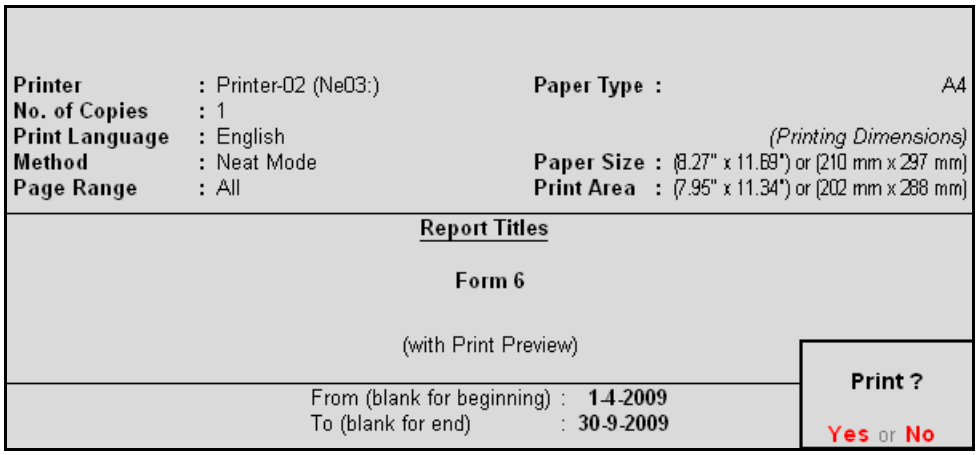


Figure 10.83 Payroll Statutory Print Configuration for ESI Form 6

- Press **Enter** to Print.

The printed **Form 6** is displayed as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Page 1

FORM 6
REGISTER OF EMPLOYEES
EMPLOYEES' STATE INSURANCE CORPORATION
(Regulation 32)

Contribution Period : From **1-Apr-2009** to **30-Sep-2009**

Sl. No	Insurance No.	Name of the insured person	* Name of dispensary to which attached	Occupation	Rate of wages etc., in the first wage period	Deptt. and shift, if any	If appointed or left service during the contribution period, date of appointment /	Month: April		
								No. of days for which wages paid	Total amount of wages paid /payable	Employees' share of contribution
1	2	3	3(A)	4	5	6	7	8	9	10
1	KA/ESI/234/3353	Rajesh	Koramangala	Junior Executive	307.29	Sales	10-Sep-2009	0		
2	KA/ESI/345/2224	Suresh	Koramangala	Executive	205.77	Administration	1-Jun-2009	0		
							Total			
								Employer's Share		
								Grand Total Paid On		

Note: The Figure in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.

Figure 10.84 Printed Form 6 - Page 1

The Page 2 of **Form 6** is displayed as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Page 2

FORM 6
REGISTER OF EMPLOYEES
EMPLOYEES' STATE INSURANCE CORPORATION
(Regulation 32)

Contribution Period : From **1-Apr-2009** to **30-Sep-2009**

Sl. No	Month: May			Month: June			Month: July		
	No. of days for which wages paid/payable	Total amount of wages paid /payable	Employees' share of contribution	No. of days for which wages paid/payable	Total amount of wages paid /payable	Employees' share of contribution	No. of days for which wages paid/payable	Total amount of wages paid /payable	Employees' share of contribution
	11	12	13	14	15	16	17	18	19
1	0			21	6,453.00	113.00	20	6,184.00	108.00
2	0			23	6,173.00	108.00	21	5,689.00	100.00
	Total			Total	12,626.00	221.00	Total	11,873.00	208.00
		Employer's Share			Employer's Share	600.00		Employer's Share	564.00
		Grand Total Paid On			Grand Total Paid On	821.00		Grand Total Paid On	772.00
					30-Jun-2009			31-Jul-2009	

Note: The Figure in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.

Figure 10.85 Printed Form 6 - Page 2

The Page 3 of **Form 6** is displayed as shown:

Spectrum Software Solutions
14, Mysore Road,
Bangalore

Page 3

FORM 6
REGISTER OF EMPLOYEES
EMPLOYEES' STATE INSURANCE CORPORATION
(Regulation 32)

Contribution Period : From **1-Apr-2009** to **30-Sep-2009**

	Month: August			Month: September			Summary				
Sl. No	No. of days for which wages paid/payable	Total amount of wages paid /payable	Employees' share of contribution	No. of days for which wages paid/payable	Total amount of wages paid /payable	Employees' share of contribution	Total No. of days for which wages paid /payable in Contribution	Total amount of wages paid /payable in Contribution Period (Rs)	Total Employee's share of Contribution in Contribution	Daily wages (27/26) (Rs.)	R-e-ma-rks
	20	21	22	23	24	25	26	27	28	29	30
1	26	7,800.00	137.00	10			67	20,437.00	358.00	305.03	
2	26	6,900.00	121.00	30			70	18,762.00	329.00	268.03	
	Total	14,700.00	258.00	Total				39,199.00	687.00	573.06	
		Employer's Share	699.00		Employer's Share						
		Grand Total	957.00		Grand Total						
		Paid On	31-Aug-2009		Paid On						

Note: The Figure in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.

Figure 10.86 Printed Form 6 - Page 3

10.3.3 Professional Tax Reports

As discussed earlier, Professional Tax is applicable to those individuals or professionals in India who are involved in any profession or trade. The state government of each state governs and administers the levy and collection of Professional Tax in the respective State. The state is empowered with the responsibility of structuring as well as formulating the professional tax criteria for the respective state. Professional tax is charged on the incomes of Individuals, profits of business or gains in vocations as per the list II of the Indian Constitution.

In India, the professional tax slabs vary from state to state and some of the states have formulated different professional tax slabs for men, women and the senior citizens of the respective states. The rates depend upon the profession, years in the profession and the amount of income or turnover and so on.

In Tally.ERP 9, the Professional Tax Report is generated based on the Slab Rates defined in the Professional Tax Ledger and it captures the amount of Professional Tax deducted under each slab rate.

i. Professional Tax Computation Report

The Professional Tax Computation Report provides the summary of Amount deducted as Professional Tax from the Earnings of the Employees exceeding the prescribed threshold limits, in accordance with the Slab rates applicable for the particular state.

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Professional Tax > Computation Report**

- From the **List of Ledgers** drop down, select **Professional Tax** and press **Enter**, the Payroll Statutory Print Configuration screen appears
- In the **Payroll Statutory Print Configuration** screen,
  - Specify **01-08-2009** and **31-08-2009** in the **From** and **To** fields respectively
  - Type **Bangalore** in the **Place** field
  - Specify **31-08-2009** in the **Date of Printing** field

The completed **Payroll Statutory Print Configuration** screen is displayed as shown:

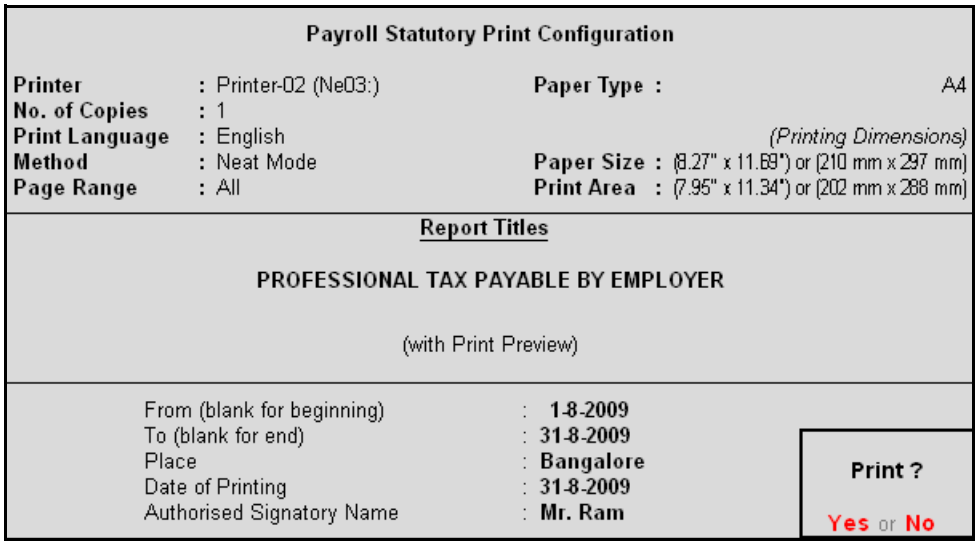


Figure 10.87 Payroll Statutory Print Configuration screen

- Press **Enter** to Print.

The printed **Professional Tax Computation** Report for the month of August 2009 will appear as shown:

PROFESSIONAL TAX PAYABLE BY EMPLOYER

Return of Tax payable for the period : **August, 2009**

Name of the Employer : **Spectrum Software Solutions**

Address : 14, Mysore Road,
Bangalore

Registration Certificate No. : **KA/PT/12445308**

Number of employees during the month in respect of whom the tax is payable as under :

SN-o.	Employees whose monthly salaries / wages / both are				Number of Employees	Rate of tax per month Rs.	Amount of Tax Deducted Rs.
1	Rs	0	to	5,000.00		**0.00**	
2	Rs	5,000.00	to	8,000.00	**2**	**60.00**	**120.00**
3	Rs	8,000.00	to	10,000.00		**100.00**	
4	Rs	10,000.00	to	15,000.00	**1**	**150.00**	**150.00**
5	Rs	15,000.00	and above		**3**	**200.00**	**600.00**
				TOTAL	**6.00**		**870.00**

Amount Paid : **870.00**

Amount in Words : **Rs. Eight Hundred Seventy Only**

I certify that all employees who are liable to pay the tax in my employment during the period of return have been covered by the forgoing particulars. I also certify that the necessary revision in the amount of tax deductable from the salary or wages of the employees on account of variation in the salary or wages earned by them has been made wherever necessary.

I, Shri Mr. Ram solemnly declare that above statements are true to the best of my knowledge and belief.

Place : Bangalore

Date : **31-Aug-2009**

Signature of Employer

Figure 10.88 Printed PT Computation Report

ii. Professional Tax Statement

The Professional Tax Statement provides the summary of Employee wise Gross Wages paid, No. of Working Days and the amount of Professional Tax deducted during the selected period. To generate the Professional Tax Statement for a month,

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Professional Tax > Statement**

- From the **List of Ledgers** drop down, select **Professional Tax** and press **Enter**, the Payroll Statutory Print Configuration screen appears
- In the **Payroll Statutory Print Configuration** screen, specify **01-08-2009** and **31-08-2009** in the **From** and **To** fields respectively

The completed **Payroll Statutory Print Configuration** screen will appear as shown:

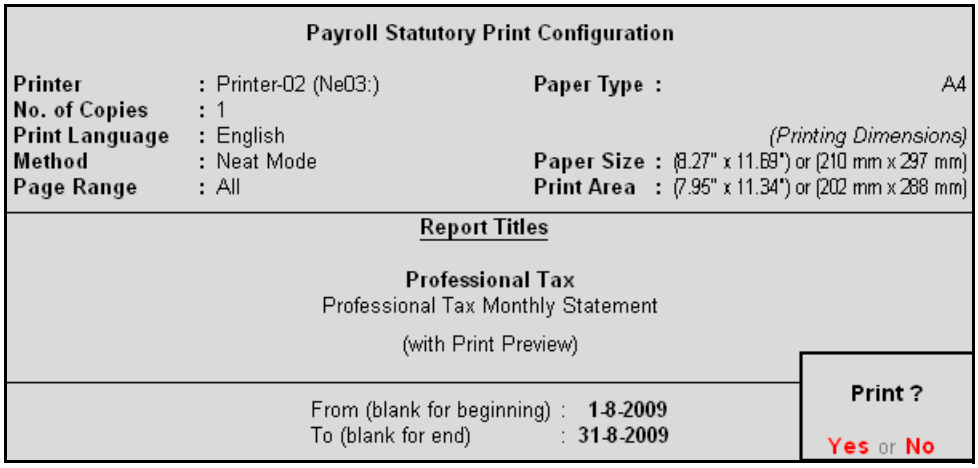


Figure 10.89 Payroll Statutory Print Configuration screen

- Press **Enter** to Print.

The printed **Professional Tax Statement** for August 2009 is displayed as shown:

PROFESSIONAL TAX - Monthly Statement
(Professional Tax)

Name & Address of the Factory or Establishment : **Spectrum Software Solutions**
14, Mysore Road,
Bangalore

Statement for the Period : 1-Aug-2009 to 31-Aug-2009

Sl.No	Employee No.	Employee Name	Worked Days	Gross Wages	Value
1	551	Ajay	26	16,300.00	200.00
2	550	Mahesh	25	69,308.00	200.00
3	552	Rahul	22	23,692.00	200.00
4	554	Rajesh	26	7,800.00	60.00
5	553	Suresh	26	6,900.00	60.00
6	549	Vijay Kumar	26	14,800.00	150.00
		Total		**1,38,800.00**	**870.00**

Figure 10.90 Printed Professional Tax Statement

*You can view **PT Computation Report** from **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Computation** menu, detailing Professional Tax collected and paid during a given period in the manner as discussed in **Provident Fund Computation Report** section.*

10.3.4 Gratuity Report

The Gratuity Report displays the provisional liability of an employer towards his employee in respect of gratuity payable at the time of cessation of employment either by resignation, death, retirement or termination.

The Gratuity Summary Report displays the gratuity amount payable in accordance with the pay components and formulae defined in the ledger master, as discussed earlier. In Tally.ERP 9, the Gratuity amount is calculated proportionately for eligible days in a year to the extent of completed months of service.

You can view the Gratuity Report either from Statutory Reports menu or Payroll Reports menu i.e., **Gateway of Tally > Display > Payroll Reports > Statutory Reports** or **Gateway of Tally > Display > Statutory Reports > Payroll Reports.**

Go to **Gateway of Tally > Display > Payroll Reports > Statutory Reports > Gratuity Report**

The **Gratuity Report** for the Employees eligible for Gratuity is displayed as shown:

Gratuity Summary — Spectrum Software Solutions — Ctrl + M

For All Employees — 1-Aug-2009 to 31-Aug-2009

Particulars	Date of Birth	Date of Joining	Date of Deactivation	Gratuity Eligible Salary	Gratuity Amount
Primary Cost Category				**1,00,500.00**	
Administration				**14,500.00**	
Suresh	20-5-1975	1-6-2009		4,500.00	
Vijay Kumar	24-5-1968	1-4-2009		10,000.00	
Contract Employees					
R&D				**20,000.00**	
Rahul		1-4-2009		20,000.00	
Sales				**66,000.00**	
Ajay	6-6-1977	1-4-2009		11,000.00	
Mahesh	8-1-1972	1-4-2009		50,000.00	
Rajesh	20-4-1976	10-6-2009		5,000.00	
Grand Total					

Figure 10.91 Gratuity Summary Report

*In order to ascertain the **Gratuity** payable amount, set **Use for Gratuity** to **Yes** in the Pay Head master (i.e. Basic Pay, Dearness Allowance etc.)*

Button Options in the Gratuity Report:

- ***F4: Change Currency** – Allows you to display the report in any other foreign currency other than base currency.*
- ***F5: Employee Wise** – Allows you to display the Employee-wise Gratuity report.*
- ***F7: Employee Filters** – This option **(Ctrl+F7)** allows you to display the Gratuity report for a particular Cost Category with the required Group or Employee.*

The above report displays the details of all employees along with the Date of Birth, Date of Joining and the Gratuity Eligible Salary, besides commenting on the total Gratuity liability as on date.

Press **F12: Configure** to configure for additional options

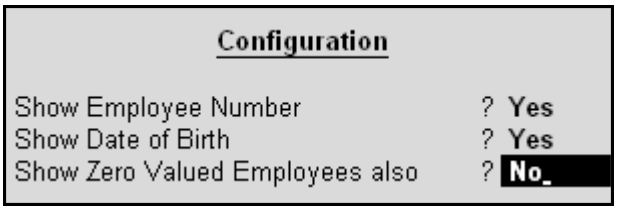
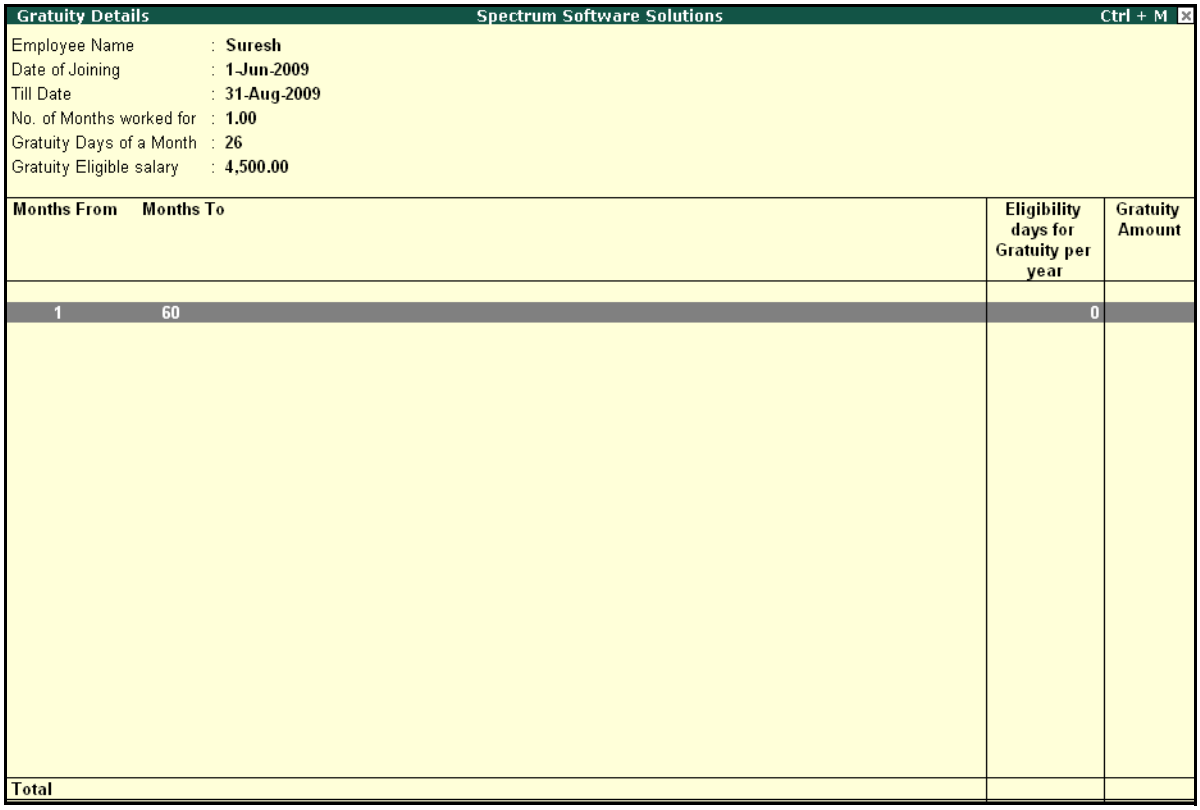


Figure 10.92 F12: Configuration screen

Tally.ERP 9 allows you to drill down to the **Gratuity Details report** from the above display.

- Select the required employee and press **Enter**

The **Gratuity Details** screen is displayed as shown:



Gratuity Details — Spectrum Software Solutions — Ctrl + M

Employee Name : Suresh
Date of Joining : 1-Jun-2009
Till Date : 31-Aug-2009
No. of Months worked for : 1.00
Gratuity Days of a Month : 26
Gratuity Eligible salary : 4,500.00

Months From	Months To	Eligibility days for Gratuity per year	Gratuity Amount
1	60	0	
Total			

Figure 10.93 Gratuity Details Report

Once the employee is deactivated (i.e., when the date of leaving is filled in the Employee master), Tally.ERP 9 stops computing Gratuity for the deactivated employee. If the tenure of service of such an employee falls below the eligible slab for gratuity calculation, he/she will not be entitled for any gratuity amount. However, in cases where the tenure of service is spread over more than one eligible slab(s), he/she will be entitled to the sum total of all the slabs.

The above report displays the detailed Gratuity computation for all the slabs entered during the Gratuity Pay Head Creation.