Lesson 22: Payroll Accounting and Compliance

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.

### 22.1 Configuring 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.

#### 22.1.1 Salient Features of Tally.ERP 9’s Payroll

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

### Lesson Objectives

On completion of this lesson, you will learn,

- Payroll Accounting & Statutory Features in Tally.ERP 9
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 drill-down facility 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

22.1.2 Enabling Payroll in Tally.ERP 9

It takes a one-time configuration in Tally.ERP 9 for the Payroll functionality to be activated. Create a new company in Tally.ERP 9 and follow the steps given below to enable Payroll.

Let us consider M/s. Indus Solutions Pvt. Ltd., which is engaged in the business of Software services. It is based at Bangalore 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 Financial Year from date and press Enter

The completed Company Creation screen is displayed as shown:
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:
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
In the Payroll Statutory Details screen,

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

```
Payroll Statutory Details

Provident Fund
Company Code : KN/BN/12345/0203
Company Account Group Code : KA/BN/12345/0007
Company Security Code : KA/BN/12345/001

Employee State Insurance
Company Code : KN/BN/34961/0463
ESI Branch Office : Karamangala
Eligibility Amount : 15,000.00
Standard Working Days (per month) : 26 Days
```

Figure 22.3 F11: Statutory & Taxation Features screen

- Press Enter

Figure 22.4 Payroll Statutory Details screen
Payroll Accounting and Compliance

22.2 Creating Payroll Masters

Tally.ERP 9's Payroll features require minimal effort for accurate payroll processing. It takes five easy steps to process payroll & generate Payslip in Tally.ERP 9.

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

- 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 number of pieces produced/ manufactured/ sold

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
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 are required to be created in Tally.ERP 9 in the manner as discussed:

- Employee Masters
- Payroll Masters
- Pay Heads
- Salary Details

**22.2.1 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.
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:

4. Press Enter to Accept the Employee Group Creation screen

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

Employee Master

Now that you have created 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:

![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.*

Create the following Employee Masters

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Department</th>
<th>Date of Joining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rohit Roy</td>
<td>Administration</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Preeti Sinha</td>
<td>R&amp;D</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Atul Sharma</td>
<td>Sales</td>
<td>1-4-2009</td>
</tr>
<tr>
<td>Ramesh Arora</td>
<td>Sales</td>
<td>1-4-2009</td>
</tr>
</tbody>
</table>
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 **Rohit Roy**
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.

![Employee Creation screen](image)

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

---

**Notes**

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

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

### 22.2.2 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
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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Type</th>
<th>Symbol</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>Simple</td>
<td>Hrs</td>
</tr>
<tr>
<td>Minutes</td>
<td>Simple</td>
<td>Mins</td>
</tr>
<tr>
<td>Hrs of 60 Mins</td>
<td>Compound</td>
<td>Hrs of 60 Mins</td>
</tr>
</tbody>
</table>

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:

```
Unit Creation
Type : Simple
Symbol : Hrs
Formal Name : Hours
Number of Decimal Places : 2
```

Figure 22.9 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

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.

### 22.2.3 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. Indus Solutions Pvt. Ltd.,

<table>
<thead>
<tr>
<th>Name</th>
<th>Under</th>
<th>Attendance/Production Type</th>
<th>Period Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td>Primary</td>
<td>Attendance/ Leave with Pay</td>
<td>Days</td>
</tr>
<tr>
<td>Absent</td>
<td>Primary</td>
<td>Leave without Pay</td>
<td>Days</td>
</tr>
<tr>
<td>Overtime</td>
<td>Primary</td>
<td>Production</td>
<td>Hrs of 60 Mins</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Attendance/Production Type Creation</th>
<th>Indus Solutions Pvt. Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name (alias)</td>
<td>Present</td>
</tr>
<tr>
<td>Under</td>
<td>Primary</td>
</tr>
<tr>
<td>Attendance Type</td>
<td>Attendance/ Leave with Pay</td>
</tr>
<tr>
<td>Period Type</td>
<td>Days</td>
</tr>
</tbody>
</table>

Figure 22.11 Attendance/ Production Type Creation screen

**Attendance/Production Types:**

- **Attendance / Leave with Pay**: This Attendance Type is used when the Salary is computed based on the number of days present.
- **Leave without Pay**: This Attendance Type is used when the Salary is computed number of days absent.
- **Production**: This Attendance Type is used when the Salary is computed on the basis of units produced.
- **User Defined Calendar Type**: This Attendance Type is used when the Salary is computed based on the number of days present in a user defined calendar period.

The completed Attendance Type Creation screen is displayed as shown.:
4. Press **Enter** to Accept the **Attendance Type** Creation screen.

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

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

![Attendance/Production Type Creation Screen](image)

- 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. Calendar Month**

In the **Attendance Type Creation** screen,

1. Type **Calendar Month** as the **Name** of the **Attendance type**
2. Specify the group as **Primary** in the **Under** field.
3. Select **User Defined Calendar Type** as the **Attendance Type** and the **Period Type** appears as **Days**, by default.

![User Defined Calendar Type Creation screen](image)

**Figure 22.14** User Defined Calendar Type Creation screen

**iv. Overtime Production Type**

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

![Overtime - Production Type Creation screen](image)

**Figure 22.15** 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.
- **Calendar Month Attendance Type** may be used when the pay value is measured on the basis of positive attendance units (i.e. number of days present) in a user defined calendar period.

### 22.2.4 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**, will not be available. The Salary Payable, PF Payable, ESI Payable ledgers are required to be created, by selecting **Not Applicable** as Pay Head Type.

Create the following pay heads in the books of M/s. Indus Solutions Pvt. Ltd.

**I. Earning Pay Heads**

Create the following Earnings Pay Heads:

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

**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** appears as shown:
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:

![Pay Head Creation Screen](image)

**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:

![Pay Head Creation Screen](image)

- **Notes**
  - *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 have selected **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:
10. Select **User defined** in the **Per Day Calculation Basis** field
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**

13. Select **Normal Rounding** as the **Rounding Method** and press **Enter**.
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.
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 **House Rent Allowance** 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**
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.
**Payroll Accounting and Compliance**

Figure 22.25  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 22.26 Compute sub-screen](image)

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**
12. 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)

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

**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.
The completed **House Rent Allowance (HRA) Pay Head Creation** screen is displayed as shown.
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.
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.
Press Enter to Accept the screen

v. Variable Pay Head Creation

Similarly, create the **Variable Pay Head** with **Calculation Type** as **User Defined Value**.
II. Deduction Pay Heads
Create the following Deductions Pay Heads.

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Statutory Pay Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Name to Appear in Payslip</th>
<th>Calculation Type</th>
<th>Computation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ PF Contribution @ 12%</td>
<td>Employees’ Statutory Deductions</td>
<td>PF Account (A/c No.1)</td>
<td>Current Liabilities</td>
<td>Yes</td>
<td>EPF @ 12%</td>
<td>As Computed Value</td>
<td>On Specified Formula</td>
</tr>
</tbody>
</table>
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
3. Select **PF Account (A/c No. 1)** in the **Statutory Pay Type** field as shown.
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
11. Press **Enter** to **Accept** the screen
12. Specify **1-4-2009** as the **Effective From** date
13. The **From Amount** column is automatically skipped, assuming the amount to be zero
14. Specify **6500** in the **Amount Upto** column and press **Enter**
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**
19. Press **Enter** twice

The completed **Employee’s PF Contribution @ 12% Pay Head Creation** screen is displayed as shown:
Payroll Accounting and Compliance

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**
10. In the **Compute On** Sub-screen, sub-screen,
   - 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
11. Specify **1-4-2009** as the **Effective From** date
12. The **From Amount** and **Amount Upto** fields are skiped as the amount is already entered in the **Statutory & Taxation** screen
13. Select **Percentage** as the **Slab Type** from the **List of Slabs**
14. Specify **1.75%** as the **Value Basis Percentage** and press **Enter**

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

![Pay Head Info](image)

**Figure 22.42 Employee's ESI Pay Head creation screen – Slab Rate**
15. **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:
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.
Gratuity Pay Head Creation

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Pay Head Type</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gratuity Expenses (Provisional)</td>
<td>Gratuity</td>
<td>Provisions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Current Liabilities)</td>
</tr>
</tbody>
</table>

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

- * 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 calculation of all slabs will constitute the gratuity provisional amount of the employee.
The **Slab Rate Details for Gratuity calculation** screen is displayed as shown.

![Slab Rate Details for Gratuity Calculation](image)

Figure 22.45  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.

![Gratuity Expenses Ledger Creation screen](image)

Figure 22.46 Gratuity Expenses Ledger Creation screen

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

### 22.2.6 Salary Details Setup

The Salary Details masters contain information on the Employee Group/individual employee pay structure, comprising 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 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 structure 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 22.47  List of Employee Groups/ Employees screen**

1. Select **Rohit Roy** from the **List of Employees** and press **Enter**

   In the **Salary Details** screen,
   - The **Effective date** is entered as **01-04-2009** 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 **7,000** 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:
2. Select **House Rent Allowance** as the second **Pay Head** and press **Enter**
3. Select **Conveyance** as the next **Pay Head**
4. Specify **500** as **Rate** and press **Enter**
5. Select **Overtime Pay** as the **Pay Head**
6. Specify **40** 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%** and **Employee’s ESI Contribution @ 1.75%** as **Pay Heads** and press **Enter**
10. Select the **Gratuity Expenses (Provisional)** ledger and press **Enter**

In case of Employees eligible for Gratuity, the **Gratuity Expenses** ledger is required to be included in the **Salary details** of the respective Employee for provisional assessment of Gratuity.
The completed **Salary Details Creation** screen for **Mr. Rohit Roy** is displayed as shown:

![Completed Salary Details screen](image)

**Salary Details Creation**

<table>
<thead>
<tr>
<th>Name</th>
<th>Rohit Roy (449)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under</td>
<td>Administration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effective From</th>
<th>Pay Head</th>
<th>Rate</th>
<th>Per</th>
<th>Pay Head Type</th>
<th>Calculation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Apr-2009</td>
<td>Basic Pay</td>
<td>7,000</td>
<td>Months</td>
<td>Earnings for Employees</td>
<td>On Attendance</td>
</tr>
<tr>
<td></td>
<td>House Rent Allowance</td>
<td>500</td>
<td>Months</td>
<td>Earnings for Employees</td>
<td>As Computed Value</td>
</tr>
<tr>
<td></td>
<td>Conveyance</td>
<td>400</td>
<td>Hrs</td>
<td>Earnings for Employees</td>
<td>Flat Rate</td>
</tr>
<tr>
<td></td>
<td>Overtime Pay</td>
<td></td>
<td></td>
<td>Earnings for Employees</td>
<td>On Production</td>
</tr>
<tr>
<td></td>
<td>Variable Pay</td>
<td></td>
<td></td>
<td>Earnings for Employees</td>
<td>As User Defined Value</td>
</tr>
<tr>
<td></td>
<td>Professional Tax</td>
<td></td>
<td></td>
<td>Earnings for Employees</td>
<td>As Computed Value</td>
</tr>
<tr>
<td></td>
<td>Employee's PF Contribution @ 12%</td>
<td></td>
<td></td>
<td>Employee's Statutory Deduction</td>
<td>As Computed Value</td>
</tr>
<tr>
<td></td>
<td>Employee's ESI Contribution @ 1.75%</td>
<td></td>
<td></td>
<td>Employee's Statutory Deduction</td>
<td>As Computed Value</td>
</tr>
<tr>
<td></td>
<td>Gratuity Expenses (Provisional)</td>
<td></td>
<td></td>
<td>Gratuity</td>
<td>As Computed Value</td>
</tr>
</tbody>
</table>

**Notes**

*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.*

**Tips**

*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:

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Preeti Sinha</th>
<th>Atul Sharma</th>
<th>Ramesh Arora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Pay</td>
<td>12,000</td>
<td>20,000</td>
<td>18,000</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>40%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Conveyance</td>
<td>—</td>
<td>2,500</td>
<td>2,000</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td>—</td>
<td>—</td>
<td>150</td>
</tr>
<tr>
<td>Variable Pay</td>
<td>User — defined</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Tax</td>
<td>Applicable as Slab Rates</td>
<td>Applicable as Slab Rates</td>
<td>Applicable as Slab Rates</td>
</tr>
<tr>
<td>Employee’s PF Contribution @ 12%</td>
<td>Applicable as Slab Rates</td>
<td>Applicable as Slab Rates</td>
<td></td>
</tr>
<tr>
<td>Employee’s ESI Contribution @ 1.75%</td>
<td>Applicable as Slab Rates</td>
<td>Applicable as Slab Rates</td>
<td></td>
</tr>
<tr>
<td>Gratuity Expenses (Provisional)</td>
<td>Only for reporting purpose</td>
<td>Applicable as Slab Rates</td>
<td></td>
</tr>
</tbody>
</table>

Salary Details for Ramesh Arora can be created similar to the Salary Details creation for Rohit Roy. Since Ramesh Arora and Atul Sharma work for Sales Department, we may create the Salary Details for the Sales Group and inherit the same for the Employees (Ramesh Arora and Atul Sharma).

**Salary Details creation for 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.
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 and expedites the pay structuring process.

To define the Salary Details for Mr. Ramesh Arora 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 Ramesh Arora and press Enter
2. Select Copy From parent Value from the Start Type options under Pay Head

The Salary Details Creation screen appears as shown:
3. The **Pay Structure** (comprising of **Earning & Deductions** pay heads) defined for **Group** is prefilled automatically.

4. Enter the values for each Pay Head for **Ramesh Arora** 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%**.

---

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

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. Ramesh Arora** is displayed as shown.

![Salary Details Screen]

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

Similarly, you can create the Salary Details for **Atul Sharma**.

### 22.3 Processing Payroll in Tally.ERP 9

Typically, Payroll Processing comprises of the following activities:

- Recording of Attendance (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.
22.3.1 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 Indus Solutions Pvt. Ltd., displayed the following details:

<table>
<thead>
<tr>
<th>Attendance/Production Types</th>
<th>Rohit Roy</th>
<th>Preeti Sinha</th>
<th>Atul Sharma</th>
<th>Ramesh Arora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>18</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Overtime hours</td>
<td>720 Mins</td>
<td>-</td>
<td>360 Mins</td>
<td>-</td>
</tr>
</tbody>
</table>

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:
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:
5. In the Attendance Auto Fill screen,
   - Specify the Voucher Date as 30-04-2009
   - 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:
Select **Present** as **Attendance Type** in the **Attendance/ Production Type** field.
Specify the Default Value to Fill as 0
Press Enter to accept the screen

- When Auto fill option is used, separate Attendance vouchers are required to be passed for recording attendance on Work and Production. However, if attendance voucher is passed by manually selecting the employees, then in such cases, you may record attendance on Work as well as Production in the same Attendance Voucher.

- If Absent is opted as Attendance Type, then the negative attendance of the employees needs to be recorded. This method helps minimise data entry time.

6. Employees pertaining to the respective **Employee Groups** are displayed automatically.

![Attendance Voucher](image)

**Figure 22.58 Attendance Voucher**

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

The **Attendance Voucher Creation** screen with the attendance details screen is displayed as shown:
8. Press **Enter**

9. Enter the details of the transaction in the **Narration** field

The completed **Attendance Voucher Creation** for **Present Attendance** is displayed as shown:
10. 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.
After creating the Attendance Voucher, you can change any attendance value for a particular employee, if required, in the Voucher Alteration mode.

### 22.3.2 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.

### I. Cash (or Direct) Remittance

**Example 2:**

*On 30th April, 2009, Indus Solutions Pvt. Ltd., processes Payroll for all the employees and entitled the following employees for Variable Pay.*

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rohit Roy</th>
<th>Preeti Sinha</th>
<th>Atul Sharma</th>
<th>Ramesh Arora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Pay</td>
<td>1500</td>
<td>-</td>
<td>1000</td>
<td>-</td>
</tr>
</tbody>
</table>

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
4. In the **Employee Filters** screen,
   - Select **Salary** in the **Process for** field

**Figure 22.62  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

**Employee Filters**

```
Employee Filters

Process for: Salary
From (blank for beginning): 1-4-2009
To (blank for end): 30-4-2009
Cost Category: Primary Cost Category
Employee/Group: All Items
Payroll Ledger:
```

Figure 22.63 Payroll Autofill with List of Employees

- Select **All Items** as Employee/Group

The completed **Employee Filters** screen is displayed as shown:
Select **Cash** in the **Payroll Ledger** field

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:
5. 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 Atul Sharma
Similarly, specify 1500 as **Variable Pay** for Rohit Roy and press **Enter**

The completed **Payroll Voucher Creation** screen is displayed as shown:
6. Press **Enter** to accept

**Notes**

Press **Alt+S** to pass the above voucher in the Voucher mode.

### II. Bank Transfer

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

**Example 3:**

On 31st May, 2009 Indus Solutions Pvt. Ltd., disbursed Salaries payable for the month of May 2009 through Bank Transfer. The attendance records displayed the following details:
On 31st May 2009, Indus Solutions Pvt. Ltd., processes Payroll for all the employees and entitled the following employees for Variable Pay.

<table>
<thead>
<tr>
<th>Attendance/Production Types</th>
<th>Rohit Roy</th>
<th>Preeti Sinha</th>
<th>Atul Sharma</th>
<th>Ramesh Arora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>25</td>
<td>20</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Overtime Hours</td>
<td>-</td>
<td>-</td>
<td></td>
<td>120 Min</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2hr x 60min)</td>
</tr>
</tbody>
</table>

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

The completed **Attendance Voucher for Overtime Hours** is displayed as shown:
Step 2: Create Salary Payable Ledger

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

<table>
<thead>
<tr>
<th>Ledger</th>
<th>Pay Head Type</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Payable</td>
<td>Not Applicable</td>
<td>Current Liabilities</td>
</tr>
</tbody>
</table>

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

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

Press Enter to accept
Specify 01-05-2009 in the From field
Specify 31-05-2009 in the To field
Select All Items as Employee/Group
Select Salary Payable in the Payroll Ledger field as shown

5. Press Enter (All the pay values are calculated for the applicable pay heads for each employee grouped under the selected group).

6. 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 Ramesh Arora
   - Specify 500 as Variable Pay for Rohit Roy

The completed Payroll Voucher for the month of May 2009 is displayed as shown:
7. 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.

### 22.3.3 Payment of Salaries (Salary Disbursement)

In Tally.ERP 9, 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:**


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
4. In the **Employee Filters** screen,
   - Select **Salary Payment** in the **Process for** field as shown.

![Employee Filters](image)

**Figure 22.74** 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 displays as shown.
5. Press **Enter** and the employee payroll details appear by default.
6. Enter the details of the transactions in the **Narration** field

The completed **Payroll Payment Entry** screen is displayed as shown.
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. In such cases, a separate payroll payment entries for each employee has to be made.
22.4 Accounting for Employer PF Contributions

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 rate of contribution is 10% in the case of 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 allowed 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 only be 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 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 EPF account.

Once an establishment is covered under PF, all its departments and branches wherever they are situated are also covered.

i. Employees' Pension Scheme:

As discussed above, the employer's contribution of 8.33% is diverted to the fund of 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 the 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 widow/widower for life or till he/she remarry. 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 only restricted for two children/orphans. If the person is unmarried or has no family, pension is available to 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 contribution equal to 0.50% of the total wages of employees. In addition, administrative charges of 0.1% of total wages. The employee does not have to contribute any amount to the scheme. The salary limit for coverage of employees is same as that of 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 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.

Example 5:
On 30th April, 2009 M/s. Indus Solutions Pvt. Ltd., 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

22.4.1 Creating 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. PF Admin Expenses Ledger

I. Employer Contributions Pay Head

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Statutory Pay Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Calculation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer EPS @ 8.33%</td>
<td>Employer’s Statutory Contributions</td>
<td>EPS Account (A/c No.10)</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>As computed value</td>
</tr>
<tr>
<td>Employer EPF @ 3.67%</td>
<td>Employer’s Statutory Contributions</td>
<td>PF Account (A/c No.1)</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>As computed value</td>
</tr>
</tbody>
</table>

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 Statutory Pay Type field, select EPS Account (A/c No. 10) as shown
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**, 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.
Select **End of List**

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

The completed **Employer EPS @ 8.33% Pay Head Creation** screen is displayed as shown:
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 appears as shown:
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** sub-screen 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 appears as shown:
**Figure 22.81 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:
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 subscreen.** and defining the percentage as **3.67%**.

### II. Employer PF Admin Charges

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Statutory Pay Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Calculation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF Admin Charges @ 1.10%</td>
<td>Employer’s Other Charges</td>
<td>Admin Charges (A/c No.2)</td>
<td>Current Liabilities</td>
<td>No</td>
<td>As computed value</td>
</tr>
</tbody>
</table>
### Payroll Accounting and Compliance

#### 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 Administrative 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

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Statutory Pay Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Calculation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDLI Contribution @ 0.5%</td>
<td>Employer’s Other Charges</td>
<td>EDLI Contribution (A/c No. 21)</td>
<td>Current Liabilities</td>
<td>No</td>
<td>As computed value</td>
</tr>
<tr>
<td>EDLI Admin Charges @ 0.01%</td>
<td>Employer’s Other Charges</td>
<td>EDLI Admin Charges (A/c No. 22)</td>
<td>Current Liabilities</td>
<td>No</td>
<td>As computed value</td>
</tr>
</tbody>
</table>

Figure 22.83 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:

![Completed Pay Head Creation - PF Admin Charges](image)

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 22.85  EDLI Contribution Pay Head Creation](image)

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 22.86 Completed Pay Head for EDLI Contribution](image)

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 Administrative Charges @ 0.01%** 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 Admin Charges (A/c No. 22)**

The Pay Head Creation screen appears as shown:
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 Administrative Charges @ 0.01% Pay Head Creation** screen is displayed as shown.
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:

```
<table>
<thead>
<tr>
<th>Ledger</th>
<th>Pay Head Type</th>
<th>Under</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF Payable</td>
<td>Not Applicable</td>
<td>Current Liabilities</td>
</tr>
</tbody>
</table>
```

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:
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:

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:
3. Press **Enter** to accept

### 22.4.2 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 **Rohit Roy** 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 as shown:

![Salary Details Screen](image-url)
Similarly, include Employee Contribution Pay Heads in the Salary Details Masters of other 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.,

- **Earning** Pay Heads
- **Deduction** Pay Heads
- **Professional Tax** or Income Tax Pay Heads (if any)
- **Employee PF Contribution** Pay Heads
- **Employer PF Contribution** Pay Heads
- **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).
22.4.3 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.

**Step 1: Create Payroll voucher**

**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

![Employee Filters - Process List Selection](image)

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

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

![Employee Filters screen – Payroll Ledger Selection](image)

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 as shown:
5. Press **Enter** to accept

The completed Payroll Voucher for **Employer PF Contribution** is as shown:
6. Press Enter to accept

### 22.4.4 Processing PF Admin Expenses

**Example 6:**


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

**Step 1: Create Journal voucher**

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 (Other Charges 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 22.96 Employer's Other Charges screen – Expenses Ledger Selection](image)

Select **PF Admin Charges @ 1.10%** Ledger in the **Admin Charges (A/c No. 2)** field as shown
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 appears as shown:
Figure 22.98  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 as shown:
5. Press **Enter** to accept and save.

### 22.4.5 Payment of Provident Fund

In Tally.ERP 9, once 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 payment to EPFO, a payment voucher is required to be passed.

**Example 7:**

*On 30th April, 2009 M/s. Indus Solutions Pvt. Ltd., made the payment in respect of EPF, EDLI Admin Expenses, EDLI Contribution and PF Admin Charges for the month of April 2009.*

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 22.100 Employee Filters screen - Process Selection](image)

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

The **Payment voucher** appears as shown:
Payroll Accounting and Compliance

Figure 22.102  PF Payment Voucher with Employer PF Contribution details

5. Press **Enter** again, to prefill the amount of **Employee Contributions** during the relevant month
6. Press **Enter** thrice to again, to prefill **EDLI Admin Expenses**, **EDLI Contribution** and **PF Admin Charges** during the selected month as shown:
Figure 22.104  PF Payment Voucher with Employer Other charges details

7. Press **Enter** twice

8. Set **Yes** in the **Provide Details** field and press **Enter**

9. In the **Provide Details** subscreen,
   - Specify **547245** 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 as shown:

![Figure 22.105 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 as shown:

![Completed PF Payment Voucher screen](image)

**Figure 22.106** Completed PF Payment Voucher screen

12. Press **Enter** to accept

**Step 2 : Print PF Payment Challan**

- Press **Pg UP** from the above **Voucher Entry** screen
- Press **Alt + P**, the **Voucher Printing** screen appears,
In the **Voucher printing** screen, select **Yes** in the **Print Challan** field

- Enter **Total No. of Subscribers (A/c.1)**
- Enter **Total No. of Subscribers (A/c.10)**
- Enter **Total No. of Subscribers (A/c.21)**
- Press **Enter** to Print

The printed **PF Combined Challan** for the month of April 2009 of **M/s. Indus Solutions Pvt. Ltd.** is as shown:
# Printed PF Payment Challan

**COMBINED CHALLAN NO. 1, 2, 10, 21 & 22**

**EMPLOYEES' PROVIDENT FUND ORGANISATION**

**ESTABLISHMENT CODE NO.**

| N NEN 123456565 |

| ACCOUNT GROUP NO. | A1234567890 |

**Employees Share**

| MN | YYYY |

| Employees Share | 04 | 2009 |

**DUES FOR THE MONTH OF:**

| D D | M M | Y Y Y Y |

| 04 | 2009 |

**DATE OF PAYMENT**

| 30 | 04 | 2009 |

| 4 |

| 4 |

| 4 |

| Total No. of Subscribers |

| 26,000.00 |

| 26,000.00 |

| 26,000.00 |

| Total Wages Due |

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particulars</th>
<th>A/c No. 1</th>
<th>A/c No. 2</th>
<th>A/c No. 10</th>
<th>A/c No. 21</th>
<th>A/c No. 22</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EMPLOYER'S SHARE OF CONT.</td>
<td>956.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>3,250.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>EMPLOYEES' SHARE OF CONT.</td>
<td>3,120.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>ADM CHARGES</td>
<td>286.00</td>
<td>2.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>INSPI. CHARGES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>PENAL DAMAGES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>MISC. PAYMENTS/70% INTEREST</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>FAST ACCUMULATION/DARPAREES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total:** 4,076.00

**286.00**

**2,164.00**

**130.00**

**2.50**

**6,658.60**

(Amount in words: Rs. Six Thousand Six Hundred Fifty Eight and Sixty Paise Only)

(For Bank's use only)

**NAME OF THE ESTABLISHMENT:** Indus Solutions Pvt. Ltd.

**ADDRESS:** 4/1 St. Mark's Road,

Bangalore

**Amount Received Rs.:**

**For Cheques only:**

**Dated of Presentation:**

**Date of Realisation:**

**NAME OF THE DEPOSITOR:** Shankar

**SIGNATURE OF THE DEPOSITOR:**

**NAME OF THE BANK:** HDFC Bank

**CHEQUE NO:** 547245

**DATE:** 30 Apr 2009

**TO BE FILLED IN BY EMPLOYER'S**

---

Figure 22.108 Printed PF Payment Challan

---

115
22.5 Accounting for Employer ESI Contributions

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 plus employees' share on or before 21st of the subsequent month in respect of salaries of the related month. The Principal Employer should pay Employer's share of contribution @ 4.75% in respect of every employee whether employed directly or through immediate employer. And the Employee’s share @ 1.75% has to be recovered by making 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.

Example 8:
On 1st June 2009, the list of new joinees with their Salary details are given below:

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Department</th>
<th>Date of Joining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamanna</td>
<td>Administration</td>
<td>05-6-2009</td>
</tr>
<tr>
<td>Dinesh</td>
<td>Sales</td>
<td>08-6-2009</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Pay Head</th>
<th>Tamanna</th>
<th>Dinesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Pay</td>
<td>9,000</td>
<td>10,000</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Conveyance</td>
<td>800</td>
<td>700</td>
</tr>
<tr>
<td>Overtime Pay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variable Pay</td>
<td></td>
<td>User — defined</td>
</tr>
<tr>
<td>Gratuity Expenses (Provisional)</td>
<td>Only for reporting purpose</td>
<td></td>
</tr>
<tr>
<td>Employee’s PF Contribution @ 12%</td>
<td>Applicable based on Slab Rates</td>
<td></td>
</tr>
<tr>
<td>Employee’s ESI Contribution @ 1.75%</td>
<td>Applicable based on Slab Rates</td>
<td></td>
</tr>
<tr>
<td>Profession Tax</td>
<td></td>
<td>Applicable based on Slab Rates</td>
</tr>
</tbody>
</table>
The Attendance details for the month of June 2009 are given as shown:

<table>
<thead>
<tr>
<th>Attendance/ Production Types</th>
<th>Rohit Roy</th>
<th>Preeti Sinha</th>
<th>Atul Sharma</th>
<th>Ramesh Arora</th>
<th>Tananna</th>
<th>Dinesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Days</td>
<td>26</td>
<td>24</td>
<td>26</td>
<td>20</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Overtime hours</td>
<td>120 Min</td>
<td></td>
<td>600 Min</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

22.5.1 Creating 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

<table>
<thead>
<tr>
<th>Pay Head Name</th>
<th>Pay Head Type</th>
<th>Statutory Pay Type</th>
<th>Under</th>
<th>Affect Net Salary</th>
<th>Calculation Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer ESI @ 4.75%</td>
<td>Employer’s Statutory Contributions</td>
<td>Employee State Insurance</td>
<td>Indirect Expenses</td>
<td>No</td>
<td>As Computed Value</td>
</tr>
</tbody>
</table>

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
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** sub-screen,
     - 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 will appear as shown:
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: Statutory & Taxation
- Select Percentage in the Slab Type field
- Specify 4.75% as the Value Basis Percentage in the Value Basis field and press Enter
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 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 as shown:
II. Create ESI Payable Ledger

Create ESI Payable Ledger as explained below:

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:
4. Press **Enter** to accept

**22.5.2 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 **Rohit Roy** 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 as shown:
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.,

- **Earning** Pay Heads
- **Deduction** Pay Heads
- **Employee PF Contribution** Ledgers
- **Professional Tax** or Income Tax Ledger (if any)
- **Employer PF Contribution** Ledgers
- **Employer ESI Contribution** Ledgers
- **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).
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.

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

22.5.3 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:

Example 9:


Step 1: Create Payroll Voucher

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:

<table>
<thead>
<tr>
<th>Process for</th>
<th>ESI Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>From (blank for beginning)</td>
<td>18-2009</td>
</tr>
<tr>
<td>To (blank for end)</td>
<td>30-6-2009</td>
</tr>
<tr>
<td>Cost Category</td>
<td>Primary Cost Category</td>
</tr>
<tr>
<td>Employee/Group</td>
<td>All Items</td>
</tr>
<tr>
<td>Payroll Ledger</td>
<td></td>
</tr>
</tbody>
</table>

   Figure 22.115 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:

![Payroll Autofill – Payroll Ledger selection](image)

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

The completed **Employer ESI Contribution** Voucher Creation screen will appear as shown:
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.

22.5.4 Payment of ESI

In Tally.ERP 9, once 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 ESI Payable Ledger. At the time of making payment to ESIC, a payment voucher is required to be passed.
Example 10:

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 22.118 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
Select ESI Payable Ledger in the Payroll Ledger field
5. Press **Enter** to accept and go back to **Payment Voucher** Screen
6. Press **Enter** to prefill the Employer’s ESI Contribution amount for the eligible Employees
7. Press **Enter** again, to prefill the Employee’s ESI Contribution amount against the eligible Employees.
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:

<table>
<thead>
<tr>
<th>Provide Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheque/DD No.</td>
</tr>
<tr>
<td>Cheque/DD Date</td>
</tr>
<tr>
<td>Challan Date</td>
</tr>
<tr>
<td>Bank &amp; Branch Code</td>
</tr>
</tbody>
</table>

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 will appear as shown:
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 appears,

![Completed ESI Payment Voucher](image)

![ESI Voucher Printing Screen](image)
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. Indus Solutions Pvt. Ltd. is as shown:

[Image of ESI Payment Challan]

Figure 22.126  Printed ESI Payment Challan
22.6 Payment of Professional Tax

The 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 are different for all the states in India 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 profession, years in the profession and the amount of income or turnover and so on. In Karnataka, the professional taxes are leviable as follows:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Salary or wage earners whose salary or wage or both, as the case may be, for a month is,</th>
<th>Tax Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>less than Rs.5000</td>
<td>Rs. 0 Per month</td>
</tr>
<tr>
<td>(b)</td>
<td>not less than Rs. 5,000 but less than Rs.8,000</td>
<td>Rs. 60 Per month</td>
</tr>
<tr>
<td>(c)</td>
<td>not less than Rs.8,000 but less than Rs.10,000</td>
<td>Rs.100 Per month</td>
</tr>
<tr>
<td>(d)</td>
<td>not less than Rs.10,000 but less than Rs.15,000</td>
<td>Rs.150 Per month</td>
</tr>
<tr>
<td>(e)</td>
<td>Rs. 15,000 and above</td>
<td>Rs.200 Per month</td>
</tr>
</tbody>
</table>

22.6.1 Processing Professional Tax Payment

In Tally.ERP 9, creation of Professional Tax Ledger 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 recording of transactions related to payment of Professional Tax.

Example 11:


The same is accounted as shown:

Step 1: 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

---

The completed **Employee Filters** screen will appear as shown:
Figure 22.128 Completed Employee Filters screen

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

The completed **Professional Tax** Payment Voucher will appear as shown:
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 section.
- The procedure to process Professional Tax Deduction from Employee Salaries is discussed in detail in Processing Payroll in Tally.ERP 9 section.
22.7 Generating Payroll Reports

Payroll Reports help you to 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

22.7.1 Payroll Reports

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

Chart showing Payroll Reports in Tally.ERP 9
We will discuss each report in detail in the coming sections as explained below:

**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 > Single Pay Slip

- Select the required Employee and press Enter

The Payslip for the selected employee displays as shown:

```
<table>
<thead>
<tr>
<th>Employee Number</th>
<th>225</th>
</tr>
</thead>
<tbody>
<tr>
<td>Function</td>
<td>City Head</td>
</tr>
<tr>
<td>Designation</td>
<td>Regional Sales Manager</td>
</tr>
<tr>
<td>Location</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Bank Details</td>
<td>066-036300 121, HSBC Bank, Kommanagala</td>
</tr>
<tr>
<td>Date of Joining</td>
<td>1-Apr-2009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attendance Details</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td>22 Days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Amount</th>
<th>Deductions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>15,221.00</td>
<td>Professional Tax</td>
<td>200.00</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>3,046.00</td>
<td>EPF @ 12%</td>
<td>780.00</td>
</tr>
<tr>
<td>Conveyance</td>
<td>2,903.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total Earnings    | 20,170.00 | Total Deductions | 980.00 |
|                   | Net Amount |                | 19,190.00 |
```

Figure 22.131 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**

<table>
<thead>
<tr>
<th>Option</th>
<th>Setting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Show Vertical Payslip</td>
<td>No</td>
</tr>
<tr>
<td>Show Employee Details</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Passport Details</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Visa Expiry Date</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Joining Date</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Attendance/Production Details</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Attendance/Production Groups</td>
<td>No</td>
</tr>
<tr>
<td>Display Production Types in Tall Units</td>
<td>No</td>
</tr>
<tr>
<td>Show Year To Date Values</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Gross Salary</td>
<td>No</td>
</tr>
<tr>
<td>Remove Zero Entries</td>
<td>Yes</td>
</tr>
<tr>
<td>for Attendance/Production also</td>
<td>Yes</td>
</tr>
<tr>
<td>Appearance of Employee Names</td>
<td>Name Only</td>
</tr>
<tr>
<td>Appearance of Pay Head Names</td>
<td>Payslip Name</td>
</tr>
</tbody>
</table>

Figure 22.132 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
The **F12:Configuration** options in Payslip are explained as follows:

- **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 will appear as shown:
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** will appear as shown:
You can further view additional information in the Payslip, by pressing **Alt+F1**.

The detailed **Payslip** displays as shown:
Payroll Accounting and Compliance

Pay Slip

| Employee Number | 225 |
| Function        | City Head |
| Designation     | Regional Sales Manager |
| Location        | Bangalore |
| Bank Details    | 065-03660-121, HSBC Bank, Kornamagalore |
| Date of Joining | 1-Apr-2009 |

**Ramesh Arora**

Income Tax Number (PAN): AGBYYS6203B
PF Account Number: KAR8BN32105552
ESI Number: KAR8BN09000500010
Pension Details: KAR8BN32105552
Visa Expiry Date: 30-Apr-2011

<table>
<thead>
<tr>
<th>Attendance Details</th>
<th>Apr-09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td>22 Days</td>
<td>22 Days</td>
</tr>
</tbody>
</table>

### Earnings

<table>
<thead>
<tr>
<th>Description</th>
<th>Apr-09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Payroll</td>
<td>15,231.00</td>
<td>15,231.00</td>
</tr>
<tr>
<td>House Rent Allowance</td>
<td>3,046.00</td>
<td>3,046.00</td>
</tr>
<tr>
<td>Conveyance Payroll</td>
<td>2,000.00</td>
<td>2,000.00</td>
</tr>
</tbody>
</table>

**Total Earnings**

<table>
<thead>
<tr>
<th>Description</th>
<th>Apr-09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Tax</td>
<td>200.00</td>
<td>200.00</td>
</tr>
<tr>
<td>EPF @ 12% Payroll</td>
<td>780.00</td>
<td>780.00</td>
</tr>
</tbody>
</table>

**Total Deductions**

<table>
<thead>
<tr>
<th>Description</th>
<th>Apr-09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>980.00</td>
<td>980.00</td>
</tr>
</tbody>
</table>

**Net Amount**

<table>
<thead>
<tr>
<th>Description</th>
<th>Apr-09</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,237.00</td>
<td>15,237.00</td>
</tr>
</tbody>
</table>

Figure 22.135 Detailed Payslip

The voucher number, date and the number of attendance or payroll records are displayed as shown in the screen above. This is very useful where 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 displays. 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 appears.
Some of the configuration in the Printing screen, are similar to **F12: Configure** and can be configured from either of the screens. In addition, **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

The printed **Payslip** of Mr. Rohit Roy displays as shown.
Printing Multiple Payslips

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

Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payslip > Multiple Pay Slip

In the Employee Filters screen,

- In the Name of Category field select the required Payroll Category
- In the Name of Employee Group select the required Employee Group from the List of Employees / Groups
- Press Alt+P to Print Multiple Pay Slip

In the Printing Payslip screen,

- Press Backspace and enable the options as required
The **Printing Configuration** for **Multi-Payslip** displays as shown.

![Printing Configuration for Multi-Payslip](image)

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

The printed **Payslip** for **Atul Sharma** is as shown:
The subsequent pages will print the Payslips for the remaining employees in the alphabetical order.

**Emailing Payslip**

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

- Select the required Employee and press Enter
- Press Alt+M, the **Mailing Payslip** screen is as shown:
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 as shown.
Payroll Accounting and Compliance

**Mailing Payslip Configurations**

- **Email Server** – Name of the SMTP mail server should be specified.
- **From** – In 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 email address as filled during the Company Creation.
- **Authentication User Name** and **Password** field should be filled if your SMTP Server needs Authentication for sending emails.
- **Use SSL** - This is set to **Yes** for the servers using the Secured Socket Layer protocol for extra security reasons.
- **Format** - you can select from 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 email 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 marked to some other email address that 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 Email 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 emailing Payslip,

- Enter Gmail’s SMTP server name: port no. (viz. smtp.gmail.com:465)
- Provide your Gmail User name and Password against Authentication User Name and Password
- Set Use SSL to Yes

All other settings will be same as shown above.

The emailed Payslip when viewed from the mail box of the employee is as shown:

![Pay Slip](image)

Figure 22.142 Emailed payslip
Exporting Payslip to MS Excel

Go to Gateway of Tally > Display > Payroll Reports > Statements of Payroll > Payslip > Single 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 as shown:

The Payslip exported into Excel will appear as shown:
A Pay Sheet is a columnar report which displays the Group/Department-wise employees' break-up of earnings and deductions for the selected month.

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

In the Employee Filters screen,
- In the Name of Category field select the required Payroll Category
- In the Name of Employee Group select the required Employee Group from the List of Employees / Groups

The Pay Sheet displays as shown:

![Pay Slip](image-url)

**Pay Sheet**

**Figure 22.144 Exported Payslip**
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 displays as shown:

![Configuration screen](image)

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** options in the Pay Sheet are explained as follows.

- **Appearance of Pay Head Types** – Set All Items to view Deductions and Earnings.
- **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 Alphabetical increasing / decreasing, Employee number or by the Default method.
Set the **F12: Configuration** screen as shown:

![Configuration Screen](image)

The **Pay Sheet** with the above configurations will appear as shown:
To view the **Pay Sheet** till date with **Category** and **Group Totals**

- In **F12: Configuration**, set **Category / Group Total** to **Yes** (by default it is set to **Yes**)
- Press **Alt+F2** and change period as **01-04-2009** to **30-06-2009**

The **Pay Sheet** with **Category** and **Group Totals** displays as shown:
To view the **Pay Sheet** for a particular Employee Group,
- Press **Ctrl+F7** from the Pay Sheet display, the Employee Filters screen appears
- In the **Employee Filters** screen,
  - Select **Primary Cost Category** in the **Cost Category** field
  - Select **Sales** as the **Employees/ group**
The **Employee Filters** screen displays as shown:

**Figure 22.150  Employee Filters**

The **Pay Sheet** for the selected **Employee Group** displays as shown:
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.

---

**Employee Group Pay Sheet**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employee Number</th>
<th>Employee Designation</th>
<th>Variable Pay</th>
<th>Total Earnings</th>
<th>ESI @ 1%</th>
<th>EPF @ 12%</th>
<th>Professional Tax</th>
<th>Total Deduction</th>
<th>Net Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Cost Category</td>
<td></td>
<td></td>
<td>2,200.00</td>
<td>1,48,077.00</td>
<td>12.00</td>
<td>4,680.00</td>
<td>1,200.00</td>
<td>5,892.00</td>
<td>1,42,195.00</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td>2,200.00</td>
<td>1,48,077.00</td>
<td>12.00</td>
<td>4,680.00</td>
<td>1,200.00</td>
<td>5,892.00</td>
<td>1,42,195.00</td>
</tr>
<tr>
<td></td>
<td>Atul Sharma</td>
<td>Area Sales Manager</td>
<td>1,200.00</td>
<td>86,839.00</td>
<td>12.00</td>
<td>2,340.00</td>
<td>600.00</td>
<td>2,940.00</td>
<td>83,895.00</td>
</tr>
<tr>
<td></td>
<td>Dinesh</td>
<td>Manager</td>
<td>700.00</td>
<td>90,000.00</td>
<td>12.00</td>
<td></td>
<td></td>
<td></td>
<td>685.00</td>
</tr>
<tr>
<td></td>
<td>Ramesh Anato</td>
<td>Regional Sales Manager</td>
<td>1,200.00</td>
<td>61,338.00</td>
<td>12.00</td>
<td>2,340.00</td>
<td>600.00</td>
<td>2,940.00</td>
<td>58,398.00</td>
</tr>
</tbody>
</table>

---

**Figure 22.151 Employee Group Pay Sheet**
The Pay Sheet Print Configuration screen will appear as shown:

![Figure 22.152 Pay Sheet Print Configuration screen](image)

The Printed Pay Sheet displays as shown:

![Figure 22.153 Printed Pay Sheet 1A](image)

![Figure 22.154 Printed Pay Sheet 1B](image)
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 as a 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.

---

**Figure 22.155**  Printed Pay Sheet with space for Signature/ Stamp (1A)

---

**Figure 22.156**  Printed Pay Sheet with space for Signature/ Stamp (1B)
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 as shown:

![Payroll Statement Table]

Figure 22.157  Payroll Statement

You can also Email or Export Pay Sheet Report in the manner as discussed in Payslip Section. The navigation steps for Emailing, Exporting Pay Sheet is similar to as explained in Payslip Report.
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 will appear as shown:

<table>
<thead>
<tr>
<th>Configuration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Remove Zero Entries</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Payslip Names for Ledgers</td>
<td>Yes</td>
</tr>
<tr>
<td>Include Employee Groups &amp; Categories</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Category/Group Total</td>
<td>Yes</td>
</tr>
<tr>
<td>Show Grand Total</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Format**
- Show Employee PF Account Number: Yes
- Show Income Tax Number (PAN): Yes
- Show Employee Number: No
- Show Employee ESI Number: No
- Show Employee Passport Details: No
- Show Employee Visa Expiry Date: No
- Expand all levels in Detailed Format: Yes
- Appearance of Names in Detailed Format: Name Only
- Sorting Method: Default

**Sorting Methods**
- Alphabetical (Decreasing)
- Alphabetical (Increasing)
- Bank Details
- Employee Number
- ESI Number
- Income Tax Number (PAN)
- Passport Details
- PF Account Number
- Visa Expiry Date

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 Detailed mode 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 will appear as shown:

![Payroll Statement](image)

Figure 22.159 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 **Paysheet report**.

To view Payroll Statement for other Pay Heads, you may 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 appear as shown:
### 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** displays as shown:

![Payment Advice](image)

---

**Figure 22.160 Payroll Statement with additional Columns**
Press **Backspace** and enter the details as shown above

Press **Enter** to print

The printed *Payment Advice* for May 2009 displays as shown:
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.
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 displays as shown:

![Payroll Register](image)

- Press F12: **Configure** and set the Appearance of Names and the Periodicity to use as shown.

The **F12: Configuration** screen displays as shown:
The Payroll Register with the above configurations will appear as shown:

![Payroll Register](image)

Tally.ERP 9 allows you to drill down to the voucher level from the above display for any kind of verification, by pressing Enter on the required month/period.
The **Payroll Register** voucher level screen displays as shown:

![Payroll Voucher Register](image)

You can further drill down to transaction level, by selecting the required transaction and pressing *Enter*.

**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 beneficial in tracking loan outstanding 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 displays as shown:
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 displays as shown:
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 displays as shown:
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 displays as shown:
You can further drill down to 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 for multiple periods, by pressing Alt+N.

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 displays as shown:
To view the ledger breakup,
- Select the required Employee from the List of Employees and press Enter
- Press Alt+F1 for detailed view

The ledger-wise Breakup of Employee screen displays as shown:
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) displays as shown:

![Figure 22.173 Ledger Monthly Summary](image)

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**.

**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 displays as shown:

![Attendance Sheet](image)

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 displays as shown:

![Configuration Screen](image)

**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.
F12: Configurations for Attendance Sheet:

- **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 as shown:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Employee Number</th>
<th>1-Apr-2009 to 30-Apr-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Calendly Month</td>
</tr>
<tr>
<td>Primary Cost Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td>1,030 Hours</td>
</tr>
<tr>
<td>Rohit Roy</td>
<td>480</td>
<td>720 Hours</td>
</tr>
<tr>
<td>R &amp; D</td>
<td></td>
<td>720 Hours</td>
</tr>
<tr>
<td>Preeti Sinha</td>
<td>570</td>
<td>19 Days</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>360 Hours</td>
</tr>
<tr>
<td>Ashutosh</td>
<td>465</td>
<td>18 Days</td>
</tr>
<tr>
<td>Ramesh</td>
<td>225</td>
<td>360 Hours</td>
</tr>
</tbody>
</table>

Figure 22.176 Attendance sheet
**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 Register** displays as shown:

![Attendance Register Table]

- 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 follows:
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** displays as shown:

![Attendance Voucher Register](image)

You may further drill down to voucher level, by pressing **Enter** on the required transaction.
22.7.2 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

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 displays as shown:

<table>
<thead>
<tr>
<th>Passport Expiry Report</th>
<th>Indus Solutions Pvt. Ltd.</th>
<th>Ctrl + M</th>
</tr>
</thead>
<tbody>
<tr>
<td>For All Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Particulars</strong></td>
<td>Passport Number</td>
<td>Country of Issue</td>
</tr>
<tr>
<td>Primary Cost Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rohit Roy</td>
<td>KAR324579</td>
<td>INDIA</td>
</tr>
<tr>
<td>R &amp; D</td>
<td>KAR457120</td>
<td>INDIA</td>
</tr>
<tr>
<td>Pradeep Sinha</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atul Sharma</td>
<td>KAR325784</td>
<td>INDIA</td>
</tr>
<tr>
<td>Ramesh Aroma</td>
<td>KAR333595</td>
<td>INDIA</td>
</tr>
</tbody>
</table>

Figure 22.180  Passport Expiry Report

- Press F12: **Configure** to configure additional options

The F12: **Configuration** screen appears as shown:
The **F12: Configurations in Passport Expiry Report** are

- **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.
Similarly Visa Expiry and Contract Expiry reports can be generated.

22.7.3 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 22.182 Payroll Statutory Reports in Tally.ERP 9
You can view Payroll Statutory reports either from 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

Provident Fund Reports
As discussed, the following Provident Fund Reports are available in Tally.ERP 9:
- Computation report
- Form 5
- Form 10
- Form 12A
- Monthly Statement
- Form 3A
- Form 6A
- E-Return

In this section, we will generate each of the above forms/report and understand the purpose and information to be furnished.

i. 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 01-04-2009 to 30-06-2009 and press Enter

The Payroll Statutory Computation Report appears as shown:
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 Provident Fund

- Press F12: Configure and enable/disable the following options as required

- Press Enter

The PF Computation report will appear as shown:
To view detailed ledger wise information under each contributions / deductions head, press **Alt+F1**.

The detailed **Provident Fund** Computation Report will appear as shown:
You can further drill down to Employee Breakup of Pay Head report and from their to Employee Vouchers and so on, by pressing Enter on the required ledger from the above screen.

**ii. Form 5**

As per 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 01-04-2009 and 30-04-2009 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method

Figure 22.186 Detailed PF Computation Report
Specify **07-05-2009** in the **Date** field

The completed **Payroll Statutory Print Configuration** screen is as shown:

![Payroll Statutory Print Configuration](image)

- **Printer**: RmD Printer (No:01)
- **No. of Copies**: 1
- **Print Language**: English
- **Method**: Neat Mode
- **Page Range**: All

**Report Titles**

**Form 5**

(with Print Preview)

- **From (blank for beginning)**: 1-4-2009
- **To (blank for end)**: 30-4-2009
- **Cost Category**: [All Items]
- **Employee Group**: [All Items]
- **Sorting Method**: **Account Number**
- **Date of Printing**: 7-5-2009

Figure 22.187 Payroll Statutory Print Configuration screen

- **Press Enter** to print.

The printed **PF Form 5** will appear 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 &
Employee's Deposit Linked Insurance Fund for the first time during the month of April 2009 (To be sent to the
Commissioner with Form 2 [EPF & EPS])

Name and Address of the Factory/Establishment: Indus Solutions Pvt. Ltd.
4/1 St. Mark's Road,
Bangalore
Code No. of the Factory/Establishment: KMBN/12345/0203

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Account No.</th>
<th>Name of Employee (in block letters)</th>
<th>Father's Name or Husband's Name (in case of married women)</th>
<th>Date of Birth</th>
<th>Sex</th>
<th>Date of Joining the Fund</th>
<th>Total period of previous service as on the date of joining the Fund</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KMBN1234512</td>
<td>Rohit Roy</td>
<td>Mr. S K Roy</td>
<td>21-11-1984</td>
<td>Male</td>
<td>1-4-2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>KMBN1234512</td>
<td>Preeti Sinha</td>
<td>Shashi Sinha</td>
<td>15-6-1977</td>
<td>Female</td>
<td>1-4-2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>KMBN1234512</td>
<td>Atul Sharma</td>
<td>Jayant Sharma</td>
<td>3-2-1970</td>
<td>Male</td>
<td>1-4-2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>KMBN1234512</td>
<td>Ramesh Arora</td>
<td>Mrs. Jaya Arora</td>
<td>18-11-1982</td>
<td>Male</td>
<td>1-4-2009</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date: 7-5-2009

Signature of the employer or other authorised
Office of the Factory/Establishment & Stamp of
the Factory/Establishment

Figure 22.188 PF Form 5
In our case study, there are two new employees joined during the month of June 2009 and thus Form 5 contains the details of the above employees.

iii. Form 10

As per 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 TallyERP 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 appears, in alteration mode. The Form 10 will contain 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 resigned for 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
- Select the required Payroll Category, Employee/Group and Sorting Method
- Specify 10-10-2009 in the Date field

The completed Payroll Statutory Print Configuration screen is as shown:
Payroll Statutory Print Configuration

<table>
<thead>
<tr>
<th>Printer</th>
<th>RnD Printer (No01)</th>
<th>Paper Type :</th>
<th>A4</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Copies</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Print Language</td>
<td>English</td>
<td>Paper Size :</td>
<td>8.27&quot; x 11.55&quot; or 210 mm x 297 mm</td>
</tr>
<tr>
<td>Method</td>
<td>Nest Mode</td>
<td>Print Area :</td>
<td>7.55&quot; x 11.34&quot; or 190 mm x 297 mm</td>
</tr>
<tr>
<td>Page Range</td>
<td>All</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Report Titles

Form 10

(with Print Preview)

From (blank for beginning) : 1-9-2009
To (blank for end) : 30-9-2009
Cost Category : I All Items
Employee/Group : I All Items
Sorting Method : Date Of Leaving
Date of Printing : 10-18-2009

Print ?
Yes or No

Figure 22.189  Payroll Statutory Print Configuration screen

- Press Enter to print

The printed Form 10 is as shown:
**FORM 10**

THE EMPLOYEES’ PROVIDENT FUNDS SCHEME, 1952

[Paragraph 36(2) (a) & (b) EMPLOYEES’ PENSION SCHEME, 1995 (Paragraph 20(2)h)]

Return of the members leaving service during the month of: September 2009

Name and Address of the Factory/Establishment: India Solutions Pvt. Ltd.
411 St. Mark’s Road,
Bangalore

Code No. of the Factory/Establishment: KMHIN/12345.0203

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Account No.</th>
<th>Name of the Member (in block letters)</th>
<th>Father’s Name or Husband’s Name (in case of married women)</th>
<th>Date of leaving service</th>
<th>Reason for leaving service</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KAGHN/34412</td>
<td>PREETI SINHA</td>
<td>Subash Sinha</td>
<td>30-9-2009</td>
<td>Personal Reason</td>
<td></td>
</tr>
</tbody>
</table>

Date: 18-10-2009

Signature of the employer or the authorised officer
Stamp of the Factory/Establishment

Please state whether the member is (a) retiring according to para (8), (b) (c) or (d) of the scheme (b) leaving India for permanent settlement abroad (c) retrenchment (d) Pt. & total disablement due to employment injury (e) discharge (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 50 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 22.190 Printed Form 10
iv. Form 12A

As per 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 01-04-2009 and 30-04-2009 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method
- Specify the Name & Address of the Bank
- Set Include VPF Account to No
- Specify 0 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 as shown.

![Completed Print Configuration screen](image-url)
The printed **Form 12A** is as shown:

![Image of Form 12A]

**Figure 22.192  Printed Form 12A**
v. PF Monthly Statement

The PF Monthly Statement provides a summary of Employee wise monthly PF Employee Deductions and Employer Contribution amount. To print 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 01-04-2009 and 30-04-2009 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method

The printed PF Monthly Statement for April 2009 will appear as shown:
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 an annual contribution card to be furnished for each employee in separate sheet 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
- Set Include VPF Account to No
- Select the Employee Name in the Sorting Method field
- Specify 28-02-2010 in the Date of Printing field

The completed Payroll Statutory Print Configuration screen will appear as shown:

---

**EMPLOYEE PROVIDENT FUND SCHEME - Monthly Statement**

<table>
<thead>
<tr>
<th>Employee</th>
<th>PF Number</th>
<th>Employee Name</th>
<th>Worked</th>
<th>Earned Wages</th>
<th>Employee’s Contribution</th>
<th>Employer’s Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>PF 12% VPF Total EPS 3.33% EPF 3.67% Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>465</td>
<td>KARN001014</td>
<td>Ali R Sharma</td>
<td>20</td>
<td>6,500.00 760.00</td>
<td>730.00 541.00 229.00 750.00</td>
<td></td>
</tr>
<tr>
<td>574</td>
<td>KARN002012</td>
<td>Prateek Sharma</td>
<td>18</td>
<td>6,600.00 760.00</td>
<td>730.00 541.00 229.00 760.00</td>
<td></td>
</tr>
<tr>
<td>275</td>
<td>KARN003013</td>
<td>Ramesh Akote</td>
<td>22</td>
<td>6,400.00 760.00</td>
<td>730.00 541.00 229.00 760.00</td>
<td></td>
</tr>
<tr>
<td>469</td>
<td>KARN004012</td>
<td>Rohil Roy</td>
<td>25</td>
<td>6,500.00 760.00</td>
<td>730.00 541.00 229.00 760.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total 36,000.00 3,120.00</td>
<td>3,120.00 2,160.00 956.00 3,120.00</td>
<td></td>
</tr>
</tbody>
</table>

---

Figure 22.194 PF Monthly Statement
Press Enter to Print.

The printed Form 3A for Atul Sharma will appear as shown:
Figure 22.196 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 vital 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
- Select the required Payroll Category, Employee/Group and Sorting Method

The completed Payroll Statutory Print Configuration screen will appear as shown:

![Payroll Statutory Print Configuration for PF Form 6A](image)

- Press Enter to Print.

The printed Form 6A will appear as shown:
**Figure 22.198  Printed Form 6A - Page 1**

**FORM 6 A**  
**THE EMPLOYER’S PROVIDENT FUND SCHEME, 1952 [Paragraph 43]**  
**AND THE EMPLOYER’S PENSION SCHEME, 1995 [Paragraph 204]**

**Annual Statement of contribution for the currency period from 1 Apr 2009 to 31 Mar 2010**

Name & Address of the Establishment: Indus Solutions Pvt. Ltd. 
46/61 Marks Road, 
Bangalore

Statutory Rate of Contribution: 12%

Code No. of the Establishment: KNEU1234560203

No. of members voluntarily contributing at a higher rate: 0

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Account Number</th>
<th>Name of the Member (in block letters)</th>
<th>Wages, retaining allowance if any &amp; DA including cash value of food concession paid during the currency period</th>
<th>Amount of Worker’s Contributions deducted from the wages on 12% E.P.F.</th>
<th>Employer’s Contribution on 8.33% E.P.F.</th>
<th>Refund of Advance</th>
<th>Rate of higher voluntary Contribution if any</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KNEU147856041</td>
<td>Atul Sharma</td>
<td>18,500.00</td>
<td>2,340.00</td>
<td>239.00</td>
<td>541.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>KNEU159247112</td>
<td>Preeti Sinha</td>
<td>18,500.00</td>
<td>2,340.00</td>
<td>239.00</td>
<td>541.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>KNEU121585152</td>
<td>Ramesh Harora</td>
<td>18,500.00</td>
<td>2,340.00</td>
<td>239.00</td>
<td>541.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>KNEU12478412</td>
<td>Poonam Roy</td>
<td>18,500.00</td>
<td>2,340.00</td>
<td>239.00</td>
<td>541.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total  | 75,000.00 | 9,360.00 | 2,164.00 | 0 | 0 | 0 | 0 | 0 | 0 |

---

202
The Page 2 of **PF Form 6A** is as shown:

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Recollection of Remittances</th>
<th>Admin. Charges at Rs. 1.1 % of wages</th>
<th>Aggregate ( ) Contributions</th>
<th>CR 5, 6, 7 Rs.</th>
<th>Date of Remittances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month/Year</td>
<td>Amount remitted</td>
<td>PF Contributions including refund of advances A/c No. 1</td>
<td>Admin. Charges A/c No. 10 Rs.</td>
<td>Admin. Charges A/c No. 21</td>
</tr>
<tr>
<td>1</td>
<td>March 2009</td>
<td>Paid in April 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
</tr>
<tr>
<td>2</td>
<td>May 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>3</td>
<td>June 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>4</td>
<td>July 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>5</td>
<td>August 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>6</td>
<td>September 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>7</td>
<td>October 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>8</td>
<td>November 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>9</td>
<td>December 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>10</td>
<td>January 2009</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>11</td>
<td>February 2010</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td>12</td>
<td>February 2010</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4,076.00</td>
<td>2,164.00</td>
<td>130.00</td>
<td>286.00</td>
</tr>
</tbody>
</table>

0. Total number of contribution cards enclosed (Form 3A/Feasded): 4

II. Certified that Form 3A 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 with 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 been 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 Form 3A already sent in the month of 2010.

2. In case of substantial variation in the wage/number of contributions of any member as compared to those shown in previous months’ 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 employer's contribution as the case may be, should be shown in column No. 6.

---

**Figure 22.199 Printed Form 6A - Page 2**
viii. E-Return

In Tally.ERP 9, you can also generate PF Form 3A in .xls format for e-filing purposes.

Go to Gateway of Tally > Display > Payroll Reports > Statutory Reports > Provident Fund > E-Return

In the Exporting Form 3A Configuration screen

- Select Default (All Languages) in Language field
- Select Excel (Spreadsheet) in Format field
- Specify the Export Location
- Specify Output File Name as Form 3A.xls
- Specify Output Sheet Name as Form 3A
- Set Yes in Update Existing file, Excel (Spreadsheet) Formatting, with Colour to Yes
- Specify 01-03-2009 and 28-02-2010 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method

The completed Exporting Form 3A Configuration screen will appear as shown:

![Figure 22.200  E-Return](image)

- Press Enter to Export the file

The exported file (E-Return) will be placed in the default Tally.ERP 9 directory.
Employee’s State Insurance Reports
As discussed, the following ESI Reports are available in Tally.ERP 9:

- Computation Report
- Form 3
- 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. 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 01-06-2009 to 30-06-2009 and press Enter

<table>
<thead>
<tr>
<th>Payroll Statutory Computation</th>
<th>Indus Solutions Pvt. Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Statutory Computation</td>
<td>1 Jun 2009 to 30 Jun 2009</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Payable</td>
</tr>
<tr>
<td>Provident Fund</td>
<td></td>
</tr>
<tr>
<td>Employees’ Statutory Deductions</td>
<td>3,120.00</td>
</tr>
<tr>
<td>Employer’s Statutory Contributions</td>
<td></td>
</tr>
<tr>
<td>Employer’s Other Charges</td>
<td></td>
</tr>
<tr>
<td>Employee State Insurance</td>
<td></td>
</tr>
<tr>
<td>Employees’ Statutory Deductions</td>
<td>200.00</td>
</tr>
<tr>
<td>Employer’s Statutory Contributions</td>
<td>564.00</td>
</tr>
<tr>
<td>Professional Tax</td>
<td></td>
</tr>
<tr>
<td>Employees’ Statutory Deductions</td>
<td>750.00</td>
</tr>
</tbody>
</table>

Grand Total                      | 4,642.00  | 772.00   |

Figure 22.201 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

  ![Configuration](image)

  Figure 22.202  F12: Configuration screen

- Press **Enter**

The **ESI Computation** report will appear as shown:

![ESI Computation report](image)

Figure 22.203  ESI Computation report

To view detailed ledger wise information under each contributions / deductions head, press **Alt+F1**.
The detailed **Employee State Insurance** Computation Report will appear as shown:

![Figure 22.204 Detailed ESI Computation report](image)

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 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 **1-04-2009** and **30-09-2009** in the **From** and **To** fields respectively
- Select the required **Payroll Category, Employee/Group** and **Sorting Method**
- Select the required **Gender** from the List of Gender field
- Type **Bangalore** in the **Place** field
- Specify **10-10-2009** in the **Date of Printing** field
- Type the **Designation** details of the person submitting the declaration form

The completed **Payroll Statutory Print Configuration** screen will appear as shown:

<table>
<thead>
<tr>
<th>Printer</th>
<th>RmD Printer (No01)</th>
<th>Paper Type</th>
<th>A4</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Copies</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Print Language</td>
<td>English</td>
<td></td>
<td>(Printing Dimensions)</td>
</tr>
<tr>
<td>Method</td>
<td>Nest Mode</td>
<td>Paper Size</td>
<td>8.27&quot; x 11.69&quot; or 210 mm x 297 mm</td>
</tr>
<tr>
<td>Page Range</td>
<td>All</td>
<td>Print Area</td>
<td>7.96&quot; x 11.54&quot; or 202 mm x 289 mm</td>
</tr>
</tbody>
</table>

**Report Titles**

<table>
<thead>
<tr>
<th>Form 3</th>
</tr>
</thead>
</table>

(with Print Preview)

- **From** (blank for beginning) : 1.4.2009
- **To** (blank for end) : 30.9.2009
- **Cost Category** : All Items
- **Employee/Group** : All Items
- **Sorting Method** : Employee Name
- **Gender** : All Items
- **Place** : Bangalore
- **Date of Printing** : 10.10.2009
- **Designation** : CFO

Figure 22.205 Payroll Statutory Print Configuration for ESI Form 3

- Press **Enter** to Print.

The printed declaration form in **Form 3** will appear as shown:
iii. 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 01-06-2009 and 30-06-2009 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method

The completed Payroll Configuration Print screen will appear as shown:

![Payroll Statutory Print Configuration Screen](image)

- Press Enter to Print.

The printed ESI Monthly Statement for June 2009 will appear as shown:
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
- Select the required Payroll Category, Employee/Group and Sorting Method
- Select the required Display Employee Name Style in Appearance of Employee Names field
- 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

Figure 22.208  ESI Monthly Statement
The completed **Payroll Statutory Print Configuration** screen for ESI Monthly Statement is as shown:

![Payroll Statutory Print Configuration](image)

- **From**: 1-4-2009
- **To**: 30-9-2009
- **Cost Category**: All Items
- **Employe/Group**: All Items
- **Sorting Method**: Account Number
- **Appearance of Employee Names**: Name Only
- **Place**: Bangalore
- **Date of Printing**: 30-9-2009
- **Authorised Signatory Name**: Mr. Nikhil
- **Designation**: CFO
- **Residential Address**: No, 36, BTM Layout, Cross Street 6, 3rd Main

*Figure 22.209 Payroll Statutory Print Configuration screen*

- **Press Enter** to Print

The printed **From 5** will appear as shown:
Figure 22.210 Printed Form 5 - Page 1
The Page 2 of Form 5 is as shown:

<table>
<thead>
<tr>
<th>Place</th>
<th>Bangalore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>30-Sep-2009</td>
</tr>
</tbody>
</table>

Signature of the Employer: CFO

(Certificate by Chartered Accountant)

(By signing above, I certify that the information is correct.)

Important Instructions:

- Information to be given in Remarks Column (No.6).
- If any E.P. is appointed for the first time and/or leaves during the contribution period, indicate 'X' and (date) and/or 'L' (date).
- Please indicate Insurance Nos. in ascending order.
- Figures in Column 4, 5 & 6 of the Return.
- Inset, strike totals of columns 4, 5 & 6 of the Return.
- No overwriting shall be made. Any corrections, if made, should be signed by the Employer.
- Every page of the Return should bear the signature and stamp of the Employer.
- Daily wages in Column 7 of the return shall be calculated by dividing figures in Column 5 by figures in Column 4 to two decimal places.

For CP ending 31st March, due date is 12th May
For CP ending 30th September, due date is 11th November.

Figure 22.211 Printed Form 5 - Page 2
The Page 3 of Form 5 is as shown:

<table>
<thead>
<tr>
<th>No.</th>
<th>Insurance No.</th>
<th>Name of Insured Person</th>
<th>No. of Days for which wages paid</th>
<th>Total amount of wages paid</th>
<th>Employee's contribution deducted</th>
<th>Average Daily wages 5/4</th>
<th>Whether still continues working and drawing wages within the insurable wages ceiling</th>
<th>Name of the Dispensary of the EP.</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MBR000000000</td>
<td>Roshit Roy</td>
<td>77</td>
<td>10,380.00</td>
<td>182.00</td>
<td>134.81</td>
<td>Yes</td>
<td></td>
<td>A 1-Apr-2009</td>
</tr>
<tr>
<td>2</td>
<td>MBR000000000</td>
<td>Tamanna</td>
<td>118</td>
<td>800.00</td>
<td>14.00</td>
<td>6.78</td>
<td>Yes</td>
<td></td>
<td>A 5-Jun-2006</td>
</tr>
<tr>
<td>3</td>
<td>MBR000000000</td>
<td>Dinani</td>
<td>115</td>
<td>750.00</td>
<td>12.00</td>
<td>6.09</td>
<td>Yes</td>
<td></td>
<td>A 5-Jun-2006</td>
</tr>
</tbody>
</table>

**Total:** 11,980.00 206.00

Date of appointment and leaving the job may be given in remarks column

**Signature of the Employer**

**FOR OFFICIAL USE:**

1. Enrolment position marked.
2. Total of col. 5 of return checked and found correct. Amount indicated.
3. Checked the amount of Employer's Employees contribution paid which is in order. Observation memo. enclosed

Counter Signatures:

**U D C  Head Clerk  Branch Officer**

Figure 22.212 Printed Form 5 - Page 3
v. 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
- Select the required Payroll Category, Employee/Group and Sorting Method

The completed Payroll Statutory Print Configuration screen will appear as shown:

![Payroll Statutory Print Configuration for ESI Form 6](image)

- Press Enter to Print.

The printed Form 6 will appear as shown:
### Indus Solutions Pvt. Ltd.
471 St. Mark's Road, Bangalore

**FORM 6**

**REGISTER OF EMPLOYEES**

**EMPLOYEES’ STATE INSURANCE CORPORATION**

(Regulation 32)

Contribution Period: From 1 Apr. 2009 to 30 Sep. 2009

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Insurance No.</th>
<th>Name of the Insured person</th>
<th>Occupation</th>
<th>Rate of wages etc., in the first wage period</th>
<th>Date of joining/leaving service</th>
<th>No. of days for which wages paid/payable</th>
<th>Month / April</th>
<th>Total amount of wages paid/payable</th>
<th>Employees' share of contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KARN/2008/0001</td>
<td>Rohit Roy</td>
<td>Manager</td>
<td>Administration</td>
<td>1-Apr-2009</td>
<td>25</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>KARN/2008/0002</td>
<td>Tanya Roy</td>
<td>Manager</td>
<td>Traffic Management</td>
<td>5-Jun-2009</td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>KARN/2008/0003</td>
<td>Dinesh</td>
<td>Manager</td>
<td>Corporate Sales</td>
<td>9-Jun-2009</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total**

Employers' Share

Grand Total

Paid On

**Note:** The figures in Columns 7 to 24 shall be in respect of wage periods ending in a particular calendar month.
### FORM 6
REGISTER OF EMPLOYEES
EMPLOYEES’ STATE INSURANCE CORPORATION
(Regulation 22)

**Contribution Period:** From 1 Apr 2009 to 30 Sep 2009

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>June</th>
<th>July</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>St. No</strong></td>
<td><strong>No. of days for which wages paid/payable</strong></td>
<td><strong>Total amount of wages paid/payable</strong></td>
<td><strong>Employees' share of contribution</strong></td>
</tr>
<tr>
<td>1</td>
<td>25</td>
<td>10,380.00</td>
<td>182.80</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
<td>10,000.00</td>
<td>14.00</td>
</tr>
<tr>
<td>3</td>
<td>19</td>
<td>700.00</td>
<td>12.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,180.00</strong></td>
<td><strong>208.80</strong></td>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**Note:** The figure in Columns 7 to 14 shall be in respect of wage periods ending in a particular calendar month.
The Page 3 of Form 6 will appear as shown:

![Figure 22.216 Printed Form 6 - Page 3](image-url)
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 are different for all the states in India 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 profession, years in the profession and the amount of income or turnover and so on.

In Tally.ERP 9, based on the Slab Rates defined in the Professional Tax Ledger, the Professional Tax Report is generated, capturing 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 in accordance with the Slab rates applicable for the particular state, from the Earnings of the Employees exceeding the prescribed threshold limits.

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 01-06-2009 and 30-06-2009 in the From and To fields respectively
  - Select the required Payroll Category, Employee/Group and Sorting Method
  - Type Bangalore in the Place field
  - Specify 30-06-2009 in the Date of Printing field

The completed Payroll Statutory Print Configuration screen will appear as shown:
Payroll Accounting and Compliance

Payroll Statutory Print Configuration

<table>
<thead>
<tr>
<th>Printer</th>
<th>RnD Printer (No01.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Copies</td>
<td>1</td>
</tr>
<tr>
<td>Print Language</td>
<td>English</td>
</tr>
<tr>
<td>Method</td>
<td>Neat Mode</td>
</tr>
<tr>
<td>Page Range</td>
<td>All</td>
</tr>
<tr>
<td>Paper Type</td>
<td>AA</td>
</tr>
<tr>
<td>(Printing Dimensions)</td>
<td></td>
</tr>
<tr>
<td>Paper Size</td>
<td>11.69&quot; x 8.27&quot;</td>
</tr>
<tr>
<td>Print Area</td>
<td>297 mm x 210 mm</td>
</tr>
</tbody>
</table>

Report Titles

PROFESSIONAL TAX PAYABLE BY EMPLOYER

(with Print Preview)

From (blank for beginning) : 1-6-2009
To (blank for end)         : 30-6-2009
Cost Category             : All Items
Employee/Group            : All Items
Place                     : Bangalore
Date of Printing          : 30-6-2009
Authorized Signatory Name : Mr. Nikhil

Print ?
Yes or No

Press Enter to Print.

The printed Professional Tax Computation Report for the month of June 2009 will appear as shown:
# Professional Tax Payable by Employer

Return of Tax payable for the period:  June, 2009

Name of the Employer:  Indus Solutions Pvt. Ltd.
Address:  4/1 St. Mark’s Road,
Bangalore
Registration Certificate No:  KAP/53487520

Number of employees during the month in respect of whom the tax is payable as under:

<table>
<thead>
<tr>
<th>SN No.</th>
<th>Employees whose monthly salaries / wages / both are</th>
<th>Number of Employees</th>
<th>Rate of tax per month Rs.</th>
<th>Amount of Tax deducted Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rs 0 to 5,000.00</td>
<td>5,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Rs 5,000.00 to 10,000.00</td>
<td>10,000.00</td>
<td>60.00</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Rs 10,000.00 to 15,000.00</td>
<td>15,000.00</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Rs 15,000.00 and above</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**: 4.00  750.00

Amount Paid : 750.00

Amount in Words : Rs. Seven Hundred Fifty 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 foregoing particulars. I also certify that the necessary revision in the amount of tax deductible from the salary or wages of the employees on account of variation in the salary or wages earned by them has been made whenever necessary.

I, Sri Mr. Nithin, solemnly declare that above statements are true to the best of my knowledge and belief.

Place : Bangalore
Date : 30-Jun-2009

Signature of Employer

---

*Figure 22.218 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 01-06-2009 and 30-06-2009 in the From and To fields respectively
- Select the required Payroll Category, Employee/Group and Sorting Method

The completed Payroll Statutory Print Configuration screen will appear as shown:

![Payroll Statutory Print Configuration](image)

- Press Enter to Print.

The printed Professional Tax Statement for June 2009 will appear as shown:
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 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 will appear as shown:

<table>
<thead>
<tr>
<th>Primary Cost Category</th>
<th>Date of Joining</th>
<th>Date of Leasing</th>
<th>Gratuity Salary</th>
<th>Gratuity Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>1-4-2009</td>
<td></td>
<td>7,000.00</td>
<td>57,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7,000.00</td>
<td>337.00</td>
</tr>
<tr>
<td>Pranab Saha</td>
<td>1-4-2009</td>
<td>30-9-2009</td>
<td>12,000.00</td>
<td>577.00</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td>30,000.00</td>
<td>1,027.00</td>
</tr>
<tr>
<td>Atul Sharma</td>
<td>1-4-2009</td>
<td></td>
<td>20,000.00</td>
<td>962.00</td>
</tr>
<tr>
<td>Reena Rana</td>
<td>1-4-2009</td>
<td></td>
<td>10,000.00</td>
<td>965.00</td>
</tr>
</tbody>
</table>

Grand Total

2,740.00

Figure 22.221 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 22.222  F12: Configuration screen](image)

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 displays as shown:

![Figure 22.223  Gratuity Details Report](image)
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.
## Points to Remember

- Payroll is the process of maintaining records of all employees’ salaries.
- The Payroll function in Tally.ERP 9 facilitates accurate and timely employee payments.
- The Attendance/Production Type is used to record attendance and production data.
- Salary components constituting Pay Structures are called Pay Heads.
- Gratuity is a monetary benefit paid by an employer to an employee, at the end of the employment, for the services rendered over the period of employment.
- Attendance voucher is a voucher type used to record attendance, overtime, leave or production details.
- Payroll voucher is used to record employees’ payroll related transactions.
- Payslip is a document, issued to an employee, that itemises each component of his/her earnings and deductions.
- Pay Sheet is a matrix report with details of pay heads pertaining to employees.
- Payroll Statement helps to generate reports for specific pay heads.
- Attendance Sheet displays information relating to employees’ attendance or production data.
- Gratuity Summary Report calculates the liability of a company in terms of gratuity.
- Expat Report provides comprehensive information about employees who are abroad, on short/long-term assignments.